Ausenco Annual Report
2014

Contents

Key dates for shareholders

18 February 2015
2014 full year results

30 April 2015
Annual General Meeting (AGM)
The 2015 AGM will be held at the Stamford Plaza, corner of Margaret & Edward Streets, Brisbane, on Thursday 30 April 2015 at 9.30am (AEST)

19 August 2015
Half year results and interim dividend announcement

31 December 2015
Full year end

February 2016
2015 full year results

Global market conditions in 2014 were challenging.

While a lack of investment in greenfield resources projects impacted new contract awards, our diversification strategy created opportunities in new and growing markets.

Our global footprint and full service offering position us to capitalise on local opportunities and provide resilience, helping to insulate us from weaknesses in single markets, regions or clients.

Our people are the essential ingredient in our strategy. Their problem-solving ingenuity and commitment to improving health, safety, community and environmental outcomes are delivering results beyond clients' expectations and driving our business globally.

Through our expert, diverse and skilful workforce, global presence and reputation for delivering inspired results with a highly competitive cost base, Ausenco is in the best possible position to grow and deliver sustainable returns as market conditions improve.

2014 Highlights

↓42%

2.14 TRIFR
LOWEST IN OUR HISTORY
2013: 3.71

7.7 million

MAN HOURS LTI FREE AT CONSTANCIA

74%

REVENUES FROM THE AMERICAS

2013: 62%

12%

OF OPTIMISE REVENUES

2013: 7%

20.5 million

MANAGED WORKED MAN HOURS

2013: 17.7 MILLION

27%

REVENUES FROM NON-MINING SECTORS

2013: 20%

Chairman's Report

Our proven expertise in helping companies enhance the performance of their existing operations means we are continuing to win business and grow our market share even with the decline in substantial new project activity.

Ausenco entered 2014 expecting a modest improvement in the energy and resources sector in the second half. However, as the year progressed it became apparent that we were facing market conditions similar to, and in some cases more challenging than, those in 2013.

Consequently, our financial results were not as strong as we had expected at the beginning of the year.

Ausenco reported a 2014 full year net loss after tax of $25.0 million, which equated to an underlying net loss of $10.2 million. Revenue from operations was $357.2 million and underlying EBITDA was $1.4 million. In line with our dividend policy, directors determined not to pay a full year final dividend in 2014.

Our balance sheet remains strong and we have significant bonding and funding capacity available under our existing facilities.

Our financial results were cushioned to some degree by the company-wide restructuring and refocusing that we undertook in 2013 and continued to refine during the year.

This work, which included flattening our organisational structure and making sustainable cost savings without affecting the company's ability to deliver high-quality solutions to clients, is now being reflected in a higher earnings-to-revenue leverage. This means that as revenue grows a greater share will flow to profit.

The past year also demonstrated the benefits of Ausenco's longer-term strategy of broadening our service offering and global presence to enable us to take full advantage of new and existing opportunities in a rapidly changing environment.

In particular, the recent change in market sentiment, which has seen companies focusing on extracting maximum value from existing assets, has resulted in increased business opportunities in more locations for Ausenco Rylson's optimisation and improvement solutions.

In North America, our energy business, which was boosted with the Projex acquisition in 2013, continued to perform satisfactorily despite the recent significant fall in oil prices. This is largely because of our expertise in sustaining capital-related work, rather than greenfield projects in the region.

We also won new contracts in Canadian urban infrastructure and early stage studies for ports and North American gas pipelines, which we are hopeful will lead to further significant future project work.

Our reputation has been enhanced by our successful work on the Constancia project in Peru, which has set new benchmarks in terms of safety and cost-effective value engineering. This project has attracted a lot of interest from major resource companies which are increasingly recognising our ability to deliver projects more efficiently, at a lower cost and with better outcomes than many of our competitors.

Our proven expertise in helping companies enhance the performance of their existing operations means we are continuing to win business and grow our market share despite the decline in new project activity.

Importantly, our cost-reduction program and strategy of vertically integrating our suite of services are the result of considered and strategic thinking, rather than simply a reaction to market conditions. We have been careful to make sure we retain the expertise and capacity to service our clients and their requirements, regardless of the overall state of the market.

We have also developed detailed client relationship strategies that give us an intimate understanding of the issues they face, particularly at a time when cost and efficiency are paramount.

It remains difficult to predict future market trends in the energy and resources sector. However, we have entered 2015 with a positive outlook for our key business sectors, despite the continuing challenging conditions.

We are particularly optimistic about opportunities in the copper sector, where under-supply is forecast within the next few years without the addition of new capacity.

This forecast copper shortfall has already resulted in some serious business inquiries from major resource companies, particularly in South America where Ausenco has a strong presence and a growing reputation.

Elsewhere, our North American infrastructure business also has strong growth prospects.

We expect increasing demand for our asset optimisation solutions and contract operations and maintenance services from clients seeking to maximise productivity and reduce costs. Securing new work with this expanded range of solutions will help offset any continuing flatness in greenfield activity.

Ausenco's management and board remain committed to restoring shareholder value, and are very confident in the company's underlying strength and its long-term growth prospects.

I would like to thank Ausenco's management team, led by Zimi Meka, and all of the Ausenco family who have continued to remain dedicated to producing the best possible results for clients.

I also thank my fellow board members for their highly professional and valued advice during the year.

We added further strength to the board in August last year with the appointment of Peter Gregg as an independent non-executive director.

Peter is a highly experienced company director and executive with a 40-year career that includes posts with some of Australia's largest organisations, including Primary Health Care, Qantas Airways, Leighton Holdings, Stanwell Ltd, Queensland Rail, Skilled Group and the Australian Rugby League Commission.

I note with great sadness the death of Wayne Goss, who was Ausenco's chairman for 11 years, from 2002 to 2013. During that time Wayne oversaw the significant growth of the company and its listing as a public company in 2006. Wayne's incisive leadership, his insights and counsel contributed greatly to making Ausenco the full service engineering enterprise that it is today with a global presence, a promising future and an inclusive culture.

George Lloyd
Chairman

The feed rate at Constancia is 1 tonne per second, equivalent to the mass of one SUV every second.

Hudbay's Constancia copper project in Peru has provided our people with the challenges, ambitious targets and ground breaking outcomes to drive their ingenuity to new heights – literally.

Positioned more than 4,200m above sea level in the south-eastern Andes of Peru, the high-altitude project site has a wide range of unique geotechnical conditions and is subject to a harsh weather environment, just some of the challenges faced by the up to 6,200 people working onsite on a daily basis.

Projects of mind boggling proportions tend to produce awe inspiring statistics, one of which is the Ausenco-managed contribution of 7.7 million LTI-free hours to the approximately 21 million total hours worked on the project during 2014.

Chief Executive Officer's Report

The benefits of our strategy are increasingly apparent, with companies that know the value we deliver through our design, engineering, and construction expertise approaching us to help improve the productivity of their existing assets.

Overview

In 2014, the energy and resources sectors increased their focus on the fundamentals of cost and productivity.

This provided Ausenco with new global opportunities which partially offset the slowdown in new greenfield project work.

Companies responded to the unsettled market conditions by increasingly concentrating on improving the performance of existing assets and reducing operating expenses, rather than investing in new developments.

This change in focus, combined with the Ebola virus outbreak in West Africa, affected Ausenco's financial results in 2014. But it has also given Ausenco a distinct advantage in an increasingly competitive marketplace.

Ausenco's operating philosophy has always been to help companies achieve and surpass their goals as cost-effectively as possible. In the current cost-sensitive environment, our reputation for ingenuity - in finding value-adding solutions - combined with our expertise in asset optimisation, is winning us business in new markets from new and existing clients.

In 2014, we grew our pipeline of opportunities from companies seeking to improve the productivity of their assets and reduce operating costs. We also experienced increased interest in our contract operations and management services across all sectors.

In addition, our long-term strategy of geographical and sectoral diversification provided resilience and new opportunities across the Group. We reorganised our company along regional lines to flatten our structure in the Americas and maximise these new opportunities.

Consequently, our North and South American businesses remained profitable during the year and continued to generate opportunities for the broader Group.

The APAC/Africa business, however, experienced a tough year. Despite challenging regional conditions, the business recorded good growth in asset optimisation and operations and maintenance projects.

Strategy update

Ausenco continues to identify and pursue greenfield opportunities and we are confident that we have both the track record and service offering to be highly competitive in the current market.

We understand the cyclical nature of the resources and energy sectors. This is why we have been methodically expanding our service offering to cover all phases of the energy and resources project lifecycle, to prepare for the inevitable varying levels of demand for our services in different markets.

The benefits of our strategy are increasingly apparent, with companies that know the value we deliver through our design, engineering, and construction expertise approaching us to help improve the productivity of their existing assets.

The growth in Ausenco's asset management and optimisation business supports our core strategy of increasing our levels of recurring revenue.

We are also continuing to identify opportunities to expand our existing businesses into new industry sectors and new regions.

For example, we are expanding our long distance slurry pipeline business, currently focused on the resources sector, into the broader North American pipeline market.

During 2014, we continued to reduce our cost base without affecting our ability to service clients around the world.

The successful implementation of the Oracle Enterprise Resource Planning (ERP) system, and enhanced reporting from the front-end iRIS and Ausenco Management System (AMS), have given us real-time operational visibility across all areas of our business.

These systems have also made it far easier to workshare, with global specialists supporting locally-based project teams. This, in turn, has further improved our ability to service clients.

These initiatives, and a focused attention on good business practices, resulted in operating cost reductions of $29 million in 2014.

Importantly, we have approached our cost reductions strategically, with the aim of extracting more value from existing resources within the company, while maintaining our expertise and capacity to move quickly once the market improves.

Our effective and targeted cost-reduction means we are well-placed to improve earnings and margins once market conditions recover.

Organisational restructure

During the year, we further refined our organisational structure with the appointment in late 2014 of Presidents for both our North and South American operations, while retaining the President, APAC/Africa role.

The aim of these changes is to further flatten our organisational structure and strengthen our ability to deliver for clients, the company and employees.

Simon Cmrlec, previously President, APAC/Africa, was appointed President, North America and will be based in Vancouver. Andrew Pickford joined the company as President, South America, based in Santiago. Andrew has extensive experience in senior roles in the resources and energy sectors, including a number of years based in Chile.

Nick Bell, Ausenco's Vice President Business Development and Marketing was appointed Acting President, APAC/Africa.

Key achievements

A key achievement for the Group in 2014 was to continue to find new business opportunities despite the substantial decline in new capital investment in the global energy and resources sector.

Our 2012 acquisition of the Rylson Group greatly helped us in this regard, supporting us to win new work in optimisation and asset management solutions across all of our regions.

In North America, our oil & gas business has continued to grow following the acquisition and successful integration of the Projex oil sands business in Calgary. As a result, we are currently working with 20 per cent of Canada's top oil sands producers.

Chief Executive Officer's Report (continued)

Our North American infrastructure business also performed well during the year and is now working with several large energy and pipeline companies to identify specific transport solutions. It is well positioned to benefit from a projected 92 per cent increase of energy pipeline oil capacity out of Western Canada over the next five years.

We made encouraging inroads into the North American urban infrastructure sector, where our tightly controlled cost base gives us a significant edge over local operators. This potential market is substantial, with an estimated $5.9 billion in annual municipal investment forecast for British Colombia alone.

In South America, our successful delivery of Engineering, Procurement and Construction Management (EPCM) services for the Constancia copper project in Peru has significantly enhanced Ausenco's profile at a time when interest in new copper developments is rebounding in response to an anticipated shortage from 2017.

Our ability to deliver this world-class project at a substantially lower cost than more traditionally engineered and constructed facilities has reinforced our reputation for delivering ingenuity and value to our clients. Additionally, the project's impressive safety record has set new benchmarks, recording 7.7 million man hours Lost Time Injury (LTI) free.

In Brazil, we completed the engineering of the world's longest iron ore slurry pipeline, covering a distance of 528 kilometres, for the Minas-Rio iron project. Again, our success on this project is a powerful advertisement for Ausenco's capabilities and our key value differentiator.

Safety

Ausenco's safety record is a matter of great personal and corporate pride. Ensuring the safety of our people, wherever they are around the globe, will always be our highest priority.

To that end, safety awareness and training is an integral part of our business. This focus applies from our corporate offices, to some of the most challenging construction sites in the world, including high in the Andes Mountains through to remote locations across Brazil, Africa and the Middle East.

In 2014, Ausenco recorded a Total Recordable Injury Frequency Rate of 2.14, the lowest in the company's history, and a 42 per cent reduction from the previous year.

This result was particularly impressive given the record 20.5 million man hours managed for the year.

Encouragingly, our safety performance is consistent across our operations. A number of large projects recorded significant safety milestones during 2014, including the Ad Duwayhi project in Saudi Arabia, which achieved six million man hours Lost Time Injury (LTI) free and the Kwale project in Kenya, which reported 3.2 million man hours LTI free.

These results reflect Ausenco's commitment to safety and the willingness of all of our people to embrace our safety principles and apply them every day in our operations.

As encouraging as these results were, we remain committed to continual improvement with the aim of reaching our goal of zero harm.

Our people

Overall, we reduced workforce levels in 2014 in response to both the completion or near completion of a number of major projects, and the slowdown in new greenfield project work.

Although we have worked hard to find savings and rationalise operations where possible, we have also been careful not to limit our ability to move quickly when new opportunities arise.

It is important to acknowledge the continued dedication and hard work of our people who, despite challenging markets, have remained focused on providing the best possible service to our clients.

Operational review summary

Our North and South American businesses had a successful year in 2014, winning new work across the board.

A particular highlight in North America was our oil & gas business which has grown considerably to comprise 11.5 per cent of Ausenco's revenue in 2014.

Another highlight was our North American infrastructure division which performed well in the Canadian public works sector.

Here, our ability to deliver effective, low-cost solutions provides a competitive advantage in a highly cost-sensitive sector of the market.

In South America, we finished two defining projects for the company - Constancia and Minas-Rio. These projects have substantially raised Ausenco's profile in the region and resulted in strong inquiries from a number of very large resources companies.

We also saw strong interest in the region for our asset management services which are provided through Ausenco Rylson.

Our APAC/Africa business continued to be affected by the downturn in project activity. However, the restructuring we undertook in 2013 to broaden our range of services began producing positive results last year with a material increase in the number of asset optimisation projects.

Outlook

The outlook for Ausenco's key business segments is positive.

In 2015, we expect further growth in our asset optimisation, infrastructure, copper and oil & gas solutions.

The bauxite, precious metals and base metals markets also offer some prospect for new capital projects. We are well-placed to secure work in these areas with significant experience across each of these commodities.

In summary, Ausenco is in a solid position. Our systems, processes and structure have been maximised to support our growth. We have expanded our range of services to the extent that we cannot only weather the cyclical downturn in greenfield development, but can also carve out new business and market share in a depressed market.

We have a very efficient cost base, which not only gives us a competitive advantage around the globe, but also means that as revenue grows more of it will flow to profit.

Wayne Goss

On a final and personal note, I want to take this opportunity to record what a privilege it was to know and work with former Ausenco Chairman Wayne Goss, who died in November 2014.

Wayne, a former Premier of Queensland, became Chairman of Ausenco in 2002 and remained in the role for 11 years until resigning in 2013.

During that time, he not only oversaw the significant growth of the company, but also its listing as a public company in 2006.

Wayne's leadership and clarity of thought contributed enormously to Ausenco's success and his insights and counsel were much valued.

Zimi Meka

Chief Executive Officer & Managing Director

Results 2014

Revenue

$357.2m

2013: $453.9m

Underlying EBITDA

$1.4m

2013: $27.1m

Underlying Net Profit After Tax

$(10.2)m

2013: $6.8m

Safety (TRIFR)

2.14

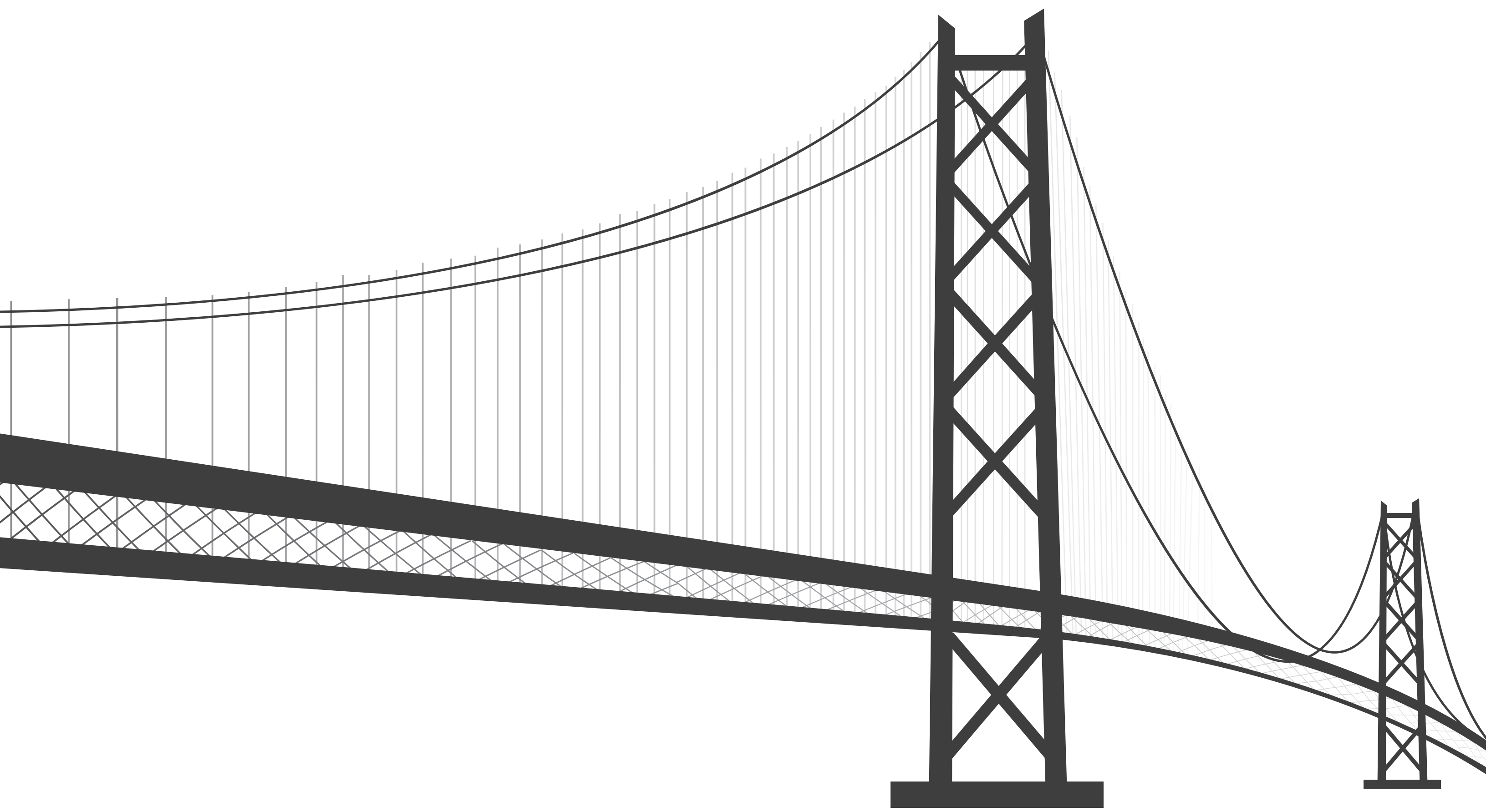
2013: 3.71

Annual coal production at Moatize is enough to produce the 11,000 tonnes of steel required to build the Lions Gate Bridge every year.

Ausenco's ongoing relationship with Vale has endured and evolved over many years and across a number of continents, attributable to Ausenco's high level of service, strong safety track record and the continuous improvement initiatives implemented across projects.

From award-winning innovative and cost effective management initiatives for Vale Australia, to our iron ore work in Brazil, our expertise continues to be sought out. In Vale's Mozambique operation, in just a six month period, Ausenco helped to significantly increase the yield of the project and meet the client's target.

Together our people have achieved impressive results.



South America

Our South America business delivered strong results again in 2014 as a result of working to deliver a range of projects and assignments, as well as strong growth in the delivery of asset optimisation services.

Revenue ($m)

$122.7m
2013: $128.4m

Underlying EBITDA ($m)

$14.2m
2013: $13.7m

Underlying EBITDA Margin (%)

11.6%
2013: 10.6%

During the year we delivered the Constancia copper project with a world-class safety record of more than 7.7 million hours lost time injury (LTI) free.

Located at 4,200 m above sea level in the south-eastern Andes of Peru, Ausenco has led the project design and construction from study, EPCM delivery to final commissioning. During the year we were managing a peak site workforce of 6,200 personnel involved in the construction of the process plant, infrastructure, tailings pipelines, water and power systems, and construction camps.

We are confident that Constancia has reset the benchmark for low capital intensity copper projects in South America, placing us in a unique position to benefit from new opportunities into 2015 and beyond as projects are developed to meet anticipated copper shortages from 2017.

In all markets, demand for our slurry pipeline, ports & terminals, environmental & sustainability, and control quality assurance solutions was solid. Increasingly in a competitive market, the Ausenco brand and our reputation for ingenuity in our approach provided us with a solid foundation for working on a range of study and design assignments that will form the basis of the next generation of development projects.

In Brazil, we completed the design and engineering of the world's longest iron ore slurry pipeline, measuring 528 km, for the Minas-Rio iron project. This pipeline, which is also the largest tonnage pipeline in the world, transports iron ore from the Conceição do Mato Dentro mine site in Minas Gerais to the port facilities at Barra do Açu in Rio de Janeiro.

In 2014 we, in a consortium with ARCADIS Logos, were also awarded the Create phase EPCM contract to deliver services for Ferrous Resources' US$1.3 billion expansion of the Brazilian Viga 15 iron ore project.

The consortium will be responsible for the design and construction management of the Viga beneficiation plant, filter plant and mine and access infrastructure due for completion in late 2017.

During the year we led a number of value engineering assignments for clients which were looking for innovative thinking to reduce the capital intensity of their projects. We believe our success at Constancia, combined with our proven record of providing cost-effective and innovative solutions to our clients, places us in a strong position to win and

deliver substantial work in the next cycle of South American copper mine development and expansion.

As in other markets, clients in South America remained cautious about committing to greenfield investments and, instead, focussed on extracting maximum value from existing plant and capital. This led to significant growth in delivery of our Ausenco Rylson asset management services. Looking ahead, we are very well positioned to capitalise on clients' increasing focus on value for money and operational efficiency. As such, we expect to continue to grow our optimisation and operations and maintenance project pipeline in 2015.

The Coquitlam UV Disinfection Plant provides water to about one-third of the population of the greater Vancouver area.

Ausenco worked with Metro Vancouver to add a new ultraviolet (UV) disinfection plant to upgrade the existing Coquitlam water treatment facilities, in response to new Health Canada guidelines for Canadian drinking water.

Rising to the challenges of working in a physically constrained and environmentally sensitive site location, the Ausenco team implemented a range of innovative approaches to deliver the project on schedule and under the $110 million budget.

A key innovation included the development of a UV vertical loop design allowing the building footprint to be considerably smaller than a traditional horizontal design. This significantly reduced earthworks and impact on the environment.

Ausenco's revolutionary approach was awarded with the Association of Consulting Engineering Companies of British Columbia Award of Merit in 2014.

North America

Our North America business remained profitable in 2014 with a range of new project wins across our pipeline, oil & gas, and infrastructure solution offerings.

Revenue ($m)

$140.3m
2013: $154.1m

Underlying EBITDA ($m)

$3.8m
2013: $14.5m

Underlying EBITDA Margin (%)

2.7%
2013: 9.4%

Despite a challenging environment our North America business remained profitable in 2014 with a range of new project wins across our pipeline, oil & gas, and infrastructure solution offerings.

Our oil & gas business out-performed expectations during 2014, contributing 11.3% of the Group's revenue for the year. Through our continued growth in this area we now work with 20% of Canada's top oil sands producers which is testament to the success of our ingenuity and value-add solutions in this specialist market.

Our pipelines business also experienced positive momentum during the period through our work with a number of major pipeline and energy companies including Kinder Morgan, TransCanada and ExxonMobil. We see very strong growth in the oil & gas pipeline sectors as well as water and other pipeline transport solutions.

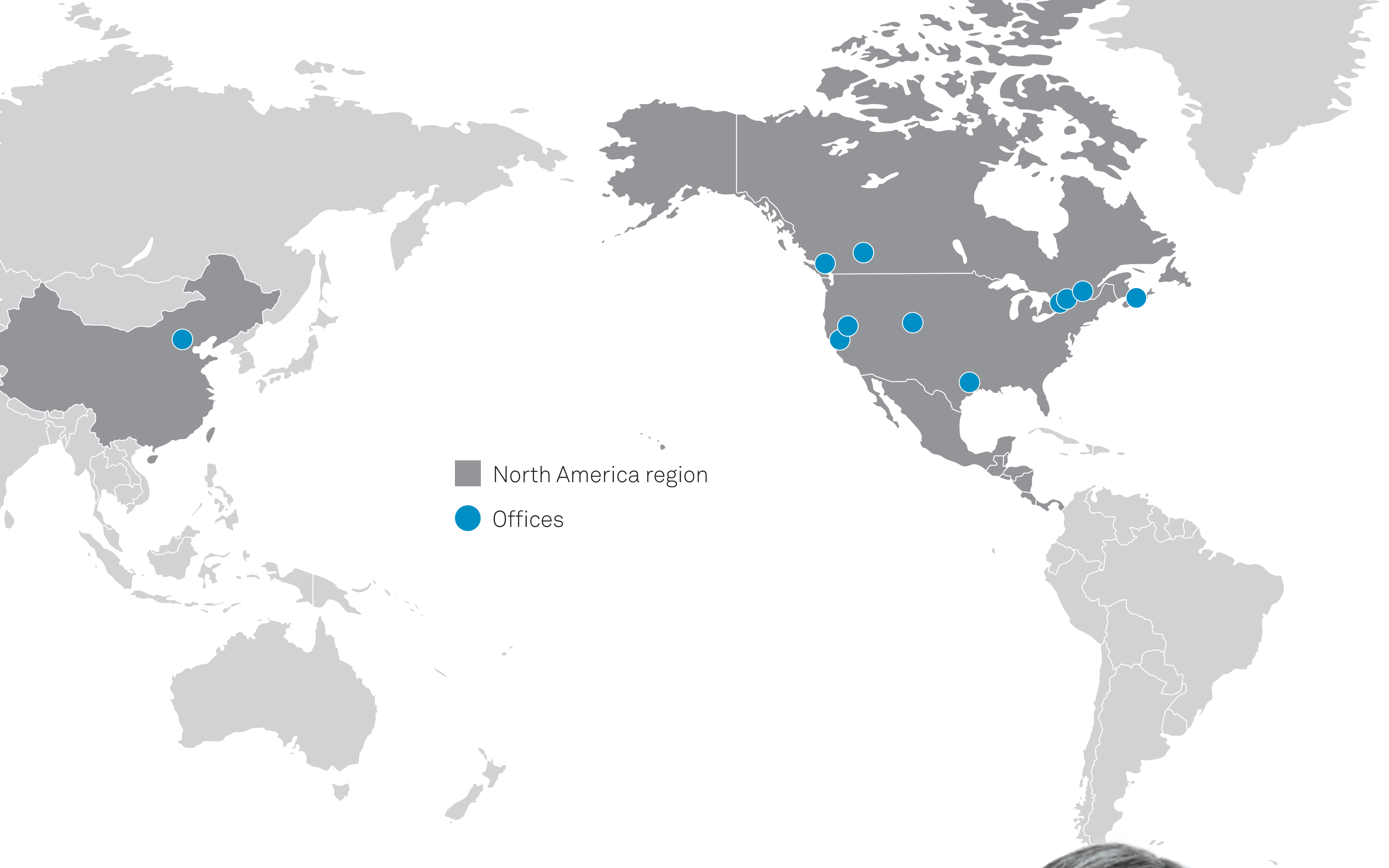
Another highlight for the year was the strong performance of our North American infrastructure business which was awarded a number of Canadian public infrastructure, water, transport and LNG projects. We expect further growth in this area with British Colombia alone investing $5.9 billion in annual municipal infrastructure.

Our expertise in public infrastructure was recognised in 2014 with an award of merit at the 25th Annual Association of Consulting Engineering Companies Awards for Engineering Excellence; we received an award for our work on a UV disinfection plant for Metro Vancouver's Coquitlam Water Treatment Plant. Ausenco was selected to perform EPCM services for the implementation phase of the $110 million project which was delivered under budget and on time.

During the period, we continued to demonstrate our expertise in the brownfield and sustaining capital sectors with our involvement in the extension of Barrick Gold's Goldstrike project in Nevada, one of the largest gold mines in North America. The modifications to the autoclave circuit will allow Barrick to process ore through its new resin-in-leach technology eliminating the use of cyanide leaching.

Our outlook for the region remains positive. We have invested substantial time and effort into restructuring our business to respond to the demands of the market by expanding our service offering, reducing our cost base and streamlining our own operations.

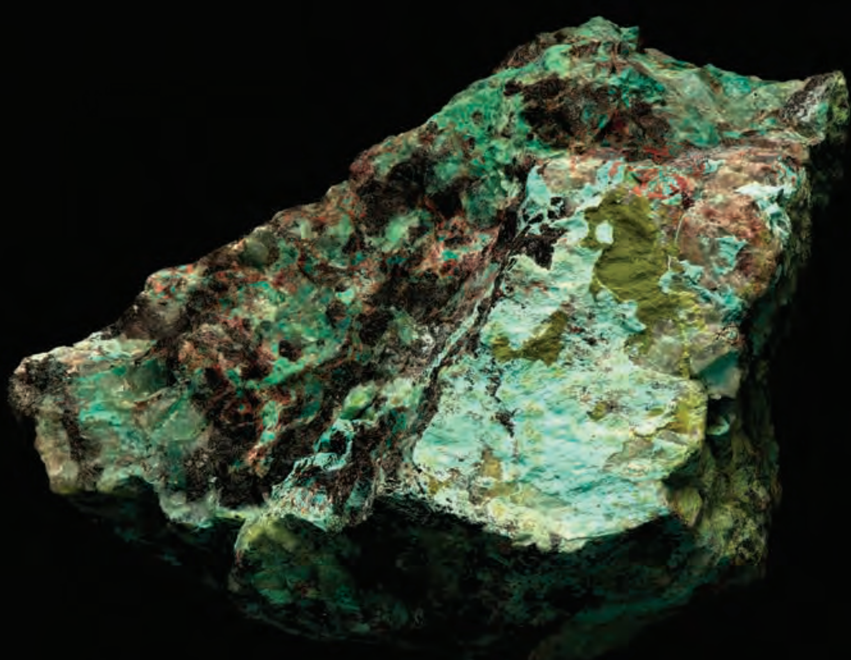
We have a very clear view of the opportunities available to us and have won significant business in sectors of the market that we believe will continue to grow despite the current cyclical downturn in greenfield developments.



Although the number of oil & gas greenfield projects predictably slowed in 2014 in response to falling oil prices, Canadian companies continue to spend $60-70 billion per annum in capital investments, with about $200 million directed annually to well pad development, one of Ausenco's specialist service areas.

At the same time, we remain alert to new development opportunities as they arise. Even in current market conditions, a number of companies are continuing to examine new mine development opportunities, in particular in base and precious metals, an arena in which we excel.

Every hour at the Quebrada Blanca II marine terminal our trademarked ship loader spout loads 2,000 tonnes of copper concentrate, the equivalent of 8 Statues of Liberty.



Using our teams' 85 years of innovation experience and technical expertise in the ports and terminals industry, we challenged existing technology to develop a ship loading spout with improved handling, safety, trimming and outreach potential, all without compromising maintenance or reliability issues when handling difficult products.

The technology was initially developed to increase the capacity and outreach of a copper concentrate shiploader operating in Chile. However, following trademarking, Ausenco's Banana Spout™ technology continues successful operation today and has been used on projects such as the PT Freeport shiploader replacement and environmental upgrade in West Papua, and the Bontang coal export terminal expansion in East Kalimantan.

APAC/Africa

Market conditions remained challenging in the resources sector across the APAC/Africa region in 2014. Lower activity levels, combined with greater discipline around new capital expenditure programs, resulted in a reduced volume of new project work.

Revenue ($m)

$93.5m
2013: $170.8m

Underlying EBITDA ($m)

$(8.9)m
2013: $10.4m

Underlying EBITDA Margin (%)

(9.5)%
2013: 6.1%

It is well documented that iron ore and coal demand and prices were down during the year, affecting a number of Australian owners. However, financing constraints, volatile commodity prices and their impact on forward outlooks, general market uncertainties and the Ebola crisis in West Africa were of greater impact to Ausenco.

While the resources sector was challenging, we did win new work during the period as a result of our diversification into other markets and service offerings within the region. Consequently, the bulk of our new business in 2014 came from advancing our optimisation strategy and increasing our pipeline of contract operations and sustaining capital projects.

One quarter of the region's revenues came from Optimise phase work. A significant portion of this amount was from the increase in asset optimisation work during the year as clients switched their focus from new capital investments to maximising operating performance and reducing the costs of existing operations.

In fact, Ausenco Ryslon's expertise in asset optimisation was recognised in Australia during 2014 at the Queensland Mining Contractors Awards, winning the award for best Cost Saving Initiative. The team's cost and reliability optimisation work on the Century Mine Project achieved a 17 per cent saving in lifecycle plan costs and was recognised as "best in class". Ausenco was also a category finalist for its work at the Isaac Plains Coal Handling and Preparation Plant.

Additionally, we experienced strong and growing interest in our contract operations and management services during the year. A highlight was securing an operations support contract at Vale's Moatize coal project in Mozambique.

This is significant because our on-site work during the year, and strong relationship with Vale as a repeat client, positions us well for future opportunities in 2015. We also continued to work with key clients on multiple sustaining capital projects during the period.

A strategic focus for this region in 2014 was diversifying our revenue stream by expanding our offering beyond the traditional mining services base. To this end, this region's Ports, Terminals and Transportation group doubled in size during the year and won more than 40 assignments in its first 18 months.

While this growing pipeline of new diversified projects is positive, to date the value of our new wins has not been enough to compensate for the shortfall we have experienced through the slowdown of work in our traditional markets.

Ausenco has built a reputation for delivering value to clients and we made significant progress in further reducing our cost base during the year without affecting our capabilities. This was achieved through increasing our use of our high-value, lower-cost centre in Mumbai to achieve a new, more competitive proposition for our clients. The recent declines in the Australian dollar against the US dollar also enhance this region's competitive position globally.

Looking forward, we expect continued growth in our optimisation and asset management services in the region. With a more competitive commercial offering due to the currency differential, we also now have an enhanced value proposition for clients in other markets and regions looking to develop new copper, gold, nickel, bauxite, or resource projects.

People and Sustainability

20.5m

MAN HOURS MANAGED

A RECORD FOR AUSENCO

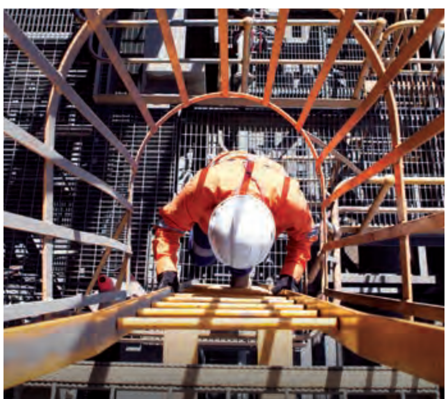


Image supplied with the permission of MMG Century

ANDREW HARRINGTON

WINNER 2014 CEO'S AWARD

2014 LIVING THE VALUES AWARDS

176 NOMINATIONS
59 ROUND WINNERS
6 ANNUAL AWARDS

2.14

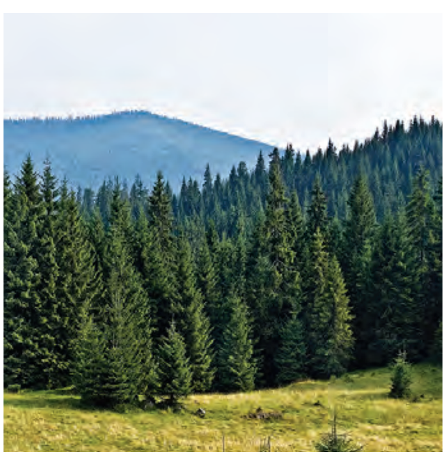
TOTAL RECORDABLE INJURY FREQUENCY RATE

↓42%

272

FAMILIES BENEFITING FROM 17 NEW CHECK DAMS IN INDIA

11 AUSENCO FOUNDATION INITIATIVES ACROSS 7 COUNTRIES



11%

REDUCTION IN GREENHOUSE GAS EMISSIONS

People

At Ausenco, our people are encouraged to be creative and collaborative, and continually challenge their boundaries to add value for our clients.

Our culture of finding and developing the best in our people and empowering them to produce ingenious solutions is reflected in the impressive results we are delivering for clients and our growing level of repeat business.

During 2014, we continued to re-shape the profile of our diverse workforce. We reduced our employee numbers in several locations in response to softer market conditions and the completion, or near-completion of projects. At the same time, we increased our people numbers in other locations to meet client and new business requirements.

Our underlying philosophy for managing workforce levels is to ensure we have the right mix of people, in the right locations, with the support they need to deliver Ausenco's proven ingenuity to clients as cost-effectively as possible.

Each year, through the Ausenco Living the Values Awards, we recognise the outstanding achievements of our people and their demonstration of our core values. In 2014, we received 176 individual and team nominations for the awards, resulting in 59 round winners and six annual winners.

Our 2014 Annual winners were:

- **Safety in all we do:** Lindsay Schiedel, HSEC Advisor, Calgary. For helping to achieve a high Certificate of Recognition Audit score for the Calgary office, a significant achievement, particularly in the midst of office moves.
- **The client is our focus:** Andrew Harrington, Manager Operational Improvement, APAC/Africa, Mozambique. For his outstanding efforts to manage the rapid and successful engagement with Vale in Mozambique to win substantial ongoing work at the Moatize site.
- **Our people are our strength:** Rhaufed Santos, Project Manager, Belo Horizonte. For his and his team's successful management and delivery of work on up to 15 simultaneous projects under the Terminal Ilha Guaíba Port Expansion Master Agreement.
- **Respect the community and environment:** Justin Nay, Program Administrator, Brisbane. For taking on the leadership of the Ausenco Gives Back Brisbane committee.
- **We seek ingenious solutions:** Phil Dakin, Principal Designer, Technical Solutions, Brisbane. For his continuous focus on smart design and on-time delivery that saves clients time and money.
- **We are open, honest and collaborative:** Pamela Pachas, EPCM Co-ordinator, Lima. For her commitment to the Constancia project in Peru; providing support and working as a valued team member to achieve the project goals.

Each year we also acknowledge the outstanding contribution of an individual in the company through the CEO's Award. In 2014, Andrew Harrington, Manager Operational Improvement, APAC/Africa won the prestigious award for his dedication and significant contribution to the growth of the Optimisation business, including his work on the Hidden Valley, Moatize, Isaac Plains and Tonkolili projects.

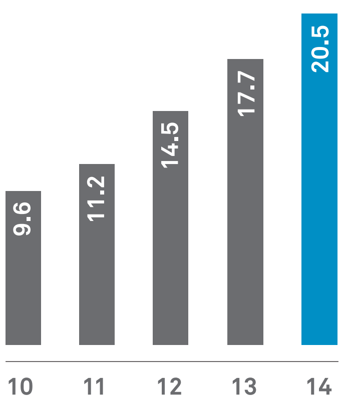
A number of Ausenco employees were also recognised by their external peers, notably:

- Paulo Libânio, General Director, Brazil, named "Personality of the Year" in the category of Engineering & Mineral Technology by Brasil Mineral magazine.
- Neil Trembath, Ausenco's Chief People and Sustainability Officer and Chief Information Officer, was a finalist in CEO Magazine's 2014 HR Manager of the Year award.
- Zimi Meka, Ausenco's Chief Executive Officer, named one of the Top 100 Influential Engineers in Australia, for the sixth time.
- Bernie Coughlan and Anuj Anand, from Ausenco's Engineering Design Team were both finalists in the Innovation in Mining and Metals category of the Bentley's Be Inspired Awards for their innovative use of Bentley's software programs. Anuj's entry won the category.

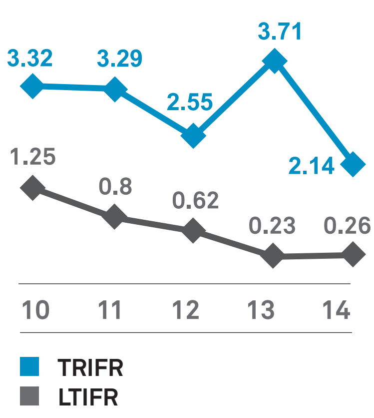
Safety

During 2014, we made strong progress towards our goal of a zero harm working environment, achieving our best-ever safety performance in a year when we also managed a record number of hours.

Hours managed (million)



LTIFR and TRIFR trend



We achieved our lowest-ever Total Recordable Injury Frequency Rate (TRIFR) of 2.14, a 42 per cent reduction on the previous year.

The Serious Potential Incident Frequency Rate (SPIFR) also fell by 56 per cent from the previous year to 2.48. The Lost Time Injury Free Rate (LTIFR) rose slightly from 2013's record low of 0.23 to 0.26.

This safety performance was even more significant given the record 20.5 million worked man hours managed during the year – 2.35 million more than in 2013 – and the five-fold increase in incident reporting since 2013 following the introduction of the Ausenco Incident and Data Management System, which tracks actions globally in real time.

A number of our projects achieved significant milestones, most notably the Constancia project, which recorded 7.7 million man hours LTI free, despite the challenging operating environment more than 4,000 m above sea level in the south-eastern Andes of Peru.

Other notable safety achievements included:

- Six million man hours LTI free at the Ad Duwayhi project in Saudia Arabia.
- 3.2 million man hours LTI free at the Kwale project in Kenya.
- 855,00 man hours LTI free at the Cytec project in Canada.
- One million man hours LTI free at the Goldstrike project in the USA.

During the year, we also implemented a Safety Citizenship program as part of our enhanced Health, Safety and Environment Strategy. Through these efforts, we refined existing safety programs, practices and reporting procedures.

Community

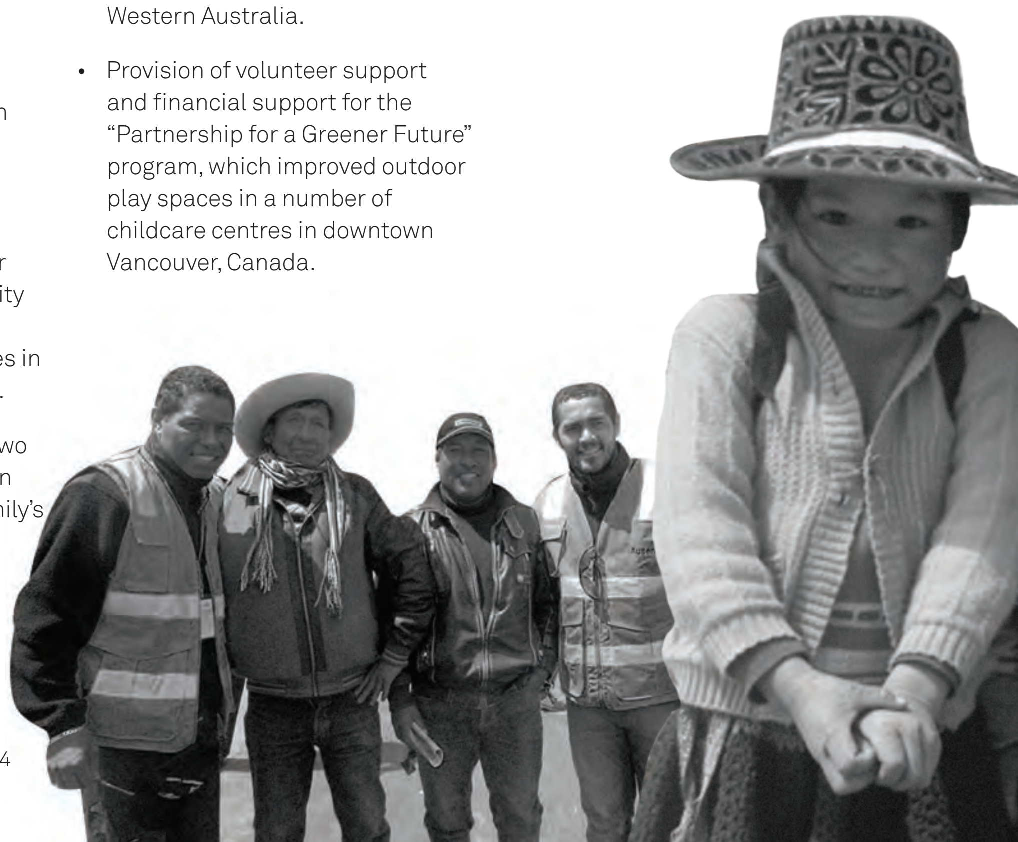
Ausenco aims to make a positive and sustainable difference to the communities in which we live and work by providing employment opportunities and financial and in-kind support for community activities and projects.

In 2014, the Ausenco Foundation supported 11 organisations in seven countries for a total financial contribution of $158,554, including $60,000 for a multi-purpose hall at the Magaoni Secondary School in Kenya and $17,800 to a partnership in India to help disadvantaged communities in rural areas develop sustainable agriculture.

Other key initiatives the foundation supported in 2014 included:

- Continued financial support for the Buk bilong Pikinini library in Port Moresby Papua New Guinea.
- An employee donation match campaign to support Red Cross and Red Crescent Societies' humanitarian work in communities affected by the spread of the Ebola virus in West Africa.
- Financial and in-kind volunteer support for Habitat for Humanity Canada in the construction of housing for low-income families in Calgary, Halifax and Vancouver.
- Continued co-sponsorship of two students in Brisbane and one in Perth as part of The Smith Family's *Learning for Life* program.
- A second year of support for the SIES Pragnya Vision Centre in Mumbai, to help visually challenged students advance their secondary education.
- An employee donation match for the Mining for Miracles fundraising campaign for the BC Children's Hospital in Canada.
- Funding to enable Books in Homes Australia to run their program with primary level students at Durack State School in Brisbane, Queensland and St Gerard's Primary School in Westminster, Western Australia.
- Provision of volunteer support and financial support for the "Partnership for a Greener Future" program, which improved outdoor play spaces in a number of childcare centres in downtown Vancouver, Canada.
- Partnership with the British Columbia Institute of Technology Foundation to create the Ausenco Aboriginal Trades Bank Initiative, supporting Aboriginal students engaged in trades training.
- Sponsorship of a number of engineering scholarships for students.

With the support of our people and partners around the world, we will continue to support communities in a sustainable way in 2015 and beyond.



Environment

Helping clients reduce their energy use and carbon emissions are key Ausenco service offerings. They are also principles we pursue as an organisation.

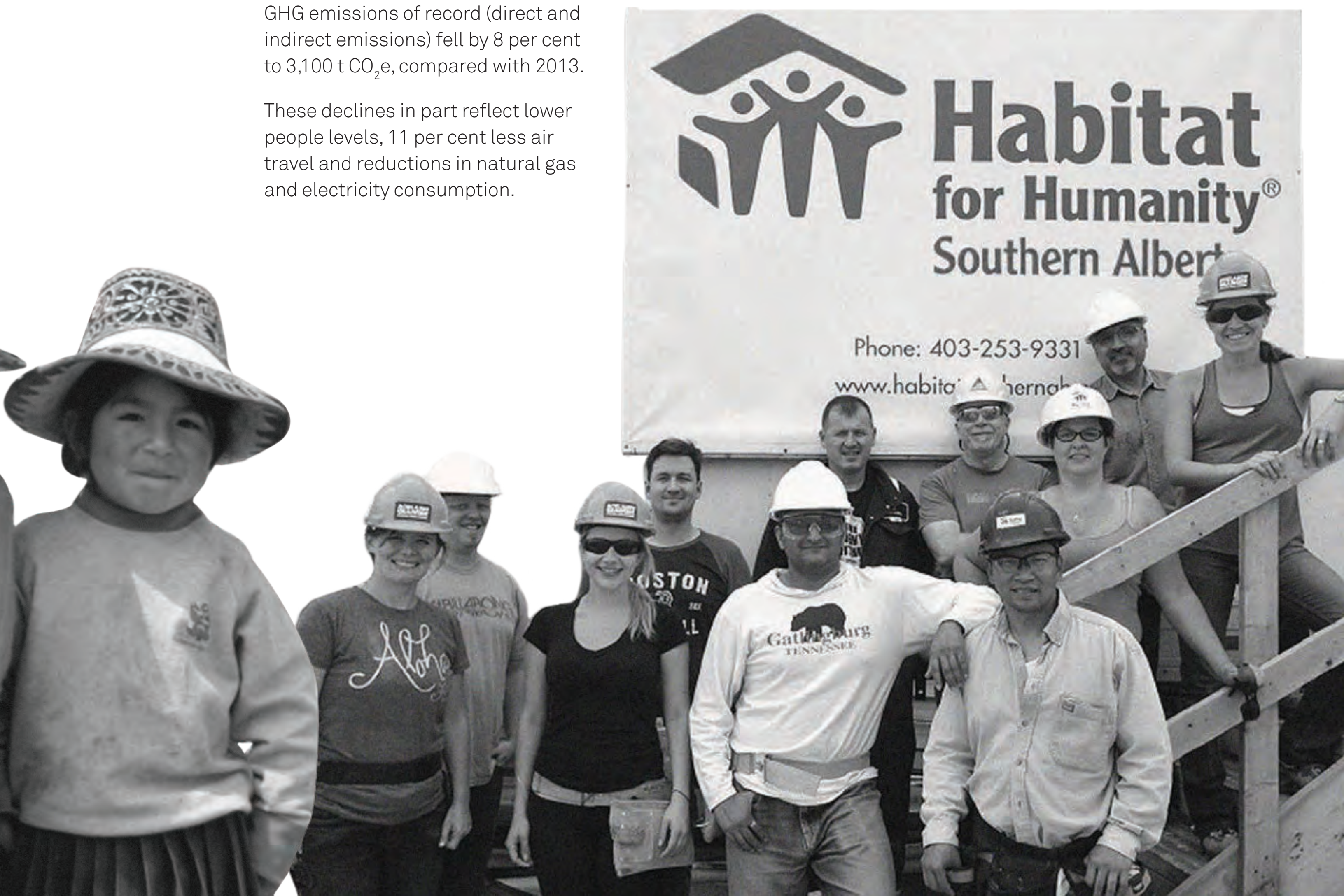
Energy efficiency and recycling initiatives in offices and on project sites are integrated into our global Health, Safety and Environment programs.

Ausenco's carbon footprint of greenhouse gas emissions fell by 11% in 2014 to 16,553 t CO_2e. GHG emissions of record (direct and indirect emissions) fell by 8 per cent to 3,100 t CO_2e, compared with 2013.

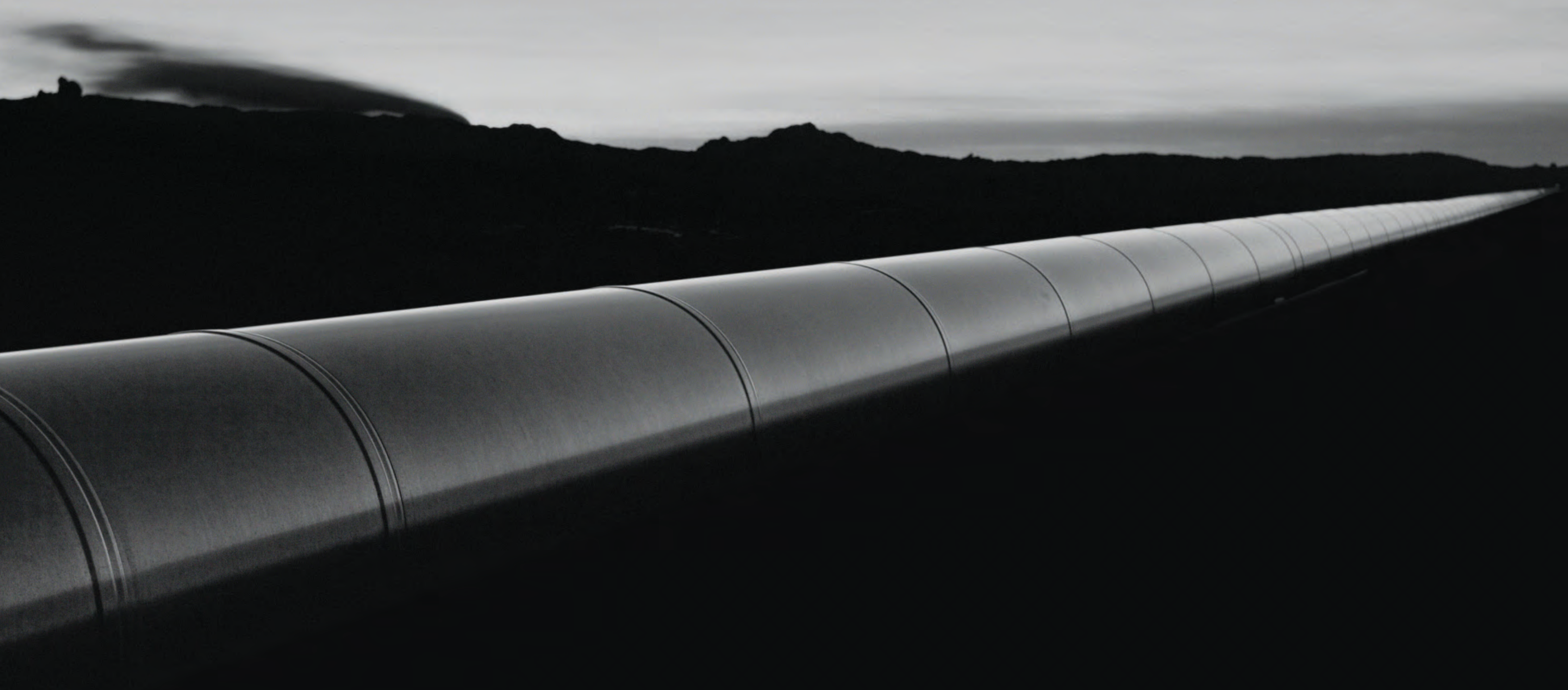
These declines in part reflect lower people levels, 11 per cent less air travel and reductions in natural gas and electricity consumption.

Annual CO_2 emissions per employee rose slightly from 7.3 t CO_2e in 2013 to 7.7 t CO_2e as a result of increased air travel requirements for the peak phase of a number of construction projects and the loss in office utilisation efficiencies because of reduced employee numbers.

We will continue to pursue further emission reductions in 2015 through the application of our sustainability framework across all our global sites as an integral part of our Health, Safety and Environment program.



At 528km, Minas-Rio boasts the world’s longest and largest tonnage iron ore concentrate pipeline. An athlete would need to run 12.5 marathons to cover its length.



Whether it's water, tailings or slurry, Ausenco's people have been responsible for working on the majority of South America's more significant pipelines.

We've worked on 100% of Brazil's long-distance slurry pipeline projects, equating to an impressive 2,500km.

In Chile, Ausenco has played a part in developing around 1,300km of operational pipelines, which includes 85% of Chile's slurry pipelines.

But the record for the world's longest and largest tonnage iron ore concentrate pipeline is held by the Minas-Rio project in Brazil. Working with client Anglo American, Ausenco's people performed a full range of engineering services for the project to include work throughout all phases of the 528 km, 24 and 26-inch diameter concentrate pipeline transportation system.

The first ore shipment was made in October 2014.

Financial Review

Our geographic spread and diverse service offering ensured we maintained a constant baseline of pre-development revenue in 2014 while expanding our earnings from asset optimisation and operations and maintenance projects.

Market conditions in the resources and energy sector were more volatile in 2014 than initially forecast which adversely affected our revenues for the year. This volatility was most apparent in the APAC/Africa region, with momentum and activity in the Americas being relatively stable.

Our geographic spread and diverse service offering ensured we maintained a constant baseline of pre-development revenue in 2014 while expanding our earnings from asset optimisation and operations and maintenance projects. Specifically, we won new business globally from companies wanting to reduce the capital intensity of their development projects, increase the productivity of their assets or reduce operating costs.

The recent implementation of our common global business systems has enhanced the visibility and responsiveness of decision-making across our offices and projects globally. Additionally, we implemented an organisational restructure during the year to improve operating and cost efficiencies, and strengthen management accountability and client engagement.

These strategies, which cost $6.8 million to implement, allowed us to achieve controllable cost reductions of $29 million in 2014 and are expected to deliver an additional $20 million in savings in 2015.

As a result of these efforts, we are well positioned for a significant earnings improvement that is expected to be positively amplified once project development activity returns to more normal levels. Our strategic footprint, depth of expertise and experience in delivering client solutions in challenging environments is ideally aligned to those markets and sectors in which we are already seeing greater near-term opportunities emerging.

Financial Performance

Ausenco reported a 2014 full year net loss after tax of $25.0 million, compared with $35.2 million in 2013. This equated to an underlying net loss of $10.2 million, compared with an underlying net profit of $6.8 million in the previous corresponding period.

Revenue from operations was $357.2 million, down from $453.9 million in 2013. Underlying EBITDA was $1.4 million, compared with $27.1 million previously.

Net debt increased during the year from $24.7 million to $43.1 million, with the net gearing ratio increasing from 8.7% to 16.0%, well within the board's target gearing levels.

Ausenco reported a gross cash position at 31 December 2014 of $22.5 million. Net operating cash outflow was $9.2 million, compared to an inflow of $9.0 million in 2013.

Our diversification strategy is providing sustainable long-term growth opportunities. We have had a strong level of well-advanced enquiries from clients interested in our asset optimisation and operations and maintenance solutions, in addition to our capabilities in delivering resource projects.

	2014 $m	2013 $m
Revenue from operations	357.2	453.9
Underlying EBITDA	1.4	27.1
Underlying EBITDA margin (%)	0.4%	6.0%
Net (loss)/profit before tax	(29.5)	(40.9)
Attributable (loss)/profit after tax	(25.0)	(35.2)
Underlying earnings	(10.2)	6.8
Basic earnings per share (cents)	(15.0)	(25.0)
Operating cash (out)/in flow	(9.2)	9.0
Dividend per share (cents)	-	-

Financial summary

Ausenco made additional changes to its organisational structure during the year to further improve our ability to identify and take advantage of opportunities as they arise. These changes further flatten our structure and drive the focus on winning new work, delivering projects and improving our margins.

An outcome of this organisational change was to adopt a regional reporting framework in the Americas, comprising the two key regions of North and South America. Our North and South American businesses, which now account for 74% of our revenue, remain profitable and continue to offer the best prospects for our growth.

While the weakening Australian dollar increases the competitiveness and attractiveness of our APAC/Africa business, and improves the outlook for local projects, near-term earnings for the region are expected to show lower levels of growth than for the Americas. As a result, a $10 million non-cash impairment against the APAC/Africa goodwill balance was recognised during the year.

Operating on a common Enterprise Resource Planning (ERP) platform across the business is providing enormous benefits. During the period, we implemented an enriched online reporting tool that provides real-time access for managing our global workforce, the projects that we are delivering and the financial performance of our business. It has given us unparalleled visibility of our business and enables us to take better advantage of the expertise and skills of our people on every project, wherever they are located.

Financial Review

Underlying results comparison

In order to present the results in a transparent manner, enabling comparison with the 2013 performance, Ausenco has reported underlying EBITDA and after-tax earnings. The difference between underlying EBITDA and earnings and reported EBITDA and after-tax earnings are set out in the table below.

	EBITDA		NPAT	
	2014	**2013**	**2014**	**2013**
Underlying results	**1.4**	**27.1**	**(10.2)**	**6.8**
Redundancy costs	(4.5)	(10.7)	(3.2)	(7.5)
Onerous leases	(2.3)	-	(1.6)	-
Trade receivable write-offs	-	(8.2)	-	(5.7)
Work In Progress write-offs	-	(7.7)	-	(5.4)
Underperforming contracts	-	(8.8)	-	(6.2)
Acquisition related costs	-	(1.0)	-	(0.7)
Goodwill impairment	(10.0)	(12.5)	(10.0)	(12.5)
Accelerated amortisation	-	-	-	(3.2)
Forfeiture of foreign tax credits	-	-	-	(0.8)
Reported results	**(15.4)**	**(21.8)**	**(25.0)**	**(35.2)**

Cash flow

$1.1 million in operating cash inflows were generated in the year prior to tax, financing and redundancy payments. The net operating cash outflow for the year was $9.2 million, compared with an inflow of $9.0 million in 2013.

Cash flow summary

	2014 $m	2013 $m
Cash from operations pre working capital	(13.6)	(9.3)
Less: working capital movements	4.4	18.3
Cash from operations	(9.2)	9.0
Less: Capital expenditure	(2.3)	(9.9)
Less: Business acquisition payments	(0.7)	(16.3)
Free cash in/(out) flow	(12.2)	(17.2)
Net cash held movement	(15.1)	(13.9)

Capital expenditure over the last five years has been focused on implementing the business systems, offices and network infrastructure to enable Ausenco to deliver its services and solutions into all key markets, to facilitate worksharing and to minimise risk and optimise returns in our global business. In 2014, and for the foreseeable future, Ausenco's capital expenditure requirements will remain at relatively low levels.

Tax paid during the year was $1.5 million, compared with $7.7 million in 2013. Net financing costs rose from $3.4 million in 2013 to $4.3 million in 2014, reflecting $1.0 million in costs associated with the successful refinancing of the Group's Canadian denominated borrowings.

Balance sheet

Ausenco has a strong balance sheet and a significant bonding and funding capacity of $48.7 million available under existing facilities.

Current liquidity improved to $33.3 million of net current assets during the year, representing a liquidity ratio of 1.5 times and 46% of total equity.

Summary balance sheet

	2014 $m	2013 $m
Current assets	105.2	147.0
Non-current assets	247.4	261.1
Total assets	**352.6**	**408.1**
Current liabilities	71.9	121.6
Non-current liabilities	53.9	28.0
Total liabilities	**125.8**	**149.6**
Net assets	**226.8**	**274.1**
Total equity	**226.8**	**274.1**

Our gross cash position at 31 December 2014 was $22.5 million, compared with $37.6 million in 2013. Our cash balances represent 21% of current assets, with trade and other receivables and unbilled revenue balances of $70.0 million making up the major portion of current assets.

Net debt increased from $24.7 million in 2013 to $43.1 million in 2014. The net gearing ratio increased from 8.7% to 16.0%, which remains well within the board's target gearing levels.

The value of property, plant and equipment decreased during the year from $21.6 million in 2013 to $17.0 million, reflecting depreciation of $5.5 million and additions of $1.4 million.

The value of intangible assets, excluding goodwill, decreased from $29.6 million in 2013 to $28.5 million as at 31 December 2014, largely represented by Ausenco's investment in its global ERP platform.

Capital management

Total borrowings and bonding facilities at 31 December 2014 were $125.3 million, compared with $151.7 million in 2013.

The total multi-option, multi-currency facility limit was $100.8 million, compared with $129.1 million in 2013. The average cost of financing increased to 4.6%, compared with 2.8% in 2013.

Total borrowings increased by $3.3 million to $65.6 million, after scheduled borrowings repayments of $8.9 million during the year. This reflected an increase of $2.1 million attributable to a lower Australian dollar, which offset higher proceeds from borrowings of $5.4 million.

In November 2014, ANZ and NAB agreed to extend the repayment timeline associated with $33.1 million of drawn debt facilities denominated in Canadian dollars to January 2016. The existing US dollar borrowing of $22.7 million will continue until May 2016.

As part of the arrangements, ANZ and NAB have agreed to modify financial covenants to be satisfied in 2015, as well as a review in mid-2015 of an extension of the facility terms beyond the 2016 dates.

Directors determined not to pay a full year final dividend in 2014.

Risk management

Ausenco has adopted a series of approaches and tools to measure the different types of risks to which the company is exposed and has strict policies in place to manage these risks. Such risks include interest rate risk, foreign exchange risk, credit risk and liquidity risk. Our policy framework does not allow for speculative trading in financial instruments to be undertaken.

Our credit risk primarily relates to working capital balances, comprising receivables and work in progress, from clients typically with strong cash flows, secured funding or solid credit ratings. Trade receivables and work in progress levels have decreased during the year, attributable to both improved collection cycles and lower revenue. Past due, but not impaired, receivables reduced significantly during the year from $35.9 million to $12.8 million, with the net receivables impaired balance reducing to $4.6 million.

We manage foreign exchange risk by diversifying our borrowings across Australian, Canadian and US dollars, which ensures a natural hedge against fluctuations in any one currency and allows associated interest costs to be hedged against local earnings. Our risk management strategy continues to be focused on hedging exposures wherever practical to minimise any potential impact to our financial performance.

Following the extension of the current borrowing facilities, 85% of Ausenco's total borrowings are denominated in Canadian and US dollars. This provides a natural hedge to adverse foreign currency movements given that 88% of the Group's revenues are denominated in currencies other than Australian dollars.

Craig Allen

Chief Financial Officer

Board of Directors

Zimi Meka
B Eng (Hons) Mech,
FIE Aust, MAICD, FAusIMM
Chief Executive Officer and
Managing Director

George Lloyd
MBA, B Eng Sc (Industrial),
FAICD, FAusIMM
Chairman

Hank Tuten
BA Econ
Non-executive Director

Peter Gregg
B.Ec., FFTP, MAICD
Non-executive Director

Mary Shafer-Malicki
B Sc (Chem Eng)
Non-executive Director

Bob Thorpe
B Tech (Mech),
MIE Aust
Non-executive Director

Corporate Governance Statement

Ausenco's Board of Directors' key responsibility is the protection and enhancement of long-term shareholder value within an appropriate risk framework.

The Board believes that there is a provable link between high standards of corporate governance and equity performance. In order to maintain Ausenco's high global standards for leading edge engineering and project management services in the resources and energy sectors, we are committed to operating in accordance with the Group's corporate governance policies.

We believe that good corporate governance practices are about conducting business in a transparent and ethical way that enhances value for all stakeholders. We strive to develop and nurture throughout the Group a culture which involves high ethical standards, personal and corporate integrity, and respect for the values of others. We operate in an open, honest and collaborative fashion with all stakeholders and within the communities in which we have a presence.

The guiding principle is that the Board acts honestly, conscientiously and fairly, in accordance with the law and in the best interests of Ausenco's shareholders, its personnel and all other stakeholders.

Ausenco's key corporate governance principles are contained in the Board Charter which has been approved by the Board and is published on the Ausenco website www.ausenco.com. The Board Charter is kept under review and amended from time to time as appropriate.

Ausenco's practices are consistent with the Second Edition of the Australian Securities Exchange (ASX) Corporate Governance Council's Principles and Recommendations, including the 2010 amendments, hereinafter referred to as the Principles.

In the following discussion comments are made in relation to the Company's compliance with each Principle.

Principle 1		
Lay solid foundations for management and oversight		
1.1	The Board has established clear delegation of authority between the Board and Management.	✓
1.2	Senior executives are subject to a formal performance review process on an annual basis.	✓
1.3	The performance of senior executives was assessed during the financial year in accordance with the policy adopted by the Board.	✓

The Board establishes the strategic direction and a policy framework within which management undertakes the day-to-day business of the Group. It is the role of management to manage the Company in accordance with the directions and delegations of the Board and it is the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

The Board has established a Delegated Authorities Matrix which clearly sets out the delegation of authority from the Board to management.

Senior executives are subject to an annual formal performance review. The focus of the review is to set specific objectives, which are aligned to the Ausenco business plan, and to monitor each executive's performance against those objectives. The performance of senior executives was assessed during the financial year in accordance with the policy adopted by the Board.

Principle 2		
Structure the Board to add value		
2.1	A majority of the Board are independent directors.	✓
2.2	The Chairman is an independent director.	✓
2.3	The role of the Chairman and Chief Executive Officer are exercised by different individuals.	✓
2.4	In 2014, the Board established a Nomination Committee.	✓
2.5	An internal evaluation of the Board and Board Committees was undertaken during the year in accordance with the policy adopted by the Board.	✓
2.6	All the information set out in the Guide to reporting on Principle 2 is provided in this report.	✓

At 31 December 2014 Ausenco's six-member Board comprised five non-executive Directors and the Chief Executive Officer. The Chairman is an independent non-executive Director.

Mr Peter Gregg was appointed as an independent non-executive Director on 22 August 2014.

The Board considers that independent decision-making is essential for effective governance. The independence of non-executive Directors is assessed annually. The Board has reviewed the independent status of each Director and determined that, as at 31 December 2014, the majority of Directors were independent.

Mr Bob Thorpe is a substantial shareholder of the Company and, although retaining a strong independence of mind and attitude, does not meet the criteria of independence set out in the Principles. The Board recognises that the need for independence be balanced with the need for Board members with a thorough understanding of the Group and the industry sector in which it operates; in this regard the Board values Mr Thorpe's knowledge of both the Group and the industry in which it operates very highly. The Chief Executive Officer, Mr Zimi Meka, is an Executive Director and, as such, is not independent.

The composition of the Board is balanced. Directors possess a broad range of skills, experience, expertise, qualifications and contacts relevant to the business of the Group. The Board Charter and Nomination Committee Charter outline in detail the procedure for the selection and appointment of new Directors.

Ausenco's constitution states that at each Annual General Meeting (AGM) one third of the Directors (excluding the Chief Executive Officer), and any Director who has held office for three or more years since election, are required to retire from office. Any Director appointed by the Board since the last AGM must stand for election at the next AGM. Retiring Directors are eligible for re-election.

The Board has a policy of allowing Directors to seek independent professional advice at the Group's expense. If appropriate, this advice will be shared with other Directors. The Chairman will review for reasonableness the estimated costs of obtaining advice but will not impede the seeking of advice.

In 2014 the Board established a Nomination Committee. The Nomination Committee consist of a majority of independent Directors, is chaired by an independent Director and has five members. The Nomination Committee Charter is available on the Ausenco website at www.ausenco.com.

The Nomination Committee provides assistance to the Board by implementing the policies of the Board, recommending nominations which require Board approval and reporting to the Board in relation to the matters with which it is charged, including:

- Reviewing all nominations from persons who wish to be appointed to the Board.
- Periodically assessing the skill set required to discharge competently the Board's duties, having regard to the strategic direction of the Group and the skills currently represented on the Board.
- Regularly reviewing and making recommendations to the Board regarding the structure, size and composition of the Board (including the balance of skills, knowledge, expertise and diversity of gender, age experience and relationships of the Board) and keeping under review the leadership needs of the Company, both executive and non-executive.
- Overseeing appropriate Board succession planning, including establishing a pool of suitable Board candidates to fill Board vacancies as and when they arise, and nominating preferred candidates for the approval of the Board.
- Matters relating to the selection and performance of the Chief Executive Officer and the Company Secretary as well as other senior executives as may be determined by the Board from time to time.

During the course of 2014, the Nomination Committee's members were:

- Peter Gregg – Chairman, independent, non-executive Director (Mr Gregg was appointed to the Committee as Chair on 21 October 2014)
- Ms Mary Shafer-Malicki – Chairman, independent, non-executive Director
- George Lloyd – independent, non-executive Director
- Hank Tuten - independent, non-executive Director
- Bob Thorpe – non-independent, non-executive Director.

The Board carries out an annual Board assessment. The performance of the Chairman is reviewed and assessed by the other Directors, and the Chairman reviews and assesses the performance of the other Directors. During 2014, an internal evaluation of the Board and Board Committees was undertaken in accordance with the policy adopted by the Board.

Principle 3		
Promote ethical and responsible decision-making		
3.1	The Board has adopted a Code of Ethics and Values which applies to Directors and Principles of Ethics and Fairness which applies to all Group personnel. The Code of Ethics and Values, Principles of Ethics and Fairness and Code of Conduct for Dealing in Securities are available on the Ausenco website at www.ausenco.com.	✓
3.2	The Board has adopted a Diversity Policy which is available on the Ausenco website at www.ausenco.com.	✓
3.3	The Board has adopted measureable objectives for achieving gender diversity.	✓
3.4	The proportion of woman employees in Ausenco at Board level, Senior Management level and across the whole organisation is disclosed in the annual report.	✓
3.5	All the information set out in the Guide to reporting on Principle 3 is provided in this report.	✓

The Board has adopted a Code of Ethics and Values and a Code of Conduct for Dealing in Securities, both of which are published on the Ausenco website. The purpose of the Code of Ethics and Values is to guide Directors in the performance of their duties. The purpose of the Code of Conduct for Dealing in Securities is to define the circumstances in which Directors, employees and contractors, and their related parties, are permitted to deal in Ausenco securities. Both codes have been designed with a view to ensuring the highest ethical and professional standards as well as compliance with legal obligations and therefore compliance with the Principles. A Whistleblower Policy has also been adopted to ensure that all people and representatives of the Group can anonymously raise concerns regarding actual or suspected contravention of our ethical and legal standards without fear of reprisal and without feeling threatened by doing so.

Corporate Governance Statement (continued)

The Code of Conduct for Dealing in Securities allows Directors, employees and contractors, and their related parties, to buy, sell or otherwise deal in Ausenco securities during the six weeks following the release of the full year results, the half year results and the AGM. Directors must give written notice to the Chairman and Company Secretary of their intention to deal in Ausenco securities prior to dealing. Trading outside the permitted windows is allowed only with the written approval of the Chief Executive Officer or Chief Financial Officer. Directors must also provide written notice and receive written approval from the Chairman before trading outside the permitted windows. The Chairman must provide written notice and receive written approval from another non-executive Director.

Any transaction by Directors in Ausenco shares is notified to the ASX. Each Director has entered into an agreement with Ausenco to provide information to enable the Company to notify the ASX of any share transactions within five business days.

Ausenco is committed to operating to the highest standards of ethical behaviour, honesty and fairness in all relationships with our stakeholders. The Principles of Ethics and Fairness outline the Group's approach to all of its stakeholders. Ausenco expects all of its personnel to act with the utmost integrity with all stakeholders. Ausenco does not make political donations, but does participate in a number of industry bodies that promote and support the industries in which the Group works.

The Board has adopted a Diversity Policy which is available on the Ausenco website. The Board and Management believe that a balanced approach to diversity within Ausenco is important; Diversity at Ausenco refers to the characteristics that make individuals different from each other. It includes characteristics or factors such as level of education, skills and training, religion, race, ethnicity, language, gender, sexual orientation, disability, age or any other area of potential difference. While the gender dimension is important, the global nature of Ausenco's business means a broader diversity agenda incorporating the above factors is required,

Ausenco's objective is to maintain or improve the participation of women within the organisation. During 2014, business conditions necessitated the continued flattening of Ausenco's management structures throughout the organisation and the Company's overall headcount was significantly reduced. Under these circumstances there were limited opportunities to promote and/or hire women into these categories resulting in only a marginal improvement (on a percentage basis) in two of the four categories in which participation of women are measured.

As of 31 December 2014 the proportion of women employees across Ausenco is as follows:

Position	By Number (as at 31/12/14)	By Percentage (as at 31/12/14)	By Number (as at 31/12/12)	By Percentage (as at 31/12/12)
Board	1	17%	1	20%
Senior Executives	0	0%	0	0%
Business Leadership Team	9	24%	13	22%
Organisation	**531**	**26%**	**648**	**25%**

Principle 4		
Safeguard integrity in financial reporting		
4.1	Ausenco has an Audit and Risk Management Committee.	✓
4.2	The Audit and Risk Management Committee has four non-executive members. The Committee is comprised of a majority of independent directors and is chaired by Ms Mary Shafer-Malicki, who is not Chairman of the Board.	✓
4.3	The Audit and Risk Management Committee Charter, approved by the Board, is available on the Ausenco website at www.ausenco.com.	✓
4.4	All the information set out in the Guide to reporting on Principle 4 is provided in this report.	✓

The Audit and Risk Management Committee maintains an ongoing focus on risk management matters. The Audit and Risk Management Committee works directly with the internal audit team to ensure the effective conduct of the internal audit review program.

The Committee provides assistance to the Board in the form of assurance regarding its financial reporting, internal controls, reporting structure and internal and external audit responsibilities. The Committee's role is to assist the Board to independently verify and safeguard the integrity of the Group's financial reporting.

The Committee operates in accordance with the Audit and Risk Management Committee Charter approved by the Board. The charter, which is published on the Ausenco website, is reviewed at least annually to ensure it is in line with market practices.

During the course of 2013, the Committee's members were:

- Ms Mary Shafer-Malicki – Chairman, independent, non-executive Director
- George Lloyd – independent, non-executive Director
- Bob Thorpe – non-independent, non-executive Director.
- Peter Gregg – independent, non-executive Director (Mr Gregg was appointed to the Committee on 21 October 2014).

Notwithstanding that Mr Thorpe is not an independent director, his role as a founder of Ausenco and his considerable experience in the engineering services industry enable him to bring valuable knowledge and insights, which may not otherwise be available, to the Committee.

The Committee is responsible for reviewing the nomination, performance and independence of the Group's external auditor. The charter outlines in more detail the procedure for the selection and appointment of the external auditor. The external auditor has a policy that the audit partner is rotated every five years.

Each year the external auditor formally presents to the Committee a certificate confirming its independence. The external auditor's independence statement is included in the Audit and Risk Management Committee Report to the Board.

The Chief Executive Officer and the Chief Financial Officer have certified to the Committee that the Group's financial reports present a true and fair view, in all material respects, of Ausenco's financial condition and operational results and are in accordance with relevant accounting standards supported by a succinct risk management and internal compliance and control methodology.

Principle 5		
Make timely and balanced disclosure		
5.1	The Board has adopted a Continuous Disclosure Policy.	✓
5.2	The Continuous Disclosure Policy is available on the Ausenco website at www.ausenco.com.	✓

Ausenco supports a continuous disclosure regime and its current practice is consistent with the Principles. Ausenco has a Board-approved Continuous Disclosure Policy, published on the Ausenco website, which assists the Group in ensuring the timely and appropriate communication to its shareholders and the market. Continuous disclosure is a routine agenda item at all Board meetings and Ausenco makes regular announcements to the market on commercial activities which may have a material influence on the Company's share price. Ausenco personnel are familiar with the Continuous Disclosure Policy.

Presentations made to analysts or investors are posted on the Ausenco website. If a presentation contains information which is not in the public domain and may have a material effect on the Company's share price, the presentation is sent to the ASX prior to the presentation being made.

Principle 6		
Respect the rights of shareholders		
6.1	The Board has adopted a Shareholder Communication Policy.	✓
6.2	The Shareholder Communication Policy is available on the Ausenco website at www.ausenco.com.	✓

The Board is committed to communicating with shareholders regularly and clearly. The Annual Report, half-year report and AGM are all important communication forums. Ausenco encourages shareholders to attend and participate at general meetings. Ausenco welcomes questions from shareholders at any time, and these will be answered within the confines of information that is already in the public domain and is not market sensitive.

Shareholder communication is conducted in accordance with Ausenco's Continuous Disclosure Policy and Shareholder Communication Policy, both of which are published on the Ausenco website. All announcements made by Ausenco to the ASX (except disclosures of a compliance nature) are posted on the Ausenco website.

The external auditor attends the AGM and is available to answer any questions with regard to the conduct of the audit and the corresponding report.

The following documents that address corporate governance are available within the Investor section of the Ausenco website:

- Audit and Risk Management Committee Charter
- Board Charter
- Code of Conduct for Dealing in Securities
- Continuous Disclosure Policy
- Corporate Governance Statement
- Code of Ethics and Values
- Diversity Policy
- Principles of Ethics and Fairness
- Remuneration Committee Charter
- Risk Management Policy
- Shareholder Communication Policy
- Standing Rules of Committees
- Whistleblower Policy
- Nomination Committee Charter.

Corporate Governance Statement (continued)

Principle 7	
Recognise and manage risk	
7.1 The Board has adopted a Risk Management Policy. Management routinely reports to the Audit and Risk Management Committee on management of the Group's material enterprise risks.	✓
7.2 The Board has received representations from management regarding the efficient and effective operation of the Group's risk management and internal compliance and control system, including reporting of material enterprise risks.	✓
7.3 The Board has received written assurance from the Chief Executive Officer and the Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	✓
7.4 The Risk Management Policy is available on the Ausenco website at www.ausenco.com.	✓

The Board is responsible for establishing policies on risk oversight and management. Ausenco carries out a formal risk review annually. Identified material business risks have appropriate actions developed or mitigating circumstances documented. Ausenco has a risk awareness culture whereby any potential risks which are identified are brought to the attention of management for appropriate action.

Ausenco has a Board-approved Risk Management Policy, published on the Ausenco website, that assists the Group in identifying and managing risk in accordance with best practice. The Group Operating Policies and Procedures, which are available to all personnel and with which they are required to comply, contain risk management procedures that aim to address risk management issues.

Each year the Board considers the insurance policies the Group has in place. The Chief Financial Officer reports on the internal control environment within the Group and is responsible for immediately alerting the Board if any material breakdowns in internal controls occur.

Management identifies and reviews the major risks impacting on each area of the business and develops strategies to effectively mitigate these risks. Management reports to the Audit and Risk Management Committee, which in turn reports to the Board, on the effectiveness of the Group's management of its material business risks. The Chief Executive Officer and Chief Financial Officer have made representations to the Audit and Risk Management Committee and the Board on the system of risk management and internal compliance and control.

The Chief Executive Officer and Chief Financial Officer have also represented that, to the best of their knowledge, the Group's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

The representation by the Chief Executive Officer and Chief Financial Officer is supported by representations to them from all senior executives. These representations are supported by a formal sign off framework which is reviewed by management, the Chief Executive Officer, the Audit and Risk Management Committee and the Board as part of the six-monthly financial reporting process.

Principle 8	
Remunerate fairly and responsibly	
8.1 Ausenco has a Remuneration Committee.	✓
8.2 The Remuneration Committee consists of three members, the majority of whom are independent and the Remuneration Committee Chairman is independent.	✓
8.3 Ausenco's remuneration policy clearly distinguishes the structure of non-executive directors' remuneration from that of executive directors and senior executives.	✓
8.4 All the information set out in the Guide to reporting on Principle 8 is provided in this report. The Remuneration Committee Charter is available on the Ausenco website at www.ausenco.com.	✓

The Board has established a Remuneration Committee to provide assistance in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive schemes for employees. This Committee reports to the Board on remuneration and issues relevant to remuneration policies and practices including the remuneration of senior executives. The Committee considers the remuneration of the Chief Executive Officer and senior executives as well as fees paid to non-executive Directors. The Committee also determines the overall remuneration framework for all employees in the Group.

The Committee operates in accordance with the Remuneration Committee Charter approved by the Board. The Committee Charter, which is published on the Ausenco website, is reviewed at least annually to ensure it is in line with market practices.

There are no schemes for retirement benefits, other than superannuation, for non-executive directors.

Certain employee incentive schemes provide for the issue of options, performance rights and shares. Company policy forbids any hedging activities in relation to performance rights and options prior to exercise and, once exercised, in relation to any shares issued, which are held via the Ausenco Performance Trust or are otherwise subject to a transfer restriction.

The Committee's members are:

- Hank Tuten – Chairman, non-executive Director
- George Lloyd – independent, non-executive Director
- Bob Thorpe – non-independent, non-executive Director.

Concise Financial Report
2014

Ausenco

Contents

Directors' Report

Your Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Ausenco Limited and the entities it controlled at the end of, or during, the year ended 31 December 2014.

Directors

The following persons were Directors of Ausenco Limited during the whole of the financial year and up to the date of this report:
George Lloyd
Zimi Meka
Mary Shafer-Malicki
Bob Thorpe
Hank Tuten.

Peter Gregg was appointed as an Independent Non-Executive Director on 22 August 2014.

Principal Activities

During the year the principal continuing activities of the Group consisted of the provision of engineering, construction and project management services to the resources and energy markets. The Group provides full project lifecycle solutions to clients in the minerals processing, pipelines, transportation systems, ports and terminals, infrastructure, conventional oil & gas, and renewable and alternative energy sectors.

Dividends - Ausenco Limited

Dividends paid to members during the financial year were as follows:

	2014 $'000	2013 $'000
Final ordinary dividend for the financial year ended 31 December 2012 of 10.1 cents per share paid on 1 May 2013	-	12,070
Interim unfranked dividend for the financial year ended 31 December 2013 of 2.0 cents per share paid on 18 September 2013	-	12,380
	-	14,947

All dividends have been recognised in the reporting period. The Directors have not recommended the payment of a final dividend for the financial year ended 31 December 2014 (2013: final dividend 10.1 cents, interim dividend 2.0 cents).

Earnings per share

	2014 Cents	2013 Cents
Basic earnings per share (cents per share) attributable to the ordinary equity holders of the Company	(15.0)	(25.0)
Diluted earnings per share (cents per share) attributable to the ordinary equity holders of the Company	(15.0)	(25.0)

Safety

The Group's safety performance for the 12 months to 31 December 2014 improved with the Total Recordable Injury (TRI) frequency rate reducing 42% from 3.71 to 2.14, the lowest in the Group's history. This was based on 20.5 million managed man hours, up 15% from 17.7 million man hours managed the year before. The Lost Time Injury (LTI) frequency rate has risen slightly from 0.23 in 2013 to 0.26 in 2014. A highlight during 2014 was the Constancia project in Peru achieving 7.7 million man hours LTI free. The improved performance during 2014 is achieved on the back of two new safety programs introduced during 2014 – the global HSE strategy and the Safety Citizenship Program.

Operating and Financial Review[1]

While reductions in greenfield project work and challenging general market conditions in the APAC/Africa region affected current year performance, Ausenco's long-term diversification strategy provided an effective offset to the decline in demand.

Revenue from continuing operations for 2014 of $357.2 million was down 21.3% on the revenue of $453.9 million for the previous year. The Group recorded a net loss before tax for the year of $29.5 million including an impairment charge of $10.0 million on the APAC/Africa reporting segment. The underlying net loss before tax was $12.7 million, against a net loss before tax of $40.9 million in the previous 12 months. Net loss after tax attributable to shareholders was $25.0 million, the underlying net loss after tax was $10.2 million, compared to $35.2 million net loss after tax for the previous year. The reduction in net earnings was driven primarily by market uncertainty, project deferrals, greater competition and right sizing costs.

Reported EBITDA for 2014 was a loss of $15.4 million, against the previous year reported EBITDA loss of $21.8 million. The underlying EBITDA[1] was a profit of $1.4 million. Basic earnings per share, a loss of 15.0 cents compares to a loss of 25.0 cents per share in 2013.

The Group's net operating cash outflow was $9.2 million in the 2014 year. Net movements in working capital assets and liabilities contributed to a net inflow of $4.4 million, with the significant gross outflow items attributable to $4.5 million in redundancy costs, $5.0 million in borrowing costs (a $1.0 million increase compared to 2013 largely attributable to successful

[1] The Group's financial performance is explained using measures that are not defined under IFRS and are therefore termed non-IFRS measures. The non-IFRS financial information contained within this Directors' Report and Notes to the Financial Statements has not been audited in accordance with Australian Auditing Standards. The non-IFRS measures used to monitor group performance are EBITDA, net debt, net gearing ratio, working capital assets and underlying EBITDA to total financing costs ratio. Business line or segment performance is monitored using EBITA. Each of these measures is discussed in more detail on page 85.

Operating And Financial Review (Continued)

refinancing outcomes) and income tax paid of $1.5 million. In the prior period, net operating cash inflow was $9.0 million. Reflecting a year of more normal capital expenditure levels, net cash outflow associated with investing activities in 2014 was $3.0 million (2013: $26.2 million), including $0.7 million in payments associated with the acquisition of the final 25% of the Rylson Group. Consistent with prior years, the Group repaid $8.9 million in scheduled borrowing amounts, with repayments projected to increase to $13.2 million in 2015 as part of the refinancing extensions agreed with the Group's financiers.

The Group's gross cash position at 31 December 2014 was $22.5 million (2013: $37.6 million). Reflecting a more conservative capital management approach, the Board has not paid any dividends in 2014. Net debt increased during the year from $24.7 million to $43.1 million, with the net gearing ratio increasing to 16.0% from 8.7%, well within the Board's target gearing levels.

$1.1 million in operating cash inflows were generated in the year prior to tax, financing and redundancy payments. Net tax assets increased by $8.2 million (2013: increase $7.6 million) largely attributable to an increase in timing differences associated with intangible assets. This was offset by a net working capital asset decrease of $4.4 million, reflecting lower comparable activity levels across the group compared to the prior period.

After scheduled borrowings repayments of $8.8 million during the year, total borrowings at year end had increased by $3.3 million to $65.6 million. This reflects an increase of $1.8 million attributable to a lower Australian dollar, proceeds from bank borrowings of $5.4 million and other borrowings of $4.9 million. After the extension to the current borrowing facilities, 85% of Ausenco's total borrowings are denominated in Canadian and US dollars, providing a natural hedge to adverse foreign currency movements where 88% of the Group's revenues are denominated in currencies other than Australian dollars.

In November 2014, ANZ and NAB agreed to extend the repayment timeline associated with the $33.1 million of the drawn debt facilities denominated in Canadian dollars to January 2016. The existing amortising United States dollar borrowings of $22.7 million continues until May 2016. As part of the arrangements, ANZ and NAB agreed to modified financial covenants to be satisfied in 2015 as well as a review in mid 2015 of an extension of the facility terms beyond the 2016 dates.

Change in Segment reporting

During the second half of the 2014 financial year the Group streamlined its Americas business' reporting structure and responsibilities to have a regional primary focus. The reorganisation will facilitate greater accountability as well as provide enhanced integration across both service and geographic lines, and improved utilisation of both technical expertise and shared engineering resources. It will also enable the business to better penetrate and capture market opportunities and monitor performance.

No changes were required in APAC/Africa, as it had been operating on a regional basis since 2013. Environment and Sustainability, Minerals & Metals, Oil & Gas and Process Infrastructure were aligned and reshaped to reflect the geographic regions in which they were managed and operating, being North America and South America.

In keeping with the requirements of AASB 8 Operating Segments, the reorganisation led to a change in the segment report for all comparable periods.

Business Line Performance

The Group measures business line performance by reference to revenue and EBITA[1] (refer to note 2). The following table summarises business line performance for the new operating segments:

	Segment revenues		Segment Adjusted EBITA	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000
APAC/Africa	**93,518**	170,825	**(9,680)**	(6,739)
North America	**140,310**	154,073	**2,423**	8,147
South America	**122,734**	128,403	**11,160**	10,133
All other segments	**179**	(4)	**(24,769)**	(39,933)
Total	**356,741**	453,297	**(20,866)**	(28,392)

[1] This performance measure is discussed on page 85.

APAC/Africa

Market conditions remained challenging in the resources sector across the APAC/Africa region. The APAC/Africa business line operating revenue was down 45.2% to $93.5 million in 2014 and segment EBITA down 43.6% to a loss of $9.7 million. Underlying EBITA loss was $9.1 million compared to an underlying profit of $10.6 million in 2013. Earnings performance was adversely impacted by project deferrals, the outbreak of Ebola in West Africa affecting new developments and greater competition. Weak market pricing and demand for coal and iron ore continue to curtail Australian project opportunities while the weaker Australian dollar provided greater opportunities to export our services into Africa and cross-sell into other areas of the Group. Due to slower forward growth the goodwill carrying value was reassessed and impaired by $10.0 million.

While the resource sector remained difficult, our diversification strategy secured significant new projects in optimisation, contract operations and management services. Coupled with right sizing initiatives undertaken during the year and greater use of value centres in Mumbai and Kuala Lumpur, strategies to mitigate competitive forces have been put in place and a move towards significant improvements in profitability are anticipated for 2015 and beyond.

The strategy to diversify revenue streams, which was established in 2013, is proving successful with the region's Ports and Terminals Infrastructure business doubling in size during the year and winning more than 40 assignments in its first 18 months. We also expect continued growth in optimisation and asset management services going forward as organisations switch their focus from new capital investments to maximising asset performance and reducing operating costs.

North America

The North America business line operating revenue was down 8.9% to $140.3 million in 2014 and segment EBITA down 70% to $2.4 million. Underlying EBITA profit was $3.8 million compared to an underlying profit of $14.5 million in 2013.

Despite low levels of demand in some areas, the business remained profitable during the year. The organisational restructure completed in the year will enable improved integration across business lines and enable the business to better capture and cross-sell into new market opportunities. Right sizing initiatives were also undertaken during the year and are anticipated to deliver improved earnings and greater flexibility and responsiveness to client service levels.

In North America, the minerals and metals teams continued with delivery of the Goldstrike project as well as progressing on a number of newly awarded Evaluate and Innovate assignments. Volatility in base precious metal pricing and demand expectations have extended the start times of next stage development, and hence near term revenue generation capacity for Ausenco during the year.

Ausenco's oil & gas team delivered a strong result during the year, particularly as they are focused on delivering into the brownfield wellhead design and engineering markets in Alberta. The oil & gas business now contributes 11.3% of Group revenues and, through our continued growth in the area, now works with 20% of Canada's top oil sand producers.

Infrastructure work in North America remained relatively stable, with many new awards in municipal infrastructure work in the water, transportation, pipelines and ports and terminals areas. Demand for replacement and new infrastructure in each of these areas will continue to underpin demand going forward.

South America

The South America business line operating revenue was down 4.4% to $122.7 million in 2014. In 2014 EBITA was $11.2 million and underlying EBITA of $14.2 million compared to an underlying EBITA of $13.7 million in 2013.

Successfully delivering the Constancia copper project in Peru, which is one of South America's largest copper projects, at some of the world's lowest capital intensity values, has reinforced Ausenco's reputation for cost effective and efficient delivery of world-class projects. Our teams have delivered a very strong result, working at more than 4,000 metres in the Peruvian Andes, managing a peak workforce of 6,200 people and achieving a world-class safety record of more than 13 million hours lost time injury (LTI) free.

We anticipate that forecast shortages in copper supply against growing demand into 2018 will drive further development and extension of copper operations in the region. Successfully delivering projects like Contstancia will provide a new benchmark for low-cost copper mines in South America, placing Ausenco in a unique position to benefit from similar projects going forward.

The market in Chile has been softer than anticipated as water, infrastructure, environmental and community issues delayed a number of projects in the year. Recent awards and the general increase in activity in 2015 provide early insight into the anticipated turnaround in activity levels in that country.

Our Belo Horizonte office in Brazil has delivered to expectations in completing the engineering and CQA on the world's longest iron ore slurry pipeline (529km) for the Minas Rio iron project and starting work on the new Viga iron ore project in Brazil.

All other segments

From 1 January 2014 the Engineering Design Systems (EDS) team that provides global services has moved from APAC/Africa to become a group function. In 2014 the Corporate group reported an EBITA loss of $24.8 million, an underlying EBITA loss of $12.6 million compared to an underlying loss of $21.3 million in 2013, reflecting a lower cost structure.

Directors' Report (continued)

Significant changes to the state of affairs
Other than the business restructure that occurred during the year, no significant changes in the state of affairs have occurred during the year ended 31 December 2014.

Matters subsequent to the end of the financial year
No other matter or circumstance has arisen since 31 December 2014 that has significantly affected, or may significantly affect:

(a) the Group's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the Group's state of affairs in future financial years.

Likely developments and expected results of operations
Likely developments in and expected results of the operations of the Group have been discussed generally in the annual report.

Environmental regulation
The Group does not carry out environmentally sensitive activities in its own right. The Group's principal exposure to environmental risk lies in failing to perform services to the appropriate standard of care, resulting in environmental damage. Assessment and management of such risks forms part of Ausenco's risk management and quality assurance systems. The Directors are not aware of any breaches of environmental regulations as a result of the activities of the consolidated entity.

Meetings of Directors
The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 31 December 2014, and the number of meetings attended by each Director were:

	Board		Audit Committee		Remuneration Committee		Nomination Committee	
	Meetings held while a Director	Number Attended	Meetings held while a Director	Number Attended	Meetings held while a Director	Number Attended	Meetings held while a Director	Number attended
George Lloyd	7	7	6	6	4	4	1	1
Zimi Meka	7	7	-	-	-	-	-	-
Mary Shafer-Malicki	7	7	6	6	-	-	1	1
Bob Thorpe	7	7	6	6	4	4	1	1
Hank Tuten	7	7	-	-	4	4	1	1
Peter Gregg [a]	3	3	1	1	-	-	1	1

[a] Peter Gregg joined the Ausenco Board of Directors on 22 August 2014. Mr Gregg was appointed to the ARMC and Nomination Committee (where he replaced Mr Thorpe as chairman) on 21 October 2014.

Information on Directors*

George Lloyd
MBA, B Eng Sc (Industrial), FAICD, FAusIMM
Chairman

George Lloyd has over 30 years' resource industry experience and has served as a senior executive and board member of a number of listed and unlisted Australian resource companies with interests in minerals, energy and industry services. He has also served as an advisor to mining and energy companies in Asia and Australia, providing corporate finance and corporate strategy advice. He is the Chairman of Pryme Energy Limited (since 2008) and was previously the Chairman of Cape Alumina Limited (2009 - 2014).

Zimi Meka
B Eng (Hons) Mech, FIE Aust, MAICD, FAusIMM
Chief Executive Officer and Managing Director

Zimi Meka is one of the founding directors of Ausenco Limited and was appointed as Chief Executive Officer / Managing Director in 1999. Zimi's background includes senior roles in engineering and operations companies prior to the formation of Ausenco in 1991. He has over 25 years' experience in the design, construction and operation of a wide range of processing plants and infrastructure in the minerals industry in Australia and internationally. He is the Queensland University of Technology's 2008 Alumnus of the Year, was awarded the Australian Institute of Mining and Metallurgy's 2009 Institute Medal and is one of Australia's top 100 most influential engineers as awarded by Engineers Australia. He is a Fellow of Engineers Australia, a Fellow of the Australian Institute of Mining and Metallurgy, and a Member of the Australian Institute of Company Directors.

Bob Thorpe
B Tech (Mech)
Non-Executive Director

Bob Thorpe was Ausenco's founding Managing Director until retiring from the role in 1999. Prior to the formation of Ausenco in 1991, Bob held Director and General Manager positions in engineering and operations management companies in Queensland and Western Australia. Bob has more than 35 years' experience in design, engineering, project management, construction, and operation and maintenance of large scale processing plants in Australia and internationally. He also has significant experience in contractual and commercial management, estimating systems and corporate risk management.

Hank Tuten
BA Econ
Non-Executive Director

Hank Tuten is a partner in and chairs the Investment Committee of Resource Capital Funds, a United States-based investment fund. Prior to this, Hank spent more than 15 years with the N M Rothschild and Sons Group. During that period he was, progressively, the Chief Executive Officer of Rothschild Australia Limited, Rothschild North America Inc. and Continuation Investments, the Rothschild Group's private equity arm. Hank has also had experience as a commercial banker with the Philadelphia National Bank. He also served as a Non-executive Director of Australian Solomons Gold Limited (2004 - 2009) and St. Barbara Mines Limited (2002 - 2008).

Mary Shafer-Malicki
B Sc (Chem Eng)
Non-Executive Director

Mary Shafer-Malicki has held a number of senior executive leadership roles in her 25 year career, including over 15 years with BP Group, during which time she was Chief Executive Officer of BP Angola and Director General of BP Vietnam. Mary's extensive experience includes operations, strategy, commercial, safety and supply chain management. Her international exposure includes North America, The Netherlands, United Kingdom, West Africa and Vietnam. She is currently a Director of John Wood Group plc (since 2012), McDermott International Inc. (since 2011), and several non-profit organisations.

Peter Gregg
B Econ, FFTA, MAICD
Non-Executive Director

Peter Gregg is a highly experienced company director and executive with a 40 year career in Chief Financial Officer, corporate strategy and risk management roles for some of Australia's largest organisations. Mr Gregg's board directorships have included Qantas Airways, Leighton Holdings, Stanwell Limited, Queensland Rail, Skilled Group and the Australian Rugby League Commission. Most recently Mr Gregg served as Chief Financial Officer of Leighton Holdings Limited from 2009 to 2013 and was appointed Deputy Chief Executive Officer and Chief Financial Officer Leighton Holdings Limited from 2013 to 2014. Mr Gregg is currently the Chief Executive Officer and Managing Director of Primary Health Care (since 18 February 2015).

Information on Company Secretary

Patrick O'Connor
BA LLB, ACIS

Patrick O'Connor was appointed to the position of Company Secretary on 16 May 2011 and is responsible for all Company Secretarial functions. Patrick is a member of the Chartered Institute of Secretaries (Australia) and has over 13 years' commercial and corporate governance experience working in legal financial and regulatory roles in Australia and the United Kingdom.

Craig Allen
MBA, B Com, LLB, Dip Fin, CA, F Fin

Craig Allen has been with Ausenco since 2004 and in his role as Chief Financial Officer is responsible for the management of Ausenco's group finances, including finance, corporate strategic planning, treasury, taxation, investment evaluation and investor relations. He has an extensive financial, advisory and commercial background in the resource and energy industries as well as experience working on a number of large scale resource and energy mergers and acquisitions.

* Information on the Director's interest in shares and shares rights can be found in the Remuneration Report

Directors' Report (continued)

Insurance of officers
During the financial year, the Group paid a premium to insure the Directors and officers of the Company and Group entities. The contract of insurance prohibits the disclosure of the premiums paid and limits purchased.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings, plus applicable court awards or settlements in connection with such proceedings, brought against the Directors and/or officers of entities in the consolidated entity, other than where such liabilities arise out of conduct involving a wilful breach of duty by the Directors and/or officers; the improper use by the Directors and/or officers of their position or where privileged information is used to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Non-audit services
The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group is important. Details of the amounts paid or payable to the auditor (PwC) for non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with advice received from the Audit and Risk Management Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

During the year the following fees were paid or payable for non-audit services provided by the auditor of the Company and its related practices:

	Consolidated	
	2014 $	2013 $
OTHER ASSURANCE SERVICES		
PwC Australia	**-**	89,250
Network firms of PwC Australia	**-**	42,359
Total remuneration for other assurance services	**-**	131,609
TAXATION SERVICES		
PwC Australia	**31,972**	175,332
Network firms of PwC Australia	**19,210**	96,738
Total remuneration for other services	**51,182**	272,070
Total remuneration for non-audit services	**51,182**	403,679

Proceedings on behalf of the company
No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the *Corporations Act 2001*.

Remuneration Report

Executive summary

Following the review of the Key Management Personnel (KMP) remuneration framework in 2013 and the changes implemented as a result of that review, there were no changes to the Company's remuneration practices and policies during 2014.

The remuneration structures for three KMP, Mr Nick Bell, Mr Neil Trembath and Mr Ed Meka, were changed during 2014. These changes, which are noted in the tables below, were the result of changes to the responsibilities of Mr Bell, Mr Trembath and Mr Meka.

- Mr Bell's role changed on 28 November 2013 to Executive Vice President, Business Development and Marketing.
- Following the organisation structure changes and an increase in role scope, the Board endorsed an increase of President Americas/Europe (Mr Ed Meka) remuneration effective 1 January 2014.
- The Chief Information Officer (CIO), Mr Paul Young, resigned on 30 August 2014. Following consideration of the current economic and business climate, the Board agreed that the recruitment of a replacement CIO be deferred and that the role be filled by Mr Trembath in the interim in addition to his current responsibilities.

No changes were made to the remuneration of the remaining KMP and the 10% reduction to Total Fixed Remuneration, which was implemented in 2013, remained in effect.

No short term or business development incentive bonuses were paid to KMP during 2014.

The 10% reduction in Non-Executive Director fees also remained in effect.

Governance Remuneration Committee

The Remuneration Committee ("Committee") is a sub-committee of the Board. The Committee is governed by its charter which sets out the membership, responsibilities, authority and activities of the Committee. The Charter is available in the Investor section of the Group's website www.ausenco.com.

The Committee met four times during the financial year. Attendance at those meetings is detailed in the Directors' Report.

The following Directors were members of the Committee during the year:

Name	Position	From	To
Hank Tuten	Chairman	April 2006	Current
George Lloyd	Member	April 2006	Current
Bob Thorpe	Member	August 2013	Current

Where appropriate the Committee utilises external resources to assist it to carry out its duties.

Mercer Consulting (Australia) Pty Ltd (Mercer) assists with job sizing activities for KMP, as required. Mercer's global database also provides market data which is referenced when determining appropriate remuneration levels for KMP.

Remuneration strategy

To compete in a truly global market and to maximise our competitive edge in delivering ingenious solutions to our clients, often in very challenging environments, the Company's remuneration strategy must address the complexity of the business, including its global reach, and recognise the importance of having the right people within the business to drive its competitive advantage.

The remuneration strategy is designed to ensure that all employees' fixed remuneration (within the Group's global context) is market competitive and that, where appropriate, total remuneration includes short term and/or long term performance-based incentives which are directly linked to the delivery of above median shareholder value and which support the retention of employees.

Executive remuneration policy

The executive remuneration policy is designed to:

- Establish a clear relationship between Company performance and KMP remuneration;
- Provide competitive rewards to ensure the Group attracts and retains suitably qualified KMP on a global, regional and local basis;
- Apply quantifiable and measurable performance targets that are aligned to the Group's strategic plan, within an appropriate control framework; and
- Measure and reward KMP performance using appropriate performance indicators which are structured to include both lead and lag indicators of the Company's performance.

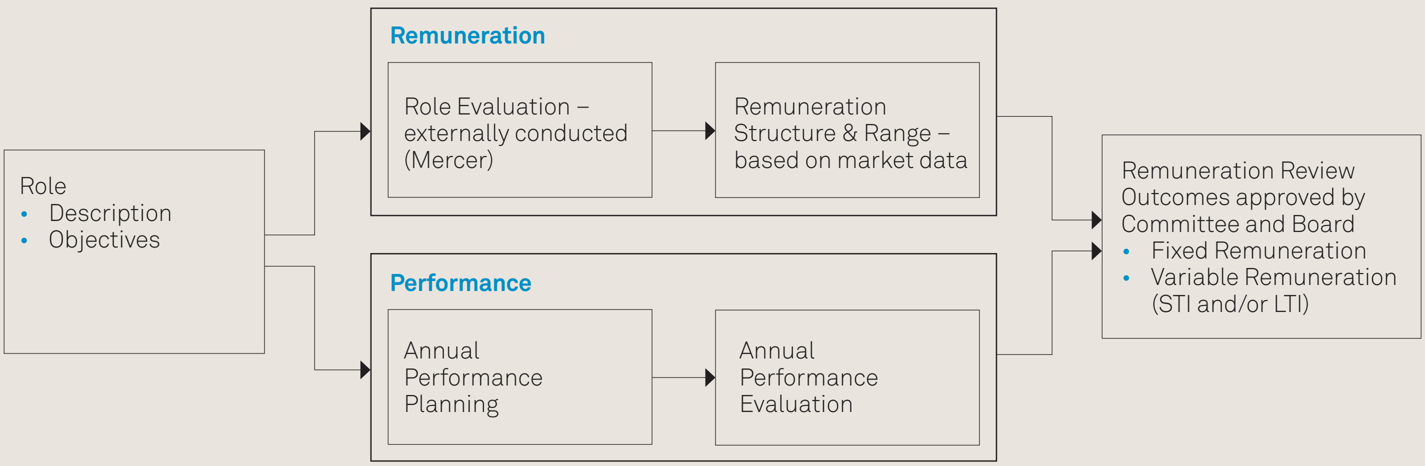
Remuneration Report (continued)

The diagram below outlines the Company's Remuneration Structure for KMP.

Total Potential Reward

Total Fixed Remuneration (Base Salary plus Superannuation / Pension Contributions)	+	Short Term Incentive (STI) – Cash payments	+	Long Term Incentive (LTI) – Performance Rights or Options	=	Total Potential Reward
Fixed		Variable / At risk				

The following diagram demonstrates how the policy is applied in an operational context.



Alignment Of KMP remuneration to company performance

Ausenco's performance over the last five years is outlined in the table below:

	2010	2011	2012	2013	2014
Earnings					
- NPAT	(10.7)	26.4	41.4	(35.2)	(25.0)
- Basic EPS (cps)[a]	(7.8)	19.1	29.8	(25.0)	(15.0)
Return on capital employed	(5%)	12%	17%	(12%)	(9%)
Total shareholder returns					
- Dividend interim and final (cps)	-	12.9	20.1	12.0	-
- Share price at each 31 December	3.08	2.47	3.19	0.63	0.43
- Annual Total Shareholder Return (%)[b]	(32%)	(16%)	37%	(80%)	(32%)

[a] Basic EPS for the 2010 to 2012 years has been restated as a result of the shares issued under the 2013 rights issue.
[b] Total Shareholder Return (TSR) represents the accumulated share price when all cash dividends are reinvested at the ex-dividend date.

The relationship between Company performance and rewards for eligible KMP is illustrated in the table below:

	Results Achieved		Impact on Performance Rights*		
	EPS Growth	**TSR**	**EPS**	**TSR**	**Entitlement**
2010	**-146%**	**117%**	○	○	○
2011	**334%**	**-32%**	●	○	◑
2012	**56%**	**-16%**	●	●	●
2013	**-184%**	**37%**	○	●	○
2014	**40%**	**-50%**	○ [1]	○ [1]	○ [1]

* The blue proportion represents the percentage of Performance Rights granted
[1] Measurement period is now 1 January 2014 to 31 December 2016.

The Company's remuneration strategy and its link to performance	
How does the Company determine appropriate fixed remuneration and how is this strategy intended to drive Company performance?	KMP fixed remuneration is designed to reflect the market conditions and enable the Group to attract and retain key individuals who the Board view as playing an important role in growing the Company and improving its performance in a very competitive global market. To achieve this, the Group's Executive Remuneration Policy requires each KMP role to be independently evaluated (by Mercer) to determine the 'size' or 'work value' of the role. This information enables the Group to benchmark the KMP role against market data which is used to determine an appropriate remuneration range for KMP and the KMP salary is then placed within the range. In setting and reviewing KMP salaries, the following matters are taken into consideration: • the scope and nature of the individual's role; • their performance and experience; and • Company performance.
How are the Company's Short Term and or Business Development Incentive (STI/BDI) Plan performance targets determined?	The STI/BDI Plan targets directly link 'at risk remuneration' to the Company's short term strategic objectives. This is achieved by setting appropriate targets to drive the achievement of objectives key to the Group's strategy. Targets are reviewed and set annually. 2014 STI targets included a single financial metric (earnings) and a minimum work on hand target. BDI targets are based on key performance targets founded on revenue, work on hand and revenue diversity.
How does Company performance impact the STI/BDI program?	As the Company did not achieve its 2014 targets, no STI/BDI bonus payments will be made in 2015.
What are the Company objectives for the Long Term Incentive (LTI) program?	All LTI grants are delivered as Performance Rights which are an entitlement or right to a Performance Share subject to satisfaction of the designated performance measures. The Company's objectives for the LTI program are to link KMP and selected senior management personnel rewards to the Company's key performance drivers. The Company aims to achieve this via sustainable long term growth in total shareholder returns through earnings growth, share price appreciation, dividends and capital returns to shareholders.
What is the LTI performance measurement period for 2014?	Three years.

Remuneration Report (continued)

The Company's remuneration strategy and its link to performance (continued)	
What performance metrics are applied to LTIs and why?	The Board believes that TSR and EPS growth are the appropriate LTI performance metrics. The Board recognises two groups of employees within the LTI program, being: 1. Those employees whose Performance Rights are subject to both TSR and EPS performance metrics. The Board believes these employees have the ability to impact TSR as well as EPS via their participation in the Company's strategic decision-making process. All KMP, along with select senior employees, are included in this group. 2. Those employees whose Performance Rights are subject to EPS performance metrics only. The Board believes these employees are sufficiently senior within the organisation to more directly influence EPS, rather than TSR. The Board believes this LTI program is consistent with market practice and aligned with the Company's objective of creating value for shareholders by enabling employees to be appropriately rewarded when shareholders also receive above-market returns on their investment.
How is growth in EPS calculated?	EPS growth is calculated over a three year performance measurement period. Basic EPS is determined by dividing the operating profit attributable to members of the Group by the weighted average number of ordinary shares outstanding during the financial year. As required under AASB 133, Earnings per Share, growth in EPS is measured by comparing the EPS in the current measurement period to the EPS in the prior measurement period, calculated on a reported or statutory basis.
How is TSR calculated?	The TSR growth measure represents the change in the capital value of a listed entity's share price over a period, plus dividends, expressed as a percentage of the Company's share price at the start of the measurement period.
Who is in the Comparator Group for TSR?	The Comparator Group for TSR comprises the following 16 companies: AMEC, Fluor Corporation, Jacobs, Lycopodium, Sedgman, SNC Lavalin, Wood Group, Worley Parsons, Calibre, KBR, Stantec, Decmil, GR Engineering, Monadelphous, RCR Tomlinson and Cardno.
How is allotment determined?	Allotment is based on the achievement of EPS growth targets and total shareholder return targets over the three year period from 1 January 2014 to 31 December 2016.
What was the LTI awarded for 2014?	LTIs were awarded during 2014; the 2014 LTI award was ratified by shareholders at the AGM on 1 May 2014. The period of measurement is 1 January 2014 to 31 December 2016 and these LTI's will only vest in the event that the above performance hurdles are met.
Does the LTI program have a clawback mechanism?	Under the terms of the LTI the Directors have the discretion to 'clawback' any LTI securities issued where a participant has acted fraudulently or dishonestly, is in breach of his or her obligation to the Group or in circumstances where the Corporations Act provides for the clawback of any benefits.

Other remuneration arrangements

Ausenco also has an Executive Options Plan ("EOP") and an Employee Share Acquisition Plan ("ESAP"). However, due to business and economic conditions, the Board resolved not to offer either plan to employees during 2014.

The Board may however choose to utilise these plans in future periods. A summary of each of these plans is set out below:

Other remuneration arrangements	
Executive Options Plan ("EOP")	There are currently no participants in the EOP and no outstanding options under the EOP. The EOP was established in April 2006 as a complementary reward mechanism for eligible senior employees in specific circumstances. Non-executive Directors are not eligible to participate in the EOP. The EOP provides for options, with associated time-based vesting conditions, to be issued to eligible senior employees. The Board has discretion in determining the treatment of options for participants who have left the Company or where there might have been fraudulent or dishonest actions. In the event of a takeover or other formal scheme for the acquisition of the Shares in the Group, the Board may exercise its discretion to determine that all unvested options vest, subject to further conditions to be determined by the Board.
Employee Share Acquisition Plan ("ESAP")	**Eligibility:** The ESAP is open to all personnel employed on a permanent basis by the Group ("Eligible Employees"). Each ESAP offer is subject to Board approval. Non-executive Directors are not eligible to participate in the ESAP. **Purpose:** The ESAP supports employee retention by incorporating two or three year vesting periods. **History:** The ESAP has been offered in 2008, 2011 and 2012. However in 2009, 2010, 2013 and 2014, the Board elected to forego the offer due to the uncertain economic climate and its impact on contributed equity. All shares offered under the 2008, 2011 and 2012 ESAP plan have vested. Any shares that have not been transferred to employees may be held in trust for the Trustee for a maximum period of 10 years after the date of the initial offer. **Contribution:** Under the 2011 and 2012 ESAP offer, Eligible Employees were invited to contribute between $500 and $5,000 to purchase Ausenco shares ("Employee Contribution Shares"). **Matching:** Ausenco matches the participant's Employee Contribution Shares at a ratio of 1:3, providing the participant with one conditional right to receive an Ausenco share at a later date for each Employee Contribution Share, provided the participant remains an Eligible Employee during that period ("ESAP Conditional Right"). **Vesting:** 50% of the ESAP Conditional Rights vest after one year of service and the remaining 50% vest after the second year of service from the date of offer. **ESAP Conditional Rights:** These are unlisted securities and have no voting rights or entitlement to dividends. They cannot be traded or transferred and are held in trust until the necessary vesting criteria have been met. Upon vesting, a participant's ESAP Conditional Rights will automatically convert into ordinary shares and once converted will have full voting rights and dividend entitlements, and will remain in the Ausenco Performance Trust until such time as they are transferred or sold. There are currently no ESAP Conditional Rights on issue as all shares offered under the 2008, 2011 and 2012 ESAP plan have vested. **Other conditions on the ESAP Securities:** The Employee Contribution Shares along with the ESAP Conditional Rights (together the "ESAP Securities") will be held by the Trustee until such time as they are transferred, sold or forfeited. The Trustee remains the legal owner of all ESAP Securities so long as they remain held by the Ausenco Performance Trust. The participants are the beneficial owners of their ESAP Employee Contribution Shares and entitled to the full voting rights and dividend entitlements attached to each ESAP Employee Contribution Share.

Directors' Report (continued)

Remuneration Report (continued)

Key Management Personnel and other executives' remuneration

The Remuneration Report shows remuneration information for the KMP of the Group and the Company as defined in AASB 124 *Related Party Disclosures.* KMP, during the course of 2014, are divided into three separate groups for ease of reference:

NON-EXECUTIVE DIRECTORS:

- George Lloyd – Chairman
- Mary Shafer-Malicki – Non-Executive Director
- Bob Thorpe – Non-Executive Director
- Hank Tuten – Non-Executive Director
- Peter Gregg – Non Executive Director (from 22 August 2014).

EXECUTIVE DIRECTOR:

- Mr Zimi Meka - Chief Executive Officer and Managing Director.

OTHER KMP, being those individuals who report directly to the Chief Executive Officer, actively participate in Executive Leadership meetings and strategy development, and have the requisite authority and responsibility for planning, directing and controlling the activities of the Group and the Company. These individuals are listed below. KMP of the Group and the Company during the period:

- Mr Craig Allen – Chief Financial Officer
- Mr Nick Bell – Executive Vice President, Business Development and Marketing. On 1 January 2015 Nick also assumed the responsibility of Acting President, APAC/Africa
- Mr Simon Cmrlec – President, APAC/Africa until 31 December 2014 when he commenced in the position of President, North America
- Mr Ed Meka – President, Americas/Europe until 31 December 2014. As part of the restructure to appoint two new regional Presidents in the Americas, Ed elected to leave Ausenco rather than take a role in the new leadership structure and will finish with Ausenco in the first half of 2015
- Mr Neil Trembath – Chief People and Sustainability Officer (and Acting Chief Information Officer since 1 September 2014)
- Mr Paul Young – Chief Information Officer (ceased to be an employee on 30 August 2014).

Remuneration table

Details of the remuneration paid to the KMP of Ausenco and the Company during the 2014 financial year is set out in the following table:

Details of remuneration		Primary Benefits			Post Employ-ments	Long term benefits	Share Based Payments				
		Salary and fees ($)	STI/ Cash Bonus[e] ($)	Non-monetary benefits[g] ($)	Super-annuation Benefits ($)	Long Service Leave ($)	Perform-ance Rights Plan ($)	ESAP ($)	Termin-ation benefits ($)	Total	Percentage of remuneration that consists of share-based payments
Executive Director											
Zimi Meka	**FY 2014**	**791,908**	**-**	**5,564**	**26,388**	**13,855**	**-**	**-**	**-**	**837,715**	**-%**
	FY 2013	816,644	234,422	4,262	45,086	13,855	12,119	1,179	-	1,127,567	1.2%
Sub-total	**FY 2014**	**791,908**	**-**	**5,564**	**26,388**	**13,855**	**-**	**-**	**-**	**837,715**	**-%**
	FY 2013	816,644	234,422	4,262	45,086	13,855	12,119	1,179	-	1,127,567	1.2%
Key Management Personnel											
Craig Allen	**FY 2014**	**430,194**	**-**	**5,564**	**13,825**	**7,547**	**157,984**	**-**	**-**	**615,114**	**25.7%**
	FY 2013	446,432	172,260	4,262	26,362	7,547	151,779	-	-	808,642	18.8%
Nick Bell[a,b]	**FY 2014**	**559,378**	**-**	**5,564**	**9,391**	**-**	**169,095**	**-**	**-**	**743,428**	**22.7%**
	FY 2013	552,917	145,721	4,262	46,043	-	167,256	-	-	916,199	18.3%
Simon Cmrlec	**FY 2014**	**360,947**	**-**	**-**	**15,462**	**-**	**82,333**	**-**	**-**	**458,742**	**17.9%**
	FY 2013	374,725	44,584	-	27,602	-	67,180	1,560	-	515,651	13.3%
Ed Meka[g]	**FY 2014**	**414,023**	**-**	**31,523**	**22,419**	**7,420**	**102,767**	**-**	**-**	**578,152**	**17.8%**
	FY 2013	473,182	-	77,948	40,556	6,398	87,802	-	-	685,886	12.8%
Neil Trembath[c]	**FY 2014**	**345,962**	**-**	**5,564**	**24,242**	**-**	**66,891**	**-**	**-**	**442,659**	**15.1%**
	FY 2013	354,849	55,414	4,262	21,840	-	63,403	381	-	500,149	12.8%
Paul Young[d]	**FY 2014**	**179,341**	**-**	**3,709**	**19,786**	**-**	**-**	**-**	**-**	**202,836**	**-%**
	FY 2013	264,663	28,219	4,262	19,177	-	37,057	-	-	353,378	10.5%
Sub-total	**FY 2014**	**2,289,845**	**-**	**51,924**	**105,125**	**14,967**	**579,070**	**-**	**-**	**3,040,931**	**19.0%**
	FY 2013[f]	2,466,768	446,198	94,996	181,580	13,945	574,477	1,941	-	3,779,905	
Grand total	**FY 2014**	**3,081,753**	**-**	**57,488**	**131,513**	**28,822**	**579,070**	**-**	**-**	**3,878,646**	**14.9%**
	FY 2013[f]	3,283,412	680,620	99,258	226,666	27,800	586,596	3,120	-	4,907,472	12.0%

[a] On 28 November 2013 Mr Bell's role changed to Executive Vice President, Business Development and Marketing. In accordance with the Executive Remuneration Policy, the size of the new role was evaluated independently by Mercer, and the Board approved the following:
i. a reduction of 10% to his fixed base salary.
ii. an at target percentage for the long term incentive program was set at 40%.
iii. his participating in the short-term incentive program ceasing and inclusion in the Business Development Incentive program with at target percentage of 30%.

[b] As a result of the 10% reduction in Mr Bell's salary, Mr Bell does not participate in the additional 10% reduction to his Total Fixed Remuneration.

[c] Mr Trembath holds the position of Chief People and Sustainability Officer. On 1 September 2014 he was also appointed as Acting Chief Information Officer. In recognition of the additional responsibilities, the Board approved for the duration that Mr Trembath is acting in this capacity, that he will receive a temporary 15% of fixed base salary allowance. It should be noted that Mr Trembath's earnings remain subject to the 10 percent salary reduction which also applies to the temporary allowance.

[d] Mr Young ceased to be an employee on 30 August 2014.

[e] Bonuses paid in 201 resulting from the achievements of 2012 performance hurdles.

[f] Opening balances adjusted to exclude Mr Mellish who ceased to be Key Management Personnel on 5 November 2013.

[g] As a result of increased role scope as President Americas/Europe Mr Ed Meka's base salary inclusive of superannuation increased to $486,938 (prior to the 10% voluntary reduction in salary) effective 1 January 2014. 2013 non-monetary benefits have been restated to include housing benefits provided.

Remuneration Report (continued)

2014 Distribution of remuneration entitlements (including LTI and STI/BDI at target)

Role Title	Name	Fixed Remuneration[a]	Short-term incentive	Long-term incentive
Chief Executive Officer	Zimi Meka[b]	70%	30%	0%
Chief Financial Officer	Craig Allen	59%	16%	25%
Executive Vice President, Business Development and Marketing	Nick Bell[a]	61%	17%	22%
President APAC/Africa	Simon Cmrlec	69%	12%	19%
President Americas/Europe	Ed Meka	64%	17%	19%
Chief People and Sustainability Officer and Acting Chief Information Officer	Neil Trembath	76%	10%	14%
Chief Information Officer	Paul Young[c]	77%	9%	14%

[a] Excludes superannuation / pension / retirement payments.
[b] Mr Zimi Meka does not participate in the LTI, the Board considers that his substantial share holdings demonstrates continued commitment to the Company.
[c] Ceased to be Key Management Personnel on 30 August 2014.

Options and rights as remuneration

Details of performance rights and options over ordinary shares in the Company provided as remuneration to each of the Group's KMP are set out below.

The assessed fair value at grant date of the performance rights and options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables shown below. During the year, the Group granted rights to KMP as set out in the following table:

Number of options and rights as remuneration

	Balance at 1 Jan 2014	Granted as remuneration	Exercise of options / rights	Options / rights forfeited	Balance at 31 Dec 2014	Number of options/ rights vested	Number of options / rights vested at 31 Dec 2014
Executive Director							
Zimi Meka	-	-	-	-	-	-	-
Sub-total	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Key Management Personnel							
Craig Allen	135,879	636,768	49,482	-	723,165	49,482	-
Nick Bell	149,899	650,023	54,538	-	745,384	54,538	-
Simon Cmrlec	57,891	361,238	-	-	419,129	21,129	21,129
Ed Meka	112,449	459,113	-	-	571,562	29,911	60,819
Neil Trembath	57,068	270,578	20,691	-	306,955	20,691	-
Paul Young[a]	33,186	155,618	12,082	176,722	-	12,082	-
Total	**546,372**	**2,533,338**	**136,793**	**176,722**	**2,766,195**	**187,833**	**81,948**
Grand Total	**546,372**	**2,533,338**	**136,793**	**176,722**	**2,766,195**	**187,833**	**81,948**

[a] Mr Young ceased to be Key Management Personnel on 30 August 2014.

Value of options and rights granted and forfeited during the period

	Value granted as remuneration $	Value of options/ rights forfeited $
Executive Director		
Zimi Meka	-	-
Sub-total	**-**	**-**
Key Management Personnel		
Craig Allen	203,766	-
Nick Bell	208,007	-
Simon Cmrlec	115,596	-
Ed Meka	146,916	-
Neil Trembath	86,585	-
Paul Young[a]	49,798	72,834
Total	**810,668**	**72,834**
Grand Total	**810,668**	**72,834**

[a] Mr Young ceased to be Key Management Personnel on 30 August 2014.

The following table shows unissued ordinary shares of Ausenco Limited under options / rights at the date of this report:

Grant date	Expiry date	Exercise price	Balance at start of the year (Number)	Granted during the year (Number)	Exercised during the year (Number)	Expired during the year (Number)	Balance at end of the year (Number)	Exercisable at end of the year (Number)
19-Feb-08	19-Feb-15	$-	9,249	-	4,242	-	5,007	5,007
25-Feb-08	19-Feb-15	$-	3,243	-	-	-	3,243	3,243
05-Mar-08	19-Feb-15	$-	-	-	-	-	-	-
17-Mar-09	17-Mar-14	$-	128,697	-	103,431	-	25,266	25,266
01-Jan-11	01-Jan-16	$-	397,336	-	139,650	21,460	236,226	95,883
01-Jan-12	01-Jan-17	$-	999,501	-	221,763	73,862	703,876	111,404
01-Jan-13	01-Jan-18	$-	-	-	-	-	-	-
01-Jan-14	01-Jan-19	$-	-	5,206,981	-	274,221	4,932,760	-
			1,538,026	**5,206,981**	**469,086**	**369,543**	**5,906,378**	**240,803**
Weighted average exercise price			$-	$-	$-	$-	$-	$-

For options / rights granted, the fair value at grant date is determined using the Hull White option pricing model that takes into account the exercise price, the term of the options / rights, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the options / rights. The model inputs for the options / rights granted during the year ended 31 December 2014 included:

(i) Share price at grant date in 2014 was $0.63 (2013 issue: $2.90);
(ii) Expected price volatility of the Company's shares: 43.6% (2013 issue: 38.6%);
(iii) Expected dividend yield: 2% (2013 issue: 8.1%); and
(iv) Risk free interest rate: 3.4% (2013 issue: 3.45%).

The expected price volatility is based on historic volatility, adjusted for any expected changes to future volatility due to publicly available information.

The fair value of share rights granted during 2014 is $0.42 (2013: $2.31).

Directors' Report (continued)

Remuneration Report (continued)

Executive Service Agreements

The remuneration and other terms of employment for KMP are formalised in Executive Service Agreements. These agreements provide for KMP remuneration, including fixed annual remuneration and performance-related STI/BDI plan (cash bonuses as disclosed below), and may include participation in the LTI plan.

Executives' fixed annual remuneration will include provision for superannuation, pension scheme and like benefits or payments which Ausenco is required to provide in respect of its employees.

Specific information regarding the Executive Service Agreements for KMP in 2014 is summarised below:

Name	Position	Terms of agreement/contract and date commenced if during the year	Total Employment Cost [a]	Target STI [b]	Notice Period - Employee	Notice Period - Company
Zimi Meka	Chief Executive Officer	3 years from 15 June 2012[c]	909,217	47%	6 months	6 months
Craig Allen	Chief Financial Officer	No fixed term	495,264	30%	6 months	6 months
Nick Bell	Executive Vice President, Business Development and Marketing	No fixed term, from 1 February 2014	568,770	30%	6 months	6 months
Simon Cmrlec	President APAC/Africa	No fixed term	421,445	20%	3 months	3 months
Ed Meka	President Americas/Europe	No fixed term	486,938	30%	6 months	6 months
Neil Trembath	Chief People Officer[d]	No fixed term	453,781	16%	6 months	6 months
Paul Young[e]	Chief Information Officer	No fixed term	302,600	12%	6 months	6 months

[a] Total Employment Cost (TEC) includes annual base salary and superannuation/pension but excludes leave accrued but not taken and non-monetary benefits. It does not include STI/BDI or LTI payments. At termination, the voluntary 10 per cent reduction would not be applied to any notice period paid in lieu, therefore it is not included in the TEC.

[b] Target STI/BDI as a percentage of base salary is subject to achievement of Ausenco's performance objectives and overall compliance with Ausenco's values. The Target STI/BDI percentage represents the amount payable for Ausenco and the individuals checking on-target performance. Achieving threshold or stretch goals to these objectives acts as a multiplier to these STI/BDI targets.

[c] Employment contract provides for successive three year rollover terms unless otherwise terminated by the giving of notice.

[d] Mr Trembath was also appointed Acting Chief Information Officer on 1 September 2014.

[e] Ceased to be an employee on 30 August 2014.

Effective 1 January 2011, the CEO's remuneration package structure was changed to accommodate the current onerous personal taxation treatment resulting from his substantial shareholding in the Company. The restructure resulted in Mr Meka's Long Term Incentive component being removed and his remuneration package being adjusted to comprise 70% Fixed Remuneration and 30% Short Term Incentive; all other terms and conditions of his contract remained unchanged. Note that changes in legislation (*Corporations Amendment (Improving Accountability on Termination Payments) Act 2009 (Cth)*) regarding termination payment restrictions have been triggered under this remuneration change.

Remuneration paid and other specific disclosures

Details of Remuneration
2014 Short Term / Business Development Incentive Bonus Payments
Based on Company performance in 2014 no short term or business development incentive bonus payments will be made in 2015.

2013 Short Term Incentive Bonus Payments
Based on Company performance in 2013 no short term or business development incentive bonus payments were made in 2014.

Non-Executive Director remuneration policy

The fees paid to Non-Executive Directors are set at levels which reflect both the responsibilities of and the time commitments required from each Non-Executive Director to discharge his or her duties. Non-Executive Directors do not receive performance-related payments.

In setting fee levels for the Non-Executive Directors, the Committee, which makes recommendations to the Board, takes into account:

- the Group's remuneration policies;
- independent professional advice;
- fees paid by comparable companies;
- the level of remuneration necessary to attract and retain directors of a suitable calibre; and
- the general time commitment required from Directors and the risks associated with discharging the duties attaching to the role of Director.

Non-Executive Directors' fees, including Committee fees, are set by the Board within the maximum aggregate amount of $600,000 as approved by shareholders at the 2010 Annual General Meeting. Non-Executive Directors receive a base fee of $74,800 inclusive of superannuation (2013: $78,767) per annum in relation to their services as a Director.

Total fees paid to Non-Executive Directors during the 2014 financial year were $329,734 (2013: $417,464). Mr George Lloyd, as Chairman of the Board, received a fee of $153,776. The annual fee paid to the Chairman of the Board reflects the greater time commitment of the Chairman.

None of the Directors receive any additional fees for chairing, participation in or membership of committees such as the Remuneration Committee, Nomination Committee or the Audit and Risk Management Committee.

In accordance with Rule 13.4 of the Constitution, Directors are also permitted to be paid additional fees for special duties which may be in addition to, or in substitution of, fees otherwise paid to Directors, within the aggregate remuneration cap approved by shareholders.

Directors are also entitled to be reimbursed for all business related expenses, including travel on the Group's business, which may be incurred in the discharge of their duties.

Superannuation contributions are made on behalf of the Non-Executive Directors in accordance with Ausenco's statutory superannuation obligations.

The Board, with the assistance of the Committee, reviews its approach to Non-Executive Director remuneration to ensure it remains in line with general industry practice principles of corporate governance.

The Non-Executive Director fee arrangements for 2014 were reviewed during the 2013 financial year to ensure they adequately reflected the size and complexity of the Company, and the enhanced responsibilities associated with membership of the Committees of the Board, as well as increased travel requirements of members of the Board.

In June 2013, the Directors voluntarily agreed to a 10% reduction to their Non-Executive Director fees. This reduction remained in place during 2014 and is intended to continue until such time as the general economic and business conditions and the Company's performance improve.

Directors' Report (continued)

Remuneration Report (continued)

Non-Executive Director remuneration policy (continued)

Details of Non-Executive Directors' remuneration for the financial years ended 31 December 2014 and 31 December 2013 are set out in the following table:

Details of remuneration		Primary Benefits		Post Employment		
		Salary and fees $	STI/Cash Bonus $	Statutory Superannuation $	Other $	Total $
Non-Executive Directors						
George Lloyd[a]	**FY 2014**	**124,922**	**-**	**28,854**	**-**	**153,776**
	FY 2013	114,974	-	10,523	-	125,497
Mary Shafer-Malicki	**FY 2014**	**74,542**	**-**	**-**	**-**	**74,542**
	FY 2013	78,683	-	-	-	78,683
Bob Thorpe	**FY 2014**	**68,389**	**-**	**6,411**	**-**	**74,800**
	FY 2013	72,185	-	6,582	-	78,767
Hank Tuten[b]	**FY 2014**	**-**	**-**	**-**	**-**	**-**
	FY 2013	-	-	-	-	-
Peter Gregg[c]	**FY 2014**	**24,307**	**-**	**2,309**	**-**	**26,616**
	FY 2013	-	-	-	-	-
Total	**FY 2014**	**292,160**	**-**	**37,574**	**-**	**329,734**
	FY 2013[d]	265,842	-	17,105	-	282,947

[a] Mr Lloyd was appointed Chairman in February 2013.
[b] Mr Tuten does not receive a fee for his role as a Director.
[c] Mr Gregg was appointed as Non-executive Director on 22 August 2014.
[d] Opening balances adjusted to exclude Mr Crommelin, Mr Goss and Mr Moynihan who resigned during 2013.

Directors' / Key Management Personnel's Shareholders

2014 Shares	Balance at 1 Jan 2014[a]	Shares granted as remuneration	Shares acquired during the year	Received on exercise of options/rights	Shares sold	Balance at 31 Dec 2014
Directors						
George Lloyd	441,169	-	-	-	-	441,169
Zimi Meka	18,256,386	-	-	-	-	18,256,386
Mary Shafer-Malicki	12,500	-	1,500	-	-	14,000
Bob Thorpe	12,546,822	-	-	-	-	12,546,822
Hank Tuten	4,100,000	-	-	-	-	4,100,000
Peter Gregg[b]	-	-	172,500	-	-	172,500
Sub-total	**35,356,877**	**-**	**174,000**	**-**	**-**	**35,530,877**
SENIOR EXECUTIVES						
Craig Allen	1,444,111	-	22,814	49,482	-	1,516,407
Nick Bell	178,648	-	1,067,514	-	-	1,246,162
Simon Cmrlec	24,054	-	282	-	-	24,336
Ed Meka	1,942,228	-	-	-	-	1,942,228
Neil Trembath	66,023	-	-	20,691	-	86,714
Paul Young[c]	89,125	-	-	12,082	64,289	36,918
Sub-total	**3,744,189**	**-**	**1,090,610**	**82,255**	**64,289**	**4,852,765**
Grand total	**39,101,066**	**-**	**1,264,610**	**82,255**	**64,289**	**40,383,642**

[a] Mr Crommelin, Mr Goss and Mr Moynihan resigned during 2013 and have therefore been removed from the opening balances.
[b] Mr Gregg was appointed as non-executive Director on 22 August 2014.
[c] Mr Young resigned as Key Management Personnel on 30 August 2014.

2014 Options and Performance rights	Balance at 1 Jan 2014[a]	Granted as remuneration	Exercise of options/rights	Options/rights forfeited	Balance at 31 Dec 2014
Directors					
Zimi Meka	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**
Senior Executives					
Craig Allen	135,879	636,768	49,482	-	723,165
Nick Bell	149,899	650,023	54,538	-	745,384
Simon Cmrlec	57,891	361,238	-	-	419,129
Ed Meka	112,449	459,113	-	-	571,562
Neil Trembath	57,068	270,578	20,691	-	306,955
Paul Young[b]	33,186	155,618	12,082	176,722	-
Total	**546,372**	**2,533,338**	**136,793**	**176,722**	**2,766,195**
Grand Total	**546,372**	**2,533,338**	**136,793**	**176,722**	**2,766,195**

[a] Opening balance adjusted to exclude Mr Mellish who ceased to be a Key Management Personnel on 7 November 2013.
[b] Mr Young ceased to be Key Management Personnel on 30 August 2014.

Directors' Report (continued)

Remuneration Report (continued)

Directors' / Key Management Personnel's Shareholders (continued)

	Date options/ rights granted	Number of options/ rights granted	% vested during year	% forfeited in years	Date first option/ right tranche can be exercised	Fair value per option/ right at grant date	Exercise price per option/ right	Expiry Date	Minimum value of options/ rights to vest	Maximum value of options/ rights to vest
Executive Director										
Zimi Meka	17-Mar-09	155,739	-	-	17-Mar-11	$1.83	$0.00	17-Mar-14	-	-
	01-Jan-10	76,143	-	-	01-Apr-12	$3.94	$0.00	01-Apr-15	-	-
Senior Executives										
Craig Allen	17-Mar-09	92,214	-	-	17-Mar-11	$1.83	$0.00	17-Mar-14	-	-
	01-Jan-10	42,831	-	-	01-Apr-12	$3.94	$0.00	01-Apr-15	-	-
	01-Jan-11	75,399	17%	-	01-Jan-13	$2.35	$0.00	01-Jan-16	-	$29,543
	01-Jan-12	110,745	33%	-	01-Jan-14	$1.84	$0.00	01-Jan-17	-	$135,847
	01-Jan-13	110,745	-	-	01-Jan-15	$2.02	$0.00	01-Jan-18	-	-
	01-Jan-14	636,768	-	-	01-Jan-17	$0.32	$0.00	01-Jan-19	-	$203,766
Nick Bell	17-Mar-09	95,901	-	-	17-Mar-11	$1.83	$0.00	17-Mar-14	-	-
	01-Jan-10	46,743	-	-	01-Apr-12	$3.94	$0.00	01-Apr-15	-	-
	01-Jan-11	82,287	17%	-	01-Jan-13	$2.35	$0.00	01-Jan-16	-	$32,242
	01-Jan-12	122,469	33%	-	01-Jan-14	$1.84	$0.00	01-Jan-17	-	$150,229
	01-Jan-13	111,558	-	-	01-Jan-15	$2.02	$0.00	01-Jan-18	-	-
	01-Jan-14	650,023	-	-	01-Jan-17	$0.32	$0.00	01-Jan-19	-	$208,007
Simon Cmrlec	01-Jan-11	32,973	17%	-	01-Jan-13	$2.35	$0.00	01-Jan-16	-	$25,840
	01-Jan-12	46,899	33%	-	01-Jan-14	$1.84	$0.00	01-Jan-17	-	$86,294
	01-Jan-13	57,228	-	-	01-Jan-15	$2.02	$0.00	01-Jan-18	-	-
	01-Jan-14	361,238	-	-	01-Jan-17	$0.32	$0.00	01-Jan-19	-	$115,596
Ed Meka	17-Mar-09	32,787	-	-	17-Mar-11	$1.83	$0.00	17-Mar-14	-	$35,998
	01-Jan-10	16,473	-	-	01-Apr-12	$3.94	$0.00	01-Apr-15	-	-
	01-Jan-11	49,149	17%	-	01-Jan-13	$2.35	$0.00	01-Jan-16	-	$57,774
	01-Jan-12	65,157	33%	-	01-Jan-14	$1.84	$0.00	01-Jan-17	-	$119,889
	01-Jan-13	58,533	-	-	01-Jan-15	$2.02	$0.00	01-Jan-18	-	-
	01-Jan-14	459,113	-	-	01-Jan-17	$0.32	$0.00	01-Jan-19	-	$146,916
Neil Trembath	17-Mar-09	36,720	-	-	17-Mar-11	$1.83	$0.00	17-Mar-14	-	-
	01-Jan-10	17,058	-	-	01-Apr-12	$3.94	$0.00	01-Apr-15	-	-
	01-Jan-11	30,027	17%	-	01-Jan-13	$2.35	$0.00	01-Jan-16	-	$11,766
	01-Jan-12	47,058	33%	-	01-Jan-14	$1.84	$0.00	01-Jan-17	-	$57,724
	01-Jan-13	42,864	-	-	01-Jan-15	$2.02	$0.00	01-Jan-18	-	-
	01-Jan-14	270,578	-	-	01-Jan-17	$0.32	$0.00	01-Jan-19	-	$86,585
Paul Young[a]	17-Mar-09	19,476	-	-	17-Mar-11	$1.83	$0.00	17-Mar-14	-	-
	01-Jan-10	10,428	-	-	01-Apr-12	$3.94	$0.00	01-Apr-15	-	-
	01-Jan-11	18,357	17%	17%	01-Jan-13	$2.35	$0.00	01-Jan-16	-	-
	01-Jan-12	27,066	33%	67%	01-Jan-14	$1.84	$0.00	01-Jan-17	-	-
	01-Jan-13	24,654	-	-	01-Jan-15	$2.02	$0.00	01-Jan-18	-	-
	01-Jan-14	155,618	-	100%	-	$0.32	$0.00	-	-	-

[a] Mr Young ceased to be an employee on 30 August 2014.

Auditors Independence Declaration
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 62.

Rounding of Amounts
The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditors
PricewaterhouseCoopers Australia continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of Directors.

George Lloyd
Director

Zimi Meka
Director

Brisbane
5 March 2015

Auditor's Independence Declaration

pwc

As lead auditor for the audit of Ausenco Limited for the year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

This declaration is in respect of Ausenco Limited and the entities it controlled during the period.

Michael Shewan
Partner
PricewaterhouseCoopers

Brisbane
5 March 2015

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Consolidated statement of comprehensive income

For the year ended 31 December 2014

	Notes	Consolidated 2014 $'000	2013 $'000
Revenue from continuing operations	**3**	**357,155**	**453,874**
Other income	3	6,564	5,587
Staff and contractors' costs		(262,144)	(340,766)
Directly attributed project costs		(51,192)	(69,605)
Office and administration costs		(47,715)	(54,720)
Other expenses		(7,633)	(3,109)
Depreciation and amortisation expense	4	(9,800)	(15,744)
Impairment of goodwill	4	(10,000)	(12,470)
Finance costs		(5,005)	(4,017)
Share of profit / (loss) from joint arrangements		298	50
Loss before income tax		**(29,472)**	**(40,920)**
Income tax benefit		4,457	5,720
Loss for the year		**(25,015)**	**(35,200)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Currency translation differences arising during the year		(4,610)	3,434
Net investment hedge		(2,618)	3,206
Other comprehensive profit for the year, net of tax		(7,228)	6,640
Total comprehensive (loss) / income for the year		**(32,243)**	**(28,560)**
(Loss) / profit for the year attributable to the ordinary equity holders of the Company:			
Owners of Ausenco Limited		(25,015)	(35,603)
Non-controlling interests		-	403
		(25,015)	(35,200)
Total comprehensive (loss) / income for the year attributable to the ordinary equity holders of the Company:			
Owners of Ausenco Limited		(32,243)	(28,963)
Non-controlling interests		-	403
		(32,243)	(28,560)
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share (cents per share) attributable to the ordinary equity holders of the Company:		(15.0)	(25.0)
Diluted earnings per share (cents per share) attributable to the ordinary equity holders of the Company:		(15.0)	(25.0)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated balance sheet

As at 31 December 2014

	Notes	Consolidated 2014 $'000	2013 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**22,497**	37,567
Trade and other receivables	5	**46,088**	64,284
Unbilled revenue		**23,837**	30,757
Current tax receivables		**6,555**	6,387
Other current assets		**6,201**	7,975
Total current assets		**105,178**	**146,970**
Non-current assets			
Investments in joint ventures and associates		**4,082**	3,589
Property, plant and equipment		**17,025**	21,560
Intangible assets	6	**186,336**	204,128
Deferred tax assets		**39,887**	31,478
Other assets		**81**	334
Total non-current assets		**247,411**	**261,089**
Total assets		**352,589**	**408,059**
LIABILITIES			
Current liabilities			
Trade and other payables		**28,013**	44,315
Billings in advance		**3,120**	7,554
Borrowings	7	**18,574**	40,988
Current tax liabilities		**3,855**	4,613
Provisions		**16,881**	20,572
Other current liabilities		**1,454**	3,570
Total current liabilities		**71,897**	**121,612**
Non-current liabilities			
Borrowings	7	**47,053**	21,327
Deferred tax liabilities		**289**	51
Provisions		**2,212**	1,170
Other non-current liabilities		**4,365**	5,438
Total non-current liabilities		**53,919**	**27,986**
Total liabilities		**125,816**	**149,598**
Net assets		**226,773**	**258,461**
EQUITY			
Contributed Equity		**246,181**	245,841
Reserves		**(37,986)**	(31,314)
Retained earnings		**18,578**	43,934
Total equity		**226,773**	**258,461**

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

Consolidated statement of changes in equity

For the year ended 31 December 2014

		Attributable to owners of Ausenco Limited					
Consolidated	Notes	Ordinary shares	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2013		216,878	(37,257)	94,484	274,105	-	274,105
Loss for the year		-	-	(35,603)	(35,603)	403	(35,200)
Other comprehensive income		-	6,640	-	6,640	-	6,640
Total comprehensive income for the year		-	6,640	(35,603)	(28,963)	403	(28,560)
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs		29,970	-	-	29,970	-	29,970
Treasury shares		(1,007)	-	-	(1,007)	-	(1,007)
Transactions with non-controlling interests		-	(940)	-	(940)	(403)	(1,343)
Dividends paid	8	-	-	(14,947)	(14,947)	-	(14,947)
Employee share plans		-	243	-	243	-	243
		28,963	(697)	(14,947)	13,319	(403)	12,916
Balance at 31 December 2013		**245,841**	**(31,314)**	**43,934**	**258,461**	**-**	**258,461**
Balance at 1 January 2014		245,841	(31,314)	43,934	258,461	-	258,461
Loss for the year		-	-	(25,015)	(25,015)	-	(25,015)
Other comprehensive income		-	(7,228)	-	(7,228)	-	(7,228)
Total comprehensive income for the year		-	(7,228)	(25,015)	(32,243)	-	(32,243)
Transactions with owners in their capacity as owners:							
Treasury shares		340	-	-	340	-	340
Dividends paid	8	-	-	(341)	(341)	-	(341)
Employee share plans		-	556	-	556	-	556
		340	556	(341)	555	-	555
Balance at 31 December 2014		**246,181**	**(37,986)**	**18,578**	**226,773**	**-**	**226,773**

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

Consolidated statement of cash flows

For the year ended 31 December 2014

	Notes	Consolidated 2014 $'000	2013 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**419,265**	563,257
Payments to suppliers and employees (inclusive of GST)		**(422,724)**	(543,090)
		(3,459)	**20,167**
Borrowing costs paid		**(5,005)**	(4,017)
Interest received		**712**	627
Income taxes paid		**(1,455)**	(7,732)
Net cash (outflow) / inflow from operating activities	**9**	**(9,207)**	**9,045**
Cash flows from investing activities			
Payments for acquisition of businesses		**(700)**	(16,325)
Payments for property, plant and equipment		**(1,364)**	(2,068)
Payments for intangibles		**(1,043)**	(7,793)
Proceeds from disposal of non-current assets		**90**	-
Net cash outflow from investing activities		**(3,017)**	**(26,186)**
Cash flows from financing activities			
Proceeds from issues of equity		**-**	28,963
Repayment of borrowings		**(8,862)**	(9,477)
Proceeds from borrowings		**5,434**	-
Transactions with non-controlling interests		**-**	(1,251)
Dividends paid to non-controlling interests in subsidiaries	8	**(341)**	-
Dividends paid to company shareholders	8	**-**	(14,947)
Net cash (outflow) / inflow from financing activities		**(3,769)**	**3,288**
Net decrease in cash held		**(15,993)**	**(13,853)**
Cash and cash equivalents at the beginning of the financial period		**37,567**	51,442
Effects of exchange rate changes on cash and cash equivalents		**923**	(22)
Cash and cash equivalents at end of year		**22,497**	**37,567**

Non-cash financing activities

Dividends satisfied by the issue of shares under the dividend reinvestment plan are shown in note 8.

Refer note 7 software licences were also acquired under finance leases.

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

Notes to the consolidated financial statements

31 December 2014

1 Basis of preparation

The Concise financial report has been prepared in accordance with the Corporations Act 2001, Accounting Standard - Concise Financial Reports (AASB 1039). The financial statements and specific disclosure required by the AASB 1039 have been derived from the Group's full financial report for the financial year. Other information included in the concise financial report is consistent with the Group's financial report.

The concise financial report does not and cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report. Further financial information can be obtained from the Group's full financial report which is available free of charge on request. Alternatively, you can access both the full financial report and the concise report via the internet at our Investor section of the Group's website www.ausenco.com.

The concise financial report is presented in Australian dollars and has been prepared on an historical cost basis. The Group's accounting policies have been consistently applied by each entity in the Group and are consistent with those in the previous year. A full description of the accounting policies adopted by the Group may be found in the Group's full financial report.

The Group is a for profit entity for the purpose of preparing the financial statements.

(a) Comparatives

During the year, and as part of its implementation of uniform systems in all its business, the Group reviewed the classification of expenses as well as assets and liabilities. The reclassifications did not affect net assets, basic and diluted earnings per share.

(b) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for first time in their annual reporting period commencing 1 January 2014:

AASB 2011-4 and revised Corporations Regulations 2M.3.03 - Transfer of individual KMP disclosures to the remuneration report

As a result of adopting the above, disclosures relating to individual key management personnel (KMP) equity holdings, loans and other transactions have been moved from the financial statements to the remuneration report.

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets - effective for years commencing 1 January 2014

This amendment expanded the disclosure of recoverable amounts on non-financial assets when they are based on fair value less costs of disposal. The amendment only affects the disclosure in the event non-financial assets are impaired based on fair value less costs of disposal.

Notes to the consolidated financial statements (continued)

31 December 2014

2 Segment information

(a) Description of segments

The Ausenco group provides engineering, construction and project management services in a number of markets and across a wide span of geographic regions.

On 1 January 2014 the Program Management segment was amalgamated into the APAC/Africa segment.

Until 30 June 2014 Ausenco's reporting structure and operating segments were aligned across the following product/service offerings:

- Minerals & Metals
- Process Infrastructure
- Oil & Gas
- Environmental & Sustainability
- APAC/Africa.

During the second half of the 2014 financial year the Group streamlined its Americas business reporting structure and responsibilities to have a regional primary focus. The reorganisation will facilitate greater accountability as well as provide enhanced integration across both service and geographic lines and improved utilisation of both technical expertise and shared engineering resources. It will also enable the business to better penetrate and capture market opportunities and monitor performance.

No changes were required in APAC/Africa, as it had been structured and operating on a regional basis since 2013. Environment and Sustainability, Minerals & Metals, Oil & Gas and Process Infrastructure were aligned and reshaped along a geographic regional in which they were managed and operating, being North America and South America.

In keeping with the requirements of AASB 8 the operating segments of the Group are now:

- North America
- South America
- APAC/Africa.

Prior year comparatives have been restated to reflect the organisational change.

(b) Segment information provided to the Chief Decision Makers

The segment information provided to the Chief Decision Makers for the reportable segments for the year ended 31 December 2014 is as follows:

Consolidated 2014	North America $'000	South America $'000	APAC/ Africa $'000	All other segments* $'000	Total $'000
Total segment revenue	149,065	130,392	99,353	190	379,000
Inter-segment revenue	(8,755)	(7,658)	(5,835)	(11)	(22,259)
Revenue from external customers	**140,310**	**122,734**	**93,518**	**179**	**356,741**
Segment EBITA	**2,423**	**11,160**	**(9,680)**	**(24,769)**	**(20,866)**
Total Segment Assets	**24,303**	**21,112**	**23,007**	**1,503**	**69,925**

** All other segments relate to Corporate and Regional Services that are not directly allocatable to a segment.*

Consolidated 2013	North America $'000	South America $'000	APAC/ Africa $'000	All other segments* $'000	Total $'000
Total segment revenue	176,197	135,033	175,563	52	486,845
Inter-segment revenue	(22,124)	(6,630)	(4,738)	(56)	(33,548)
Revenue from external customers	**154,073**	**128,403**	**170,825**	**(4)**	**453,297**
Segment EBITA	**8,147**	**10,133**	**(6,739)**	**(39,933)**	**(28,392)**
Total Segment Assets	**29,621**	**34,285**	**29,759**	**1,376**	**95,041**

** All other segments relate to Corporate and Regional Services that are not directly allocatable to a segment.*

(c) Other segment information

(i) Segment revenue
Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties reported to the Chief Decision Makers is measured in a manner consistent with that in the consolidated statement of comprehensive income.

Segment revenue reconciles to total revenue from continuing operations as follows:

	Consolidated	
	2014 $'000	2013 $'000
Total segment revenue	**379,000**	486,845
Inter-segment revenue	**(22,259)**	(33,548)
Interest income	**712**	627
Revenue from joint arrangements	**(298)**	(50)
Revenue from continuing operations	**357,155**	**453,874**

The Group is domiciled in Australia. The amount of its revenue from external customers in Australia is $42.6 million (12%), Canada $73.6 million (21%), Chile $32.3 million (9%), Peru $83.8 million (23%), and the total revenue from external customers in other countries is $124.5 million. Segment revenues for this purpose are allocated based on the country in which the projects being delivered are located.

In 2014 revenues of $56.9 million (2013: $53.4 million) and $21.8 million (2013: $63.2 million) are derived from single external customers. These revenues are attributable to the South America and North America segments respectively.

(ii) Segment EBITA
The Chief Decision Makers assess the performance of the operating segments based on a measure of segment EBITA.

A reconciliation of segment EBITA to operating profit before income tax is provided as follows:

		Consolidated	
	Notes	**2014 $'000**	2013 $'000
Segment EBITA		**(20,866)**	(28,392)
Interest income	3	**712**	627
Finance cost		**(5,005)**	(4,017)
Amortisation of intangibles	4	**(4,313)**	(9,138)
Loss before income tax from continuing operations		**(29,472)**	**(40,920)**

(iii) Segment assets
The amounts provided to the Chief Decision Makers with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset. Reportable segment assets comprise trade and other receivables, and unbilled revenue.

Reportable segment assets are reconciled to total assets as follows:

	Consolidated	
	2014 $'000	2013 $'000
Segment Assets	**69,925**	95,041
Unallocated:		
Cash and cash equivalents	**22,497**	37,567
Current tax receivables	**6,555**	6,387
Other current assets	**6,201**	7,975
Investment in joint ventures and associates	**4,082**	3,589
Property, plant and equipment	**17,025**	21,560
Intangible assets	**186,336**	204,128
Deferred tax assets	**39,887**	31,478
Other non-current assets	**81**	334
Total Assets as per the Balance Sheet	**352,589**	**408,059**

The total of segment assets located in Australia is $17.0 million (2013: $14.3 million), and the total of these segment assets located in other countries is $52.9 million (2013: $80.7 million). Segment assets are for this purpose allocated to countries based on where the assets are located.

3 Revenue

	Consolidated	
	2014 $'000	2013 $'000
From continuing operations		
Services	**356,443**	453,247
Interest Income	**712**	627
	357,155	**453,874**
Other income		
Rents and sub-lease rental income	**5,700**	3,874
Other income	**864**	1,458
Foreign exchange gains (net)	**-**	255
	6,564	5,587

Notes to the consolidated financial statements (continued)

31 December 2014

4 Expenses

	Notes	Consolidated 2014 $'000	2013 $'000
Loss before income tax includes the following specific expenses:			
Other employee expense			
Defined contribution superannuation expense		**10,220**	12,349
Redundancy costs		**4,539**	10,222
Share based payment expense		**896**	1,325
Depreciation of property, plant and equipment		**5,487**	6,606
Amortisation of intangibles:			
Software		**4,313**	3,003
Other intangibles		**-**	6,135
Total amortisation	6	**4,313**	9,138
Total depreciation and amortisation		**9,800**	15,744
Foreign exchange losses (net)		**733**	-
Operating lease rentals		**24,084**	21,354
Impairment losses - financial assets			
Trade receivables		**5,674**	8,075
Impairment of goodwill		**10,000**	12,470

5 Trade and other receivables

	Notes	Consolidated 2014 $'000	2013 $'000
Current			
Trade debtors		**49,720**	57,117
Less: Provision for impairment of receivables	5(a)	**(8,683)**	(4,123)
		41,037	52,994
Trade receivables from related parties		**-**	6,668
GST/VAT receivables		**1,819**	1,157
Other receivables	5(c)	**3,232**	3,465
		46,088	64,284
Total trade and other receivables		**46,088**	64,284

(a) Impaired trade receivables
As at 31 December 2014 trade receivables of the Group with a nominal value of $13,249,000 (2013: $9,059,000) were impaired. The amount of the provision is $8,683,000 (2013: $4,123,000).

Movements in the provision for impairment of receivables are as follows:

	Consolidated 2014 $'000	2013 $'000
Opening balance at 1 January	**4,123**	2,407
Provision for impairment recognised during the year	**8,027**	9,239
Receivables written off during the year as uncollectable	**(1,114)**	(6,359)
Unused amounts reversed	**(2,353)**	(1,164)
Closing balance at 31 December	**8,683**	4,123

The creation and release of the provision for impaired receivables has been included in 'other expenses' in the income statement. Amounts charged to the provision account are generally written off when there is no expectation of recovery.

(b) Past due but not impaired
As of 31 December 2014, trade receivables of $12,764,000 (2013: $35,870,000) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	Consolidated 2014 $'000	2013 $'000
Up to 3 months	**6,124**	31,372
3 to 6 months	**6,640**	4,498
	12,764	35,870

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due.

(c) Other receivables
As of 31 December 2014, trade receivables of $12,764,000 (2013: $35,870,000) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

(d) Fair value and credit risk
Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

6 Intangible assets

Consolidated	Notes	Goodwill $'000	Brand names $'000	Software $'000	Customer contracts $'000	Total $'000
Year ended 31 December 2014						
Opening net book amount		174,508	-	29,620	-	204,128
Additions		-	-	3,450	-	3,450
Disposals		-	-	(144)	-	(144)
Amortisation charge	4	-	-	(4,313)	-	(4,313)
Net transfers		-	-	(69)	-	(69)
Impairment charge	4	(10,000)	-	-	-	(10,000)
Exchange differences		(6,690)	-	(26)	-	(6,716)
Closing net book amount		157,818	-	28,518	-	186,336
At 31 December 2014						
Cost		189,988	11,288	46,324	6,406	254,006
Accumulated amortisation and impairment		(32,170)	(11,288)	(17,806)	(6,406)	(67,670)
Net book amount		**157,818**	**-**	**28,518**	**-**	**186,336**

Consolidated	Notes	Goodwill $'000	Brand names $'000	Software $'000	Customer contracts $'000	Software under development $'000	Total $'000
Year ended 31 December 2013							
Opening net book amount		166,948	4,203	16,394	1,592	7,993	197,130
Additions		-	-	252	-	7,541	7,793
Acquisition of businesses		13,153	-	635	188	-	13,976
Amortisation charge		-	(4,325)	(3,003)	(1,810)	-	(9,138)
Net transfers	4	-	-	15,534	-	(15,534)	-
Impairment charge		(12,470)	-	-	-	-	(12,470)
Exchange differences		6,877	122	(192)	30	-	6,837
Closing net book amount		174,508	-	29,620	-	-	204,128
At 31 December 2013							
Cost		196,678	11,243	43,753	6,404	-	258,078
Accumulated amortisation and impairment		(22,170)	(11,243)	(14,133)	(6,404)	-	(53,950)
Net book amount		**174,508**	**-**	**29,620**	**-**	**-**	**204,128**

6 Intangible assets (continued)

(a) Goodwill allocation

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to business segment.

On 1 January 2014 the Program Management segment was amalgamated to the APAC/Africa segment. Accordingly $530,000 of goodwill was re-allocated to the APAC/Africa CGU.

During the second half of 2014 the groups of assets for the purposes of identifying CGUs were adjusted to reflect the business restructure (further details refer note 2(b) of the consolidated financial statements and note 2 of this concise financial report) which occurred in August 2014. The CGUs of the business are now aligned with the new operating segments and are therefore defined on a geographical basis. This is the smallest group of assets that generate independent cash flows due to shared resourcing and management structures.

In accordance with Group accounting policy (refer note 2(p)(i) of the consolidated financial statements) goodwill is reallocated based on the relative values of the business units affected by the change.

Goodwill has been reallocated to the new CGUs as follows:

Consolidated	Goodwill at 31 December 2014 $'000
Operating Segments at 31 December 2014	
APAC/Africa (including $10.0 million impairment charge)	24,634
North America	85,720
South America	47,464
Total goodwill at 31 December 2014	**157,818**

Consolidated	Goodwill at 31 December 2013 $'000
Operating segments at 31 December 2013	
APAC/Africa	34,104
Process Infrastructure	97,341
Minerals & Metals	10,157
Environmental & Sustainability	13,383
Oil & Gas	18,993
Program Management	530
Total goodwill at 31 December 2013	**174,508**

(b) Testing for impairment

Market conditions to develop new greenfield projects across the resources and energy sectors were stable, yet comparably soft, during the year. New enquiries and tender levels increased as the year unfolded, with expectations for new projects and growth for Ausenco leading into 2015 and beyond.

Against this background, the Group refocused cross-selling programs to optimise the utilisation of teams across the business and ensure all new revenue opportunities were pursued. As well as implementing a range of initiatives taken during the year, achieving $29 million in lower recurring operating costs in 2014, with an additional $20 million of savings on track to be delivered into 2015. The precise timing and outcome of these actions impacted the performance of some of the Group's CGUs.

The Group tests property, plant and equipment, intangibles and goodwill for impairment:

- at least annually for indefinite life intangibles and goodwill, and
- where there is an indication that the asset may be impaired (which is assessed at least each reporting date).

If the asset does not generate independent cash inflows and its value in use cannot be estimated to be close to its fair value, the asset is tested for impairment as part of the CGU to which it belongs.

Assets are impaired if their carrying value exceeds their recoverable amount. The recoverable amount of an asset or CGU is determined as the higher of its fair value less costs of disposal or value in use.

(c) Impairment calculations

The Group tests annually the recoverable amount of each CGUs goodwill balance based on value in use calculations of the cash flow projections for each CGU. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Despite the positive initiatives taken in restructuring the business and reducing cost as well as a weakening Australian dollar increasing the competitiveness of the business and attractiveness of new projects, the near term earnings for APAC/Africa CGU are expected to reflect lower levels of growth than other CGUs. Accordingly, the projected growth rates and discount rates have been adjusted to reflect the level of risk to this CGU.

(d) Impairment charge

The Group recognises that year to date performance of APAC/Africa is below expectations and that market conditions in Australia continue to be subdued. The Group has conducted a carrying value assessment and has taken a $10.0 million impairment charge against the goodwill balance of APAC/Africa (December 2014 $24.6 million, December 2013 $34.1 million). On 1 January 2014 the Goodwill balance for APAC/Africa had been increased by $530,000 when the Program Management segment was amalgamated to the APAC/Africa segment.

The Value in Use of the Group's other CGU's were assessed by the Group to exceed their carrying values and no other CGU impairments were required to be recognised.

(e) Inputs to impairment calculations

Unless otherwise identified, the following discussion of inputs and assumptions is applicable to the assessment of the value in use of all of the Group's CGUs.

The value in use calculations use cash flow projections based on Ausenco's corporate plans and business forecasts prepared by management and approved by the Board. The corporate plans are developed annually with a five-year outlook and on the understanding that actual outcomes may differ from the assumptions used. For these calculations, adjustments are incorporated for relevant industry metrics as well as to exclude the costs and benefits of expansion capital. In the circumstances that a CGU is unable to achieve the forecast growth in earnings, there is a risk that the carrying value of the CGU would exceed its recoverable amount.

Cash flows beyond the five-year period are extrapolated using estimated growth rates, which are based on Group estimates, taking into consideration historical performance as well as expected long-term operating conditions. Growth rates do not exceed the consensus forecasts of the long-term average growth rate for the market sector in which the CGU operates.

Discount rates are based on the weighted average cost of capital determined by prevailing or benchmarked market inputs, risk adjusted where necessary. Other assumptions are determined with reference to external sources of information and use consistent, conservative estimates for variables such as terminal cash flow multiples. Increases in discount rates or changes in other key assumptions, such as operating conditions or financial performance, may cause the recoverable amounts to fall below carrying values.

(f) Key assumptions used in value in use calculations and impact of changes to key assumptions

The pre-tax discount rates incorporate a risk-adjustment relative to the risks associated with the net pre-tax cash flows being achieved, whilst the growth rates are based on the long-term average growth rates of the businesses.

The key assumptions used for assessing the recoverable amounts of the CGUs are set out below.

	APAC / Africa	North America	South America
Discount rate (pre-tax)	19.5%	13.3%	14.8%
Growth rate beyond financial plan	1.1%	2.8%	4.6%

Given the subdued market conditions in Australia, the carrying value and impairment review for APAC/Africa has been completed using a discount rate of 19.5% (2013 discount rate 14.0%) to reflect the market uncertainty. EBITDA growth and projected margins are based on actual performance in prior years adjusted for expected efficiency improvements, including the impact of the recent business restructure and cost reductions implemented, and the Group's ability to increase its share of the market in key sectors.

In the circumstances that a CGU is unable to achieve the forecast growth in EBITDA and projected margins, there is a risk that the carrying value of the CGU would exceed its recoverable amount. As the goodwill for APAC/Africa CGU is carried at its Value in Use assessment any variation to the key assumptions used to determine Value in Use would result in a change to the assessed Value in Use. A 15% change in EBITDA of APAC/Africa would give rise to a $11 million change in the CGU's recoverable amount.

The recoverable value of the other CGUs is sensitive to changes in discount rate, the level of EBITDA over the five year forecast period, and the forecast long-term EBITDA that drives terminal value. A one per cent change in discount rates or a 15 per cent change in forecast long-term EBITDA approximates a $10 to $22 million change in each CGUs recoverable value.

Notes to the consolidated financial statements (continued)

31 December 2014

7 Borrowings

	Consolidated	
	2014 $'000	2013 $'000
Current		
Secured bank loans	**15,901**	38,128
Other unsecured loans	**2,673**	2,860
	18,574	40,988
Non-current		
Secured bank loans	**45,334**	20,941
Other unsecured loans	**1,719**	386
	47,053	21,327
Total borrowings	**65,627**	**62,315**

(a) Secured bank borrowing

Bank loans are subject to a weighted average interest rate of 4.6% (2013: 4.1%). See note 7(c) for details of security provided.

As at 31 December 2014, the Australian and New Zealand Banking Group (ANZ) and National Australia Bank (NAB) funding facility was $100.8 million (2013: $129.1 million), comprising bank overdraft, advance and amortising debt facilities of $70.8 million, bank guarantee and letter of credit facilities of $30.0 million. During the 2014 year $5.3 million has been repaid on the facilities, with the lower Australian dollar since 1 January 2014 resulting in a $2.1 million revaluation when translated to Australian dollars on the year end balances denominated in Canadian and United States dollars.

As disclosed in the Interim Financial Report for the half year ended 30 June 2014, the Group had a breach of its financial covenants in the first half of the financial year which was waived by the banks.

In November 2014, ANZ and NAB agreed to extend the repayment timeline associated with $33.1 million of the drawn debt facilities denominated in Canadian dollars to January 2016. The existing amortising United States dollar debt facility of $22.7 million continues until May 2016.

As part of the arrangements, ANZ and NAB have agreed to review in mid 2015 an extension of the facility terms beyond these nominated dates in 2016. In addition, modified financial covenants to be satisfied at 31 December 2014 and quarterly during 2015 have been agreed. The covenants have been struck with reference to the Group's budget. If the Group's actual financial quarterly performance during 2015 differs materially from the forecast provided, the Group could be in potential breach of its revised banking covenants, placing the Group in default of the terms of its banking facilities.

The Directors are confident in the Group's ability to meet the financial covenants and extend or refinance the Group's debt facilities before they fall due.

At 31 December 2014, $24.2 million (2013: $49.4 million) of the total ANZ and NAB facility was unused. The reduced level of unused facilities reflects the agreement to reduce the level of available and undrawn facilities, and associated costs, to a level more reflective of current and near term requirements.

(b) Other unsecured borrowings

Other borrowings are subject to a weighted average interest rate of 2.3% (2013: 2.9%).

The Group leases software licences with a carrying amount of $2,407,337 (2013: $1,078,761) under finance leases expiring within three years.

(c) Assets pledged as security

	Consolidated	
	2014 $'000	2013 $'000
Current		
Floating charge		
Cash and cash equivalents	**16,538**	21,734
Trade and other receivables	**32,100**	41,729
Unbilled revenue	**14,084**	13,754
Other current assets	**15,192**	8,530
Total current assets pledged as security	**77,914**	85,747

	Consolidated	
	2014 $'000	2013 $'000
Non-current		
Fixed and floating charge		
Receivables	**10**	8
Intangible assets	**181,584**	192,425
Deferred tax assets	**28,113**	23,905
Plant and equipment	**12,927**	14,772
Total non-current assets pledged as security	**222,634**	231,110
Total assets pledged as security	**300,548**	**316,857**

(d) Fair value

For the majority of the borrowings, the fair values are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

8 Dividends

(a) Ordinary shares

	Consolidated 2014 $'000	2013 $'000
Interim dividend		
Interim unfranked dividend for the financial year ended 31 December 2013 of 2.0 cents per share paid on 18 September 2013	-	2,471
Final dividend		
Final ordinary dividend for the financial year ended 31 December 2012 of 10.1 cents per share paid on 1 May 2013	-	12,476
	-	**14,947**
Dividends paid in cash or under the dividend reinvestment plan during the years ended 31 December 2014 and 2013 were as follows:		
Paid in cash	-	14,947

(b) Franked dividends

	Consolidated 2014 $'000	2013 $'000
Franking credits available for subsequent reporting periods based on a tax rate of 30.0% (2013 - 30.0%)	**428**	748

The above amounts represent the balance of the franking account as at the end of the reporting period, adjusted for:
(i) franking credits that will arise from the payment of the current tax liability:
(ii) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date: and
(iii) franking credits that will arise from the receipt of dividends recognised as a receivables at the reporting date.

(c) Dividend paid to non-controlling interest in subsidiaries

	Consolidated 2014 $'000	2013 $'000
Dividend paid to non-controlling interest in the Rylson Group	**341**	-

Information relating to business combinations can be found in note 10.

Notes to the consolidated financial statements (continued)

31 December 2014

9 Reconciliation of loss / profit after income tax to net cash inflow from operations

	Consolidated	
	2014 $'000	2013 $'000
Reconciliation of operating loss after income tax to net cash flow from operating activities:		
Net loss after income tax benefit	**(25,015)**	(35,200)
Depreciation and amortisation of non-current assets	**9,800**	15,744
Impairment of intangible assets	**10,000**	12,470
Share based payments expense	**898**	1,325
Unrealised net loss on foreign exchange	**3,600**	3,801
Net loss on disposal of property, plant and equipment, and intangibles	**(25)**	726
Change in operating assets and liabilities adjusted for effects of purchase of controlled entities during the financial year		
Decrease in trade receivables	**18,196**	26,960
Decrease in unbilled revenue	**6,920**	22,211
Increase in deferred tax assets	**(8,409)**	(7,034)
Decrease in other assets	**2,027**	902
Decrease in billings in advance	**(4,434)**	(514)
Decrease in payables and other liabilities	**(19,428)**	(17,018)
Decrease in current income tax	**(926)**	(5,631)
Decrease in other provisions	**(2,649)**	(4,591)
Increase / (decrease) in deferred tax liabilities	**238**	(5,106)
Net cash inflow from operating activities	**(9,207)**	**9,045**

10 Business combination

The Rylson Group - Summary of acquisition
On 28 August 2012 the Group acquired 75% of the share capital of the Rylson Group for $4.2 million, a global provider of business improvement and asset management solutions. The remaining 25% of the business was acquired on 21 November 2014.

Details of the purchase consideration, the net assets acquired, goodwill and the non-controlling interest at the acquisition date were as follows:

	2014 $'000
Purchase consideration:	
Cash paid	**2,873**
Deferred consideration	**807**
Contingent consideration	**1,644**
Total purchase consideration	**5,324**

Details of the fair value of the assets and liabilities acquired are as follows:

	Fair value $'000
Cash	**69**
Trade receivables	**2,012**
Unbilled revenue	**200**
Tax receivable	**192**
Property, plant and equipment	**506**
Intangible assets	**1,400**
Trade and other payables	**(922)**
Provisions	**(473)**
Borrowings	**(880)**
Other non-current liabilities	**(667)**
Net identifiable assets acquired	**1,437**
Add: Goodwill	**3,887**
Net assets acquired	**5,324**

There were no contingent assets or liabilities identified and recognised at the time of acquisition or subsequently.

The acquisition was complete with effect from 28 August 2012, and all fair values provided are final.

(i) *Deferred consideration*

Deferred consideration consisted of $807,000 was paid in full during 2013.

(ii) Contingent consideration

The contingent consideration payment for the final 25% interest required the Group to pay in cash to the remaining shareholder of the company 25% of three times the average of the Rylson Group's normalised earnings before interest and tax (EBIT) for three years from 2012 - 2014. EBIT is normalised by adjusting for any non-market based expenses to a market based expense. The 25% consideration was capped at a maximum undiscounted amount of $1.9 million, with a minimum floor payment of $0.5 million.

The final payment was $0.7 million which was paid on 21 November 2014. As a result $1.1 million was released from other current liabilities to other income during the year ended 31 December 2014.

(iii) Non-controlling interests

The Group had elected not to recognise the non-controlling interest in the Rylson Group at its proportionate share of the acquired net identifiable assets as substantially all the risks and reward have been transferred to the Group on acquisition.

Directors' declaration

31 December 2014

The Directors declare that in their opinion, the concise financial report of the Group for the year ended 31 December 2014 as set out on pages 63 to 81 complies with Accounting Standard AASB 1039 Concise Financial Reports.

The concise financial report is an extract from the full financial report for the year ended 31 December 2014. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report. The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report, which is available on request.

This declaration is made in accordance with a resolution of the Directors.

George Lloyd
Director

Zimi Meka
Director

Brisbane
5 March 2015

Independent auditor's report to the members of Ausenco Limited

Report on the concise financial report
We have audited the accompanying concise financial report of Ausenco Limited which comprises the consolidated balance sheet as at 31 December 2014, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and related notes, derived from the audited financial report of Ausenco Limited for the year ended 31 December 2014. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards and accordingly, reading the concise financial report is not a substitute for reading the audited financial report.

Directors' responsibility for the concise financial report
The directors are responsible for the preparation of the concise financial report in accordance with Accounting Standard AASB 1039 Concise Financial Reports, and the Corporations Act 2001, and for such internal control as the directors determine are necessary to enable the preparation of the concise financial report.

Auditor's responsibility
Our responsibility is to express an opinion on the concise financial report based on our audit procedures which were conducted in accordance with Auditing Standard ASA 810 Engagements to Report on Summary Financial Statements. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of Ausenco Limited for the year ended 31 December 2014. We expressed an unmodified audit opinion on that financial report in our report dated 18 February 2015. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the concise financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the concise financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the concise financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Our procedures include testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of audit evidence supporting the amounts and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with AASB 1039 Concise Financial Reports.

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Independent auditor’s report to the members of Ausenco Limited (continued)

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The concise financial report and the audited financial report do not reflect the effects of events that occurred subsequent to the date of the auditor’s report on the audited financial report.

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

Independence
In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Ausenco Limited would be in the same terms if given to the directors as at the date of this auditor’s report.

Auditor’s opinion
In our opinion, the concise financial report of the consolidated entity for the year ended 31 December 2014 complies with Australian Accounting Standard AASB 1039 *Concise Financial Reports*.

Report on the remuneration report
The following paragraphs are copied from our report on the remuneration report for the year ended 31 December 2014.

Report on the remuneration report

We have audited the remuneration report included in pages 9 to 22 of the directors’ report for the year ended 31 December 2014. 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 responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor’s Opinion
In our opinion, the remuneration report of Ausenco Limited for the year ended 31 December 2014 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Michael Shewan
Partner

Brisbane
5 March 2015

Alternative performance measures

In addition to using profit as a measure of the Group and its segments' financial performance, Ausenco uses EBITDA, EBITA, underlying EBITDA, net debt, net gearing ratio and underlying EBITDA to total financing costs ratio. These measures are not defined under IFRS and are, therefore, termed "Non-IFRS" measures.

Adjusted EBITA is defined as group profit before net interest, tax and amortisation (excluding amortisation of other intangible assets), while EBITDA is group profit before net interest, tax, depreciation and amortisation. These measures are considered to be useful measures of our operating performance because they approximate the underlying operating cash flow by eliminating depreciation and/or amortisation.

Net debt consists of borrowings (both current and non-current) less cash and cash equivalents. Net gearing ratio is defined as Net debt divided by Shareholders Equity plus Net debt. Net debt and Net gearing ratio are measures of the Group's indebtedness and provides an indicator of the balance sheet strength.

Underlying EBITDA to total financing costs ratio is defined as underlying EBITDA divided by interest expense and is useful because it demonstrates the ability of the Group to pay interest expense to external financiers in compliance with funding facilities.

These above mentioned measures are commonly used by management, investors and financial analysts to evaluate companies' performance.

A reconciliation of these non-IFRS measures and specific items to the nearest measure prepared in accordance with IFRS is included in the table below. The non-IFRS financial information contained within this Directors' Report and Notes to the Financial Statements has not been audited in accordance with Australian Auditing Standards.

	Notes	2014 $'000	2013 $'000
Profit before income tax		**(29,472)**	**(40,920)**
Finance costs		5,005	4,017
Interest income	3	(712)	(627)
EBIT		**(25,179)**	**(37,530)**
Amortisation of intangibles	4	4,313	9,138
EBITA		**(20,866)**	**(28,392)**
Depreciation		5,487	6,606
EBITDA		**(15,379)**	**(21,786)**
Onerous leases		2,311	-
Redundancy costs	4	4,506	10,652
Trade receivables write offs		-	8,217
WIP write offs and provisions		-	7,705
Underperforming contracts		-	8,835
Acquisition costs		-	1,014
Impairment of goodwill		10,000	12,470
Underlying EBITDA		**1,438**	**27,107**

	Notes	31 December 2014 $'000	31 December 2013 $'000
Borrowings – Current	7	(18,574)	(40,988)
Borrowings – Non-current	7	(47,053)	(21,327)
Total borrowings		(65,627)	(62,315)
Cash		22,497	37,567
Net debt		**(43,130)**	**(24,748)**

Shareholder Information

The shareholder information set out below was applicable as at 6 March 2015.

A. Distribution of shareholders and their holding as at 6 March 2015

Range	Total holders	Shares
1 - 1,000	1,765	675,637
1,001 - 5,000	1,952	5,355,161
5,001 - 10,000	818	6,203,407
10,001 - 100,000	1,069	28,790,475
100,001 - 999,999,999	94	127,425,119
Total	**5,698**	**168,449,799**

The number of shareholders holding less than a marketable parcel of ordinary shares is 2,063 (1,034,441 shares).

B. Twenty largest holders as at 7 March 2014

Name	Shares	% of issued capital
JP Morgan Nominees Australia Limited	40,867,931	24.26
Lemae Pty Ltd	9,142,547	5.43
Merrill Lynch (Australia) Nominees Pty Limited	9,115,553	5.41
Citicorp Nominees Pty Limited	8,594,090	5.10
Baze Pty Ltd	7,775,150	4.62
Tme Asset Holdings Pty Ltd	7,614,262	4.52
HSBC Custody Nominees (Australia) Limited	6,564,628	3.90
DST Pty Ltd	4,652,885	2.76
Finhide Pty Limited	4,045,312	2.40
Harased Pty Ltd	1,512,028	0.90
Mr Edward Lin and Mrs Linda Lin	1,427,263	0.85
Mr Derek Malcolm Elwin and Mrs Christine Jan Elwin	1,243,787	0.74
Nkosi Bell Super Fund Pty Ltd	1,233,186	0.73
Invia Custodian Pty Limited	1,209,934	0.72
Vanward Investments Limited	1,100,000	0.65
Mr Lulezim Hysni Meka	809,257	0.48
BNP Paribas Noms (NZ) Ltd	764,793	0.45
Pacific Development Corporation Pty Ltd	730,598	0.43
Ausenco Services Pty Ltd	679,290	0.40
Mastsail Pty Ltd	653,239	0.39
Total	**109,735,733**	**65.14**

C. Substantial shareholders and their holdings as at 6 March 2015

Name	Shares	% of issued capital
First Samuel Limited	30,705,216	18.23
Zimi Meka and related entities	18,256,386	10.84
Bob Thorpe and related entities	12,546,822	7.45
Resource Capital Funds and related parties	8,871,887	5.27

D. Voting rights

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meetings of the Group.

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Corporate Directory

Directors

George Lloyd	Chairman
Zimi Meka	Chief Executive Officer
Mary Shafer-Malicki	Non Executive Director
Bob Thorpe	Non Executive Director
Hank Tuten	Non Executive Director
Peter Gregg	Non Executive Director

Chief Financial Officer
Craig Allen

Company Secretary
Patrick O'Connor

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Principal Share Register
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117 Victoria Street
West End Queensland 4101
Australia
www.computershare.com

Auditor
PricewaterhouseCoopers
Level 15, Riverside Centre
123 Eagle Street
Brisbane Qld 4000
Australia
www.pwc.com.au

Lawyers
McCullough Robertson Lawyers
Level 11, Central Plaza Two
66 Eagle Street
Brisbane Qld 4000
Australia
www.mccullough.com.au

Principal Bankers
Australia and New Zealand Banking Group Limited (ANZ)
www.anz.com.au
National Australia Bank Limited (NAB)
www.nabgroup.com

Securities Exchange Listing
Ausenco Limited shares are listed on the Australian Securities Exchange under the code 'AAX'.

Website address
For further information visit
www.ausenco.com

Ausenco