Annual Report

ALS Limited 2015

Right Solutions • Right Partner

Annual General Meeting

The 64th AGM of ALS Limited will be held at 11.00 am on 30 July 2015 at The Pullman Hotel, King George Square, Brisbane.

Financial Calendar

2014/2015

Record Date for Final Dividend
11 June 2015

Final Dividend Paid
1 July 2015

Annual General Meeting
30 July 2015

2015/2016

Half-Year End
30 September 2015

Half-Year Results and Dividend Announced
26 November 2015

Record Date for Interim Dividend
3 December 2015

Interim Dividend Paid
18 December 2015

Note —
Dates subject to alteration

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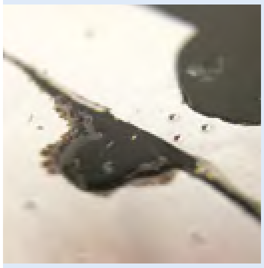
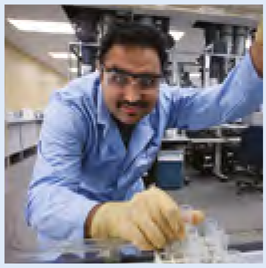
ALS's Corporate Governance Statement is available online at alsglobal.com under the Investor & Media › Corporate Governance section.





ALS Limited is one of the world's largest and most diversified testing services providers.

We are the global benchmark for quality and integrity, and have built our reputation on quality, client service, innovation, and technical excellence.

With global headquarters based in Brisbane, Australia we are one of the longest-established companies listed on the Australian Securities Exchange (ASX Code: ALQ).

The Company was founded in 1863 and listed on the ASX in July 1952. We are an ASX100 Company with a multi-billion dollar market capitalisation.

The ALS brand is well recognised on a global scale by our customers and competitors for delivery of high quality testing services.

The Company operates four main testing service divisions: Minerals, Life Sciences, Energy and Industrial.

ALS has over 11,000 employees, operating from 370 sites in 65 countries across Africa, Asia, Australia, Europe and the Americas.

We operate one of the world's largest analytical and testing services businesses and our partnerships span major sectors including mining, natural resources, environmental, food, pharmaceutical, industrial and inspection services.

Our Company is focused on driving growth by continuing to successfully operate our existing businesses while pursuing new opportunities.

Our success has enabled us to achieve excellent results for our shareholders and we have an established trend of attractive investor returns.

Our Vision

ALS is committed to maintaining the strong and sustainable growth strategies which have made us a successful global Company. We will maintain the rewarding partnerships we share with our clients, business partners, shareholders and communities and identify and develop new opportunities.

Our Values

Our Company upholds the values which are the foundation of our proud tradition of excellence.

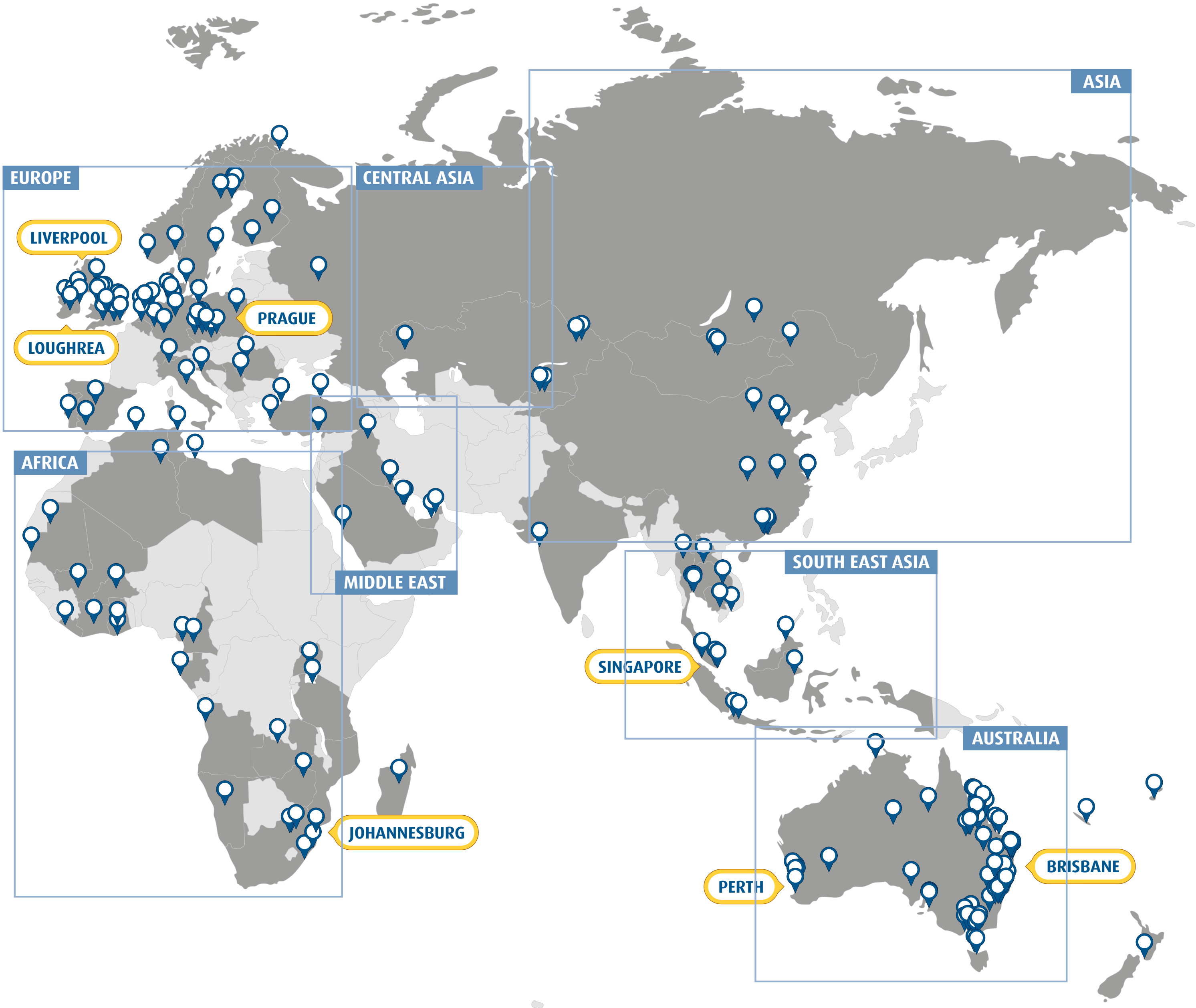
Our people are dedicated to the values of quality, integrity, reliability and innovation which ensure we deliver the highest level of customer service. We value efficiency, safety and diversity in our workplaces. We value the leadership and learning that develops our people and our businesses.

Global Operations

ALS comprises four global business divisions which operate across Australia, Asia, the Pacific, North and South America, Africa and Europe.

These business divisions provide a range of services and products tailored to the demands of their respective markets.

11,700	370	65	6
STAFF	SITES	COUNTRIES	CONTINENTS



ALS Minerals

ALS Minerals is the leading full-service provider of testing services for the global mining industry in four key service areas: Geochemistry, Metallurgy, Mine Site Services and Inspection. Its services cover the entire resource life-cycle from exploration, feasibility, production, design, development through to trade, and finally rehabilitation.

ALS Life Sciences

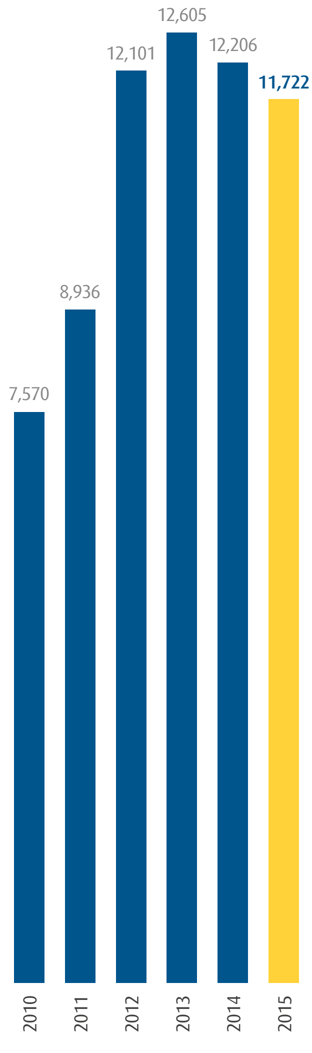
ALS Life Sciences is comprised of four primary analytical testing areas: Environmental, Food and Pharmaceutical, Electronics, and Consumer Products. It is the leader in global, comprehensive analytical testing services demonstrating expertise in microbiological, physical and chemical testing services.

ALS Energy

ALS Energy delivers quality technical solutions to the coal, oil and gas industries through an expansive range of analysis and certification testing services supporting exploration, production and cargo shipment. It has two operating businesses servicing the energy sector: Coal and Oil & Gas.

ALS Industrial

ALS Industrial is a leading provider of diagnostic testing and engineering solutions for the energy, resources, transportation and infrastructure sectors. It is made up of two complementary business streams: Asset Care and Tribology.



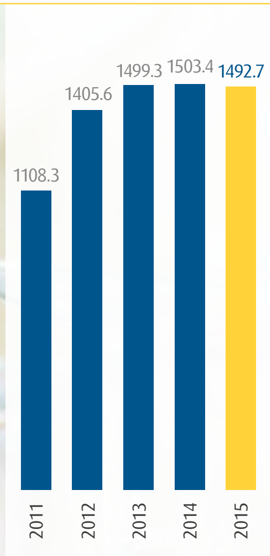
Group employee numbers
as at 31 March

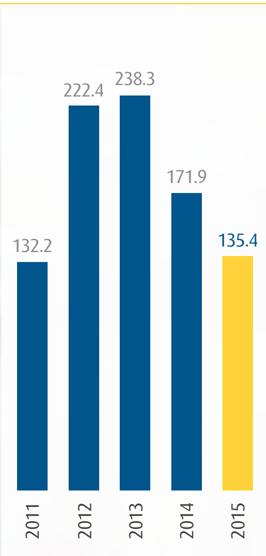
Financial highlights

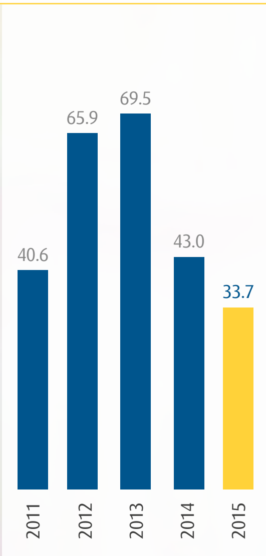
- **Revenue** down 0.7% to $1.493 billion
- **Underlying profit^** down 21.2% to $135.4 million
- **Underlying Earnings^** per share down 25.8% to 33.7 cents
- **Total dividend for the year** down 46.1% to 21 cents per share

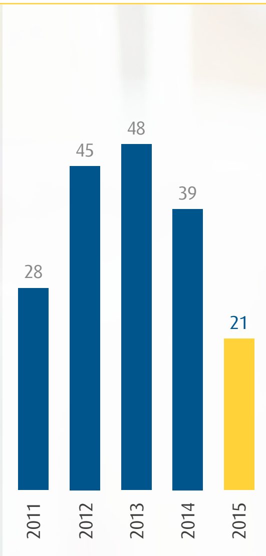
^Underlying net profit is a non-IFRS disclosure and has been presented to assist in the assessment of the relevant performance of the Group from year to year.

	Sales revenue ($m)	Underlying Net Profit after Tax ($m)	Underlying Earnings per share (cents)	Dividends paid per share (cents)
2015	1492.7	135.4	33.7	21.0









Dividends

The Company will pay a final, partly-franked (25%) dividend for 2015 of 10 cents per share (2014: 20 cents) at a 30% tax rate (2014: 30%). The total dividend for the year will be 21 cents (2014: 39 cents).

Year at a glance

as at 31 March	2015	2014
Revenue ($m)	1,492.7	1,503.4
Underlying net profit^ after tax ($m) (before unusual items) attributable to members	135.4	171.9
Less: Acquisition and restructuring costs (net of tax) ($m)	(7.2)	(8.8)
Less: Divestment and amortisation costs (net of tax) ($m)	(12.1)	(8.7)
Less: Impairment charges (net of tax) ($m)	(290.6)	–
Net profit/(loss) for the period attributable to members ($m)	(174.5)	154.4
Share capital ($m)	1,134.1	1,061.0
Total equity ($m)	1,228.4	1,419.4
Underlying earnings per share^ (attributable to members) (cents)	33.7	45.4
Dividends per share (cents)	21.0	39.0
Net tangible asset backing per share (cents)	(5.4)	1.7
Gearing ratio (net debt/(net debt + total equity) (%)	38.3	33.9
EBITDA Interest cover (times)	9.1	12.2

^Underlying net profit is a non-IFRS disclosure and has been presented to assist in the assessment of the relevant performance of the Group from year to year.

Revenue

Total revenue for the consolidated Group was $1.493 billion for 2015, a 0.7% decrease on the $1.503 billion recorded in 2014.

The revenue generated by each Business Division was as follows:

Business Division	2015 ($m)	2014 ($m)	% Change
ALS Minerals	367.4	425.9	-13.7
ALS Life Sciences	557.4	527.3	+5.7
ALS Energy	307.4	247.9	+24.0
ALS Industrial	190.0	182.9	+3.9
Reward Distribution^	70.5	119.4	n/a

^Business sold in October 2014.

Underlying Profit

Underlying net profit after tax, attributable to equity holders of the Company, was $135.4 million for 2015, a decrease on the $171.9 million underlying net profit achieved in 2014.

The underlying profit contribution from ordinary activities, before interest, tax and corporate overheads for each Business Division was as follows:

Business Division	2015 ($m)	2014 ($m)	% Change
ALS Minerals	73.4	102.1	-28.1
ALS Life Sciences	98.1	94.4	+3.9
ALS Energy	36.9	53.5	-31.0
ALS Industrial	28.3	26.4	+7.2
Reward Distribution^	1.3	2.7	n/a

^Business sold in October 2014.

Health & Safety

At ALS, every employee in the company must take responsibility for their own safety and colleagues that work with them. All employees must be aware of the safety rules, practices and requirements that apply in their workplace and be encouraged to speak up if they see things that are not right. "Safety as a priority" is one of our most important core values for the company.

Health and Safety performance

Lost Time Injury Frequency Rate (LTIFR) measures the number of Lost Time Injuries (LTI's)* per million hours of work (reported as per Australian Standard AS 1885.1-1990 Measurement of Occupational Health and Safety Performance) and is the most commonly used figure to measure safety performance.

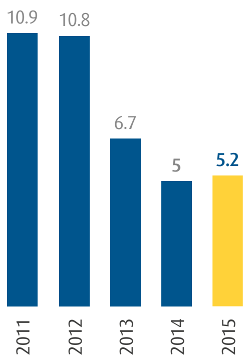
**LTI is a work injury that results in an inability to work for at least one full day or shift any time after the day or shift in which the injury occurred.*

Although a slight increase this year, it is worthy to note the LTIFR result still places ALS well below the average of the Top 100 ASX listed companies reporting in the Citi Investment Research and Analysis - Safety Spotlight: ASX 100 Companies & More (January 2014)^.

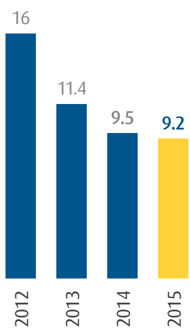
ALS, when measuring safety performance, looks at a number of metrics to provide the most representative picture of the company. To provide a more in depth picture of incidents ALS also records Total Recordable Incident Frequency Rate (TRIFR). TRIFR measures incidents of lesser harm like first aid and medical treatment incidents. Although of lesser severity, all incidents have the potential for harm and are important to record and analyse. While ALS has experienced a slight increase in the TRIFR in 2015 it is pleasing to note the overall trend has delivered a 50% reduction in the rate over the last four years.

Another measure of safety performance is the severity rate. Severity rate is a measure of harm associated with incidents measured by the number of days off divided by the number of incidents. The severity rate has decreased from 9.5 in 2014 to 9.2 in 2015. A closer examination of the lost time injuries reported in 2015 (see below) indicates that nearly half (47%) of the injuries resulted in only one to three days off and over 80% of injuries saw employees return to work within 10 days or less.

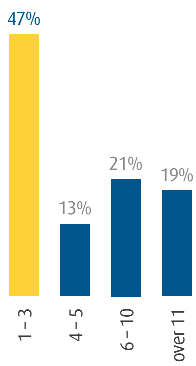
Group LTIFR
as at March 31



Total Recordable Incident Frequency Rate
as at March 31



Severity rate
average days lost per LTI



Lost time injuries
days lost analysis

Safety systems recognised

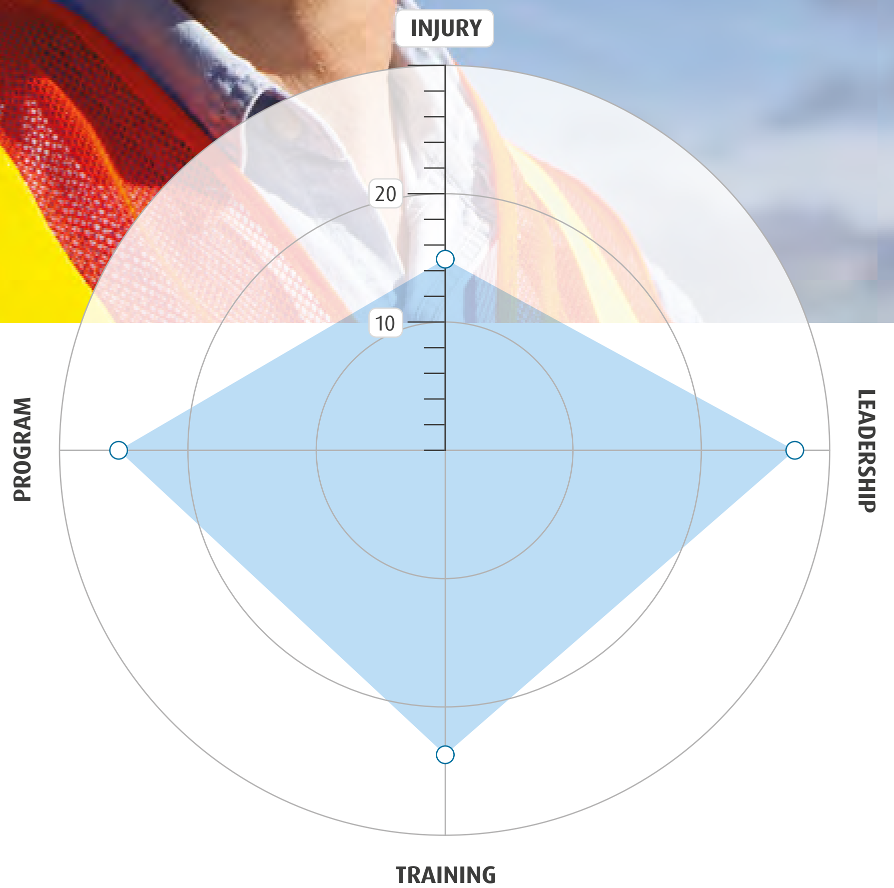
ALS, with its continued focus on building a culture of safety, has developed a number of initiatives which are now being recognised by our customers and third parties. During the year several ALS businesses achieved third party certification to AS4801 and ISO18001 for their safety management systems. It was also rewarding to see ALS efforts being recognised by clients such as ALS Industrial staff in Western Australia recognised by their client ALCOA for their safety record of 2,421 days "injury free".

Positive performance indicators for safety

ALS, through its continuous improvement focus on safety, is persistently challenging its management through the measurement of an extensive set of positive performance safety indicators. These indicators are seen as lead or proactive indicators of safety performance and managers across ALS globally are responsible and held accountable for achieving set targets.

The positive performance indicators cover key elements of what is expected in a progressive safety program, including metrics relating to INJURIES, TRAINING, PROGRAM COMPLIANCE and LEADERSHIP.

The results in 2015 indicate ALS has a strong safety program that is focused on positive indicators.



Injury

Average days lost decreased indicating the severity of incidents was less in 2015.

Leadership

Managers were required to participate personally in site safety inspections. 100% of planned site safety inspections were performed.

Training

100% of managers successfully completed compliance training courses.

Program compliance

Managers across all ALS Divisions exceeded their target close out rates for corrective actions and compliance issues.

People & Performance

2014-15 Projects and Key Achievements

A new leaner, agile ALS

Year of Productivity

Global internal competition to identify better ways of working.

System streamlining

Old tools removed, faster, more efficient tools implemented.

Reinvigorating the ALS Core Values

Refreshing our values in all corners of the ALS globe has led to better staff engagement and alignment.

Gender equity improvements

Gender key performance indicators were positive

Increased proportion of female senior managers.

The proportion of female senior managers at 35% approaches the total population of female employees at 39%.

45% of females now employed at the professional level and being trained for future executive level roles.

Awards

UK Food & Pharmaceutical

Four prestigious awards.

Strategic acquisitions

Diversified Business Streams

Colleagues in our newly acquired businesses are inducted into ALS as we hedge against an uncertain economic environment.

The Year of Productivity

ALS concluded the "Year of Productivity" competition in July 2014. Each quarter a panel of independent judges reviewed entries that proposed an efficiency improvement. Many of the winners' ideas had the ability to be propagated more widely and have since been implemented. Each of our six key global regions had a quarterly winner who received a USD5,000 cash prize. With more than fifty innovation ideas and scores of smaller productivity savings, ALS is a stronger more efficient workplace as a result.

Core Values

With many new staff coming on board from the 2013 and 2014 acquisitions, a program was launched to ensure our new colleagues understand and live the ALS Core Values. Improvements to our Intranet, Online Induction and other local projects ensured strong employee engagement for the program.

Diversity

Diversity related activities continued to be led by the Remuneration Committee during the year and progress was made as follows.

ALS has an established policy of promoting from within supported by an active global learning and development program that prepares for transitions to higher responsibility.

We have low turnover in our senior management and executive teams with many being former senior managers or owners of businesses we have acquired. Our policy of retaining talent obtained through acquisitions will continue but will consequently constrain our ability to change the gender balance of management teams in a short time frame.

We continue therefore, to prioritise recruitment of talented female professionals. Our internal development and succession practices over time, will move capable female professionals into management. Our gender strategy is founded on this principle.

Gender Balance

ALS performance over the 2014-15FY is provided in table 1 below. The slightly lower proportion of female staff at the professional level identifies that the continued focus on female professional recruitment must continue.

Female participation increased at the senior management level again this year but as foreshadowed last year, growth in female executive numbers has been impacted by an influx of male managers in the recent acquisitions.

Female representation at board level dropped back temporarily due to the recruitment of an additional director in February 2015 to provide overlap ahead of two director retirements this year. Following the AGM in July 2015 the proportion will return to the 2014 level of 14.28%.

Table 1:

Female Participation^	2015	2014	2013	2012
Female Directors (female Chairman)	13%	14%	14%	13%
Female Executive Management Employees	21%	24%	22%	24%
Female Senior Management Employees	35%	34%	33%	32%
Professional Women Within The Workforce	45%	50%	49%	43%
Total Female Employees	39%	40%	40%	38%

^As at 1 March each year

Recruitment

Our Recruitment KPI is to increase the percentage of females employed at the professional level to work toward achievement of 50% of our total professional workforce as females. We currently sit at 45% of this category being female.

Work began on our recruitment strategy in 2012-13 FY when foundation work was undertaken to understand the percentages of females employed at professional level. Then during the 2013-14 and 2014-15 financial years the acquisition of degree qualified female employees was systematically measured and the KPI promoted throughout our global businesses.

The results of our work are show below in table 2. Of all new hires, 53% of all new hires were female at the qualified professional level.

Table 2:

New Hires - Professional Category^	2015	2014	2013
Total Males	47%	42%	n/a
Total Females	53%	58%	n/a

^New hires for the period 1 April - 28 February each year

Although we have now achieved this goal and maintained it for a second year, overall we have fallen back slightly on actual gender balance at the professional level as shown in table 1. Thus we will continue with our strategy to employ more female professionals and managers when talented candidates are available.

Leadership Development

ALS' development programs run in all global regions. The executive level program (the "EPC") has been in place for 7 years and its major role has been to develop an internal talent pipeline for senior roles. In the 2014-15 FY the female participation proportion increased slightly, see table 3 below.

With the majority of our senior potential participants having now already completed the program it is being closed in this format shortly. In the new financial year a more tailored development program that seeks to address the learning needs of specific roles and successors will be introduced.

Table 3:

EPC Participants	March 2015 #	March 2015 %	March 2014 #	March 2014 %	March 2013 #	March 2013 %
Female	43	26%	45	24%	53	25%
Male	121	74%	141	76%	163	75%
Total	**164**		**186**		**216**	

^New hires for the period 1 April - 28 February each year

Emerging and mid-level managers are developed via the iLEAD Program which is a global program that develops management and leadership competency. Tailored for ALS and developed in house, iLEAD is hosted virtually and online. It is a cost effective mechanism to develop large groups of high potential staff.

We achieved our 2014-15 FY goal to entrench iLEAD within the company with a view to increasing female participation in leadership development. Our first groups graduated in March and the ratio of male to female participants remained stable despite last year's acquisitions being predominantly from male dominated industries.

Table 4:

iLEAD Participants	March 2015 #	March 2015 %	March 2014 #	March 2014 %	March 2013 #	March 2013 %
Female	158	48%	242	48%	112	53%
Male	168	52%	263	52%	100	47%
Total	**326**		**505**		**212**	

 # The statistics include BLP and iLEAD participants.

Pay Equity

Our 2014-15 FY goal was to continue annual factual verification of remuneration equity for male/female peers across all global jurisdictions.

Annually, remuneration processes have sought to communicate the importance of gender pay equity as an integral aspect of our annual remuneration review process. Other than some inherited remuneration policies within acquired companies that are not yet fully harmonized to ALS and a very few outliers, we believe that ALS pay practices do not discriminate based on gender.

Monitoring for gender pay inequities, to ensure that equal pay is provided for equal work at the same level of contribution and experience across all ALS Divisions will continue to be a strong focus in the 2015-16FY.

Policy & Reporting

In early 2015 the Remuneration Committee conducted an extensive review of 14 of the ASX50 Companies' Diversity Programs. Following this review ALS believes that the right strategy, policies and key performance indicators are in place to generate progress. We will continue to monitor our performance annually and make adjustments as necessary.

ALS' Diversity Policy, implemented in 2011 is available on the Corporate Governance section of our website as is our Workplace Gender Equity Report for 2014-15.

Systems

ALS reinforced its commitment to learning and the consequential productivity and quality improvements downstream, by upgrading to a new global learning management system. "ALStar" was launched in September 2014 using SABA technology. Importantly, the majority of our staff can now access our learning products in their own language using SABA's multi-lingual platform. The ability to escalate learning across our global communities can now grow exponentially.

Awards

Food & Pharmaceutical, United Kingdom

Fenland Enterprise Business Awards – October 2014

– Green Award

– Medium Business of the Year Award

– Business of the Year Award

Society of Food Hygiene & Technology – November 2014

– Company of the Year

Strategic Acquisitions

During the year we welcomed new team members from Ellington & Associates Inc and DSI Thru Tubing to our Oil & Gas division in the USA.

The ALS strategy to diversify our businesses to lessen our exposure to cyclical markets continued with the acquisition of Kingmoor Technical Services (Food & Pharmaceutical, UK), Tonnie Labs (Environmental, Romania), Controlvet (Food, Portugal, Spain and Poland) and Hunter Water's Laboratory Services (Environmental, Australia).

We said farewell to our colleagues at Reward Distribution (Australia) when the business was sold to French group, E.CF.

Financial & Operating Overview

Profit result FY2015

ALS produced an underlying net profit after tax (attributable to equity holders of the Company, and excluding impairment charges, amortisation of acquired intangibles, restructuring and related costs and acquisition costs) of $135.4 million for the year ended 31 March 2015.

The result was 21% lower than the $171.9 million underlying profit of the previous year, delivered in very challenging global market conditions.

Revenue from continuing operations increased from $1,384 million in FY2014 to $1,422 million in FY2015.

The FY2015 statutory result was a net loss after tax (including impairment charges, amortisation of acquired intangibles, restructuring and related costs and acquisition costs) attributable to equity holders of the Company of $174.5 million compared to a net profit after tax of $154.4 million recorded in FY2014. The statutory loss was due to non-cash impairment charges of $290.6 million after tax primarily against the Company's oil and gas investments.

The Group's financial performance for the year to 31 March 2015 is summarised as follows:

	FY2015 Statutory	Significant differences (1)	**FY2015 Underlying**	FY2014 Underlying	Change in Underlying
Revenue ($m)	**1,492.7**	-	**1,492.7**	1,503.4	-0.7%
EBITDA ($m)	**300.2**	(6.8)	**307.0**	339.0	-9.4%
Less: Impairments ($m)	**(292.1)**	(292.1)	**-**	-	-
Less: Depreciation & Amortisation ($m)	**(95.8)**	(12.1)	**(83.7)**	(76.2)	+9.8%
EBIT ($m)	**(87.7)**	(311.0)	**223.3**	262.8	-15.0%
Less: Finance costs ($m)	**(33.1)**	-	**(33.1)**	(26.8)	+23.5%
Less: Tax expense ($m)	**(51.9)**	1.1	**(53.0)**	(61.9)	-14.4%
Less: Minority interests ($m)	**(1.8)**	-	**(1.8)**	(2.2)	-18.2%
Net profit/(loss) after tax ($m)	**(174.5)**	(309.9)	**135.4**	171.9	-21.2%
Basic earnings per share (cents)	**(43.4)**	-	**33.7**	45.4	-25.8%
Dividends per share (cents)	**21.0**	-	**21.0**	39.0	-46.2%

(1) Acquisition costs, restructuring and other related costs, amortisation of intangibles, divestments and impairments.

Dividend

Directors have declared a final partly franked (25%) dividend for the year of 10 cents per share (2014: 20 cents, 50% franked) to be paid on 1 July 2015. This brings the total partly franked (average of 17.1%) dividend for the year to 21 cents per share (2014: 39 cents, 50% franked).

The Record Date for entitlement to the dividend will be 11 June 2015. The Company's dividend reinvestment plan (DRP) will operate for the final 2015 dividend at no discount to market price. The DRP shares issue price is to be calculated based on the volume weighted average price of ALQ shares sold over the 5 trading days following the last DRP Election Date. The last date to sign up for the DRP is close of business on 12 June 2015 (Election Date). The dividend will include conduit foreign income of 7.5 cents per share.

The shares to be issued to DRP participants will be acquired on-market. Therefore there will be no dilutive effect to existing shareholders, recognising that in recent years the DRP has been funded from new share allotments.

Overview of FY2015 Performance

The result represented a solid outcome in current market conditions and demonstrates that the Group's focus on its cost base, maximizing market share, and continuing to execute its long-term strategies of market sector and geographical diversification is working.

Markets for our services remain challenging in an environment of falling commodity prices and a strong cost focus from most clients.

Divisional results overview

The operating profit in both the Life Sciences and Industrial Divisions showed some improvement over last year, whilst the more cyclical, resource exposed Minerals and Energy Divisions saw EBIT deteriorate in line with market movements.

Geochemical and Metallurgy sample volumes in ALS Minerals declined during the year with North and South America the most affected.

While ALS Life Sciences and ALS Industrial achieved small organic revenue gains during the year ALS Energy's revenue growth reflected the first full 12 months' contribution from the Oil and Gas business.

Contribution margins remained under pressure from competition across all business streams but the impact of this was buffered by the Group's focus on managing costs to suit market conditions.

Market conditions are unlikely to change in the short-term and management remains focused on ensuring our operating model and strategies are aligned to market conditions.

The Group's underlying financial performance by division for the year to 31 March 2015 is summarised as follows:

Financial Results	**Revenue**			**Underlying EBIT**		
In millions of AUD	**FY15**	FY14	+ / -	**FY15**	FY14	+ / -
ALS Minerals	**367.4**	425.9	-13.7%	**73.4**	102.1	-28.1%
ALS Life Sciences	**557.4**	527.3	+5.7%	**98.1**	94.4	+3.9%
ALS Energy	**307.4**	247.9	+24.0%	**36.9**	53.5	-31.0%
ALS Industrial	**190.0**	182.9	+3.9%	**28.3**	26.4	+7.2%
Reward Distribution*	**70.5**	119.4	n/a	**1.3**	2.7	n/a
Total segments	**1,492.7**	1,503.4	-0.7%	**238.0**	279.1	-14.7%

*The Reward Distribution business was divested in October 2014.

For further information on each division's performance, refer to the Divisional reviews on pages 15-23 in the Annual Report.

Financial position

The major change in the Group's financial position during the year (refer summarised balance sheet below) was the result of non-cash impairment charges of $290.6 million after tax being taken against the carrying value of oil and gas and other investments. The carrying value of intangible assets fell by a net $162.3 million after accounting for this impairment and increases due to foreign exchange movements of $108.6 million.

Total equity reduced by a net $191.0 million. This was primarily due to the impairment referred to above and the payment of dividends of $123.3 million during the year, offset by $72.6 million of ordinary share capital being raised from shareholders via the Group's dividend reinvestment plan, including $27.2 million in December 2014 through an underwriting of the interim dividend reinvestment shortfall.

The Group remains committed to its strategy of maintaining a strong balance sheet throughout economic cycles as evidenced by the gearing (38.3%; 2014: 33.9%) and leverage (2.5 times; 2014: 2.2 times) measures note below.

	Consolidated	
In millions of AUD	2015	2014
Total working capital	272.7	279.1
Net debt	(762.2)	(721.5)
Total equity	1,228.4	1,419.4
Gearing: Net debt to Net debt + Equity	38.3%	33.9%
Leverage: Net debt to EBITDA*	2.5	2.2

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

Cashflow

In a year of reduced profitability the Group's operating cashflow was characterised by a strong conversion of earnings into cash with working capital being closely monitored and managed. The FY2015 ratio of cash from operations (before interest and tax) to EBITDA* was 101.7% (105.8% in FY2014). EBITDA* interest cover was a strong 9.1 times (2014: 12.2 times).

While capital expenditure activity drove investing outflows during FY2015 the strong operating cash inflows enabled net borrowing repayments of $57 million to be made.

	Consolidated	
In millions of AUD	2015	2014
Net cash from operating activities	215.2	233.9
Net cash from investing activities	(83.0)	(548.2)
Net cash from financing activities	(110.3)	330.8
Cash and cash equivalents at 31 March	163.0	136.2
Cash conversion: Cash from operations to EBITDA*	101.7%	105.8%
Interest cover: EBITDA* to Net finance expense	9.1	12.2

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

Debt profile

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

In millions of AUD **Source**	Maturity	Drawn	Facility Limit
Bank facilities	Oct 2017	68.9	314.8
US Private Placement Market	Dec 2017	40.8	40.8
US Private Placement Market	Jul 2019	282.0	282.0
US Private Placement Market	Dec 2020	295.4	295.4
US Private Placement Market	Jul 2022	249.2	249.2
		936.3	**1,182.2**

In October 2014, the Group entered into three-year, multi-currency debt facility agreements with five Australian and international banks amounting to USD240 million (AUD315 million). These facilities replace the previous bank debt arrangements which were due to mature in November 2014.

Acquisitions and Divestments during FY2015

During the year the Group expanded and diversified its technical service capabilities through acquisitions in the following industry sectors and geographies:

¬ technical services and equipment to the oil & gas industry in the USA and Canada;

¬ food testing in the United Kingdom; and

¬ water analysis in Australia.

The Group sold the Reward Distribution hospitality supplies segment in October 2014. The transaction represented the divestment of the only remaining business operating outside the Group's core testing and inspection services.

Outlook for FY2016

The Group is committed to maintaining the strong and sustainable growth strategies which have made it a successful global company.

Despite the impairment to the Company's oil and gas investments taken in FY2015, the upstream oil and gas markets remain very attractive to ALS and we are confident of achieving our long-term goals in the sector. The Group will continue to implement its oil and gas strategies including the opening of a large new laboratory in Houston, Texas in the second half of FY2016.

The Life Sciences division has plans to acquire small food testing businesses in Europe and North America to complement the acquisitions made during FY2015.

The Industrial division is engaged in several significant tenders to secure increased market share, while the Minerals division expects to gain ongoing market share through technology leadership, quality and innovative service delivery.

Minerals

The ALS Minerals Division operates Geochemistry, Metallurgy, Mine Site and Inspection services, providing full service coverage across the mine cycle.

	Revenue $M	Underlying Segment Contribution $M	Underlying Margin %
2014	426	102	24.0%
2015	367	73	20.0%
	14% ↓	28% ↓	400bps ↓

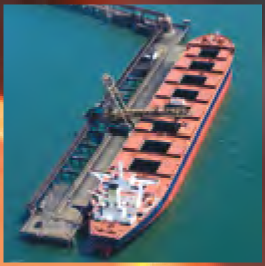
bps = basis points

Overview of FY2015

Market conditions were expected to stabilize in FY2015. However, underpinned by declining commodity prices and scarcity of new capital, conditions deteriorated through the first half of the year before stabilizing in the third quarter. Since January 2015 market conditions have remained stable.

Despite the deteriorating market conditions throughout the year, the Minerals Division increased revenue for each subsequent quarter of FY2015 prior to the traditional slowdown in Q4. The focus on Cost Base Management, Service Optimization and Strategic Business Development has provided a robust foundation from which the Division can generate sector leading margins even in the toughest of market conditions.

Total cost base for the Division was reduced in FY2015 - the third consecutive year - and was sustained as revenues increased from Q1 through to Q3. Only a marginal decline in staff numbers was realized in FY2015 after a 30 percent reduction in FY2014. Staff productivity, in terms of revenue processed per full time equivalent, reached levels in Q3 not realized since the peak activity levels of FY2012.



Performance/Developments during FY2015

Geochemistry

The business environment continued to be challenging with global aggregate sample volumes down 20% pcp after declining 34% in the previous year. The year on year deficit decreased as the year progressed, reverting to slightly higher sample flow in Q4 pcp.

Market contraction increased competitive forces and pricing pressure in all regions; especially for mine related work.

Cost controls were aggressively pursued to ensure that the cost base closely matched sample volumes. The group managed to control costs exceptionally well in the face of declining revenues.

Cost base management softened the impact of pricing pressure and resulted in superior year on year margins in Q3 and Q4.

Effective marketing strategies – both long and short term – coupled with careful adjustments to price points and a consistent emphasis on innovation and quality of service, allowed incremental growth in global market share. Market penetration strategies remain effective.

The continued pursuit of new technology reinforced the technical leadership position occupied by the Group. New method developments pushed lower limits of detection for multi-element geochemical methods. New hyperspectral mineralogical and data integration capabilities were launched and made available via WebTrieve™.

Metallurgy

The focus on cost base management in established businesses in Australia and Canada provided a platform for improving margins in the second half.

Staff rationalization was carefully monitored to ensure the highly regarded and differentiating technical expertise of the Group was not compromised.

Coarse Flotation/Mineral Sorting technologies were added to the technical services offered by the North American business, as well as further development of management depth, expertise and capabilities in the Santiago startup operation.

There was an expansion of the pilot facilities at the Perth Iron Ore Technical Centre (IOTC) including large scale jig, magnetic separation and sample separation equipment, along with continued growth in hydrometallurgy expertise.

High Pressure Acid Leaching (HPAL) plant recommenced commissioning after scheduled project mothballing, with comminution capability being increased via the installation of new grinding technology including DRA Mill, Metso Jar Mill and Starkey Mill in Perth and Santiago.



Mine Site

Proactively targeting mine site projects has been firmly entrenched in the strategic business development process for all operating regions.

An on-line shared Mine Site intelligence portal was developed and commissioned to facilitate inter-regional communication; and opportunity identification, pursuit and realization.

Mine Site wins were realized in most regions: New Liberty (Africa), Cobre Las Cruces and Pustynnoye (Europe) Baffinland (North America), Las Bambas (Latin America), and Twin Bonanza (Australia).

A pipeline of project opportunities continued to grow throughout FY2015.

Inspection

The Inspection Group built upon the positive momentum created in the previous year. The business remains firmly focused upon a culture of cost control, and completed a number of cost reduction initiatives started in the previous financial year.

FY2015 was characterized by quarter on quarter improvement in performance with H2 being considerably stronger than H1 and Q4 being significantly stronger than any other quarter of the year.

Consistent revenue and EBIT growth during FY2015 underpinned margin improvement. In spite of competitive market conditions the business realized year on year growth in terms of revenue, EBIT and margin.

Improved and robust margins prevailed across the majority of regions – a direct result of disciplined cost base management initiatives and strategic business development activity. Revenue growth was driven by a commitment to a targeted approach to business development activities in all geographies.

Capital investment (equipment, instrumentation and facility build out) at the UK hub laboratory together with increased headcount and optimized shift patterns across the business were necessary to keep pace with business volumes.

With rationalization and position realignment complete, both the Belgian and Dutch businesses are far better placed than any time over the past six years.

A highly experienced and motivated operational team has been assembled within the Chinese business - the largest global market for mineral inspection services. The business grew in line with budget expectations and is trading profitably. Growth in revenue and work orders has resulted in a direct increase in headcount and geographic footprint.

The Sub Saharan African businesses delivered an above budget result in FY2015. Reduced business levels at some larger more established operations was offset by new operations and additional service points.

Outlook for FY2016

The Minerals Division will maintain focus on Cost Base, Service Optimization and Business Development in FY2016. A formalized program of 'bottom up' driven productivity improvement has been launched, with formal technical training to client-facing staff to continue, along with a structured and disciplined approach to targeted strategic business development. Market Share Growth remains a primary goal.

The Division has a proven capability of delivering superior margins regardless of market conditions and will maintain this discipline in a year anticipated to deliver market stability and potential for increased sample numbers as a result of market share growth.

Geochemistry

Sector spend on exploration is expected to stabilize in FY2016 for the first time in three years. Full year workflow volumes are expected to be stable.

Competition for work is expected to remain intense; maintaining price pressure in an environment where clients are seeking to reduce their costs.

Cost base efforts that provided an excellent buffer in FY2015 are expected to offset price erosion that may be experienced throughout the year.

Market share growth is expected to continue in FY2016 as a result of continued strategic business development promoting new geochemical techniques as well as the unique technical offerings that have been developed over the past several years. Recognition as a leader in technical innovation has always been important in ALS maintaining its position as a preferred partner for exploration and mining companies.

Metallurgy

The decline in market activity over recent years is expected to stabilize through FY2016, with the work force to be further restructured to provide greater flexibility between departments – retaining expertise, but also optimizing resource allocation.

Further expansion of capabilities and capacity is planned in Santiago to meet demand; including additional column leach equipment and HPGR capabilities.

CleanTeQ Resin-in-Pulp pilot technology will be installed in Perth, building on the very strong bid win rate for these high value projects in Q4 FY15.

With further strengthening of the management and technical team in Santiago, the business will continue to focus on medium and long term business development opportunities.

Optimization of cost base will continue, specifically targeting leased properties, site consolidations and supplier rationalization.

Mine Site

The momentum established in FY2015 in opportunity identification, bid processing, and project commissioning and execution will be maintained across all regions.

The unmatched ALS geographical footprint and contact network will be leveraged to identify opportunities well in advance of formal tendering, establish local relationships and deliver cost effective and tailored solutions to mine operators. The ALS model of global connectivity and visibility, contingency, and quality deliverables will remain at the fore front on the Mine Site Service offering.

Inspection

Building on the platform established in FY2015, further revenue and EBIT growth is expected in FY2016 across all operating regions.

The focus on cost base management and emphasis on strategic business development activity, geographic expansion and operational standardization will continue into FY2016.

Geographic expansion will be pursued, by either acquisition, organic growth or leveraging the existing ALS footprint.

Greater attention will be directed to developing regions of the world which demonstrate economic strength and trade activity (e.g. Asia and South America). The China based business will receive further investment and resources to enable network expansion into southern and central China.

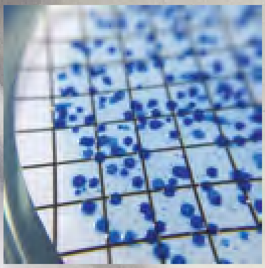
Life Sciences

Provides analytical testing services, sampling services, and remote monitoring for environmental, food, pharmaceutical, and consumer product markets.

The division employs over 5,000 staff and has a worldwide footprint with over 130 laboratories, offices, and service centres.

	Revenue $M	Underlying Segment Contribution $M	Underlying Margin %
2014	527	94	17.9%
2015	557	98	17.6%
	6% ↑	4% ↑	30 bps ↓

bps = basis points



Overview of FY2015

The division continued to grow during FY2015, benefitting from key investments made in entering new geographies and strengthening its leadership position in existing markets. A strong strategic growth focus (both acquired and organic) continues to be placed on the food, pharmaceutical, and consumer products components of ALS Life Sciences. Key building blocks to accommodate these newer businesses are in place ready for future growth.

Performance/Developments during FY2015

The division's focus on client retention and business development were the key drivers of increased revenue and contribution. Underlying EBIT margin fell slightly to 17.6% in a challenging economic climate; a good result in the face of aggressive price competition.

While markets for services remained relatively subdued in Australia and Canada, **ALS Environmental** took advantage of organic growth opportunities in other regions with the South American and European businesses being successful in winning important contracts. A strong emphasis on cost control and market share was maintained globally throughout FY2015.

ALS Food & Pharmaceutical business delivered strong growth in revenue and earnings particularly in the UK reflecting a focus on developing brand recognition to grow market share.

The general economic environment continues to be very price-sensitive requiring the business to make the cost adjustments necessary to continue its growth in existing markets. The business remains focused on service delivery and performance (turnaround time and quality).

Upgraded and new environmental facilities recently established in Brazil, Chile, Peru, China and Indonesia will provide additional capacity for new project work. Development of ALS's global food and pharmaceutical testing business continues with the completion of new laboratories in England and Denmark together with implementation of its laboratory information management system.

In April 2015 the Group completed the acquisition of ControlVet which is the premier full service food testing laboratory in Portugal and has a presence in Spain and Poland.

Achievements

- New 27,000 square foot facility established in Burlington (Canada), commenced January 2015.
- Contract wins in the UK Water Utilisation business.
- The Hunter Water Laboratory business in Australia was successfully acquired in December 2014.
- Several strategic industry contracts were won in the Environmental market in Australia.
- Revenue and EBIT growth in the SE Asian business units and market share growth in the China Environmental sector.
- The Environmental business in Peru was awarded the two largest remediation projects in the region.

Outlook for FY2016

The division has plans to acquire small food testing businesses in Europe and North America to complement the acquisitions made during FY2015.

Energy

ALS Energy covers exploration, resource characterisation, production enhancement, quality management and trade-related services across the major energy industries. With two business units servicing the sector, Coal and Oil & Gas, the division has a truly global footprint with operations in 60 countries.

	Revenue $M	Underlying Segment Contribution $M	Underlying Margin %
2014	248	54	21.6%
2015	307	37	12.0%
	24% ↑	31% ↓	960 bps ↓

bps = basis points

Overview of FY2015

The Energy Division suffered significantly in its financial performance during the year with the Oil & Gas business struggling with the rapid decline of the North American market.

Revenue in ALS Energy was 24% ahead of the previous year primarily because it was the first full year for the Oil & Gas business (8 months in FY2014). However, EBIT contribution fell due to lower volumes and tighter pricing in both the Coal and Oil & Gas business streams.

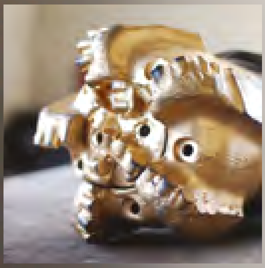
Coring, Specialist Well Services, Laboratories and Surface Logging all suffered from declining revenues.

North America came under severe pressure from the rapidly declining oil rig count, the very poor Canadian freeze and a relentless push by clients for service price cuts.

With the rapid slump in both oil and coal prices over the year, there was a reduction in workforce and restructuring costs to right-size all service streams over the year.

The Coal business managed to protect its EBIT margin despite both prevailing price pressures and underperforming non-Australian operations.

Capital expenditure was reduced in keeping with the fall off in activity in the oil and gas sector, with some additional capital to be required to support broadening the scope of services provided, to meet service commitments in the Gulf of Mexico and to fulfil the Oil & Gas Laboratory strategy.



Performance/Developments during FY2015

Oil & Gas

The oil and gas sector experienced a marked decline during FY2015 with oil prices falling 50% over the course of the year including a drop of more than 40% from September 2014 to March 2015.

The ALS Oil & Gas business stream suffered from the sharp decline in oil prices and activity during the second half of the year despite winning some significant contracts. The North American region was the worst affected and the business is focusing its development efforts on the Middle East, Africa and Europe. Oil prices are expected to remain flat during the coming year.

A series of restructuring and refocusing initiatives were undertaken during the year.

¬ The Oil & Gas Management team were consolidated in Houston (USA), which was completed September 2014.

¬ The business was restructured in line with the rapidly declining market:

  – Headcount reduction from peak by 25%;

  – Reduced Administration expenses by 43%;

  – Closed the Aberdeen (Scotland) head office and rationalised administration of corporate offices in Dubai and Houston.

¬ Secured a new building in Houston to house the Oil & Gas Reservoir Laboratories and Surface Logging businesses, which are to be referred to as Reservoir Characterisation service stream.

¬ Opened a new remote control centre for Surface Logging in Houston.

The opportunity was also taken to restructure the Oil & Gas business to better align the business streams from the client's service expectation. The service streams were redefined under three pillars:

¬ Drilling Services

¬ Reservoir Characterisation

¬ Production Enhancement

The restructure will provide a natural service extension between the ALS Oil & Gas businesses, providing the client with either enhanced access to or knowledge around the reservoir.

By grouping these services around three pillars it will facilitate a more holistic and potentially integrated service to the client that will provide additional sales opportunities for ALS and leverage. Cross-training of staff will be encouraged to enhance utilisation and productivity and minimise the number of staff at well sites; thus reducing client costs.

Achievements

¬ Significant inroads in the Gulf of Mexico deepwater markets. Coring, Drilling Services, Surface Logging & Reservoir Laboratories all expanded their footprint in this market segment.

¬ Secured a further 2 year extension of major coring services contract in Brazil whilst at the same time being technically qualified to provide Cedar Turbines to same client.

¬ Thru-tubing Services (ALS Wellvention) successfully entered the Mexican market and added 2 new locations in USA.

¬ Strategic contract win for Cedar Turbines in Africa – which represents a new market for the drilling tools division.

¬ Significant restructuring in response to rapidly changing market conditions, soundly positioning ALS at the lower end of the cost curve.

¬ Commercialised the new Wellsite Geochemistry business in Surface Logging and were able to gain significant market share through this new service line.

¬ Successfully integrated 4 new acquisitions into the Oil & Gas services portfolio.

¬ Extended fiber optic service offering to pipeline monitoring – enhanced security & integrity.

Coal

While the Australian Coal services operations managed to exceed internal EBIT expectations, falling demand in other regions led to a 51% reduction in ALS Coal's contribution compared with the previous year.

Achievements

¬ Grew market share by an estimated 10% in Australia, bringing total Australian market share to 60%.

¬ The global roll out of Coal8, the Coal Services' new laboratory information management system (LIMS), was completed with implementation in South Africa and Mongolia.

¬ Secured a major contract for Shipment Inspection service resulting in the Mackay laboratory increasing market share from 16% to >60%.

¬ Expanded services in the emerging Gunnedah basin area in NSW (Australia).

¬ Retained the position of market leader in Australia for all four service lines - Coal Technology, Exploration, Production and Shipping Services with Shipping and Production experiencing market share growth.

Outlook for FY2016

Upstream oil and gas markets remain very attractive to ALS and we are confident of achieving our long-term goals in the sector.

The initiatives undertaken in FY2015, together with the opening of a new oil and gas laboratory in Houston in the second half of FY2016, will position the business strongly to take advantage of the expected medium-term recovery in oil and gas markets.

In the absence of any significant supply disruption or demand uptick, the market for coal services is expected to be affected by the continued austerity of producers in FY2016.

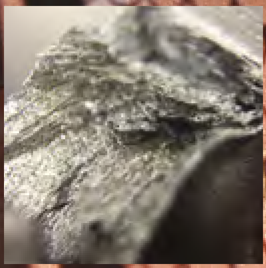
Industrial

Provider of diagnostic testing and engineering solutions for the energy, resources, petrochemical, transportation and infrastructure sectors.

Operates through two main business streams: Asset Care and Tribology.

	Revenue $M	Underlying Segment Contribution $M	Underlying Margin %
2014	183	26	14.4%
2015	190	28	14.9%
	4% ↑	7% ↑	50 bps ↑

bps = basis points



Overview of FY2015

The Industrial Division delivered revenue of $190m in the fiscal year. The Tribology business demonstrated year on year growth in all regions and the Oilcheck and Advanced Inspection Technologies (AIT) businesses acquired in October 2013 both performed in line with expectations.

Divisional EBIT contribution was $28.3m representing 7% growth year on year. Margins significantly improved in the Tribology business while Asset Care margins fell.

Asset Care

With 95% of revenue generated in Australia, the Asset Care business experienced a challenging year due to further weakening of the Australian energy and resources sector. The mining, power and oil & gas sectors further increased the focus on cost management and cost deferral. Pressure on maintenance contract and project pricing continued to intensify with detrimental impact to both revenue and margins.

Throughout the year, softening in the welding and fabrication markets continued due to ongoing reduction in capital programs in the energy and resources sector. Negative performance was somewhat offset by two large asset integrity projects resulting from significant plant failures in the mining sector and a major oil & gas refinery outage that occurred in May 2014.

Like the previous year, the liquefied natural gas (LNG) construction projects at Curtis Island, Queensland were the largest driver of revenue growth. Targeted project margins were achieved. ALS was awarded a significant contract associated with the Wheatstone project that commenced in March 2015. This project will partially offset the reduction in revenue in FY2016 associated with the completion of the Curtis Island projects.

In addition, ALS secured two new long term LNG plant maintenance-related contracts in the year. The APLNG and QCLNG maintenance contracts have commenced and will contribute to FY2016 performance.

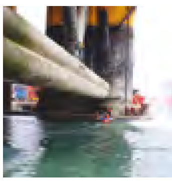
AIT performed in line with expectation with strong growth experienced locally in Houston and via the Australian LNG projects.

ALS acquired the RemLife software from the Australian Nuclear Scientific and Technology Organization (ANSTO). The software enables quick and accurate life assessment analysis of high temperature, high pressure industrial plant components. RemLife positions the business for growth in overseas markets in the coming year.

Following implementation of a centralised work management and reporting system, the business is developing an infield inspection and reporting system that collects, processes, analyzes and stores data electronically offering immediate productivity gains. Client trials are underway in the mining and oil & gas sectors.

Of note, the Asset Care team delivered its third consecutive year without a lost time injury and experienced a decline in the total recordable injury frequency rate for the third consecutive year.





Tribology

The Tribology business delivered revenue and EBIT growth in all three markets – North America, Australia and South America. Mining market share and market size growth underpinned the Australian performance. Increased mine production resulted in an increased requirement for condition monitoring services which was partially offset by pressure on price. The Oilcheck acquisition performed as expected in FY2015, with the increased sample volume and specialised capability contributing to the increased EBIT contribution.

North America growth came from increased revenue from major accounts, specialist testing and an increase in market share. A well-managed capital upgrade program is positively impacting both turnaround time and quality.

Implementation of the new generation global WebTrieve™ and laboratory information management systems (LIMS) are both in progress and are expected to positively impact performance in FY2016.


Outlook for FY2016

Australian market conditions are expected to remain challenging throughout FY2016. The market is expected to contract by as much as 20% as the mega mining and LNG capital projects near completion. Market share growth is the priority focus in the mining and oil & gas maintenance sectors. The division is engaged in several significant tenders that if secured will result in increased market share. Intense pressure on pricing and therefore margins is expected to continue.

In North America, the AIT and Tribology businesses are expected to maintain performance despite the fall in oil price. Both businesses are strongly focused on organic business development and both are well positioned to increase market share.

The Tribology business is South America remains focused on increasing market share and is working to expand its reach to serve global customers with operations in Brazil. While conditions remain tough, modest market share growth is expected.

The division is continuing its search for acquisitions outside Australia that will act as catalysts for the long term growth of the division.

Board of Directors

NEROLIE WITHNALL

BA, LLB, FAICD

Chairman and Independent Non-Executive Director, Age 71

Nerolie Withnall became a non-executive director of the Company in 1994 and was appointed Chairman on 31 July 2012. She is a director of Computershare Limited (appointed July 2008) and was appointed to the Australian Rugby Union board in October 2013.

Nerolie was previously a director of PanAust Limited (May 1996 – May 2015), Alchemia Limited (Oct 2003 – July 2013) and Stadiums Queensland (previously Major Sports Facilities Authority). She is a former member of the Takeovers Panel, the Corporations and Markets Advisory Committee, the Senate of the University of Queensland and the Council of the Australian National Maritime Museum. She is a former partner of Minter Ellison Lawyers. She is Chairman of the Remuneration Committee and is a member of the Audit and Compliance Committee.

GREG KILMISTER

B SC (HONS), FRACI, MAIG, CCEO

Managing Director and Chief Executive Officer, Age 59

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

RAY HILL

FAICD

Independent Non-Executive Director, Age 73

Ray Hill was appointed a non-executive director of the Company in 2003. He retired as Group General Manager/Managing Director of Queensland dairy company Parmalat Australia Ltd (formerly Pauls Limited) in July 2002 after a career spanning thirty years. He retired as a non-executive director from the board of Parmalat Australia Ltd (unlisted public company), effective 7 December 2012. He is a member of the Audit and Compliance Committee.

BRUCE BROWN

B COM, AAUQ, FAICD

Independent Non-Executive Director, Age 70

Bruce Brown was appointed a non-executive director of the Company on 1 October 2005. He retired as Managing Director and Chief Executive of the Company on 31 August 2005 after 30 years service. He is a director of RedFlow Limited (appointed March 2012) and was previously a director of Transpacific Industries Group Ltd (March 2005 – March 2013). He is a member of the Remuneration Committee.

MEL BRIDGES

B APPSC, PHD, FAICD

Independent Non-Executive Director, Age 65

Mel Bridges was appointed a non-executive director of the Company in 2009. He has over 30 years experience in the biotechnology and healthcare industries. During this period, Mel founded and managed successful diagnostics, biotechnology and medical device businesses. He is Chairman of Anatara Life Sciences Limited (appointed October 2014) and a non-executive director of Tissue Therapies Limited (appointed March 2009).

Mel was previously Chairman of Alchemia Limited (September 2003 – July 2013), Genetic Technology Group Limited (January 2012 – November 2012), Leaf Energy Limited (August 2010 - September 2012) and a non-executive director of ImpediMed Limited (September 1999 – November 2013) and Benitec Limited (October 2007-June 2014). He is a member of the Audit and Compliance and Remuneration Committees.

GRANT MURDOCH

M COM (HONS), FAICD, FCA

Independent Non-Executive Director, Age 63

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

Grant is a non-executive director of OzForex Limited (appointed October 2013), Cardno Limited (appointed January 2013), and is a director of Queensland Investment Corporation (QIC) and UQ Holdings Ltd. He is Chairman of the Endeavour Foundation, a senator of the University of Queensland, an Adjunct Professor at the University of Queensland Business School and a member on the Queensland Council of the Australian Institute of Company Directors. He is Chairman of the Audit and Compliance Committee.

JOHN MULCAHY

PHD, BE (CIVIL ENG) (HONS), FIE AUST

Independent Non-Executive Director, Age 65

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

CHARLIE SARTAIN

B ENG (HONS) (MINING), FAUSIMM, FTSE

Independent Non-Executive Director, Age 54

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

Charlie is currently a non-executive director of Austin Engineering Limited (appointed 1 April 2015), Chairman for the Advisory Board of the Sustainable Minerals Institute at the University of Queensland and a member of the UQ Senate. He is also a Board Member of the Wesley St Andrews Research Institute. Previously he was Chairman of the International Copper Association, a Member of the Department of Foreign Affairs and Trade's Council on Australian Latin American Relations and a Director of Xstrata Schweiz Limited. He is a member of the Audit and Compliance Committee.

Group Management

Brian Williams
B SC (AUST ENVIRONMENTAL STUDIES), GRAD DIP MGMT (GEN MGMT), RACI, GAICD

Group General Manager, Minerals Division

Brian is responsible for the strategic management and development of the global ALS Minerals Division. He was previously the Group General Manager, Environmental (Australia and Asia) and Industrial Divisions.

Raj Naran
B SC (CHEMISTRY), B A (MATHEMATICS)

Group General Manager, Life Sciences Division

Raj is responsible for the strategic management of the global Life Sciences Division. He was previously owner of e-Lab Analytical, Inc. group headquartered in Houston, Texas, which was acquired by ALS in October 2007.

Paul McPhee
B ECONOMICS, AIMM

Group General Manager, Energy Division

Paul is responsible for the strategic management of ALS' global Energy Division. He has over 20 years of coal and industry-related experience. Paul was previously CEO of ACIRL prior to ALS' acquisition of the company in October 2007.

Kristen Walsh
MBA, B SC (HONS) (CIVIL AND ENVIRONMENTAL ENGINEERING)

Group General Manager, Industrial Division

Kristen is responsible for the strategic management of the Industrial Division. She was previously Chief Operating Officer of PearlStreet prior to ALS' acquisition of the company in 2009.

Richard Stephens

B COM, CA

Chief Financial Officer

Richard is responsible for the overall financial management of the Group, including treasury and taxation.

Greg Affleck

B BUS (ACCOUNTING), CPA

Group Financial Controller

Greg is responsible for the financial management of ALS's global operations. He has extensive finance experience gained from more than twenty years employment with ALS.

Tim Mullen

B BUS (ACCOUNTING), M COM LAW, FCPA, FCIS, FCLA

Company Secretary

Tim is responsible for corporate governance of the Group, incorporating company secretarial, legal management and investor relations.

Michael Burcham

B SC, GRAD DIP ENV QUAL, GRAD CERT RISK MANAGEMENT, GRAD DIP APPCORPGOV, MRACI, ACIS

Group Compliance and Risk Manager

Michael is responsible for the overall risk management of the Group, encompassing the development and implementation of a global corporate compliance program to meet relevant legislation, industry standards and codes of practice.

Susan Putters

B BUS (STRATEGIC HUMAN RESOURCES MANAGEMENT), MBA (OCCUPATIONAL HEALTH & SAFETY), GAICD

Global Head of Human Resources

Susan is responsible for workforce planning, human resources and remuneration strategy for the Group. Key areas of focus currently include merger integration, process automation, organisational development, acceleration of talent and culture perpetuation.

Mike Munro

MAICD

Chief Information Officer

Mike is responsible for the global IT network, IT security and infrastructure operations of the Group.

Corporate Social Responsibility & Sustainability

ALS is committed to sustainable activities and recognizes the need to plan, manage and review those aspects of the business that may have an impact on the environment. To support this goal all ALS businesses must:

- Comply fully with the Corporate HSE Foundations Standards;
- Ensure emissions to air, land and water are minimized and within legislative requirements;
- Regularly monitor and review procedures to minimize waste;
- Conserve resources through the efficient use of electricity, gas and water; and
- Recycle.

ALS has established programs such as “Operation Sustainability” to proactively monitor and control energy usage and waste, as well as monitoring programs for those businesses that have the potential to generate emissions.

ALS has only a minor impact to environmental sustainability with a comparatively low energy consumption and consequently low carbon emission for our laboratory and testing operations. Notwithstanding this assessment the Company is committed under its Operation Sustainability program to reduce energy consumption and waste. ALS has controls in place to manage any other potential environmental consequences e.g. contamination, and monitors the adequacy of these controls.

Environmental Management Systems

ALS has established a group-wide environmental management system in alignment with ISO 14001 - Environmental Management Systems. The corporate framework allows business divisions to pursue third party accreditation to ISO 14001, which several businesses successfully achieved during 2015.

The Corporate HSE Foundation Standard (13 goals that each business must comply to) sets out a requirement for mandatory education and awareness programs for all staff joining the company. The effectiveness of these initiatives is closely reviewed in a comprehensive monitoring program.

Monitoring programs

ALS operations have developed a number of industry best practice strategies in pollution control and energy conservation. For example;

- Air pollutants are minimized through engineering controls instituted in the form of wet scrubbers or specially designed and patented dust control capture devices. Programs for maintenance and testing of the operational efficiency of pollution control equipment are in place to ensure atmospheric emissions are maintained as low as possible. In addition ALS has established external monitoring programs on all sites where mineral sample preparation occurs.
- Energy conservation and waste minimization take on many forms throughout ALS. Laboratories employ energy saving strategies at various levels and report and share their success with other businesses through the company newsletter, GlobALScene. ALS continues to identify areas of work where waste minimization has been successfully introduced. For example, reduction in the sample volumes required for analytical testing have resulted in smaller container sizes being used by our clients which means less volumes of samples being shipped and transported and subsequent reduced waste.

Reporting against environmental obligations

It is a corporate requirement that each ALS site establishes a process to identify and monitor relevant legislation that impacts its operations. All ALS facilities are expected to meet relevant laws, standards and industry guidelines on environmental protection as a minimum requirement. ALS managers are required to “sign-off” on their operation’s compliance on a regular basis including monthly exception reporting for any environmental events and a six monthly sign off by managers to ensure environmental risks are closely monitored. During the 2015 reporting period, there were no material incidents of environmental harm reported and no prosecutions of any ALS entity in relation to a breach of environmental regulation.

Some of the charities and organisations supported by ALS:

Community involvement

ALS believes strongly in being a positive influence in the community and encourages all its employees across the globe to contribute to their local communities. One example of the way ALS engage with the local community is in science education. ALS prides itself on technical excellence and is conscious that technical excellence is founded on the employment of smart educated employees. Conscious of the perception that science is often seen by students as not having a relevant side, ALS engages at all levels of the local education community to provide opportunities to expose students to science in action within a workplace environment. ALS is involved at all levels of the education system with some laboratories presenting to local schools (Mirfield, UK) or hosting work experience students (Balcatta, Australia) , employing graduates (Prague, Czech Republic) or even successfully hosting PhD students (Lulea, Scandinavia).

ALS businesses around the world have continued their involvement in community and charitable work, with major recipients including neighbourhood cleanup campaigns, children’s charities, community health services, cancer research and other health related charities.

ALS workers in Thunder Bay, Canada bag rubbish in local clean up. In May 2014 staff of the ALS laboratory pitched in again in the local community in a coordinated “clean up the city”.

ALS lends a hand in Balkan Floods. The May 2014 floods in the Balkans left 40 dead and thousands homeless across Serbia and Bosnia. ALS laboratory in Serbia on high ground escaped the flood waters but immediately set about working in the local communities affected and started a fund raising program with the local Red Cross Society.

ALS Peru practice emergency spill containment measures. The Lima laboratory through November and December held workshops to train Emergency brigade members in emergency procedures.

Financial Report

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Directors' report

For the year ended 31 March 2015

The directors present their report together with the financial report of the Group, comprising ALS Limited ("the Company") and its subsidiaries, for the year ended 31 March 2015 and the auditor's report thereon.

Directors

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

NEROLIE WITHNALL BA, LLB, FAICD
Chairman and Independent Non-Executive

GREG KILMISTER B Sc (Hons), FRACI, MAIG, CCEO
Managing Director and Chief Executive Officer

RAY HILL FAICD
Independent Non-Executive Director

BRUCE BROWN B Com, AAUQ, FAICD
Independent Non-Executive Director

MEL BRIDGES B AppSc, PhD, FAICD
Independent Non-Executive Director

GRANT MURDOCH M Com (Hons), FAICD, FCA
Independent Non-Executive Director

JOHN MULCAHY PhD, BE (Civil Eng) (Hons), FIE Aust
Independent Non-Executive Director

CHARLIE SARTAIN B Eng (Hons) (Mining), FAusIMM, FTSE
Independent Non-Executive Director

Full Directors' profiles are set out on pages 24-25 of the Annual Report.

Company Secretary

TIM MULLEN B Bus, M Com Law, FCPA, FCIS, FCLA

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

Principal activities

The principal activities of the Group during the course of the financial year were:

- Provision of professional technical services, primarily in the areas of testing, measurement and inspection, supporting mining and mineral exploration, commodity certification, oil and gas exploration and production, environmental monitoring, equipment maintenance, food and pharmaceutical quality assurance and asset care operations; and
- Distribution of non-food consumables to the healthcare, building services, hospitality and leisure industries. This business segment was sold in October 2014 – refer note 35.

During the year the Group expanded and diversified its technical service capabilities through acquisitions in the following industry sectors and geographies:

- technical services and equipment to the oil & gas industry in the USA and Canada;
- food testing in the United Kingdom; and
- water analysis in Australia.

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

Review of results and operations

Group business summary

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

FY2015 was a year of strategic consolidation for the Group following the major initiative to form the ALS Oil and Gas business stream in the previous year. The move into specialist oil and gas technical services was achieved via the acquisition of Reservoir Group in August 2013 followed by a number of subsequent smaller acquisitions in the sector in both FY2014 and FY2015. These businesses have been integrated within ALS Oil and Gas. This sector has experienced a marked decline over the second half of the financial year with oil prices falling more than 40% between September 2014 and March 2015. The resultant lowering of industry activity levels and forward curve oil price expectations has led to the Group recognising a significant non-cash impairment against the carrying value of its oil and gas investments – refer Financial Performance below.

Despite this impairment the upstream oil and gas markets remain very attractive to ALS and we are confident of achieving our long-term goals in the sector. The Group will continue to implement its oil and gas strategies including the opening of a large new laboratory in Houston, Texas in the second half of FY2016.

Further geographic diversification took place in the ALS Life Sciences division with some small acquisitions in food and environmental testing in Europe and the UK.

The sale of the Reward Distribution hospitality supplies segment in October 2014 represented the divestment of the only remaining business operating outside the Group's core of testing and inspection services.

¬ Review of results and operations ... *continued.*

Financial performance

The Group's financial performance for the year to 31 March 2015 is summarised as follows:

2015 $m	**Continuing operations**	Discontinued operations	**Underlying operating result (1)**	Impairment charges (2)	Acquisition costs	Restructuring & related costs (1)	Amortisation of intangibles	**Statutory result**
Revenue	1,422.2	70.5	**1,492.7**	-	-	-	-	**1,492.7**
EBITDA (3)	305.4	1.6	**307.0**	-	-	(6.8)	-	**300.2**
Impairments (2)	-	-	**-**	(292.1)	-	-	-	**(292.1)**
Depreciation & amortisation	(83.4)	(0.3)	**(83.7)**	-	-	-	(12.1)	**(95.8)**
EBIT (3)	222.0	1.3	**223.3**	(292.1)	-	(6.8)	(12.1)	**(87.7)**
Interest expense	(33.1)	-	**(33.1)**	-	-	-	-	**(33.1)**
Tax expense	(52.6)	(0.4)	**(53.0)**	1.5	-	(0.4)	-	**(51.9)**
	136.3	0.9	**137.2**	(290.6)	-	(7.2)	(12.1)	**(172.7)**
Non-controlling interests	(1.6)	(0.2)	**(1.8)**	-	-	-	-	**(1.8)**
Net profit / (loss) after tax	134.7	0.7	**135.4**	(290.6)	-	(7.2)	(12.1)	**(174.5)**
Basic EPS (cents)			**33.7**					**(43.4)**
Diluted EPS (cents)			**33.6**					**(43.4)**

2014 $m	**Continuing operations**	Discontinued operations	**Underlying operating result (1)**	Divestment losses	Acquisition costs	Restructuring & related costs (1)	Amortisation of intangibles	**Statutory result**
Revenue	1,384.0	119.4	**1,503.4**	-	-	-	-	**1,503.4**
EBITDA (3)	335.7	3.3	**339.0**	(1.9)	(2.3)	(9.1)	-	**325.7**
Depreciation & amortisation	(75.6)	(0.6)	**(76.2)**	-	-	-	(7.0)	**(83.2)**
EBIT (3)	260.1	2.7	**262.8**	(1.9)	(2.3)	(9.1)	(7.0)	**242.5**
Interest expense	(26.8)	-	**(26.8)**	-	-	-	-	**(26.8)**
Tax expense	(61.1)	(0.8)	**(61.9)**	0.2	0.1	2.5	-	**(59.1)**
	172.2	1.9	**174.1**	(1.7)	(2.2)	(6.6)	(7.0)	**156.6**
Non-controlling interests	(1.9)	(0.3)	**(2.2)**	-	-	-	-	**(2.2)**
Net profit / (loss) after tax	170.3	1.6	**171.9**	(1.7)	(2.2)	(6.6)	(7.0)	**154.4**
Basic EPS (cents)	45.3		**45.4**					**40.7**
Diluted EPS (cents)	45.3		**45.3**					**40.7**

1. The terms Underlying Result and Restructuring & Related Costs are non-IFRS disclosures. They have been presented to assist in the assessment of the relative performance of the Group from period to period. The calculations thereof are based on non-IFRS information and are unaudited.

2. Impairment charges include divestment loss in FY2015 and relate to both continuing and discontinued operations (refer notes 6vi, 20, 21 & 35).

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

¬ Review of results and operations ... *continued.*

¬ Financial performance ... *continued.*

The Group achieved underlying net profit after tax (attributable to equity holders of the Company, and excluding impairment charges, amortisation of acquired intangibles, restructuring and related costs and acquisition costs) of $135.4 million for the year. The result was 21% lower than the $171.9 million underlying profit of the previous year and was delivered in very challenging global market conditions. Revenue of $1,492.7 million was down only 1% on the $1,503.4 million recorded in FY2014 but the contractions experienced in global mineral and energy markets resulted in a lower overall profit margin.

The result represented a solid outcome in current market conditions and demonstrates that the Group's focus on its cost base, maximizing market share, and continuing to execute its long-term strategies of market sector and geographical diversification is working. Markets for our services remain challenging in an environment of falling commodity prices and a strong cost focus from most clients.

The FY2015 statutory result was a net loss after tax attributable to equity holders of the Company (including impairment charges, amortisation of acquired intangibles, restructuring and related costs and acquisition costs) of $174.5 million compared with the net profit after tax of $154.4 million recorded in FY2014. The statutory loss was primarily due to non-cash impairment charges of $290.6 million after tax (refer note 6 vi). A detailed summary of results is set out on page 32.

Directors have declared a final partly franked (25%) dividend for the year of 10 cents per share (2014: 20 cents, 50% franked). Together with the interim dividend of 11 cents per share (10% franked) the total partly franked dividend for the year will be 21 cents per share (2014: 39 cents 50% franked). The Company's dividend reinvestment plan will operate for the final 2015 dividend at no discount to market price.

Geochemical and Metallurgy sample volumes in ALS Minerals declined during the year with North and South America the most affected. While ALS Life Sciences and ALS Industrial achieved small organic revenue gains during FY2015 ALS Energy's revenue growth reflected the first full 12 months' contribution from the Oil and Gas business. Contribution margins remained under pressure from competition across all business streams but the impact of this was buffered by the Group's focus on managing costs to suit market conditions. Refer divisional reviews below for more detail.

Divisional reviews

ALS Minerals

ALS Minerals is the leading full-service provider of testing services for the global mining industry in four key service areas - Geochemistry, Metallurgy, Mine Site Services and Inspection – with an extensive client base of explorers, miners and traders. Its services cover the entire resource life-cycle from exploration, feasibility, production, design, development through to trade, and finally rehabilitation. The division's strategy is to ensure all its business streams are equipped with the technical expertise and operational capacity required to service its clients throughout market cycles. In particular ALS Minerals is working hard to grow organically in the Mine Site and Inspection service sectors by delivering quality, innovation and value to new and existing clients.

ALS Minerals – Financial performance	2015 $M	2014 $M	Variance
Revenue	367.4	425.9	(13.7%)
Segment contribution	72.0	99.1	
Restructuring and related costs	1.4	3.0	
Underlying segment contribution	73.4	102.1	(28.1%)
Margin (underlying segment contribution to revenue)	20.0%	24.0%	
Underlying segment EBITDA	96.5	126.1	(23.5%)

Global mining services markets remained under significant pressure during FY2015 as commodity prices and exploration sector investment declined. In this environment and despite small gains in market share ALS Minerals experienced a 14% fall in revenue during the year. The Division continued to respond through a three-pronged approach of cost base management, service optimisation and strategic business development, delivering sound profit margins. The deterioration in market conditions appears to have slowed to the extent that we expect a stable environment during FY2016.

The fall in demand for services led to increased competitive forces and pricing pressure in all regions for the Geochemistry business stream. Cost flexibility provided by the business's hub and spoke model ensured that its cost base continued to move in line with declining volumes and revenues. Effective short and long term marketing strategies and a consistent emphasis on service quality led to an incremental growth in global market share. And the continued pursuit of new technology reinforced the technical leadership position occupied by ALS Geochemistry.

Weak demand also impacted ALS Metallurgy in FY2015 across both of its major regions – Australia and North America – with revenue declining 24% from the previous year. The resulting focus on cost base management produced improving margins towards the end of the financial year, though any staff rationalisation was carefully monitored to ensure the highly regarded and differentiating technical expertise of the business was not compromised. Coarse Flotation and Mineral Sorting technologies were added to the suite of technical services offered by the North American business, together with further development of management depth, expertise and capabilities in the Santiago start-up operation.

Demand for the services provided by ALS Inspection to the downstream metal trading sector has been less affected by softer commodity prices than the upstream exploration and development phases serviced by our other Minerals business streams. With strategic business development activity starting to bear fruit, ALS Inspection delivered a small increase in revenue (4%) in FY2015. The success of cost reduction initiatives led to improved profit margins during the year as EBIT contribution rose 36%.

As ALS Minerals Division moves into FY2016 a formalised program of productivity improvement has been launched, featuring formal technical training to client-facing staff, along with a structured and disciplined approach to targeted business development. For example mine site projects, which were a source of important new contracts in FY2015, will continue to present key opportunities for all operating regions. Ongoing market share growth through technology leadership, quality, and innovative service delivery remains a firm objective. The Division has become adept at delivering superior margins from a reduced revenue base and will maintain this discipline in a year anticipated to deliver market stability and potential for increased volumes flowing from improved market share.

¬ Review of results and operations ... *continued.*

¬ Financial performance ... *continued.*

ALS Life Sciences

ALS Life Sciences provides analytical testing and sampling services and remote monitoring for the Environmental, Food, Pharmaceutical and Consumer Products markets. It is the leader in global comprehensive analytical testing, demonstrating expertise in microbiological, physical and chemical testing services. The division continued to grow during FY2015, benefitting from key investments made in entering new geographies and strengthening its leadership position in existing markets. A strong strategic growth focus (both acquired and organic) continues to be placed on the food, pharmaceutical, and consumer products components of ALS Life Sciences. Key building blocks to accommodate these newer businesses are in place ready for future growth.

ALS Life Sciences – Financial performance	2015 $M	2014 $M	Variance
Revenue	557.4	527.3	5.7%
Segment contribution	96.2	90.3	
Restructuring and related costs	1.9	4.1	
Underlying segment contribution	98.1	94.4	3.9%
Margin (underlying segment contribution to revenue)	17.6%	17.9%	
Underlying segment EBITDA	129.5	124.2	4.3%

The division's focus on client retention and business development were the key drivers of increased revenue and contribution. Underlying EBIT margin fell slightly to 17.6% in a challenging economic climate; a good result in the face of aggressive price competition. While markets for services remained relatively subdued in Australia and Canada, ALS Environmental took advantage of organic growth opportunities in other regions with the South American and European businesses being successful in winning important contracts. A strong emphasis on cost control and business development was maintained globally throughout FY2015. ALS Food & Pharmaceutical business delivered strong growth in revenue and earnings particularly in the UK reflecting a focus on developing brand recognition to grow market share.

The general economic environment continues to be very price-sensitive requiring the business to make the cost adjustments necessary to continue its growth in existing markets. The business remains focused on service delivery and performance (turnaround time and quality). Upgraded and new environmental facilities recently established in Brazil, Chile, Peru, China and Indonesia will provide additional capacity for new project work. Development of ALS's global food and pharmaceutical testing business continues with the completion of new laboratories in England and Denmark together with implementation of its laboratory information management system. In April 2015 the Group completed the acquisition of ControlVet which is the premier full service food testing laboratory in Portugal and has a presence in Spain and Poland. Other small food testing acquisitions in Europe and North America are planned for FY2016 now that we have built an appropriate integration platform.

ALS Energy

ALS Energy delivers quality technical solutions and products to the coal, oil and gas industries. Along with its world-leading coal service lines, the division provides a comprehensive range of services and tools covering the solids, liquids and gas hydrocarbon markets. With integrated field and laboratory services and an extensive and growing range of specialist tools, ALS Energy covers exploration, resource characterisation, production enhancement, quality management and trade-related services across the major energy industries. With two business units servicing the sector, ALS Coal and ALS Oil & Gas, the division has a truly global footprint with operations in 60 countries.

The oil and gas sector experienced a marked decline over the year with oil prices falling 50% over the course of FY2015 including a drop of more than 40% from September 2014 to March 2015. The resultant lowering of industry activity levels and forward curve oil price expectations has led to the Group recognising a significant non-cash impairment against the carrying value of its oil and gas investments – refer page 32.

ALS Energy – Financial performance	2015 $M	2014 $M	Variance
Revenue	307.4	247.9	24.0%
Segment contribution	34.6	52.2	
Restructuring and related costs	2.3	1.3	
Underlying segment contribution	36.9	53.5	(31.0%)
Margin (underlying segment contribution to revenue)	12.0%	21.6%	
Underlying segment EBITDA	59.0	69.2	(14.7)%

FY2015 revenue in ALS Energy was 24% ahead of the previous year primarily because it was the first full year for Oil & Gas (8 months in FY2014). However, EBIT contribution fell due to lower volumes and tighter pricing in both the Coal and Oil & Gas business streams. While the Australian Coal services operations managed to exceed internal EBIT expectations during FY2015, falling demand in other regions led to a 51% reduction in ALS Coal's contribution compared with the previous year. In the absence of any significant supply disruption or demand uptick, the market for coal services is expected to be affected by the continued austerity of producers in FY2016.

The Oil & Gas business stream suffered from the sharp decline in oil prices and activity during the second half of the year despite winning some significant contracts. The North American region was the worst affected and the business is focussing its business development efforts on the Middle East, Africa and Europe. Oil prices are expected to remain flat during the coming year with a small to mid-range correction predicted for the following year.

Upstream oil and gas markets remain very attractive to ALS and we are confident of achieving our long-term goals in the sector. A series of restructuring and refocusing projects were commenced in ALS Oil and Gas in the second half of the year. These include the centralisation of management in Houston Texas and cost management initiatives such as the relocation and rationalisation of a number of operational sites and an accelerated integration of business processes within the broader ALS Group. Strategic development plans were modified to adapt to the rapidly changing business environment and are currently being implemented for all components of the business. These initiatives together with the opening of a new oil and gas laboratory in Houston in the second half of FY2016 will position the business strongly to take advantage of the expected medium-term recovery in oil and gas markets.

¬ Review of results and operations ... *continued.*

¬ Financial performance ... *continued.*

ALS Industrial

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

ALS Industrial – Financial performance	2015 $M	2014 $M	Variance
Revenue	190.0	182.9	3.9%
Segment contribution	27.9	26.2	
Restructuring and related costs	0.4	0.2	
Underlying segment contribution	28.3	26.4	7.2%
Margin (underlying segment contribution to revenue)	14.9%	14.4%	
Underlying segment EBITDA	34.3	31.6	8.5%

Industrial Division delivered revenue growth of 4% during the year with both the Asset Care and Tribology business streams improving on the previous year. Contribution margin improved in the Tribology unit but fell away slightly in the Australian region of Asset Care. The AIT (Asset Care, USA) and Oilcheck (Tribology, Australia) businesses acquired in October 2013 both performed in line with expectations.

With 95% of revenue generated in Australia, the Asset Care business experienced a challenging year due to further weakening of the Australian energy and resources sector. The mining, power and oil & gas sectors further increased the focus on cost management and cost deferral. Throughout the year, softening in the welding and fabrication markets continued due ongoing reduction in capital programs in the energy and resources sector. The business experienced a 25% reduction in revenue in this sector resulting in significant impact to margins because of the relatively high proportion of fixed site costs. This was partially offset by two large asset integrity projects resulting from significant plant failures in the mining sector and a major oil & gas refinery outage. The liquefied natural gas (LNG) construction projects at Curtis Island, Queensland were the largest driver of revenue growth. Targeted project margins were achieved. Pleasingly, ALS was awarded a significant contract associated with the Wheatstone project that commenced in March 2015.

The Tribology business delivered revenue and EBIT growth in all three markets – North America, Australasia and South America. Mining market share and market size growth underpinned Australasian performance. Increased mine production resulted in an increased requirement for condition monitoring services which was partially offset by pressure on price. North America growth came from increased revenue from major accounts, specialist testing and an increase in market share. A well-managed capital upgrade program is positively impacting both turnaround time and quality.

Australian market conditions are expected to remain challenging throughout FY2016. The market is expected to contract by as much as 20% as the large mining and LNG capital projects near completion. Market share growth is the priority focus in the mining and oil & gas maintenance sectors. The division is engaged in several significant tenders that if secured will result in increased market share. Intense pressure on pricing and therefore margins is expected to continue. In North America, the Asset Care and Tribology businesses are expected to maintain performance despite the fall in oil price. Both businesses are strongly focused on organic business development and both are well positioned to increase market share. The Tribology business in South America remains focused on increasing market share and is working to expand its reach to serve global customers with operations in Brazil. While conditions in all countries remain tough, modest market share growth is expected and disciplined control of the cost base will continue.

Dividends

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

	Cents per share	Franked amount (cents)	Total $M
Ordinary dividends declared and paid during the year:			
Final 2014, paid 2 July 2014	20.0	10.0	78.9
Interim 2015, paid 19 December 2014	11.0	1.1	43.8
Total amount			122.7
Ordinary dividend declared after the end of the financial year:			
Final 2015, to be paid 1 July 2015	10.0	2.5	40.7

The financial effect of this dividend has not been brought to account in the financial statements for the year ended 31 March 2015 and will be recognised in subsequent financial reports. The franked components of all dividends paid or declared since the end of the previous financial year were franked based on a tax rate of 30%.

Financial position

The major change in the Group's financial position during the year (refer summarised balance sheet below) was the result of non-cash impairment charges of $290.6 million after tax being taken against the carrying value of oil and gas and other investments – refer Financial Performance above and note 6vi. The carrying value of intangible assets fell by a net $162.3 million after accounting for this impairment and increases due to foreign exchange movements of $108.6 million.

Total equity reduced by a net $191.0 million. This was primarily due to the impairment referred to above and the payment of dividends of $123.3 million during the year, offset by $72.6 million of ordinary share capital being raised from shareholders via the Group's dividend reinvestment plan, including $27.2 million in December 2014 through an underwriting of the interim dividend reinvestment shortfall.

The Group remains committed to its strategy of maintaining a strong balance sheet throughout economic cycles as evidenced by the gearing (38.3%; 2014: 33.9%) and leverage (2.5 times; 2014: 2.2 times) measures note below.

	Consolidated	
In millions of AUD	2015	2014
Trade and other receivables	313.5	317.1
Inventories	76.1	85.2
Other current assets	41.5	44.2
Trade and other payables	(158.4)	(167.4)
Total working capital	272.7	279.1
Cash and cash equivalents	163.1	138.9
Loans and borrowings	(939.5)	(867.9)
Fair value derivatives (non-current)	14.2	7.5
Net debt	(762.2)	(721.5)
Property, plant and equipment	491.9	481.6
Intangible assets	1,250.4	1,412.7
Net deferred tax assets	15.4	25.5
Other assets	29.6	23.3
Income tax (payable)/receivable	4.5	(7.0)
Employee benefits	(47.2)	(47.2)
Other liabilities	(26.7)	(27.1)
	1,717.9	1,861.8
Net assets	1,228.4	1,419.4
Total equity	1,228.4	1,419.4
Gearing: *Net debt to Net debt + Equity*	38.3%	33.9%
Leverage: *Net debt to EBITDA**	2.5	2.2

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

Cashflow

In a year of reduced profitability the Group's operating cashflow was characterised by a strong conversion of earnings into cash with working capital being closely monitored and managed. The FY2015 ratio of cash from operations (before interest and tax) to EBITDA* was 101.7% (105.8% in FY2014). EBITDA* interest cover was a strong 9.1 times (2014: 12.2 times).

While capital expenditure activity drove investing outflows during FY2015 the strong operating cash inflows enabled net borrowing repayments of $57 million to be made.

	Consolidated	
In millions of AUD	2015	2014
Cash from operations	304.6	346.4
Net interest and income taxes paid	(89.4)	(112.5)
Net cash from operating activities	215.2	233.9
Net (purchases)/sales of property, plant and equipment	(74.9)	(75.1)
Acquisitions of businesses and subsidiaries	(30.2)	(476.5)
Proceeds from sale of business operations	21.2	0.7
Other	0.9	2.7
Net cash from investing activities	(83.0)	(548.2)
Proceeds from borrowings	73.0	874.8
Repayment of borrowings	(130.0)	(722.6)
Proceeds from issue of new issued capital	27.2	281.6
Lease payments	(2.6)	(3.3)
Dividends paid	(77.9)	(99.7)
Net cash from financing activities	(110.3)	330.8
Net movement in cash and cash equivalents	21.9	16.5
Cash and cash equivalents at 1 April	136.2	112.9
Effect of exchange rate fluctuations on cash held	4.9	6.8
Cash and cash equivalents at 31 March	163.0	136.2
Cash conversion: *Cash from operations to EBITDA**	101.7%	105.8%
Interest cover: *EBITDA* to Net finance expense*	9.1	12.2

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

Debt profile

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

In millions of AUD **Source**	**Maturity**	**Drawn**	**Facility Limit**
Bank facilities	Oct 2017	68.9	314.8
US Private Placement Market	Dec 2017	40.8	40.8
US Private Placement Market	Jul 2019	282.0	282.0
US Private Placement Market	Dec 2020	295.4	295.4
US Private Placement Market	Jul 2022	249.2	249.2
		936.3	**1,182.2**

In October 2014, the Group entered into three-year, multi-currency debt facility agreements with five Australian and international banks amounting to USD240 million (AUD315 million). These facilities replace the previous bank debt arrangements which were due to mature in November 2014.

Material business risks

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

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

State of affairs

Changes in the state of affairs of the Group during the financial year resulted from its continued strategy of business expansion and diversification in testing and inspection services. Specifically, the Group undertook the following major acquisition activities in the following industry sectors and geographies:

- technical services and equipment to the oil & gas industry in the USA and Canada;
- food testing in the United Kingdom; and
- water analysis in Australia.

The Group sold the Reward Distribution hospitality supplies segment in October 2014 – refer note 35. The transaction represented the divestment of the only remaining business operating outside the Group's core testing and inspection services.

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

Remuneration report

Executive Summary

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

Following the remuneration freeze during the 2013-14 financial year, this year fixed remuneration and short term incentive ("STI") maximum quantums were reviewed at moderate levels for the Executives to ensure market based remuneration was maintained.

However the ongoing challenging economic conditions meant that the executives' actual at risk remuneration was reduced to well below their maximum thresholds. STI payments were kept at similar proportions to last year because, despite performing well against industry peers, full achievement of the financial KPIs was not attained. Consequently all but one KMP received only 40% of their potential STI quantum. In addition the executives' long term incentive ("LTI") awards due to vest in July 2015 will lapse as a result of the performance hurdles not being met.

Directors' fees were not increased during the year.

Examples of KMP's STI Plan key performance indicators ("KPI") and group performance are included to demonstrate the link between executive performance and reward.

As explained last year, the LTI Plan Rules were revised for awards granted during the year ended 31 March 2015 ("2014 awards"). With a number of external economic forces driving market behaviour change it was vital to ensure the LTI Plan continued to motivate our executives. External advice was sought for this process change, and we are confident the changes made will drive strong financial performance for the next three year performance period.

The remuneration outcomes for 2014-15 again demonstrate that there is a close alignment of shareholders' interests and Executive incentive rewards, with Executives only rewarded for actual achievement.

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

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Key Management Personnel – audited

[ ] Denotes term as KMP in 2014-15

Non-executive directors

Nerolie Withnall [Full year]
- Chairman
- Chairman of the Remuneration Committee
- Member of the Audit and Compliance Committee

Ray Hill [Full year]
- Member of the Audit and Compliance Committee

Bruce Brown [Full year]
- Member of the Remuneration Committee

Mel Bridges [Full year]
- Member of the Audit and Compliance Committee
- Member of the Remuneration Committee

Grant Murdoch [Full year]
- Chairman of the Audit and Compliance Committee

John Mulcahy [Full year]
- Member of the Remuneration Committee

Charlie Sartain [Appointed 1 February 2015]
- Member of the Audit and Compliance Committee

Executive KMPs

Greg Kilmister [Full year]
- Executive Director
- Chief Executive Officer and Managing Director (CEO)

Brian Williams [Full year]
- Group General Manager, ALS Minerals

Raj Naran [Full year]
- Group General Manager, ALS Life Sciences

Paul McPhee [Full year]
- Group General Manager, ALS Energy

Kristen Walsh [Full year]
- Group General Manager, ALS Industrial

Richard Stephens [Full year]
- Chief Financial Officer

Andrew Ross
[Until the sale of Reward Distribution on 31 October 2014]
- Group General Manager, Reward Distribution

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

Service Contracts

The Group has not entered into any formal service contracts with its non-executive directors. Executives have appropriate contractual arrangements. In the event of termination without cause, the Group is required to pay between three and twelve months of salary.

¬ Remuneration report ... *continued.*

Remuneration Strategy - audited

Remuneration Committee Role

The Board operates a Remuneration Committee (the "committee") which consists of four independent non-executive directors. The committee considers all aspects of remuneration strategy, policy and process for executive key management personnel and non-executive directors. The committee also considers broader remuneration strategy and has oversight of key remuneration programs for the Company globally. All Directors, the Managing Director and KMP remuneration changes are approved by the Board after receiving recommendations from the committee.

The committee conducts annual reviews of its charter, the Group remuneration and benefits policies and plans, the structure and details of all Directors' fees, remuneration packages, market and industry sector trends in relation to Director and executive remuneration practices and quantums. It also monitors compliance against legislative and regulatory requirements. The committee provides design input and administers the mechanism for the annual Board performance review processes.

All of the remuneration related activities outlined above take into consideration Group and individual business unit financial performance, the scope of the Group's global operations and the Group's longer term strategic and annual business plans. When reviewing remuneration, the market capitalisation of the Company and its place in various public indices (for example the S&P/ASX 100) are factors when gathering macro level market-based data as well as specific individual comparator benchmarks. When such data suggests that a re-alignment is required to remuneration quantum, structure or strategy, the committee takes into consideration the ability of the Company to fund, over the longer term, any changes proposed.

The committee meets regularly each year to keep these matters under review. The committee's charter is published on the Company's website.

Remuneration policy

The Board aims to set remuneration for all KMPs at levels which are reasonable but designed to attract and retain appropriately qualified people in a competitive market. In addition the aim is to provide both incentive and reward to executives, and to align a significant proportion of executive reward to growth in shareholder value.

Remuneration Strategy and the Link to Shareholder Value Creation

The Group's five year Strategic Plan drives all activities in the business. The plan is translated to the remuneration strategy that will assist the Group in achieving its financial and other business goals. Each year an annual business plan is prepared for each Business Unit which examines the components that will need to be achieved during the year. The Short Term Incentive Plan (STI) is used to provide incentive and reward to the elements of the business plan that will provide the strongest financial outcome for ALS.

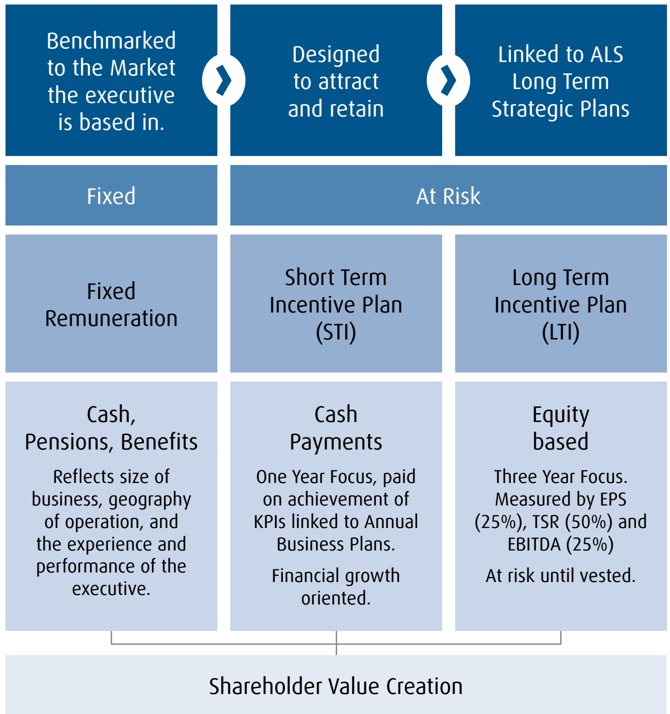
The Long Term Incentive Plan (LTI) is the vehicle used to drive sustained performance and financial growth over the longer term of the five year plan as well as retention of key managers and technical staff.

Managers and senior operational staff in a position to influence the financial performance of the Group are on the STI plan. Every year they are set key performance indicators (KPIs) that are to be achieved in order to receive a payment from the plan. 60 – 90% of their STI payment is linked to financial goals for the business under their control / influence.

Remuneration Structure - audited

Key Components of Remuneration

Executive remuneration is approved in advance each year by the Board and is structured as follows:



Fixed versus Variable Remuneration

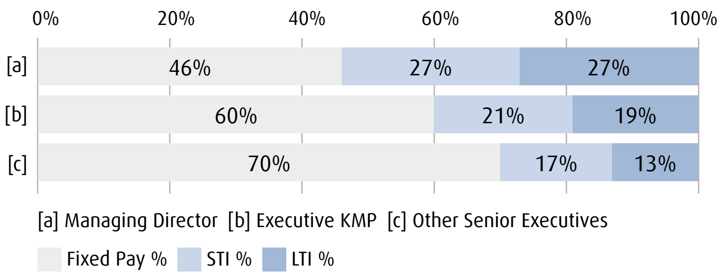
The Company's executives, like shareholders, benefit during good times but receive less "at risk" remuneration if the Company does not perform as well.

Fixed remuneration for the executives is set having regard to that executive's duties and responsibilities, the scope of their business unit, individual performance and experience, and is based on market benchmarks.

Variable remuneration is designed to drive superior performance, to focus effort on key business growth and profitability drivers, and to reward actual performance and contribution.

The graph below shows a breakdown of the potential fixed remuneration versus at risk remuneration for different levels of executives, depicting maximum potential eligibility for STI and LTI. The company sets a large percentage of pay at risk to ensure that executives will directly benefit from strong company performance but receive less actual pay for weaker company performance.

Fixed versus Variable Remuneration 2014-15 FY



¬ Remuneration report ... *continued.*

¬ Remuneration Structure – audited ... *continued.*

External Remuneration Consultants

ALS engages with the Hay Group and EY (Australia) to provide benchmark data, from time to time, as well as market practice input to remuneration strategy and mechanisms. Both consultants were engaged after a comprehensive review of the consulting firm market and both as a result of their reputations for quality and for their global reach.

The Hay Group provide job evaluation and global remuneration data for middle manager up to chief executive officer level roles; their PayNet (remuneration) database is also utilised across key geographies.

EY (Australia) provide data for our LTI plan (calculating TSR and verification of EPS calculations). During the year EY and the Hay Group (USA) also provided input to remuneration strategy for the Oil & Gas division.

Fees paid for remuneration advice during the financial year were: Hay Group - $48,774 (2014: $46,220) and EY (Australia) - $91,410 (2014: $45,600). Total fees paid for other services during the year: Hay Group – Nil and EY (Australia) - $119,955 (2014: $156,730).

Non-Executive Directors

As announced at the 2014 AGM, Mr Bruce Brown and Mr Ray Hill will be retiring at the 2015 AGM. During the year, an external consultant was engaged to assist the Board in identifying and engaging suitable candidates to replace them.

Following a rigorous selection process, on 1 February 2015 the Board was augmented by one new director, Mr Charlie Sartain. During the Board renewal process, Mr Bruce Phillips was also identified and both Mr Phillips and Mr Sartain will be nominated for election as non-executive directors, with the full support of the ALS Board at this year's AGM in July. Mr Phillips, subject to shareholder approval, will join the Board of ALS on 1 August 2015.

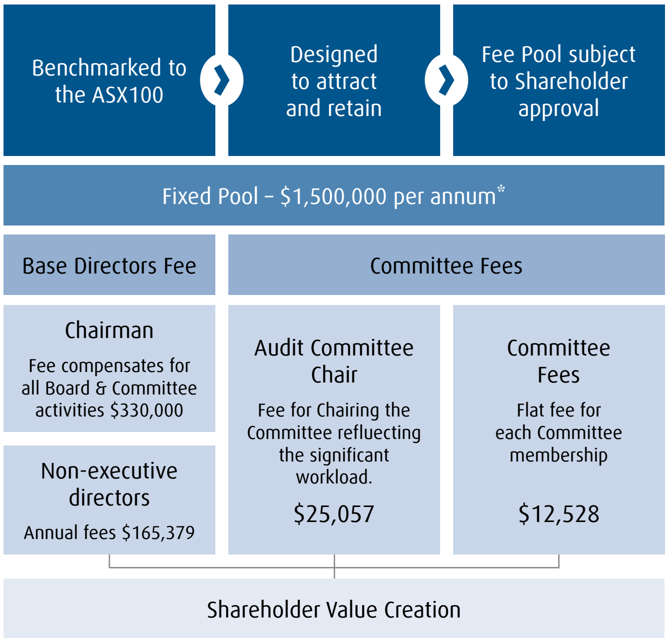
The Board has assessed that both of the new directors will bring to ALS the specific technical skills and experience required for future growth that were identified as part of a Board skills analysis. The Board is satisfied, that the new directors will bring valuable fresh perspectives together with their global experience and the ability to commit the time required to ensure ALS maintains a consistently high performing Board over the longer term.

Ahead of the annual re-election process, the Board reviews the performance and contribution of the individual Directors who are coming up for re-election and decides whether to support their re-election. It is the Board's policy that directors should serve only for as long as they have the confidence of their fellow Board members. With three Directors appointed in the last three years, the Company is satisfied that the Board is independent.

Key Components of Non-executive Director Remuneration

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

Fees for Directors were unchanged for the 2014-15 FY. The structure current for the reporting period for annual payments, effective 1 July 2014 and inclusive of mandatory superannuation contributions, was as follows:



*Pool and fees include superannuation

¬ Remuneration report ... *continued.*

¬ Remuneration Structure – audited ... *continued.*

Long Term Incentive Plan Hurdles

Every year, the Board considers the role of the LTI Plan in driving superior company performance and as a vehicle to motivate our senior executives for the upcoming three year performance period. Changes in design are sometimes required to ensure the desired ends are achieved. The principal goals of the LTI Plan are to:

a] Act as a retention tool for key, high performing executives

b] Align executives' reward with shareholders reward

c] Encourage share ownership in ALS

d] Maintain fixed remuneration at a stable market level by minimising temporary remuneration fluctuations to ensure ALS continues to be a sustainable business; and

e] Drive teamwork and increased performance of ALS through the use of the company performance hurdles.

For the 2014-15 FY the structure of the LTI Plan hurdles was maintained with only one change, that being to the value of the EPS growth targets. A slight change was required for the EPS hurdle as the previous levels of growth required for the hurdle to mature were unrealistic. This is due to the commodity price contraction and the uncertain global markets for ALS' services as well as the pricing aspects referred to above.

As explained in the 2014 Annual Report, for the 2014-15FY onwards the direct link between STI payment earned and the use of this quantum to set participation in that years LTI plan quantum has been removed. The uncoupling of the two remuneration mechanisms was executed following a detailed review of performance of the LTI plan over the years since inception and included consideration of external professional advice and review of market practices. The Shareholders should note that the yield from the LTI Plan was found to be much lower than intended and not able to meet the plan's principal goals in the original format.

Thus the LTI awards methodology has been restructured and LTI quantum is now based on matching the quantum of maximum potential STI payment. This reflects that risk of forfeiture is already built into the LTI plan performance hurdles. The Board will continue to ensure that only our highest performing executives participate in the LTI Plan by opening participation only to those executives that have earned an STI payment in two of previous three years ahead of the LTI grant date.

Finally, new competitor peer companies were added to the comparator groups for the EBITDA and TSR hurdles as new competitors have entered the company's markets. Further details on the performance hurdles are set out from pages 45 to 47.

Changes this year impacting Remuneration

Managing in a Context of Changing Markets

The year presented a number of challenges that sought to threaten ALS' domination in some of our key markets, the challenges included falling commodity prices and consequent price sensitivity for our services.

Total remuneration for the KMPs rose by 9% for the year reflecting the market based remuneration increases effective from July 2014 following the remuneration freeze in the previous year. A focus for this year was on protection of margin and cost management initiatives. A meaningful proportion of the executives' STI payments was contingent on margin protection and business development KPIs. The majority of the STI payments yielded 40% of the maximum potential payment. The payments reflect the KMPs' outstanding achievement on these metrics which have buffered ALS from the full potential impact of the commodity prices slump. The executives' LTI award performance hurdles due to mature on 1 July 2015 were not met and the performance rights will lapse.

Following last year's remuneration freeze for the Company's Managing Director, senior executives and managers, during the reporting period the Committee felt that base remuneration levels required a slight adjustment. This was made noting that variable pay outcomes would be weak and recognising the criticality of retaining our executive talent in a competitive market during turbulent times.

For the Directors, a review of market peers demonstrated that the fee structure which was last revised in the 2012 FY was still appropriate and thus total directors' fees were held static during the reporting period.

The superannuation guarantee increase to 9.5% that took effect from 1 July 2014 was absorbed within the total remuneration package for executives and directors.

¬ Remuneration report ... *continued.*

Actual Remuneration – FY 2014-15 - audited

Non-Executive directors

The total amount of remuneration, including superannuation, for all non-executive directors must not exceed the limit approved by shareholders. The last approval was for $1,500,000 per annum approved at the 2012 AGM.

Directors are paid base and committee membership fees only, which are fixed by the Board. The directors are entitled to be reimbursed for all travel and related expenses properly incurred in connection with the business of the Company. The levels of Directors' remuneration are set having regard to independent survey data and publicly available information about fees paid to non-executive directors in a range of comparable companies. Given the slowdown in some of our markets, the only change made during the year to Directors' remuneration was to increase base Board fees by the uplift in superannuation which came into effect on 1 July 2014.

The benefit of the 2013 increase in superannuation guarantee contributions for all Australian employees, including Directors, earning up to the super guarantee maximum salary level for 2013-14 of $192,160 was passed on to the Company employees in full. Accordingly the non-executive directors, but not the Chairman, received the 0.25% increase to reflect the superannuation changes for the period 1 April to 30 June 2014. The additional 0.25% increase in superannuation which took effect 1 July 2014 was absorbed within the directors' total fees.

Details of the nature and amount of each major element of remuneration of each Director are set out below. The Group's practice is to review salaries for directors and executives as of 1 July every year. As a result of a salary freeze implemented on 1 July 2013 and which remained in effect throughout the period to 31 March 2015, no reviews were implemented on 1 July 2014 for non-executive directors. Any increases in fees between the years ending March 2014 and March 2015 are the result of changes to superannuation referred to above.

Directors: Non-executive directors	In AUD	Short-term (Salary & fees) $	Long term (D&O insurances) $	Post employment (Superannuation benefits) $	Total $
Nerolie Withnall	**2015**	**301,543**	**623**	**28,457**	**330,623**
	2014	302,233	620	27,767	330,620
Ray Hill	**2015**	**162,565**	**623**	**15,342**	**178,530**
	2014	162,844	620	14,961	178,425
Bruce Brown	**2015**	**162,565**	**623**	**15,342**	**178,530**
	2014	162,844	620	14,961	178,425
Mel Bridges	**2015**	**170,317**	**623**	**16,078**	**187,018**
	2014	162,844	620	14,961	178,425
Grant Murdoch	**2015**	**174,014**	**623**	**16,422**	**191,059**
	2014	174,312	620	16,015	190,947
John Mulcahy	**2015**	**162,565**	**623**	**15,342**	**178,530**
	2014	162,844	620	14,961	178,425
Charlie Sartain (appointed 1 Feb 2015)	**2015**	**26,213**	**106**	**2,490**	**28,809**
	2014	-	-	-	-
Total compensation: Non-executive directors	**2015**	**1,159,782**	**3,844**	**109,473**	**1,273,099**
	2014	**1,127,921**	**3,720**	**103,626**	**1,235,267**

Executive KMPs

Details of the nature and amount of each major element of remuneration of each Executive KMP are set out below. The Group's practice is to review salaries for directors and executives as of 1 July every year. Following the salary freeze implemented for the 2013-14 FY KMPs received modest remuneration increases as at 1 July 2014.

¬ Remuneration report ... *continued.*

¬ Actual Remuneration – FY 2014-15 - audited ... *continued.*

Executive Director & Executives	In AUD	Short term		Long term			Post employment	Termination Benefits	Total $
		Salary & fees $	STI cash bonus (a) $	Non-monetary benefits (b) $	Value of share-based awards (c) $	D&O insurances $	Super-annuation & pension benefits $		
Executive Director: **Greg Kilmister**	**2015**	**1,492,500**	**372,000**	**-**	**106,470**	**623**	**32,500**	**-**	**2,004,093**
	2014	1,425,000	422,500	-	163,550	620	25,000	-	2,036,670
Executives: **Brian Williams**	**2015**	**672,812**	**100,000**	**-**	**28,699**	**292**	**20,457**	**-**	**822,260**
	2014	650,000	66,000	-	33,302	292	25,000	-	774,594
Raj Naran (d)	**2015**	**814,678**	**103,758**	**-**	**28,737**	**292**	**6,917**	**-**	**954,382**
	2014	650,456	90,000	-	(1,558)	292	21,469	-	760,659
Paul McPhee	**2015**	**603,707**	**100,000**	**-**	**46,007**	**292**	**18,216**	**-**	**768,222**
	2014	582,527	100,000	-	49,019	292	17,474	-	749,312
Kristen Walsh	**2015**	**564,015**	**175,000**	**-**	**28,281**	**292**	**25,409**	**-**	**792,997**
	2014	522,966	45,000	8,281	8,127	292	18,753	-	603,419
Richard Stephens	**2015**	**496,950**	**55,000**	**-**	**22,383**	**292**	**28,050**	**-**	**602,675**
	2014	414,299	62,500	13,501	14,530	292	22,200	-	527,322
Andrew Ross (e)	**2015**	**173,789**	**-**	**-**	**-**	**170**	**14,961**	**-**	**188,920**
	2014	288,991	19,500	-	-	292	26,009	-	334,792
Total compensation: Executives	**2015**	**4,818,451**	**905,758**	**-**	**260,577**	**2,253**	**146,510**	**-**	**6,133,549**
	2014	4,534,239	805,500	21,782	266,970	2,372	155,905	-	5,786,768

(a) STI cash bonuses are paid annually following the end of the financial year.

(b) Non-monetary benefits include payment of allowances, provision of other benefits such as motor vehicles, fringe benefits tax thereon.

(c) The LTI Plan was introduced in April 2008. Performance rights are granted annually to executives earning an STI payment in the previous financial year. Refer to note 39 for details. The fair value of performance rights granted is calculated using Binomial Tree (EPS hurdle) and Monte-Carlo Simulation (TSR hurdle) valuation methodologies and allocated to each financial year evenly over the period from grant date to vesting date. The negative value for Mr Naran relates to the fall in value of his cash-settled performance rights during the year.

(d) Mr Naran was seconded to the USA for part of the 2014-15 year and was paid in US dollars during that period. Relevant portions of his salary, STI cash bonus and pension benefits have been translated into Australian dollars above at the average exchange rate of US$0.87.

(e) Mr Ross resigned from the Group on 31 October 2014 in connection with the disposal of the Reward Distribution segment.

Short Term Incentive Plan - audited

At risk remuneration is heavily weighted to financial performance, all executives have at least 60% of their at risk payment contingent on financial targets.

The Board sets the maximum amounts which can be earned as a cash bonus for each executive, annually, and also approves their STI Plan scorecards. KPIs are structured so that they aim to deliver shareholder value, whether it be via superior financial performance or by motivational KPIs that drive current or future value from strategic initiatives.

Payments to the CEO may not exceed 60% of his total fixed remuneration and payments for other executives are between 20% and 50% of their total fixed remuneration. Bonus payments are contingent on the achievement of specified financial and other performance indicators (KPIs) for the financial year, as follows:

Financial KPIs

¬ for the CEO 60% of the maximum potential STI payment depends on achievement of KPIs based on Group net profit after tax;

¬ for other executives 60 - 90% depends on achievement of KPIs based on earnings before interest and tax for individual business units under their direct control.

Non-Financial KPIs

The balance of the STI amounts for the CEO and other executives depend on achievement of non-financial KPIs tailored to strategic plan delivery or their Division's performance relative to market. Recognising that the environment provided exceptional challenges for our executives, each had their STI non-financial KPIs set using their division's annual business plan. The annual business plan provides for a balanced scorecard of improvements, initiatives and cost management programs relevant to the business of the executive in the global locations in which it operates.

Achievement of the plan led to achievement of the STI component linked to it. In this way, the company ensured agility in the face of the multiple challenges impacting our business without providing an unhealthy emphasis on just two or three KPIs.

It should be noted that health, safety, the environment and risk management were included as a non-negotiable as in previous years. A KPI was set against the Positive Performance Indicator (PPI) Scorecard. The PPI is a proactive target essentially a balanced scorecard of health, safety and environmental lead indicators. A minimum score of 80% is required to achieve the HSE KPI.

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

¬ Remuneration report ... *continued.*

¬ Short Term Incentive Plan - audited ... *continued.*

Examples of 2014-15 non-financial KPIs

5 Year Strategic Plan Objectives /ALS Core Values	Annual Business Plan - goals	Comments and examples of achievements	Outcome for Shareholders
Core Value – "Safety as a Priority"	Health, safety, environment & risk management Targets.	May be targeted to a specific improvement initiative or based on ALS' PPI Index.	Protection of the ALS Brand.
Cost Base Management	Rightsizing of all Divisions.	Targets that maintain high ROS implemented in all Divisions.	High levels of ROS maintained despite global downturn and reduced revenue in some of ALS service lines.
Superior management information systems	Rollout of automation upgrades to financial reporting and forecasting systems across the Group.	Achieved.	Enhanced quality and timeliness of management information (financial and other) critical to management of the Group's business operations.
	Establish and monitor Epicor dashboard to drive productivity focus in day to day operations.	Working party and outcome objectives are now established.	Operational efficiency with consequent cost savings.
Growth of global ALS footprint in the Industrial Division	Establish Tribology capability via partnerships / local labs in Brazil and China to position ALS as a global service provider.	Many new relationships established using existing ALS clients and contacts in both regions.	Future platform for growth and diversification of services to protect against cyclical divisions.
	Establish growth platform in the US for Asset Care business.	Relocation to USA of senior Industrial Division executive.	
A stable financial growth platform	Develop and execute Queensland Curtis Island LNG Plant business acquisition strategy.	ConocoPhillips (APLNG) maintenance contract to commence May.	Ongoing and stable revenue stream.
Growth of global ALS footprint in the Energy Division	Implement organisational structure in Oil & Gas that supports future growth.	Global review completed of all levels of management.	Costs reduced and the business prepared for future high levels of ROS despite the global downturn in the Oil & Gas Industry.
Growth of global ALS footprint in the Life Sciences Division	Implement and meet targets for the 20/20/20 Plan (Business development and client retention program).	Targeted program implemented globally across the Life Sciences Division.	Improved customer retention and attraction. Savings from prevention of customer losses.
Expansion of the range of Minerals Divisions services across all geographies	Strategic business development for Metallurgy & Geochemistry to win market share.		Growth of market share and retention of existing clients.
Efficient, engaged workforce able to maintain the quality of ALS services	Broaden the scope of training in non-English language courses.	Saba e-learning platform launched in 25 languages.	Talented workforce in place for future growth, improved efficiency/quality in technical processes resulting in cost savings and better client outcomes.
Access to funding facilities to support Group growth initiatives	Secure re-financing of bank debt facilities with appropriate maturities on market-competitive terms and conditions.		Sound and efficient Group capital management.

¬ Remuneration report ... *continued.*

¬ Short Term Incentive Plan – audited ... *continued.*

Executive STI Performance vested / forfeited

KPI performance at the 100% level is required for the executive to achieve a financial payment for that KPI.

Below are details of the vesting profile, for 2014-15 and the previous year, of the STI cash bonuses awarded as remuneration to each of the named Executives:

Executives		Included in remuneration $ (a)	% vested	% forfeited (b)
Greg Kilmister	2015	372,000	40	60
	2014	422,500	50	50
Brian Williams	2015	100,000	40	60
	2014	66,000	30	70
Raj Naran	2015	103,758	40	60
	2014	90,000	45	55
Paul McPhee	2015	100,000	40	60
	2014	100,000	100	-
Kristen Walsh	2015	175,000	100	-
	2014	45,000	30	70
Richard Stephens	2015	55,000	40	60
	2014	62,500	50	50
Andrew Ross (c)	2015	-	-	-
	2014	19,500	30	70

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

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

(c) Mr Ross resigned from the Group in October 2014 in connection with the disposal of the Reward Distribution segment.

Long Term Incentive Plan - audited

ALS' long term incentive plan is designed to aid executive retention and align them with shareholders' interests. The LTI Plan Hurdles are reviewed annually to ensure they continue to enhance company performance and motivate our executives.

Remuneration under the LTI Plan is in the form of equity-settled performance rights; and in jurisdictions where securities legislation does not permit this, the rights are cash-settled. The performance rights are granted each year to senior managers and executives, who being entitled to receive STI payments, are invited to participate in the LTI plan by the CEO with the Board's approval.

The number of performance rights granted to an executive is calculated by dividing the amount of the executive's STI potential payment by the volume weighted average price (VWAP) of the Company's shares over the 20 trading days following the date of announcement of the final full year results for the financial year preceding the period to which the grant of performance rights relate. The vesting of rights is subject to the Company's achievement of cumulative performance hurdles over the three year performance period.

Performance Hurdles

The performance hurdles are based on underlying earnings per share (EPS), relative Total Shareholder Return (TSR) and the hurdle of underlying earnings before interest, taxes, depreciation and amortisation (EBITDA) as a percentage of revenue (EBITDA margin). The cumulative performance hurdles are assessed at the end of the performance period and the performance rights become exercisable, in whole or in part, or are forfeited from 1 July following the end of the performance period.

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

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

EPS was chosen because it provides a good indicator of the shareholder value derived from earnings growth.

TSR provides a good indicator of the value derived from capital growth and distributions to shareholders. The comparator companies for TSR measure ALS against a mix of direct competitors, and ALS' peers within the ASX100 index.

Finally, the EBITDA margin hurdle was chosen because it is focused on driving profit. The EBITDA hurdle measures ALS' relative EBITDA margin against the EBITDA margins of its key global competitors.

For the 2013 and 2014 awards 50% of the rights awarded are subject to the TSR hurdle, 25% to the EPS hurdle, and 25% to the EBITDA margin hurdle. The performance hurdles and vesting proportions for each award granted in 2012, 2013, and 2014 are as follows:

¬ Remuneration report ... *continued.*

¬ Long Term Incentive Plan – audited ... *continued.*

2012 Award Hurdles

Proportion of total performance rights that may be exercised if EPS growth hurdle is met	Compound annual diluted EPS growth over the period 1 April 2012 to 31 March 2015	Proportion of total performance rights that may be exercised if TSR hurdle is met	TSR of ALS Ltd relative to TSRs of industry peer companies over the period 1 April 2012 to 31 March 2015	TSR of ALS Ltd relative to TSRs of companies in the ASX100 Index over the period 1 April 2012 to 31 March 2015
0%	Less than 8% per annum	0%	Less than the 50th percentile	Less than the 50th percentile
25% of total grant	8% per annum	12.5% per comparator group	50th percentile	50th percentile
Straight line vesting between 25% and 50%	Between 8% and 14% per annum	Straight line vesting between 12.5% and 25% per comparator group	Between 50th percentile and 75th percentile	Between 50th percentile and 75th percentile
50% of total grant	14% or higher per annum	25% of total grant per comparator group	75th percentile or higher	75th percentile or higher
			Comparator companies: [1]	Comparator companies: [2]

[1] Listed peers involved in the commercial testing and inspection services industry: Bureau Veritas (France), Core Laboratories (USA), Eurofins (France & Germany), Intertek (UK), Mistras (USA), SGS (Switzerland) and Team Industrial Services (USA).

[2] Companies included in the ASX 100 Index as at 1 April 2012.

2013 Award Hurdles

Proportion of total performance rights that may be exercised if EPS growth hurdle is met	Compound annual diluted EPS growth over the period 1 April 2013 to 31 March 2016	Proportion of total performance rights that may be exercised if EBITDA hurdle is met	EBITDA margin of ALS Ltd relative to EBITDA margin of comparator companies over the period 1 April 2013 to 31 March 2016	Proportion of total performance rights that may be exercised if TSR hurdle is met	TSR of ALS Ltd relative to TSRs of industry peer companies over the period 1 April 2013 to 31 March 2016	TSR of ALS Ltd relative to TSRs of companies in the ASX100 Index over the period 1 April 2013 to 31 March 2016
0%	Less than 8% per annum	0%	Less than the 50th percentile	0%	Less than the 50th percentile	Less than the 50th percentile
12.5% of total grant	8% per annum	25% of total grant	50th percentile or higher	12.5% per comparator group	50th percentile	50th percentile
Straight line vesting between 12.5% and 25%	Between 8% and 14% per annum		Comparator companies: [1]	Straight line vesting between 12.5% and 25% per comparator group	Between 50th percentile and 75th percentile	Between 50th percentile and 75th percentile
25% of total grant	14% or higher per annum			25% of total grant per comparator group	75th percentile or higher	75th percentile or higher
					Comparator companies: [2]	Comparator companies: [3]

[1] Bureau Veritas (France), Core Laboratories (USA), Eurofins (France & Germany), Intertek (UK), SGS (Switzerland), Mistras (USA).

[2] Bureau Veritas (France), Core Laboratories (USA), Eurofins (France & Germany), Intertek (UK), Mistras (USA), SGS (Switzerland) and Team Industrial Services (USA).

[3] Companies included in the ASX 100 Index as at 1 April 2013.

¬ Remuneration report ... *continued.*

¬ Long Term Incentive Plan – audited ... *continued.*

2014 Award Hurdles

Proportion of total performance rights that may be exercised if EPS growth hurdle is met	Compound annual diluted EPS growth over the period 1 April 2014 to 31 March 2017	Proportion of total performance rights that may be exercised if EBITDA hurdle is met	EBITDA margin of ALS Ltd relative to EBITDA margin of comparator companies over the period 1 April 2014 to 31 March 2017	Proportion of total performance rights that may be exercised if TSR hurdle is met	TSR of ALS Ltd relative to TSRs of industry peer companies over the period 1 April 2014 to 31 March 2017	TSR of ALS Ltd relative to TSRs of companies in the ASX100 Index over the period 1 April 2014 to 31 March 2017
0%	Less than 5% per annum	0%	Less than the 50th percentile	0%	Less than the 50th percentile	Less than the 50th percentile
12.5% of total grant	5% per annum	25% of total grant	50th percentile or higher	12.5% per comparator group	50th percentile	50th percentile
Straight line vesting between 12.5% and 25%	Between 5% and 9% per annum		Comparator companies: [1]	Straight line vesting between 12.5% and 25% per comparator group	Between 50th percentile and 75th percentile	Between 50th percentile and 75th percentile
25% of total grant	9% or higher per annum			25% of total grant per comparator group	75th percentile or higher	75th percentile or higher
					Comparator companies: [2]	Comparator companies: [3]

[1] Bureau Veritas (France), Core Laboratories (USA), Eurofins (France & Germany), Intertek (UK), SGS (Switzerland), Mistras (USA), Applus (Spain/Singapore), Exova (UK).

[2] Bureau Veritas (France), Core Laboratories (USA), Eurofins (France & Germany), Intertek (UK), SGS (Switzerland), Mistras (USA), Applus (Spain/Singapore), Exova (UK).

[3] Companies included in the ASX 100 Index as at 1 April 2014.

Measurement of the LTI Plan Hurdles

Earnings per Share

The growth in earnings per share is calculated by comparing the diluted EPS achieved by the Group in the base year (e.g. year to March 2014) with that achieved in the final year of the performance period (e.g. year to March 2017).

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

Following finalisation of ALS' financial results for FY2014-15 the compound annual growth rate (CAGR) in the Company's diluted EPS over the three year period to March 2015 was negative 19.7% (from 65 cents to 34 cents) which is below the minimum threshold of an 8% increase. Thus no rights subject to the EPS hurdle will vest on 1 July 2015.

Earnings before Interest, Tax, Depreciation and Amortisation

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

Cumulative Underlying Earnings before Interest, Tax, Depreciation and Amortisation are calculated as a percentage of Revenue over the period 1 April 2014 to 31 March 2017. This will be compared with the cumulative EBITDA margins reported by each of the peer companies for the three financial years ending on or before 31 March 2017.

Total Shareholder Return

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

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

The Company's performance over the three year period to March 2015 relative to both the industry peer and ASX100 comparator groups was below the 50th percentile required to achieve partial vesting. Thus no rights subject to the TSR hurdle will vest on 1 July 2015.

¬ Remuneration report … *continued.*

Company Performance and Link to Shareholder Wealth – audited

The level of executive remuneration received is directly related to the performance of their own area of responsibility and the performance of the company overall. Therefore weaker company performance leads to lower total remuneration received.

Proportion of performance related and equity based remuneration

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

Executives		Proportion of all at risk remuneration (STI & LTI) as a percentage of total remuneration %	Proportion of performance rights (LTI) as a percentage of total remuneration %
Greg Kilmister	2015	23.9	5.3
	2014	28.8	8.0
Brian Williams	2015	15.7	3.5
	2014	12.8	4.3
Raj Naran (a)	2015	13.9	3.0
	2014	11.6	(0.2)
Paul McPhee	2015	19.0	6.0
	2014	19.9	6.5
Kristen Walsh	2015	25.6	3.6
	2014	8.8	1.3
Richard Stephens	2015	12.8	3.7
	2014	14.6	2.8
Andrew Ross (b)	2015	-	n/a
	2014	5.8	n/a

(a) The negative performance rights proportion for Mr Naran relates to the fall in value of his cash-settled rights during the year.
(b) Mr Ross resigned from the Group in October 2014 in connection with the disposal of the Reward Distribution segment. He was not a participant in the LTI plan.

Consequences of performance on shareholders' wealth

The Board considers that the previous and current remuneration strategy including the recent adjustments to the LTI Plan hurdles are appropriate to create a strong and sustainable company now and into the future.

The financial data in respect of the current and previous four financial years is set out below:

Year ended 31 March	2015 $M	2014 $M	2013 $M	2012 $M	2011 $M
Profit / (loss) attributable to equity holders of the Company	(174.5)	154.4	227.3	222.4	132.4
Underlying profit * attributable to equity holders of the Company	135.4	171.9	238.3	222.4	132.2
Dividends paid or payable	84.5	152.0	164.3	151.9	94.2
Share price at balance date (all shown on a post-share split basis)	$4.96	$7.33	$10.47	$13.45	$9.27

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

¬ Remuneration report ... *continued.*

KMP Equity Instruments and Transactions – audited

Ordinary shares

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

		Opening Balance	Purchases (1)	Acquired due to vesting of performance rights	Sales (1)	Other	Closing Balance
Directors	**Nerolie Withnall**	15,459	5,048	-	-	-	20,507
	Ray Hill	54,546	85,454	-	-	-	140,000
	Bruce Brown	166,728	-	-	-	-	166,728
	Mel Bridges	27,652	5,850	-	-	-	33,502
	Grant Murdoch	46,344	2,242	-	-	-	48,586
	John Mulcahy	43,637	-	-	-	-	43,637
	Charlie Sartain	-	-	-	-	-	-
	Greg Kilmister	1,061,469	51,744	16,994	-	-	1,130,207
Executives	**Brian Williams**	101,029	4,604	3,641	-	-	109,274
	Raj Naran	20,719	451	-	-	-	21,170
	Paul McPhee	61,571	-	2,698	-	-	64,269
	Kristen Walsh	-	45	1,889	-	-	1,934
	Richard Stephens	40,769	1,913	1,484	-	-	44,166
	Andrew Ross (2)	546	-	-	-	(546)	-

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

(2) Mr Ross resigned from the Company in October 2014 in connection with the disposal of the Reward Distribution segment.

Performance rights over ordinary shares granted as remuneration

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

	Opening Balance	Granted as compensation	Vested and exercised	Lapsed (a)	Closing Balance
Director: **Greg Kilmister**	173,447	97,015	(16,994)	(50,981)	202,487
Executives: **Brian Williams**	44,225	25,258	(3,641)	(10,924)	54,918
Raj Naran (b)	38,481	22,962	(3,131)	(9,394)	48,918
Paul McPhee	48,249	22,962	(2,698)	(8,092)	60,421
Kristen Walsh	21,942	17,222	(1,889)	(5,666)	31,609
Richard Stephens	18,606	14,351	(1,484)	(4,451)	27,022

(a) The number of rights lapsed represents rights lapsed due to performance hurdles not being met. Performance hurdle testing at 31 March 2014 of rights granted in July 2011 resulted in 25% of those rights vesting.

(b) Performance rights granted to Mr Naran in the current year are equity-settled rights. Rights issued to Mr Naran in a prior year are cash-settled. Performance rights granted to all other executives above are equity-settled.

¬ Remuneration report ... *continued.*

¬ KMP Equity Instruments and Transactions – audited ... *continued.*

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

Director & Executives	Grant date	Number of rights granted (a)	Fair value per right at grant date (b)	Issue price used to determine no. of rights granted (b)	Vesting date	Number of rights vested and exercised	Number of rights lapsed (c)	% of rights lapsed (c)
Director: **Greg Kilmister**	29 Jul 14	97,015	$5.40	$8.71	1 Jul 17	-	-	-
	30 Jul 13	44,287	$5.74	$9.54	1 Jul 16	-	-	-
	31 Jul 12	61,185	$5.28	$11.03	1 Jul 15	-	-	-
	26 Jul 11	67,975	$7.20	$9.27	1 Jul 14	16,994	50,981	75%
Executives: **Brian Williams**	29 Jul 14	25,258	$5.40	$8.71	1 Jul 17	-	-	-
	30 Jul 13	11,530	$5.74	$9.54	1 Jul 16	-	-	-
	5 Sep 12	18,130	$3.66	$11.03	1 Jul 15	-	-	-
	26 Jul 11	14,565	$7.20	$9.27	1 Jul 14	3,641	10,924	75%
Raj Naran	29 Jul 14	22,962	$5.40	$8.71	1 Jul 17	-	-	-
	30 Jul 13	11,066	$5.74	$9.54	1 Jul 16	-	-	-
	5 Sep 12	14,890	$3.66	$11.03	1 Jul 15	-	-	-
	26 Jul 11	12,525	$7.20	$9.27	1 Jul 14	3,131	9,394	75%
Paul McPhee	29 Jul 14	22,962	$5.40	$8.71	1 Jul 17	-	-	-
	30 Jul 13	20,965	$5.74	$9.54	1 Jul 16	-	-	-
	5 Sep 12	16,495	$3.66	$11.03	1 Jul 15	-	-	-
	26 Jul 11	10,790	$7.20	$9.27	1 Jul 14	2,698	8,092	75%
Kristen Walsh	29 Jul 14	17,222	$5.40	$8.71	1 Jul 17	-	-	-
	30 Jul 13	7,862	$5.74	$9.54	1 Jul 16	-	-	-
	5 Sep 12	6,525	$3.66	$11.03	1 Jul 15	-	-	-
	26 Jul 11	7,555	$7.20	$9.27	1 Jul 14	1,889	5,666	75%
Richard Stephens	29 Jul 14	14,351	$5.40	$8.71	1 Jul 17	-	-	-
	30 Jul 13	6,551	$5.74	$9.54	1 Jul 16	-	-	-
	5 Sep 12	6,120	$3.66	$11.03	1 Jul 15	-	-	-
	26 Jul 11	5,935	$7.20	$9.27	1 Jul 14	1,484	4,451	75%

(a) Performance rights granted to Mr Naran in July 2011 are cash-settled rights. Other rights granted to Mr Naran and rights granted to all other executives named above are equity-settled rights.

(b) The issue price used to determine the number of rights offered in each year to all participants, including Mr Kilmister and other key management personnel, was the volume weighted average price of the Company's shares during the twenty trading days following the announcement of the Group's annual financial results. The grant dates and corresponding fair values per right in the above table have been determined in accordance with Australian Accounting Standards and are dependent on the dates on which individual executives are deemed to have received their offers to participate in the Plan. Fair values have been calculated using Binomial Tree (EPS hurdle) and Monte-Carlo Simulation (TSR hurdle) valuation methodologies.

(c) The number of rights lapsed represents rights lapsed due to performance hurdles not being met.

The LTI Plan awards that matured in 2015, based on the performance period of 1 April 2012 – 31 March 2015 did not meet their performance hurdles and thus will not vest on 1 July 2015. All participants' performance rights, within this performance period, including those of the CEO and the executive KMP, will lapse.

Property leases

The Group has entered into property lease agreements in the USA with a company in which Mr Raj Naran holds a controlling interest. Lease rental expense in AUD-equivalents for the year was $667,527 (2014: $611,240) and the amount outstanding at the end of the year was $19,722 (2014: $17,212).

¬ Remuneration report ... *continued.*

Outlook for FY 2015-16 Remuneration - unaudited

The Company will continue to review its reward strategy annually, to ensure that our long term growth and continuing geographic and sector diversification aspirations are met.

As the economic environment continues to be uncertain and until global commodity prices stabilise, it's expected that different parts of our markets will require amendments to their remuneration approaches next year depending on their stage in the economic cycle. The Board notes that such cycles will continue to have an impact on overall remuneration strategies and will respond where this impacts on overall profitability growth.

Shareholders are informed that it has already been resolved that the fees for Directors will be unchanged for the 2015-16 FY and that the LTI Plan hurdles will not be met and thus there will be no benefit for participants in July 2015.

As the company settles into the new normal of unsettled economic conditions, shareholders are assured that no further adjustments will be required to the LTI Plan for 2015-18 FY performance period. The changes made in the 2014-15FY recognise the continuing role the LTI Plan plays in motivating and retaining our executives and in driving excellent financial performance and are considered to be sufficient for the coming FY.

In order to ensure that our STI Plan continues to reward exceptional performance, however, it is expected that the plan will need to be adjusted for the 2015-16 FY to implement a structure that requires that the financial KPIs be met before the personal or non-financial KPIs yield a payment.

Consultation with shareholder advisory groups and use of external specialist consultants will continue to be a strong feature of our remuneration strategy and process to ensure that fair and affordable remuneration continues into the future.

– End of remuneration report.

Environmental regulation

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

Environmental management

As part of the Group's compliance program, environmental matters are reported on monthly by all divisional managers. In addition, internal sign-offs are completed by all managers on a yearly basis, reporting on performance against relevant environmental legislation and key environmental risks in their area of operations. Apart from complying with local legal requirements each site location across the world operates under the corporate health safety and environment minimum standard which sets out 13 key standards including identification and management of key environmental risks, emergency planning, reporting environmental incidents, and conducting monthly audits.

Initiatives

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

Performance against environmental compliance requirements

There were no material breaches of environmental statutory requirements and no prosecutions launched against the Group during the reporting period. Minor penalties were imposed on three ALS site locations, namely ALS Life Sciences in Lima, Peru who were fined $660 USD for incorrect transport of waste, ALS Life Sciences in Kelso, USA who were fined $23,000 USD for breach of hazardous materials storage regulations, and ALS XDT in Vung Tau, Vietnam who were fined $695 USD for incomplete waste disposal records.

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

Events subsequent to reporting date

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

Likely developments

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

Directors' interests

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

	No. of Ordinary shares
Nerolie Withnall	20,507
Greg Kilmister	1,130,207
Ray Hill	140,000
Bruce Brown	166,728
Mel Bridges	33,502
Grant Murdoch	48,586
John Mulcahy	43,637
Charlie Sartain	-

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

Directors' meetings

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

	Board Meetings (1)		Audit and Compliance Committee Meetings (2)		Remuneration Committee Meetings	
	A	B	A	B	A	B
Nerolie Withnall*	14	12	4	4	2	2
Greg Kilmister	14	14	-	-	-	-
Ray Hill	14	14	4	4	-	-
Bruce Brown	14	14	-	-	2	2
Mel Bridges^	14	13	4	4	1	1
Grant Murdoch	14	14	4	4	-	-
John Mulcahy	14	14	-	-	2	2
Charlie Sartain#	2	2	1	1	-	-

* granted leave of absence for 2 Board meetings.

^ appointed to the Remuneration Committee effective 26 February 2015.

\# appointed to the Board effective 1 February 2015 and to the Audit and Compliance Committee effective 17 March 2015.

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

B – Number of meetings attended.

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

(2) Although not members of the Audit & Compliance Committee, Messrs Brown, Mulcahy and Kilmister attend meetings of the Committee as permitted by the Committee's Charter.

Indemnification and insurance of directors and officers

Indemnification

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

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

Insurance premiums

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

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

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

Non-audit services

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

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

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

Details of the amounts paid to the auditor of the Company, KPMG, and its related practices for audit and non-audit services provided during the year are set out below. In addition, amounts paid to other auditors for the statutory audit have been disclosed:

In thousands of AUD	Consolidated	
Audit services	2015	2014
Auditors of the Company		
KPMG Australia:		
Audit and review of consolidated and company financial reports	530	600
Audit of subsidiary's financial report	15	20
Other regulatory audits	-	5
Other KPMG member firms:		
Audit and review of financial reports	1,152	987
	1,697	1,612
Other auditors		
Audit and review of financial reports	65	66
	1,762	1,678
Other services		
Auditors of the Company		
KPMG Australia		
Other assurance and investigation services	29	57
Due diligence services	-	660
Taxation services	185	-
Other KPMG member firms:		
Taxation services	376	289
Other assurance and investigation services	15	10
	605	1,016

Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 99 and forms part of the directors' report for the financial year ended 31 March 2015.

Rounding off

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest one hundred thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors:

Nerolie Withnall
Chairman

Brisbane
28 May 2015

Greg Kilmister
Managing Director

Brisbane
28 May 2015

Profit and loss statement

For the year ended 31 March 2015

		Consolidated	
In millions of AUD	**Note**	2015	Restated 2014*
Continuing operations			
Revenue from sale of goods		6.6	5.7
Revenue from rendering of services		1,415.6	1,378.3
		1,422.2	1,384.0
Other income	7	1.7	1.6
Changes in inventories of finished goods and work in progress		14.0	(12.1)
Raw materials and consumables purchased		(131.0)	(117.4)
Employee expenses		(679.1)	(638.8)
Warehousing and distribution costs		(30.5)	(30.6)
Occupancy costs		(49.4)	(44.6)
Amortisation and depreciation		(95.5)	(82.6)
Selling expenses		(6.8)	(21.5)
Impairment charges	6vi	(289.8)	-
Administration and other expenses		(247.0)	(201.3)
Share of net profits/(losses) of associates and joint ventures accounted for using the equity method	18	4.1	3.0
(Loss)/profit before financing costs and income tax		(87.1)	239.8
Finance income	10	2.5	2.5
Finance expense	10	(35.6)	(29.3)
Net finance expense		(33.1)	(26.8)
(Loss)/profit before income tax		(120.2)	213.0
Income tax expense	11	(51.5)	(58.3)
(Loss)/profit from continuing operations		(171.7)	154.7
Discontinued operations			
Loss of discontinued operations (net of income tax)	35	(1.0)	1.9
(Loss)/Profit for the year		(172.7)	156.6
Attributable to:			
Equity holders of the Company		(174.5)	154.4
Non-controlling interest		1.8	2.2
(Loss)/profit for the year		(172.7)	156.6
Basic earnings per share attributable to equity holders	12	(43.37)c	40.74c
Diluted earnings per share attributable to equity holders	12	(43.37)c	40.68c
Basic earnings per share attributable to equity holders from continuing operations	12	(43.07)c	40.32c
Diluted earnings per share attributable to equity holders from continuing operations	12	(43.07)c	40.26c
Dividends per share	26	$0.21	$0.39

*See discontinued operations – note 35

The profit and loss statement is to be read in conjunction with the notes to the financial statements set out on pages 60 to 95.

Statement of comprehensive income

For the year ended 31 March 2015

		Consolidated	
In millions of AUD	**Note**	2015	2014
Profit for the year		(172.7)	156.6
Other comprehensive income * *Items that are or may be reclassified subsequently to the profit and loss*			
Foreign exchange translation		30.5	41.8
Net gain/(loss) on hedge of net investments in foreign subsidiaries		(2.0)	(2.8)
Net gain/(loss) on cash flow hedges taken to equity		3.3	0.4
Other comprehensive income for the year, net of income tax		31.8	39.4
Total comprehensive income for the year		(140.9)	196.0
Attributable to:			
Equity holders of the company		(142.7)	193.8
Non-controlling interest		1.8	2.2
Total comprehensive income for the year		(140.9)	196.0

*All movements in comprehensive income are disclosed net of applicable income tax.

The statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 60 to 95.

Balance sheet

As at 31 March 2015

In millions of AUD	Note	Consolidated 2015	Consolidated 2014
Assets			
Cash and cash equivalents	13	163.1	138.9
Trade and other receivables	14	313.5	317.1
Inventories	16	76.1	85.2
Income tax receivable		4.5	-
Other assets	17	41.5	44.2
Total current assets		598.7	585.4
Non-current assets			
Receivables	14	3.9	2.1
Investments accounted for using the equity method	18	15.0	10.4
Investment property	23	10.7	10.8
Deferred tax assets	19	22.1	26.8
Property, plant and equipment	20	491.9	481.6
Intangible assets	21	1,250.4	1,412.7
Other assets	17	14.2	7.5
Total non-current assets		1,808.2	1,951.9
Total assets		2,406.9	2,537.3
Liabilities			
Bank overdraft	13	0.1	2.7
Trade and other payables	22	158.4	167.4
Loans and borrowings	24	4.0	115.5
Income tax payable		-	7.0
Employee benefits		39.2	41.1
Total current liabilities		201.7	333.7
Non-current liabilities			
Loans and borrowings	24	935.4	749.7
Deferred tax liabilities	19	6.7	1.3
Employee benefits		8.0	6.1
Other	25	26.7	27.1
Total non-current liabilities		976.8	784.2
Total liabilities		1,178.5	1,117.9
Net assets		1,228.4	1,419.4
Equity			
Share capital	26	1,134.1	1,061.0
Reserves		(23.1)	(54.9)
Retained earnings		104.5	401.6
Total equity attributable to equity holders of the company		1,215.5	1,407.7
Non-controlling interest		12.9	11.7
Total equity		1,228.4	1,419.4

The balance sheet is to be read in conjunction with the notes to the financial statements set out on pages 60 to 95.

Statement of changes in equity

For the year ended 31 March 2015

		Consolidated							
In millions of AUD	**Note**	Share Capital	Foreign Currency Translation	Other reserves	Employee share-based awards	Retained earnings	Total	Non-controlling Interest	Total Equity
Balance 1 April 2014		1,061.0	(30.2)	(26.0)	1.3	401.6	1,407.7	11.7	1,419.4
Total comprehensive income for the period									
Profit or loss		-	-	-	-	(174.5)	(174.5)	1.8	(172.7)
Other comprehensive income									
Foreign exchange translation differences		-	30.5	-	-	-	30.5	-	30.5
Net gain/(loss) on hedge of net investments in foreign subsidiaries		-	(2.0)	-	-	-	(2.0)	-	(2.0)
Net gain/(loss) on cash flow hedges taken to equity		-	-	3.3	-	-	3.3	-	3.3
Total other comprehensive income		-	28.5	3.3	-	-	31.8	-	31.8
Total comprehensive income for the period		-	28.5	3.3	-	(174.5)	(142.7)	1.8	(140.9)
Transactions with equity holders, recorded directly in equity									
Contributions by and distributions to owners									
Dividends to equity holders	26	-	-	-	-	(122.7)	(122.7)	(0.6)	(123.3)
Shares issued under dividend reinvestment plan (3,543,523 ordinary shares at $8.32 per share)		29.5	-	-	-	-	29.5	-	29.5
Shares issued under dividend reinvestment plan (3,439,764 ordinary shares at $4.63 per share)		15.9	-	-	-	-	15.9	-	15.9
Shares issued under DRP underwriting arrangement (net of costs)[1] (6,010,746 ordinary shares at $4.63 per share)		27.2	-	-	-	-	27.2	-	27.2
Treasury shares purchased and held in trust		-	-	-	-	-	-	-	-
Share-settled performance rights awarded during the year	39	-	-	-	0.6	-	0.6	-	0.6
Share-settled performance rights vested during the year	26, 39	0.5	-	-	(0.6)	0.1	-	-	-
Non-controlling interest ownership of subsidiary acquired/(disposed)		-	-	-	-	-	-	-	-
Total contributions by and distributions to owners		73.1	-	-	-	(122.6)	(49.5)	(0.6)	(50.1)
Balance at 31 March 2015		1,134.1	(1.7)	(22.7)	1.3	104.5	1,215.5	12.9	1,228.4

1. Cost attributable to DRP underwrite totalled $0.6m

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 60 to 95.

¬ Statement of changes in equity ... *continued.*
For the year ended 31 March 2015

		Consolidated							
In millions of AUD	**Note**	Share Capital	Foreign Currency Translation	Other reserves	Employee share-based awards	Retained earnings	Total	Non-controlling Interest	Total Equity
Balance 1 April 2013		667.9	(69.2)	(30.4)	1.7	415.4	985.4	11.7	997.1
Total comprehensive income for the period									
Profit or loss		-	-	-	-	154.4	154.4	2.2	156.6
Other comprehensive income									
Foreign exchange translation differences		-	41.8	-	-	-	41.8	-	41.8
Net gain/(loss) on hedge of net investments in foreign subsidiaries		-	(2.8)	-	-	-	(2.8)	-	(2.8)
Net gain/(loss) on cash flow hedges taken to equity		-	-	0.4	-	-	0.4	-	0.4
Total other comprehensive income		-	39.0	0.4	-	-	39.4	-	39.4
Total comprehensive income for the period		-	39.0	0.4	-	154.4	193.8	2.2	196.0
Transactions with equity holders, recorded directly in equity									
Contributions by and distributions to owners									
Dividends to equity holders	26	-	-	-	-	(165.9)	(165.9)	(0.9)	(166.8)
Shares issued under dividend reinvestment plan (3,937,994 ordinary shares at $8.92 per share)		35.1	-	-	-	-	35.1	-	35.1
Shares issued under dividend reinvestment plan (4,121,199 ordinary shares at $7.77 per share)		32.0	-	-	-	-	32.0	-	32.0
Other reserve arising from put option over non-controlling interest		-	-	4.0	-	-	4.0	-	4.0
Shares issued under DRP underwriting arrangement (net of costs)[1] (5,289,576 ordinary shares at $7.77 per share)		40.3	-	-	-	-	40.3	-	40.3
Proceeds of the renounceable 1 for 11 rights issue (net of costs)[2]		241.3	-	-	-	-	241.3	-	241.3
Treasury shares purchased and held in trust		(6.7)	-	-	-	-	(6.7)	-	(6.7)
Direct issue of shares to fund acquisition (5,750,418 ordinary shares at $8.60 per share)		49.5	-	-	-	-	49.5	-	49.5
Share-settled performance rights awarded during the year	39	-	-	-	0.6	-	0.6	-	0.6
Share-settled performance rights vested during the year	26, 39	1.6	-	-	(1.0)	(0.6)	-	-	-
Non-controlling interest ownership of subsidiary acquired/(disposed)		-	-	-	-	(1.7)	(1.7)	(1.3)	(3.0)
Total contributions by and distributions to owners		393.1	-	4.0	(0.4)	(168.2)	228.5	(2.2)	226.3
Balance at 31 March 2014		1,061.0	(30.2)	(26.0)	1.3	401.6	1,407.7	11.7	1,419.4

1. Cost attributable to DRP underwrite totalled $0.8m
2. Costs attributable to the 1 for 11 rights issue totalled $6.7m

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 60 to 95.

Statement of cash flows

For the year ended 31 March 2015

In millions of AUD	Note	Consolidated 2015	Consolidated 2014
Cash flows from operating activities			
Cash receipts from customers		1,658.9	1,687.7
Cash paid to suppliers and employees		(1,354.3)	(1,341.3)
Cash generated from operations		304.6	346.4
Interest paid		(35.6)	(29.3)
Interest received		2.5	2.5
Income taxes paid		(56.3)	(85.7)
Net cash from operating activities	34	215.2	233.9
Cash flows from investing activities			
Payments for property, plant and equipment		(76.5)	(82.6)
Repayments/(loans) joint venture entity		(0.4)	0.8
Payments for net assets on acquisition of businesses and subsidiaries (net of cash acquired)		(30.2)	(476.5)
Proceeds from sale of business operations		21.2	0.7
Dividend from associate		1.3	1.9
Proceeds from sale of other non-current assets		1.6	7.5
Net cash (used in) investing activities		(83.0)	(548.2)
Cash flows from financing activities			
Proceeds from borrowings		73.0	874.8
Repayment of borrowings		(130.0)	(722.6)
Proceeds from issue of new issued capital		27.2	281.6
Lease payments		(2.6)	(3.3)
Dividends paid		(77.9)	(99.7)
Net cash (used in)/from financing activities		(110.3)	330.8
Net movement in cash and cash equivalents		21.9	16.5
Cash and cash equivalents at 1 April		136.2	112.9
Effect of exchange rate fluctuations on cash held		4.9	6.8
Cash and cash equivalents at 31 March	13	163.0	136.2

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 60 to 95.

Notes to the financial statements

For the year ended 31 March 2015

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1. Reporting entity

ALS Limited (the "Company") is a for-profit company domiciled in Australia. The consolidated financial report of the Company for the year ended 31 March 2015 comprises the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

2. Basis of preparation

(a) Statement of compliance

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

The financial report was authorised for issue by the directors on 28 May 2015.

(b) Basis of measurement

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

(c) Functional and presentation currency

The financial report is presented in Australian dollars which is the Company's functional currency. The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report have been rounded off to the nearest hundred thousand dollars, unless otherwise stated.

(d) Use of estimates and judgements

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

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

In particular the most significant uses of estimates and judgements are described in note 21 – Intangible assets and note 36 – Acquisitions of subsidiaries and non-controlling interests.

3. Significant accounting policies

The accounting policies applied by the Group in this financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 31 March 2014.

(a) Basis of consolidation

Business combinations

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

The Group measures goodwill at the acquisition date as:

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

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

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

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

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

Subsidiaries

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

Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements.

Associates and joint ventures

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

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

Non-controlling interests

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

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

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

Transactions eliminated on consolidation

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

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

(b) Foreign currency

Foreign currency transactions

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

¬ 3. Significant accounting policies ... *continued.*
¬ (b) Foreign currency ... *continued.*

Financial statements of foreign operations

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

Hedge of net investment in foreign operations

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

(c) Derivative financial instruments

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

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

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value and changes therein are recognised immediately in the profit and loss statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see note 3(d)).

(d) Hedging

Cash flow hedges

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

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

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

Fair value hedges

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

Economic hedges

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

¬ 3. Significant accounting policies ... *continued.*

(e) Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see note 3(j)).

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

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

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

Borrowing costs

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

Reclassification to investment property

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

Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both. Investment property is measured at cost and is depreciated on a straight line basis over the estimated useful life of 80 years.

Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Lease payments are accounted for as described in note 3(q).

Subsequent costs

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

Depreciation

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

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

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

(f) Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses (see note 3(j)).

(g) Inventories

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

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

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

(h) Cash and cash equivalents

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

(i) Intangible assets

Goodwill

Goodwill arising on the acquisition of a subsidiary or business is included in intangible assets. For the accounting policy on measurement of the goodwill at initial recognition, refer note 3(a).

Subsequent measurement

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

¬ 3. Significant accounting policies ... *continued.*
¬ (i) Intangible assets ... *continued.*

Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (see below) and impairment losses (see note 3(j)).

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

Subsequent expenditure

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

Amortisation

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

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

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

(j) Impairment

Financial assets

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

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

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

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

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

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories (see note 3(g)) and deferred tax assets (see note 3(s)), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see "Calculation of recoverable amount" below). For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

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

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

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

Calculation of recoverable amounts

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

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

(k) Share capital

Transaction costs

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

Dividends

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

(l) Loans and borrowings

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

¬ 3. Significant accounting policies ... *continued.*

(m) Employee benefits

Defined contribution superannuation funds

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

Long-term service benefits

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

Short-term service benefits

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

Share-based payment transactions

The fair value at grant date of equity-settled share-based awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the actual number of share awards that vest, except for those that fail to vest due to market vesting conditions not being met.

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

(n) Provisions

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

(o) Trade and other payables

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

(p) Revenue

Goods sold and services rendered

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

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

Dividend Income

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

(q) Expenses

Operating lease payments

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

Finance lease payments

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

Finance income and finance expense

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

Finance expense comprise interest expense on borrowings calculated using the effective interest method and gains and losses on hedging instruments that are recognised in the profit and loss statement (see note 3(d)). The interest expense component of finance lease payments is recognised in the profit and loss statement using the effective interest method.

Foreign currency costs

Foreign currency gains and losses are reported on a net basis.

¬ 3. Significant accounting policies ... *continued.*

(r) Determination and presentation of operating segments

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

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

Segment results that are reported to the CEO include items directly attributed to the segment as well as those that can be allocated on a reasonable basis. Segment contribution is calculated as earnings before interest, foreign currency gains and losses, and income tax. Unallocated items comprise mainly corporate assets, head office expenses, finance costs, income tax expense and taxation assets and liabilities. Inter-segment pricing is determined on an arms length basis.

Non-current assets disclosed in note 6 – Operating Segments - are comprised of the Group's non-current assets excluding receivables and deferred tax assets.

(s) Income tax

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

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

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

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

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

Tax consolidation

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

Nature of tax funding arrangements

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

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

(t) Goods and services tax

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

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

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

(u) Discontinued operations

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

(v) Earnings per share

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

¬ 3. Significant accounting policies ... *continued.*

(w) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2014, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers.

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

AASB 15 will become mandatory for the Group's 2018 consolidated financial statements (this may be extended to 2019). It establishes a comprehensive framework for determining whether, how much, and when revenue is recognised, and replaces existing revenue recognition guidance. The Group does not plan to adopt the standard early and the extent of the impact has not yet been determined.

4. Financial and capital risk management

Risk management framework

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

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

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

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

- Credit risk
- Liquidity risk
- Market risk

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

Credit risk

The Group has an established credit policy and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets. There is no single customer making up a material percentage of the Group's revenue. Geographic concentrations of trade receivables are - Australia 28% (2014: 35%), Canada 8% (2014: 11%), USA 19% (2014: 13%), UK 14% (2014: 11%), and other countries 31% (2014: 30%). The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. The Group does not require collateral in respect of trade and other receivables.

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

Group policy is to provide financial guarantees only to wholly-owned subsidiaries. Details of the Deed of Cross Guarantee are provided in note 31.

Liquidity risk

The liquidity position of the Group is continuously managed using cash flow forecasts to ensure sufficient liquid funds are available to meet its financial commitments in a timely and cost-effective manner. The Group is party to a number of bilateral debt facility and long term note agreements which provide funding for acquisitions and working capital (refer note 24).

Note 27 details the repayment obligations in respect of the amount of the facilities and derivatives utilised.

Market risk

Interest rate risk

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

The Group's interest rate risk arises from long-term debt. Floating rate debt exposes the Group to cash flow interest rate risk and fixed rate debt exposes the Group to fair value interest rate risk. Interest rate risk is managed by maintaining an appropriate mix of fixed and floating rate debt. The Group enters into interest rate swaps to manage the ratio of fixed rate debt to floating rate debt. Hedging is undertaken against specific rate exposures only, as disclosed in note 27.

Foreign exchange risk

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

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

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

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

¬ 4. Financial and capital risk management ... *continued.*
¬ Market risk – Foreign exchange risk ... *continued.*

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

Capital management

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

Capital management involves the use of corporate forecasting models which facilitates analysis of the Group's financial position including cash flow forecasts to determine the future capital management requirements. Capital management is undertaken to ensure a secure, cost-effective and flexible supply of funds is available to meet the Group's operating and capital expenditure requirements. The Group monitors gearing and treasury policy breaches and exceptions. The gearing ratio as at balance date is 38% (2014: 34%).

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

5. Determination of fair value

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial report as at and for the year ended 31 March 2014.

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

Fair value hierarchy

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

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

Derivatives

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

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

Loans and borrowings

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

Trade and other receivables / payables

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

Finance leases

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

Share-based payment transactions

The fair value of share-based awards to employees is measured using Binomial Tree (Earnings per Share hurdle) and Monte-Carlo Simulation (Total Shareholder Return hurdle) valuation methodologies. Measurement inputs include the Company's share price on measurement date, expected volatility thereof, expected life of the awards, the Company's expected dividend yield and the risk-free interest rate. Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value. Refer note 39 for details.

Contingent consideration

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

6. Operating segments

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

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

Discontinued segment:

- Reward Distribution - distribution of non-food consumables to the healthcare, building services, hospitality and leisure industries. This segment was sold in October 2014 – refer note 35.

¬ 6. Operating Segments ... *continued.*

In millions of AUD	ALS Minerals	ALS Life Sciences	ALS Energy	ALS Industrial	Reward Distribution (c)	Consolidated
2015						
Revenue from external customers	367.4	557.4	307.4	190.0	70.5	1,492.7
Total revenue	367.4	557.4	307.4	190.0	70.5	1,492.7
Segment contribution (a)	72.0	96.2	34.6	27.9	1.3	232.0
Segment margin (b)	19.6%	17.3%	11.2%	14.7%	1.8%	15.5%
Segment assets (d)	649.5	653.9	621.8	222.7	-	2,147.9
Segment liabilities	61.0	81.2	51.4	22.8	-	216.4
Amortisation and depreciation	23.1	31.4	22.1	6.0	0.3	82.9

(a) Segment contribution represents the segment's profit before financing costs, net foreign exchange gains and losses, impairment losses, and income tax.
(b) Segment margin is calculated as segment contribution as a percentage of segment revenue.
(c) Reward Distribution was divested during October 2014 (refer note 35).
(d) Segment assets include an allocation of goodwill. This is consistent with reporting to the chief operating decision maker.

In millions of AUD	ALS Minerals	ALS Life Sciences	ALS Energy	ALS Industrial	Reward Distribution (c)	Consolidated
2014						
Revenue from external customers	425.9	527.3	247.9	182.9	119.4	1,503.4
Total revenue	425.9	527.3	247.9	182.9	119.4	1,503.4
Segment contribution (a)	99.1	90.3	52.2	26.2	2.7	270.5
Segment margin (b)	23.3%	17.1%	21.1%	14.3%	2.2%	18.0%
Segment assets	641.1	596.6	819.2	215.2	34.0	2,306.1
Segment liabilities	56.0	70.0	62.5	21.1	8.2	217.8
Amortisation and depreciation	24.0	29.8	15.7	5.2	0.6	75.3

(a) Segment contribution represents the segment's profit before financing costs, net foreign exchange gains and losses and income tax.
(b) Segment margin is calculated as segment contribution as a percentage of segment revenue.
(c) Reward Distribution was divested during October 2014 (refer note 35).

¬ 6. Operating Segments ... *continued.*

In millions of AUD	Consolidated 2015	Consolidated 2014
i) Segment revenue reconciliation to the profit and loss statement		
Total segment revenue	1,492.7	1,503.4
Elimination of discontinued operation	(70.5)	(119.4)
Total revenue per the profit and loss statement	1,422.2	1,384.0
ii) Segment contribution reconciliation to the profit and loss statement		
Total segment contribution	232.0	270.5
Impairment and divestment losses (note 6 vi)	(289.8)	(1.9)
Amortisation of intangibles (excluding software)	(12.1)	(7.0)
Corporate expenses	(21.8)	(20.3)
Acquisition expenses	-	(2.3)
Net financing costs	(33.1)	(26.8)
Net gain on foreign exchange (note 8)	5.9	3.5
Elimination of discontinued operation (before tax)	(1.3)	(2.7)
(Loss)/Profit before tax per the profit and loss statement	(120.2)	213.0
iii) Segment assets reconciliation to the balance sheet		
Total segment assets	2,147.9	2,306.1
Corporate assets	13.6	13.8
Income tax receivable	4.5	-
Cash and cash equivalents	163.1	138.9
Fair value derivatives	19.8	15.6
Other current assets	35.9	36.1
Deferred tax assets	22.1	26.8
Total assets per the balance sheet	2,406.9	2,537.3
iv) Segment liabilities reconciliation to the balance sheet		
Total segment liabilities	216.4	217.8
Corporate liabilities	15.8	23.9
Bank overdraft	0.1	2.7
Fair value derivatives	-	-
Income tax liability	-	7.0
Loans and borrowings	939.5	865.2
Deferred tax liabilities	6.7	1.3
Total liabilities per the balance sheet	1,178.5	1,117.9
v) Segment amortisation and depreciation reconciliation to the profit and loss statement		
Total segment amortisation and depreciation	82.9	75.3
Corporate amortisation and depreciation	12.9	7.9
Elimination of discontinued operation	(0.3)	(0.6)
Total amortisation and depreciation	95.5	82.6
vi) Impairment charges not recognised in segment contribution above		
ALS Energy segment:		
Goodwill – Oil & Gas CGU (notes 8 & 21)	287.1	-
Plant and equipment – Oil & Gas CGU (notes 8 & 20)	2.7	-
	289.8	-
Reward Distribution segment (discontinued):		
Other current assets (note 35)	2.3	-
	292.1	-
Income tax benefit thereon	(1.5)	-
Total impairment charges net of tax benefit	290.6	-

¬ 6. Operating Segments ... *continued.*

Geographical segments

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

	Consolidated	
	2015	
In millions of AUD	Revenues	Non-current assets
Australia	552.9	601.2
Canada	177.3	210.0
USA	248.4	331.4
Other countries	514.1	665.6
Total	1,492.7	1,808.2

	Consolidated	
	2014	
In millions of AUD	Revenues	Non-current assets
Australia	615.5	639.3
Canada	204.3	305.0
USA	191.0	396.1
Other countries	492.6	611.5
Total	1,503.4	1,951.9

7. Other income from continuing operations

		Consolidated	
In millions of AUD	**Note**	2015	2014 Restated
Investment property rental income		1.7	1.6
		1.7	1.6

8. Expenses from continuing operations

		Consolidated	
In millions of AUD	**Note**	2015	2014
Equity-settled share-based payment transactions	39	0.6	0.3
Cash-settled share-based payment transactions	39	-	-
Contributions to defined contribution post-employment plans		27.0	33.1
Impairment charges – Oil & Gas:	6vi	289.8	-
Loss on divestment of controlled entity		-	1.3
Loss/(gain) on sale of property plant and equipment		1.4	0.5
Transaction costs related to business combinations	3(i)	-	2.3
Net loss/(gain) on foreign exchange		(5.9)	(3.5)

9. Auditors' remuneration

In thousands of AUD	Consolidated	
Audit services	2015	2014
Auditors of the Company		
KPMG Australia:		
Audit and review of consolidated and company financial reports	530	600
Audit of subsidiary's financial report	15	20
Other regulatory audits	-	5
Other KPMG member firms:		
Audit and review of financial reports	1,152	987
	1,697	1,612
Other auditors		
Audit and review of financial reports	65	66
	1,762	1,678
Other services		
Auditors of the Company		
KPMG Australia		
Other assurance and investigation services	29	57
Due diligence services	-	660
Taxation services	185	-
Other KPMG member firms:		
Taxation services	376	289
Other assurance and investigation services	15	10
	605	1,016

10. Net finance expense

	Consolidated	
In millions of AUD	2015	2014
Interest income	2.5	2.5
Financial income	2.5	2.5
Interest expense	35.4	29.1
Finance charges on capitalised leases	0.2	0.2
Financial expenses	35.6	29.3
Net finance expense	33.1	26.8

11. Income tax expense

In millions of AUD	Consolidated	
Recognised in the profit and loss statement	2015	2014 Restated
Current tax expense from continuing operations		
Current year	42.0	67.3
Adjustments for prior years	0.8	0.2
	42.8	67.5
Deferred tax expense		
Origination and reversal of temporary differences	8.7	(9.2)
	8.7	(9.2)
Total income tax expense in profit and loss statement	51.5	58.3
Reconciliation between tax expense and pre-tax net profit		
Profit/(loss) before tax from continuing operations	(120.2)	213.0
Income tax using the domestic corporation tax rate of 30% (2014: 30%)	(36.1)	63.9
Difference resulting from different tax rates in overseas countries	(0.5)	(7.7)
Increase in income tax expense due to:		
Non-deductible expenses	2.6	3.9
Non-deductible equity settled performance rights expense	-	0.2
Non-deductible new market expansion and acquisition related costs	0.2	0.8
Loss on disposal of the discontinuing operations	0.7	-
Tax losses of subsidiaries not recognised	2.0	3.7
Non resident withholding tax paid upon receipt of distributions from foreign related parties	2.8	1.4
Non-deductible goodwill impairment losses	86.1	-
Non-deductible amortisation of intangibles	3.6	2.0
Non-deductible unrealised foreign exchange amounts	-	2.2
Decrease in income tax expense due to:		
Previously unrecognised tax losses utilised during the year	-	(0.2)
Share of associate entities net profit	(1.2)	(0.8)
Foreign statutory tax exemptions granted	(1.3)	(0.9)
Tax exempt revenues	(0.1)	(1.1)
Deductible financing costs	(6.2)	(6.9)
Other deductible items	(1.9)	(2.4)
Under / (over) provided in prior years	0.8	0.2
Income tax expense on pre-tax net profit/(loss)	51.5	58.3

Deferred tax recognised directly in equity	2015	2014
Relating to foreign currency translation reserve	2.1	-
Relating to share capital	-	1.5
Relating to hedging reserve	(1.4)	(0.2)
	0.7	1.3

12. Earnings per share

	Consolidated	
Cents per share	2015	Restated 2014
Basic earnings per share	(43.37)c	40.74c
Diluted earnings per share	(43.37)c	40.68c
Basic earnings per share from continuing operations	(43.07)c	40.32c
Diluted earnings per share from continuing operations	(43.07)c	40.26c
Basic earnings per share from discontinued operations	(0.30)c	0.42c
Diluted earnings per share from discontinued operations	(0.30)c	0.42c

Basic and diluted earnings per share

The calculations of both basic and diluted earnings per share were based on the loss attributable to equity holders of the Company of $174.5m (2014: profit of $154.4m).

Basic and diluted earnings per share from continuing operations

The calculations of both basic and diluted earnings per share from continuing operations were based on the loss attributable to equity holders of the Company from continuing operations of $173.3m (2014: profit of $152.8m).

Basic and diluted earnings per share from discontinued operations

The calculations of both basic and diluted earnings per share from discontinued operations were based on the loss attributable to equity holders of the Company from discontinued operations of $1.2m (2014: profit of $1.6m).

Weighted average number of ordinary shares (Basic and diluted)

		Consolidated	
In millions of shares	Note	2015	2014
Issued ordinary shares at 1 April (restated for 5 for 1 share split August 2012)	26	394.3	343.6
Effect of shares issued July 2013 (DRP)		-	3.6
Effect of shares issued July 2013 (Institutional rights issue)		-	11.8
Effect of shares issued August 2013 (Reservoir acquisition)		-	3.4
Effect of shares issued August 2013 (Retail rights issue)		-	12.7
Effect of shares issued December 2013 (DRP)		-	2.0
Effect of shares issued December 2013 (DRP underwrite)		-	1.9
Effect of shares issued July 2014 (DRP)		3.5	-
Effect of shares issued December 2014 (DRP)		2.1	-
Effect of shares issued December 2014 (DRP underwrite)		2.4	-
Weighted average number of ordinary shares at 31 March (Basic)		402.3	379.0
Effect of performance rights granted to employees as compensation		0.7	0.6
Weighted average number of ordinary shares at 31 March (Diluted)		403.0	379.6

13. Cash and cash equivalents

	Consolidated	
In millions of AUD	2015	2014
Bank balances	163.1	113.9
Bank fixed rate deposits	-	25.0
Cash and cash equivalents in the balance sheet	163.1	138.9
Bank overdrafts repayable on demand	(0.1)	(2.7)
Cash and cash equivalents in the statement of cash flows	163.0	136.2

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 27.

14. Trade and other receivables

	Consolidated	
In millions of AUD	2015	2014
Current	283.8	281.5
Trade receivables	29.7	35.6
Other receivables	313.5	317.1
Non-current	2.9	1.4
Security deposits	1.0	0.7
Loans owing by associates and joint venture	3.9	2.1

15. Aging of trade receivables

	Consolidated	
In millions of AUD	2015	2014
Current	146.0	151.0
30 days	62.1	63.5
60 days	20.4	23.6
90 days and over	63.0	51.1
Total	291.5	289.2
Allowance for impairment of trade receivables		
Opening balance	7.7	4.9
Impairment loss recognised/(reversal of impairment loss)	-	2.8
Closing balance	7.7	7.7

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

Exposures to currency risks related to trade and other receivables are disclosed in note 27.

16. Inventories

	Consolidated	
In millions of AUD	2015	2014
Raw materials and consumables (testing and inspection)	36.8	31.9
Work in progress (testing and inspection)	24.4	21.6
Finished goods (testing and inspection)	14.9	13.7
Testing and inspection inventory subtotal	76.1	67.2
Finished goods (distribution)	-	18.0
Total inventories	76.1	85.2

17. Other assets

	Consolidated	
In millions of AUD	2015	2014
Current		
Prepayments	31.1	31.5
Fair value derivatives	5.6	8.1
Other	4.8	4.6
	41.5	44.2
Non-current		
Fair value derivatives	14.2	7.5
	14.2	7.5

18. Investments accounted for using the equity method

Investments in associates and joint ventures

Investments in associates and a joint venture are accounted for using the equity method. The Group has investments in the following equity-accounted entities:

Name	Principal activities	Reporting date	Ownership interest Consolidated	
Associates:			2015	2014
ALS Technichem (Malaysia) Snd Bhd	Laboratory services	31 December	40%	40%
PT. ALS Indonesia	Laboratory services	31 December	20%	20%
Joint ventures:				
Australian Laboratory Services, Arabia Co.	Laboratory services	31 December	42%	42%

In millions of AUD	Consolidated 2015	Consolidated 2014
Movements in carrying amount of investments in associates and joint ventures:		
Carrying amount at the beginning of the financial year	10.4	7.9
Share of associates' and joint venture's net profit	4.1	3.0
Dividends received	(1.3)	(1.9)
Adjustment in carrying value to reflect foreign currency translation	1.8	1.4
	15.0	10.4

19. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Consolidated	Assets		Liabilities		Net	
In millions of AUD	2015	2014	2015	2014	2015	2014
Property, plant and equipment	5.1	6.0	4.0	3.6	1.1	2.4
Land and buildings	-	-	0.5	0.6	(0.5)	(0.6)
Unrealised FX losses/(gains)	11.2	7.6	9.9	0.3	1.3	7.3
Provisions and other payables	17.6	18.1	-	-	17.6	18.1
Undeducted equity raising costs	0.9	1.2	-	-	0.9	1.2
Undeducted capital expenditure	0.1	0.4	-	-	0.1	0.4
Fair value derivatives	-	0.3	1.7	2.4	(1.7)	(2.1)
Inventories	-	0.1	4.0	3.8	(4.0)	(3.7)
Other items	1.0	3.0	0.5	0.6	0.5	2.4
Tax value of loss carry-forwards recognised	0.1	0.1	-	-	0.1	0.1
Tax assets / liabilities	36.0	36.8	20.6	11.3	15.4	25.5
Set off of tax	(13.9)	(10.0)	(13.9)	(10.0)	-	-
Net tax assets / liabilities	22.1	26.8	6.7	1.3	15.4	25.5

Unrecognised deferred tax assets

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

In millions of AUD	Consolidated 2015	Consolidated 2014
Tax losses	12.8	7.9

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

20. Property, plant and equipment

In millions of AUD	Consolidated 2015	Consolidated 2014
Freehold land and buildings:		
At cost	197.4	172.2
Accumulated depreciation	(29.7)	(23.7)
	167.7	148.5
Plant and equipment:		
At cost	783.3	719.5
Accumulated depreciation	(547.5)	(476.4)
	235.8	243.1
Leasehold improvements:		
At cost	134.9	122.1
Accumulated depreciation	(75.3)	(62.1)
	59.6	60.0
Leased plant and equipment:		
At capitalised cost	12.8	13.4
Accumulated depreciation	(5.4)	(5.4)
	7.4	8.0
Capital works in progress	21.4	22.1
Total property, plant and equipment, at net book value	491.9	481.6

Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

In millions of AUD	Consolidated 2015	Consolidated 2014
Freehold land and buildings:		
Carrying amount at the beginning of the year	148.5	133.7
Additions	12.9	13.3
Additions through entities acquired	0.4	2.4
Transfer from capital works in progress	6.8	(0.4)
Depreciation	(5.5)	(4.1)
Disposals	(0.5)	(1.4)
Effect of movement in foreign exchange	5.1	5.0
Carrying amount at end of year	167.7	148.5
Plant and equipment:		
Carrying amount at the beginning of the year	243.1	163.4
Additions	48.0	52.1
Additions through entities acquired	1.3	64.0
Transfers from capital works in progress	1.2	24.1
Transfer from leased plant and equipment	-	-
Disposal*	(4.9)	(6.5)
Depreciation	(65.6)	(60.4)
Effect of movement in foreign exchange	12.7	6.4
Carrying amount at end of year	235.8	243.1
Leasehold improvements:		
Carrying amount at the beginning of the year	60.0	56.8
Additions	6.6	6.3
Additions through entities acquired	0.1	2.0
Transfer from capital works in progress	-	0.4
Disposal	(1.1)	(0.4)
Depreciation	(10.1)	(9.0)
Effect of movement in foreign exchange	4.1	3.9
Carrying amount at end of year	59.6	60.0
Leased plant and equipment:		
Carrying amount at the beginning of the year	8.0	8.3
Additions	-	0.1
Additions through entities acquired	-	-
Transfer to plant and equipment	-	-
Disposal	(0.2)	-
Depreciation	(0.4)	(0.4)
Effect of movement in foreign exchange	-	-
Carrying amount at end of year	7.4	8.0
Capital works in progress:		
Carrying amount at the beginning of the year	22.1	35.0
Additions	8.4	9.5
Additions through entities acquired	0.1	1.6
Transfers out of capital works in progress	(9.9)	(24.1)
Effect of movement in foreign exchange	0.7	0.1
Carrying amount at end of year	21.4	22.1

*Includes Impairment loss of $2.7m (note 6vi).

21. Intangible assets

In millions of AUD	Goodwill	Purchased trademarks and brandnames	Customer Relationships	Technology	Software	Total
	Consolidated					
Balance at 1 April 2014	1,352.6	8.8	42.5	1.5	7.3	1,412.7
Additions through business combinations	21.8	-	2.1	-	-	23.9
Impairment (a)	(287.1)	-	-	-	-	(287.1)
Additions	-	0.7	2.7	0.5	1.8	5.7
Transfer	-	(0.2)	-	0.2	1.7	1.7
Disposal	-	(0.3)	-	-	(0.8)	(1.1)
Amortisation	-	(2.2)	(9.4)	(0.5)	(1.9)	(14.0)
Effect of movements in foreign exchange	99.0	1.6	7.6	0.3	0.1	108.6
Balance at 31 March 2015	1,186.3	8.4	45.5	2.0	8.2	1,250.4
Balance at 1 April 2013	800.5	-	-	-	4.5	805.0
Additions through business combinations	506.2	10.2	47.8	1.8	1.7	567.7
Impairment (a)	-	-	-	-	-	-
Additions	-	-	-	-	3.5	3.5
Disposal	(1.2)	-	-	-	(0.6)	(1.8)
Amortisation	-	(1.4)	(5.3)	(0.3)	(1.9)	(8.9)
Effect of movements in foreign exchange	47.1	-	-	-	0.1	47.2
Balance at 31 March 2014	1,352.6	8.8	42.5	1.5	7.3	1,412.7

a. The goodwill impairment loss recognised relates to the ALS Energy reportable segment and has been included in impairment losses in the profit and loss statement. During the year ended 31 March 2015 the ALS Oil & Gas cash generating unit achieved earnings results well below management's expectations stemming from a sharp deterioration in market conditions in the oilfield services sector related to falling world oil prices. There is much uncertainty as to the timing and strength of any recovery in the sector which has caused management to reassess earnings forecasts used in estimating the recoverable amount of goodwill attaching to this cash generating unit. Based on this assessment a goodwill impairment loss of $287.1m was recognised (refer note 6vi).

Impairment tests for cash generating units containing goodwill

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

In millions of AUD	2015	2014
	Consolidated	
ALS Minerals	366.5	359.1
ALS Life Sciences - Australia	53.5	48.4
ALS Life Sciences – North America	112.2	98.5
ALS Life Sciences – South America	39.3	40.6
ALS Life Sciences – Europe	59.6	63.0
ALS Food Pharma - Europe	35.8	32.2
ALS Life Sciences – Asia	20.4	17.0
ALS Coal	78.0	77.8
ALS Oil & Gas	270.5	470.8
ALS Tribology	26.1	20.8
ALS Industrial	123.9	123.9
Other cash generating units	0.5	0.5
	1,186.3	1,352.6

With the exception of the ALS Oil & Gas CGU, the recoverable amounts of goodwill in all of the Group's remaining cash-generating units exceed carrying amounts and are based on value in use calculations. The goodwill within the ALS Oil & Gas CGU was impaired during the current financial period and accordingly its carrying value was written down to its recoverable amount based on value in use calculations.

The value in use calculations performed for all cash generating units use cash flow projections based on actual operating results, the Board approved budget for FY2016, and forecasts drawn from FY2017 through to FY2020 which are based on management's estimates of underlying economic conditions, past financial results, and other factors anticipated to impact the cash generating units' performance. With the exception of the ALS Oil & Gas CGU a discounted terminal cash flow value is calculated post FY2020 using a nominal growth rate of 2.75%. In respect of the ALS Oil & Gas CGU a discounted terminal cashflow value is calculated post FY2020 using a nominal growth rate of 2.6%. Directors believe these terminal growth rates are an appropriate estimate of the long-term average growth rates achievable in the industries in which the Group participates. The following nominal pre-tax discount rates have been used in discounting the projected cash flows.

¬ 21. Intangible assets ... *continued.*
¬ Impairment tests for cash generating units containing goodwill ... *continued.*

	Pre-tax (nominal) discount rate	
	2015	2014
ALS Minerals	13.8%	14.5%
ALS Life Sciences - Australia	11.1%	11.8%
ALS Life Sciences – North America	9.5%	10.8%
ALS Life Sciences – South America	15.1%	16.1%
ALS Life Sciences – Europe	8.3%	10.9%
ALS Food Pharma - Europe	11.3%	11.8%
ALS Life Sciences – Asia	13.4%	14.4%
ALS Coal	12.4%	14.2%
ALS Oil & Gas	12.7%	12.6%
ALS Tribology	10.4%	12.4%
ALS Industrial	13.0%	13.1%

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

ALS Coal CGU

The estimated recoverable amount of the ALS Coal CGU exceeded its carrying value by approximately $17.1 million. The Company has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount of the CGU. For the estimated recoverable amount to be equal to the carrying amount, the following assumptions would need to change by the amount specified (whilst holding all other assumptions constant):

(a) the pre-tax discount rate would need to increase by 1.4 per cent to 13.8 per cent; or

(b) the compound average growth rate across the five year forecast period would need to decrease by 2.85 percentage points to 3.47 per cent.

ALS Oil & Gas CGU

Following the impairment loss recognised in the Group's Oil & Gas CGU, the recoverable amount was equal to the carrying amount. Therefore, any adverse movement in a key assumption could lead to further impairment of that CGU.

22. Trade and other payables

	Consolidated	
In millions of AUD	2015	2014
Trade payables	44.7	39.1
Other payables and accrued expenses	113.7	128.3
	158.4	167.4

23. Investment property

	Consolidated	
In millions of AUD	2015	2014
Carrying amount at the beginning of the year	10.8	11.0
Additions	-	-
Depreciation	(0.1)	(0.2)
Carrying amount at end of year	10.7	10.8

Investment property comprises a commercial property leased to a third party. The current lease expires in September 2017. See note 28 for further information.

Fair value of the property is estimated to be $15.4m (2014: $15.4m) based on a capitalisation rate of 9.5%.

24. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk, see note 27.

	Consolidated	
In millions of AUD	2015	2014
Current Liabilities		
Bank loans	3.0	113.2
Finance lease liabilities	1.0	2.3
	4.0	115.5
Non-current liabilities		
Bank loans	65.9	13.6
Long term notes	867.4	733.7
Finance lease liabilities	2.1	2.4
	935.4	749.7

Bank loans

Bank loans are denominated in Australian dollars, Great British pounds and Singapore dollars. Current bank loans comprise the portion of the Group's bank loans repayable within one year. Funding available to the Group from undrawn facilities at 31 March 2015 amounted to $249.7m (2014: $140.9m).

The weighted average interest rate (incorporating the effect of interest rate contracts) for all bank loans at balance date is 1.6% (2014: 1.9%).

The term loan facilities are committed facilities and are able to be drawn in the form of bank overdrafts, loans or bank guarantees.

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

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

¬ 24. Loans and borrowings ... *continued.*

Long term notes

In previous periods the Company's controlled entities ALS Group General Partnership and ALS Canada Ltd have issued long term, fixed rate notes to investors in the US Private Placement market. These issuances occurred in December 2010, July 2011, and again in September 2013. The notes are denominated in US dollars and Canadian dollars and mature as follows - 3 years due December 2017: $40.8m; 4 years due July 2019: $282.0m; 5 years due December 2020: $295.4m; and 7 years due July 2022: $249.2m.

Certain of the Long Term Notes are designated as part of a fair value hedge in relation to the interest rate risk (refer note 27), their carrying value includes a fair value adjustment uplift of $14.2m (2014: $7.5m) being the revaluation of the debt for the risk being hedged. This fair value loss in the carrying value of the Notes is offset by gains on interest rate swap instruments which are designated as an effective fair value hedge and recognised as a fair value derivative receivable (refer note 17).

Interest is payable semi-annually to noteholders. The weighted average interest rate (incorporating the effect of interest rate contracts) for all long term notes at balance date is 3.7% (2014: 3.8%).

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

Finance lease liabilities

	Consolidated	
In millions of AUD	2015	2014
Included as lease liabilities are the present values of future rentals for leased assets capitalised:		
Current	1.0	2.3
Non-current	2.1	2.4
	3.1	4.7
Lease commitments in respect of capitalised finance leases are payable:		
Within one year	1.1	2.5
Later than one year but not later than five years	2.2	2.7
Later than five years	-	-
	3.3	5.2
Future finance charges	(0.2)	(0.5)
Total lease liability	3.1	4.7

The Group leases plant and equipment under finance leases expiring over terms of up to seven years. At the end of the lease terms the Group generally has the option to purchase the equipment at a percentage of market value - a price deemed to be a bargain purchase option. Lease liabilities are secured by the leased assets as in the event of default the assets revert to the lessor.

25. Other non-current liabilities

	Consolidated	
In millions of AUD	2015	2014
Written put option over non-controlling interest	26.0	26.0
Other	0.7	1.1
	26.7	27.1

26. Capital and reserves

Reconciliation of movement in capital

	Consolidated	
In millions of AUD	2015	2014
Issued and paid up share capital		
407,246,306 ordinary shares fully paid (2014: 394,252,273)	1,134.1	1,061.0
Movements in ordinary share capital		
Balance at beginning of year	1,061.0	667.9
3,543,523 shares (2014: 3,937,994) issued under the Dividend Reinvestment Plan in July 2014	29.5	35.1
Fully Underwritten Renounceable Institutional Entitlement offer (2014: 14,162,725)	-	110.4
Fully Underwritten Renounceable Retail Entitlement offer (2014: 17,433,412)	-	136.0
Cost of renounceable rights offer	-	(5.1)
Share Placement - Reservoir Management (2014: 5,750,418)	-	49.5
Treasury shares purchased and held in trust (2014: 766,090)	-	(6.7)
48,621 Treasury shares vested and issued to employees (2014: 178,269)	0.5	1.6
3,439,764 shares (2014: 4,121,199) issued under the Dividend Reinvestment Plan in December 2014	15.9	32.0
6,010,746 shares (2014: 5,289,576) issued under Dividend Reinvestment Plan underwriting arrangements in December 2014	27.2	40.3
Balance at end of year	1,134.1	1,061.0

As at the end of year, the total number of treasury shares held by the ALS Limited LTI Plan Trust was 592,672 (2014: 641,293). These treasury shares are held by the Trust to meet the Company's future anticipated equity-settled performance rights obligations in respect of the LTI Plan.

Terms and Conditions

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

Reserves

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

The employee share-based awards reserve comprises the cumulative amount, recognised as an employee expense to date, of the fair value at grant date of share-based, share-settled awards granted to employees. Refer to notes 3(m) and 39.

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

¬ 26. Capital and reserves ... *continued.*

Dividends

Dividends recognised in the current year by the Company are:

In millions of AUD	Cents per share	Franked amount (cents)	Total amount	Date of payment
2015				
Interim 2015 ordinary	11.0	1.1	43.8	19 December 2014
Final 2014 ordinary	20.0	10.0	78.9	2 July 2014
			122.7	
2014				
Interim 2014 ordinary	19.0	9.5	73.1	20 December 2013
Final 2013 ordinary	27.0	13.5	92.8	2 July 2013
Total amount			165.9	
Dividend declared after the end of the financial year:				
Final 2015 ordinary	10.0	2.5	40.7	1 July 2015

The financial effect of this dividend has not been brought to account in the financial statements for the year ended 31 March 2015 and will be recognised in subsequent financial reports.

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

In millions of AUD	Consolidated	
Dividend franking account	2015	2014
30% franking credits available to shareholders of ALS Limited for subsequent financial years	(3.1)*	5.9

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

a. franking credits/debits that will arise from the payment/receipt of current tax liabilities/assets;

b. franking debits that will arise from the payment of dividends recognised as a liability at the year-end;

c. franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at the year-end; and

d. franking credits that the entity may be prevented from distributing in subsequent years.

* The franking account balance (adjusted for the items above) shows a deficit because the Company is due to receive an income tax refund in early FY2016. Excluding the impact of that refund, the Group's franking account had a surplus balance of 0.7m as at 31 March 2015.

The final FY15 dividend declared after balance date will be franked to 25% using franking credits in existence at balance date and arising from the Company's tax instalments to be paid during the year ending 31 March 2016.

27. Financial instruments

Liquidity risk

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

	Consolidated					
In millions of AUD	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	Total
As at 31 March 2015						
Non-derivative financial liabilities						
Bank overdraft	0.1	-	-	-	-	0.1
Trade and other payables	158.4	-	-	-	-	158.4
Finance lease liabilities	0.6	0.5	1.4	0.8	-	3.3
Option liability (note 25)	-	-	-	39.5	-	39.5
Long term notes	18.0	18.0	35.8	418.2	566.5	1,056.5
Bank loans	1.6	1.6	3.3	66.7	-	73.2
Derivative financial instruments	(2.0)	(2.0)	(3.5)	(5.9)	(1.1)	(14.5)
Total	176.7	18.1	37.0	519.3	565.4	1,316.5

	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	Total
As at 31 March 2014						
Non-derivative financial liabilities						
Bank overdraft	2.7	-	-	-	-	2.7
Trade and other payables	167.4	-	-	-	-	167.4
Finance lease liabilities	1.2	1.3	1.0	1.7	-	5.2
Option liability (note 25)	-	-	-	45.1	-	45.1
Long term notes	15.0	15.0	30.0	120.9	733.6	914.5
Bank loans	1.9	115.2	9.9	-	-	127.0
Derivative financial instruments	(1.8)	(1.7)	(3.1)	(2.5)	0.7	(8.4)
Total	186.4	129.8	37.8	165.2	734.3	1,253.5

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

¬ 27. Financial instruments ... *continued.*

Currency risk

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

	Consolidated						
In millions of AUD	USD	CAD	CZK	EUR	PLN	DKK	GBP
2015							
Trade and other receivables	12.9	-	-	1.2	0.3	-	0.3
Cash at bank	67.0	-	-	2.9	0.1	0.3	2.3
Bank loan	-	-	-	-	-	-	-
Long term notes	-	(67.1)	-	-	-	-	-
Trade and other payables	(4.0)	-	-	(0.2)	-	-	(0.1)
Gross balance sheet exposure	75.9	(67.1)	-	3.9	0.4	0.3	2.5
Derivative financial instruments*	-	-	(18.7)	(20.9)	-	-	-
Net exposure	75.9	(67.1)	(18.7)	(17.0)	0.4	0.3	2.5
	USD	CAD	CZK	EUR	PLN	DKK	GBP
2014							
Trade and other receivables	11.4	-	-	2.3	0.2	-	0.1
Cash at bank	23.7	-	-	3.0	0.1	-	0.9
Bank loan	-	-	-	-	-	-	(39.6)
Long term notes	-	(63.6)	-	-	-	-	-
Trade and other payables	(1.7)	-	-	(0.2)	-	-	-
Gross balance sheet exposure	33.4	(63.6)	-	5.1	0.3	-	(38.6)
Derivative financial instruments*	-	(78.3)	(19.8)	(11.6)	-	(23.7)	-
Net exposure	33.4	(141.9)	(19.8)	(6.5)	0.3	(23.7)	(38.6)

*Amounts represent the notional amounts of cross currency interest rate swaps used for hedging of net investments in foreign operations.

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

	31 March spot rate	
	2015	2014
USD	0.7625	0.9247
CAD	0.9685	1.0217
CZK	19.4798	18.4259
EUR	0.7078	0.6716
PLN	2.8912	2.8008
GBP	0.5151	0.5555

¬ 27. Financial instruments ... *continued.*

Sensitivity analysis

A 10 percent strengthening of the Australian dollar against the above balances at 31 March would have increased (decreased) profit before income tax and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2014.

In millions of AUD	Consolidated Profit	Consolidated Equity
As at 31 March 2015		
USD	(6.9)	-
CAD	-	6.1
CZK	-	1.7
EUR	(0.4)	1.9
GBP	(0.2)	-
DKK	-	-
	(7.5)	9.7
As at 31 March 2014		
USD	(3.0)	-
CAD	-	12.9
CZK	-	1.8
EUR	(0.5)	1.1
GBP	(0.1)	3.6
DKK	2.2	-
	(1.4)	19.4

A 10 percent weakening of the Australian dollar against the above balances at 31 March would have increased (decreased) profit before income tax and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2014.

In millions of AUD	Consolidated Profit	Consolidated Equity
As at 31 March 2015		
USD	8.5	-
CAD	-	(7.5)
CZK	-	(2.1)
EUR	0.4	(2.3)
GBP	0.3	-
DKK	-	-
	9.2	(11.9)
As at 31 March 2014		
USD	3.7	-
CAD	-	(15.8)
CZK	-	(2.2)
EUR	0.6	(1.3)
GBP	0.1	(4.4)
DKK	(2.6)	-
	1.8	(23.7)

Interest rate risk

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

In millions of AUD	Consolidated 2015	Consolidated 2014
Fixed rate instruments		
Financial assets	-	25.0
Financial liabilities	(870.5)	(738.4)
Effect of interest rate contracts*	159.9	112.0
	(710.6)	(601.4)
Variable rate instruments		
Financial assets	163.1	113.9
Financial liabilities	(69.0)	(129.5)
Effect of interest rate contracts*	(159.9)	(112.0)
	(65.8)	(127.6)

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

Sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group has designated interest rate contracts as hedging instruments under a fair value hedge accounting model in relation to its fixed rate long term notes. The interest rate contracts swap the fixed interest payable on a portion of the loan notes to variable interest rates for the term of the debt. In accordance with the Group's accounting policy (refer note 3(d)) changes in fair value of the interest rate contracts together with the change in fair value of the debt arising from changes in interest rates are recognised in the profit and loss (to the extent the fair value hedge is effective). In 2015, the change in fair value of interest rate contracts was $6.8 million (2014: $5.2 million) and was offset in the Group's profit and loss statement by an equal amount relating to the change in fair value of the hedged risk. A change of 50 basis points in interest rates at the reporting date would not materially impact the Group's profit and loss before income tax or equity (2014: Nil).

Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points in interest rates at the reporting date would have increased (decreased) profit before income tax and equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014.

¬ 27. Financial instruments ... *continued.*

	Consolidated			
	Profit		Equity	
In millions of AUD	50 bp ↑	50 bp ↓	50 bp ↑	50 bp ↓
As at 31 March 2015				
Variable rate instruments	0.5	(0.5)	-	-
Interest rate contracts	(0.8)	0.8	-	-
Cash flow sensitivity (net)	(0.3)	0.3	-	-
As at 31 March 2014				
Variable rate instruments	(0.1)	0.1	-	-
Interest rate contracts	(0.5)	0.5	-	-
Cash flow sensitivity (net)	(0.6)	0.6	-	-

Fair values of financial instruments

The Group's financial assets and liabilities are included in the balance sheet at amounts that approximate fair values with the exception of fixed rate debt which has a fair value of $938.8m (2014: $765m). The basis for determining fair values is disclosed in note 5. The fair value at 31 March 2015 of derivative assets (2014: asset) held for risk management, which are the Group's only financial instruments carried at fair value, was a net gain of $4.3m (2014: loss of $4.6m) measured using Level 2 valuation techniques as defined in the fair value hierarchy shown in note 5. The Group does not have any financial instruments that are categorised as Level 1 or Level 3 in the fair value hierarchy.

28. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Consolidated	
In millions of AUD	2015	2014
Less than one year	28.7	35.3
Between one and five years	59.2	65.4
More than five years	11.0	14.5
	98.9	115.2

The Group leases property, plant and equipment under operating leases expiring over terms of up to six years. Leases generally provide the Group with a right of renewal at which time all terms are renegotiated. Some leases provide for additional rent payments that are based on a local price index. Lease commitments in respect of finance leases are disclosed in note 24.

During the year ended 31 March 2015 $58.2m was recognised as an expense in the profit and loss statement in respect of operating leases (2014: $64.3m).

Leases as lessor

The Group leases out its investment property held under operating lease (see note 23). The future minimum lease payments receivable under non-cancellable leases are as follows:

	Consolidated	
In millions of AUD	2015	2014
Less than one year	1.9	1.9
Between one and five years	3.1	5.1
	5.0	7.0

During the year ended 31 March 2015 $1.7m was recognised as rental income in the profit and loss statement (2014: $1.6m).

29. Capital commitments

	Consolidated	
In millions of AUD	2015	2014
Capital expenditure commitments		
Plant and equipment contracted but not provided for and payable within one year.	12.0	11.6

30. Contingencies

The directors are of the opinion that there are no material contingent liabilities at 31 March 2015.

31. Deed of cross guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and directors' reports.

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

The subsidiaries subject to the Deed are:

- ACIRL Proprietary Limited
- ACIRL Quality Testing Services Pty Ltd
- ALS Metallurgy Holdings Pty Ltd
- ALS Metallurgy Pty Ltd
- ALS Metallurgy Pty Ltd atf Ammtec Unit Trust
- ALS Industrial Australia Pty Ltd
- ALS Industrial Holdings Pty Ltd
- ALS Industrial Pty Ltd
- Australian Laboratory Services Pty Ltd
- Ecowise Australia Pty Ltd
- Ecowise Environmental Pty Ltd
- ALS Industrial Power Services Pty Ltd (joined during the current financial period)

Reward Supply Co. Pty Ltd exited the cross guarantee group effective 31 October 2014.

A consolidated profit and loss statement, consolidated statement of comprehensive income and consolidated balance sheet, comprising the Company and subsidiaries which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, at 31 March 2015 is set out below.

¬ 31. Deed of cross guarantee ... *continued.*

Summary profit and loss statement and retained profits

	Consolidated	
In millions of AUD	2015	2014
Profit before tax	108.9	99.4
Income tax expense	(21.0)	(12.0)
Profit after tax	87.9	87.4
Retained profits at beginning of year	35.4	115.7
Retained earnings adjustment*	30.3	(1.8)
Dividends recognised during the year	(122.7)	(165.9)
Retained profits at end of year	30.9	35.4

Statement of comprehensive income

	Consolidated	
In millions of AUD	2015	2014
Profit before tax	87.9	86.3
Total comprehensive income for the period	87.9	86.3

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

Balance Sheet

	Consolidated	
In millions of AUD	2015	2014
Assets		
Cash and cash equivalents	52.0	42.1
Trade and other receivables	95.3	114.5
Inventories	12.9	29.5
Other	5.0	6.5
Total current assets	165.2	192.6
Receivables	132.3	152.4
Investments accounted for using the equity method	15.0	10.4
Investment property	10.7	10.8
Deferred tax assets	20.7	26.1
Property, plant and equipment	160.7	174.7
Intangible assets	366.7	316.0
Other investments	505.1	552.6
Total non-current assets	1,211.2	1243.0
Total assets	1,376.4	1435.6
Liabilities		
Trade and other payables	41.5	45.2
Loans and borrowings	0.5	0.8
Income tax payable	(3.9)	(0.3)
Employee benefits	27.0	28.4
Total current liabilities	65.1	74.1
Loans and borrowings	128.7	251.1
Employee benefits	7.4	5.0
Other	34.8	37.6
Total non-current liabilities	170.9	293.8
Total liabilities	236.0	367.9
Net assets	1,140.4	1,067.7
Equity		
Share capital	1,134.1	1,061.0
Reserves	(24.6)	(28.7)
Retained earnings	30.9	35.4
Total equity	1,140.4	1,067.7

32. Parent entity disclosures

Result of parent entity

In millions of AUD	2015	2014
Profit for the period	80.2	179.0
Total comprehensive income for the period	80.2	179.0

Financial position of parent entity at year end

In millions of AUD	2015	2014
Current assets	63.0	51.3
Total assets	1,417.0	1,360.3
Current liabilities	9.9	10.6
Total liabilities	283.2	253.1
Net assets	1,133.8	1,107.2
Share capital	1,134.1	1061.0
Reserves	1.3	1.3
Retained earnings	(1.6)	44.9
Total equity	1,133.8	1,107.2

Parent entity capital commitments

In millions of AUD	2015	2014
Plant and equipment contracted but not provided for and payable within one year	-	-
	-	-

Parent entity guarantees in respect of the debts of its subsidiaries

The Company is party to a number of financing facilities and a Deed of Cross Guarantee under which it guarantees the debts of a number of its subsidiaries. Refer to notes 24 and 31 for details.

33. Consolidated entities

The Group's significant controlled entities are listed below:

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

The above entities were wholly owned in the current and comparative years, except for ALS South American Holdings Pty Ltd in which the Group has an 80% interest.

34. Reconciliation of cash flows from operating activities

In millions of AUD	Consolidated 2015	Consolidated 2014
Profit/(loss) for the period	(172.7)	156.6
Adjustments for:		
Amortisation and depreciation	95.8	83.2
Finance charges on capitalised leases	0.2	0.2
(Profit)/loss on sale of property plant and equipment	0.3	0.5
Share-settled performance rights amounts recognised during the year	0.6	(5.8)
Share of associates and joint venture net profit	(4.1)	(3.0)
Impairment charges (note 6vi)	289.8	-
Net non-cash expenses	7.7	3.5
Operating cashflow before changes in working capital and provisions	217.6	235.2
(Increase)/decrease in trade and other receivables	2.1	19.0
(Increase)/decrease in inventories	(6.6)	11.6
(Decrease)/increase in trade and other payables	6.9	(4.5)
(Decrease)/increase in taxation provisions	(4.8)	(27.4)
Net cash from operating activities	215.2	233.9

35. Discontinued operations

In October 2014 the Group sold its Reward Distribution operating segment via a share sale arrangement. Prior year comparatives relate to the trading performance of the segment operations.

The Reward Distribution segment was not a discontinued operation or held for sale in the prior corresponding period and therefore the income statement has been re-presented to show the discontinued operation separately from the continuing operations.

Information attributable to discontinued operations is as follows:

In millions of AUD	Consolidated 2015	Consolidated 2014
Discontinued operations		
Revenue	70.5	119.4
Amortisation and depreciation	(0.3)	(0.6)
Other Expenses	(68.9)	(116.1)
Results from operating activities	1.3	2.7
Income tax expense	(0.4)	(0.8)
Results from operating activities, net of income tax	0.9	1.9
Loss on sale of discontinued operations (impairment of other current assets – refer note 6vi)	(2.3)	-
Income tax benefit on loss on sale of discontinued operations	0.4	-
	(1.0)	1.9
Basic earnings per share from discontinued operations	(0.30)c	0.42c
Diluted earnings per share from discontinued operations	(0.30)c	0.42c

¬ 35. Discontinued operations ... *continued.*

In millions of AUD	Consolidated 2015	2014
Cash flows from discontinued operations		
Net cash from operating activities	4.3	2.0
Net cash from investing activities	(0.3)	(0.3)
Net cash from financing activities	(0.6)	(0.3)
Net cash from discontinued operations	3.4	1.4
Effect of disposal on the financial position of the Group		
Cash and cash equivalents	(0.5)	-
Property, plant and equipment	(1.1)	-
Inventories	(15.8)	-
Trade and other receivables	(17.3)	-
Deferred tax assets	(1.0)	-
Current tax liabilities	0.1	-
Employee benefits	2.7	-
Loans and borrowings	0.2	-
Trade and other payables	9.5	-
Deferred tax liabilities	0.1	-
Net identifiable assets and liabilities	(23.1)	-
Consideration received, satisfied in cash	21.2	-

36. Acquisitions of subsidiaries and non-controlling interests

Business Combinations

In millions of AUD	Interest Acquired	Date acquired	Consideration
2015			
Ellington & Associates Inc.	100%	April 2014	11.2
Other acquisitions during the year			15.5
			26.7

If the acquisitions had occurred on 1 April 2014, management estimates that Group revenue would have been $1,495,657,000 and net loss after tax would have been $174,064,000.

In millions of AUD	Interest Acquired	Date acquired	Consideration
2014			
Reservoir Group LLC	100%	August 2013	470.1
Earth Data Group	100%	July 2013	21.1
BMP Enterprises LLC	100%	February 2014	12.5
DSI Thru Tubing Inc	100%	March 2014	16.2
Other acquisitions during the year			18.4

If the acquisitions had occurred on 1 April 2013, management estimates that Group revenue would have been $1,602,591,000 and net profit after tax would have been $165,472,000.

¬ 36. Acquisitions of subsidiaries and non-controlling interests ... *continued.*

Ellington & Associates Inc.'s net assets at acquisition date

In millions of AUD	Recognised values 2015
Property, plant and equipment	0.5
Identifiable intangible assets	1.1
Trade and other receivables	1.6
Cash and cash equivalents	1.2
Trade and other payables	(0.1)
Current tax liabilities	(0.7)
Net identifiable assets and liabilities	3.6
Goodwill on acquisition	7.6
Consideration paid, satisfied in cash	11.2
Cash (acquired)	(1.2)
Net cash outflow	10.0

Directly attributable transaction costs of $7,000 were included in administration and other expenses in the profit and loss statement. In the period to 31 March 2015 Ellington & Associates Inc. contributed a net profit after tax of $781,000 to the consolidated net loss after tax for the year.

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

Other acquirees' net assets at acquisition dates

In millions of AUD	Recognised values 2015	Recognised values* 2014
Property, plant and equipment	1.9	67.0
Identifiable intangible assets	1.0	60.5
Inventories	-	17.8
Trade and other receivables	1.2	75.5
Deferred tax assets	-	0.2
Other current assets	1.0	-
Cash and cash equivalents	0.5	12.0
Interest-bearing loans and borrowings	(2.6)	(152.7)
Employee benefits	(0.5)	(0.4)
Trade and other payables	(1.2)	(43.9)
Deferred tax liabilities	-	-
Current tax liabilities	-	(7.4)
Net identifiable assets and liabilities	1.3	28.6
Goodwill on acquisition	14.2	491.3
Total consideration payable	15.5	519.9
Shares issued (5,750,418 shares at $8.60 per share)	-	(49.5)
Consideration paid, satisfied in cash	15.5	470.4
Cash (acquired)	(0.5)	(12.0)
Net cash outflow	15.0	458.4

* The comparatives disclose all 2014 acquisitions.

Directly attributable transaction costs of nil (2014: $66,338) relating to these acquisitions were included in administration and other expenses in the profit and loss statement.

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

37. Key management personnel disclosures

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

Non-executive directors
Nerolie Withnall (Chairman)
Ray Hill
Bruce Brown
Mel Bridges
Grant Murdoch
John Mulcahy
Charlie Sartain (appointed 1 February 2015)
Executive Director
Greg Kilmister (Managing Director and CEO)
Executives
Brian Williams (GGM^, ALS Minerals)
Raj Naran (GGM, ALS Life Sciences)
Paul McPhee (GGM, ALS Energy)
Kristen Walsh (GGM, ALS Industrial)
Richard Stephens (Chief Financial Officer)
Former Executive
Andrew Ross (GGM Reward Distribution - resigned from the Group in October 2014 in connection with the disposal of the Reward Distribution segment)

^ GGM = Group General Manager

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

	Consolidated	
In AUD	2015	2014
Short term employee benefits	6,883,991	6,489,442
Post-employment benefits	255,983	259,531
Value of share-based awards	260,577	266,970
Termination benefits	-	-
Other long term benefits	6,097	6,092
	7,406,648	7,022,035

Related party transaction

The Group has entered into property lease agreements in the USA with a company in which Mr Naran holds a controlling interest. Lease rental expense in AUD-equivalents for the year was $667,527 (2014: $611,240) and the amount outstanding at the end of the year was $19,722 (2014: $17,212).

38. Non-key management personnel related party disclosures

The Group has a related party relationship with its associates and joint ventures (see note 18) and with its key management personnel (see note 37).

39. Share-based payments

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

During the year the Group granted performance-hurdle and service-based rights. The concept of service-based rights was introduced for the first time during the current year to reflect market practice in new diversified industries into which the Group has invested recently. The only condition attaching to such rights is that an employee must remain employed by the Group until vesting date. As no performance hurdles attach to these rights, the number of rights issued to an individual employee is significantly less than the number of performance-hurdle rights that would otherwise be issued to an employee of similar standing.

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

Equity-settled performance rights

Granted year ended 31 March:	2015	2014	2013		2012
Date of grant	29-07-14	30-07-13	05-09-12	31-07-12	26-07-11
Testing date for performance hurdles	31-03-17	31-03-16	31-03-15	31-03-15	31-03-14
Vesting date and testing date for service condition	01-07-17	01-07-16	01-07-15	01-07-15	01-07-14
Number of performance-hurdle rights:					
Opening balance 1 April 2014	-	179,320	159,295	61,185	196,325
Granted	391,675	-	-	-	2,045
Converted to cash-settled (a)	-	-	-	-	(3,895)
Vested & exercised (b)	-	-	-	-	(48,621)
Lapsed (b)	-	-	-	-	(145,854)
Closing balance 31 March 2015	391,675	179,320	159,295	61,185	-
Number of service-based rights:					
Opening balance 1 April 2014	-	-	-	-	-
Granted	97,976	-	-	-	-
Lapsed (c)	(13,204)	-	-	-	-
Closing balance 31 March 2015	84,772	-	-	-	-

(a) 2,045 cash-settled rights vesting 1 July 2014 were converted to equity-settled due to the return to Canada of a manager previously based offshore. 3,895 equity-settled rights vesting 1 July 2014 were converted to cash-settled upon relocation of two managers from Canada.

(b) Performance-hurdle rights lapsed due to some hurdles not being met or on cessation of employment. Performance hurdle testing at 31 March 2014 of rights granted in July 2011 resulted in 25% of those rights vesting.

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

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

Cash-settled performance rights

Granted year ended 31 March:	2015	2014	2013	2012
Date of grant	29-07-14	30-07-13	05-09-12	26-07-11
Testing date for performance hurdles	31-03-17	31-03-16	31-03-15	31-03-14
Vesting date and testing date for service condition	01-07-17	01-07-16	01-07-15	01-07-14
Number of performance-hurdle rights:				
Opening balance 1 April 2014	-	27,753	37,090	34,870
Granted	45,174	-	-	-
Converted from equity-settled (a)	-	-	-	3,895
Converted to equity-settled (a)	-	-	-	(2,045)
Vested (b)	-	-	-	(9,181)
Lapsed (b)	-	-	(7,705)	(27,539)
Closing balance 31 March 2015	45,174	27,753	29,385	-
Number of service-based rights:				
Opening balance 1 April 2014	-	-	-	-
Granted	21,434	-	-	-
Lapsed (c)	(3,444)	-	-	-
Closing balance 31 March 2015	17,990	-	-	-

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

(a) 3,895 equity-settled rights vesting 1 July 2014 were converted to cash-settled upon relocation of two managers from Canada. 2,045 cash-settled rights vesting 1 July 2014 were converted to equity-settled due to the return to Canada of a manager previously based offshore.

(b) Performance-hurdle rights lapsed due to some hurdles not being met or on cessation of employment. Performance hurdle testing at 31 March 2014 of rights granted in July 2011 resulted in 25% of those rights vesting.

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

¬ 39. Share-based payments ... *continued.*

Vesting conditions

Vesting conditions in relation to the performance-hurdle rights issued in July 2014 are set out below:

Employees must be employed by the Group on the vesting date (1 July 2017). The rights vest only if Earnings Per Share ("EPS"), relative Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") or relative Total Shareholder Return ("TSR") hurdles are achieved by the Company over the specified performance period. 25 percent of each employee's rights are subject to EPS measurement, 25 percent are subject to EBITDA measurement and 50 percent are subject to two TSR measurements. The performance hurdles and vesting proportions for each measure are as follows:

Proportion of total performance rights that may be exercised if EPS growth hurdle is met	Compound annual diluted EPS growth over the period 1 April 2014 to 31 March 2017	Proportion of total performance rights that may be exercised if EBITDA hurdle is met	EBITDA margin of ALS Ltd relative to EBITDA margin of comparator companies over the period 1 April 2014 to 31 March 2017	Proportion of total performance rights that may be exercised if TSR hurdle is met	TSR of ALS Ltd relative to TSRs of industry peer companies over the period 1 April 2014 to 31 March 2017	TSR of ALS Ltd relative to TSRs of companies in the ASX100 Index over the period 1 April 2014 to 31 March 2017
0%	Less than 5% per annum	0%	Less than the 50th percentile	0%	Less than the 50th percentile	Less than the 50th percentile
12.5% of total grant	5% per annum	25% of total grant	50th percentile or higher	12.5% per comparator group	50th percentile	50th percentile
Straight line vesting between 12.5% and 25%	Between 5% and 9% per annum		Comparator companies: [1]	Straight line vesting between 12.5% and 25% per comparator group	Between 50th percentile and 75th percentile	Between 50th percentile and 75th percentile
25% of total grant	9% or higher per annum			25% of total grant per comparator group	75th percentile or higher	75th percentile or higher
					Comparator companies: [2]	Comparator companies: [3]

[1] Bureau Veritas (France), Core Laboratories (USA), Eurofins (France & Germany), Intertek (UK), SGS (Switzerland), Mistras (USA), Applus (Spain/Singapore), Exova (UK).

[2] Bureau Veritas (France), Core Laboratories (USA), Eurofins (France & Germany), Intertek (UK), SGS (Switzerland), Mistras (USA), Applus (Spain/Singapore), Exova (UK).

[3] Companies included in the ASX 100 Index as at 1 April 2014.

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

¬ 39. Share-based payments ... *continued.*

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

The fair value of services received in return for performance rights granted during the year ended 31 March 2015 is based on the fair value of the rights granted measured using Binomial Tree (EPS hurdle) and Monte-Carlo Simulation (TSR hurdle) valuation methodologies with the following inputs:

	Granted 2015	Granted 2014
Equity-settled rights		
Date of grant	29 July 2014	30 July 2013
Weighted average fair value at date of grant of performance-hurdle rights	$5.40	$5.74
Weighted average fair value at date of grant of service-based rights	$6.52	n/a
Share price at date of grant	$7.50	$8.50
Expected volatility	35%	35%
Expected life	2.9 years	2.8 years
Risk-free interest rate	2.70%	2.56%
Dividend yield	4.80%	4.30%
Cash-settled rights		
Date of grant	29 July 2014	30 July 2013
Weighted average fair value at date of grant of performance-hurdle rights	$5.40	$5.74
Weighted average fair value at date of grant of service-based rights	$6.52	n/a
Share price at date of grant	$7.50	$8.50
Expected volatility	35%	35%
Expected life	2.9 years	2.8 years
Risk-free interest rate	2.70%	2.56%
Dividend yield	4.80%	4.30%

The fair value of the liability for cash-settled rights, for which performance hurdle testing dates remain in the future, is remeasured at each reporting date and at settlement date using Binomial Tree (EPS hurdle) and Monte-Carlo Simulation (TSR hurdle) valuation methodologies. The model inputs and resulting valuations at 31 March were:

	2015		2014	
Cash-settled rights				
Inputs:				
Date of grant	29 July 2014	30 July 2013	30 July 2013	5 Sept 2012
Share price at 31 March	$4.96	$4.96	$7.33	$7.33
Expected volatility	40%	40%	35%	35%
Expected life	2.3 years	1.3 years	2.3 years	1.3 years
Risk-free interest rate	1.70%	1.76%	2.85%	2.62%
Dividend yield	4.80%	4.80%	4.80%	4.80%
Weighted average fair value at grant date of performance-hurdle rights	$5.40	$5.74	$5.74	$3.66
Weighted average fair value at grant date of service-based rights	$6.52	n/a	n/a	n/a
Weighted average fair value at 31 March of performance-hurdle rights	$3.03	$2.48	$4.20	$3.50
Weighted average fair value at 31 March of service-based rights	$4.96	n/a	n/a	n/a

¬ 39. Share-based payments ... *continued.*

Cash-settled rights granted September 2012

The performance hurdle testing date for cash-settled rights granted in September 2012 was 31 March 2015 (vesting date: 1 July 2015). The fair value of the liability at 31 March 2015 for these cash-settled rights was determined by reference to the Group's performance against prescribed hurdles over the three year period to the testing date and the Company's closing share price as at that date:

Proportion of performance rights granted September 2012 that will vest 1 July 2015 pursuant to:	2015
EPS growth hurdle	-
TSR hurdle	-
Total	-
Share price at end of year	$4.96
Weighted average fair value at grant date	$3.66
Weighted average fair value at end of year	Nil

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

		Consolidated	
In millions of AUD	Note	2015	2014
Equity-settled rights	8	0.6	0.3
Cash-settled rights	8	-	-
Total expenses recognised as employee costs		0.6	0.3
Carrying amount of liabilities for cash-settled rights		0.1	0.2

40. Events subsequent to balance date

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

Directors' declaration

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

1. The consolidated financial statements and notes numbered 1 to 40, and the remuneration report contained in the Directors' report, are in accordance with the *Corporations Act 2001* including:
   a) giving a true and fair view of the Group's financial position as at 31 March 2015 and of its performance for the year ended on that date: and
   b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
2. the financial report also complies with the International Financial Reporting Standards as disclosed in note 2(a);
3. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

There are reasonable grounds to believe that the Company and the subsidiaries identified in note 31 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee between the Company and those entities, pursuant to ASIC Class Order 98/1418.

The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 31 March 2015.

Signed in accordance with a resolution of the directors:

Nerolie Withnall
Chairman

Brisbane
28 May 2015

Greg Kilmister
Managing Director

Brisbane
28 May 2015

Independent auditor's report
to the members of ALS Limited

Independent auditor's report to the members of ALS Limited

Report on the financial report

We have audited the accompanying financial report of ALS Limited (the Company), which comprises the consolidated balance sheet as at 31 March 2015, and the consolidated profit and loss statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 40 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These 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 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 financial report that gives a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

Independent auditor's report
to the members of ALS Limited ... continued

KPMG

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 March 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

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

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 38 to 51 of the Directors' Report for the year ended 31 March 2015. 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 auditing standards.

Auditor's opinion

In our opinion, the remuneration disclosures that are contained in the sections of the Remuneration Report of ALS Limited for the year ended 31 March 2015 that are described as audited, comply with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Simon Crane
Partner

Jason Adams
Partner

Brisbane
28 May 2015

Lead auditor's independence declaration
under Section 307C of the *Corporations Act 2001*

KPMG

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

To: the directors of ALS Limited

We declare that, to the best of our knowledge and belief, in relation to the audit for the financial year ended 31 March 2015 there have been:

(a) no contraventions of the auditor independence requirements as set out in 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.

KPMG KPMG

KPMG KPMG

Simon Crane
Partner

Jason Adams
Partner

Brisbane
28 May 2015

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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Shareholder Information

Top 20 holders as at 28 May 2015

	Holder name	Number held	% of issued capital
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	103,132,515	25.35
2	J P MORGAN NOMINEES AUSTRALIA LIMITED	41,495,975	10.20
3	NATIONAL NOMINEES LIMITED	25,752,169	6.33
4	CITICORP NOMINEES PTY LIMITED	17,595,472	4.32
5	MILTON CORPORATION LIMITED	11,235,037	2.76
6	FAIRCASE PTY LTD	7,521,908	1.85
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	6,258,720	1.54
8	AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED	4,942,410	1.22
9	ARGO INVESTMENTS LIMITED	4,122,480	1.01
10	BNP PARIBAS NOMS PTY LTD <DRP>	4,068,500	1.00
11	PASCAL BARTETTE	2,336,003	0.57
12	CS FOURTH NOMINEES PTY LTD	2,259,047	0.56
13	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	2,209,764	0.54
14	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <BKCUST A/C>	2,060,780	0.51
15	BKI INVESTMENT COMPANY LIMITED	1,995,822	0.49
16	GARDENGLEN PTY LTD	1,907,675	0.47
17	ANZ TRUSTEES LIMITED <QUEENSLAND COMMON FUND A/C>	1,748,567	0.43
18	MRS DOROTHY ANNE STEWART	1,699,546	0.42
19	PAN AUSTRALIAN NOMINEES PTY LIMITED	1,477,342	0.36
20	WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	1,427,766	0.35
	Total	**245,247,498**	**60.27**

Other ASX Requirements

Substantial Shareholders

The following substantial shareholders were disclosed in substantial shareholding notices given to the Company as at 28 May 2015:

Shareholder	No. of shares	% held
BlackRock Group	23,818,080	6.04

Statement of Quoted Securities

The Company's total number of shares on issue is 407,246,306 ordinary fully paid shares. At 28 May 2015 the total number of shareholders owning these shares was 11,089 on the register of members maintained by Boardroom Pty Limited.

60.27% of total issued capital is held by or on behalf of the twenty largest shareholders.

Performance Rights

At 28 May 2015, there were 591,187 Performance Rights granted over unissued ordinary shares in the Company, granted to 31 group executives.

Voting Rights

Under the Company's Constitution, every member entitled to vote who is present at a general meeting of the Company in person or by proxy or by attorney or in the case of a corporation, by representative, shall, upon a show of hands, have one vote only.

Proxies – Where a member appoints 2 proxies, neither proxy is entitled to a vote on a show of hands.

Poll – On a poll, every member entitled to vote shall, whether present in person or by proxy or attorney or, in the case of a corporation, by representative, have one vote for every share held by the member.

Distribution Schedule of Shareholders

No. of Shares Held	No. of Shareholders
1 – 1,000	2491
1,001 – 5,000	4005
5,001 – 10,000	1746
10,001 – 100,000	2594
100,001 and over	253
	11,089

The number of shareholders each holding less than a marketable parcel of the Company's ordinary shares ($500 in value) at 28 May 2015 was 457.

Uncertificated Share Register

The Company's share register is totally uncertificated. Two forms of uncertificated holdings are available to shareholders:

- Issuer Sponsored holdings (starts with an 'I'): sponsored by the Company. Has the advantage of being uncertificated without the need to be sponsored by a stockbroker.
- Broker Sponsored holdings (starts with an 'X'): sponsored by a stockbroker. This type is attractive to regular stockmarket traders or those shareholders who have their share portfolio managed by a stockbroker.

Holding statements are usually issued to shareholders within 5 business days after the end of any month in which transactions occur that alter the balance of your shareholding.

Securities Exchange Listing

The shares of ALS Limited are listed on the Australian Securities Exchange (ASX) under the trade symbol ALQ, with Sydney being the home exchange. Details of trading activity are published in most daily newspapers, generally under the abbreviation of ALS.

Note: The Company changed its name to ALS Limited from Campbell Brothers Limited on 1 August 2012 following shareholder approval at the 2012 AGM. The Company's previous ASX code was CPB.

On-Market Buy-Back

There is no current on-market buy-back of the Company's Securities.

Other Shareholder Information

Visit the Company's website at **www.alsglobal.com** for the latest information on the Company's activities.

Share Registry

To update and manage your shareholding easily and quickly, go to **www.boardroomlimited.com.au** and login to InvestorServe to make changes to your holding details, or view balances. Any questions concerning your shareholding, share transfers or dividends, please contact our Share registry, Boardroom Pty Limited. They can be contacted by phone on 1300 737 760 (within Australia), +61 2 9290 9600, by fax on +61 2 9279 0664 or online at the above web address.

Annual Reports

The latest Annual Report can be accessed from the Company's website at **www.alsglobal.com**. If you are a shareholder and wish to receive a hard copy of the annual report, please contact our Share registry, Boardroom Pty Limited, to request that the annual report be sent to you in future.

Changing Your Address?

If you change your address, please promptly notify our Share registrar in writing. For Issuer Sponsored holders you should quote your SRN (Shareholder Reference Number) and also quote your old address as an added security check.

For CHESS sponsored holders, you need to advise you sponsoring participant (usually your broker) of your change of address.

Direct Deposit into Bank Accounts

All dividends are paid directly into a bank, building society or credit union account in your nominated currency on the dividend payment date. Details will be confirmed by an advice mailed to you on that date. Application forms are available from the Share registrar.

Dividend Reinvestment Plan (DRP)

The Company has a DRP in operation. Please contact our Share registrar Boardroom Pty Limited to request an Application form and a copy of the DRP Terms and Conditions. Alternatively, go to the General Information section of the Company's website at **www.alsglobal.com**

10 Year Summary

		2006	2007	2008	2009*	2010	2011	2012	2013	2014	2015
Sales Revenue		522.7	662.7	772.3	920.4	825.5	1,108.3	1,405.6	1,499.3	1,503.4	**1,492.7**
Funds Employed											
Share capital		197.9	208.7	223.1	242.7	456.7	610.4	610.4	667.9	1,061.0	**1,134.1**
Reserves		3.4	5.8	-6.0	0.0	-18.2	-30.3	-37.0	-97.9	-54.9	**-23.1**
Retained earnings		53.7	83.5	120.5	169.1	189.8	244.0	351.2	415.4	401.6	**104.5**
Non-controlling interest		1.7	1.5	0.6	1.2	1.4	1.5	5.6	11.7	11.7	**12.9**
Non-current liabilities		118.6	133.0	239.5	106.7	206.5	159.8	509.7	560.9	784.2	**976.8**
Current liabilities		85.7	83.3	100.0	285.3	118.9	186.7	195.9	176.7	333.7	**201.7**
Total funds employed		461.0	515.9	677.7	805.1	955.1	1,171.9	1,635.8	1,734.7	2,537.3	**2,406.9**
Represented by											
Property, plant & equipment		125.4	134.6	152.1	210.3	216.8	265.1	324.6	397.2	481.6	**491.9**
Current assets		188.9	215.7	259.1	286.5	294.5	356.6	506.1	481.6	585.4	**598.7**
Other non-current assets		10.8	29.2	36.3	40.2	50.7	46.7	37.4	50.9	57.6	**65.9**
Intangibles		136.0	136.5	230.2	268.1	393.1	503.5	767.7	805.0	1,412.7	**1,250.4**
Total assets		461.0	515.9	677.7	805.1	955.1	1,171.9	1,635.8	1,734.7	2,537.3	**2,406.9**
Trading Results											
Financing costs (net)		5.6	6.8	9.8	14.4	11.1	10.2	15.6	19.6	26.8	**33.1**
Depreciation & amortisation		16.5	24.3	28.2	37.1	39.9	42.2	46.2	55.7	83.2	**95.8**
Underlying profit before tax (j)		52.1	86.5	109.0	150.7	105.9	185.1	312.0	331.0	236.0	**190.2**
Income tax expense		17.2	27.5	31.8	44.5	31.0	52.8	87.3	89.8	59.1	**51.9**
Underlying profit after tax (j)		34.2	51.6	71.3	106.2	75.3	132.2	222.4	238.3	171.9	**135.4**
Statutory profit/(loss) after tax (j)		34.8	59.1	76.8	106.2	75.3	132.4	222.4	227.3	154.4	**(174.5)**
Dividend		23.6	36.1	49.5	52.8	62.8	94.2	151.9	164.3	152.0	**84.5**
Other Statistics	(Ref)	(a)	(b)	(c)	(d)	(e)	(f)		(g)	(h)	(i)
Net tangible asset backing per share	c	47.33	63.16	41.43	54.67	75.18	95.41	48.16	55.92	1.70	**(5.40)**
Underlying earnings per share (j)	c	15.08	20.02	27.44	39.03	25.81	40.59	65.89	69.66	45.34	**33.65**
Statutory earnings per share (j)		15.37	22.91	29.56	39.03	25.81	40.64	65.90	66.44	40.74	**(43.37)**
Dividends per share	c	10.0	14.0	19.0	20.0	20.0	28.0	45.0	48.0	39.0	**21.0**
Underlying return on average equity (j)	%	16.8	18.6	22.5	28.3	14.4	18.2	25.6	24.7	14.2	**10.2**
Statutory return on average equity (j)	%	17.2	21.3	24.1	28.3	14.5	18.2	25.4	23.7	12.8	**(13.2)**
Net debt (debt - cash)	$M	85.7	88.9	191.5	209.6	147.0	111.5	370.6	412.9	729.0	**762.2**
Gearing ratio (net debt/(net debt + total equity))	%	25.0	22.9	36.1	33.7	18.9	11.9	28.5	29.3	33.9	**38.3**
Interest cover (NPAT) (j)	times	7.2	8.5	8.3	8.4	7.7	13.9	15.4	13.3	7.2	**4.9**
Interest cover (Statutory NPBT) (j)	times	10.4	13.6	12.2	11.5	10.5	19.1	21.0	17.3	9.0	**6.7**
No. of Employees		4,268	4,863	6,854	5,717	7,570	8,936	12,101	12,605	12,206	**11,722**

(a) Following the issue of 48,616,140 shares (including 1:5 rights issue)

(b) Following the issue of 3,172,045 shares

(c) Following the issue of 2,570,500 shares

(d) Following the issue of 4,483,375 shares
*2009 EPS figures restated for rights issue in Nov 09

(e) Following the issue of 49,633,430 shares (including 1:6 rights issue in Nov 09)

(f) Following the issue of 22,717,200 shares (including 17,457,040 shares for Ammtec acquisition)

(g) Following the issue of 6,039,894 shares

(h) Following the issue of 51,283,145 shares (incl 1:11 rights issue in July 2013)

(i) Following the issue of 12,994,033 shares

(j) Refer page 32 for a reconciliation of underying profit to statutory profit.

All shares have been restated on a post 5 for 1 share split basis

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Charlie Sartain

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Tim Mullen

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KPMG

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