Ausenco Annual Report
2015

Ausenco

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Appendix 4E

Preliminary final report

Name of entity

Ausenco Limited (ASX: AAX)

ABN

31 114 541 114	Current reporting period	31 December 2015
	Previous corresponding period	31 December 2014

Results for announcement to the market **A$'000**

				Current period
Revenues from ordinary activities	Down	31%	To	$245,815
Loss from ordinary activities attributable to members	Up	161%	To	$(76,904)
Underlying EBITDA	Down	1,055%	To	$(13,730)
Net loss for the period attributable to members	Up	244%	To	$(86,055)

Dividends (distributions)	**Amount per security**	**Franked amount per security at 30% tax**
No Final dividend paid in respect of the financial year ended 31 December 2014	-	-
Interim dividend declared subsequent to 30 June 2014	-	-
Previous corresponding period - Final - Interim	 - -	 - -

Date the final dividend is payable	n/a
Record date for determining entitlements to the final dividend	n/a

Dividend reinvestment plan

N/A

NTA backing	**Current reporting period**	**Previous corresponding period 31 December 2014**
Net tangible asset backing per ordinary security	$0.01	$0.24

Details of entities over which control has been gained or lost during the period are included in the audited financial statements under note 25.

Details of associates and joint venture entities are included in the audited financial statements under note 26.

Details of Underlying EBITDA are included in Alternative performance measures in the financial report on page 94.

………………………………………… Date: 26/02/2016
Patrick O'Connor
Company Secretary

NOTES:

The information contained in this report is for the full year ended 31 December 2015 and the previous corresponding period 31 December 2014.
Australian Accounting Standards are utilised when compiling the report.
The accounts have been audited and are not subject to dispute or qualification.
For the full financial statements including commentary on the results, please refer to the financial report and press release.

Ausenco Limited
Financial Report
for the year ended 31 December 2015

Directors' Report

Your Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Ausenco Limited and the entities it controlled at the end of, or during, the year ended 31 December 2015.

DIRECTORS

The following persons were Directors of Ausenco Limited during the whole of the financial year and up to the date of this report:

George Lloyd
Zimi Meka
Mary Shafer-Malicki
Bob Thorpe
Hank Tuten
Peter Gregg

PRINCIPAL ACTIVITIES

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

EARNINGS PER SHARE

	2015 Cents	2014 Cents
Basic earnings per share (cents per share) attributable to the ordinary equity holders of the Company	(49.0)	(15.0)
Diluted earnings per share (cents per share) attributable to the ordinary equity holders of the Company	(49.0)	(15.0)

SAFETY

The Group's safety performance for the 12 months to 31 December 2015 improved with the Total Recordable Injury (TRI) frequency rate reducing by 56% from 2.14 to 0.94, the lowest in the Group's history. This was based on 6.4 million managed man hours, down 69% from 20.5 million man hours managed the year before. The Lost Time Injury (LTI) frequency rate rose slightly, from 0.29 in 2014 to 0.31 in 2015. Highlights during 2015 were eight TRI free months recorded globally and recognition of Ausenco as the Silver Recipient winner for 2015 in the category of Mining and Natural Resources at Canada's Safest Employers Awards.

OPERATING AND FINANCIAL REVIEW[1]

Overall market conditions for 2015 were soft in conjunction with low commodity prices across most sectors. Margins came under pressure as competition increased and clients focused on reducing operating costs, improving productivity and restraining capital expenditure. These conditions made it more challenging for our clients to secure stakeholder equity support and debt financing for new capital projects.

Revenue from continuing operations for 2015 was $245.8 million, down 31.2% on revenue of $357.2 million for the previous year.

The Group recorded a net loss before tax for the year of $76.9 million which included an impairment charge of $30.7 million, redundancies of $5.9 million, foreign currency translation reversals on office closures of $6.9 million and onerous office lease charges of $3.4 million. The underlying net loss before tax was $28.9 million, against a net loss before tax of $12.7 million for the previous 12 months. The net loss after tax attributable to shareholders was $86.1 million. The underlying net loss after tax was $25.1 million, compared to $10.2 million net loss after tax for the previous year. The reduction in earnings was driven primarily by the market effect of lower commodity prices, project deferrals by clients, greater competition, rightsizing costs, and impairment charges. Slowing growth in Argentina, Brazil and China contributed to a need to significantly down size or close these offices.

Reported EBITDA for 2015 was a loss of $32.0 million, against the previous year EBITDA loss of $5.4 million. The underlying EBITDA[1] was a loss of $13.7 million. Basic earnings per share of a loss of 49.0 cents for 2015 compares to a loss of 15.0 cents per share in 2014.

Reflecting the reductions in earnings, the Company has not declared any dividends for 2015.

The Group's net operating cash outflow for 2015 was $16.1 million which included $4.0 million in redundancy costs, $4.4 million in borrowing costs and income tax paid of $1.5 million. Net operating cash outflow in 2014 was $9.2 million. Net cash outflow associated with investing activities for 2015 was $1.5 million (2014: $3.0 million). Financing activities generated an inflow of $3.3 million in 2015 compared to an outflow of $3.8 million in 2014. An equity raising in August 2015 generated an inflow of $10.7 million of which of $5.1 million was applied to repayment of borrowings.

The Group's gross cash position at 31 December 2015 was $8.7 million (2014: $22.5 million). Net debt increased during the year from $43.1 million to $53.1 million with the net gearing ratio increasing to 26.1% from 16.0%, still within the Board's target gearing levels. Total borrowings at year-end had decreased by $3.9 million to $61.8 million. On 1 February 2016 the Group announced a US$16.5 million ($23.6 million) convertible debt and bonding facility with Resource Capital Fund (RCF). The refinancing provides additional working capital for the Group and enhances the Group's bonding capacity which is important as the breadth of EPC opportunities increases in 2016. Under the terms of this agreement, RCF may elect to receive the interest and/or capital amount repayments from Ausenco in shares. In addition, RCF and the Company's financiers (ANZ and NAB) have agreed to undertake discussions with a view to refinancing Ausenco's current bank borrowings

1. *The Group's financial performance is explained using measures that are not defined under IFRS and are therefore termed non-IFRS measures. The non-IFRS financial information contained within this Directors' Report and Notes to the Financial Statements has not been audited in accordance with Australian Auditing Standards. The non-IFRS measures used to monitor group performance are EBITDA, net debt, net gearing ratio, working capital assets and underlying EBITDA to total financing costs ratio. Business line or segment performance is monitored using EBITA. Each of these measures is discussed in more detail on page 94.*

OPERATING AND FINANCIAL REVIEW (continued)

Business Line Performance

The Group measures business line performance by reference to revenue and EBITA[1] (refer to note 4). The following table summarises business line performance for the operating segments:

	Segment revenues		Segment EBITA	
	2015	2014	**2015**	2014
	$'000	**$'000**	**$'000**	**$'000**
APAC/Africa	64,019	93,518	(2,682)	(9,680)
North America	91,381	140,310	(6,861)	2,423
South America	88,929	122,734	(4,541)	11,160
All other segments	1,309	179	(23,903)	(14,769)
Total	245,638	356,741	(37,987)	(10,866)

APAC/Africa

A lack of confidence in the resources sector dominated the APAC/Africa region throughout the year. The APAC/Africa business line operating revenue was down 31.5% to $64.0 million in 2015 while segment EBITA improved by $7.0 million to a loss of $2.7 million. Rightsizing, resourcing for the business and delivering on cost saving initiatives contributed to the improved performance. As revenue levels improve over the longer term, cost rationalisation should deliver significantly improved EBITA margins. The underlying EBITA loss was $1.1 million compared to an underlying loss of $9.1 million in 2014. Earnings performance from Australian project opportunities was adversely impacted by weak commodity prices and reduced demand for coal and iron ore. However, the weaker Australian dollar provided increased opportunities to export Ausenco's services to Africa and to cross-sell APAC/Africa specific services to other areas of the Group.

The majority of the loss was incurred in the first half of the year as a result of restructuring. The second half performance showed steady revenue levels, improved project performance and profitable operation as the benefits of the restructuring came into effect.

Despite the resources sector remaining weak, by early January 2016 APAC/Africa had been successful in negotiating $45 million of new work which positioned it well for the start of 2016. The Company's ongoing diversification strategy sees operational strategies focusing on project optimisation, sustaining capital, contract operations & management services (which, together, accounted for 45.3% of 2015 revenues) and studies for larger capital expenditure projects in copper and gold.

North America

The North America business line operating revenue was down 34.9% to $91.4 million in 2015 with a reported segment EBITA loss of $6.9 million. The underlying EBITA loss was $6.2 million compared to an underlying profit of $3.8 million in 2014.

The North American contribution came under pressure with project activity in this market declining in line with lower commodity prices. Ausenco's oil & gas business was heavily impacted by the sharp fall in oil prices during the year with revenue down 45% year on year. The weaker oil & gas market in particular contributed to reduced growth estimates and the goodwill carrying value was reassessed and impaired by $12.5 million.

During the second half work began on the development of Hudbay Minerals' Rosemont Copper Project near Tucson, Arizona. This project is especially meaningful as it builds on the strong client relationship that Ausenco has developed with Hudbay over the past four years.

The Group also commenced work on the expansion of Kinross's Tasiast gold project in Mauritania and finalised the scoping and costing of the EPC contract for the start of AGC's Moose River Consolidated project in Nova Scotia, Canada in 2016. Infrastructure work in North America increased by 26.0%, with many new awards in municipal infrastructure work in the water, transportation, pipelines and ports and terminals areas.

[1] This performance measure is on page 94.

Despite the challenging market conditions, secured work on hand for 2016 represents 52% of the Budget revenue.

South America

Lower engineering activity and compressed margins impacted the South America business line with operating revenue down 27.5% to $88.9 million in 2015. In 2015 EBITA was a loss off $4.5 million and an underlying EBITA loss of $0.6 million compared to an underlying EBITA profit of $13.7 million in 2014.

The Constancia copper project in Peru was completed in early 2015 and, given weaker markets, it was not possible to fully replace this revenue stream. Study and early engineering works in Peru continued on both the Mina Justa copper project and the Zafranal copper projects.

As the year progressed, significant wins in Chile helped to build work on hand. A significant amount of work was completed at the Escondida copper project in Chile, on enhanced water recovery and water commissioning activities.

Reflecting the activities of the Ausenco Rylson business in APAC/Africa, a permanent presence for our optimisation and asset management services was established in South America in 2015; 25.3% of 2015 revenue was attributable to this service and we expect continued growth as organisations focus on maximising asset performance and reducing operating costs.

However, economic conditions in Brazil and Argentina adversely impacted on performance for the region as did tightened discretionary expenditure by copper producers as commodity price volatility delayed project startups. Due to a reduced growth outlook in the short term, the goodwill carrying value was reassessed and impaired by $18.2 million.

All other segments

In 2015 the Corporate group reported an EBITA loss of $23.9 million and an underlying EBITA loss of $11.8 million compared to an underlying EBITA loss of $12.6 million in 2014. Charges against the underlying loss for 2015 include onerous leases ($3.4 million), foreign currency translation reserve reversals on office closures ($6.9 million), asset write downs ($1.6 million) and rightsizing costs ($0.2 million).

[1] This performance measure is on page 94.

SIGNIFICANT CHANGES TO THE STATE OF AFFAIRS

No significant changes in the state of affairs have occurred during the year ended 31 December 2015.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 1 February 2016 the Group announced a US$16.5 million (A$23.6 million) convertible debt and bonding facilities with Resource Capital Fund (RCF). As well as being a financing party to Ausenco, RCF is also a shareholder with a 4.5% interest in Ausenco Limited.

Under the RCF financing package, shareholders will be requested to approve the RCF conversion rights as part of providing Ausenco with US$6.5 million (A$9.2 million) unsecured debt facility to 31 December 2018. The facility provides for interest payable quarterly at an interest rate of 10% p.a, where RCF is able to elect for the interest to be converted to shares. At a conversion price of $0.31 per share, the facility also entitles RCF to convert its principal entitlement to 30.3 million shares in Ausenco which would represent an additional 13.0% shareholding in Ausenco. Shareholders will be asked to approve the unsecured debt facility on 29 March 2016.

In conjunction with the financing package, RCF, Ausenco and Ausenco's current banks (ANZ and NAB) have entered into a Standstill and Moratorium Agreement extendable to 30 June 2016, upon certain milestones being achieved during that period. During this period the parties will undertake discussions with a view to RCF considering a refinancing of Ausenco's current bank borrowings. In order to facilitate refinancing discussions, the agreement provides for RCF to complete due diligence, for the banks to waive breaches of covenants and for a standstill of actions arising out of loan agreements with the banks.

In addition, to meet the anticipated requirements of a number of new project opportunities, RCF has committed to provide additional bonding facilities of US$10 million.

Other than the matter noted above no further matter or circumstance has arisen since 31 December 2015 that has significantly affected, or may significantly affect:

(a) the Group's operations in future financial years, or

(b) the results of those operations in future financial years, or

(c) the Group's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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

ENVIRONMENTAL REGULATION

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

Information on the Directors' interest in shares and shares rights can be found in the Remuneration Report.

MEETINGS OF DIRECTORS

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 31 December 2015, and the numbers of meetings attended by each Director were:

	Board		Audit & Risk Committee		Remuneration Committee		Nomination Committee	
	Meetings held while a Director	Number attended	Meetings held while a Director	Number attended	Meetings held while a Director	Number attended	Meetings held while a Director	Number attended
George Lloyd	15	15	6	6	4	4	2	2
Zimi Meka	15	15	-	-	-	-	-	-
Mary Shafer-Malicki	15	15	6	6	-	-	2	2
Bob Thorpe	15	15	6	6	4	4	2	2
Hank Tuten*	15	9	-	-	4	3	2	2
Peter Gregg	15	14	6	5	-	-	2	2

* Mr Tuten did not attend 5 meetings where the Board considered the Financing package from RCF – refer Note 37.

INFORMATION ON DIRECTORS

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

George Lloyd has over 30 years resource industry experience and has served as a senior executive and board member of a number of listed and unlisted Australian resource companies with interests in minerals, energy and industry services. He has also served as an advisor to mining and energy companies in Asia and Australia, providing corporate finance and corporate strategy advice. He is a non-executive director of Metro Mining Limited since 2015. He was previously the Chairman of Cape Alumina Limited (2009 - 2014) and Chairman of Pryme Energy Limited (2008-2015).

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

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

Bob Thorpe
B Tech (Mech)
Non-Executive Director

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

Information on the Directors' interest in shares and shares rights can be found in the Remuneration Report.

INFORMATION ON DIRECTORS (continued)

Hank Tuten
BA Econ
Non-Executive Director

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

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

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

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

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

INFORMATION ON COMPANY SECRETARY

Patrick O'Connor
BA LLB, ACIS

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

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

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

INSURANCE OF OFFICERS

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

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

NON-AUDIT SERVICES

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

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

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

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

	Consolidated	
	2015	2014
	$	$
OTHER ASSURANCE SERVICES		
PwC Australia	**-**	-
Network firms of PwC Australia	**-**	-
Total remuneration for other assurance services	**-**	**-**
TAXATION SERVICES		
PwC Australia	**22,481**	31,972
Network firms of PwC Australia	**23,514**	19,210
Total remuneration for other services	**45,995**	**51,182**
Total remuneration for non-audit services	**45,995**	**51,182**

PROCEEDINGS ON BEHALF OF THE COMPANY

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

REMUNERATION REPORT

EXECUTIVE SUMMARY

Following the review of the Key Management Personnel (KMP) remuneration framework in 2013 and the changes implemented as a result of that review, there were no changes to the Company's remuneration practices and policies during 2015.

No increases to total fixed remuneration were awarded to KMP during 2015.

Following a review of the 10% reduction to KMP Total Fixed Remuneration implemented in 2013, including full consideration as to the intention of this measure as well as the extended term for which it had been in place, the Board resolved that, effective 1 May 2015, this reduction be removed.

The Board resolved that the 10% reduction in Non-Executive Director fees remains in effect.

No short term or business development incentive bonuses were paid to KMP during 2015.

Following the forfeiture of all performance rights issued in 2013 no Performance rights vested in 2015. The 2014 Performance Rights issued to senior management were forfeited in 2015.

GOVERNANCE

REMUNERATION COMMITTEE

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

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

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

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

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

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

REMUNERATION STRATEGY

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

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

REMUNERATION REPORT (continued)

EXECUTIVE REMUNERATION POLICY

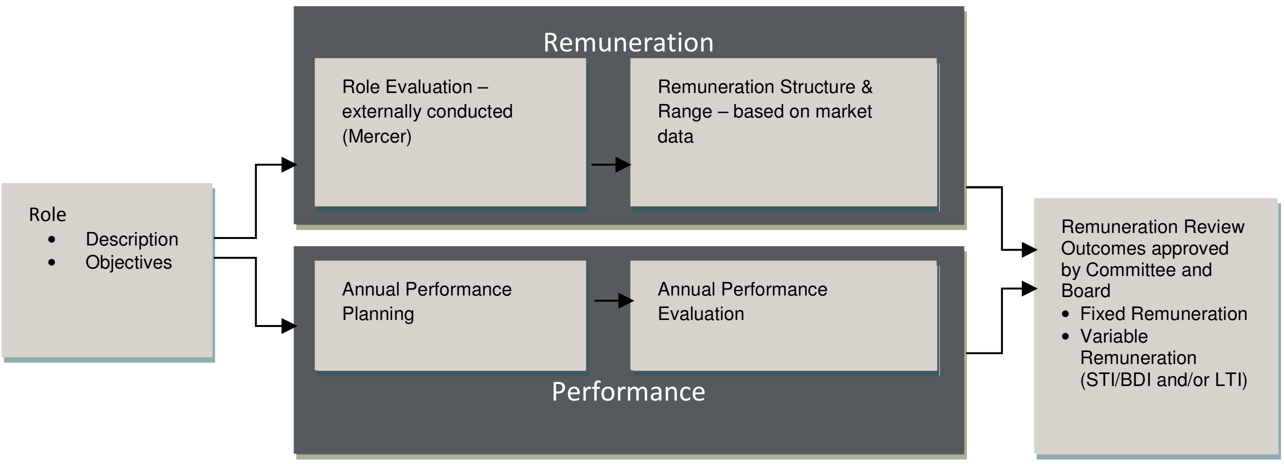
The executive remuneration policy is designed to:

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

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

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

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



ALIGNMENT OF KMP REMUNERATION TO COMPANY PERFORMANCE

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

	2011	2012	2013	2014	2015
Earnings					
- NPAT	26.4	41.4	(35.2)	(25.0)	(86.1)
- Basic EPS (cps) (a)	19.1	29.8	(25.0)	(15.0)	(49.0)
Return on capital employed	12%	17%	(12%)	(9%)	(54.8%)
Total shareholder returns					
- Dividend interim and final (cps)	12.9	20.1	12.0	-	-
- Share price at each 31 December	2.47	3.19	0.63	0.43	0.22
- Annual Total Shareholder Return (%) (b)	(16%)	37%	(80%)	(32%)	(48.8%)

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

REMUNERATION REPORT (continued)

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

	Results Achieved		Impact on Performance Rights*		
	EPS Growth	**TSR**	**EPS**	**TSR**	**Entitlement**
2011	344%	-16%	●	○	◑
2012	56%	37%	●	●	●
2013	-184%	-80%	○	○	○
2014	40%	-32%	○	○	○
2015	-227%	-48%	○	○	○

* The black proportion represents the percentage of Performance Rights granted.
[1] From 1 January 2014 Performance Rights granted have a three year performance period.

THE COMPANY'S REMUNERATION STRATEGY AND ITS LINK TO PERFORMANCE

The Company's Remuneration Strategy and its link to Performance	
How does the Company determine appropriate fixed remuneration and how is this strategy intended to drive Company performance?	KMP fixed remuneration is designed to reflect market conditions and enable the Group to attract and retain key personnel to play an important role in growing the Company and improving its performance in a very competitive global market. To achieve this, the Group's Executive Remuneration Policy requires each KMP role to be independently evaluated (by Mercer) to determine the 'size' or 'work value' of the role. This information enables the Group to benchmark the KMP role against market data which is used to determine an appropriate remuneration range for KMP and the KMP salary is then placed within the range. In setting and reviewing KMP salaries, the following matters are taken into consideration: • the scope and nature of the individual's role; • their performance and experience; and • Company performance.
How are the Company's Short-Term and or Business Development Incentive (STI/BDI) Plan performance targets determined?	The STI/BDI Plan targets directly link 'at risk remuneration' to the Company's short term strategic objectives. This is achieved by setting appropriate targets to drive the achievement of objectives key to the Group's strategy. Targets are reviewed and set annually. 2015 STI targets included a single financial metric (earnings) and controllable working capital targets. BDI targets are based on key performance targets founded on revenue, work on hand and revenue diversity.
How does Company performance impact the STI/BDI program?	As the Company did not achieve its 2015 targets, no STI/BDI bonus payments will be made in 2016.

REMUNERATION REPORT (continued)
THE COMPANY'S REMUNERATION STRATEGY AND ITS LINK TO PERFORMANCE (continued)

<table>
<tr><th colspan="2">The Company's Remuneration Strategy and its link to Performance</th></tr>
<tr><td>What are the Company's objectives for the Long Term Incentive (LTI) program?</td><td>All LTI grants are delivered as Performance Rights which are an entitlement or right to a Performance Share subject to satisfaction of the designated performance measures.

The Company's objectives for the LTI program are to link KMP and selected senior management personnel rewards to the Company's key performance drivers.

The Company aims to achieve this via sustainable long term growth in total shareholder returns through earnings growth, share price appreciation, dividends and capital returns to shareholders.</td></tr>
<tr><td>What is the LTI performance measurement period for 2015?</td><td>Three years.</td></tr>
<tr><td>What performance metrics are applied to LTIs and why?</td><td>The Board believes that TSR and EPS growth are the appropriate LTI performance metrics.

The Board recognises two groups of employees within the LTI program, being:

1. Those employees whose Performance Rights are subject to both TSR and EPS performance metrics.

The Board believes these employees have the ability to impact TSR as well as EPS via their participation in the Company's strategic decision-making process.

All KMP, along with select senior employees, are included in this group.

2. Those employees whose Performance Rights are subject to EPS performance metrics only.

The Board believes these employees are sufficiently senior within the organisation to more directly influence EPS, rather than TSR.

The Board believes this LTI program is consistent with market practice and aligned with the Company's objective of creating value for shareholders by enabling employees to be appropriately rewarded when shareholders also receive above-market returns on their investment.</td></tr>
<tr><td>How is growth in EPS calculated?</td><td>EPS growth is calculated over a three year performance measurement period. Basic EPS is determined by dividing the operating profit attributable to members of the Group by the weighted average number of ordinary shares outstanding during the financial year. As required under AASB 133, Earnings per Share, growth in EPS is measured by comparing the EPS in the current measurement period to the EPS in the prior measurement period, calculated on a reported or statutory basis.</td></tr>
<tr><td>How is TSR calculated?</td><td>The TSR growth measure represents the change in the capital value of a listed entity's share price over a period, plus dividends, expressed as a percentage of the Company's share price at the start of the measurement period.</td></tr>
<tr><td>Who is in the Comparator Group for TSR?</td><td>The Comparator Group for TSR comprises the following 16 companies:

AMEC, Fluor Corporation, Jacobs, Lycopodium, Sedgman, SNC Lavalin, Wood Group, Worley Parsons, Calibre, KBR, Stantec, Decmil, GR Engineering, Monadelphous, RCR Tomlinson and Cardno.</td></tr>
</table>

REMUNERATION REPORT (continued)
THE COMPANY'S REMUNERATION STRATEGY AND ITS LINK TO PERFORMANCE (continued)

The Company's Remuneration Strategy and its link to Performance	
How is allotment determined?	Allotment is based on the achievement of EPS growth targets and total shareholder return targets over the three year period from 1 January 2015 to 31 December 2017.
What was the LTI awarded for 2015?	LTIs were awarded during 2015 in accordance with the Performance Rights Plan approved by shareholders at the 2014 AGM. The period of measurement for LTIs awarded in 2015 is 1 January 2015 to 31 December 2017 and these LTI's will only vest in the event that the above performance hurdles are met.
Does the LTI program have a clawback mechanism?	Under the terms of the LTI the Directors have the discretion to 'clawback' any LTI securities issued where a participant has acted fraudulently or dishonestly, is in breach of his or her obligation to the Group or in circumstances where the Corporations Act provides for the clawback of any benefits.

REMUNERATION REPORT (continued)

OTHER REMUNERATION ARRANGEMENTS

Ausenco also has an Executive Options Plan (EOP) and an Employee Share Acquisition Plan ("ESAP"). However, due to business and economic conditions, the Board resolved not to offer either plan to employees during 2015.

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

Other Remuneration Arrangements	
Executive Options Plan ("EOP")	There are currently no participants in the EOP and no outstanding options under the EOP. The EOP was established in April 2006 as a complementary reward mechanism for eligible senior employees in specific circumstances. Non-executive Directors are not eligible to participate in the EOP. The EOP provides for options, with associated time-based vesting conditions, to be issued to eligible senior employees. The Board has discretion in determining the treatment of options for participants who have left the Company or where there might have been fraudulent or dishonest actions. In the event of a takeover or other formal scheme for the acquisition of the Shares in the Group, the Board may exercise its discretion to determine that all unvested options vest, subject to further conditions to be determined by the Board.
Employee Share Acquisition Plan ("ESAP")	**Eligibility**: The ESAP is open to all personnel employed on a permanent basis by the Group ("Eligible Employees"). Each ESAP offer is subject to Board approval. Non-executive Directors are not eligible to participate in the ESAP. **Purpose**: The ESAP supports employee retention by incorporating two or three year vesting periods. **History:** The ESAP has been offered in 2008, 2011 and 2012. In 2009, 2010, 2013, 2014 and 2015 the Board elected to forego the offer due to the uncertain economic climate and its impact on contributed equity. All shares offered under the 2008, 2011 and 2012 ESAP plan have vested. Any shares that have not been transferred to employees may be held in trust for the Trustee for a maximum period of 10 years after the date of the initial offer. **Contribution:** Under the 2011 and 2012 ESAP offer, Eligible Employees were invited to contribute between $500 and $5,000 to purchase Ausenco shares ("Employee Contribution Shares").

REMUNERATION REPORT (continued)
OTHER REMUNERATION ARRANGEMENTS (continued)

Other Remuneration Arrangements	
Executive Options Plan ("EOP")	**Matching**: Under the 2011 and 2012 ESAP offers Ausenco matched the participant's Employee Contribution Shares at a ratio of 1:3, providing the participant with one conditional right to receive an Ausenco share at a later date for each Employee Contribution Share, provided the participant remains an Eligible Employee during that period ("ESAP Conditional Right"). **Vesting:** 50% of the ESAP Conditional Rights vest after one year of service and the remaining 50% vest after the second year of service from the date of offer. **ESAP Conditional Rights**: These are unlisted securities and have no voting rights or entitlement to dividends. They cannot be traded or transferred and are held in trust until the necessary vesting criteria have been met. Upon vesting, a participant's ESAP Conditional Rights will automatically convert into ordinary shares and once converted will have full voting rights and dividend entitlements, and will remain in the Ausenco Performance Trust until such time as they are transferred or sold. There are currently no ESAP Conditional Rights on issue as all shares offered under the 2008, 2011 and 2012 ESAP plan have vested. **Other conditions on the ESAP Securities**: The Employee Contribution Shares along with the ESAP Conditional Rights (together the "ESAP Securities") will be held by the Trustee until such time as they are transferred, sold or forfeited. The Trustee remains the legal owner of all ESAP Securities so long as they remain held by the Ausenco Performance Trust. The participants are the beneficial owners of their ESAP Employee Contribution Shares and entitled to the full voting rights and dividend entitlements attached to each ESAP Employee Contribution Share.

KEY MANAGEMENT PERSONNEL AND OTHER EXECUTIVES' REMUNERATION
The Remuneration Report shows remuneration information for the KMP of the Group and the Company as defined in AASB 124 *Related Party Disclosures*. KMP, during the course of 2015, are divided into three separate groups for ease of reference:

NON-EXECUTIVE DIRECTORS:

- George Lloyd – Chairman
- Mary Shafer-Malicki – Non-Executive Director
- Bob Thorpe – Non-Executive Director
- Hank Tuten – Non-Executive Director
- Peter Gregg – Non Executive Director

EXECUTIVE DIRECTOR:
- Mr Zimi Meka - Chief Executive Officer and Managing Director.

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

- Mr Craig Allen – Chief Financial Officer
- Mr Nick Bell – Executive Vice President, Business Development and Marketing. On 1 January 2015 Nick also assumed the responsibility of Acting President, APAC/Africa until 27 September 2015 when he returned to the position of Executive Vice President, Business Development and Marketing.
- Mr Simon Cmrlec –President, North America
- Mr Neil Trembath – Chief People and Sustainability Officer (and Acting Chief Information Officer since 1 September 2014)
- Andrew Pickford, President South America (commenced 5 January 2015)
- Brad Shaw, President APAC/Africa (commenced 28 September 2015)

REMUNERATION REPORT (continued)

REMUNERATION TABLE

Details of the remuneration paid to the KMP of Ausenco and the Company during the 2015 financial year is set out in the following table:

Details of Remuneration		Primary Benefits			Post Employments	Long-term Benefits	Share Based Payments				
		Salary and Fees	STI/BDI /Cash Bonus (e)	Non-monetary Benefits (g)	Superannuation Benefits	Long Service Leave	Performance Rights Plan	ESAP	Termination Benefits	Total	Percentage of remuneration consists of share based payments
		$	$	$	$	$	$	$	$	$	%
EXECUTIVE DIRECTOR											
Zimi Meka	FY 2015	**860,869**	-	**7,236**	**19,046**	**13,855**	-	-	-	**901,006**	**-%**
	FY 2014	791,908	-	5,564	26,388	13,855	-	-	-	837,715	-%
Sub-total	**FY 2015**	**860,869**	-	**7,236**	**19,046**	**13,855**	-	-	-	**901,006**	-%
	FY 2014	791,908	-	5,564	26,388	13,855	-	-	-	837,715	-%
Craig Allen (c)	FY 2015	**460,257**	-	**7,236**	**19,045**	**7,547**	**152,271**	-	-	**646,356**	**23.56%**
	FY 2014	430,194	-	5,564	13,825	7,547	157,984	-	-	615,114	25.7%
Nick Bell (a) (c)	FY 2015	**550,374**	-	**7,236**	**19,046**	**8,667**	**156,838**	-	-	**742,161**	**21.13%**
	FY 2014	559,378	-	5,564	9,391	-	169,095	-	-	743,428	22.7%
Simon Cmrlec (c)	FY 2015	**386,989**	-	**70,339**	**42,425**	-	**84,021**	-	-	**583,774**	**14.39%**
	FY 2014	360,947	-	-	15,462	-	82,333	-	-	458,742	17.9%
Neil Trembath (b) (c)	FY 2015	**397,449**	-	**7,236**	**37,758**	**6,013**	**69,033**	-	-	**517,488**	**13.34%**
	FY 2014	345,962	-	5,564	24,242	-	66,891	-	-	442,659	15.1%
Andrew Pickford (d)	FY 2015	**311,341**	-	**116,367**	**20,064**	-	-	-	-	**447,772**	-%
	FY 2014	-	-	-	-	-	-	-	-	-	-
Brad Shaw (e)	FY 2015	**71,010**	-	**63,336**	**2,740**	-	-	-	-	**137,086**	-%
	FY 2014	-	-	-	-	-	-	-	-	-	-
Sub-total	**FY 2015**	**2,177,420**	-	**271,750**	**141,078**	**22,227**	**462,163**	-	-	**3,074,638**	**15.03%**
		1,696,481	-	16,692	62,920	7,547	476,303			2,259,943	21.08%
Grand total	**FY 2015**	**3,038,289**	-	**278,986**	**160,124**	**36,082**	**462,163**	-	-	**3,975,642**	**11.62%**
		2,488,389	-	22,256	89,308	21,402	476,303	-	-	3,097,658	15.30%

(a) Mr Bell holds the position of Executive Vice President, Business Development and Marketing. On 1 January 2015 Nick also assumed the responsibility of Acting President, APAC / Africa until 27 September 2015 when he returned to the position of Executive Vice President, Business Development and Marketing

(b) Mr Trembath holds the position of Chief People and Sustainability Officer. On 1 September 2014 he was also appointed as Acting Chief Information Officer. In recognition of the additional responsibilities, the Board approved for the duration that Mr Trembath is acting in this capacity, that he will receive a temporary 15% of fixed base salary allowance.

(c) During 2013 a 10% reduction to KMP's Total Fixed Remuneration was implemented. The Board resolved on 1 May 2015 that this reduction be removed.

(d) Mr Pickford commenced as President - South America on 5 January 2015. The non-monetary benefits received by Mr Pickford included relocation costs.

(e) Mr Shaw commenced as President – APAC Africa. Mr Shaw was a contractor from 28 September 2015 to 27 November 2015 and then a permanent employee from 28 November 2015. The non-monetary benefits received by Mr Shaw during the period include relocation costs.

(f) Opening balances adjusted to exclude Mr Young who ceased to be an employee on 30 August 2014 and Mr Ed Meka who ceased to be a Key Management Personnel on 31 December 2014.

REMUNERATION REPORT (continued)
2015 DISTRIBUTION OF REMUNERATION ENTITLEMENTS (INCLUDING LTI AND STI/BDI AT TARGET)

Role Title	Name	Fixed Remuneration (a)	Short Term / Business Development Incentive	Long Term Incentive
Chief Executive Officer	Zimi Meka (b)	70%	30%	0%
Chief Financial Officer	Craig Allen	59%	16%	25%
Executive Vice President, Business Development and Marketing	Nick Bell	61%	17%	22%
President, North America	Simon Cmrlec	69%	12%	19%
Chief People and Sustainability Officer and Acting Chief Information Officer	Neil Trembath	76%	10%	14%
President, South America	Andrew Pickford	77%	9%	14%
President, APAC/Africa	Brad Shaw	77%	9%	14%

(a) Excludes superannuation/ pension/ retirement payments.
(b) Mr Zimi Meka does not participate in the LTI, the Board considers that his substantial share holdings demonstrates continued commitment to the Company.

OPTIONS AND RIGHTS AS REMUNERATION

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

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

NUMBER OF OPTIONS AND RIGHTS AS REMUNERATION

	Balance at 1 Jan 2015 (a)	Granted as remuneration	Exercise of options / rights	Options / rights forfeited	Balance at 31 Dec 2015	Number of options/ rights vested	Number of options / rights vested at 31 Dec 2015
EXECUTIVE DIRECTOR							
Zimi Meka	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**
KEY MANAGEMENT PERSONNEL							
Craig Allen	723,165	913,747	49,482	-	1,587,430	49,482	-
Nick Bell	745,384	932,768	54,538	-	1,623,614	54,538	-
Simon Cmrlec	419,129	518,369	42,258	-	895,240	21,129	-
Neil Trembath	306,955	446,514	20,691	-	732,778	20,691	-
Brad Shaw	-	-	-	-	-	-	-
Andrew Pickford	-	-	-	-	-	-	-
Total	**2,194,633**	**2,811,398**	**166,969**	-	**4,839,062**	**145,840**	-
Grand Total	**2,194,633**	**2,811,398**	**166,969**	**-**	**4,839,062**	**145,840**	**-**

(a) Opening balances adjusted to exclude Mr Ed Meka who ceased to be a KMP on 31 December 2014.

VALUE OF OPTIONS AND RIGHTS GRANTED AND FORFEITED DURING THE PERIOD

	Value granted as remuneration	Value of options/ rights forfeited
	$	$
EXECUTIVE DIRECTOR		
Zimi Meka	-	-
Total	**-**	**-**
KEY MANAGEMENT PERSONNEL		
Craig Allen	201,024	-
Nick Bell	205,209	-
Simon Cmrlec	114,041	-
Neil Trembath	98,233	-
Brad Shaw	-	-
Andrew Pickford	-	-
Total	**618,507**	-
Grand Total	**618,507**	**-**

REMUNERATION REPORT (continued)

OPTIONS AND RIGHTS AS REMUNERATION (continued)

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

Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Expired / forfeited during the year	Balance at end of the year	Exercisable at end of the year
			Number	Number	Number	Number	Number	Number
19-Feb-08	19-Feb-18	$-	5,007	-	-	-	5,007	5,007
25-Feb-08	25-Feb-18	$-	3,243	-	-	-	3,243	3,243
17-Mar-09	17-Mar-19	$-	25,266	-	-	-	25,266	25,266
1-Jan-11	01-Jan-21	$-	236,226	-	80,250	1,102	154,874	154,874
1-Jan-12	01-Jan-22	$-	703,876	-	181,118	24,770	497,988	217,987
1-Jan-14	01-Jan-24	$-	4,932,760	-	-	2,017,111	2,915,649	-
1-Jan-15	01-Jan-25	$-	-	6,135,098	-	-	6,135,098	-
			5,906,378	**6,135,098**	**261,368**	**2,042,983**	**9,737,125**	**406,377**
Weighted average exercise price			$-	$-	$-	$-	$-	$-

For options / rights granted, the fair value at grant date is determined using the Hull White option pricing model that takes into account the exercise price, the term of the options / rights, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the options / rights. The model inputs for the options / rights granted during the year ended 31 December 2015 included:

(i) Share price at grant date in 2015 was $0.22 (2014 issue: $0.63);
(ii) Expected price volatility of the Company's shares: 2015 issue: 50.6% (2014 issue: 43.6%);
(iii) Expected dividend yield: 0% (2014 issue: 2%); and
(iv) Risk free interest rate: 3.4% (2014 issue: 3.4%).

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

The fair value of share rights granted during 2015 is $0.22 (2014: $0.42).

EXECUTIVE SERVICE AGREEMENTS

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

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

REMUNERATION REPORT (continued)
EXECUTIVE SERVICE AGREEMENTS (continued)
Specific information regarding the Executive Service Agreements for KMP in 2015 is summarised below:

Name	Position	Terms of agreement / contract and date commenced if during the year		Total Employment Cost (a)	Target STI/BDI (b)	Notice Period - Employee	Notice Period - Company
Zimi Meka	Chief Executive Officer	3 years from 15 June 2012 (c)	AUD	910,256	47%	6 months	6 months
Craig Allen	Chief Financial Officer	No fixed term	AUD	495,830	30%	6 months	6 months
Nick Bell	Executive Vice President, Business Development and Marketing	No fixed term, from 1 February 2014	AUD	569,420	30%	6 months	6 months
Neil Trembath	Chief People & Sustainability Officer and Chief Information Officer	No fixed term	AUD	454,300	16%	6 months	6 months
Simon Cmrlec	President North America	No fixed term	AUD	440,344	20%	3 months	3 months
Brad Shaw (e)	President APAC/Africa	No fixed term	AUD	400,000	20%	6 months (d)	6 months
Andrew Pickford	President South America	No fixed term	AUD	355,045	30%	6 months	6 months

(a) Total Employment Cost (TEC) includes annual base salary and superannuation/pension but excludes leave accrued but not taken and non-monetary benefits. It does not include STI/BDI or LTI payments.

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

(c) Employment contract provides for successive three year rollover terms unless otherwise terminated by the giving of notice.
(d) At the end of 24 months of continuous services, the notice period will revert to three months.
(e) Mr Shaw was a contractor from 28 September 2015 to 27 November 2015 and then a permanent employee from 28 November 2015.

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

REMUNERATION PAID AND OTHER SPECIFIC DISCLOSURES

Details of Remuneration
2015 Short Term / Business Development Incentive Bonus Payments
Based on Company performance in 2015 no short term or business development incentive bonus payments will be made in 2016.

2015 Short Term Incentive Bonus Payments
Based on Company performance in 2014 no short term or business development incentive bonus payments were made in 2015.

NON-EXECUTIVE DIRECTOR REMUNERATION POLICY

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

In setting fee levels for the Non-Executive Directors, the Committee, which makes recommendations to the Board, takes into account:
- the Group's remuneration policies;
- independent professional advice;
- fees paid by comparable companies;
- the level of remuneration necessary to attract and retain Directors of a suitable calibre; and
- the general time commitment required from Directors and the risks associated with discharging the duties attaching to the role of Director.

REMUNERATION REPORT (continued)

NON-EXECUTIVE DIRECTOR REMUNERATION POLICY (continued)

Non-Executive Directors' fees, including Committee fees, are set by the Board within the maximum aggregate amount of $600,000 as approved by shareholders at the 2010 Annual General Meeting. Non-Executive Directors receive a base fee of $74,800 inclusive of superannuation (2014: $74,800) per annum in relation to their services as a Director.

Total fees paid to Non-Executive Directors during the 2015 financial year were $377,820 (2014: $329,734). Mr George Lloyd, as Chairman of the Board, received a fee of $153,952. The annual fee paid to the Chairman of the Board reflects the greater time commitment of the Chairman.

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

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

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

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

REMUNERATION REPORT (continued)
NON-EXECUTIVE DIRECTOR REMUNERATION POLICY (continued)

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

The Non-Executive Director fee arrangements for 2015 were reviewed during the 2014 financial year to ensure they adequately reflected the size and complexity of the Company, and the enhanced responsibilities associated with membership of the Committees of the Board, as well as increased travel requirements of members of the Board.

In June 2013, the Directors voluntarily agreed to a 10% reduction to their Non-Executive Director fees. This reduction remained in place during 2015 and is intended to continue until such time as the general economic and business conditions and the Company's performance improve.

Details of Non-Executive Directors' remuneration for the financial years ended 31 December 2015 and 31 December 2014 are set out in the following table:

Details of remuneration		Primary Benefits		Post employment		Total
		Salary and fees	STI/ Cash Bonus	Statutory superannuation	Other	
		$	$	$	$	$
NON-EXECUTIVE DIRECTORS						
George Lloyd	FY 2015	**140,595**	-	**13,357**	**-**	**153,952**
	FY 2014	124,922	-	28,854	-	153,776
Mary Shafer-Malicki	FY 2015	**74,542**	-	-	**-**	**74,542**
	FY 2014	74,542	-	-	-	74,542
Bob Thorpe	FY 2015	**68,303**	-	**6,497**	**-**	**74,800**
	FY 2014	68,389	-	6,411	-	74,800
Hank Tuten (a)	FY 2015	-	-	-	-	-
	FY 2014	-	-	-	-	-
Peter Gregg (b)	FY 2015	**68,061**	-	**6,465**	**-**	**74,526**
	FY 2014	24,307	-	2,309	-	26,616
Total	**FY 2015**	**351,501**	**-**	**26,319**	**-**	**377,820**
	FY 2014	292,160	-	37,574	-	329,734

(a) Mr Tuten does not receive a fee for his role as a Director.
(b) Mr Gregg was appointed as Non-executive Director on 22 August 2014.

REMUNERATION REPORT (continued)
DIRECTORS' / KEY MANAGEMENT PERSONNEL'S SHAREHOLDERS

2015 Shares	Balance at 1 Jan 2015 (a)	Shares granted as remuneration	Shares acquired during the year	Received on exercise of options / rights	Shares sold	Balance at 31 Dec 2015
DIRECTORS						
George Lloyd	441,169	-	-	-	-	441,169
Zimi Meka	18,256,386	-	-	-	-	18,256,386
Mary Shafer-Malicki	14,000	-	-	-	-	14,000
Bob Thorpe	12,546,822	-	-	-	-	12,546,822
Hank Tuten	4,100,000	-	-	-	-	4,100,000
Peter Gregg (b)	172,500	-	-	-	-	172,500
Sub-total	**35,530,877**	**-**	**-**	**-**	**-**	**35,530,877**
SENIOR EXECUTIVES						
Craig Allen	1,516,407	-	-	49,482	-	1,565,889
Nick Bell (e)	1,233,186	-	-	54,538	-	1,287,724
Simon Cmrlec	24,336	-	282	42,258	-	66,876
Neil Trembath	86,714	-	--	20,691	-	107,675
Brad Shaw (c)	-	-	-	-	-	-
Andrew Pickford (d)	-	-	250,000	-	-	250,000
Sub-total	**2,860,643**	-	**250,282**	**166,969**	-	**3,277,894**
Grand total	**38,391,520**	-	**250,282**	**166,969**	-	**38,808,771**

(a) Opening balances have been adjusted for Mr Ed Meka who ceased to be a KMP on 31 December 2014 and Mr Paul Young who ceased to be a KMP on 30 August 2014.
(b) Mr Gregg was appointed as non-Executive Director on 22 August 2014.
(c) Mr Shaw was appointed as a KMP on 28 September 2015.
(d) Mr Pickford was appointed as a KMP on 5 January 2015.
(e) Mr Bell opening balance has been adjusted by 14,976 due to a correction.

2015 Options and Performance rights	Balance at 1 Jan 2015 (a)	Granted as remuneration	Exercise of options / rights	Options / rights forfeited	Balance at 31 Dec 2015
DIRECTORS					
Zimi Meka	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**
KEY MANAGEMENT PERSONNEL					
Craig Allen	723,165	913,747	49,482	-	1,587,430
Nick Bell	745,384	932,768	54,538	-	1,623,614
Simon Cmrlec	419,129	518,369	42,258	-	895,240
Neil Trembath	306,955	446,514	20,691	-	732,778
Brad Shaw	-	-	-	-	-
Andrew Pickford	-	-	-	-	-
Total	**2,194,633**	**2,811,398**	**166,969**	-	**4,839,062**
Grand Total	**2,194,633**	**2,811,398**	**166,969**	**-**	**4,839,062**

(a) Opening balances have been adjusted for Mr Ed Meka who resigned as a KMP on 31 December 2014

REMUNERATION REPORT (continued)

DIRECTORS' / KEY MANAGEMENT PERSONNEL'S SHAREHOLDERS (continued)

	Date options/ rights granted	Number of options/ rights granted	% vested during year	% forfeited in year	Date first option/ right tranche can be exercised	Fair value per option/ right at grant date	Exercise price per option/ right	Expiry Date	Minimum value of options/ rights to vest	Maximum value of options/ rights to vest
EXECUTIVE DIRECTOR										
Zimi Meka	17-Mar-09	155,739	-	-	17-Mar-11	$1.83	$0.00	17-Mar-14	-	-
	1-Jan-10	76,143	-	-	1-Apr-12	$3.94	$0.00	1-Apr-15	-	-
SENIOR EXECUTIVES										
Craig Allen	17-Mar-09	92,214	-	-	17-Mar-11	$1.83	$0.00	17-Mar-19	-	-
	1-Jan-10	42,831	-	-	1-Apr-12	$3.94	$0.00	1-Apr-17	-	-
	1-Jan-11	75,399	17%	-	1-Jan-13	$2.35	$0.00	1-Jan-18	-	-
	1-Jan-12	110,745	33%	-	1-Jan-14	$1.84	$0.00	1-Jan-19	-	$67,923
	1-Jan-13	100,875	-	-	1-Jan-15	$2.02	$0.00	1-Jan-20	-	-
	1-Jan-14	636,768	-	-	1-Jan-17	$0.32	$0.00	1-Jan-21	-	$203,766
	1-Jan-15	913,747	-	-	1-Jan-18	$0.22	$0.00	1-Jan-25	-	$201,024
Nick Bell	17-Mar-09	95,901	-	-	17-Mar-11	$1.83	$0.00	17-Mar-19	-	-
	1-Jan-10	46,743	-	-	1-Apr-12	$3.94	$0.00	1-Apr-17	-	-
	1-Jan-11	82,287	17%	-	1-Jan-13	$2.35	$0.00	1-Jan-18	-	-
	1-Jan-12	122,469	33%	-	1-Jan-14	$1.84	$0.00	1-Jan-19	-	$75,115
	1-Jan-13	111,558	-	-	1-Jan-15	$2.02	$0.00	1-Jan-20	-	-
	1-Jan-14	650,023	-	-	1-Jan-17	$0.32	$0.00	1-Jan-21	-	$208,007
	1-Jan-15	932,768	-	-	1-Jan-18	$0.22	$0.00	1-Jan-25	-	$205,209
Simon Cmrlec	1-Jan-11	32,973	17%	-	1-Jan-13	$2.35	$0.00	1-Jan-18	-	-
	1-Jan-12	46,899	33%	-	1-Jan-14	$1.84	$0.00	1-Jan-19	-	$28,765
	1-Jan-13	57,228	-	-	1-Jan-15	$2.02	$0.00	1-Jan-20	-	-
	1-Jan-14	361,238	-	-	1-Jan-17	$0.32	$0.00	1-Jan-21	-	$115,596
	1-Jan-15	518,369	-	-	1-Jan-18	$0.22	$0.00	1-Jan-25	-	$114,041
Neil Trembath	17-Mar-09	36,720	-	-	17-Mar-11	$1.83	$0.00	17-Mar-19	-	-
	1-Jan-10	17,058	-	-	1-Apr-12	$3.94	$0.00	1-Apr-17	-	-
	1-Jan-11	30,027	17%	-	1-Jan-13	$2.35	$0.00	1-Jan-18	-	-
	1-Jan-12	47,058	33%	-	1-Jan-14	$1.84	$0.00	1-Jan-19	-	$28,862
	1-Jan-13	42,864	-	-	1-Jan-15	$2.02	$0.00	1-Jan-20	-	-
	1-Jan-14	270,578	-	-	1-Jan-17	$0.32	$0.00	1-Jan-21	-	$86,585
	1-Jan-15	446,514	-	-	1-Jan-18	$0.22	$0.00	1-Jan-25	-	$98,233

AUDITORS INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 26.

ROUNDING OF AMOUNTS

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

AUDITORS

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

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

George Lloyd
Director

Zimi Meka
Director

Brisbane
26 February 2016

Auditor's Independence Declaration

As lead auditor for the audit of Ausenco Limited for the year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been:

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

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

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

Timothy J Allman
Partner
PricewaterhouseCoopers

Brisbane
26 February 2016

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Ausenco Limited
Consolidated statement of comprehensive income
For the year ended 31 December 2015

	Notes	Consolidated 2015 $'000	2014 $'000
Revenue from continuing operations	5	**245,815**	357,155
Other income	5	**7,304**	6,564
Staff and contractors costs		**(195,122)**	(262,144)
Directly attributed project costs		**(36,791)**	(51,192)
Office and administration costs		**(46,254)**	(47,715)
Other expenses		**(6,793)**	(7,633)
Depreciation and amortisation expense	6	**(10,145)**	(9,800)
Impairment of goodwill	6	**(30,697)**	(10,000)
Finance costs	7	**(4,391)**	(5,005)
Share of profit from joint arrangements	26	**170**	298
Loss before income tax		**(76,904)**	**(29,472)**
Income tax (expense) / benefit	8	**(9,151)**	4,457
Loss for the year		**(86,055)**	**(25,015)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Currency translation differences arising during the year		**13,319**	(4,610)
Net investment hedge		**(7,814)**	(2,618)
Other comprehensive loss for the year, net of tax		**5,505**	(7,228)
Total comprehensive loss for the year		**(80,550)**	**(32,243)**
Loss for the year attributable to the ordinary equity holders of the Company:			
Owners of Ausenco Limited		**(86,055)**	(25,015)
		(86,055)	**(25,015)**
Total comprehensive loss for the year attributable to the ordinary equity holders of the Company:			
Owners of Ausenco Limited		**(80,550)**	(32,243)
		(80,550)	**(32,243)**

	Cents	Cents
Loss per share attributable to the ordinary equity holders of the Company:		
Basic and diluted loss per share (cents per share) attributable to the ordinary equity holders of the Company:	**(49.0)**	(15.0)

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

	Notes	Consolidated 2015 $'000	2014 $'000
ASSETS			
Current assets			
Cash and cash equivalents	10	**8,690**	22,497
Trade and other receivables	11	**27,431**	46,088
Unbilled revenue	12	**19,226**	23,837
Current tax receivables		**6,815**	6,555
Other current assets	13	**4,735**	6,201
Total current assets		**66,897**	**105,178**
Non-current assets			
Investments in joint ventures and associates	26	**4,557**	4,082
Property, plant and equipment	14	**10,518**	17,025
Intangible assets	15	**148,879**	186,336
Deferred tax assets	16	**36,788**	39,887
Other non-current assets	13	**6**	81
Total non-current assets		**200,748**	**247,411**
Total assets		**267,645**	**352,589**
LIABILITIES			
Current liabilities			
Trade and other payables	17	**27,049**	28,013
Billings in advance	12	**5,743**	3,120
Borrowings	18	**60,954**	18,574
Current tax liabilities		**1,188**	3,855
Provisions	19	**14,261**	16,881
Other current liabilities	20	**1,774**	1,454
Total current liabilities		**110,969**	**71,897**
Non-current liabilities			
Borrowings	18	**814**	47,053
Deferred tax liabilities	16	**421**	289
Provisions	19	**3,101**	2,212
Other non-current liabilities	20	**2,522**	4,365
Total non-current liabilities		**6,858**	**53,919**
Total liabilities		**117,827**	**125,816**
Net assets		**149,818**	**226,773**
EQUITY			
Contributed equity	21	**256,946**	246,181
Other reserves	22	**(39,651)**	(37,986)
Retained earnings / (Accumulated losses)	23	**(67,477)**	18,578
Total equity		**149,818**	**226,773**

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

		Attributable to owners of Ausenco Limited			
Consolidated	Notes	**Ordinary shares $'000**	**Reserves $'000**	**Retained earnings / (Accumulated losses) $'000**	**Total equity $'000**
Balance at 1 January 2014		245,841	(31,314)	43,934	258,461
Loss for the year		-	-	(25,015)	(25,015)
Other comprehensive income		-	(7,228)	-	(7,228)
Total comprehensive income for the year		-	(7,228)	(25,015)	(32,243)
Transactions with owners in their capacity as owners:					
Treasury shares		340	-	-	340
Dividends paid	24	-	-	(341)	(341)
Employee share plans		-	556	-	556
		340	556	(341)	555
Balance at 31 December 2014		**246,181**	**(37,986)**	**18,578**	**226,773**
Balance at 1 January 2015		246,181	(37,986)	18,578	226,773
Loss for the year		-	-	(86,055)	(86,055)
Other comprehensive income		-	(1,390)	-	(1,390)
Total comprehensive income for the year		-	(1,390)	(86,055)	(87,445)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	21	10,594	-	-	10,594
Treasury shares		171	-	-	171
Employee share plans		-	(275)	-	(275)
		10,765	(275)	-	10,490
Balance at 31 December 2015		**256,946**	**(39,651)**	**(67,477)**	**149,818**

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

	Notes	Consolidated Year ended 2015 $'000	2014 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**300,457**	419,265
Payments to suppliers and employees (inclusive of GST)		**(311,066)**	(422,724)
		(10,609)	**(3,459)**
Interest received		**347**	712
Borrowing costs paid		**(4,391)**	(5,005)
Income taxes paid		**(1,466)**	(1,455)
Net cash outflow from operating activities		**(16,119)**	**(9,207)**
Cash flows from investing activities			
Payments for acquisition of businesses		**-**	(700)
Payments for property, plant and equipment		**(184)**	(1,364)
Payments for intangibles		**(1,272)**	(1,043)
Proceeds from disposal of non-current assets		**-**	90
Net cash outflow from investing activities		**(1,456)**	(3,017)
Cash flows from financing activities			
Proceeds from issues of equity		**10,685**	-
Proceeds from borrowings		**6,463**	5,434
Repayment of borrowings		**(13,827)**	(8,862)
Dividends paid to non-controlling interests in subsidiaries		**-**	(341)
Net cash inflow (outflow) from financing activities		**3,321**	(3,769)
Net decrease in cash and cash equivalents		**(14,254)**	**(15,993)**
Cash and cash equivalents at the beginning of the financial year		**22,497**	37,567
Effects of exchange rate changes on cash and cash equivalents		**447**	923
Cash and cash equivalents at end of year		**8,690**	**22,497**

Non-cash financing activities
Refer to note 18 software licences were also acquired under finance leases.

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

1 General Information

Ausenco Limited ('the Company') and its subsidiaries (together, 'the Group') provide engineering construction design, project management, process controls and operations solutions to the oil & gas, power, environment & sustainability, minerals & metals, process infrastructure and program management sectors. The Group operated around the world with projects in APAC/Africa, North America and South America regions.

The Company is a public company limited by shares, which is listed on the Australian Securities Exchange and incorporated and domiciled in Australia. The address of its registered office is 144 Montague Road, South Brisbane, Queensland, 4101, Australia.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Ausenco Limited and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. The consolidated financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). These financial statements have been prepared under the historical cost convention.

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

(i) Going Concern

These financial statements have been prepared on the basis that the Company is a going concern, able to realise its' assets and settle its liabilities in the ordinary course of business.

The Group has net assets of $149.8 million at 31 December 2015 which have decreased since 31 December 2014 as a result of operating losses in 2015 of $86.0 million. In 2015, the Group's net assets and after-tax results were impacted by $60.1 million of non-cash goodwill impairment and other charges, largely as a result of weak oil & gas markets, adverse economic conditions in Brazil and Argentina and costs associated with redundancies and office closures.

In 2015 the Group had negative cash flows from operating activities of $16.1 million. As disclosed in note 18, the Group's secured bank borrowings at 31 December 2015 of $58.4 million are due on 31 August 2016. Due to the short term tenure of the secured borrowings the borrowings have been classified as a current liability in the financial statements. This has resulted in a deficiency of current assets to current liabilities of $44.1 million as at 31 December 2015.

The Group has prepared detailed cash flow forecasts for the next 12 months, which reflect an improvement in operating cash flows. In doing so, the Group has used best estimate assumptions. However, the Directors note that some of the key assumptions underpinning the cash flow forecasts are inherently uncertain and subject to variation due to factors which are outside of the control of the Group. These include movements in the Australian dollar foreign exchange rates with respect to the United States dollar and the Canadian dollar as well as the demand for the Group's services.

In the event that outcomes vary significantly from those assumed in the forecasts, the Group considers that it has options available to meet its obligations. The most well advanced of these options is the recently announced long term funding refinancing package with Resource Capital Fund (RCF). RCF is a mining orientated private equity investment firm, currently investing its sixth fund which has committed capital of US$2.04 billion.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(i) Going Concern (continued)

The first stage of this refinancing package provided for the receipt by the Group of US$6.5 million (A$9.2 million) on 1 February 2016. This was issued to the Group as a convertible debt facility available to 31 December 2018, on the basis that the conversion rights of the facility are approved by shareholders by 31 March 2016. The conversion rights of this facility will be put to shareholders for approval at the Extraordinary General Meeting of the Company to be held on 29 March 2016. If the facility principal is converted to equity prior to or at the end of its term, Group borrowings would be reduced by $9 million and RCF's shareholding in the Company would increase by 13.0%.

In conjunction with this package, RCF, Ausenco and Ausenco's current banks (ANZ and NAB) have entered into a Standstill and Moratorium Agreement, extendable to 30 June 2016, upon certain milestones being achieved during the period. To date all milestones have been achieved. The parties are soon to engage in detailed discussions on proposals related to refinancing of Ausenco's current bank borrowings.

As refinancing discussions between the Group's banks and RCF are incomplete, this gives rise to a material uncertainty as to whether the Group will continue as a going concern and therefore whether it will be able to realise its assets and discharge its liabilities in the normal course of business.

However, after considering the uncertainty described above the Board has a reasonable expectation that the Group will be successful in obtaining a refinancing outcome. Accordingly, notwithstanding the uncertainty set out above the Directors believe that, at the date of the signing of the financial report, there are reasonable grounds to continue to believe that the going concern basis of preparation is appropriate.

(ii) Critical accounting estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

(iii) New and amended standards adopted by the group

A number of new and amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

(iv) New accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2015 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 Financial instruments - effective on 1 January 2018, early adoption is permitted
AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. Since December 2013, it also sets out new rules for hedge accounting. There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

The new hedging rules align hedge accounting more closely with the group's risk management practices. As a general rule it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation. The new impairment model is an expected credit loss (ECL) model which may result in the earlier recognition of credit losses for debtors and unbilled WIP.

The Group has not yet assessed how its own hedging arrangements and impairment provisions would be affected by the new rules and it has not yet decided whether to adopt any parts of AASB 9 early.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(iv) New accounting standards and interpretations not yet adopted (continued)

AASB 15 Revenue from contracts with customers - effective 1 January 2018
The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.

Management are in the process of working through the potential impacts on the Group given the significant number of contracts the business has. Further, the impact on the Group will differ depending on the nature of the contracts that are in place at the time of adopting the new standard.

(AASB 2015-1) - effective for years commencing 1 January 2016
Amendments to clarify minor points in various accounting standards, including AASB 5, AASB 7, AASB 119, and AASB 134. The Group does not believe these minor amendments will have a material impact on the Group's financial statements.

IFRS 16 Leases - effective for years commencing 1 January 2019
IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group’s operating leases. As at the reporting date, the group has operating lease commitments of $88.8 million. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group’s profit and classification of cash flows. Some of the commitments will be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.

This standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group has not decided whether to adopt IFRS 16 early.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of the Group as at 31 December 2015.

Subsidiaries are all entities (including special purpose entities) over which the Group has control. The Group controls an entity when the Group 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intra-group transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with policies adopted by the Group.

2 Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

(ii) Joint arrangements

Under AASB 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined to have both joint operations and joint ventures.

Joint operations
The Group has recognised its direct right to the, and its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operations are set out in note 26.

Joint ventures
Interests in joint ventures are accounted for using the equity method. Under this method, the interests are initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the post acquisition profits or losses and movements in other comprehensive income in profit or loss and other comprehensive income respectively.

When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary, to ensure consistency with the policies adopted by the Group.

(iii) Employee share trust

The Group has formed a trust (known as Ausenco Performance Trust) to administer the Group's employee share schemes. This trust is consolidated, as the substance of the relationship is that the trust is controlled by the Group.

Unvested shares held by the Ausenco Performance Trust are disclosed as treasury shares and deducted from contributed equity.

(iv) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or associate is reduced but joint control or control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2 Summary of significant accounting policies (continued)

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Ausenco Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

All foreign exchange gains and losses are presented in the income statement within other income or other (expenses).

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,

(b) income and expenses for each consolidated income statement and consolidated statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

(c) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When the interests in the foreign operation is reduced the proportionate exchange difference is recognised in the statement of comprehensive income. Repayments of the loans and borrowings are not deemed to be a disposal, consequently no adjustments of exchange differences previously recognised in shareholders' equity are made.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group’s activities as specified below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each contract.

Revenue is recognised for the major business activities as follows:

2 Summary of significant accounting policies (continued)

(d) Revenue recognition (continued)

(i) Engineering and construction contracts and consulting services

Revenue from contracts to provide construction, engineering, design or similar services includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in an inflow of economic benefits and can be measured reliably.

Construction contracts are either cost-plus, fully reimbursable or fixed price in nature. Cost-plus contracts can also include a fixed fee component which is linked to the achievement of milestones. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognised in profit or loss.

When the outcome of a cost-plus construction contract can be estimated reliably, revenue is recognised by reference to the recoverable costs incurred during the year plus the fee earned, measured by the proportion that costs incurred to date bear to the estimated total costs of the contract.

For fixed price contracts, revenue recognised is determined using the percentage of completion method, with reference to the share of the costs incurred to date in the total estimated contract costs. Alternative methods of determining percentage completion are used depending on the type of project. Alternative measures include estimates of the project schedule and completion date; estimates of the extent of progress toward completion; and estimated amounts of any probable claims and change orders included in revenue.

Fixed fee incentive components are recognised when milestones have been reached or the specified criteria have been met.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs are incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

Revenue from consulting services is recognised in the accounting period in which the services are rendered.

(ii) Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest method.

(iii) Dividends

Dividends are recognised as revenue when the right to receive payment is established. However, the investment may need to be tested for impairment as a consequence. This applies even if they are paid out of pre-acquisition profits.

(e) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 31). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the Group is a lessor is recognised in other income on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

2 Summary of significant accounting policies (continued)

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Tax consolidation legislation
Ausenco Limited and its directly held wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2004. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

The head entity of the tax consolidated group is Ausenco Limited. The entities also have tax sharing and funding agreements in place, which provides for the allocation of income tax liabilities between the entities should the head entity default on its tax obligations.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Company. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

As a consequence, Ausenco Limited recognises current income tax relating to transactions, events and balances of the wholly-owned Australian controlled entities in these financial statements as if those transactions, events and balances were its own, in addition to the current and deferred tax balances arising in relation to its own transactions, events and balances. Expenses and benefits arising under the tax sharing and funding agreements are recognised as a component of income tax expense/(benefit).

2 Summary of significant accounting policies (continued)

(g) Business combinations

The Group applies the acquisition method to account for business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition by acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net asset

Acquisition related costs are expensed as incurred.

If a business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with AASB 139 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

(h) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated balance sheet.

2 Summary of significant accounting policies (continued)

(i) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

The collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(j) Unbilled revenue and billing in advance

Work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented as billings in advance. The recoverability of work in progress is reviewed on an ongoing basis. Amounts assessed as not recoverable from future billings based on management's best estimate are written off when identified.

(k) Investments and other financial assets

Classification
The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting date.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note11) in the balance sheet.

Recognition and derecognition
Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

2 Summary of significant accounting policies (continued)

(k) Investments and other financial assets (continued)

Measurement
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Impairment
The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is reclassified from equity and recognised in the profit or loss as a reclassification adjustment. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not reversed through profit or loss.

(l) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the reporting period in which they are incurred.

Repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

The expected useful lives are as follows:

- Furniture, fittings and equipment 2.5 - 5 years
- Leasehold improvements 10 years

Leasehold improvements are depreciated on a straight-line basis. Furniture, fittings and equipment are depreciated using either straight-line or diminishing value basis.

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

2 Summary of significant accounting policies (continued)

(m) Intangible assets

(i) Goodwill

Goodwill is measured as described in note 2(g). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units is identified according to business segment (note 15(b)). The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments (note 4). When organisational changes take place that affect the composition of the cash-generating unit and segment, goodwill is reallocated based on the relative values of the business units affected by the changes.

(ii) Software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a units of production basis over the estimated useful life of 10 years.

Costs incurred in developing software that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software under development. Upon completion, software development costs are transferred to software and amortisation commences. Only costs directly attributable to the development phase are capitalised. These costs may include cost of materials and service and direct payroll related costs of employees' time spent on the project.

(n) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2 Summary of significant accounting policies (continued)

(p) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statements over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(q) Borrowing and finance costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

Finance costs are recognised as expenses in the period in which they are incurred. Finance costs include:

(i) interest on bank overdrafts and short-term and long-term borrowings,

(ii) amortisation of discounts or premiums relating to borrowings,

(iii) amortisation of ancillary costs incurred in connection with the arrangement of borrowings, and

(iv) accretion on deferred consideration incurred in business combination.

(r) Provisions

Provisions for legal claims, project warranties, onerous leases and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

(s) Employee Benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, expected to be settled wholly within 12 months of the reporting date are recognised in other trade payables whilst annual leave is recognised in provisions in respect of employees services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

2 Summary of significant accounting policies (continued)

(s) Employee Benefits (continued)

(ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of corporate bond yields with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the consolidated balance sheet if the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Share-based payments

Share-based compensation benefits are provided to employees via the Ausenco Executive Option Plan and Ausenco Performance Rights Plan. The Ausenco Executive Option Plan and Ausenco Performance Rights Plan are administered by Ausenco Performance Trust. Information relating to these schemes is set out in note 33.

The fair value of options and performance rights at grant date is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Hull White option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options and performance rights granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options and performance rights that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options and performance rights that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options and performance rights, the balance of the share based payments reserve relating to those options and performance rights is transferred to contributed equity and any proceeds received, net of any directly attributable transaction costs, are credited to contributed equity.

(iv) Superannuation

Contributions to the defined contribution fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that the cash refund or a reduction in the future payments is available.

(t) Contributed equity

Ordinary shares are classified as equity (note 21(b)).

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

2 Summary of significant accounting policies (continued)

(t) Contributed equity (continued)

If the Company reacquires its own equity instruments, for example as the result of a share buy back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(u) Dividends

Provision is made for the amount of any dividend declared, determined or publicly recommended by the directors on or before the end of the financial year but not distributed at the end of the reporting period.

(v) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year excluding treasury shares (note 9).

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(w) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheets.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(x) Rounding of amounts

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

(y) Parent entity financial information

The financial information for the parent entity, Ausenco Limited, disclosed in note 34 has been prepared on the same basis as the consolidated financial statements, except as set out below.

2 Summary of significant accounting policies (continued)

(y) Parent entity financial information (continued)

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint arrangement entities are accounted for at cost in the financial statements of the Company. Dividends received from subsidiaries are recognised in the parent entity's profit or loss, when its right to receive the dividend is established. Dividends are not deducted from the carrying amount of these investments.

(ii) Tax consolidation legislation

Ausenco Limited and its directly held wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The Company and the controlled entities in the tax consolidated group account for their current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly owned entities fully compensate the Company for any current tax payable assumed and are compensated by the Company for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the Company under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements.

The amounts receivable/ payable under the tax funding agreement are due upon receipt of the funding advice from the Company, which is issued as soon as practicable after the end of each financial year. The Company may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(iii) Financial guarantees

Where the Company has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

(iv) Share based payments

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

3 Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2(m)(i). The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of assumptions. Refer to note 15 for details of these assumptions and the potential impact of changes to the assumptions.

(ii) Income taxes

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made. Deferred tax assets for unused losses are recognised only if it is probable that future taxable amounts will be available to utilise the losses. This assessment is based on consideration of earnings outlined in Board approved budgets.

(iii) Trade and other receivables

The measurement of impairment of debtors requires management's best estimate of recoverable balances at reporting date. The estimates and judgments are continually evaluated and are based on historical factors and expectations of future events, which are believed to be reasonable under the circumstances.

(iv) Unbilled revenue and billing in advance

Work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented as billings in advance. The recoverability of work in progress is reviewed on an ongoing basis. Amounts assessed as not recoverable from future billings based on management's best estimate are written off when identified.

(b) Critical judgements in applying accounting policies

(i) Revenue recognition

The Group, in assessing the outcome of the contracts at the early stages of progress, when incorporating risks to completion has only recognised contract revenues to the extent of costs incurred that are expected to be recoverable. It is probable that the Group will be able to recover the contract costs incurred, however as the outcome of the contract costs cannot be estimated reliably, no profit is recognised in the early stages of the contract.

4 Segment information

(a) Description of segments

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

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

- North America
- South America
- APAC/Africa

(b) Segment information provided to the Chief Decision Makers

The segment information provided to the Chief Decision Makers for the reportable segments for the year ended 31 December 2015 is as follows:

Consolidated 2015	**North America** $'000	**South America** $'000	**APAC/ Africa** $'000	**All other segments*** $'000	**Total** $'000
Total segment revenue	94,865	96,541	73,705	1,828	266,939
Inter-segment revenue	(3,484)	(7,612)	(9,686)	(519)	(21,301)
Revenue from external customers	91,381	88,929	64,019	1,309	245,638
Segment EBITA	(6,861)	(4,541)	(2,682)	(23,902)	(37,986)
Total segment assets	89,422	41,070	37,333	2,302	170,127

* All other segments relate to Corporate and Regional Services that are not directly allocable to a segment. 2015 costs include $6.9 million for foreign currency translation reversals on office closures and onerous office lease provisions of $3.4 million.

Consolidated 2014	**North America** $'000	**South America** $'000	**APAC/ Africa** $'000	**All other segments*** $'000	**Total** $'000
Total segment revenue	149,065	130,392	99,353	190	379,000
Inter-segment revenue	(8,755)	(7,658)	(5,835)	(11)	(22,259)
Revenue from external customers	140,310	122,734	93,518	179	356,741
Segment EBITA	2,423	11,160	(9,680)	(14,769)	(10,866)
Total segment assets	110,023	68,576	47,641	1,503	227,743

* All other segments relate to Corporate and Regional Services that are not directly allocable to a segment. 2014 segment assets have been adjusted to include goodwill.

4 Segment information (continued)

(c) Other segment information

(i) Segment revenue

In line with the Group's accounting policy, sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties reported to the Chief Decision Makers is measured in a manner consistent with that in the consolidated statement of comprehensive income.

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

	Consolidated	
	2015	2014
	$'000	$'000
Total segment revenue	**266,939**	379,000
Inter-segment revenue	**(21,301)**	(22,259)
Interest income	**347**	712
Less share of profit from joint arrangements included in segment revenue	**(170)**	(298)
Revenue from continuing operations	**245,815**	**357,155**

Ausenco Limited is domiciled in Australia. The amount of Group revenue from external customers in Australia is $24.1 million (9.8%), Canada $53.7 million (21.9%), Chile $39.5 million (16.1%), Peru $46.9 million (19.1%) and the total revenue from external customers in other countries is $81.3 million (33.1%). Segment revenues for this purpose are allocated based on the country in which the projects being delivered are located.

In 2015 revenues of $23.8 million (2014: $56.9 million) and $14.1 million (2014: $21.8 million) are derived from single external customers. These revenues are attributable to the APAC/Africa and South America segments respectively.

(ii) Segment EBITA

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

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

		Consolidated	
		2015	2014
	Notes	**$'000**	$'000
Segment EBITA		**(37,986)**	(10,866)
Interest income	5	**347**	712
Finance cost	7	**(4,391)**	(5,005)
Amortisation of intangibles	6	**(4,177)**	(4,313)
Goodwill impairment	6	**(30,697)**	(10,000)
Loss before income tax from continuing operations		**(76,904)**	**(29,472)**

4 Segment information (continued)

(c) Other segment information (continued)

(iii) Segment assets

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

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

	Consolidated	
	2015	2014
	$'000	$'000
Segment assets	**170,127**	227,743
Unallocated:		
Cash and cash equivalents	**8,690**	22,497
Current tax receivables	**6,815**	6,555
Other current assets	**4,735**	6,201
Investment in joint ventures and associates	**4,557**	4,082
Property, plant and equipment	**10,518**	17,025
Intangible assets	**25,409**	28,518
Deferred tax assets	**36,788**	39,887
Other non-current assets	**6**	81
Total assets as per the balance sheet	**267,645**	**352,589**

The total of segment assets excluding goodwill located in Australia is $4.6 million (2014: $17.0 million), and the total of these segment assets located in other countries is $42.0 million (2014: $52.9 million). Segment assets are for this purpose allocated to countries based on where the assets are located.

2014 balances have been adjusted to include goodwill as a segment asset.

5 Revenue

	Consolidated 2015 $'000	2014 $'000
From continuing operations		
Services	**245,468**	356,443
Interest income	**347**	712
	245,815	**357,155**

	Consolidated 2015 $'000	2014 $'000
Other income		
Rents and sub-lease rental income	**6,716**	5,700
Other income	**588**	864
	7,304	6,564

6 Expenses

	Notes	Consolidated 2015 $'000	2014 $'000
Loss before income tax includes the following specific expenses:			
Other employee expense			
Defined contribution superannuation expense		**7,644**	10,220
Redundancy costs		**5,940**	4,539
Share based payment expense	33	**(104)**	896
Depreciation of property, plant and equipment	14	**5,968**	5,487
Amortisation of intangibles:			
Software	15	**4,177**	4,313
Total depreciation and amortisation expense		**10,145**	9,800
Foreign exchange losses (net)		**2,752**	733
Operating lease rentals		**22,001**	24,084
Impairment losses - financial assets			
Trade receivables		**2,585**	5,674
Impairment of goodwill		**30,697**	10,000

7 Finance Costs

	Consolidated 2015 $'000	2014 $'000
Interest and borrowing expenses	**4,391**	5,005
	4,391	5,005

8 Income tax expense

(a) Income tax expense

	Notes	Consolidated 2015 $'000	2014 $'000
Current tax expense		**8,141**	2,137
Deferred tax benefit		**(8,820)**	(6,817)
Derecognition of previously recognised deferred tax assets in relation to tax losses		**12,772**	811
Derecognition of net current tax liability		**(2,942)**	(588)
		9,151	(4,457)
Deferred tax benefit is attributable to:			
Increase in deferred tax assets	16	**(5,940)**	(7,190)
Increase / (decrease) in deferred tax liabilities	16	**(2,880)**	373
		(8,820)	(6,817)

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	Consolidated 2015 $'000	2014 $'000
Loss from continuing operations before income tax expense	**(76,904)**	(29,472)
Tax at the Australian tax rate of 30.0% (2014 - 30.0%)	**(23,071)**	(8,842)
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Goodwill impairment	**3,409**	3,000
Amortisation of intangibles	**(292)**	(227)
International exempt income	**(544)**	(190)
Entertainment	**19**	60
Unrealised foreign exchange losses	**(316)**	(775)
Other	**417**	117
Non-assessable income recognised in accounting profit	**(420)**	(530)
Non-deductible expenses recognised in accounting profit	**1,424**	(791)
	(19,374)	**(8,178)**

8 Income tax expense (continued)

(b) Numerical reconciliation of income tax expense to prima facie tax payable (continued)

	Consolidated 2015 $'000	2014 $'000
International tax rate differential *	**1,240**	1,206
Current period losses not recognised	**8,873**	647
Adjustments in relation to previously recognised temporary differences	**2,150**	1,645
Derecognition of previously recognised deferred tax assets in relation to tax losses	**12,772**	811
Derecognition of withholding tax (i)	**6,432**	-
Derecognition of net current tax liability (ii)	**(2,942)**	(588)
	28,525	3,721
Income tax expense / (benefit)	**9,151**	**(4,457)**

*Represents net increase / (reduction) for foreign tax differential.

(i) Withholding tax not recoverable in this income year.
(ii) Current tax liabilities of prior years assessed as not payable.

(c) Tax losses

Unused tax losses for which no deferred tax asset has been recognised	**85,257**	11,068
Potential tax benefit at relevant country tax rate	**26,150**	3,243

9 Loss per share

	Consolidated 2015 Cents	2014 Cents
Basic and diluted loss per share (cents per share) attributable to the ordinary equity holders of the Company:	**(49.0)**	(15.0)
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating earnings per share	**175,471,722**	167,229,401

The average number of ordinary shares excludes 9,737,125 performance rights (31 December 2014: 6,266,107) which are considered antidilutive. These rights could potentially dilute basic earnings per share in the future.

10 Cash and cash equivalents

	Consolidated 2015 $'000	2014 $'000
Cash at bank and in hand	**7,158**	16,739
Deposits at call	**1,532**	5,758
	8,690	22,497

(a) Cash at bank and in hand

Cash in hand is non-interest bearing. Cash at bank is bearing interest at a rate between 0% and 1.0% (2014: 0% and 1.0%).

(b) Deposits at call

The deposits are bearing interest at variable rates between 2.2% and 13.3% (2014: 2.6% and 10.8%).

(c) Risk exposure

The Group's exposure to interest rate risk is discussed in note 36.

11 Trade and other receivables

	Notes	Consolidated 2015 $'000	2014 $'000
Current			
Trade receivables		**32,425**	49,720
Provision for impairment of receivables		**(9,192)**	(8,683)
		23,233	**41,037**
GST / VAT receivables		**1,365**	1,819
Other receivables	11(c)	**2,833**	3,232
		27,431	46,088
Total trade and other receivables		**27,431**	**46,088**

(a) Impaired trade receivables

As at 31 December 2015 trade receivables of the Group with a nominal value of $13,208,000 (2014: $13,249,000) were impaired. The amount of the provision is $9,192,000 (2014: $8,683,000).

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

11 Trade and other receivables (continued)

(a) Impaired trade receivables (continued)

	Consolidated	
	2015 **$'000**	2014 $'000
Opening balance at 1 January	**8,683**	4,123
Provision for impairment recognised during the year	**4,503**	8,027
Receivables written off during the year as uncollectable	**(2,076)**	(1,114)
Unused amounts reversed	**(1,918)**	(2,353)
Closing balance at 31 December	**9,192**	8,683

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

(b) Past due but not impaired

As of 31 December 2015, trade receivables of $5,747,000 (2014: $12,764,000) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	Consolidated	
	2015 **$'000**	2014 $'000
Up to 3 months	**1,772**	6,124
3 to 6 months	**3,975**	6,640
	5,747	12,764

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

(c) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group. Interest may be charged at commercial rates where the terms of repayment exceed six months.

Other receivables are comprised of advance amounts, sundry debtors and deposits.

(d) Foreign exchange and interest rate risk

Information about the Group's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 36.

(e) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

(f) Risk exposure

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above. Refer to note 36 for more information on the risk management policy of the Group and the credit quality of the entities' trade receivables.

12 Unbilled revenue and billing in advance

	Consolidated 2015 $'000	2014 $'000
Current assets (Amounts due from clients for contract work)	**19,226**	23,837
Current liabilities (Amounts due to clients for contract work)	**5,743**	3,120
Net amounts due from clients for contract work	**13,483**	**20,717**

13 Other assets

	Consolidated 2015 $'000	2014 $'000
Current		
Prepayments	**4,488**	5,169
Withholding tax receivable	**247**	1,032
	4,735	6,201
Non-current		
Other non-current assets	**6**	81
	6	81
Total other assets	**4,741**	**6,282**

14 Property, plant and equipment

Consolidated	**Notes**	**Leasehold improvements $'000**	**Furniture, fittings and equipment $'000**	**Total $'000**
Year ended 31 December 2015				
Opening net book amount		9,134	7,891	17,025
Additions		56	435	491
Disposals		(309)	(641)	(950)
Depreciation charge	6	(1,736)	(4,232)	(5,968)
Exchange differences		(4)	(76)	(80)
Closing net book amount		7,141	3,377	10,518
At 31 December 2015				
Cost		18,588	38,228	56,816
Accumulated depreciation		(11,447)	(34,851)	(46,298)
Net book amount		**7,141**	**3,377**	**10,518**

Consolidated	**Notes**	**Leasehold improvements $'000**	**Furniture, fittings and equipment $'000**	**Total $'000**
Year ended 31 December 2014				
Opening net book amount		10,267	11,293	21,560
Additions		478	901	1,379
Disposals		-	(405)	(405)
Depreciation charge	6	(1,616)	(3,871)	(5,487)
Reclassification		-	69	69
Exchange differences		5	(96)	(91)
Closing net book amount		9,134	7,891	17,025
At 31 December 2014				
Cost		19,537	45,377	64,914
Accumulated amortisation and impairment		(10,403)	(37,486)	(47,889)
Net book amount		9,134	7,891	17,025

15 Intangible assets

Consolidated	**Notes**	**Goodwill $'000**	**Software $'000**	**Total $'000**
Year ended 31 December 2015				
Opening net book amount		157,818	28,518	186,336
Additions		-	1,272	1,272
Disposals		-	(8)	(8)
Amortisation charge	6	-	(4,177)	(4,177)
Impairment charge	6	(30,697)	-	(30,697)
Exchange differences		(3,649)	(198)	(3,847)
Closing net book amount		123,472	25,407	148,879
At 31 December 2015				
Cost		189,988	47,503	237,491
Accumulation amortisation and impairment including foreign exchange differences		(66,516)	(22,096)	(88,612)
Net book amount		**123,472**	**25,407**	**148,879**

Consolidated	**Notes**	**Goodwill $'000**	**Software $'000**	**Total $'000**
Year ended 31 December 2014				
Opening net book amount		174,508	29,620	204,128
Additions		-	3,450	3,450
Disposals		-	(144)	(144)
Amortisation charge	6	-	(4,313)	(4,313)
Net transfers		-	(69)	(69)
Impairment charge	6	(10,000)	-	(10,000)
Exchange differences		(6,690)	(26)	(6,716)
Closing net book amount		157,818	28,518	186,336
At 31 December 2014				
Cost		189,988	46,324	242,718
Accumulation amortisation and impairment including foreign exchange differences		(32,170)	(17,806)	(56,382)
Net book amount		157,818	28,518	186,336

(a) Goodwill Allocation

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

The CGUs of the business are aligned with the operating segments and are therefore defined on a geographical basis. This is the smallest group of assets that generate independent cash flows due to shared resourcing and management structures.

15 Intangible assets (continued)

(a) Goodwill Allocation (continued)

Goodwill is allocated to CGUs as follows:

Consolidated	Goodwill at 31 December 2015 $'000	Goodwill at 31 December 2014 $'000
Operating Segments at 31 December 2015		
APAC/Africa	24,634	24,634
North America	73,837	85,720
South America	25,001	47,464
Total goodwill at 31 December 2015	**123,472**	**157,818**

(b) Testing for impairment

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

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

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

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

(c) Impairment calculations

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

(d) Impairment charge

During 2015 the Group has recognised an impairment charge of $12.5 million for the North American operating segment and $18.2 million for the South American operating segment. The North American oil & gas markets have continued to be subdued due to the current commodity pricing which has adversely affected the performance of the region. Deteriorating economic conditions in Argentina and Brazil have affected the performance of the South American operating segment driving the impairment charge in this operating segment.

(e) Inputs to impairment calculations

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

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

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

15 Intangible assets (continued)

(e) Inputs to impairment calculations (continued)

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

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

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

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

	APAC / Africa	North America	South America
Discount rate (pre-tax)	14.4%	11.9%	14.4%
Growth rate beyond financial plan	2.5%	2.5%	2.2%

During 2015 the North American and South American operating segments incurred underlying EBITA losses of $6.5 million and $4.3 million respectively. For the purposes of reviewing the carrying values of goodwill, both segments have solid work on hand positions and are forecast to return to profit making positions for 2016 and beyond. The turnaround in performance reflects the level of work on hand, rightsizing personnel for the business and the delivery of cost saving initiatives forecast to occur during 2016.

In the circumstances that a CGU is unable to achieve the forecast growth in EBITDA and projected margins, there is a risk that the carrying value of the CGU would exceed its recoverable amount. As the goodwill for both the North America and South America CGU's is carried at their value in use assessment, any variation to the key assumptions used to determine value in use would result in a change to the assessed value in use. A five per cent change in EBITDA over the 5 year forecast period for North America would give rise to a $6 million change in the CGU's recoverable amount and five per cent change in EBITDA over the 5 year forecast period for South America would give rise to a $10 million change in the CGU's recoverable amount.

The APAC/Africa operating segment was impaired in December 2014. Although headroom exists at December 2015 the CGU is sensitive to changes in discount rate, the level of EBITDA over the 5 year forecast period, and the forecast long-term EBITDA that drives terminal value. A five per cent change in forecast EBITDA over the 5 year forecast period approximates a $2.6 million change in the CGUs recoverable value.

16 Deferred income tax

(a) Deferred tax asset:

	Notes	Consolidated 2015 $'000	2014 $'000
This balance comprises:			
Amounts recognised in profit or loss			
Tax losses		**14,475**	24,288
Employee benefits		**3,015**	3,507
Unrealised foreign exchange losses		**6,469**	4,713
Accruals		**1,492**	1,552
Provision for impairment of receivables		**1,411**	1,338
Project provisions		**3,006**	1,181
Lease incentive liability		**851**	2,115
Property, plant and equipment		**722**	445
Intangibles		**10,513**	9,091
Compound interest		**-**	37
Other		**1,843**	1,321
		43,797	49,588
Amounts recognised directly in equity			
Costs associated with capital raisings		**39**	389
Total deferred tax assets		**43,836**	**49,977**
Set-off of deferred tax liabilities pursuant to set-off provisions		**(7,048)**	(10,090)
Net deferred tax assets		**36,788**	**39,887**
Deferred tax assets expected to be recovered within 12 months		**5,746**	7,577
Deferred tax assets expected to be recovered after more than 12 months		**38,090**	42,400
		43,836	**49,977**

	Notes	2015	2014
Opening balance		**49,977**	41,026
Credited to income statement	8	**2,418**	7,190
Credited directly to equity		**39**	-
Losses derecognised during the year		**(12,772)**	1,254
Losses recognised during the year	8	**3,522**	-
Foreign currency translation reserve translation		**391**	202
Reclassification between deferred tax asset and deferred tax liabilities		**261**	305
Closing balance at 31 December		**43,836**	**49,977**

16 Deferred income tax (continued)

(b) Deferred tax liability:

	Note	Consolidated 2015 $'000	2014 $'000
This balance comprises:			
Amounts recognised in profit or loss			
Unrealised foreign exchange gains		**2,582**	2,601
Work in progress		**-**	936
Depreciation - property, plant and equipment		**1,009**	1,107
Intangible assets		**3,098**	5,040
Other		**780**	695
		7,469	10,379
Set-off of deferred tax liabilities pursuant to set-off provisions		**(7,048)**	(10,090)
Net deferred tax liabilities		**421**	**289**
Deferred tax liabilities expected to be settled within 12 months		**301**	936
Deferred tax liabilities expected to be settled after more than 12 months		**7,168**	9,443
		7,469	10,379
Balance at 1 January		**10,379**	9,599
Credited to the income statement	8	**(2,880)**	373
Foreign currency translation reserve		**(324)**	102
Reclassification between deferred tax asset and deferred tax liabilities		**294**	305
Closing balance at 31 December		**7,469**	10,379

17 Trade and other payables

	Consolidated 2015 $'000	2014 $'000
Trade payables and accruals	**23,534**	22,549
Other tax payables	**3,515**	5,464
Total trade and other payables	**27,049**	28,013

(a) Risk exposure

Information about the Group's exposure to foreign exchange risk is provided in note 36.

18 Borrowings

	Consolidated 2015 $'000	2014 $'000
Current		
Secured bank loans	**58,421**	15,901
Other unsecured loans	**2,533**	2,673
	60,954	18,574
Non-current		
Secured bank loans	**-**	45,334
Other unsecured loans	**814**	1,719
	814	47,053
Total borrowings	**61,768**	**65,627**

(a) Secured bank borrowing

Bank loans and overdraft are subject to a weighted average interest rate of 4.4% (2014: 4.6%). See note 18(e) for details of security provided.

As at 31 December 2015, the Australian and New Zealand Banking Group (ANZ) and National Australia Bank (NAB) funding facility was $91.5 million (2014: $100.8 million), comprising bank overdraft, advance and amortising debt facilities of $61.5 million, bank guarantee and letter of credit facilities of $30 million. During the 2015 year $10.4 million was repaid and $6.5 million was drawn down on these facilities. The lower Australian dollar since 1 January 2015 resulted in a $1.1 million increase on translation to Australian dollars for year end balances denominated in Canadian and United States dollars.

At 31 December 2015, $16.5 million (2014: $24.2 million) of the total ANZ and NAB facility was unused.

(b) Breach of debt covenant

The Group has agreed with its banks for the covenants breaches at 30 June 2015 and 31 December 2015 to be waived.

18 Borrowings (continued)

(c) Banking facilities

The Group's current bank loans expire on 31 August 2016 with all funding classified as a current liability. Ausenco is currently evaluating its long term financing strategy and has been working with Resource Capital Fund (RCF) on a financing package. On 1 February 2016 the Group announced a US $16.5 million ($23.6 million) convertible debt and bonding facility with RCF. In conjunction with this package, Ausenco and Ausenco's current banks (ANZ and NAB) have entered into Standstill and Moratorium Agreements extendable to 30 June 2016, upon certain milestones being achieved for the period. During this period the parties will undertake discussions with a view to RCF considering a refinancing of Ausenco's current bank borrowings. In order to facilitate the financing discussions the agreement provides for RCF to complete due diligence, for the banks to waive breaches of covenants and for a standstill of actions arising out of loan agreements with the banks.

If refinancing does not proceed through RCF the Group would need to either agree extended maturity dates with ANZ and NAB or pursue alternative funding options prior to the expiration of current banking maturity which is 31 August 2016.

(d) Other unsecured borrowings

Other borrowings are subject to a weighted average interest rate of 2.7% (2014: 2.3%).

The Group leases software licences with a carrying amount of $1.4 million (2014: $2.4 million) under finance leases expiring within two years.

(e) Assets pledged as security

	Consolidated	
	2015	2014
	$'000	$'000
Current		
Floating charge		
Cash and cash equivalents	**4,876**	16,538
Trade and other receivables	**20,512**	32,100
Unbilled revenue	**8,905**	14,084
Other current assets	**12,768**	15,192
Total current assets pledged as security	**47,061**	77,914
Non-current		
Fixed and floating charge		
Receivables	**-**	10
Intangible assets	**148,405**	181,584
Deferred tax assets	**30,936**	28,113
Other non-current assets	**4,563**	-
Plant and equipment	**7,776**	12,927
Total non-current assets pledged as security	**191,680**	222,634
Total assets pledged as security	**238,741**	**300,548**

18 Borrowings (continued)

(f) Fair value

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

19 Provisions

	Consolidated	
	2015	2014
	$'000	$'000
Current		
Employee benefits	**11,440**	13,065
Project warranty	**-**	500
Onerous office leases	**1,673**	1,770
Other current provisions	**1,148**	1,546
	14,261	16,881
Non-current		
Employee benefits	**370**	652
Make good provision	**1,067**	944
Onerous office leases	**1,664**	616
	3,101	2,212
Total provisions	**17,362**	**19,093**

(a) Employee benefit amounts not expected to be settled within the next 12 months

	Consolidated	
	2015	2014
	$'000	$'000
Amounts not expected to be settled within 12 months	**370**	652

The current provision for employee benefits includes accrued annual leave, vesting sick leave and long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service (10 years) and also those where employees are entitled to pro-rata payments in certain circumstances.

(b) Make-good provisions

The Group is required to restore some leased premises to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of 10 years or the term of the lease.

19 Provisions (continued)

(c) Onerous leases

The Group recognised a provision for onerous office operating leases. This is based on the present cost of unutilised leased space less the anticipated sub-leased revenue.

(d) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

Consolidated 2015	**Make good $'000**	**Project warranty $'000**	**Onerous leases $'000**	**Other $'000**	**Total $'000**
Carrying amount at start of year	944	500	2,386	1,546	**5,376**
Additional provisions recognised	200	-	3,336	2,564	**6,100**
Unused amounts reversed	(56)	(500)	(2,332)	(2,090)	**(4,978)**
Exchange Difference	(21)	-	(53)	(6)	**(80)**
Amounts used during the year	-	-	-	(866)	**(866)**
Closing balance	1,067	-	3,337	1,148	**5,552**
Analysis of total provisions					
Current	-	-	1,673	1,148	**2,821**
Non-current	1,067	-	1,664	-	**2,731**
	1,067	**-**	**3,337**	**1,148**	5,552

20 Other liabilities

	Consolidated	
	2015 $'000	2014 $'000
Current		
Lease incentive	**1,774**	1,454
	1,774	1,454
Non-current		
Lease incentive	**2,522**	4,365
	2,522	4,365
Total other liabilities	**4,296**	**5,819**

21 Contributed equity

(a) Authorised Share capital

	Consolidated	
	31 December 2015 $'000	31 December 2014 $'000
Balance at 1 January	**246,181**	245,841
Shares issued	**10,685**	-
Transaction costs (net of tax)	**(91)**	-
Treasury Shares	**171**	340
Balance at 31 December	**256,946**	**246,181**

(b) Movements in ordinary share capital

	Consolidated	
	31 December 2015 Shares	31 December 2014 Shares
Balance at 1 January	**168,449,799**	168,449,799
Shares issued	**17,808,087**	-
Total contributed equity	**186,257,886**	168,449,799

(c) Terms and Conditions of Contributed Equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up of the Group, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

(d) Treasury shares

Treasury shares are shares in Ausenco Limited that are held by the Ausenco Performance Trust for the purpose of issuing shares under the Ausenco employee share and performance rights schemes (see note 33 for further information).

	2015 Shares	2014 Shares
Opening balance	**1,144,482**	1,675,363
Employee share scheme issue	**3,096**	(13,320)
Transferred - options / performance rights	**(261,368)**	(517,561)
Balance at 31 December	**886,210**	1,144,482

21 Contributed equity (continued)

(e) Dividend reinvestment plan

In August 2012 the Company advised that the dividend reinvestment plan would be suspended until further notice. The plan remains suspended in 2015.

22 Reserves

(a) Reserves

	Consolidated	
	2015 **$'000**	2014 $'000
Share-based payments reserve	**2,988**	3,263
Foreign currency translation reserve	**(41,699)**	(40,309)
Other reserves	**(940)**	(940)
	(39,651)	(37,986)

	Note	**2015** **$'000**	2014 $'000
Movements:			
Share-based payments reserve			
Balance at 1 January		**3,263**	2,707
Options and Performance rights expenses	33	**(104)**	881
Employee share plan expense	33	**-**	15
Shares issued to employees		**(171)**	(340)
Balance 31 December		**2,988**	3,263
Foreign currency translation reserve			
Balance at 1 January		**(40,309)**	(33,081)
Net investment hedge		**(7,814)**	(2,618)
Currency translation differences arising during the year		**13,319**	(4,610)
Foreign exchange differences on abandoned operations (i)		**(6,895)**	-
Balance 31 December		**(41,699)**	(40,309)
Transactions with non-controlling interests			
Opening balance		**(940)**	(940)
Balance 31 December		**(940)**	(940)

(i) Foreign exchange differences on abandoned operations transferred to foreign exchange losses in the statement of comprehensive income.

(b) Nature and purpose of other reserves

(i) Share-based payments

The share-based payments reserve is used to recognise:

- the grant date fair value of shares, options and rights issued to employees;
- the issue of shares held by Ausenco Performance Trust to employees; and
- the funding of share purchases to employees made by the Ausenco Performance Trust.

22 Reserves (continued)

(b) Nature and purpose of other reserves (continued)

(ii) Foreign currency translation

Exchange differences arising on translation of foreign controlled entities are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when investment in the controlled foreign entity is reduced.

The Group has long-term internal loans and receivables that are designated as part of the net investment in foreign subsidiary operation totaling $94.2 million (2014: $66.2 million). The Group also has $16.6 million of external borrowings designated as hedges against net assets in foreign subsidiaries. On consolidation, exchange differences of $7.8 million (2014: $2.6 million) arising from the revaluation of these loans and borrowings are taken to foreign currency translation reserve.

(iii) Other reserves

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts for controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

23 Retained earnings / (Accumulated losses)

Movements in retained earnings were as follows:

	Consolidated	
	2015 **$'000**	2014 $'000
Balance 1 January	**18,578**	43,934
Net loss for the year	**(86,055)**	(25,015)
Dividends	**-**	(341)
Balance 31 December	**(67,477)**	**18,578**

24 Dividends

(a) Franked dividends

	Consolidated Year ended 31 December 2015 $'000	31 December 2014 $'000
Franking credits available for subsequent reporting periods based on a tax rate of 30.0% (2014 - 30.0%)	**18**	428

The above amounts represent the balance of the franking account as at the end of the reporting period, adjusted for:

(i) franking credits that will arise from the payment of the current tax liability,
(ii) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date, and
(iii) franking credits that will arise from the receipt of dividends recognised as a receivables at the reporting date.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

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

	Consolidated 31 December 2015 $'000	31 December 2014 $'000
Dividend paid to non-controlling interest in the Rylson Group	**-**	341

25 Investments in controlled entities

(a) Significant investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2(b):

Name of entity	Country of Incorporation	Beneficial interest held by the consolidated entity 2015 %	2014 %
AB Ventures Ltd	Mauritius	**100**	100
Ausenco Africa Limited	Mauritius	**100**	100
Ausenco Americas LLC	United States	**100**	100
Ausenco Beijing Limited	China	**100**	100
Ausenco Business Services Sdn Bhd	Malaysia	**100**	100
Ausenco Canada Inc	Canada	**100**	100
Ausenco Chile Limitada	Chile	**100**	100
Ausenco do Brasil Engenharia Ltda	Brazil	**100**	100
Ausenco Engineering Alberta Inc	Canada	**100**	100

25 Investments in controlled entities (continued)

(a) Significant investments in subsidiaries (continued)

Name of entity	Country of Incorporation	Beneficial interest held by the consolidated entity 2015 %	2014 %
Ausenco Engineering Canada Inc	Canada	**100**	100
Ausenco Engineering USA South Inc	United States	**100**	100
Ausenco Engineers Private Limited	India	**100**	100
Ausenco Global Pty Ltd	Australia	**100**	100
Ausenco Global Services Limited	United Kingdom	**100**	100
Ausenco Global Solutions LLP	United Kingdom	**100**	-
Ausenco International Pty Ltd	Australia	**100**	100
Ausenco Management Pty Ltd	Australia	**100**	100
Ausenco Operations Pty Ltd	Australia	**100**	100
Ausenco Peru S.A.C	Peru	**100**	100
Ausenco Projects Limited	Hong Kong	**100**	100
Ausenco PSI LLC	United States	**100**	100
Ausenco Rylson Pty Limited	Australia	**100**	100
Ausenco Saudi Arabia Pty Ltd	Saudi Arabia	**100**	100
Ausenco Senegal SARL	Senegal	**100**	100
Ausenco Services Pty Ltd	Australia	**100**	100
Ausenco Sierra Leone Pty Limited	Sierra Leone	**100**	100
Ausenco Solutions Canada Inc	Canada	**100**	100
Ausenco Solutions Pty Ltd	Australia	**100**	100
Ausenco Solutions Quebec Inc	Canada	**100**	100
Ausenco South Africa (Pty) Limited	South Africa	**100**	100
Ausenco South America Holdings Pty Ltd	Australia	**100**	100
Ausenco USA Inc	United States	**100**	100
Ausenco Vietnam Co Ltd	Vietnam	**100**	100
Forestal Enterprises Ltd	Mauritius	**100**	100
Forestal International Consultants Inc	Canada	**100**	100
Global Procurement Services Limited*	Thailand	**100**	100
Pipeline Systems Chile SA	Chile	**100**	100
Pipeline Systems Incorporated (Baotou) Ltd	China	**100**	100
Pipeline Systems International Australia Pty Ltd	Australia	**100**	100
PSI Engineering Ltd	Canada	**100**	100
PT Ausenco Indonesia	Indonesia	**100**	100
Sandwell Engineers (Proprietary) Limited	South Africa	**70**	70
Sandwell Inc	Canada	**100**	100
Sandwell Offshore Technologies. Inc	United States	**100**	100
Sandwell Sarana Consultants Inc	Canada	**100**	100
Swan Wooster Engineering Consultants Inc	Canada	**100**	100
Vector Argentina S.A.	Argentina	**100**	100
Vector Engineering Inc	United States	**100**	100

* Global Procurement Services Limited currently in the process of voluntary liquidation.

26 Interests in joint arrangements

(a) Interests in joint operations

	Ownership Interest Consolidated 2015 %	2014 %
Ausenco Roche - A joint venture with Roche Mining (Canada)	**50**	50
WorleyParsons Ausenco Joint Venture - Program management services for Alpha Coal Project (Australia)	**50**	50

(b) Interests in joint ventures

	Ownership Interest Consolidated 2015 %	2014 %
Kramer Ausenco - Integrated engineering and construction services (PNG and the South Pacific Islands)	**50**	50
Ausenco Taggart Mongolia LLC - Coal Handling and Preparation Plant (CHPP) Projects (Mongolia)	**50**	50

Information relating to the joint venture entities, presented in accordance with the accounting policy described in note is set out below:

	Consolidated 2015 $'000	2014 $'000
Share of joint ventures assets and liabilities		
Current assets	**4,642**	3,486
Non-current assets	**4,587**	5,742
Total assets	**9,229**	9,228
Current liabilities	**4,563**	4,824
Non-current liabilities	**109**	322
Total liabilities	**4,672**	5,146
Net assets	**4,557**	**4,082**
Share of joint ventures revenue, expenses and results		
Services revenue	**8,111**	6,427
Expenses	**(7,941)**	(6,129)
Profit after income tax	**170**	298

The Group had no other commitments in the joint ventures.

No contingent liabilities for interest in joint venture arrangements.

27 Reconciliation of loss after income tax to net cash outflow from operations

	Consolidated	
	2015	2014
	$'000	$'000
Reconciliation of operating loss after income tax to net cash flow from operating activities:		
Net loss after income tax benefit	**(86,055)**	(25,015)
Depreciation and amortisation of non-current assets	**10,145**	9,800
Impairment of intangible assets	**30,697**	10,000
Share based payments expense	**(104)**	898
Unrealised net loss on foreign exchange	**5,814**	3,600
Net loss on disposal of property, plant and equipment and intangibles	**(134)**	(25)
Change in operating assets and liabilities adjusted for effects of purchase of controlled entities during the financial year		
Decrease in trade receivables	**18,657**	18,196
Decrease in unbilled revenue	**4,611**	6,920
Increase in deferred tax assets	**3,099**	(8,409)
Decrease in other assets	**1,541**	2,027
Increase in billings in advance	**2,623**	(4,434)
Decrease in payables and other liabilities	**(2,487)**	(19,428)
Decrease in current income tax	**(2,927)**	(926)
Decrease in other provisions	**(1,731)**	(2,649)
Increase / (decrease) in deferred tax liabilities	**132**	238
Net cash outflow from operating activities	**(16,119)**	**(9,207)**

28 Contingent liabilities and contingent assets

(a) Guarantees

	Consolidated 2015 $'000	2014 $'000
The consolidated entity is, in the normal course of business, required to provide guarantees and letters of credit on behalf of controlled entities in respect of their contractual performance related obligations. These guarantees and indemnities only give rise to a liability where the entity concerned fails to perform its contractual obligations. Bank guarantees outstanding at the balance date in respect of commitments for expenditure	**16,582**	15,419

(b) Litigations

(i) Actions initiated against the Group

One of the Group's wholly owned subsidiary companies remains an incorrectly named co-defendant to a court action in Ontario, Canada. The claim related to services that were provided by a company which is not, and has not at any time been, related to Ausenco. In April 2014 the Ontario lower court confirmed that the lawsuit will proceed in Ontario. There are currently no confirmed court dates as the parties are in the process of agreeing a proposed timetable to progress the action. Ausenco continues to vigorously defend the claim and take appropriate steps to have it removed as a defendant in the matter.

One of the Group's wholly owned subsidiary companies is the defendant in an action filed in Ontario, Canada, by a contractor on a project in which Ausenco performed engineering and construction management services until late 2014. The action is in its early stages, with procedural matters and certain pleadings pending. No timetable for consideration of the issues has been agreed or released by the courts.

(ii) Actions initiated by the Group

In December 2014 Ausenco initiated arbitration proceedings against a client following the non-payment of variation claims following the completion of a project in Africa. The directors have not disclosed an estimation of the amount or timing of possible cash inflows and recoveries to Ausenco related to the action as they do not want to prejudice the position of the Group in this dispute.

In October 2015, arbitration proceedings were initiated in Chile to resolve the non-payment of invoices and a dispute as to the quantum of variation claims with regards services performed and costs incurred on a project in Chile. The arbitration is in its early stages with proceedings expected to be completed in 2016. The directors have not disclosed an estimation of the amount or timing of possible cash inflows and recoveries to the Group related to the action as they do not want to prejudice the position of the Group in this proceeding.

29 Key management personnel

(a) Key management personnel compensation

	Consolidated 2015 $	2014 $
Short-term employee benefits	**3,169,781**	3,139,241
Post-employment benefits	**272,354**	131,513
Long-term benefits	**36,082**	28,822
Share-based payments	**449,938**	579,070
	3,928,155	3,878,646

(b) Other transactions with key management personnel

During the year ended 31 December 2015 and 31 December 2014 no other transactions were made with the key management personnel of Ausenco Limited.

30 Remuneration of auditors

During the period the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated	
	2015	2014
(a) PwC Australia	**$**	$
Audit and other assurance services		
Audit and review of financial statements	**541,611**	294,000
Other services		
Tax compliance and advisory services	**22,481**	31,972
Total remuneration of PwC Australia	**564,092**	**325,972**
(b) Network firms of PwC Australia		
Audit and other assurance services		
Audit or review of financial statements	**168,228**	172,913
Other services		
Tax compliance and advisory services	**23,514**	19,210
Total remuneration of network firms of PwC Australia	**191,742**	**192,123**
(c) Non-PwC audit firms		
Audit and other assurance services		
Audit and review of financial statements	**288,049**	97,242
Other accounting services	**84,008**	73,097
Other services		
Tax compliance and advisory services	**212,724**	204,196
Total remuneration of non-PwC audit firms	**584,781**	**374,535**
Total auditors remuneration	**1,340,615**	892,630

31 Commitments

(a) Capital commitments

	Consolidated 2015 $'000	2014 $'000
Capital expenditure commitments in relation to plant and equipment contracted but not provided for and payable:		
Within one year	**410**	632
Later than one year but not later than five years	**138**	520
	548	1,152

(b) Lease commitments: group as lessee

(i) Non-cancellable operating leases

The Group leases various offices under non-cancellable operating leases expiring within one to six years. The leases have varying terms and renewal rights. On renewal, the terms of the leases are renegotiated.

	2015	2014
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**20,210**	20,398
Later than one year but not later than five years	**57,434**	65,216
Later than five years	**11,168**	21,818
Commitments not recognised in the financial statements	**88,812**	107,432

	2015	2014
Sub lease payment		
Future minimum lease payments expected to be received in relation to non-cancellable sub-leases of operating leases	**5,015**	7,894

(c) Remuneration commitments

	2015	2014
Commitments for the payment of salaries and other remuneration as follows:		
Within one year	**910**	909

32 Related party transactions

(a) Parent entities

The parent entity within the Group is Ausenco Limited which at 31 December 2015 owns 100% of the issued ordinary shares of Ausenco Services Pty Ltd, Ausenco Solutions Pty Ltd, Ausenco International Pty Ltd, Ausenco Global Pty Ltd and Ausenco Operations Pty Ltd.

(b) Subsidiaries

Investment in controlled entities and subsidiaries is set out in note 25.

(c) Transactions with other related parties

Transactions with related parties being entirely transactions with joint ventures and joint operations as defined in note 26. The following transactions occurred:

	Consolidated	
	2015	2014
	$	$
Services revenue	**742,850**	110,514
Services expenses	**(3,933,560)**	(7,196,817)
	(3,190,710)	(7,086,303)

No transactions occurred with Key Management Personnel of the Group.

(d) Outstanding balances

The following balances are outstanding at the end of the reporting period in relation to transactions with related party joint ventures and joint operations as defined in note 26:

	Consolidated	
	2015	2014
	$	$
Current receivables (sale of goods)	**134,981**	127,707
Current payables (purchase of goods)	**(481,649)**	(429,743)

33 Share-based payments

(a) Executive Option Plan ("EOP")

The Group EOP was established in 2006 as a replacement for the cash based long term incentive plan. Staff eligibility to participate in the EOP is limited to Group Senior Executives (including Directors).

Under the EOP, eligible executive employees are invited to apply for options, each of which entitles the holder to subscribe for one fully paid ordinary share in the Company at an exercise price equal to the Company's share market price at the time of grant. The EOP provides for options, with associated time based vesting conditions, to be issued to eligible executive employees. Options are granted for a three year period, with one third of each option tranche vesting and becoming exercisable after each subsequent annual anniversary of the date of grant, subject to an overriding service condition. Options expire five years after the date of grant. Options granted under the EOP carry no dividend or voting rights.

There are currently no participants in the EOP and no outstanding options in the EOP.

(b) Performance Rights Plan ("PRP")

The Group’s Long Term Incentive ("LTI") plan is designed to link executive and selected management personnel reward with the key performance drivers which underpin sustainable long term growth in total shareholder return, comprising earnings growth, share price appreciation, dividends and capital returns to shareholders.

The Board determines on an annual basis whether the LTI plan will operate in the year. Participation in the LTI plan is offered at the discretion of the Board to eligible executives and selected management personnel who are able to influence the generation of shareholder wealth over the long term. The LTI plan provides the opportunity to receive performance rights, subject to the satisfaction of performance hurdles and vesting periods (“Eligible Employees”).

The Group’s PRP provides for performance rights to be issued to Eligible Employees. Under the PRP, Eligible Employees are invited to apply for performance rights, each of which entitles the holder to subscribe for one fully paid ordinary share in the Company at a nil exercise price.

Subject to the relevant performance hurdles being satisfied, each performance right entitles the holder to subscribe for one fully paid ordinary share in the Company at a nil exercise price. From 1 January 2014, Performance Rights granted which meet the applicable performance measurement metrics vest in a single tranche at the end of the three year performance measurement period. Prior to 2014 one third of the rights granted vested at the end of the two, three and four year period following grant, subject to an overriding service condition.

Where a participant leaves the Group, the terms of the PRP prescribe that the Board may exercise its discretion to allow a proportion of performance rights to vest and be exercised. The Board may deem any performance rights to have lapsed if, in the opinion of the Board, the Eligible Employee acts fraudulently or dishonestly or is in breach of any of their obligations to the Group.

In the event of a takeover or other formal scheme for the acquisition of the shares of the Group, the Directors may exercise their discretion to determine that all unvested performance rights vest, subject to further conditions to be determined by the Board.

33 Share-based payments (continued)

(b) Performance Rights Plan ("PRP") (continued)

Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Expired / forfeited during the year	Balance at end of the year	Exercisable at end of the year
			Number	Number	Number	Number	Number	Number
2015								
19-Feb-08	19-Feb-18	$-	5,007	-	-	-	5,007	5,007
25-Feb-08	25-Feb-18	$-	3,243	-	-	-	3,243	3,243
17-Mar-09	17-Mar-19	$-	25,266	-	-	-	25,266	25,266
01-Jan-11	01-Jan-18	$-	236,226	-	80,250	1,102	153,874	154,874
01-Jan-12	01-Jan-19	$-	703,876	-	181,118	24,770	497,988	217,987
01-Jan-14	01-Jan-21	$-	4,932,760	-	-	2,017,111	2,915,649	-
01-Jan-15	01-Jan-25	$-	-	6,135,098	-	-	6,135,098	-
		$-	**5,906,378**	**6,135,098**	**261,368**	**2,042,983**	**9,737,125**	**406,377**
Weighted average exercise price			$-	$-	$-	$-	$-	$-

Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Expired / forfeited during the year	Balance at end of the year	Exercisable at end of the year
			Number	Number	Number	Number	Number	Number
2014								
19-Feb-08	19-Feb-18	$-	9,249	-	4,242	-	5,007	5,007
25-Feb-08	19-Feb-18	$-	3,243	-	-	-	3,243	3,243
17-Mar-09	17-Mar-19	$-	128,697	-	103,431	-	25,266	25,266
01-Jan-11	01-Jan-18	$-	397,336	-	139,650	21,460	236,226	95,883
01-Jan-12	01-Jan-19	$-	999,501	-	221,763	73,862	703,876	111,404
01-Jan-13	01-Jan-21	$-	-	-	-	-	-	-
01-Jan-14	01-Jan-24	$-	-	5,206,981	-	274,221	4,932,760	-
		$-	**1,538,026**	**5,206,981**	**469,086**	**369,543**	**5,906,378**	**240,803**
Weighted average exercise price			$-	$-	$-	$-	$-	$-

The weighted average share price at the date of exercise of share rights exercised during the year ended 31 December 2015 was $0.34 (2014: $0.60).

The weighted average remaining contractual life of share rights outstanding at the end of the period was 3.5 years (2014: 3.6 years).

Fair value of options/rights granted
The fair value at a grant date is independently determined using the Hull White option pricing model that takes into account the exercise price, the term of the options/rights, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the options/rights.

The model inputs for options/rights granted during the year ended 31 December 2015 included:

(i) Share price at grant date in 2015 was $0.43; (2014 issue: $0.63)
(ii) Expected price volatility of the company's shares: 50.6%; (2014 issue: 43.6%)
(iii) Expected dividend yield: 0%; (2014 issue: 2%) and
(iv) Risk free interest rate: 3.4% (2014 issue: 3.4%).

The expected price volatility is based on the historic volatility (based on the remaining life of the options/rights), adjusted for any expected changes to future volatility due to publicly available information.

The fair value of share rights granted during 2015 is $0.22 (2014: $0.42).

33 Share-based payments (continued)

(c) Employee Share Acquisition Plan ("ESAP")

The ESAP is open to all personnel employed on a permanent basis by the Group ("Eligible Employees"). Each annual ESAP offer is subject to Board approval. Non-executive directors are not eligible to participate in the ESAP.

The ESAP supports employee retention by incorporating two or three year vesting periods.

The ESAP has been offered in 2008, 2011 and 2012. However in 2009, 2010, 2013, 2014 and 2015 the Board elected to forego the offer due to the uncertain economic climate and its impact on contributed equity. All shares offered under the 2008, 2011 and 2012 ESAP plan have vested. Any shares that have not been transferred to employees may be held in trust by the Trustee for a maximum period of 10 years after the date of the initial offer.

Under the 2011 and 2012 ESAP offer, Eligible Employees were invited to contribute between $500 and $5,000 to purchase Ausenco shares ("Employee Contribution Shares").

Ausenco matches the participant's Employee Contribution Shares at a ratio of 1:3, providing the participant with one conditional right to receive an Ausenco share at a later date for each Employee Contribution Share, provided the participant remains an Eligible Employee during that period ("ESAP Conditional Right").

50% of the ESAP Conditional Rights vest after one year of service and the remaining 50% vest after the second year of service from the date of offer.

These are unlisted securities and have no voting rights or entitlement to dividends. They cannot be traded or transferred and are held in trust until the necessary vesting criteria have been met. Upon vesting a participant's ESAP Conditional Rights will automatically convert into ordinary shares and once converted will have full voting rights and dividend entitlements and will remain in the Ausenco Performance Trust until such time as they are transferred or sold.

The Employee Contribution Shares along with the ESAP Conditional Rights (together the "ESAP Securities") will be held by the Trustee until such time as they are transferred, sold or forfeited. The Trustee remains the legal owner of all ESAP Securities so long as they remain held by the Ausenco Performance Trust. The participants are the beneficial owners of their ESAP Employee Contribution Shares and entitled to the full voting rights and dividend entitlements attached to each ESAP Employee Contribution Share.

(d) Expenses arising from share-based payment transactions

Total expenses arising from share based payment transactions recognised during the period as part of employee benefit expenses were as follows:

	Consolidated	
	2015	2014
	$'000	$'000
Options issued / (forfeited) under employee option plan and performance rights plan	**(104)**	881
Shares issued under employee share scheme acquisition scheme	**-**	15
	(104)	896

34 Parent entity financial information

(a) Summary financial information

	2015 $'000	2014 $'000
Assets		
Current assets	**163,222**	162,021
Non-current assets	**133,838**	140,262
Total Assets	**297,060**	302,283
Liabilities		
Current liabilities	**10,088**	10,488
Non-current liabilities	**6,227**	6,057
Total Liabilities	**16,315**	16,545
Net Assets	**280,745**	285,738
Shareholders' equity		
Contributed equity	**270,762**	260,206
Share based payments reserve	**2,728**	3,004
Retained earnings	**7,216**	22,528
	280,706	285,738
Profit or (loss) for the year	**(15,312)**	18,806
Total comprehensive income	**(15,312)**	18,806

Movements in retained earnings were as follows:

	2015 $'000	2014 $'000
Balance at 1 January	**22,528**	3,722
Net profit / (loss) for the year	**(15,312)**	18,806
Balance 31 December	**7,216**	22,528

(b) Guarantees entered into by the parent entity

As at 31 December 2015 and 31 December 2014, the parent entity recognised no financial guarantees.

There are cross guarantees given by Ausenco Limited, Ausenco Solutions Pty Ltd, Ausenco International Pty Ltd, Ausenco Global Pty Ltd, Ausenco Operations Pty Ltd and Ausenco Services Pty Ltd as described in note 35.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 31 December 2015 or 31 December 2014.

(d) Contractual commitments for the acquisition of property, plant or equipment

As at 31 December 2015, the parent entity had no contractual commitments for the acquisition of property, plant or equipment.

35 Deed of cross guarantee

(a) Consolidated income statement, statement of comprehensive income and summary of movements in consolidated retained earnings

During 2015, the following companies within the Group were parties to a deed of cross guarantee under which each company guarantees the debts of the others:

- Ausenco Limited
- Ausenco Solutions Pty Ltd
- Ausenco International Pty Ltd
- Ausenco Global Pty Ltd
- Ausenco Operations Pty Ltd
- Ausenco Services Pty Ltd

By entering into the deed, the wholly owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

The above companies represent a 'closed group' for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by Ausenco Limited, they also represent the 'extended closed group'.

Set out below is a consolidated statement of comprehensive income and a summary of movements in consolidated retained earnings for the year ended 31 December 2015 of the closed group consisting of Ausenco Limited, Ausenco Solutions Pty Ltd, Ausenco International Pty Ltd, Ausenco Global Pty Ltd, Ausenco Operations Pty Ltd and Ausenco Services Pty Ltd.

35 Deed of cross guarantee (continued)

(a) Consolidated income statement, statement of comprehensive income and summary of movements in consolidated retained earnings (continued)

	2015 $'000	2014 $'000
Revenue from continuing operations	**71,306**	90,045
Other income	**11,192**	33,879
Staff and contractor costs	**(52,517)**	(78,514)
Directly attributed project costs	**(14,615)**	(18,000)
Office and administration costs	**(11,327)**	(21,285)
Depreciation and amortisation expense	**(3,685)**	(5,560)
Other expenses	**(1,101)**	(8,413)
Finance costs	**(2,898)**	(3,784)
Loss before income tax	**(3,645)**	**(11,632)**
Income tax benefit	**(17,667)**	28
Loss for the year	**(21,312)**	**(11,604)**
Other comprehensive income		
Exchange differences on translation of foreign operations	**(1,488)**	90
Total comprehensive income for the year	**(22,800)**	**(11,514)**
Summary of movements in consolidated retained earnings		
Retained earnings at the beginning of the financial year	**26,932**	38,536
Loss for the year	**(21,312)**	(11,604)
Retained earnings at the end of the financial year	**5,620**	26,932

35 Deed of cross guarantee (continued)

(b) Consolidated balance sheet

Set out below is a consolidated balance sheet as at 31 December 2015 of the closed group consisting of Ausenco Limited, Ausenco Solutions Pty Ltd, Ausenco International Pty Ltd, Ausenco Global Pty Ltd, Ausenco Operations Pty Ltd and Ausenco Services Pty Ltd.

	2015 $'000	2014 $'000
Current assets		
Cash and cash equivalents	**130**	5,427
Trade and other receivables	**55,278**	102,626
Unbilled revenue	**3,497**	3,696
Current tax receivables	**870**	-
Other current assets	**6,211**	7,009
Total current assets	**65,986**	118,758
Non-current assets		
Net investments	**281,256**	226,770
Property, plant and equipment	**7,009**	10,070
Deferred tax assets	**12,472**	22,368
Intangible assets	**102**	3,165
Other non-current assets	**6**	-
Total non-current assets	**300,845**	262,373
Total assets	**366,831**	**381,131**
Current liabilities		
Trade and other payables	**35,900**	38,032
Borrowings	**36,877**	12,991
Billings in advance	**102**	583
Current tax liabilities	**-**	1,769
Other current liabilities	**901**	2,253
Provision	**6,859**	7,146
Total current liabilities	**80,639**	62,774
Non-current liabilities		
Borrowings	**802**	31,121
Deferred tax liabilities	**2,728**	4,204
Provisions	**1,408**	1,383
Other non-current liabilities	**14,963**	2,865
Total non-current liabilities	**19,901**	39,573
Total liabilities	**100,540**	**102,347**
Net assets	**266,291**	**278,784**
Equity		
Contributed equity	**257,551**	246,957
Reserves	**3,120**	4,895
Retained earnings	**5,620**	26,932
Total equity	**266,291**	278,784

36 Financial risk management

The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange risks and ageing analysis for credit risk.

The Group's principal financial instruments are comprised of cash and borrowings. The main purpose of these financial instruments is to partially finance the Group's operations and acquisitions.

The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations and acquisitions.

The Group hedges a portion of its exposure to fluctuations in the translations of United States dollar (USD) net assets into Australian dollar (AUD) by designating USD borrowings as a hedging instrument. Exchange differences arising on the translation of USD currency borrowings, to the extent that they are in an effective hedging relationship, are recognised in the statement of comprehensive income to match the exchange differences on the translation of hedged USD net assets.

The main risks arising from the Group's financial instruments are interest rate risk, foreign exchange risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

The largest contributor to the Group's revenue is the receipt of Australian dollars, although the prices received are influenced by major movements in exchange rates, particularly that of the United States dollar and the Canadian dollar relative to the Australian dollar. The Group does not currently hedge any of this indirect currency exposure.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Canadian dollar and US dollar.

The amounts below represent the Australian dollar equivalent at 31 December 2015 of United States dollar financial assets and liabilities in entities within the Group whose functional currency is not United States dollar and that are not designated as cash flow hedges:

	Consolidated	
	2015	2014
	$'000	$'000
Financial assets		
Foreign cash held	**434**	2,272
Receivables	**2,419**	4,914
	2,853	7,186
Financial liabilities		
Trade creditors and other accruals	**702**	502
Loans	**464**	400
	1,166	902
Net exposure	**1,687**	**6,284**

36 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

At 31 December 2015 and 31 December 2014, the Group did not have any forward currency contracts or foreign exchange options to cover the exposure to foreign currency risk in United States dollar receivables.

The following sensitivity is based on the foreign currency risk exposures in existence at the balance sheet date.

With all other variables held constant, the below table illustrates how post tax profit and equity for both the Group and parent company would have been affected had the Australian dollar moved against the United States dollar:

Post tax profit higher/ (lower)	**2015 $'000**	2014 $'000
AUD/USD +5%	**(56)**	(209)
AUD/USD -5%	**59**	220

The movements in profit are due to the movement in foreign exchange rates which impact the fair value of financial assets and liabilities denominated in foreign currencies.

(ii) Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long term borrowings.

At 31 December 2015 and 31 December 2014, the Group had the following mix of financial assets and liabilities exposed to variable interest rate risk:

	Consolidated 31 December 2015		Consolidated 31 December 2014	
	Weighted average interest rate %	**Balance $'000**	Weighted average interest rate %	Balance $'000
Financial assets				
Cash assets	0.3	7,155	1.3	14,976
	0.3	7,155	1.3	14,976
Financial liabilities				
Bank loans and overdraft	4.4	58,421	4.2	43,805
	4.4	58,421	4.2	43,805
Net Exposure		**(51,266)**		(28,829)

The Board and management believe the balance date risk exposure is representative of the risk exposure inherent in the financial instruments.

The Group regularly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing, alternative positions and the mix of fixed and variable interest rates.

36 Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date:

	Higher / (Lower)			
	2015 $'000 Profit	2015 $'000 Equity	2014 $'000 Profit	2014 $'000 Equity
Consolidated:				
+1% (100 basis points)	(359)	-	(202)	-
-0.5% (50 basis points)	179	-	101	-

(b) Credit risk

Credit risk is managed on a Group basis. Credit risk is the risk of financial loss to Ausenco if a client or counterparty to a financial instrument fails to meet its contracted obligations, and arises principally from Ausenco's receivables from clients. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on clients in accordance with policies. The Group also has a policy in place to ensure that surplus cash is invested with financial institutions of appropriate credit worthiness.

The credit risk of financial assets of the Group which have been recognised on the balance sheet is generally the carrying amount, net of any provisions for doubtful debts. Refer to note 11(b) for analysis of past due but not impaired receivables.

For some trade and other receivables the Group may also obtain security in the form of guarantees, deeds of undertaking or letters of credit or shares in listed companies which can be called upon if the counterparty is in default under the terms of the agreement.

36 Financial risk management (continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient assets to meet liabilities as they fall due. The Group ensures that it can meet its financial obligations as they fall due by maintaining sufficient reserves of cash and short term deposits to meet forecast cash outlays.

The Group has access to the following undrawn borrowing facilities at the end of the reporting period:

	Consolidated	
	2015	2014
	$'000	$'000
SECURED FACILITIES		
Total facilities available:		
Overdraft facilities	**15,000**	15,000
Multi-currency loan facility	**46,525**	55,801
Bank guarantee and letter of credit	**30,000**	30,000
	91,525	100,801
Facilities not utilised at balance date:		
Overdraft facilities	**3,103**	9,566
Bank guarantee and letter of credit	**13,418**	14,581
	16,521	24,147
UNSECURED FACILITIES		
Total facilities available:		
Financial guarantee contracts	**3,347**	-
Performance bonds	**27,444**	24,522
	30,791	24,522
Facilities not utilised at balance date:		
Performance bonds	**27,444**	24,522
	27,444	24,522

The bank overdraft, bank guarantee and letter of credit facilities may be drawn at any time.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from balance date to the contractual maturity date. As the amounts disclosed in the table are the contractual undiscounted cash flows, their balances will not necessarily agree with the amounts disclosed in the balance sheet.

36 Financial risk management (continued)

(c) Liquidity risk (continued)

2015	0 - 1 Year $'000	1 - 2 Years $'000	2 - 5 Years $'000	5+ Years $'000	Total $'000	Carrying Value $'000
Non-derivatives						
Trade and other payables	**23,534**	**-**	**-**	**-**	**23,534**	**23,534**
Borrowings and future interest payments	**59,646**	**-**	**-**	**-**	**59,646**	**58,421**
Financial guarantee contracts	**2,620**	**851**	**-**	**-**	**3,471**	**3,347**
Total non-derivatives	**85,800**	**851**	**-**	**-**	**86,651**	**85,302**

2014						
Non-derivatives						
Trade and other payables	28,013	-	-	-	28,013	28,013
Borrowings and future interest payments	12,124	45,716	-	-	57,840	55,801
Financial guarantee contracts	2,793	727	1,071	-	4,591	4,393
Total non-derivatives	42,930	46,443	1,071	-	90,444	88,207

(d) Cash flow and fair value interest rate risk

The interest bearing assets of the Group is cash. Please refer to note 36(a)(ii) for the interest rate analysis and note 10 for interest bearing asset details.

(e) Capital management risk

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. As at 31 December 2015, the Group's net debt was $53,078,000 (2014: $43,130,000).

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. Management also measures the gearing position of the Group to ensure that banking debt covenants are complied with.

37 Events after the reporting period

On 1 February 2016 the Group announced a US$16.5 million (A$23.6 million) convertible debt and bonding facilities with Resource Capital Fund (RCF). As well as being a financing party to Ausenco, RCF is also a shareholder with a 4.5% interest in Ausenco Limited.

Under the RCF financing package, shareholders will be requested to approve the RCF conversion rights as part of providing Ausenco with US$6.5 million (A$9.2 million) unsecured debt facility to 31 December 2018. The facility provides for interest payable quarterly at an interest rate of 10% p.a, where RCF is able to elect for the interest to be converted to shares. At a conversion price of $0.31 per share, the facility also entitles RCF to convert its principal entitlement to 30.3 million shares in Ausenco which would represent an additional 13.0% shareholding in Ausenco. Shareholders will be asked to approve the unsecured debt facility on 29 March 2016.

In conjunction with the financing package, RCF, Ausenco and Ausenco's current banks (ANZ and NAB) have entered into a Standstill and Moratorium Agreement extendable to 30 June 2016, upon certain milestones being achieved during that period. During this period the parties will undertake discussions with a view to RCF considering a refinancing of Ausenco's current bank borrowings. In order to facilitate refinancing discussions, the agreement provides for RCF to complete due diligence, for the banks to waive breaches of covenants and for a standstill of actions arising out of loan agreements with the banks.

In addition, to meet the anticipated requirements of a number of new project opportunities, RCF has committed to provide additional bonding facilities of US$10 million.

In the Directors' opinion:

(a) the financial statements and notes set out on pages 27 to 89 are in accordance with the *Corporations Act 2001*, including:
  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 35 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 described in note 35.

Note confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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

George Lloyd
Director

Zimi Meka
Director

Independent auditor's report to the members of Ausenco Limited

Report on the financial report

We have audited the accompanying financial report of Ausenco Limited (the company), which comprises the consolidated balance sheet as at 31 December 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Ausenco Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at 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 Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements 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. Those 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 consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 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*.

PricewaterhouseCoopers, ABN 52 780 433 757
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T: +61 7 3257 5000, F: +61 7 3257 5999, www.pwc.com.au

Auditor's opinion

In our opinion:

(a) the financial report of Ausenco Limited is in accordance with the *Corporations Act 2001,* including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 2 (a).

Material uncertainty regarding continuation as a going concern

Without modifying our opinion, we draw attention to Note 2(a) in the financial report which indicates that the Group incurred operating losses of $86.0m during the year ended 31 December 2015 and, as at that date, had a deficiency of current assets to current liabilities of $44.1m. The Group is in the process of refinancing the current bank borrowings which expire on 31 August 2016. These condition, along with other matters set forth in Note 2(a), indicate the existence of a material uncertainty that may cast significant doubt about the ability of the Group to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the remuneration report included in pages 10 to 24 of the directors' report for the year ended 31 December 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 Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Ausenco Limited for the year ended 31 December 2015 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Timothy J Allman
Partner

Brisbane
26 February 2016

Alternative performance measures

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

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

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

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

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

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

	Notes	**2015 $'000**	**2014 $'000**
Profit before income tax		**(76,904)**	**(29,472)**
Finance costs		4,391	5,005
Interest income	5	(347)	(712)
EBIT		**(72,860)**	**(25,179)**
Amortisation of intangibles	6	4,177	4,313
Goodwill impairments		30,697	10,000
EBITA		**(37,986)**	**(10,886)**
Depreciation		5,968	5,487
EBITDA		**(32,018)**	**(5,379)**
Redundancy costs		5,940	4,506
Office closures		5,472	2,311
Foreign exchange reclassifications from closures		6,876	-
Underlying EBITDA		**(13,730)**	**1,438**

		31 December 2015 $'000	**31 December 2014 $'000**
Borrowings - Current	18	(60,948)	(18,574)
Borrowings - Non-current	18	(822)	(47,053)
Total borrowings		(61,770)	(65,627)
Cash and cash equivalents	10	8,690	22,497
Net debt		**(53,080)**	**(43,130)**

Corporate Directory

Directors

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

Chief Financial Officer
Craig Allen

Company Secretary
Patrick O'Connor

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

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

Website address
For further information visit
www.ausenco.com