Ausenco Annual Report
2015

Ausenco

Contents

Key dates for shareholders

26 February 2016
2015 full year results

5 May 2016
Annual General Meeting (AGM)
The 2016 AGM will be held at the Stamford Plaza, corner of Margaret & Edward Streets, Brisbane, on Thursday 5 May 2016 at 9.30am (AEST)

26 August 2016
2016 half year results

31 December 2016
Full year end

February 2017
2016 full year results

Industry conditions remained challenging in 2015 with decreased commodity prices impacting business confidence and client access to capital globally. Clients shifted their focus to reducing capital expenditure, enhancing productivity and extracting maximum value from their existing assets.

Ausenco delivers some of the most innovative consulting and engineering solutions in the sector, adding significant value to client operations. This, combined with our world-leading expertise in substantially reducing the capital intensity of projects, was a key differentiator for our Group in 2015 and generated significant interest in our study, consulting, asset optimisation and EPC fixed price delivery services. These services continue to offer significant growth potential in the current year.

Our diversification strategy provides resilience and positions us locally to take maximum advantage of opportunities globally. Our focus on combining our proprietary technology with innovative engineering and staying ahead of market developments will improve earnings in the years ahead.

2015 Highlights

↓56%

0.94 TRIFR
lowest in our history

2014: 2.14

Silver Recipient winner for 2015 in the category of Mining and Natural Resources at Canada's Safest Employers Awards

20%

of Optimise revenues

2014: 12%

74%

Revenues from the Americas

Work on hand and 2016 work already delivered, currently $256 million

Feb 2015: $133 million

27%

Revenues from non-mining sectors

Chairman's Report

2015 was another difficult year for global resources and energy markets, which continued to be impacted by sustained low commodity prices and general economic uncertainty. These conditions made it more challenging for our clients to secure financing for new projects and also constrained their operating budgets. Accordingly, clients largely remained conservative in their decision-making and a number of projects were deferred or delayed. There was a heightened focus on pricing certainty and risk management across the industry.

Within this environment, we continued to be recognised by new and existing clients for delivering high-quality projects at much lower costs than our competitors who employ more conventional methods. Our strong track record for delivering cost-effective, innovative and value-adding consulting and project delivery services proved an important competitive advantage and culminated in a number of project wins and preferred contractor awards in the second half of the year.

However, we also experienced many instances during the year where, due to management conservatism, there were significant delays in projects commencing and progressing. This resulted in extended periods of time between project announcements, the start of on site work and revenue flowing to the business.

Revenue from operations was $245.8 million, compared with revenue of $357.2 million for the previous year. The company posted a 2015 full year net loss after tax of $86.1 million, which was impacted by $61.0 million of non-cash goodwill and other impairment charges. The reduction in earnings was driven primarily by the market effect of lower commodity prices, project deferrals by clients, greater competition and the company's rightsizing costs and impairment charges.

Reported EBITDA for 2015 was a loss of $32.0 million, against the previous year EBITDA loss of $5.4 million. The 2015 underlying EBITDA 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.

In 2015 clients largely continued to focus on cost certainty. This has been a growing trend amongst resources sector financiers and project owners in recent years and is driving increased demand in most sectors of our market for projects to be delivered on an Engineering, Procurement and Construction (EPC) or 'lump sum turn key' basis.

While this is a new contracting approach for some of our peers, Ausenco has a long history of successful EPC project delivery. We have the proven systems and approaches that ensure projects are successfully delivered within budget, while adding value and managing the risks accordingly.

During the year, we secured new project delivery contracts, increased our consulting work and grew our revenue from technology sales. We also welcomed two new significant strategic shareholders from the resources sector - Spanish construction company Duro Felguera and US private equity fund Resource Capital Fund.

Ausenco's pipeline of early phase consulting work has always been a core part of our business and remains strong. Our ability to significantly reduce the capital intensity of projects by bringing innovative thinking to the early stages of project development is highly valued by our clients. This involvement in the early stages of projects provides Ausenco with critical insights and access to opportunities as projects progress through the stages of development.

Our asset optimisation and operations and maintenance services experienced strong growth throughout the year, driven by continued demand in the APAC/ Africa region. We also expanded these services to South America in 2015, securing valuable contracts and providing a platform for further growth.

Ausenco's talented and dedicated employees are the reason we have a strong global reputation for ingenious thinking and excellence in delivery. Our business is comprised of highly capable people who are experts in their fields and who share the company's vision and deliver on its strategy. I would like to acknowledge and thank all of Ausenco's people around the world for their continued commitment to our business. The strong, positive culture within our organisation is testament to their resilience and energy.

Looking ahead, we have a good pipeline of projects and the recent contract wins have enhanced our earnings visibility. We expect a level of ongoing conservatism across some areas of our markets in the current year. This means a continuation of the lag between contracts being announced and cash flowing to the business.

However, we are heartened by the shift in risk appetite we witnessed toward the end of 2015, with some clients and project financiers choosing to cautiously progress and invest in strategic projects.

We expect the majority of near-term opportunities globally will be in base and precious metals, especially gold, copper, lithium and nickel, where Ausenco has strong expertise and experience. Our track record on recent significant projects, such as the Constancia copper project in Peru, has positioned us as a preferred contractor globally and continues to create new business leads and enquiries.

In closing, I would like to thank our shareholders and employees for their continued support during what has been a challenging time for the sector as a whole. Ausenco is a strong and dynamic company with a clear strategy and a committed and enthusiastic leadership team and employees.

We are focused on restoring shareholder value as industry conditions improve.

George Lloyd
Chairman

Chief Executive Officer's Report

Depressed commodity prices and delays and deferments in clients making decisions on projects impacted our results in 2015. While some areas of our business had a successful year, other parts were exposed to difficult regional conditions.

Despite the challenging global economic climate, we won new work across each of our regions and service areas during the year. Importantly, we won or were announced as preferred contractor on a number of project delivery contracts (EPC/M), which provide improved visibility of medium-term earnings. We also continued to grow our front-end pipeline of work, which remains at a high level and provides a critical early entry to future EPC/M projects.

We finished the year with work on hand totalling $205 million. Our project pipeline is strong, diversified across regions and commodities, and reflective of our full service offering.

Key achievements

A standout for our Group during the year was the global success of our asset optimisation offering, delivered via Ausenco Rylson. We completed a record number of asset optimisation and value engineering assignments during the year and regularly achieved capital cost reductions or operating cost savings of more than 20% for clients. Ausenco Rylson entered 2016 with a host of new contracts in regions it had never previously operated in – such as South America where the business is working with Anglo American and BHP Billiton in Chile.

Technology is an important, and growing, component of our global asset optimisation business. Purpose-built software packages complement our consulting offering and assist in identifying value improvements and efficiencies for clients. To date, our software has delivered significant cost savings for clients in the energy and resources sectors, and we see growth potential for our products in these traditional markets, as well as other industries.

In 2015, our reputation for delivering value on projects provided a strategic differentiator and also continued to win us new work. We successfully converted four new project delivery contracts and this year increased our forward work on hand, including preferred contracts and work delivered, to $256 million. Key project wins since the start of 2016 total $152 million.

We also experienced growth in consulting services across all regions throughout the year. These services involve the delivery of feasibility studies and technical solutions for the early phases of projects. Ausenco has deep expertise in this area and our services are highly sought after by clients because of our reputation for adding significant value. We have an established track record of reducing the capital intensity of projects, improving their viability and developing innovative ways to achieve the best outcomes for clients.

These early phase projects make an important contribution to our revenue and are also critical in positioning us for project delivery opportunities in the years ahead.

Another key achievement for our Group in 2015 was the formation of the strategic alliance with Spanish constructor Duro Felguera S.A. (DF) to jointly pursue global EPC projects. Both Ausenco and DF are strategically positioned in key global markets with highly experienced workforces, a comprehensive range of service offerings and little overlap in sector expertise and geographical footprints.

The alliance combines the collective strengths of both companies and aims to capitalise on the increasing focus from resources financiers and project owners on cost certainty. As the size and complexity of projects grow, and commodity prices remain low, there is an increased demand throughout our sector for projects to be delivered via lump sum EPC contracts.

The alliance was established in July 2015 and is working with Royal Nickel Corporation to deliver the Dumont Nickel project in Canada. The Dumont Nickel project is one of only very few shovel-ready nickel projects globally and is expected to be the fifth largest nickel-sulphide mine in the world. Our team is currently working to finalise the scope of work, cost, schedule and EPC terms and conditions in order to progress to the next stage of development.

DF also provided $10.7 million through a private share placement during the year, resulting in DF becoming a cornerstone shareholder and holding a 14.5% interest in Ausenco. The proceeds from the placement have been used to repay term debt and provide working capital to enable Ausenco to continue to pursue opportunities.

In early 2016 we agreed the key terms of a US$16.5 million ($23.6 million) financing package with another cornerstone shareholder, Resource Capital Fund VI LP (RCF). If approved by shareholders, the package involves convertible debt and bonding facilities that will provide Ausenco with a US$6.5 million unsecured debt facility to 31 December 2018. In conjunction with the financing package, RCF has committed to providing additional bonding facilities of US$10 million, which would take Ausenco's current bonding capacity to $44 million.

The share placement with DF and the financing package with RCF represent significant milestones in strengthening Ausenco's balance sheet and are positive steps forward with key stakeholders, providing many strategic benefits to Ausenco.

Chief Executive Officer's Report (continued)

Operational review summary

Although market conditions in North America were challenging, we saw good activity across the region in base metals such as gold, copper, nickel and lithium. In the case of copper and nickel – while the prices of these commodities may currently be at near recent year lows – clients and project financiers are looking ahead to the global shortages that are forecast over the coming years, which is prompting some market activity. Atlantic Gold Corporation's Moose River project and Kinross' Tasiast gold project are examples of this and we are very pleased that Ausenco is involved in both projects.

The decline in the oil price during the year reduced activity in this sector, significantly impacting our oil and gas business in Canada. As a result, we restructured our business to minimise costs. We are focused on diversifying our service offering in this sector and moving into other parts of the value chain, particularly midstream oil and gas services, where we see strategic opportunities and have already had some early traction.

In South America, Ausenco's key operating regions of Brazil, Chile, Peru and Argentina continued to experience political, economic and infrastructure challenges, which impacted client confidence and led to project delays and cancellations.

A key achievement in South America was the introduction, and subsequent growth, of the Ausenco Rylson asset optimisation business during the year. Ausenco Rylson has grown its footprint into, and revenue from, South America and been embraced by clients in a region where there is a renewed focus on operational efficiencies. We are also delivering technical solutions on a number of studies for projects that are in their early stages in South America, which is positioning us well for Create phase projects in the years ahead.

There were good opportunities in some parts of the APAC/Africa region during the year, such as Papua New Guinea (PNG) and the Philippines, while other parts, such as Australia, remained tough. We saw strong growth in the consulting and asset optimisation side of the business, which helped compensate for the reduction in project delivery work in the current market.

Our APAC/Africa business has had a promising start to 2016, winning new contracts that already represent 80% of the revenue secured by the region in 2015. These contracts include an EPC contract for the upgrade of a coal handling and preparation plant (CHPP) in New South Wales and a three-year operations and maintenance contract for the CHPP at the Isaac Plains coal mine in Queensland. The Isaac Plains contract extends Ausenco's long history at this mine, where we operated the CHPP for five years under the previous owners. We have also seen some promising growth in PNG through Kramer Ausenco, which has contributed to the strong work on hand position.

Safety

Safety is core to our culture and the safety of our people – wherever they are located throughout the world – is our highest priority. Our focus on safety is an enduring journey as we continually identify and implement new safety processes and strategies to work towards our goal of zero harm.

In 2015, Ausenco posted a Total Recordable Injury Frequency Rate of 0.94, a 56% reduction from the previous year and the lowest in our company's history.

We are committed to building a culture where every employee is a safety citizen and where individuals have an innate commitment to their own safety, as well as that of those around them – whether they are located in an office or project site environment.

Ausenco was acknowledged during the year for the safety results we achieved. We were named Silver Recipient winner in the category of Mining and Natural Resources at Canada's Safest Employer Awards and were a Finalist in the Australian National Safety Council Awards.

Our People

I want to acknowledge and thank Ausenco's people who have remained focused and engaged during what has been a challenging time for the sector. I am constantly impressed by our people's world-class technical expertise and by their commitment to our company and our clients.

In recent years, our people have proven they are nimble, flexible and willing to rise to the challenge to identify and convert new opportunities for our business and deliver on our strategy. They are the core of our organisation and I sincerely thank them for their dedication and ongoing contribution.

Diversity continues to be an important focus of our people strategy. We want to be the preferred employer for new graduates and, in particular, we are focused on attracting more female engineering graduates and on retaining these engineers as they progress their careers. Unfortunately during 2015 business conditions necessitated a reduction in total headcount, however against this backdrop Ausenco did increase the total number of women within its broader leadership group.

Outlook

We expect industry conditions to remain challenging on the whole over the coming 12 months, but we are very well positioned on a number of opportunities and are experiencing increasing levels of enquiries and tender requests. This is a result of our ability to deliver innovative solutions for our clients that significantly reduce the capital intensity of their projects. This value proposition, and our ability to consistently back it up through our track record, has always served as a genuine differentiator for Ausenco and continues to gain recognition and interest from clients across the globe.

We have had an increase in client enquiries for minerals and metals projects, particularly gold and copper, in the Americas and Africa, which is presenting good opportunities for the broader Group. Throughout the second half of 2015, we worked on the conversion or extension of a number of significant opportunities, predominantly within the gold and copper sectors, and are well positioned to secure the delivery stage of these projects.

We are excited about the dynamics of the gold sector, where clients and their financiers are advancing a number of new projects and studies to the next stage of development.

A key future growth area for our Group involves pursuing fixed price EPC project opportunities across all of our markets, building on our recent wins in the resources sector. We are currently working with our alliance partner DF to explore, and actively pursue, opportunities in this space and expect to have near-term prospects within the next six months. As a result of our diversification strategy, we also have a solid earnings base from clients focusing on non-greenfield, capital sensitive projects. These include studies, consulting, sustaining capital, asset management and optimisation assignments. Our pipeline of these projects has increased in every region and we expect this trend to continue in 2016.

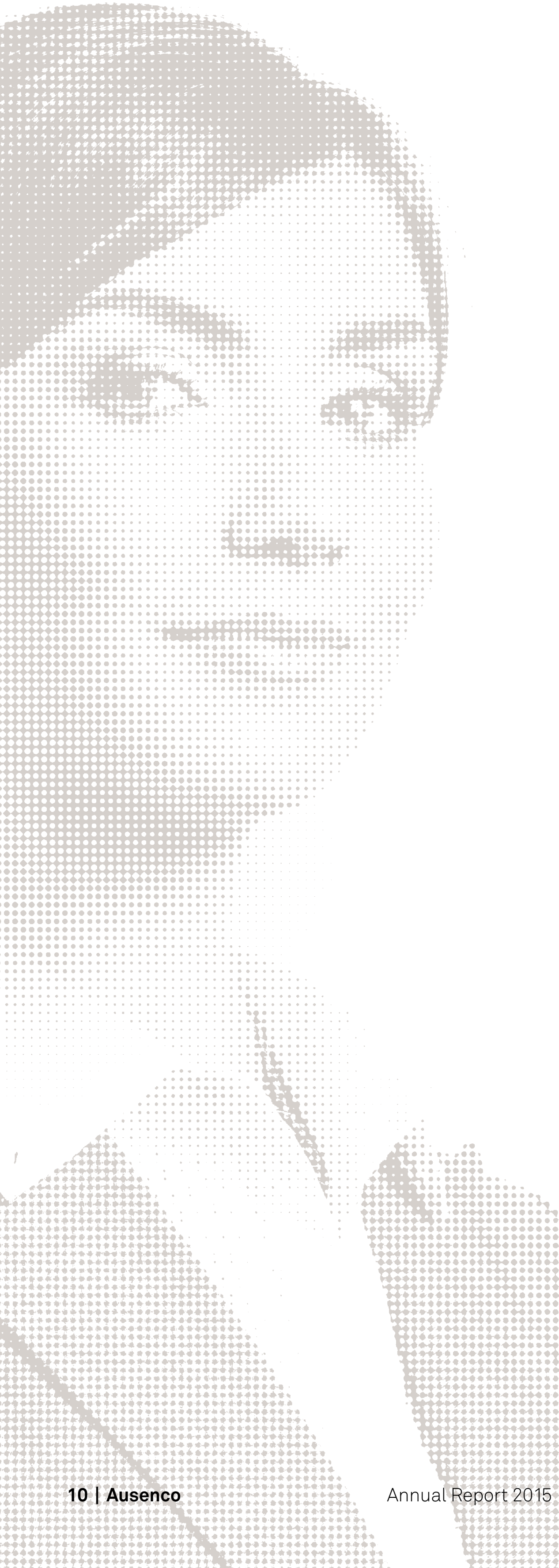
The outlook for our business remains stable at current forecast revenue levels and the restructuring undertaken in 2015 should lead to improved earnings conversion in the current year.

The Board is committed to restoring shareholder value and has been evaluating options to deliver a return to growth. We consider technology, combined with innovative engineering solutions, to be an important platform for this growth.

Zimi Meka

Chief Executive Officer &
Managing Director

South America



South America remains a key market for Ausenco and is expected to provide significant opportunities over the medium to longer term. The region produces over 42% of the world's copper, a key element in an increasingly energy hungry world.

Ausenco's work on the Constancia copper project in Peru was completed in 2015. It was one of the few copper projects successfully commissioned in 2015 to exceed expected production levels within months. The successful design and delivery of this project has also set a new benchmark for low capital intensity copper projects in South America.

Ausenco is now in a unique position to benefit from opportunities in the copper sector as new projects are assessed and developed leading into expected supply constraints by 2020.

Political uncertainty and the economic slowdown contributed to a significant decrease in opportunities in some of the markets in this region, specifically in Brazil and Argentina. This landscape, combined with declining commodity prices, resulted in clients reducing study activity and capital expenditure programs during the year. Consequently, the business's results were adversely affected after three strong years of solid earnings and growth.

Despite the challenging operating environment, the business achieved a number of successes in 2015.

The growth in asset optimisation services delivered via Ausenco Rylson was a particular standout. This growth has been achieved in just over 18 months and is being driven by demand from clients for solutions that maximise asset performance and reduce operating costs. This service offering is now a key growth area for the business and Ausenco is focused on pursuing targeted opportunities to increase its market share and create new markets.

Despite a reduction in the number of early phase projects awarded, the business completed several key studies, engineering assignments and value engineering projects during the year. The increased demand for these highly specialised solutions remains a testament to Ausenco's reputation for substantially reducing the capital intensity of projects, which is a key focus for clients in the current low commodity price environment. Key wins included delivering study and engineering works for the Mina Justa copper project and the Zafranal copper project, both located in Peru.

Looking ahead, industry conditions in the region are expected to remain challenging in the short-term due to continued commodity price uncertainty. However, well positioned clients are progressing strategic projects, particularly in copper, as they prepare for a forecast tightening of supply for this commodity towards the end of the decade.

A number of project wins in Chile also helped build work on hand. The business was awarded a number of key assignments with Minera Escondida, the highest producing copper mine globally. The largest of these assignments was the opportunity to provide infrastructure commissioning services at Escondida. Additional assignments completed during the year focused on enhanced water recovery strategies, including a ground-breaking modelling design to improve water utilisation.

Ausenco also secured a contract for the detailed engineering of all leach facilities at Minera Centinela's Encuentro Oxides copper project. Ausenco's scope of work included the permeability systems, solution irrigation and collection systems, stacking and removal of minerals and the associated solution transportation pipelines.

Ausenco Rylson achieves strong growth in South America

2015 was a defining year for Ausenco's asset optimisation business, Ausenco Rylson, which completed its second successful assignment in Chile. The business's projects have realised significant maintenance savings and a ten-fold return on investment for clients in this region.

Future demand for Ausenco Rylson's services in South America remains strong. Many clients have shown great interest in Ausenco's ability to maximise the performance of assets and substantially reduce the operating costs at existing operations.

Key projects secured during the year included providing services to the Minera Escondida copper mine in Chile and working with Anglo American and Glencore to provide services for the Collahuasi copper mine – located at 4,400 metres above sea level in Northern Chile.

Ausenco Rylson will be a key growth driver in South America throughout 2016 as the business leverages its proven ability to deliver cost savings for clients to win work in new markets across the region.

North America

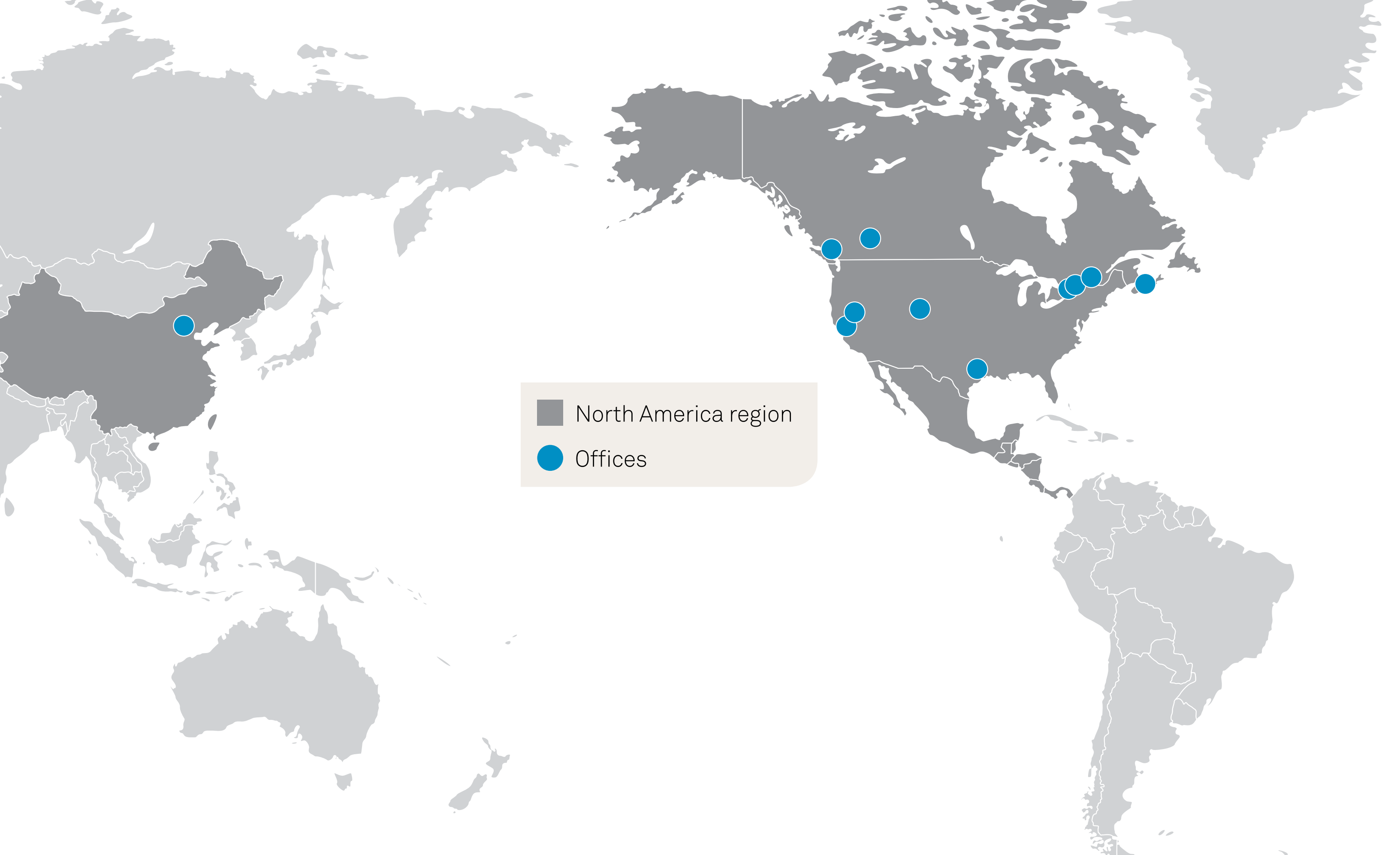
The North American business had a mixed year in 2015. While the business won a number of Create phase projects and recorded steady growth in Evaluate and Innovate consulting and engineering work, it was heavily impacted by reduced oil and gas activity levels.

The business's infrastructure pipeline remains solid and was boosted during the year through new assignments in the minerals sector. This work is largely for gold, copper, nickel, bauxite and lithium projects, where future demand drivers are motivating clients to advance their projects.

Through Ausenco's alliance with DF, the business commenced early works to progress Royal Nickel Corporation's Dumont Nickel project in Quebec, Canada on an EPC basis during the year. The alliance is working on an open book basis to finalise the scope of works, cost, schedule and EPC terms for the project. Ausenco has been working on the Dumont project for the past three years and the Memorandum of Understanding (MOU) is a reflection of the company's strong track record and understanding of the project. It also reaffirms the importance of Ausenco's early involvement in projects, which creates opportunities to secure a larger scope of work as they progress to development.

During the year, work advanced significantly on refining the costs and delivery strategy of the Moose River Consolidated gold project in Nova Scotia, Canada. This project will also be delivered on an EPC fixed price basis. Ausenco has a long history with the project, having worked on it for the past six years. This extensive knowledge, coupled with Ausenco's deep expertise in the gold sector, were key factors in the client's selection decision. Ausenco has since been appointed preferred contractor to deliver the project commencing in 2016.

The declining oil price over the past year resulted in reduced work in Canada's oil and gas market, which had a significant impact on the business in the second half. Consequently, we restructured and right-sized the business to be more in line with the market. In order to grow our share of work in the Canadian oil and gas market in the future, we are focused on diversifying our offering and moving into other parts of the value chain.



We have already taken the necessary steps to achieve this objective; however, conditions are expected to remain challenging over the coming year.

Municipal infrastructure remains an important earnings driver and the business continued to win a steady workload of public infrastructure, water and transport projects during the year. We expect this trend will continue in the future, particularly in Canada given the new government's transport and other infrastructure commitments.

While industry conditions remain subdued, the outlook for the region is positive. We expect revenue growth over the next 12 months, driven largely by the numerous opportunities we see in base and precious metals, particularly gold and copper. We have high levels of proposal activity and will leverage our strong regional footprint and full service offering to increase market share.

DF-Ausenco alliance targets major global EPC projects

In July 2015, Ausenco entered into a strategic alliance with Spanish multinational construction company Duro Felguera S.A. (DF) to pursue and deliver EPC projects globally and increase market share.

EPC – Engineering, Procurement and Construction – refers to a 'lump sum' contracting approach which is becoming increasingly favoured by clients as it provides cost certainty and manages risks. Both Ausenco and DF have long histories in successfully delivering EPC projects. The alliance leverages each company's strengths to present a strong and differentiated offering to bid for, and deliver, an expanded pool of major EPC projects around the world.

Combined, Ausenco and DF have strong geographic footprints in all growth markets globally. Ausenco's expertise in mining and oil and gas solutions is complemented by DF's established construction background and key presence in the energy sector. In less than six months, the alliance has already secured work on two significant projects and it expects to build on this early success throughout 2016 from a pipeline of over $14 billion of near-term opportunities globally.

APAC/Africa

Market conditions in the APAC/Africa region remained challenging throughout 2015 due to the continued lack of confidence in the resources sector. Clients responded to these conditions by reducing capital expenditure on new developments and sustaining capital, resulting in a number of projects being cancelled or deferred. The business anticipated this decline early in the year and modified its resource base to suit.

These initiatives resulted in an $8.0 million improvement in underlying EBITDA, compared with 2014, and an underlying EBITDA profit in the second half of $1.3 million. Additionally, significant levels of work were awarded in early 2016, positioning the business for continued improved performance into the current year.

The business experienced strong growth in consulting services during the year, principally in value engineering reviews focused on reducing the level of capital intensity of new projects. Consulting services, particularly the technical solutions group, has always been a key strength and differentiator for Ausenco. The business was able to add significant value across a range of mining studies in 2015. Market uncertainty and commodity volatility resulted in many of these reviews not progressing to development, however Ausenco remains well placed to service these projects as and when market conditions improve.

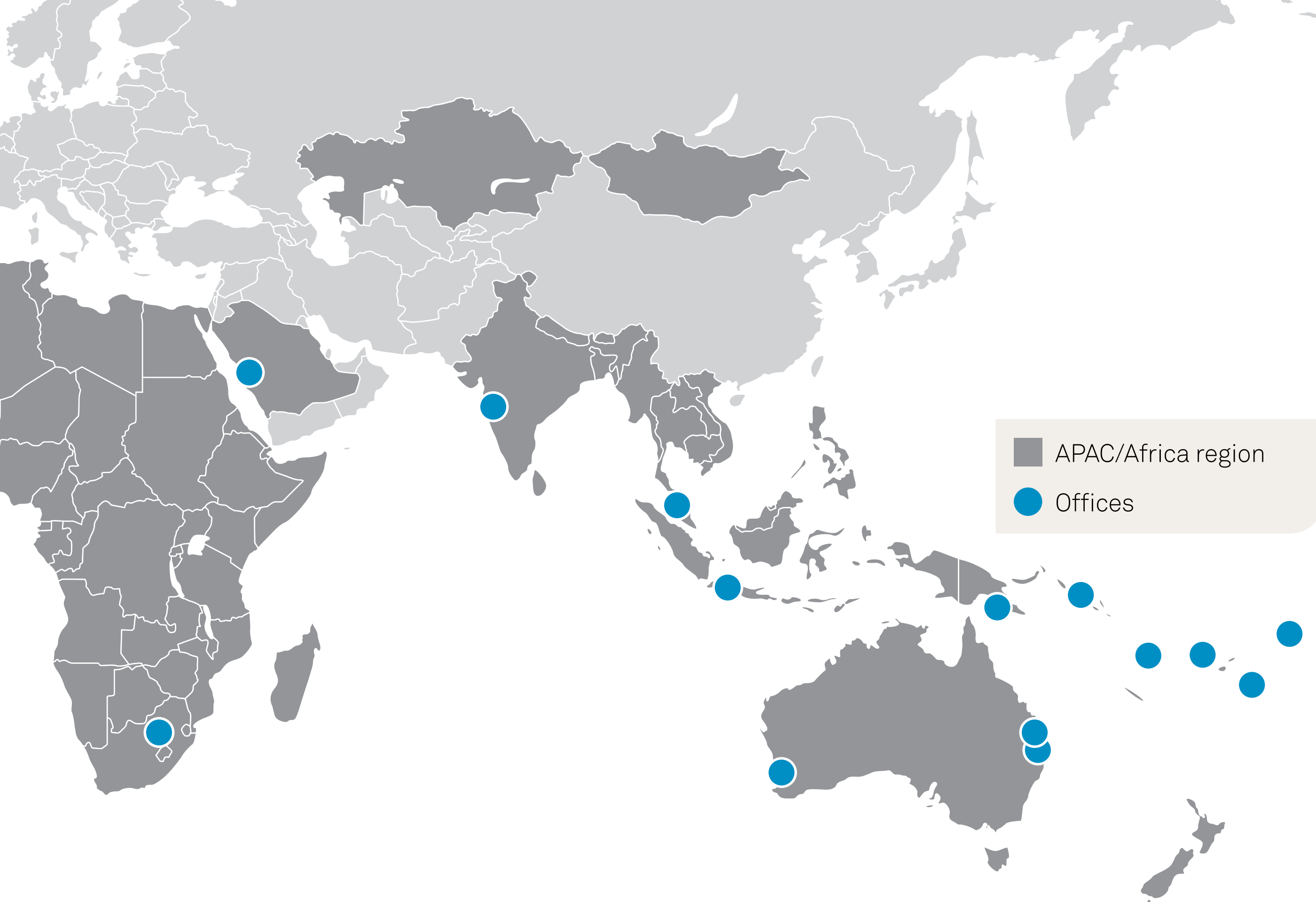
During the year, the business achieved good outcomes on the delivery of detailed design and mechanical services on Nyrstar's lead smelter in Port Pirie, South Australia. In addition, the extension of two sustaining capital contracts at the Lihir Island gold project in Papua New Guinea and ongoing work at Cadia provided key support to Newcrest in their efforts to optimise productivity outcomes at both facilities.

A significant level of work was completed during the year at Vale's Moatize coal project in Mozambique, including asset optimisation, value engineering and operations and maintenance support. This work resulted in improving yield at the facility and was extended into early 2016.

The business had a positive start to 2016, securing $45 million in revenue to date which represents 80% of the revenues secured by the region in 2015. This early success is due to a number of new contracts, including an EPC contract for an upgrade to a coal handling and preparation plant (CHPP) at a New South Wales coal facility, as well as a three year operations and maintenance contract to operate the CHPP at the Isaac Plains coal mine in the Bowen Basin. This contract extends Ausenco's long history at Isaac Plans, where it had operated the CHPP for five years under the previous owners.

Looking forward, an important focus for the business is securing EPC fixed price contracting opportunities. In particular, the business is focused on markets and commodities where Ausenco has deep experience and can provide a technical or commercial edge in delivering project solutions that are cost effective for clients.

The continued demand for Ausenco's project optimisation, sustaining capital and contract operations and management services will remain a key growth driver. We also expect the high volume of early study and feasibility work to continue throughout 2016, particularly on larger projects in copper and gold where Ausenco's value proposition is highly sought-after by both new and existing clients.



Delivering value through innovative consulting services

Ausenco's world-leading expertise in studies, consulting and engineering services continues to be in demand globally. Ausenco is widely recognised for its innovative approach to value engineering. This approach challenges conventional thinking and often results in substantial cost savings for clients over the life of a project, without compromising project outcomes.

Our ability to bring an alternative economic perspective to projects is a true differentiator for Ausenco and one that is highly sought-after by our clients. This is particularly the case in the current market where clients and their financiers are strongly focused on reducing the capital intensity of projects.

In some instances, Ausenco's innovative solutions have assisted clients in progressing projects that had previously been considered economically unviable.

People and Sustainability

People

Our people are our strength and the core of our organisation. Ausenco fosters a culture of innovation, creativity and collaboration and we encourage our people to continually grow and broaden their knowledge and experience. Delivering innovative solutions is our recognised value proposition. Whether it is providing world-class seismic assessment outcomes, assessing the impacts of tide movements on a port facility or dramatically reducing the capital intensity of projects, it is all the direct result of our people and their ability to test the boundaries of conventional thinking.

In 2015, we moved to enhance the world-leading skill sets that provide true competitive advantage to our business by formalising eight global practice areas and appointing Global Practice Leads for Oil & Gas, Terminals and Transportation, Pipeline Systems, Earth Sciences, Asset Optimisation, Engineering Design Systems, Ports and Marine and Minerals and Metals.

The Global Practice Leads are responsible for:

- Building our business in those areas
- Ensuring consistency in innovation, quality and delivery
- Ensuring our experts in those areas are continually developing, emerging talent is nurtured and we retain and build our industry-leading intellectual property and strategic technical capabilities.

Our workforce remained highly mobile in 2015 as we harnessed the expertise from across our business to provide clients with the best team for every project, no matter where it was located in the world. Through the benefits of technology and work sharing, many of our people worked on projects located in countries and regions other than their own.

Each year, through the Ausenco Living the Values Awards, we recognise the outstanding achievements of our people and their demonstration of our core values. In 2015, we received 145 individual and team nominations across two rounds, resulting in 60 finalists over the two rounds and eight annual winners from across our business.

Our 2015 annual winners were:

- **Safety in all we do:** Julisa Rocha, HSE Advisor, Lima – For her outstanding efforts to raise awareness, involvement and education in Peru and globally, particularly during Safe Work Week
- **The client is our focus:** Tony Pavlides, Project Director, North America – For his outstanding leadership on the Goldstrike Project and Rosemont projects
- **Our people are our strength:** JuanPablo Larrain, Legal Counsel, Santiago – For always giving 200% and working to ensure the best possible outcomes for Ausenco
- **Our people are our strength:** David Stephenson, Lead Process Engineer, Brisbane/Americas – For his instrumental contributions and commitment to Ausenco and client projects, including the Constancia and Rosemont projects
- **Our people are our strength:** Rajiv Chandramohan, Process Simulation Development Manager, Brisbane – For his significant contributions to the performance improvement of his client's project
- **Respect the community and environment:** Lily Louie, Engineer, Ports and Marine, Vancouver – For her outstanding contribution to the Ausenco Foundation – particularly for her School Outreach program
- **We seek ingenious solutions:** Allen Funston, Simulation Analyst, Vancouver – For challenging the status quo and determining new ways to use our simulation expertise to help clients make informed decisions and add value to their projects
- **We are open, honest and collaborative:** Richard Armstrong, Project Director Maintenance Capital Projects, Calgary – For his strong and effective team leadership during challenging times.

Safety

In 2015, we continued to make solid progress towards our goal of achieving zero harm across all of our operations.

We achieved our lowest-ever Total Recordable Incident (TRI) frequency rate of 0.94, a 56% reduction on the previous year. We are on track to achieve our goal of continuing to reduce this figure year-on-year.

In addition, we recorded eight TRIFR free months globally across our operations during 2015. This safety performance was based on 6.4 million man hours managed during the year.

The Lost Time Injury (LTI) frequency rate rose slightly from 0.29 in 2014 to 0.31 in 2015.

We completed three significant projects during the year with an excellent safety record, including:

- Recording eight million man-hours LTI free for the Constancia project in Peru in the challenging operating environment of the Peruvian Andes with a peak workforce of over 6,000 people
- Completing more than 3.15 million man-hours with LTIFR of 0.11 and TRIFR of 0.75 at Barrick's Goldstrike Mine in Nevada, USA
- Achieving over eight million LTI free man-hours at the Ad Duwayhi project in Saudi Arabia.

Safety is an integral part of Ausenco's culture across all aspects of our operations – both on-site and within the office environment. As part of our enhanced Health, Safety and Environment Strategy, in 2015 we continued to focus on our safety citizenship program, which champions the importance of creating a safe working environment for all team members.

As part of Safe Work Week, all our people, across all office and project locations, were encouraged to consider and share with others what they would do to improve the health and safety of others. The same theme was also reflected in our annual children's HSEC Drawing Competition, which attracted more than 100 entries.

Ausenco was again acknowledged by industry for its safety performance in 2015. This included being named a Silver Recipient winner in the category of Mining and Natural Resources at Canada's Safest Employers Award and named as a Finalist in the Australian National Safety Council Awards in the category of Best Continuous Improvement of a WHS Management System.

People and Sustainability
(continued)

Community

Ausenco aims to make a positive and sustainable difference to the people and the communities in which we live and work.

In 2015, the Ausenco Foundation supported a number of organisations across four countries, including a new employee-led initiative in Lima.

Key initiatives included:

- Continued co-sponsorship of three engineering students – two in Brisbane and one in Perth – as part of The Smith Family's *Learning for Life* program
- The Ausenco-led Engineering and Science Outreach Day where 66 students aged between six and 18 from the John Henderson Annex in Vancouver, Canada participated in a range of experiments and discussions to open their eyes to the world of engineering
- Continued support for Buk bilong Pikinini's Hohola library in Port Moresby, Papua New Guinea, helping children with visual, hearing and other disabilities to learn basic numeracy and literacy skills, including sign language

- Provided financial and in-kind volunteer support for Habitat for Humanity in Canada for the construction of housing for low-income families in Calgary, Halifax and Vancouver
- Donated computer equipment and provided funding to improve the security and safety of the Westfalia Kinderdorf Children's Village in Lima, Peru – an orphanage dedicated to helping orphans and children in need (see break out box).

Ausenco helps improve safety at Lima orphanage

Westfalia Kinderdorf Children's Village is a non-government orphanage near Lima, Peru dedicated to helping orphans, victims of family violence and abuse, abandoned, and homeless children through housing, education and psychological support.

The facility was under constant threat from violent invaders taking extreme measures in an attempt to take ownership of the land. To help protect the orphanage's children and staff, the Ausenco Foundation provided funding to build a security fence around the orphanage. Funding also contributed to the installation of video security cameras, video monitoring equipment and staff training in using the new equipment and protecting the children.

The new security systems have already been successful in fending off attacks from the invaders and improving the security of the children and staff members.

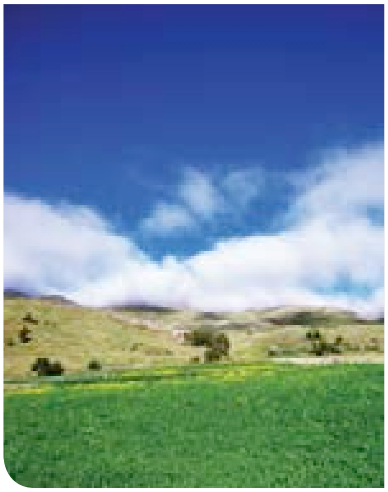
In addition, Ausenco's Lima team has established a good relationship with the orphanage and supported the children through the donation of computer equipment and attendance at a number of events.

Environment

Ausenco is committed to reducing its carbon footprint. We engage all of our people in a range of initiatives and programs – both in offices and on project sites – to assist in achieving our goal of reducing our environmental impact across all of our operations.

We actively encourage our people to participate in environmental events during the year, such as Environment Week, Earth Hour and World Environment Day.

We also provide environment and sustainability solutions to help our clients reduce their environmental impact.



Ausenco leverages world-leading expertise to help reduce global comminution greenhouse gas emissions

Comminution – the crushing and grinding of ore at mineral processing plants– consumes up to 3% of all electric power generated in the world. It accounts for around half of a mine site's energy consumption and represents, at a minimum, 10% of the site production costs.* The quality of ore bodies is declining, and becoming available only in remote locations; increased processing and energy requirements are predicted to drive up costs and emissions.

Given Ausenco's world-leading expertise in the area of comminution, the team has worked with the Coalition for Eco-Efficient Comminution (CEEC) for the past five years to support the establishment of a Resource Centre to accelerate awareness, knowledge transfer and, by implication, improve energy and cost outcomes, in the substantive area of comminution.

In addition to its work with the CEEC:

- Ausenco develops energy efficient comminution strategies for clients which are of enormous benefit to the mining industry
- A number of Ausenco team members also contributed to the inaugural AusIMM *Comminution Handbook* launched in 2015
- Ausenco's proven grinding circuit designs for large projects (at Phu Kham, Lumwana and Constancia) use far less concrete and steel than our international competitors. Concrete and steel, and their installation, are substantial contributors to greenhouse gas emissions in project execution.

*Source – CEECthefuture.org

Financial Review

Market conditions in the resources and energy sector remained volatile in 2015, impacting our revenues for the year and resulting in a number of non-cash impairment charges. The decline in commodity prices affected business confidence, reduced activity and led to clients deferring or delaying projects, including a number of projects Ausenco was awarded during the year. Despite this difficult operating environment, Ausenco increased its work on hand position and delivered higher-than forecast controllable cost savings.

Our reputation for ingenuity, and diversification in service offering and geographic spread, enabled us to maintain a solid pipeline of baseline revenue projects in 2015. This work, comprising studies, consulting and operations and maintenance services, is core to our business and provides the foundation for substantial future growth opportunities for the Group.

Our early stage pipeline remained steady, providing a critical introduction to projects and client teams as they ultimately progress to development. Additionally, we experienced strong demand for our asset optimisation and value engineering services, with our teams completing a record number of assignments in 2015. We are now delivering this highly-specialised offering in new regions and expect continued strong growth in the future.

Client access to capital to progress their projects to the development stage impacted the number of delivery assignments during the year. In response, Ausenco strengthened its service offering to enable projects to be completed with cost certainty on a fixed price basis. We've achieved a number of new project wins through this increased offering, which is complemented by our alliance with Duro Felguera (DF) to pursue global EPC projects.

Our investment in global business systems has delivered increased visibility across all our operations and enabled us to continue to improve cost efficiencies. We delivered $23.5 million in controllable cost savings in 2015, further building on the $29 million achieved in the previous year. We also strengthened our balance sheet through a placement with DF and refinancing package with Resource Capital Fund (RCF). Our margins remain strong and we are well positioned to deliver earnings improvement based on projected 2016 revenue increases.

Financial Performance

Ausenco reported a 2015 full year net loss after tax of $86.1 million, compared with a net loss after tax of $25.0 million in 2014. Significant non-cash charges totalling $61.0 million impacted this result, producing an underlying net loss after tax in 2015 of $25.1 million, compared with an underlying net loss after tax of $10.2 million in 2014.

Revenue from operations was $245.8 million, down from $357.2 million in 2014. The decreased revenue was largely in the area of new capital project development. The underlying EBITDA loss of $13.7 million in 2015, compared with an underlying EBITDA of $1.4 million in 2014, directly arose from operating losses in our oil and gas, Brazilian and Argentinean businesses.

Net debt increased during the year from $43.1 million to $53.1 million, with the net gearing ratio increasing to 26.2% from 16.0%, which is within the Board's acceptable gearing range.

Ausenco reported a gross cash position at 31 December 2015 of $8.7 million. Net operating cash outflow was $16.1 million, which included redundancy costs and operating losses of $12.2 million associated with the oil and gas business and the company's Brazil and Argentina offices. The net operating cash outflow in 2014 was $9.2 million.

	2015 $m	2014 $m
Revenue from operations	**245.8**	357.2
Underlying EBITDA	**(13.7)**	1.4
Underlying EBITDA margin (%)	**(5.6)%**	0.4%
Net (loss)/profit before tax	**(76.9)**	(29.5)
Attributable (loss)/profit after tax	**(86.1)**	(25.0)
Underlying net loss after tax	**(25.1)**	(10.2)
Basic earnings per share (cents)	**(49.0)**	(15.0)
Net operating (out)/in cash flow	**(16.1)**	(9.2)

Financial summary

In 2015 there were significant declines in near-term market opportunities in the oil and gas market and in the Brazilian and Argentinean economies. These circumstances, amongst other factors, contributed to Ausenco incurring $61.0 million in non-cash goodwill and impairment charges against earnings for the 2015 year.

These charges include $18.6 million of withholding taxes and income tax losses derecognised, $9.5 million associated with office closures and redundancies and $6.9 million in foreign exchange reclassifications from these closures.

The company continued to efficiently manage the costs within its control. This involved further restructuring and rightsizing initiatives, which delivered $23.5 million in controllable cost savings against an initial target of $20.0 million. We continue to focus on these savings as we look to a significant earnings improvement throughout the current year.

The APAC/Africa business is already benefiting from the cost saving initiatives undertaken in early 2015, delivering a second half underlying EBITDA of $1.3 million following prior period losses.

In July 2015 Ausenco announced a $10.7 million private placement to cornerstone shareholder, and strategic alliance partner, DF. Immediately following the placement, DF held a 14.5% interest in Ausenco. Proceeds from the placement have been used to re-pay term debt and provide working capital to enable Ausenco to pursue its growth opportunities.

On 1 February 2016 the Group agreed the key terms of a US$16.5 million ($23.6 million) financing package with US-based, resource-focused private equity firm RCF. The package includes convertible debt and bonding facilities and, if shareholders approve the conversion rights, it will provide Ausenco with a US$6.5 million ($9.2 million) unsecured debt facility to 31 December 2018. In conjunction with the financing package, RCF has committed to providing additional bonding facilities of US$10 million, taking the Group's current bonding capacity to $44 million.

The financing provides additional working capital for Ausenco and enhances the Group's bonding capacity, which is important given the number of EPC opportunities has increased in the current year.

Financial Review
(continued)

Underlying results comparison

Ausenco's 2015 results were affected by a number of non-cash after-tax charges totalling $51.5 million, compared with $10 million in 2014. In order to present the 2015 results in a transparent manner, and to allow comparison with 2014 performance, Ausenco has reported underlying EBITDA and Net Loss After Tax (NLAT). The difference between underlying EBITDA and NLAT and reported EBITDA and NLAT are detailed in the table below.

	EBITDA		NLAT	
	2015	2014	2015	2014
Underlying results	**(13.7)**	**1.4**	**(25.1)**	**(10.2)**
Office closures	(5.5)	(2.3)	(4.6)	(3.2)
Redundancy costs	(5.9)	(4.5)	(4.9)	(1.6)
Foreign exchange reclassifications from closures	(6.9)	-	(6.9)	-
Goodwill impairments	-	-	(26.0)	(10.0)
Income tax losses derecognised	-	-	(12.8)	-
Forfeiture of foreign tax credits	-	-	(5.8)	-
Reported results	**(32.0)**	**(5.4)**	**(86.1)**	**(25.0)**

Cash flow

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. Cash outflow in 2014 was $9.2 million.

Net cash outflow associated with our own capital expenditure for 2015 was $1.5 million, compared to $3 million in 2014. Financing activities generated an inflow of $3.3 million in 2015, compared to an outflow of $3.8 million in 2014.

The share placement with DF generated an inflow of $10.7 million, of which $5.1 million was applied to the payment of borrowings.

Cash flow summary

	2015 $m	2014 $m
Cash from operations pre working capital	(17.8)	(5.4)
Less: working capital movements	1.7	3.8
Cash from operations	(16.1)	(9.2)
Less: Capital expenditure	(1.5)	(2.3)
Less: Business acquisition payments	-	(0.7)
Free cash in/(out) flow	(17.6)	(12.2)
Net cash held movement	(14.3)	(16.0)

Capital expenditure for 2016, and for the foreseeable future, is expected to be no higher than 2015 levels.

Tax paid during the year was $1.5 million, which is the same as the $1.5 million paid in taxes in 2014. Net financing costs were $4.3 million, a decrease from $5.0 million in 2014, reflecting lower average levels of borrowings.

Balance sheet

Ausenco strengthened its balance sheet in 2015 through the share placement with DF and in 2016 with a convertible facility with RCF. The Group has ample bonding and funding capacity of $44 million available under existing facilities. Reflecting the reclassification of borrowings as a current liability, current liquidity decreased to a $44 million deficit of net current assets during the year.

Summary balance sheet

	2015 $m	2014 $m
Current assets	66.9	105.2
Non-current assets	200.7	247.4
Total assets	**267.6**	**352.6**
Current liabilities	110.9	71.9
Non-current liabilities	6.9	53.9
Total liabilities	**117.8**	**125.8**
Net assets	**149.8**	**226.8**
Total equity	**149.8**	**226.8**

The Group's gross cash position at 31 December 2015 was $8.7 million, compared with $22.5 million in 2014. The cash balances represent 13% of current assets, with trade and other receivables and unbilled revenue balances of $46.7 million making up the major portion of current assets.

Net debt increased from $43.1 million to $53.1 million in 2015. The net gearing ratio increased to 26.1% from 16.0%, which is within the Board's target gearing levels.

The value of property, plant and equipment decreased during the year from $17.0 million to $10.5 million, reflecting depreciation of $6.0 million, disposals of $1.0 million and additions of $0.5 million. The value of intangible assets, excluding goodwill, decreased from $28.5 million in 2014 to $25.4 million as at 31 December 2015.

Capital management

Total borrowings and bonding facilities at 31 December 2015 were $122.3 million, compared with $125.3 million in 2014. The total multi-option, multi-currency facility limit was $91.5 million, compared with $100.8 million in 2014.

The average cost of financing decreased to 4.4%, compared with 4.6% in 2014. Total borrowings decreased by $3.8 million to $61.8 million, after scheduled borrowings repayments of $13.8 million during the year. This reflected an increase of $1.1 million attributable to revaluations associated with a lower Australia dollar.

In conjunction with the RCF package, RCF, Ausenco and Ausenco's current banks (ANZ and NAB) have entered into detailed discussions on proposals related to refinancing of Ausenco's current bank borrowings.

Directors determined not to pay a full year final dividend in 2015.

Risk management

Ausenco has adopted a series of approaches and tools to measure the different types of risks to which the company is exposed and has strict policies in place to manage these risks. Such risks include interest rate risk, foreign exchange risk, credit risk and liquidity risk.

Our policy framework does not allow for speculative trading in financial instruments to be undertaken. Our credit risk primarily relates to working capital balances, comprising receivables and work in progress, from clients typically with strong cash flows, secured funding or solid credit ratings.

Trade receivables and work in progress levels have decreased during the year, attributable to both improved collection cycles and lower revenues. Past due, but not impaired, receivables reduced significantly during the year from $12.8 million to $5.7 million, with the net receivables impaired balance increasing to $9.1 million.

We manage foreign exchange risk by diversifying our borrowings across Australian, Canadian and US dollars, which ensures a natural hedge against fluctuations in any one currency and allows associated interest costs to be hedged against local earnings.

Our risk management strategy continues to be focused on hedging exposures wherever practical to minimise any potential impact to our financial performance.

75% of Ausenco's total borrowings are denominated in Canadian and US dollars. This provides a natural hedge to adverse foreign currency movements given that over 85% of the Group's revenues are denominated in currencies other than Australian dollars.

Craig Allen
Chief Financial Officer

Board of Directors

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

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

Hank Tuten
BA Econ
Non-executive Director

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

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

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

Corporate Governance Statement

Introduction

Ausenco's Board of Directors' key responsibility is the protection and enhancement of long-term shareholder value within an appropriate risk framework. The Board believes that there is a provable link between high standards of corporate governance and equity performance.

The Board has ultimate authority over and oversight of the Group and, in order to maintain Ausenco's high global standards for leading edge engineering and project management services in the resources and energy sectors, we are committed to operating in accordance with the Group's corporate governance policies.

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

The guiding principle is that the Board acts honestly, conscientiously and fairly in accordance with the law and in the best interests of Ausenco's shareholders, its personnel and all other stakeholders. The Corporate Governance page in the Investor Relations section of the Group's website http://www.ausenco.com/corporate-governance# contains most of the Company's charters, codes and policies, or a summary of them, which are referred to in this statement. These documents are periodically reviewed and modified as required to take account of changes in the law and governance practices.

Ausenco's practices meet the requirements of the Corporations Act 2001 (Act) and the Listing Rules of the Australian Securities Exchange (ASX Listing Rules and ASX respectively). As required by the ASX Listing Rules, this statement discloses the extent to which the Company has followed the 3rd Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Recommendations) during the year ended 31 December 2015 (Reporting Period).

Except where otherwise explained, the Company followed all of the ASX Recommendations during the Reporting Period.

Principle 1 – Lay solid foundations for management and oversight

1.1	The Board has established clear delegation of authority between the Board and Management.	✓
1.2	The Board follows the ASX Recommendations in relation to providing shareholders with information that is relevant to the decision as to whether to elect or re-elect a particular candidate as a Director.	✓
1.3	Ausenco has written agreements with all Directors and Senior Executives.	✓
1.4	The Company Secretary is accountable to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.	✓
1.5	The Board has adopted a Diversity Policy which is available on the Ausenco website at www.ausenco.com. The Board has adopted measureable objectives for achieving gender diversity which it reports on each financial year. The proportion of female employees in Ausenco at Board level, Senior Management level and across the whole organisation is disclosed in the Annual Report.	✓
1.6	An internal evaluation of the Board and Board Committees was undertaken during the year in accordance with the policy adopted by the Board. In accordance with the Board Charter an external, independent review of the Board was also conducted during the year.	✓
1.7	The performance of senior executives was assessed during the financial year in accordance with the policy adopted by the Board.	✓

The Board's responsibilities and delegations of authority are contained in the Board Charter which is available in the Investor Relations section of the Group's website. The Board establishes the strategic direction and a policy framework within which management undertakes the day-to-day business of the Group. It is the role of management to manage the Company in accordance with the directions and delegations of the Board and it is the responsibility of the Board to oversee the activities of management in carrying out these delegated duties. The Board has established a Delegated Authorities Matrix which clearly sets out the delegation of authority from the Board to management.

Ausenco conducts detailed, appropriate background checks on all candidates for the office of Director. Shareholders are provided with all information relevant to the decision of whether to elect or re-elect a particular candidate as a Director. Each of Ausenco's non-executive directors has received a formal letter of appointment setting out the Group's expectations of the non-executive director.

Ausenco has service agreements in place for the CEO & Managing Director and with all Senior Executives. The service agreements set out the key terms of the appointment, remuneration arrangements and entitlements on termination.

The Company Secretary plays a role in advising the Board and its Committees on governance matters and covers all matters concerning the proper functioning of the Board including advising the Board and its Committees on governance matters, monitoring the Board and Committee policies and procedures, and ensuring the efficient administration of Board meetings. The Company Secretary is directly accountable to the Board and reports to the Chairman.

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

During 2015 business conditions necessitated the continued flattening of Ausenco's management structures throughout the organisation and the Company's overall headcount was significantly reduced. The net result is that in 2015 Ausenco maintained its gender representation at an organisational level but was unable to improve its gender representation at Board and Senior Executive level. Representation of women amongst the Business Leadership Team in Ausenco decreased marginally as a percentage however the actual number of women in this group increased.

The Board remains acutely aware of its objectives and firmly believes measures to ensure these objectives are met in the long term are in place and are actively being implemented by management where possible.

As of 31 December 2015 the proportion of women employees across Ausenco is as follows:

Position	By Number	By Percentage	By Number (as at 31/12/14)	By Percentage (as at 31/12/14)
Board	1	17%	1	20%
Senior Executives	0	0%	0	0%
Business Leadership Team	19	22%	9	24%
Organisation	423	26%	531	26%

The Board carries out an annual internal Board assessment. The performance of the Chairman is reviewed and assessed by the other Directors, and the Chairman reviews and assesses the performance of the other Directors. During 2015 an internal evaluation of the Board and Board Committees was undertaken in accordance with the policy adopted by the Board. In addition, as per the Board Charter, an external assessment of the Board's policies and procedures, and its effectiveness generally, was conducted in 2015.

Corporate Governance Statement
(continued)

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

Principle 2 – Structure the Board to add value

2.1	Ausenco has a Nomination Committee.	✓
2.2	Ausenco has developed a Board skills matrix.	✓
2.3	The names of all directors, along with their independence and length of tenure status, are detailed below.	✓
2.4	The majority of the Board should be independent directors.	×
2.5	The Chairman is an independent Director.	✓
2.6	Ausenco has an induction program for new directors and appropriate development opportunities are encouraged.	✓

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

The Nomination Committee's members in 2015 were:

- Peter Gregg – Chairman, independent, non-executive Director
- Ms Mary Shafer-Malicki – Independent, non-executive Director
- George Lloyd – independent, non-executive Director
- Hank Tuten - non-independent, non-executive Director
- Bob Thorpe – non-independent, non-executive Director.

The Nomination Committee met twice in 2015 and all five Nomination Committee members were in attendance at both meetings. Full details of the attendance at the meetings of the Nomination Committee are available on page 40 of Ausenco's 2015 Annual Report.

The composition of the Board is balanced. Directors possess a broad range of skills, experience, expertise, qualifications and contacts relevant to the business of the Group. The names, skills, experience and expertise of the Directors are set out on page 40 of Ausenco's 2015 Annual Report. The experience and skill set of Ausenco's directors is both broad and international.

The current skills and experiences of Ausenco's Directors include engineering and engineering services, resources and project management, commercial, financial and accounting across the Group's three regions of APAC/Africa, North America and South America.

Information gathered from the external Board evaluation conducted in 2015 will be utilised to develop a more granular Board Skills Matrix, which will be used to outline and identify key issues in relation to Directors' knowledge and experience (including geographic experience) necessary to ensure the enhancement of long-term shareholder value within an appropriate risk framework.

The Board considers that independent decision-making is essential for effective governance. The independence of non-executive Directors is assessed annually. The Board has reviewed the independent status of the each Director and determined that, as at 3 February 2016, there were three independent directors, one director who, as Chief Executive Officer, is not considered independent and two directors who, under the criteria for independence set out in the ASX Recommendations, would not be considered independent.

Mr Bob Thorpe is a long-term substantial shareholder of the Company and, although retaining a strong independence of mind and attitude, does not meet the criteria of independence set out in the ASX Recommendations.

Mr Hank Tuten is a partner of Resource Capital Funds (RCF) which, on 3 February 2016, became a substantial shareholder of Ausenco following the announcement on 1 February 2016 that Ausenco had agreed the final terms of a US$16.5 million ($23.6 million) convertible debt and bonding facilities with RCF (RCF Financing Package). The RCF Financing Package includes the provision of a US$6.5 million (circa A$9.2 million) unsecured convertible debt facility, which is subject to shareholder approval at an EGM on 29 March 2016. Therefore Mr Tuten, while retaining a strong independence of mind and attitude, does not meet the criteria of independence set out in the ASX Recommendations.

The Board recognises that the need for independence be balanced with the need for Board members with a thorough understanding of the Group and the industry sector in which it operates. In this regard, the Board values Mr Thorpe and Mr Tuten's knowledge of both the Group and its industry very highly.

The Chief Executive Officer, Mr Zimi Meka, is an Executive Director and, as such, is not independent.

The tenure and independence status of each director is disclosed in the below table. The Nomination Committee is charged with overseeing appropriate Board succession planning, including establishing a pool of suitable Board candidates to fill Board vacancies as and when they arise, and nominating preferred candidates for the approval of the Board.

Director	Independent (Yes or No)	Tenure
Zimi Meka – Managing Director and Chief Executive Officer	No	>10 years
Bob Thorpe	No	>10 years
Mr Hank Tuten	No	>10 years
Mr George Lloyd	Yes	> 10 years
Ms Mary Shafer-Malicki	Yes	> 5 years
Mr Peter Gregg	Yes	< 2 years

All new Directors participate in an induction program designed to assist them to understand the Group's operations. The induction is coordinated by the Chairman and CEO and includes meetings with key management.

All Directors have access to company records and information and receive regular reports from Senior Executives, including regular reports from the Managing Director & Chief Executive Officer, Chief Financial Officer and Company Secretary to ensure that the Board can discharge its duties effectively.

Each Director has entered into access and indemnity arrangements, which allow access to documents for a period of seven years following resignation or retirement. The Board has a policy of allowing Directors to seek independent professional advice at the Group's expense. If appropriate, this advice will be shared with other Directors. The Chairman will review for reasonableness the estimated costs of obtaining advice but will not impede the seeking of advice

Principle 3 – Act ethically and responsibly

3.1	The Board has adopted a code of conduct for its directors, senior executives and employees.	✓

The Code of Ethics and Values, which applies to Directors, along with the Principles of Ethics and Fairness and Code of Conduct for Dealing in Securities, which applies to all Group personnel, are available on the Ausenco website at www.ausenco.com

The purpose of the Code of Ethics and Values is to guide Directors in the performance of their duties. The purpose of the Code of Conduct for Dealing in Securities is to define the circumstances in which Directors, employees and contractors and their related parties are permitted to deal in Ausenco securities. Both codes have been designed with a view to ensuring the highest ethical and professional standards as well as compliance with legal obligations and, therefore, compliance with the Principles. Issues believed to amount to a breach of either code are to be reported for investigation to those Senior Executives identified in the codes.

Corporate Governance Statement (continued)

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

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

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

A Whistle-blower Policy has been adopted to ensure that all people and representatives of the Group can anonymously raise concerns regarding actual or suspected contravention of our ethical and legal standards without fear of reprisal and without feeling threatened by doing so.

Principle 4 – Safeguard integrity in financial reporting

4.1	Ausenco has an Audit and Risk Management Committee.	✓
	The Audit and Risk Management Committee has 4 non-executive members. The Committee is comprised of a majority of independent directors and is chaired by Ms Mary Shafer-Malicki, who is not Chairman of the Board.	✓
	The Audit and Risk Management Committee Charter, approved by the Board, is available on the Ausenco website at www.ausenco.com.	✓
	The names, skills, experience and expertise of the members of the Audit and Risk Management Committee are set out on page 40 of Ausenco's 2015 Annual Report.	✓
	Full details of the attendance at the meetings of the Audit and Risk Management Committee are available on page 40 of Ausenco's 2015 Annual Report.	✓
4.2	The Board received a declaration from the CEO and CFO prior to approving the 2015 Financial Report.	✓
4.3	Ausenco's external auditor, Pricewaterhouse Coopers (PwC), will be in attendance at the AGM.	✓

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

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

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

During the course of 2015, the Committee's members were:

- Ms Mary Shafer-Malicki – Chairman, independent, non-executive Director
- George Lloyd – independent, non-executive Director
- Bob Thorpe – non-independent, non-executive Director
- Peter Gregg - independent, non-executive Director.

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

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

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

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

PwC, Ausenco's external auditors, attend the Annual General Meeting and are available to answer questions from shareholders.

Principle 5 – Make timely and balanced disclosure

5.1	The Board has adopted a Continuous Disclosure Policy.	✓
5.2	The Continuous Disclosure Policy is available on the Ausenco website at www.ausenco.com.	✓

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

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

Principle 6 – Respect the rights of shareholders

6.1	Ausenco provides information about the Group and its governance to investors via its website at www.ausenco.com.	✓
6.2 & 6.3	Ausenco has an active investor relations program designed to encourage proactive communication between the company and its shareholders, as detailed in the Shareholder Communication Policy available on the Ausenco website at www.ausenco.com.	✓
6.4	Ausenco provides shareholders with the option to receive and send communication from and to the Group electronically via its website, or through Ausenco's registry, Computershare.	✓

Corporate Governance Statement
(continued)

The Board is committed to communicating with shareholders regularly and clearly. The Annual Report, half-year report and AGM are all important communication forums. Ausenco encourages shareholders to attend and participate in general meetings.

Ausenco recognises that investors and shareholders expect information about the Group to be available via the Ausenco website. All relevant investor information, including relevant corporate governance information, can be accessed via the Ausenco website www.ausenco.com/investors.

Ausenco welcomes questions from shareholders at any time; these are answered with information already in the public domain that is not market sensitive. Shareholder communication is conducted in accordance with Ausenco's Continuous Disclosure Policy and Shareholder Communication Policy, both of which are published on the Ausenco website. All announcements made by Ausenco to the ASX (except disclosures of a compliance nature) are posted on the Ausenco website.

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

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

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

The Group's Shareholder Communication Policy has been developed to provide security holders with accurate, relevant and timely information to enable them to exercise their rights as security holders in an informed manner and to provide potential investors and other interested stakeholders equal and timely access to information about Ausenco.

Shareholders have the option to receive communications from and send communications to Ausenco and its share registry via the Ausenco website. Shareholders are encouraged to log onto Ausenco's website to register to receive relevant announcements.

Principle 7 – Recognise and manage risk

7.1	Ausenco has an Audit and Risk Management Committee. The Audit and Risk Management Committee has 4 non-executive members. The Committee is comprised of a majority of independent directors and is chaired by Ms Mary Shafer-Malicki, who is not Chairman of the Board.	✓
	The Audit and Risk Management Committee Charter, approved by the Board, is available on the Ausenco website at www.ausenco.com.	✓
	The names, skills, experience and expertise of the members of the Audit and Risk Management Committee are set out on page 40 of Ausenco's 2015 Annual Report.	✓
	Full details of the attendance at the meetings of the Audit and Risk Management Committee are available on page 40 of Ausenco's 2015 Annual Report.	

7.2	Ausenco's risk management framework is reviewed at least annually and was reviewed in 2015. The Risk Management Policy is available on the Ausenco website at www.ausenco.com.	✓
7.3	For 2015, Ausenco maintained an in-house internal audit function.	✓
7.4	Ausenco has adopted a Sustainability Policy which is available on the Ausenco website at www.ausenco.com/sustainability.	✓

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

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

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

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

The Chief Executive Officer and Chief Financial Officer have also represented that, to the best of their knowledge, the Group's risk management and internal compliance and control system is operating efficiently and effectively in all material respects. These Chief Executive Officer and Chief Financial Officer representations are supported by representations to them from all senior executives. Additionally, these representations are supported by a formal sign-off framework, which is reviewed by management, the Chief Executive Officer, the Audit and Risk Management Committee, and the Board as part of the six-monthly financial reporting process.

The Audit and Risk Management Committee is responsible for the appointment and removal of the head of the internal audit function and works directly with the internal audit team to ensure the effective conduct of the internal audit review program. The internal audit team reports directly to the Audit and Risk Management Committee and works in parallel with the external auditors where appropriate.

The Board recognises that the management of the sustainability of our business is of core importance to the company, its people, its shareholders, the outcomes it achieves for its clients and the communities in which it operates. As an organisation Ausenco works in a wide-range of environments globally that cover challenging conditions, differing regulations, climates, and cultures and which require a tailored approach to sustainability. The Group actively seeks to make a positive contribution to the world in which it operates by focusing on the way in which it works and lives and by bringing Ausenco's core values to life every day. This is detailed in the Sustainability section of the Ausenco website at www.ausenco.com/sustainability.

Corporate Governance Statement
(continued)

Principle 8 – Remunerate fairly and responsibly

8.1	Ausenco has a Remuneration Committee. The Remuneration Committee consists of 3 members.	✓
	As at the date of the 2015 Annual Report, the majority of the Remuneration Committee Members were not independent and, as disclosed under Principle 2 above, the Chairman of the Remuneration Committee, Mr Hank Tuten, does not meet the criteria of independence set out in the ASX Recommendations.	×
	The Remuneration Committee Charter, approved by the Board, is available on the Ausenco website at www.ausenco.com.	✓
	The names, skills, experience and expertise of the members of the Audit and Risk Management Committee are set out on page 40 of Ausenco's 2015 Annual Report.	✓
	Full details of the attendance at the meetings of the Audit and Risk Management Committee are available on page 40 of Ausenco's 2015 Annual Report.	✓
8.2	Ausenco's remuneration policy clearly distinguishes the structure of non-executive directors' remuneration from that of executive directors and senior executives.	✓
8.3	Certain of the Group's employee incentive schemes provide for the issue of equity-based remuneration in the form of options, performance rights and/or shares. Participants in any of these schemes are forbidden from entering into hedging arrangements that might limit the economic risk of participating in a scheme.	✓

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

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

During the course of 2015, the Remuneration Committee consisted of a majority of Independent Directors and was chaired by an Independent Chairman, Mr Hank Tuten. However as disclosed under Principle 2 above, Mr Hank Tuten, is a partner of Resource Capital Funds (RCF) which, on 3 February 2016, became a substantial shareholder of Ausenco following the announcement on 1 February 2016 that Ausenco had agreed the final terms of a US$16.5 million ($23.6 million) convertible debt and bonding facilities with RCF (RCF Financing Package). Therefore, while the Board strongly believes that Mr Tuten retains a strong independence of mind and attitude, he does not meet the criteria of independence set out in the ASX Recommendations as of the date of the 2015 Annual Report.

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

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

The Committee's members are:

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

Concise Financial Report
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Ausenco

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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, conventional oil & gas, and 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 $61.8million. 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 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 77.

Directors’ Report (continued)

Operating And Financial Review (Continued)

Business Line Performance

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

	Segment revenues		Segment Adjusted EBITA	
	2015 $’000	2014 $’000	**2015 $’000**	2014 $’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 $6.9million. 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.

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 of $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.

[1] This performance measure is discussed on page 77.

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).

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.

Directors' Report (continued)

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 number of meetings attended by each Director were:

	Board		Audit and 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 7.

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, FIE Aust, MAICD, FAusIMM
Chief Executive Officer and Managing Director

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

Bob Thorpe
B Tech (Mech)
Non-Executive Director

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

Hank Tuten
BA Econ
Non-Executive Director

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

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

Information on Directors* (Continued)

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.

Directors’ Report (continued)

Insurance of officers

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

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

Non-audit services

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

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

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

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

	Consolidated	
	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.

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.

Directors' Report (continued)

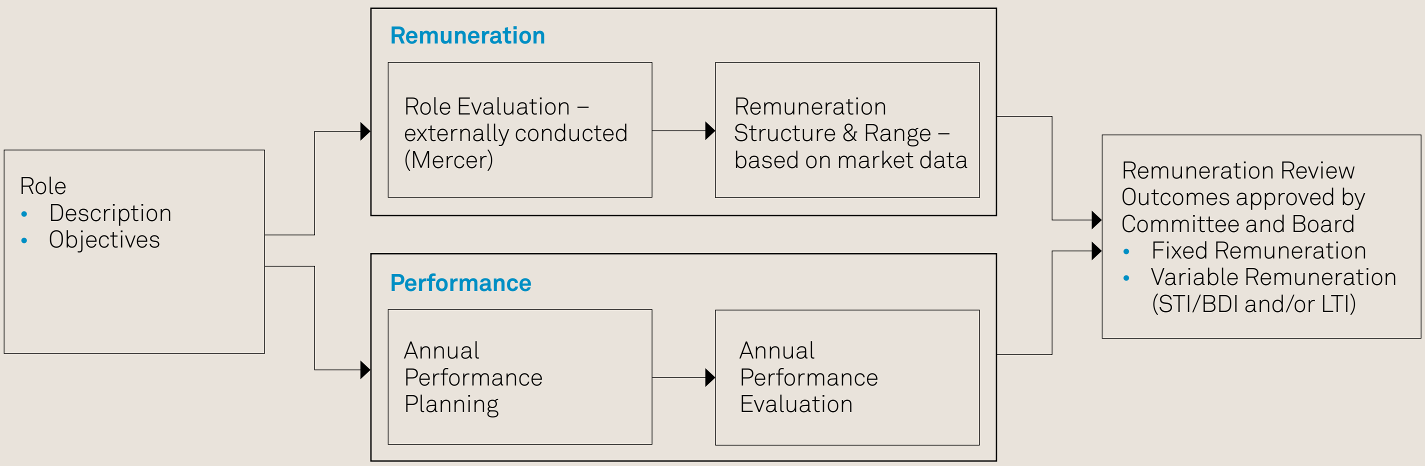
Remuneration Report (continued)

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

Total Potential Reward

Total Fixed Remuneration (Base Salary plus Superannuation / Pension Contributions)	+	Short Term/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 outlined 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.

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 blue 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	
How does the Company determine appropriate fixed remuneration and how is this strategy intended to drive Company performance?	KMP fixed remuneration is designed to reflect the market conditions and enable the Group to attract and retain key individuals who the Board view as playing an important role in growing the Company and improving its performance in a very competitive global market. To achieve this, the Group's Executive Remuneration Policy requires each KMP role to be independently evaluated (by Mercer) to determine the 'size' or 'work value' of the role. This information enables the Group to benchmark the KMP role against market data which is used to determine an appropriate remuneration range for KMP and the KMP salary is then placed within the range. In setting and reviewing KMP salaries, the following matters are taken into consideration: • the scope and nature of the individual's role; • their performance and experience; and • Company performance.
How are the Company's Short Term and or Business Development Incentive (STI/BDI) Plan performance targets determined?	The STI/BDI Plan targets directly link 'at risk remuneration' to the Company's short term strategic objectives. This is achieved by setting appropriate targets to drive the achievement of objectives key to the Group's strategy. Targets are reviewed and set annually. 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.
What are the Company objectives for the Long Term Incentive (LTI) program?	All LTI grants are delivered as Performance Rights which are an entitlement or right to a Performance Share subject to satisfaction of the designated performance measures. The Company's objectives for the LTI program are to link KMP and selected senior management personnel rewards to the Company's key performance drivers. The Company aims to achieve this via sustainable long term growth in total shareholder returns through earnings growth, share price appreciation, dividends and capital returns to shareholders.
What is the LTI performance measurement period for 2015?	Three years.

Directors' Report (continued)

Remuneration Report (continued)

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

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"). **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.

Directors' Report (continued)

Remuneration Report (continued)

Key Management Personnel and other executives' remuneration

The Remuneration Report shows remuneration information for the KMP of the Group and the Company as defined in AASB 124 *Related Party Disclosures.* KMP, during the course of 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)
- Mr Andrew Pickford, President South America (commenced 5 January 2015)
- Mr Brad Shaw, President APAC/Africa (commenced 28 September 2015)

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 Employ-ments	Long term benefits	Share Based Payments				
		Salary and fees ($)	STI / BDI / Cash Bonus ($)	Non-monetary benefits ($)	Super-annuation Benefits ($)	Long Service Leave ($)	Perform-ance Rights Plan ($)	ESAP ($)	Termin-ation benefits ($)	Total	Percentage of remuneration that consists of share-based payments
Executive Director											
Zimi Meka	**FY 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	-%
Key Management Personnel											
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%**
	FY 2014	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%**
	FY 2014	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	-	-	-	-	-	-	-
Sub-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	-	-
Sub-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**	**-**

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

Grant date	Expiry date	Exercise price	Balance at start of the year (Number)	Granted during the year (Number)	Exercised during the year (Number)	Expired / forfeited during the year (Number)	Balance at end of the year (Number)	Exercisable at end of the year (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-Feb-19	$-	25,266	-	-	-	25,266	25,266
01-Jan-11	01-Jan-21	$-	236,226	-	80,250	1,102	154,874	154,874
01-Jan-12	01-Jan-22	$-	703,876	-	181,118	24,770	497,988	217,987
01-Jan-14	01-Jan-24	$-	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			$-	$-	$-	$-	$-	$-

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).

Directors' Report (continued)

Remuneration Report (continued)

Executive Service Agreements

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

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

Specific information regarding the Executive Service Agreements for KMP in 2015 is summarised below:

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

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.

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.

Directors' Report (continued)

Remuneration Report (continued)

Non-Executive Director remuneration policy (continued)

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

Details of remuneration		Primary Benefits		Post Employment		
		Salary and fees $	STI/Cash Bonus $	Statutory Superannuation $	Other $	Total $
Non-Executive Directors						
George Lloyd	**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.

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	**-**	**-**	**-**	**-**	**-**
Senior Executives					
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 years	Date first option/ right tranche can be exercised	Fair value per option/ right at grant date	Exercise price per option/ right	Expiry Date	Minimum value of options/ rights to vest	Maximum value of options/ rights to vest
Executive Director										
Zimi Meka	17-Mar-09	155,739	-	-	17-Mar-11	$1.83	$0.00	17-Mar-14	-	-
	01-Jan-10	76,143	-	-	01-Apr-12	$3.94	$0.00	01-Apr-15	-	-
Senior Executives										
Craig Allen	17-Mar-09	92,214	-	-	17-Mar-11	$1.83	$0.00	17-Mar-19	-	-
	01-Jan-10	42,831	-	-	01-Apr-12	$3.94	$0.00	01-Apr-17	-	-
	01-Jan-11	75,399	17%	-	01-Jan-13	$2.35	$0.00	01-Jan-18	-	-
	01-Jan-12	110,745	33%	-	01-Jan-14	$1.84	$0.00	01-Jan-19	-	$67,923
	01-Jan-13	100,875	-	-	01-Jan-15	$2.02	$0.00	01-Jan-20	-	-
	01-Jan-14	636,768	-	-	01-Jan-17	$0.32	$0.00	01-Jan-21	-	$203,766
	01-Jan-15	913,747	-	-	01-Jan-18	$0.22	$0.00	01-Jan-25	-	$201,024
Nick Bell	17-Mar-09	95,901	-	-	17-Mar-11	$1.83	$0.00	17-Mar-19	-	-
	01-Jan-10	46,743	-	-	01-Apr-12	$3.94	$0.00	01-Apr-17	-	-
	01-Jan-11	82,287	17%	-	01-Jan-13	$2.35	$0.00	01-Jan-18	-	-
	01-Jan-12	122,469	33%	-	01-Jan-14	$1.84	$0.00	01-Jan-19	-	$75,115
	01-Jan-13	111,558	-	-	01-Jan-15	$2.02	$0.00	01-Jan-20	-	-
	01-Jan-14	650,023	-	-	01-Jan-17	$0.32	$0.00	01-Jan-21	-	$208,007
	01-Jan-15	932,768	-	-	01-Jan-18	$0.22	$0.00	01-Jan-25		$205,209
Simon Cmrlec	01-Jan-11	32,973	17%	-	01-Jan-13	$2.35	$0.00	01-Jan-18	-	-
	01-Jan-12	46,899	33%	-	01-Jan-14	$1.84	$0.00	01-Jan-19	-	$28,765
	01-Jan-13	57,228	-	-	01-Jan-15	$2.02	$0.00	01-Jan-20	-	-
	01-Jan-14	361,238	-	-	01-Jan-17	$0.32	$0.00	01-Jan-21	-	$115,596
	01-Jan-15	581,369	-	-	01-Jan-18	$0.22	$0.00	01-Jan-25	-	$114,041
Neil Trembath	17-Mar-09	36,720	-	-	17-Mar-11	$1.83	$0.00	17-Mar-19	-	-
	01-Jan-10	17,058	-	-	01-Apr-12	$3.94	$0.00	01-Apr-17	-	-
	01-Jan-11	30,027	17%	-	01-Jan-13	$2.35	$0.00	01-Jan-18	-	-
	01-Jan-12	47,058	33%	-	01-Jan-14	$1.84	$0.00	01-Jan-19	-	$28,862
	01-Jan-13	42,864	-	-	01-Jan-15	$2.02	$0.00	01-Jan-20	-	-
	01-Jan-14	270,578	-	-	01-Jan-17	$0.32	$0.00	01-Jan-21	-	$86,585
	01-Jan-15	446,514	-	-	01-Jan-18	$0.22	$0.00	01-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 58.

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
11 March 2016

Auditor's Independence Declaration

pwc

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
11 March 2016

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Consolidated statement of comprehensive income

For the year ended 31 December 2015

	Notes	Consolidated 2015 $'000	2014 $'000
Revenue from continuing operations	**3**	**245,815**	**357,155**
Other income	3	**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	4	**(10,145)**	(9,800)
Impairment of goodwill	4	**(30,697)**	(10,000)
Finance costs		**(4,391)**	(5,005)
Share of profit / (loss) from joint arrangements		**170**	298
Loss before income tax		**(76,904)**	**(29,472)**
Income tax (expense) / benefit		**(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 profit 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.

Consolidated balance sheet

As at 31 December 2015

	Notes	Consolidated 2015 $'000	2014 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**8,690**	22,497
Trade and other receivables	5	**27,431**	46,088
Unbilled revenue		**19,226**	23,837
Current tax receivables		**6,815**	6,555
Other current assets		**4,735**	6,201
Total current assets		**66,897**	**105,178**
Non-current assets			
Investments in joint ventures and associates		**4,557**	4,082
Property, plant and equipment		**10,518**	17,025
Intangible assets	6	**148,879**	186,336
Deferred tax assets		**36,788**	39,887
Other assets		**6**	81
Total non-current assets		**200,748**	**247,411**
Total assets		**267,645**	**352,589**
LIABILITIES			
Current liabilities			
Trade and other payables		**27,049**	28,013
Billings in advance		**5,743**	3,120
Borrowings	7	**60,954**	18,574
Current tax liabilities		**1,188**	3,855
Provisions		**14,261**	16,881
Other current liabilities		**1,774**	1,454
Total current liabilities		**110,969**	**71,897**
Non-current liabilities			
Borrowings	7	**814**	47,053
Deferred tax liabilities		**421**	289
Provisions		**3,101**	2,212
Other non-current liabilities		**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		**256,946**	246,181
Reserves		**(39,651)**	(37,986)
Retained earnings		**(67,477)**	18,578
Total equity		**149,818**	**226,773**

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

Consolidated statement of changes in equity

For the year ended 31 December 2015

		Attributable to owners of Ausenco Limited			
Consolidated	Notes	Ordinary shares	Reserves	Retained earnings / (Accumulated losses)	Total equity
		$'000	$'000	$'000	$'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	8	-	-	(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		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.

Consolidated statement of cash flows

For the year ended 31 December 2015

	Notes	Consolidated 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) / inflow from operating activities	**9**	**(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	8	**-**	(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 period		**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 note 7 software licences were also acquired under finance leases.

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

Notes to the consolidated financial statements

31 December 2015

1 Basis of preparation

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

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

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

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

(a) 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 7, 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.

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.

(b) 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.

Notes to the consolidated financial statements (continued)

31 December 2015

2 Segment information

(a) Description of segments

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

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.*

(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 $'000	2014 $'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	
	Notes	**2015 $'000**	2014 $'000
Segment EBITA		**(37,986)**	(10,866)
Interest income	3	**347**	712
Finance cost		**(4,391)**	(5,005)
Amortisation of intangibles	4	**(4,177)**	(4,313)
Goodwill impairment	4	**(30,697)**	(10,000)
Loss before income tax from continuing operations		**(76,904)**	**(29,472)**

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

Reportable segment assets are reconciled to total assets as follows:

	Consolidated	
	2015 $'000	2014 $'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.

3 Revenue

	Consolidated	
	2015 $'000	2014 $'000
From continuing operations		
Services	**245,468**	356,443
Interest Income	**347**	712
	245,815	**357,155**
Other income		
Rents and sub-lease rental income	**6,716**	5,700
Other income	**588**	864
	7,304	6,564

4 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		**(104)**	896
Depreciation of property, plant and equipment		**5,968**	5,487
Amortisation of intangibles:			
Software	6	**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

5 Trade and other receivables

	Notes	Consolidated 2015 $'000	2014 $'000
Current			
Trade debtors		**32,425**	49,720
Provision for impairment of receivables	5(a)	**(9,192)**	(8,683)
		23,233	**41,037**
GST/VAT receivables		**1,365**	1,819
Other receivables	5(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:

	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) Fair value and credit risk

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

6 Intangible assets

Consolidated	Notes	Goodwill $'000	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	4	-	(4,177)	(4,177)
Impairment charge	4	(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		(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	4	-	(4,313)	(4,313)
Net transfers		-	(69)	(69)
Impairment charge	4	(10,000)	-	(10,000)
Exchange differences		(6,690)	(26)	(6,716)
Closing net book amount		157,818	28,518	186,336
At 31 December 2014				
Cost		189,988	46,324	242,718
Accumulation amortisation and impairment including foreign exchange		(32,170)	(17,806)	(56,382)
Net book amount		**157,818**	**28,518**	**186,336**

Notes to the consolidated financial statements (continued)

31 December 2015

6 Intangible assets (continued)

(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.

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 assessmentof the value in use of all of the Group's CGUs.

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

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

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

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

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

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

	APAC / Africa	North America	South America
Discount rate (pre-tax)	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.

Notes to the consolidated financial statements (continued)

31 December 2015

7 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 7(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: $24.2million) 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.

(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 $'000	2014 $'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

	Consolidated 2015 $'000	2014 $'000
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**

(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.

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

Notes to the consolidated financial statements (continued)

31 December 2015

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

	Consolidated 2015 $'000	Consolidated 2014 $'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
Decrease 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)

10 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.

Directors' declaration

31 December 2015

The Directors declare that in their opinion, the concise financial report of the Group for the year ended 31 December 2015 as set out on pages 59 to 73 complies with Accounting Standard AASB 1039 Concise Financial Reports.

The concise financial report is an extract from the full financial report for the year ended 31 December 2015. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report.

The concise financial report can not be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report, which is available on request.

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

George Lloyd
Director

Zimi Meka
Director

Brisbane
11 March 2016

Independent auditor's report to the members of Ausenco Limited

Report on the concise financial report
We have audited the accompanying concise financial report of Ausenco Limited which comprises the consolidated balance sheet as at 31 December 2015, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and related notes, derived from the audited financial report of Ausenco Limited for the year ended 31 December 2015. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards and accordingly, reading the concise financial report is not a substitute for reading the audited financial report.

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

Auditor's responsibility
Our responsibility is to express an opinion on the concise financial report based on our audit procedures which were conducted in accordance with Auditing Standard ASA 810 Engagements to Report on Summary Financial Statements. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of Ausenco Limited for the year ended 31 December 2015. We expressed a modified audit opinion on that financial report in our report dated 26 February 2016. The modification, an emphasis of matter, affects the concise financial report because the basis of modification being a material uncertainty regarding continuation as a going concern still exists. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free from material misstatement.

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

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

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

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

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Riverside Centre, 123 Eagle Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001
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Independent auditor's report to the members of Ausenco Limited (continued)

pwc

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

Auditor's opinion
In our opinion, the concise financial report of the consolidated entity for the year ended 31 December 2015 complies with Australian Accounting Standard AASB 1039 *Concise Financial Reports*.

Material Uncertainty regarding continuation as a going concern
Without modifying our opinion, we draw attention to Note 1(a) in the financial report which indicates that the Group incurred a loss before income tax of $76.9m during the year ended 31 December 2015 and, as at that date, had a deficiency of current assets of $44m. The Group is in the process of refinancing the current bank borrowings which expire on 31 August 2016. These conditions, along with other matters set forth in Note 1(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.

This emphasis of matter paragraph is included in our auditor's report on the financial report of Ausenco Limited for the year.

Report on the remuneration report
The following paragraphs are copied from our report on the remuneration report for the year ended 31 December 2015.

Report on the remuneration report
We have audited the remuneration included in pages 43 to 56 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

Tim Allman
Partner

Brisbane
11 March 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 incompliance 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	3	(347)	(712)
EBIT		**(72,860)**	**(25,179)**
Amortisation of intangibles	4	4,177	4,313
Goodwill impairments		30,697	10,000
EBITA		**(37,986)**	**(10,866)**
Depreciation		5,968	5,487
EBITDA		**(32,018)**	**(5,379)**
Redundancy costs	4	5,940	4,506
Office closures		5,472	2,311
Foreign exchange reclassifications from closures		6,876	-
Underlying EBITDA		**(13,730)**	**1,438**

	Notes	31 December 2015 $'000	31 December 2014 $'000
Borrowings – Current	7	(60,954)	(18,574)
Borrowings – Non-current	7	(814)	(47,053)
Total borrowings		(61,768)	(65,627)
Cash		8,690	22,497
Net debt		**(53,078)**	**(43,130)**

Shareholder Information

The shareholder information set out below was applicable as at 9 March 2016.

A. Distribution of shareholders and their holding as at 9 March 2016

Range	Total holders	Shares
1 - 1,000	1,673	615,764
1,001 - 5,000	1,716	4,668,255
5,001 - 10,000	692	5,301,517
10,001 - 100,000	1,061	30,257,818
100,001 - 999,999,999	121	146,009,699
Total	**5,263**	**186,853,053**

The number of shareholders holding less than a marketable parcel of ordinary shares is 2,467 (1,899,971 shares).

B. Twenty largest holders as at 9 March 2016

Name	Shares	% of issued capital
J P MORGAN NOMINEES AUSTRALIA LIMITED	61,487,365	32.91
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	9,688,028	5.18
LEMAE PTY LTD	9,142,547	4.89
BAZE PTY LTD	7,775,150	4.16
TME ASSET HOLDINGS PTY LTD	7,614,262	4.08
DST PTY LTD <DST INVESTMENT A/C>	4,652,885	2.49
FINHIDE PTY LIMITED	4,045,312	2.16
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,444,696	1.31
CITICORP NOMINEES PTY LIMITED	2,372,052	1.27
HARASED PTY LTD	1,512,028	0.81
MR EDWARD LIN + MRS LINDA LIN	1,427,263	0.76
MR DEREK MALCOLM ELWIN + MRS CHRISTINE JAN ELWIN	1,243,787	0.67
NKOSI BELL SUPER FUND PTY LTD	1,233,186	0.66
INVIA CUSTODIAN PTY LIMITED	1,209,934	0.65
VANWARD INVESTMENTS LIMITED	1,100,000	0.59
BNP PARIBAS NOMS (NZ) LTD	1,046,643	0.56
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD	812,260	0.43
MR LULEZIM HYSNI MEKA	809,257	0.43
CROSSWIND TRUSTEE COMPANY LIMITED	800,000	0.43
MMS1 PTY LTD	747,379	0.40
Total	**121,164,034**	**64.84**

C. Substantial shareholders and their holdings as at 9 March 2016

Name	Shares	% of issued capital
First Samuel Limited	32,181,018	17.3
Duro Felguera SA	27,007,393	14.5
Mr Zimi Meka and related parties	18,256,386	9.8
Mr Bob Thorpe and related parties	12,546,822	6.74
Resource Capital Funds and related parties	9,641,657	5.16

D. Voting rights

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

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Corporate Directory

Directors

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

Chief Financial Officer
Craig Allen

Company Secretary
Patrick O'Connor

Principal Registered Office in Australia
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F: +61 7 3169 7001

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

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

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

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

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

Website address
For further information visit
www.ausenco.com

Ausenco