Appendix 4D

Half-Year Report

Name of entity

Ausenco Limited

ABN or equivalent company reference		Half year ended
31 114 541 114	Current reporting period	30 June 2014
	Previous corresponding period	30 June 2013

Results for announcement to the market

Extracts from this report for announcement to the market. **$A'000**

				Current period
Revenues from ordinary activities	Decreased	28.9%	To	184,171
Profit from ordinary activities after tax attributable to members	Decreased	42.2%	To	2,017
Net profit for the period attributable to members	Decreased	42.2%	To	2,017

Dividends (distributions)	**Amount per security**	**Franked amount per security**
Interim dividend declared subsequent to 30 June 2014	0.0 cents	N/A
Previous corresponding period – interim dividend paid in respect of the half-year ended 30 June 2013	2.0 cents	0.0 cents
Date the interim dividend is payable	N/A	
Record date for determining entitlements to the interim dividend	N/A	
Conduit Foreign Income	N/A	

Dividend reinvestment plan
N/A

NTA backing	**Current period**	**Previous corresponding period**
Net tangible asset backing per ordinary security	$0.36	$0.52

The group did not gain or lose control of any entities during the reporting period.

Ausenco Limited
Interim financial report
for the half-year ended 30 June 2014

ABN 31 114 541 114

Ausenco Limited ABN 31 114 541 114
Interim financial report - 30 June 2014

Contents

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2013 and any public announcements made by Ausenco Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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 half-year ended 30 June 2014.

Directors

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

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

Principal activities

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

Safety

The Group's safety performance for the 12 months to 30 June 2014 reflected a Lost Time Injury Frequency Rate (LTIFR) of 0.27 (2013: 0.27) and a Total Recordable Injury Frequency Rate (TRIFR) of 3.37 (2013: 3.30) per million hours worked. Whilst we continue to strive for our goal of zero harm it was important to note that eight projects recorded over 12.8 million hours LTI free.

Review of operations

Results for the current six-month period reflect the market conditions that have prevailed in specific sectors of our global business. Despite the economic conditions impacting a number of the markets in which the Group operates, our diversification strategy across key markets and geographies has provided a degree of earnings resilience.

The performance of the Process Infrastructure business line in particular has been impacted by softer short-term market conditions (primarily in Brazil and Chile), more competitive tendering and delays in client decision-making.

Ausenco's reputation for high quality and innovative service delivery has resulted in the strongest and most diverse pipeline of opportunities across all business lines that the Group has seen. We expect that short to medium term growth in all of our key markets will provide the Group with opportunities to grow revenues and market share. The ability to extend into sectors which complement our existing business lines is also expected to improve the Group's future revenues. The Group's more efficient and streamlined cost base will amplify earnings relative to revenue in the short to medium term and is expected to result in restored profitability.

Revenue of $184.2 million from continuing operations for the period was down 28.9% on revenue of $258.9 million for the previous corresponding period. The reduction in revenue was predominantly from the APAC/Africa business line.

The Group reported a $2.0 million net profit after tax for the period compared to $3.5 million for the previous corresponding period. The net loss before tax was $2.7 million, a reduction of $7.4 million from the net profit before tax of $4.7 million reported for the previous corresponding period.

Underlying EBITDA[1] for the period was $4.7 million, a reduction of $17.1 million on the previous corresponding period, resulting in basic earnings per share of 1.2 cents compared to 2.8 cents per share for the previous corresponding period.

The Group's underlying EBITDA margin[1] was 2.5% compared to 8.4% in the previous corresponding period and the after tax margin of 1.1% was lower than the 1.3% margin reported at 30 June 2013.

[1] *This performance measure is discussed in detail in Page 26.*

Review of operations (continued)

Net operating cash outflow was $7.5 million, compared to an inflow of $19.6 million in the previous corresponding period, as a result of lower earnings and higher working capital at the end of the period. Cash outflow from investing activities was $1.2 million, $5.4 million lower than for the previous corresponding period. Outflows from financing activities declined from $18.2 million for the first half of 2013 to $4.6 million for the first half of the current year reflecting scheduled debt repayments and no dividend payment in the first half of 2014.

The Group's gross cash position at 30 June 2014 was $24.1 million ($37.6 million at 31 December 2013) and was adversely impacted by the collection of receivables due in June 2014 but received in July 2014. The Group's borrowings have been reduced from $62.3 million at 31 December 2013 to $55.1 million at 30 June 2014 and the net debt position increased by $6.3 million over the same period resulting in a net gearing ratio of 10.8% while the underlying EBITDA to total financing cost ratio for the half year was 2.3 times compared to 12.5 times for the previous corresponding half year.

Of the Group's total borrowings of $55.1 million, comprising Australian and Canadian dollar denominated borrowings, $33 million is due to mature on 30 November 2014. Negotiations on the extention of these facilities are in progress.

Business Line Performance

The Group measures business line performance by reference to revenue and EBITA[1].

	Segment revenues		**EBITA**	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
APAC/AFRICA	55,455	111,244	162	1,478
Environment and Sustainability	10,273	13,982	48	461
Minerals and Metals	56,692	60,780	5,637	7,188
Oil & Gas	20,221	6,243	1,823	16
Process Infrastructure	43,732	66,557	406	10,203
Corporate & Regional services	1,667	3,947	(6,513)	(10,920)
Total	188,040	262,753	1,563	8,426

APAC/Africa

The APAC/Africa business line's operating revenue was down 50.2% to $55.5 million for the half-year (1HY13: $111.2 million). The corresponding EBITA was down $1.3 million to $0.2 million (1HY13: $1.5 million) and the EBITA margin decreased to 0.3% (1HY13: 1.3%).

Market conditions in Australia remain subdued but the business line has made significant gains from management's focus on service offering and geographic diversification within the APAC/Africa region. The recent outbreak of the Ebola virus in West Africa is anticipated to also slow activities levels in that region and the surrounds. A significant number of new opportunities in the Optimisation business are being progressed with a substantial increase in recurring revenue expected over the next twelve months as a result.

With the APAC/Africa restructure now complete, the focus of many of our clients on achieving a lower capital intensity for new projects as well as the business line's further diversification into complementary product streams provide a positive outlook for strong revenue and earnings growth into 2015.

Environment & Sustainability

The Environment & Sustainability business line's operating revenue was down 26.5% to $10.3 million for the half-year (1HY13: $14.0 million). Despite this decline in revenues, EBITA was down a modest $0.4 million to $0.1 million (1HY13: $0.5 million).

The weaker United States dollar and significant devaluation of the Argentine Peso early in 2014 adversely impacted earnings performance for the half-year. Strong performance and new opportunities in the Peru office and a renewed focus on project activities in Mexico provided an increased earnings base for the business line. Unfortunately this positive performance was offset by lower than planned performance and activities in Argentina.

[1] *This performance measure is discussed in detail in Page 26.*

Environment & Sustainability (continued)

Stability is now emerging in Mexican resource investment levels as well as the business' Construction Quality Assurance activities in Peru which, combined with a growing number of environmental assessments for clients in Peru, is anticipated to provide an improved earnings outlook into 2015.

Minerals & Metals

Operating revenue from the Minerals & Metals business line decreased by 6.7% compared to the corresponding period last year (1HY14 $56.7 million, 1HY13 $60.8 million) resulting in a comparable reduction in EBITA of $1.6 million to $5.6 million.

The construction phases of both the Constancia and Goldstrike projects are advancing satisfactorily as the projects approach commissioning. A number of value engineering reviews, reflecting many clients' focus on reducing the capital intensity of new projects, were completed during the period for copper, lithium, phosphate and nickel projects. These projects are part of our strong project pipeline and are anticipated to transition to development over the next 6 to 12 months.

Positive resource market indicators and an increasing number of client enquiries and tender requests, particularly for new copper, phosphate and nickel projects, support the Group's view that the business line's revenue will grow strongly into 2015.

Oil & Gas

The Oil & Gas business achieved a substantial increase in operating revenue from $6.2 million (1HY13) to $20.2 million (1HY14), a 224% increase. EBITA increased from $nil for the half year ended 30 June 2013 to $1.8 million for the half year ended 30 June 2014. Oil & gas revenues, which currently represent over 10% of Group revenues, are expected to continue growing.

Ausenco provides specialist services to the arctic engineering and oil sands markets particularly in relation to oil sands wellhead design and EPCM delivery. The improved financial performance attributable to the Group's offices in Calgary and Halifax follows the successful acquisition and integration of the Projex business in August 2013.

The outlook for demand led growth from the oil sands market remains solid. Moderation in the levels of greenfield capital expenditure on new central processing facilities for the oil sands sector has not affected Ausenco's business which delivers services to brownfield projects in the areas of ongoing capital maintenance and wellhead investment and for which client expenditure remains robust.

Process Infrastructure

The Process Infrastructure business line's EBITA in the half-year declined to $0.4 million (1HY13: $10.2 million), with operating revenue down to $43.7 million (1HY13: $66.6 million) due to lower activity levels in Brazil, Canada and Chile following the completion or deferral of a number of projects in these regions during the period.

Tender and enquiry levels within the business were quite high during the period, with the business maintaining a reasonable success rate in winning new assignments. Unfortunately, the level of proposals to clients which were undecided and delays in decisions to proceed were also high and this impacted the business through lower revenues and higher than anticipated costs.

The increasing demand for municipal infrastructure, pipeline, power, and port and terminal engineering services and capital expenditure in the Americas is reflected in a high and increasing level of tender enquiries.

Despite flat revenues for the first half of 2014, modest earnings growth into the second half of 2014 is expected following changes to rightsize the resource base in the second quarter of the year.

Corporate & Regional services

The net cost of the corporate and regional service teams reduced from $10.9 million in 1HY13 to $6.5 million for 1HY14 representing an annualised savings in controllable cash costs of $8.8 million. In addition to the successful start-up of Ausenco's business services office in Malaysia, the Group's clear focus on cost control has enabled significant cost savings to be achieved during the period.

Outlook

The number and value of Ausenco's new opportunities across all lifecycle phases are at record levels reflecting positively on the Group's globally diversified business. Growth in baseline revenues from new Optimise phase work is expected to complement future growth in the relatively stable levels of Evaluate and Innovate phase work generated across the business. Increasingly, new work is being secured for larger scale Create phase projects located outside Australia as the Group builds upon its reputation for high quality and innovative service delivery internationally.

Financial performance during the first six months of 2014 was modestly below target primarily reflecting revenue softness in Brazil, Canada and Chile which was largely attributable to unexpected delays in new assignments commencing.

The Group has achieved more than $36 million of overhead cost reductions enabling it to deliver profitable results across all business lines despite lower revenues. Although delays in client decision making require the careful management of our engineering resources, the rightsizing of the organisation over the last twelve months, coupled with the cost efficiencies which have been achieved, provides a robust platform which will deliver improved operational leverage and profitability for the business as revenues grow.

Auditor's 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 5.

Rounding of amounts

The Group 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 and financial report. Amounts have been rounded off to the nearest thousand dollars in accordance with that Class Order.

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

George Lloyd
Director

Zimi Meka
Director

Brisbane
19/08/2014

Auditor's Independence Declaration

As lead auditor for the review of Ausenco Limited for the half-year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been:

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

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

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

Michael Shewan
Partner
PricewaterhouseCoopers

Brisbane
20 August 2014

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	Notes	**Half-year ended 30 June 2014 $'000**	Half-year ended 30 June 2013 $'000
Revenue from continuing operations		**184,171**	258,878
Other income		**5,152**	2,078
Staff and contractors costs		**(135,339)**	(187,367)
Directly attributed project costs		**(24,939)**	(36,629)
Office and administration costs		**(23,150)**	(25,029)
Other expenses		**(1,154)**	(683)
Depreciation and amortisation expense		**(5,330)**	(4,946)
Finance costs		**(2,012)**	(1,743)
Share of profit from joint ventures		**(60)**	167
Profit / (Loss) before income tax		**(2,661)**	**4,726**
Income tax (expense) / benefit	5	**4,678**	(1,238)
Profit for the half-year		**2,017**	**3,488**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(3,781)**	10,177
Net investment hedge		**(1,232)**	(3,038)
Other comprehensive income for the half-year, net of tax		**(5,013)**	**7,139**
Total comprehensive income for the half-year		**(2,996)**	**10,627**
Profit for the half-year attributable to the ordinary equity holders of the Company:			
Owners of Ausenco Limited		**2,017**	3,488
		2,017	3,488
Total comprehensive income for the half-year is attributable to the ordinary equity holders of the Company:			
Owners of Ausenco Limited		**(2,996)**	10,627
		(2,996)	10,627
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share		**1.2**	2.8
Diluted earnings per share		**1.2**	2.8

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

	Notes	**30 June 2014 $'000**	31 December 2013 $'000
ASSETS			
Current assets			
Cash and cash equivalents	6	**24,071**	37,567
Trade and other receivables	7	**70,152**	64,284
Unbilled revenue		**26,224**	30,757
Current tax receivables		**8,934**	6,387
Other current assets		**6,224**	7,975
Total current assets		**135,605**	**146,970**
Non-current assets			
Investments in joint ventures and associates		**3,507**	3,589
Property, plant and equipment		**19,253**	21,560
Intangible assets	8	**195,925**	204,128
Deferred tax assets		**37,899**	31,478
Other assets		**431**	334
Total non-current assets		**257,015**	**261,089**
Total assets		**392,620**	**408,059**
LIABILITIES			
Current liabilities			
Trade and other payables		**40,585**	44,315
Billings in advance		**7,848**	7,554
Borrowings	10	**36,313**	40,988
Current tax liabilities		**6,548**	4,613
Provisions	9	**18,028**	20,454
Other current liabilities		**2,182**	3,688
Total current liabilities		**111,504**	**121,612**
Non-current liabilities			
Borrowings	10	**18,800**	21,327
Deferred tax liabilities		**161**	51
Provisions	9	**1,411**	1,170
Other non-current liabilities		**4,734**	5,438
Total non-current liabilities		**25,106**	**27,986**
Total liabilities		**136,610**	**149,598**
Net assets		**256,010**	**258,461**
EQUITY			
Contributed equity	11	**246,109**	245,841
Reserves		**(36,050)**	(31,314)
Retained earnings		**45,951**	43,934
Total equity		**256,010**	**258,461**

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

	Notes	Ordinary shares $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
Balance at 1 January 2013		216,878	(37,257)	94,484	274,105
Total comprehensive income for the half-year		-	7,139	3,488	10,627
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs		(18)	-	-	(18)
Dividends paid	12	-	-	(12,476)	(12,476)
Employee share options and performance rights		-	(294)	-	(294)
		(18)	(294)	(12,476)	(12,788)
Balance at 30 June 2013		**216,860**	**(30,412)**	**85,496**	**271,944**

	Notes	Ordinary shares $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
Balance at 1 January 2014		245,841	(31,314)	43,934	258,461
Total comprehensive income for the half-year		-	(5,013)	2,017	(2,996)
Transactions with owners in their capacity as owners:					
Employee share options and performance rights		-	277	-	277
Shares vested to employees	11	268	-	-	268
		268	277	-	545
Balance at 30 June 2014		**246,109**	**(36,050)**	**45,951**	**256,010**

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

	Notes	**Half-year ended 30 June 2014 $'000**	Half-year ended 30 June 2013 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**199,506**	327,977
Payments to suppliers and employees (inclusive of GST)		**(202,950)**	(299,903)
		(3,444)	28,074
Interest received		**369**	312
Borrowing costs paid		**(2,012)**	(1,743)
Income taxes paid		**(2,432)**	(7,031)
Net cash (outflow) inflow from operating activities		**(7,519)**	**19,612**
Cash flows from investing activities			
Payments for acquisition of businesses		**-**	(807)
Payments for property, plant and equipment		**(983)**	(528)
Payments for intangibles		**(210)**	(5,293)
Net cash outflow from investing activities		**(1,193)**	**(6,628)**
Cash flows from financing activities			
Repayment of borrowings		**(4,564)**	(5,721)
Dividends paid	12	**-**	(12,476)
Net cash outflow from financing activities		**(4,564)**	**(18,197)**
Net decrease in cash and cash equivalents		**(13,276)**	(5,213)
Cash and cash equivalents at the beginning of the financial period		**37,567**	51,442
Effects of exchange rate changes on cash and cash equivalents		**(220)**	(341)
Cash and cash equivalents at end of the half-year	**6**	**24,071**	**45,888**

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

1 Basis of preparation of half-year report

This condensed consolidated interim financial report for the half-year reporting period ended 30 June 2014 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2013 and any public announcements made by Ausenco Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below:

(a) 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.

(b) Impact of standard issued but not yet applied to the Group

The new hedging rules align hedge accounting more closely with the Group's risk management practices. As a general rule, it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.

The Group has not yet assessed how its own hedging arrangements would be affected by the new rules, and it has not yet decided whether to adopt any parts of AASB 9 early. In order to apply the new hedging rules, the Group would have to adopt AASB 9 and consequential amendments to AASB 7 and AASB 139 in their entirety.

(c) Comparatives

Some prior year numbers have been reclassified to enhance comparability. There have been no material reclassifications from the prior year.

2 Critical accounting estimates and judgments

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

(a) Critical accounting estimates and assumptions

(i) Goodwill carrying value review

Market conditions across the global industry are moderating with proposal and tender enquiry levels increasing. Unfortunately, the level of undecided proposals and delayed decisions to proceed are also quite high, ultimately impacting the performance of the Process Infrastructure and APAC/Africa CGU with lower revenues and higher than planned costs.

The Group tests annually the recoverable amount of each Cash Generating Unit's (CGU) goodwill balance based on value-in-use calculations of the cash flow projections for each CGU.

2 Critical accounting estimates and judgments (continued)

(a) Critical accounting estimates and assumptions (continued)

The cash flow projections cover an initial three-year period and have been based on financial forecasts approved by the Board. The growth rates used to extrapolate the cash flows for the subsequent two-year period vary between 8.0% and 9.0%, which reflect the Company's estimate of the industry's long-term average growth rate together with the expectations of increases in market share targeted in key sectors and are supported by industry growth forecasts. Subsequent to the five-year projection period the growth rate used is 3.0%, which does not exceed the expectations of growth in real terms.

Forecasted profit margins are based on actual performance in prior years adjusted for expected efficiency improvements and the Group's ability to increase its share of the market in key sectors.

These value-in-use calculations for each CGU are sensitive to changes in growth assumptions, EBITDA margin assumptions and discount rates. The pre-tax discount rates for each CGU range from 10.5% to 14.5% reflecting relevant country and industry specific risks.

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.

(ii) Income taxes

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

(iii) Revenue recognition

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

3 Segment information

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer, Chief Financial Officer and the Presidents (collectively Chief Decision Makers) that are used to make strategic decisions.

It was determined by Chief Decision Makers that from 1 January 2014 the Program Management operating segment be amalgamated into the APAC/Africa and Minerals & Metals segments. The Chief Decision Makers have identified six operating segments as set out below. Environment & Sustainability does not meet the quantitative thresholds required by AASB 8 for separate reporting, however management has concluded these segments should be reported, as they are closely monitored by the Chief Decision Makers as potential growth segments and are expected to materially contribute to Group revenue in future.

3 Segment information (continued)

(a) Description of segments (continued)

- **APAC/Africa** - Comprising all business operations in the Asia-Pacific/Africa region.
- **Environmental & Sustainability** - Comprising all environmental and sustainability work globally, excluding APAC/Africa.
- **Minerals & Metals** - Comprising all mineral processing work globally, excluding APAC/Africa.
- **Oil & Gas** - Comprising all oil & gas work globally, excluding APAC/Africa.
- **Process Infrastructure** - Comprising all process infrastructure work globally, excluding APAC/Africa.
- **Corporate & Regional services**

(b) Segment information provided to the Chief Decision Makers

The segment information provided to the Chief Decision Makers for the reportable segments for the half-year ended 30 June 2014 is as follows:

Half-year 2014	**APAC/Africa** $'000	**Environment & Sustainability** $'000	**Minerals & Metals** $'000	**Oil & Gas** $'000	**Process Infrastructure** $'000	**Corporate & Regional services** $'000	**Total** $'000
Total segment revenue	57,279	11,245	60,715	20,227	49,137	1,694	200,297
Inter-segment revenue	(1,824)	(972)	(4,023)	(6)	(5,405)	(27)	(12,257)
Revenue from external customers	55,455	10,273	56,692	20,221	43,732	1,667	188,040
Reportable Segment EBITA	162	48	5,637	1,823	406	(6,513)	1,563
Total segment assets	34,991	6,694	26,400	7,081	18,749	2,461	96,376

Half-year 2013[1]	**APAC/ Africa** $'000	**Environment & Sustainability** $'000	**Minerals & Metals** $'000	**Oil & Gas** $'000	**Process Infrastructure** $'000	**Corporate & Regional services** $'000	**Total** $'000
Total segment revenue	115,295	14,748	61,890	6,367	80,073	3,949	282,322
Inter-segment revenue	(4,051)	(766)	(1,110)	(124)	(13,516)	(2)	(19,569)
Revenue from external customers	111,244	13,982	60,780	6,243	66,557	3,947	262,753
Reportable Segment EBITA	1,478	461	7,188	16	10,203	(10,920)	8,426
Total Segment Assets 31 December 2013	27,957	8,619	22,687	7,935	24,665	3,178	95,041

[1] *Note: The 2013 balances have been restated to reflect the business restructure completed on 1 January 2014.*

3 Segment information (continued)

(c) Other segment information

(i) Segment revenue

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

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

	Half-year ended 30 June 2014 $'000	Half-year ended 30 June 2013 $'000
Total segment revenue	**200,297**	282,322
Inter-segment revenue	**(12,257)**	(19,569)
Interest revenue	**369**	312
Revenue from joint arrangements	**(4,238)**	(4,187)
Total revenue from continuing operations	**184,171**	**258,878**

(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:

	Half-year ended 30 June 2014 $'000	Half-year ended 30 June 2013 $'000
Segment EBITA	**1,563**	8,426
Interest Income	**369**	312
Finance cost	**(2,012)**	(1,743)
Amortisation of intangibles	**(2,521)**	(2,436)
Share of profit/ (loss) from joint arrangements	**(60)**	167
Profit / (Loss) before income tax from continuing operations	**(2,661)**	**4,726**

(iii) Segment assets

The amounts provided to the Chief Decision Makers with respect to total assets include only trade receivables and unbilled revenue. These assets are allocated based on the operations of the segment and the physical location of the asset.

4 Profit for the half year

	Half-year ended 30 June 2014 $'000	Half-year ended 30 June 2013 $'000
Profit for the half year includes the following specific items:		
Other income		
Rents and sub-lease rental income	**2,593**	1,443
Movement in Contingent Consideration	**1,100**	-
Expenses		
Depreciation of property, plant and equipment	**2,809**	2,510
Amortisation of intangibles:		
Software	**2,521**	1,595
Other intangibles	**-**	841
Total depreciation and amortisation expense	**5,330**	**4,946**
Operating lease rentals	**11,231**	9,749
Employee benefits expenses		
Defined contribution superannuation expense	**5,159**	6,515

5 Income tax

Numerical reconciliation of income tax expense to prima facie tax payable

	Half-year ended 30 June 2014 $'000	Half-year ended 30 June 2013 $'000
(Loss) / profit from continuing operations before income tax expense	**(2,661)**	4,726
Tax at the Australian tax rate of 30.0% (2013 - 30.0%)	**(798)**	1,418
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Amortisation of intangibles	**(150)**	(145)
Entertainment	**28**	38
Unrealised foreign exchange losses relating to net investment hedges	**(1,331)**	911
International exempt income	**(470)**	(955)
Current period losses not recognised	**426**	686
Items of capital nature	**1,063**	733
Assessable income not recognised in accounting profit	**46**	522
Non-assessable income recognised in accounting profit	**(20)**	(21)
Non deductible business expenditure	**199**	167
Other	**(183)**	140
	(1,190)	**3,494**
Adjustments for current tax of prior periods	**(1,767)**	(781)
Difference in overseas tax rates	**616**	(110)
Previously unrecognised tax losses used to reduce deferred tax expense	**(2,337)**	(1,365)
Income tax expense	**(4,678)**	**1,238**

6 Cash and cash equivalents

	As at 30 June 2014 $'000	As at 31 December 2013 $'000
Cash and cash equivalents		
Cash at bank and in hand	**19,139**	20,345
Deposits at call	**4,932**	17,222
	24,071	37,567

7 Trade and other receivables

	As at 30 June 2014 $'000	As at 31 December 2013 $'000
Current		
Trade debtors	**58,214**	57,117
Provision for impairment of receivables	**(3,216)**	(4,123)
	54,998	52,994
Trade receivables from related parties	**7,363**	6,668
GST/VAT receivables	**1,856**	1,157
Other receivables	**5,935**	3,465
Total trade and other receivables	**70,152**	**64,284**

8 Intangible assets

	Goodwill $'000	**Brand names $'000**	**Software $'000**	**Customer contracts $'000**	**Total $'000**
Half-year ended 30 June 2014					
Opening net book amount	174,508	-	29,620	-	204,128
Additions	-	-	210	-	210
Amortisation charge	-	-	(2,521)	-	(2,521)
Exchange differences	(5,794)	-	(98)	-	(5,892)
Closing net book amount	168,714	-	27,211	-	195,925
At 30 June 2014					
Cost	168,714	10,855	43,354	5,983	228,906
Accumulated amortisation and impairment	-	(10,855)	(16,143)	(5,983)	(32,981)
Net book amount	168,714	-	27,211	-	195,925

8 Intangible assets (continued)

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

(a) Carrying amount of goodwill allocated to CGUs

The total goodwill at 30 June 2014 was $168.7 million. The decrease compared to 31 December 2013 is $5.8 million attributable to currency effects.

The CGU Process Infrastructure comprises goodwill that may be considered significant in comparison with the Group's total carrying amount of goodwill. The CGU is a business operation providing infrastructure-engineering services in the Americas to the pipeline, ports, power and infrastructure sectors. The carrying amount of goodwill allocated to the CGU at 30 June 2014 was $91.6 million ($97.3 million at December 2013). The recoverable amount of the CGU has been calculated in accordance with the general principles described in note 2(a). As a result of impairment testing no impairment was identified.

(b) Goodwill allocation

Effective 1 January 2014 the Program Management segment was amalgamated into the APAC/Africa CGU and accordingly goodwill of $0.53 million was reallocated. The carrying amounts of the goodwill allocated to the CGUs reflecting this change are disclosed by segment below:

	30 Jun 14 $'000	31 Dec-13 $'000
APAC/Africa	34,634	34,634
Environment & Sustainability	13,383	13,383
Minerals and Metals	10,157	10,157
Oil & Gas	18,993	18,993
Process infrastructure	91,547	97,341
Total	**168,714**	**174,508**

9 Provisions

Current	**2014 $'000**	2013 $'000
Employee benefits	**13,705**	14,847
Project warranty provision	**2,500**	3,909
Other current provisions	**1,823**	1,698
	18,028	20,454
Non-current		
Employee benefits	**554**	612
Make-good provision	**857**	558
	1,411	1,170
Total provisions	**19,439**	**21,624**

10 Borrowings

Composition of borrowings

	As at 30 June 2014 $'000	As at 31 December 2013 $'000
Current		
Secured bank loans	**35,504**	38,128
Other unsecured loans	**809**	2,860
	36,313	40,988
Non-current		
Secured bank loans	**18,574**	20,941
Other unsecured loans	**226**	386
	18,800	21,327
Total borrowings	**55,113**	**62,315**

(a) Bank loans

Bank loans are subject to a weighted average interest rate of 4.9% (2013: 4.1%).

(b) Other loans

Other liabilities are subject to a weighted average interest rate of 1.2% (2013: 2.9%).

(c) Banking facilities

As at 30 June 2014, the Australian and New Zealand Banking Group (ANZ) and National Australia Bank (NAB) funding facility was $124.0 million, split between overdraft and loan facilities of $74.0 million, bank guarantee and letter of credit facilities of $50.0 million.

10 Borrowings (continued)

(c) Banking facilities (continued)

At 30 June 2014, $53.8 million (2013: $46.5 million) of the total ANZ and NAB facility was unused.

(d) Breach of debt covenant

The Group has agreed with its banks for the covenants breach at 30 June 2014 to be waived.

(e) Debt Refinancing

Loan facilities of CAD 19.9 million and AUD 13.3 million are due for refinancing by 30 November 2014. Negotiations on the extension of these facilities are in progress.

11 Contributed equity

(a) Share capital

	As at 30 June 2014 $'000	As at 31 December 2013 $'000
Balance at 1 January	**245,841**	216,878
Shares issued	**-**	31,446
Transaction costs (net of tax)	**-**	(1,476)
Shares vested to employees	**268**	(1,007)
	246,109	**245,841**

(b) Movements in ordinary share capital

	As at 30 June 2014 Shares	As at 31 December 2013 Shares
Balance at 1 January	**168,449,799**	123,527,574
Shares issued	**-**	44,922,225
Total contributed equity	**168,449,799**	**168,449,799**

12 Dividends

(a) Ordinary shares

	Half-year ended 30 June 2014 $'000	Half-year ended 30 June 2013 $'000
Final ordinary dividend for the financial year ended 31 December 2012 of 10.1 cents per share paid on 1 May 2013	**-**	12,476

12 Dividends (continued)

(b) Dividends not recognised at the end of the half year

	Half-year ended 30 June 2014 $'000	Half-year ended 30 June 2013 $'000
The Directors have not recommended the payment of an interim dividend for the half year ended 30 June 2014 (2013: 2.0 cents)	**-**	2,471

13 Contingencies

(a) Guarantees

	2014 $'000	2013 $'000
The Group is, in the normal course of business, required to provide guarantees and letters of credit on behalf of controlled entities in respect of their contractual performance related obligations. These guarantees and indemnities only give rise to a liability where the entity concerned fails to perform its contractual obligations. Bank guarantees outstanding at the balance date in respect of commitments for expenditure	**16,300**	20,706

(b) Litigation

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

In a separate matter, two of Ausenco’s wholly owned subsidiary companies have been named as co-defendants to court claims in Canada. The overseas claims relate to equipment that failed in 2010, after 14 years of successful operation. The claims arise from services provided in 1997 by subsidiary companies that were acquired by Ausenco in 2008. Ausenco’s insurer has been notified of the claims and Ausenco intends to vigorously defend the nature and basis of the claims on a number of fronts. There are currently no confirmed court dates for this matter.

14 Business combination

(a) Summary of acquisition - prior period

PROJEX Technologies

On 29th July 2013, Ausenco Engineering Alberta Inc., being a subsidiary of the Group, acquired the assets of PROJEX Technologies Ltd for $15.5 million. The acquisition forms part of the Oil & Gas business line.

For full details of the acquisition please refer to note 36 of the 2013 annual report.

14 Business combination (continued)

(a) Summary of acquisition - prior period (continued)

The Rylson Group

On 28 August 2012 the Group acquired 75% of the share capital of the Rylson Group, a global provider of business improvement and asset management solutions, for $4.2 million. The final fair value of the assets and liabilities acquired were:

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

Details of the purchase consideration at acquisition date were as follows:

	2013 $'000
Purchase consideration	
Cash paid	2,873
Deferred consideration	807
Contingent consideration	1,644
Total purchase consideration	5,324

Payment for the remaining 25% of the Company will be made within 30 days from the completion of the Rylson Group's 30 June 2014 financial reports.

The purchase consideration for acquiring the remaining 25% interest in the Rylson Group has been calculated by reference to the Rylson Group's normalised earnings before interest and tax (EBIT) for the three years from 2012 to 2014 and is subject to minimum and maximum payment amounts.

Based on the business' performance during the earn-out period only the minimum payment is required. As a result $1.1 million was released from other current liabilities to other income during the half-year ended 30 June 2014.

For full details on the acquisition refer to note 36 of the 2013 annual report. The Group elected not to recognise the non-controlling interest in the Rylson Group at its proportionate share of the acquired net identifiable assets as substantially all of the risks and reward have been transferred to the Group at acquisition.

15 Events occurring after the reporting period

No other matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect:

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

In the Directors' opinion:

(a) the financial statements and notes set out on pages 6 to 22 are in accordance with the *Corporations Act 2001*, including:
  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the half-year on that date, and

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

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

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

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

George Lloyd
Director

Zimi Meka
Director

Brisbane
19/08/2014

Independent auditor's review report to the members of Ausenco Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Ausenco Limited (the Company), which comprises the consolidated balance sheet as at 30 June 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Ausenco Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Ausenco Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

PricewaterhouseCoopers, ABN 52 780 433 757
Riverside Centre, 123 Eagle Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001
T: +61 7 3257 5000, F: +61 7 3257 5999, www.pwc.com.au

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Ausenco Limited is not in accordance with the *Corporations Act 2001* including:

a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the half-year ended on that date;

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Michael Shewan

Michael Shewan
Partner

Brisbane
20 August 2014

Alternative performance measures

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

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

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

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

Working capital assets are defined as trade and other receivables and unbilled revenue.

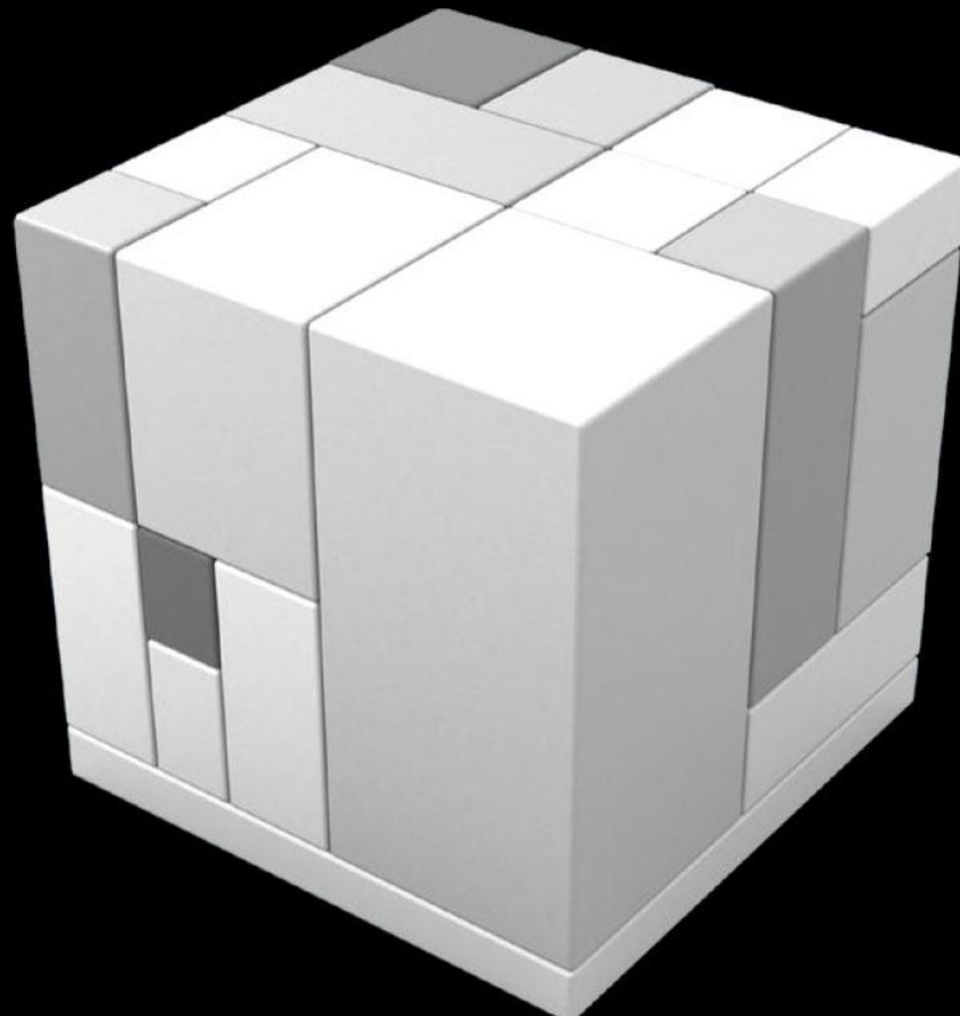
These above mentioned measures are commonly used by management, investors and financial analysts to evaluate companies' performance.

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	Half-year ended 30 June 2014 $'000	Half-year ended 30 June 2013 $'000
Profit before income tax		**(2,661)**	**4,726**
Finance costs		2,012	1,743
Interest income		(369)	(312)
EBIT		(1,018)	6,157
Amortisation of intangibles - other intangibles	8	-	841
Share of profit from joint arrangements		60	(167)
Adjusted EBITA		**(958)**	**6,831**
Amortisation of intangibles – software	8	2,521	1,595
EBITA		**1,563**	**8,426**
Depreciation	4	2,809	2,510
EBITDA		**4,372**	**10,936**
Redundancy cost		1,378	4,832
Underperforming contracts		-	6,012
Contingent consideration Rylson		(1,100)	-
Underlying EBITDA		**4,650**	**21,780**

		As at 30 June 2014 $'000	As at 31 December 2013 $'000
Borrowings - Current	10	(36,313)	(40,988)
Borrowings - Non-current	10	(18,800)	(21,327)
Total borrowings		(55,113)	(62,315)
Cash	6	24,071	37,567
Net debt		(31,042)	(24,748)

Ausenco



2014 Half year results

20 August 2014

Zimi Meka, Chief Executive Officer - Craig Allen, Chief Financial Officer

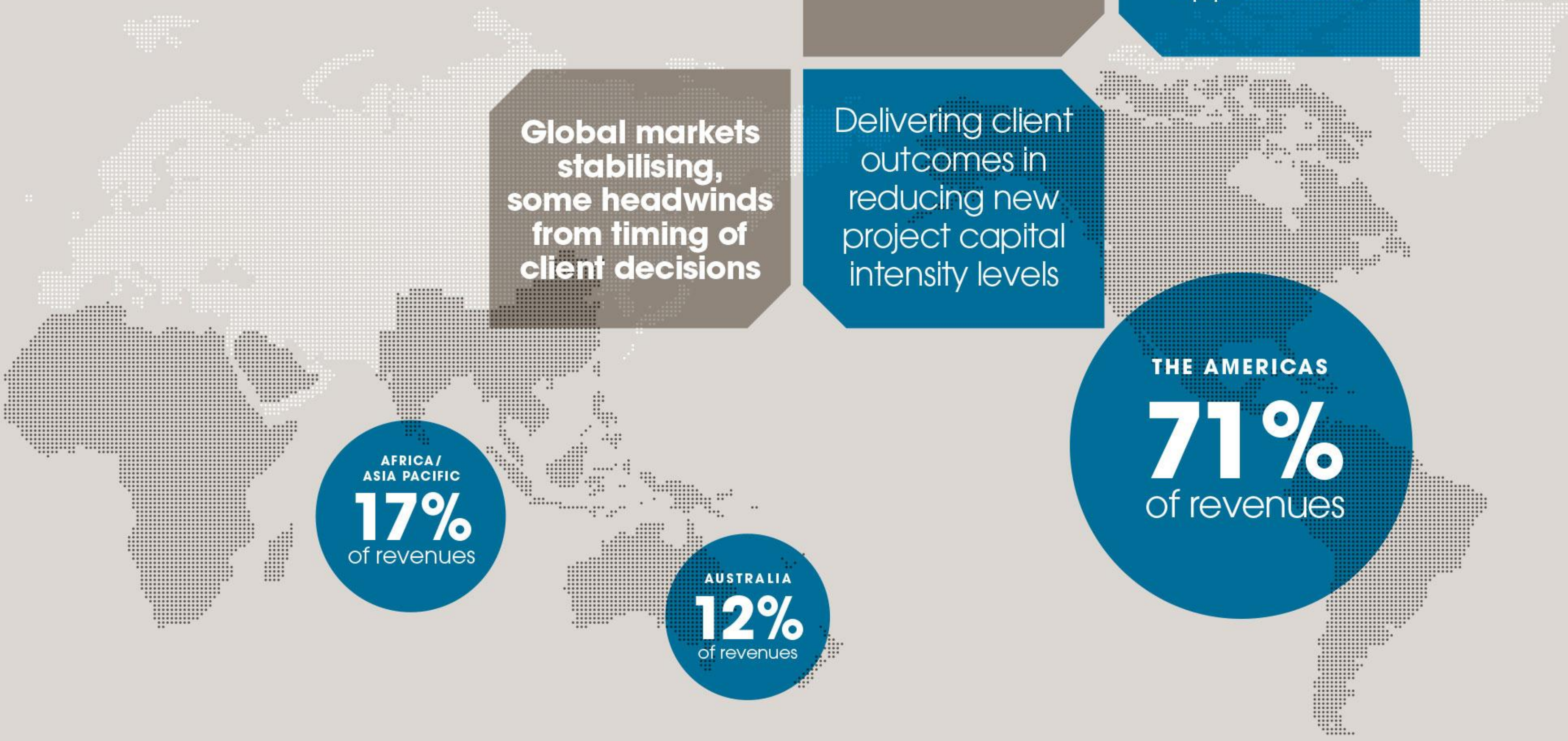
Half year overview

UNDERLYING EARNINGS
$2.0m

Diverse and solid pipeline of global opportunities

Global markets stabilising, some headwinds from timing of client decisions

Delivering client outcomes in reducing new project capital intensity levels



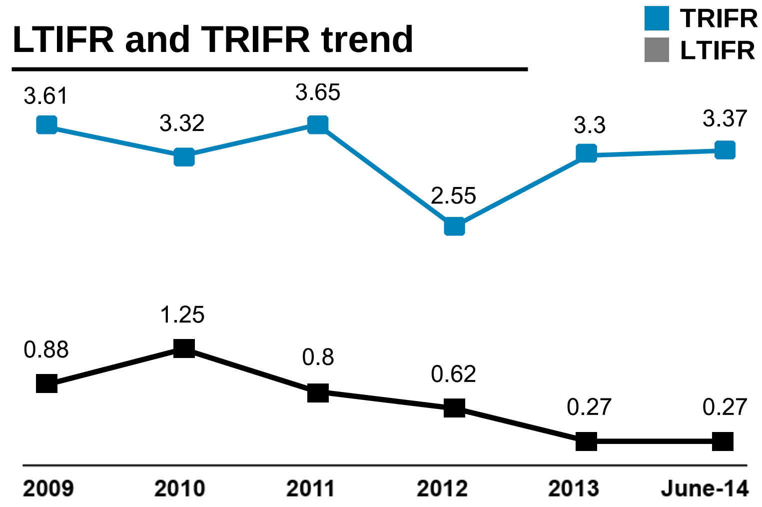
2014 Half-year Report Card

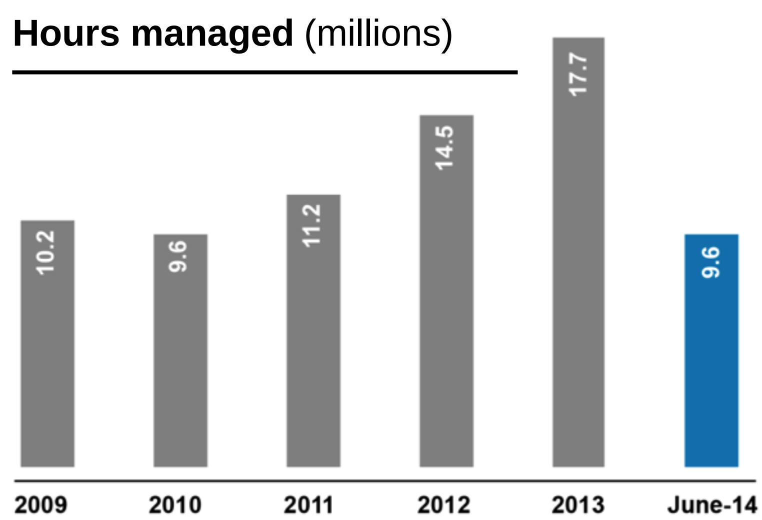
	Business essentials	
★★★★	Health and safety	Stable LTIFR of 0.27; Continued focus on Zero Harm outcomes across global operations
★★★★	Sustainability	Sustainability Policy and Framework in place; Ausenco Foundation initiatives supporting communities
★★★☆	Operating revenue	Solid foundation, with some delays resulting in 2014 revenues being deferred into 2015
★★★★	Controllable cash costs	Focus and efficiencies delivered $36m in controllable cash cost reductions against a $20m target
★★☆☆	Underlying earnings	Improvements since December 2013; Earnings significantly leveraged to revenue growth
★★★★	Opportunities and prospects	Globally an extensive opportunity pool; Focus on growing market share across all work phases
★★★☆	Cash management	Underlying $6m cash inflow in the first half; Bank debt refinancing progressing satisfactorily
	Driving shareholder value	
★★★★	Business systems	New business systems delivering enhanced visibility and global workshare opportunities
★★☆☆	Resource markets	Markets stabilising; Increases in consulting, engineering, sustaining and maintenance capital expenditure enquiries
★★☆☆	North American infrastructure	Experienced team in place motivated on strategy to grow market share in key infrastructure areas
★★★☆	Canadian oil & gas	Acquisition successfully integrated; Focused on growth in mid market programs of sustaining capital programs
★★★☆	Global Optimise programs	Range of new O&M opportunities; Rylson8 software sales up; Industry award for best client cost savings initiative
★★★☆	Peru and Chile copper	Our innovation is delivering lowest capital intensity projects; Extensive range of opportunities

Zero harm safety remains our priority
Sustainability initiatives in focus

- Continued focus on delivery of Zero Harm outcomes across our global operations
- Eight projects recording over 12.8 million man-hours LTI free
- Immediate evacuation response to emerging Ebola conditions in Africa
- Ausenco Foundation – supporting eight communities across APAC/Africa and the Americas

Ausenco ranked #46 of 225 largest international design firms by market leading Engineering News-Record organisation
www.enr.com





Ausenco

Underlying EBITDA of $4.7m
positive underlying cash flows

Global diversification provides enhanced growth opportunities

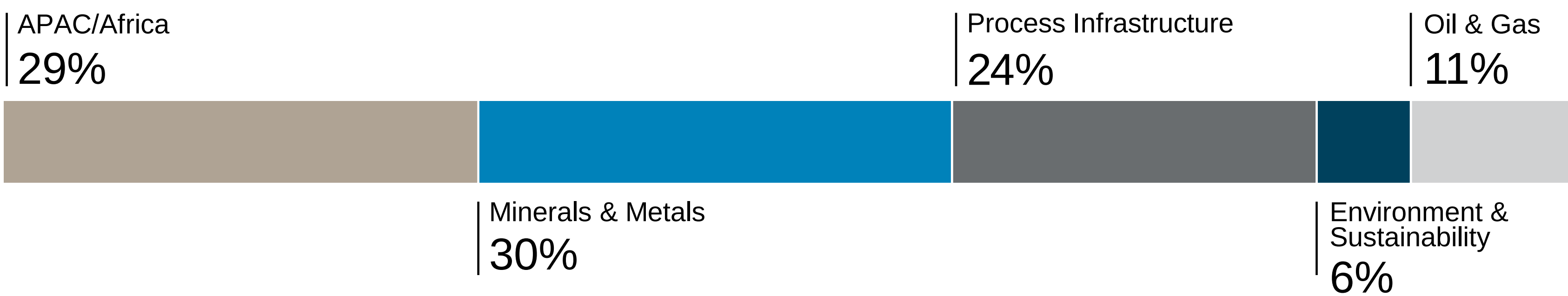
Operational leverage placed to restore strong ROCE outcomes

Financial review

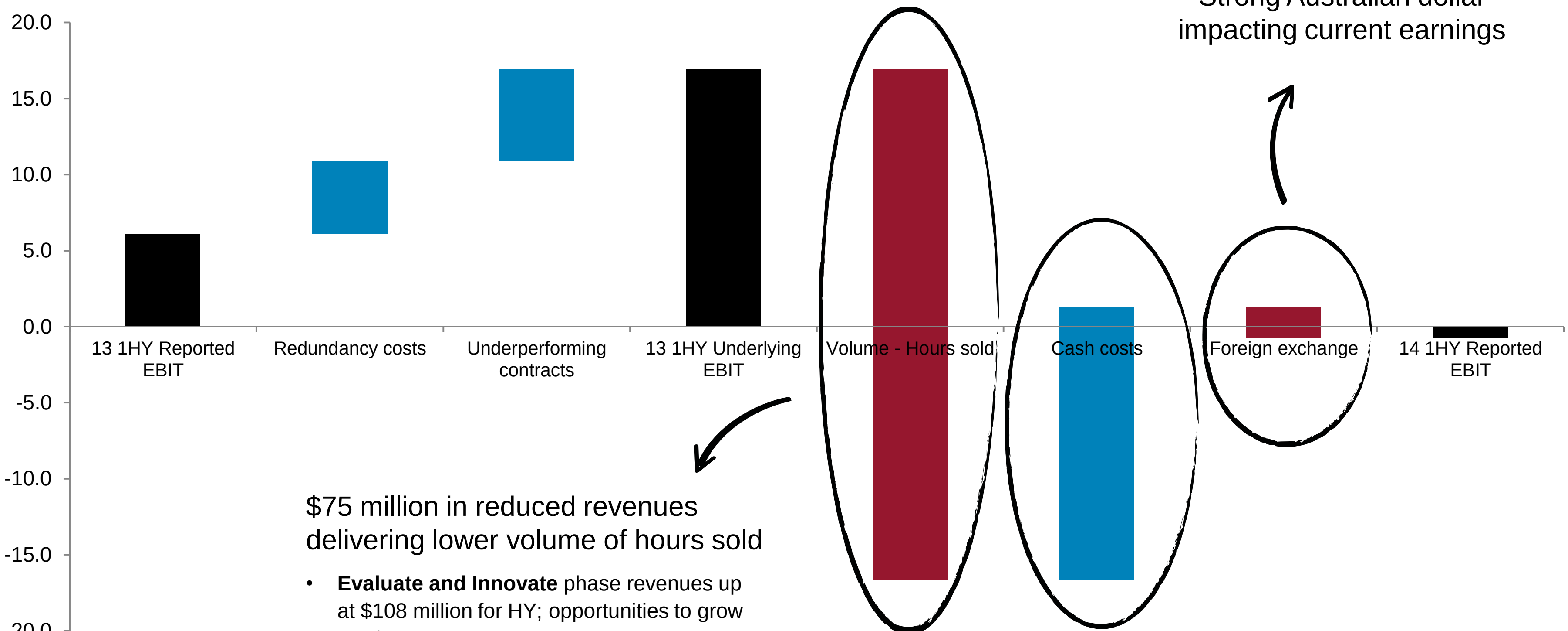
Business set-up to optimise operational leverage

Six months to 30 June ($m)	2014	2013
Revenue from operations	184.2	258.9
Underlying EBITDA	4.7	21.8
Underlying EBITDA margin (%)	2.5%	8.4%
Net profit /(loss) before tax	(2.7)	4.7
Attributable profit after tax	2.0	3.5
Underlying earnings	2.0	11.1
Basic earnings per share (cents)	1.2	2.8
Operating cash inflow / (outflow)	(7.5)	19.6
Underlying EBITDA interest coverage (times)	2.3	12.5
Dividend per share (cents)	-	2.0

2014 1HY service revenue by business line



Delivered controllable cost savings and efficiencies against lower revenues



Strong Australian dollar impacting current earnings

$75 million in reduced revenues delivering lower volume of hours sold

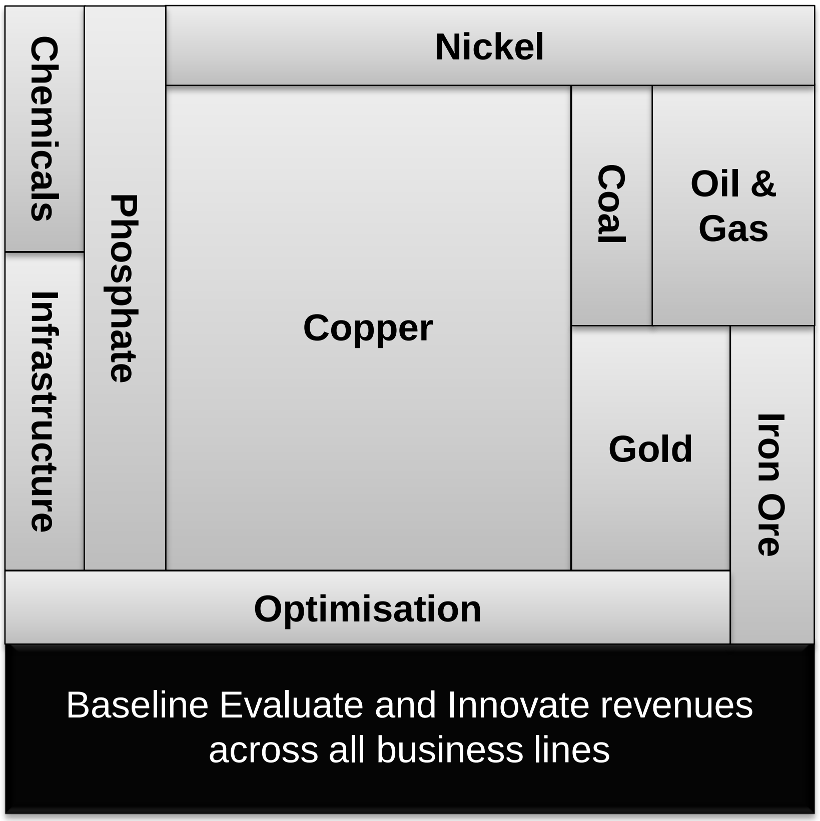
- **Evaluate and Innovate** phase revenues up at $108 million for HY; opportunities to grow to ~$250 million annually
- **Create** phase revenues lower, reflecting lower levels of development activities
- **Optimise** phase revenues lower but increasing reflecting greater client focus on improving plant operating efficiency

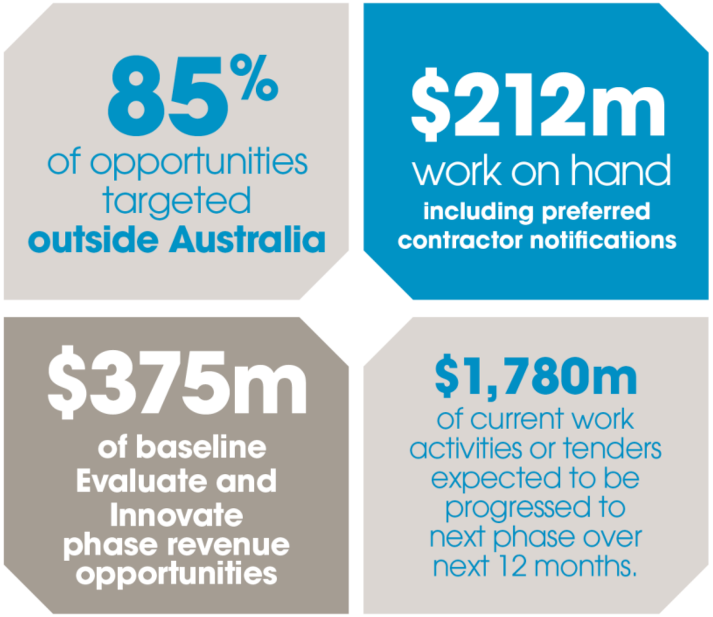
$18 million in lower planned cash costs for the half-year

- Annually expected to deliver $41 million in overhead cost savings to improve future ROCE on any comparably lower revenue base

Ausenco

Opportunities across all phases; focus to grow market share





Positive underlying first half cash flows; lower capex and depreciation planned

- Reported cash outflow of $7.5 million for the half year
- $14 million in cash collections in early July (due for receipt by 30 June) contributing to an underlying $6 million first half cash inflow
- $0.6 million higher financing expenses in the period due to increase in average cost of debt
- Significantly reduced capital expenditure following the successful roll out of the global ERP program
- 2014 planned capital expenditure $4 million, reducing to $2 million annually in 2015 and 2016
- Forecast 2015 and 2016 depreciation and amortisation to decline to $7.8 million annually

Operating cash flow ($m)	H1 14	H1 13
EBIT	(1.0)	6.2
Depreciation and amortisation	5.3	4.9
Cash from operations pre working capital	**4.3**	**11.1**
Net working capital dec/(inc)	(8.1)	13.7
Billings in advance (dec)/inc	0.3	3.2
Tax paid	(2.4)	(7.0)
Net interest expense	(1.6)	(1.4)
Cash from operations	**(7.5)**	**19.6**
PPE/ERP capital expenditure	1.2	5.8

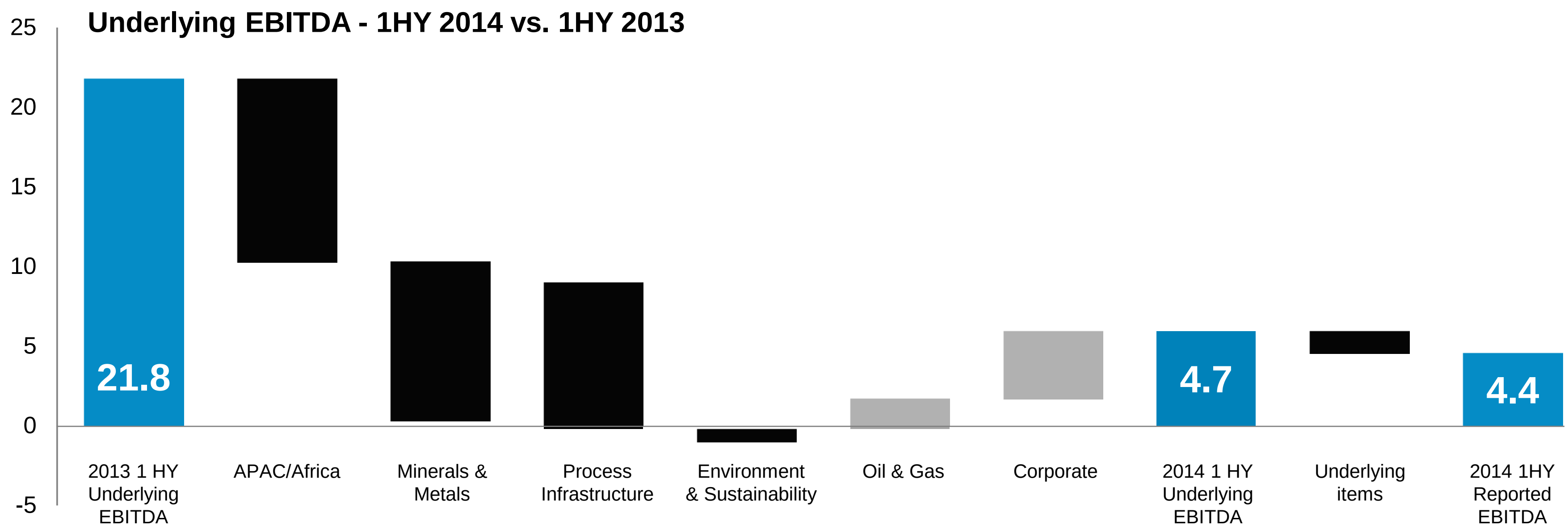
Capital management initiatives in place; lower net gearing ratios targeted

- $14 million in cash collections in early July (due for receipt by 30 June) excluded from net debt balance of $31 million
- Significant bonding and funding capacity of $103.8 million available under existing facilities
- Discussions with financiers with respect to the expected extension of debt repayments due in November 2014 are progressing satisfactorily
- Scheduled debt repayments of $4.4 million in the period; similar level expected in 2014 second half
- Targeting net cash position in early 2015
- Lower forward capital expenditure profile to be directed towards higher scheduled debt repayments post 2014

Funding summary ($m)	Jun 2014	Dec 2013
Total facilities	152.3	151.7
Less: Cash facilities utilised	(56.3)	(59.0)
Less: Non cash facilities utilised	(16.3)	(20.7)
Available facilities	79.8	71.9
Plus: Cash	24.1	37.6
Total cash/funding facilities available	103.8	109.5
Facility utilisation	48%	53%

Key financial ratios	HY2014	FY2013
Net debt	31.0m	24.7m
Net gearing ratio	10.8%	8.7%
Average cost of bank debt	4.8%	2.8%
Average debt maturity	1.0 yrs	1.2 yrs
Underlying EBITDA coverage	2.3x	6.7x

Key drivers for half year EBITDA



- **APAC/Africa** – Revenues down 50% to $55.5 million, Underlying EBITDA down $10.2 million reflecting project deferrals and generally subdued market conditions in Australia
- **Process Infrastructure** – Underlying EBITDA down $10.0 million to $0.8 million reflecting lower activity levels in Brazil, Canada and Chile
- **Minerals & Metals** – Revenue down marginally to $56.7m reflecting lower activity levels in Brazil and Canada
- **Oil & Gas** – Successful integration of Projex acquisition resulting in increased operating revenue to $20.2 million and increase in Underlying EBITDA to $2.0 million
- **Environment & Sustainability** – Lower Underlying EBITDA to $0.1 million reflecting significant currency devaluations in Argentina
- **Corporate & regional support** – $4.4 million lower costs for the period, with successful transition of business services to Malaysia

Operational review

OIL&GAS
Delivering into robust sustaining capital sectors

PROCESS INFRASTRUCTURE
Grow **Evaluate and Innovate** market share

MINERALS & METALS
Delivering **lower capital intensity** client outcomes

ENVIRONMENT & SUSTAINABILITY
Growth and opportunities in Central and South America

APAC/AFRICA
Growth in **optimisation** revenues and opportunities

Oil & Gas

- Increase in operating revenue and earnings reflect the successful acquisition and integration of Projex business in Canadian oil and gas market
- Revenues are expected to continue to represent at least 10% of the Group's ongoing revenues
- Our Services are focused on brownfield projects in ongoing sustainable capital maintenance and wellhead investment
- Sustaining and maintenance capital expenditure demands are maintaining robust growth outlook for the sector

Revenue	Underlying EBITDA	Underlying EBITDA margin
↑ $20.2m	↑ $2.0m	↑ 9.9%
H1 2013: $6.2m	H1 2013: $nil	H1 2013: -

Process Infrastructure

- Focus to regain leading market share position in traditional Evaluate phase consulting and Innovate phase engineering assignments
- Successfully completed Cytec phosphine, Port Mann water tunnel and Coquitlam UV plant, the latter winning an award of merit in design
- Tender and enquiry levels quite high, moderated by level of undecided and delayed decisions
- 520km Minas Rio iron ore pipeline successfully commissioned and ready for start up
- Initiatives underway to extend market share in North American power and pipeline markets
- Modest market share gains from $0.4 billion of open opportunities provide basis for future earnings growth

Revenue	Underlying EBITDA	Underlying EBITDA margin
↓ $43.7m	↓ $0.8m	↓ 1.8%
H1 2013: $66.5m	H1 2013: $10.7m	H1 2013: 16.1%

Ausenco

Minerals & Metals

- Construction phases on Constancia and Goldstrike advancing satisfactorily towards commissioning
- Peru opportunities strongest, with Brazil and Chile conditions improving with multiple recent project awards
- Clients increasingly looking for cost certainty on projects through EPC delivery strategies
- Positive market indicators and client enquiries around new copper, lithium, phosphate, bauxite and nickel projects

Revenue	Underlying EBITDA	Underlying EBITDA margin
↓ $56.7m	↓ $6.8m	↓ 12.0%
H1 2013: $60.8m	H1 2013: $7.8m	H1 2013: 12.8%

Environment & Sustainability

- Positive performance and opportunities in Mexico and in Peru offset by lower than expected revenues in Argentina
- Construction Quality Assurance activities in Peru provide solid baseline level of revenues for the business
- Progressed the Lagunas Norte Leach Pad Phase 5 for Barrick, winning safety strategic partner award multiple times
- Weaker US dollar and significant devaluation of Argentine peso adversely impacted earnings performance from Mendoza office
- Emerging stability in Mexican resource investment with environmental assessment studies expected to provide earnings growth into 2015

Revenue	Underlying EBITDA	Underlying EBITDA margin
↓ $10.3m	↓ $0.1m	↓ 1.0%
1H 2013: $14.0m	1H 2013: $0.9m	1H 2013: 6.4%

Ausenco

APAC/Africa

- Significant gains being achieved in expanding and enhancing the business' service offering in the region
- Successfully delivered the Kwale minerals sands project and Aktogay copper project during the period
- Recent Ebola virus outbreak in West Africa is anticipated to significantly slow activities in that region
- Multiple Optimise phase opportunities are expected to increase recurring revenue base significantly over next 12 months
- Client focus on low capital intensity projects, which plays to Ausenco's strength, and the business' diversification of services is expected to generate revenue and earnings growth in 2015

Revenue	Underlying EBITDA	Underlying EBITDA margin
↓ $55.5m	↓ $nil	↓ -
H1 2013: $109.5m	H1 2013: $10.2m	H1 2013: 9.3%

Outlook

Increasing demand for cost effective operating and capital design solutions

Markets stabilising; focusing on growing market share

Well positioned to take maximum advantage of multiple future opportunities

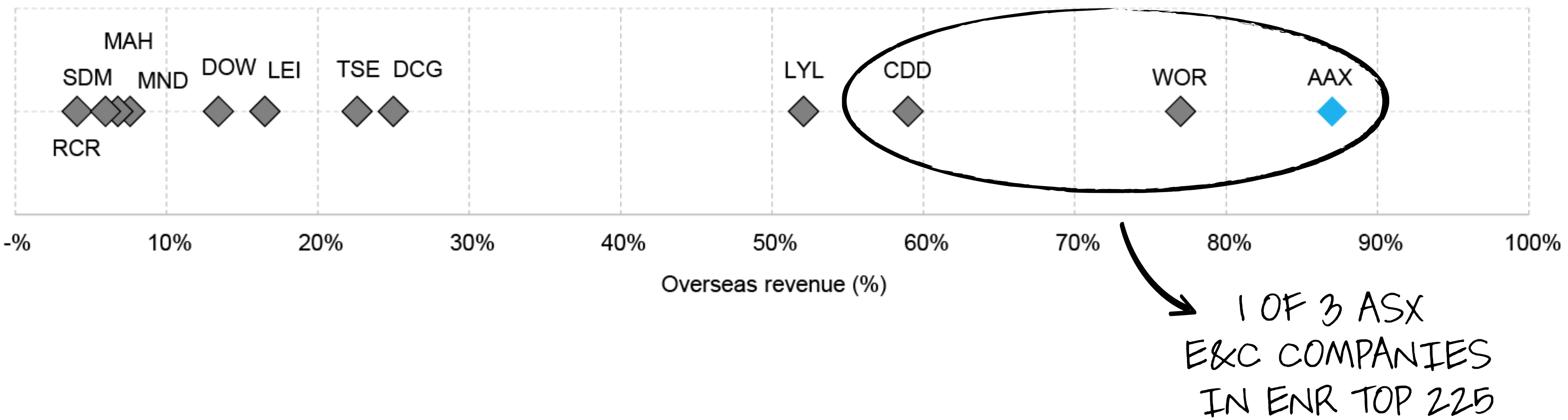
Global diversification providing growth opportunities beyond Australia

Focus on delivering revenue growth to leverage earnings

Ausenco: Leading global engineering and construction company

- Over 85% of revenues from non-Australia based projects; ideally positioned to grow through market share gains in overseas markets
- Relative to other ASX listed mining services and engineering and construction companies, Ausenco (AAX) has highest proportion of its revenue from sources outside of Australia
- Existing diversification outside Australian mining services market reduces investor risk, particularly if the local market recovers more slowly than global markets
- One of three ASX listed engineering and construction companies recognised in ENR's top 225 global design firms for 2014
- Earnings will benefit from weakening Australian dollar

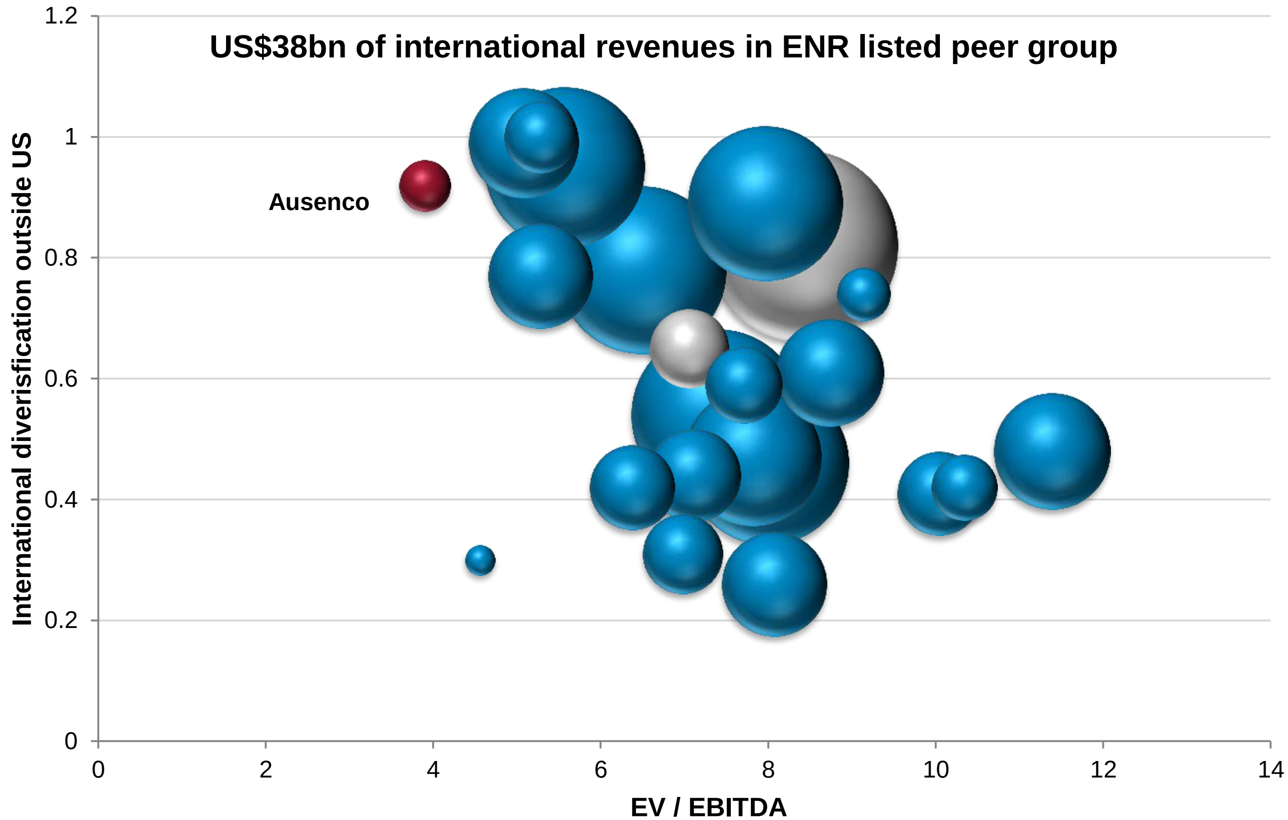
Revenue diversification of Ausenco & Peers



Sources: IRESS; company filings

Globally, Ausenco's geographic reach stands out against global E&C peer group

- US$38 billion in non-USA revenues across ENR top-ranked peer group of listed engineering and construction companies
- AAX differentiators ensure it has the opportunity to expand share in key markets and sectors
- One of three ASX listed engineering and construction companies recognised in ENR's 2014 top 225 international design firms
- ENR listed international engineering and construction peer group one year forward EV/EBITDA multiples rank between 4.6 to 11.4 times



Sources: ENR The Top 225 International Design Firms 28 July 2014; Bloomberg

Key growth areas in Ausenco's global markets

North America Infrastructure

- Target of 92% increase to 7.1bn barrels of oil pipeline capacity out of Western Canada over the next five years
- British Columbia (BC) and industry collaborating to develop at least 3 of 20 LNG export terminals
- $5.9bn in annual municipal infrastructure investment in BC

NEXT 10 YEARS
$417 bn
NEW USA POWER PROJECTS

Canadian Oil & Gas

70%
OF TOTAL CAPITAL SPEND

- Annually $60 - $70bn of capital investment in oil and gas sector
- Currently Ausenco working with 20% of the top oil sands producers
- Continuing wellpad development of $200 million per annum to maintain demand

O&G
PI
E&S
M&M

Global optimisation programs

- Simulation and Rylson8 software sales and services increasing
- Greater global opportunities for Optimise services - improves recurring revenue base
- Services and software providing significant client savings in operating plant performance

AWARDED BEST
COST SAVING
INITIATIVE

Peru & Chile Copper

$41bn
PLANNED **COPPER** PROJECTS

- Chile and Peru hold 43% of the world's copper reserves
- Goldman Sachs estimates 40% of 2017 copper production to come from projects currently awaiting approval
- Innovation key to deliver lowest capital intensity concentrator outcomes

Building long-term inspiring client relationships

- Rylson8 business optimisation software is expanding client base across energy and resource sectors
- Full solution offering to clients from pre-development Evaluate phase, through Create phase development to include Optimise phase recurring revenues
- Client focus on lowering capital intensity is resulting in a number of value engineering assignments being completed for projects
- Strategic presence across key markets and 'normalising' market conditions arecreating enhanced pipeline of opportunities

Anglo American · Newcrest Mining Limited · Suncor Energy · Peabody Energy · Teck · bhpbilliton · Orica · Cytec · Canadian Natural · HudBay Minerals · devon · Vale · TransLink · Newmont · Statoil · RNC · MMG · metro vancouver · Husky Energy · Glencore

Service revenue by client type

Emerging
20%

Major
74%

Globally diversified
6%

In summary

Market conditions stabilising

- Undecided or delayed decisions impacting resource planning – revenues lower than expected
- Ongoing brownfield and sustaining capital programs provide ample opportunities to grow
- All businesses were profitable during the period - cost management focus has resulted in more efficient cost base

Diverse pipeline of opportunities

- Solid global pipeline of identified opportunities
- Already working on the early phase assignments for a number of development opportunities
- Focus on growing market share of:
  - Canadian oil & gas market
  - Infrastructure expansions across North America
  - Copper projects in Peru and Chile
  - Global asset optimisation programs

Committed to restoring shareholder value

- $36 million in annual cost savings and efficiency improvements (initial target $20 million)
- Focused on maximising shareholder returns through optimal capital management initiatives
- Lower future capital expenditure programs directed to debt repayments and return to net cash in early 2015
- Enhanced operational cost base to leverage earnings to revenue

Financial Outlook

- Current 2014 consensus NPAT of $8.5 million
- Deferred revenues into 2015 have resulted in 2014 revenue guidance of $370 to $395 million and NPAT of $3.5 to $7.8 million
- Without providing guidance, current 2015 consensus NPAT is $14.2 million on revenue of $495 million. Ausenco is now capable of delivering those earnings on revenues of $400 to $410 million

Why Ausenco?

Delivered controllable cost savings that lowers downside risk and enhances upside earnings leverage

CLEAR PEER DIFFERENTIATOR
value delivery solutions

RANKED WITHIN
TOP 50
ENR international design firms

Global expertise, delivered locally

Only sub $1bn ASX listed Engineering & Construction company with **international exposure**

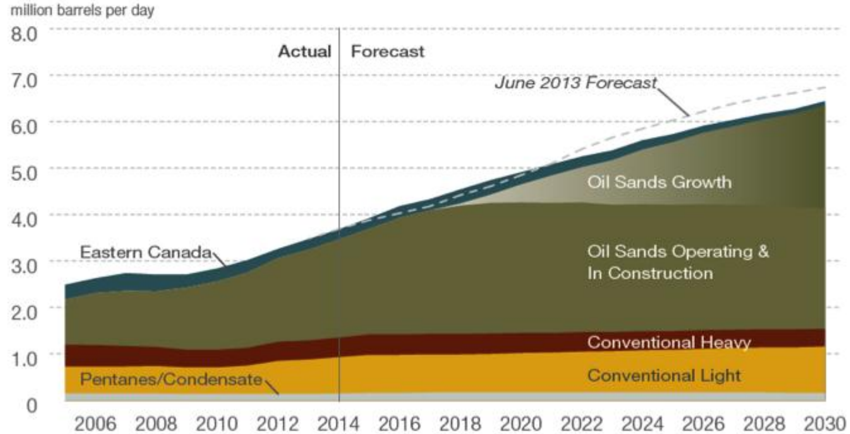
SUBSTANTIAL EXISTING POOL OF
resource and energy
GROWTH OPPORTUNITIES

Undervalued relative to globally diversified E&C peers

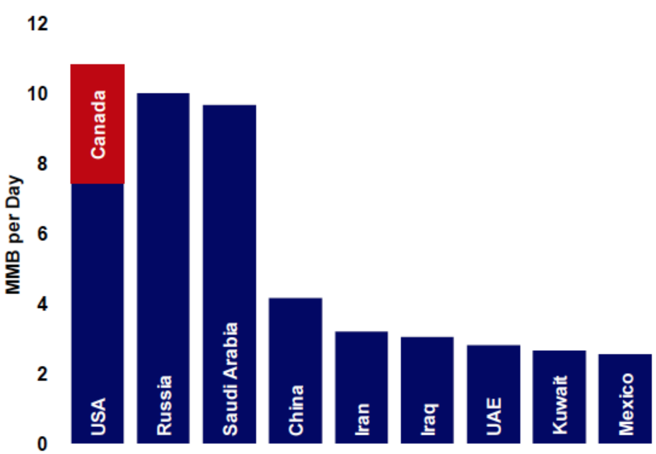
Appendices

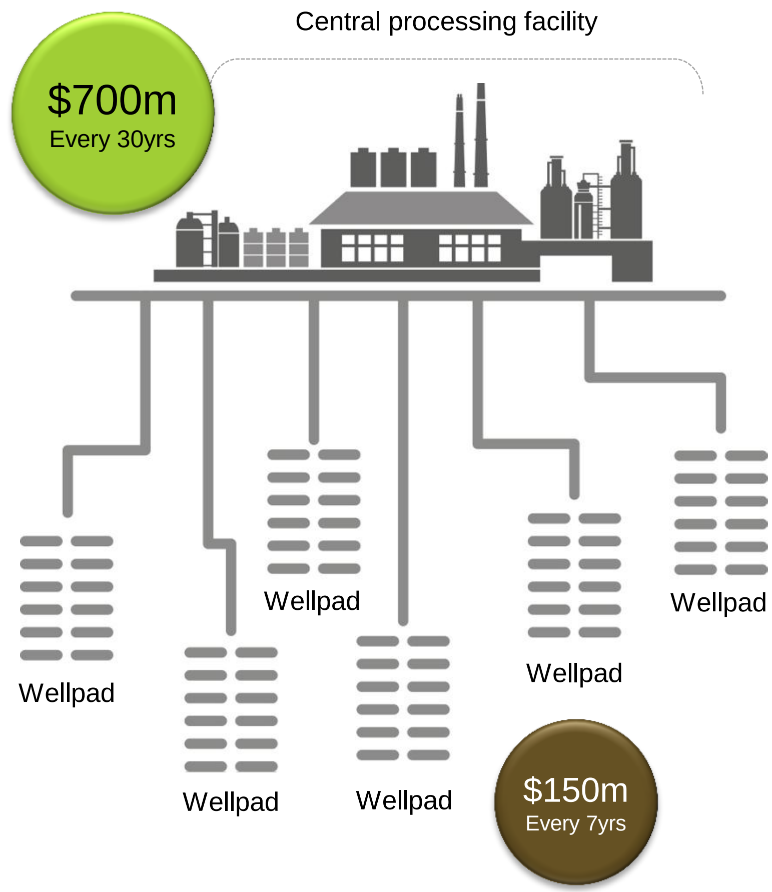
Canadian Oil & Gas

Canadian Oil Sands & Conventional Production



Average Annual Oil Production by Country





Annually $60-70bn CAPITAL investment in oil sand sector

Currently working with 20% of the top 20 oil sands producers

A wellpad produces approx 9,000-12,000 barrels/day

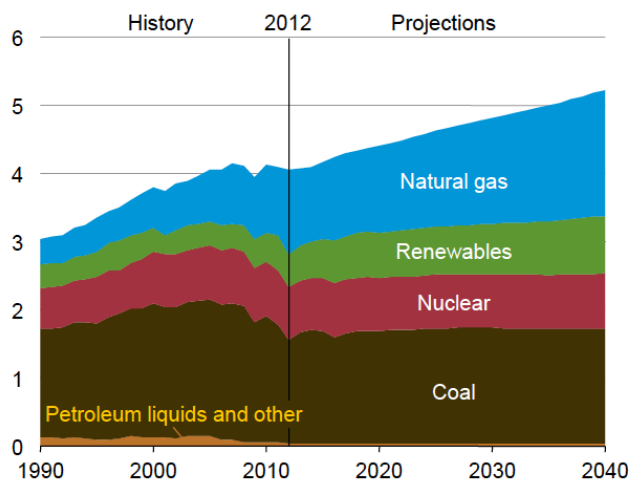
Maintenance & Sustaining Capital 70% total spend

Ausenco

Sources: EIA; ARC Financial Research 2014; Alberta Oil Magazine 2014; CAPP Crude Oil Forecast 2014; Company reports

North America Infrastructure

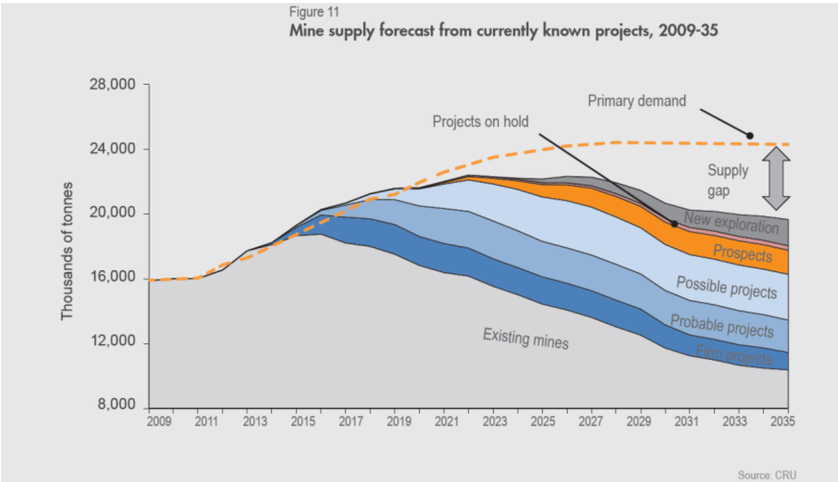
Figure ES-5. Electricity generation by fuel in the Reference case, 1990-2040 (trillion kilowatthours)

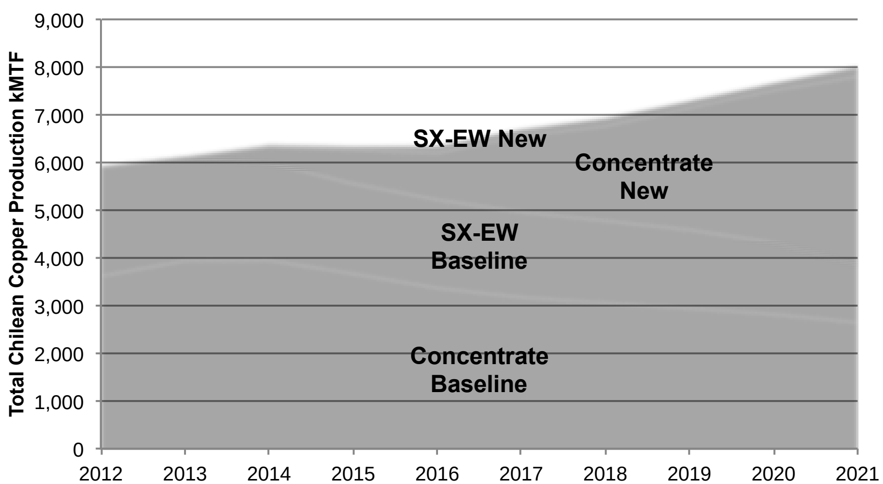


BC Municipal Infrastructure	New transmission & distribution investments	LNG terminals	USA Power generation
$5.9bn planned for 2015	**$297bn**	**$20bn** new investment	**$120bn** next 10 years

Sources: Canadian Association of Petroleum Producers with TransCanada overlay from TransCanada Corp; US EIA Annual Energy Outlook 2014 with projections to 2040; British Columbia Government LNG in BC website

Peru & Chile Copper





US$41bn in new Chile copper projects planned

Chile and Peru hold **43%** of world's copper reserves

Innovation key to deliver lowest capital intensity concentrator outcomes

Copper supply gap expected to drive new project demand

Sources: Goldman Sachs Copper 70*: "It might be "U" not "V""* 2 July 2014; BnAmericas *"Copper Outlook: Global Markets and Latin America's supply side role"* May 2014; Cochilco, MEM, Inegi, USGS, Thompson Reuters GFMS, ICSG; CRU

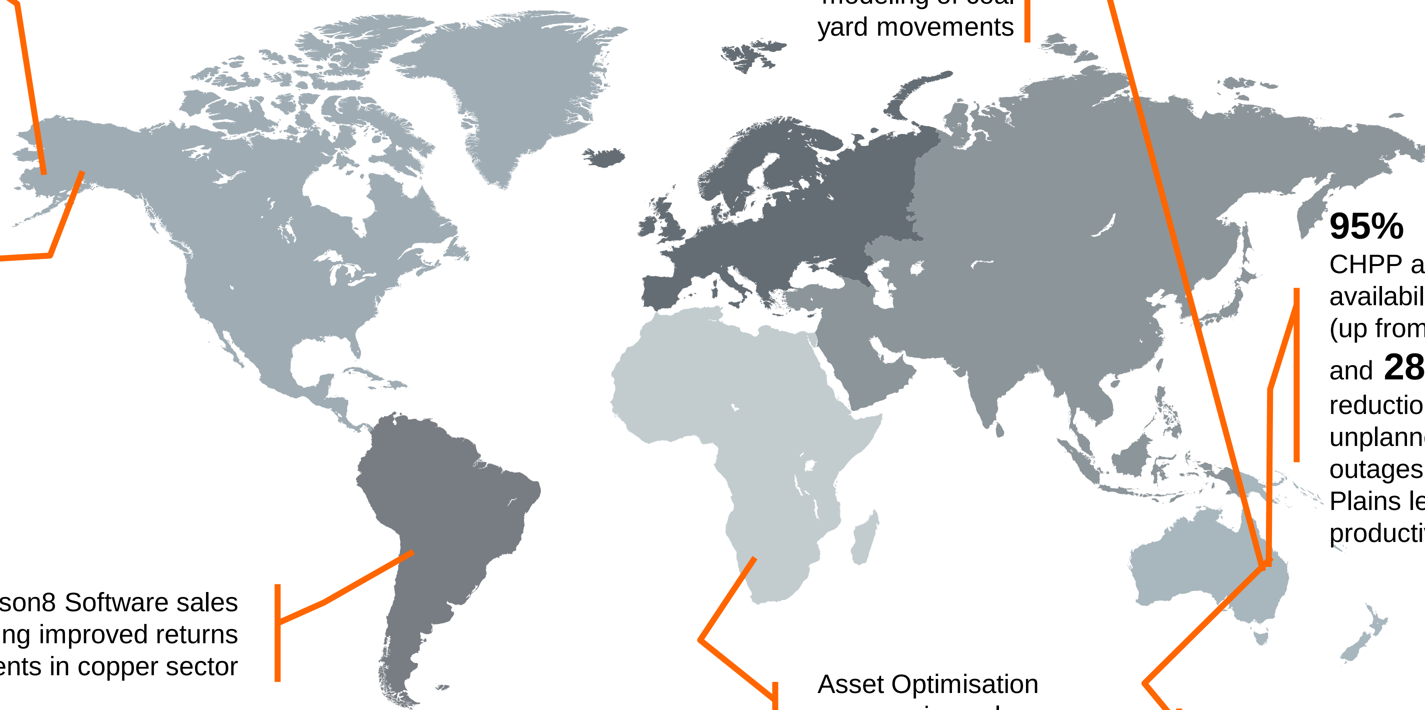
Global Optimisation Programs

" Our Driving Value programme is delivering improved operational performance,…"
Mr Mark Cutifani, CEO, Anglo American, May 2014

Simulation modeling assignment by BP to evaluate their planned Alaska Liquefied Natural Gas (LNG) project

TransCanada's multi-billion dollar capital and operating strategies for its ~2.5 million barrels per day Liquids Pipeline Network across North America

Dynamic simulation modeling of coal yard movements



95% CHPP asset availability (up from 91%) and **28%** reduction in unplanned outages at Isaac Plains led to productivity gains

Rylson8 Software sales delivering improved returns for clients in copper sector

Asset Optimisation program in coal delivering improved yield

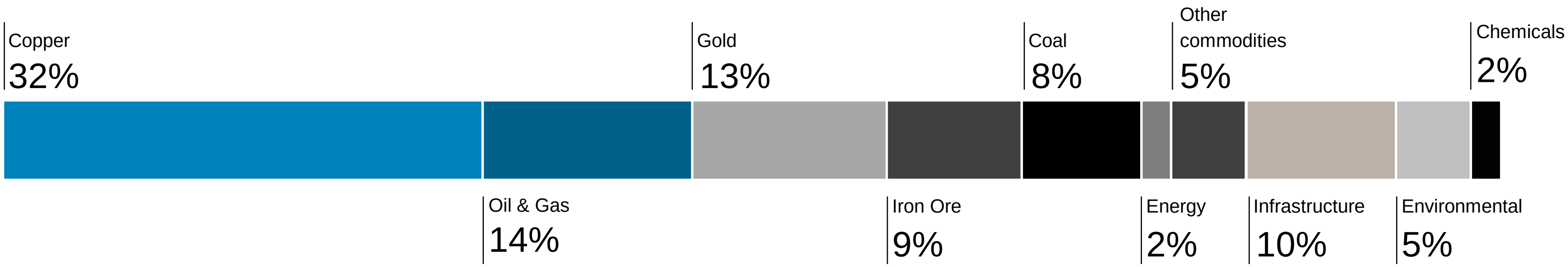
17% cost savings delivered at Century Mine winning the best Queensland "Cost Saving Initiative" award

"the Company's bottom-up, data-driven approach to productivity is sustainable, scalable and a platform from which performance can be raised without limits."
Mr Andrew Mackenzie, CEO, BHP Billiton, May 2014

Returns across the full value chain

	Evaluate	Innovate	Create	Optimise
	Pre-feasibility, feasibility and conceptual design services	Front end engineering and design services (FEED)	Engineering, Procurement, Construction Management (EPCM) and Engineering Procurement Construction (EPC) contracts	Onsite engineering, operations and maintenance support services
Typical contract duration	3-12 mths	6-18 mths	2-4 years	4-5 years
HY 2014 Revenues $m	59.2	48.4	61.0	15.5
HY 2013 Revenues $m	58.1	39.2	131.0	30.6
Open opportunities $m	375		1,245	161

2013 1HY service revenue by client solution



Capital programs

Capital Expenditure

Over the last five years Ausenco has completed an above average level of capital expenditure centered around:

- Consolidation of multiples offices in common locations, and
- Common global Oracle ERP platform

With more stable capex programs planned post 2014:

- Depreciation and amortisation on this capital base is expected to average $7.8 million annually, and
- Capital expenditure of $2 million annually

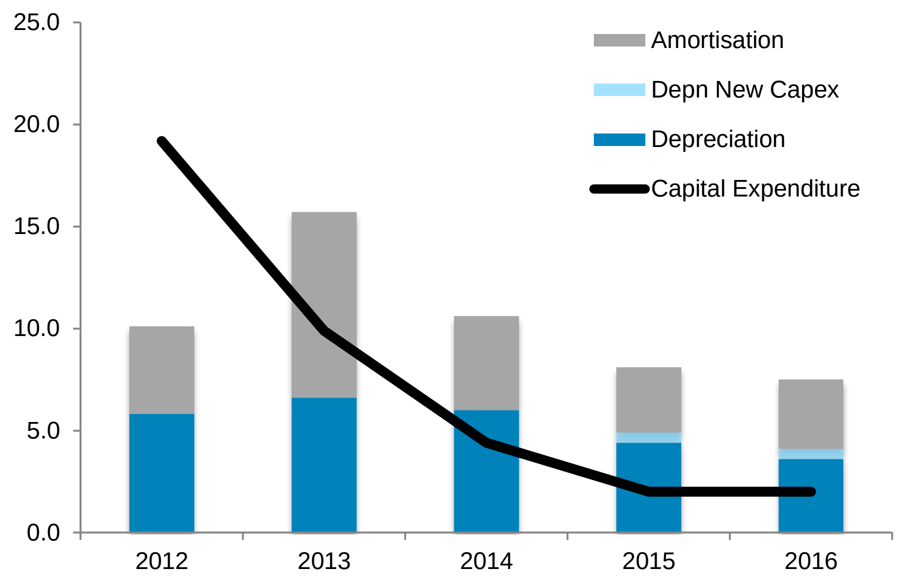
Future growth is attainable within current infrastructure

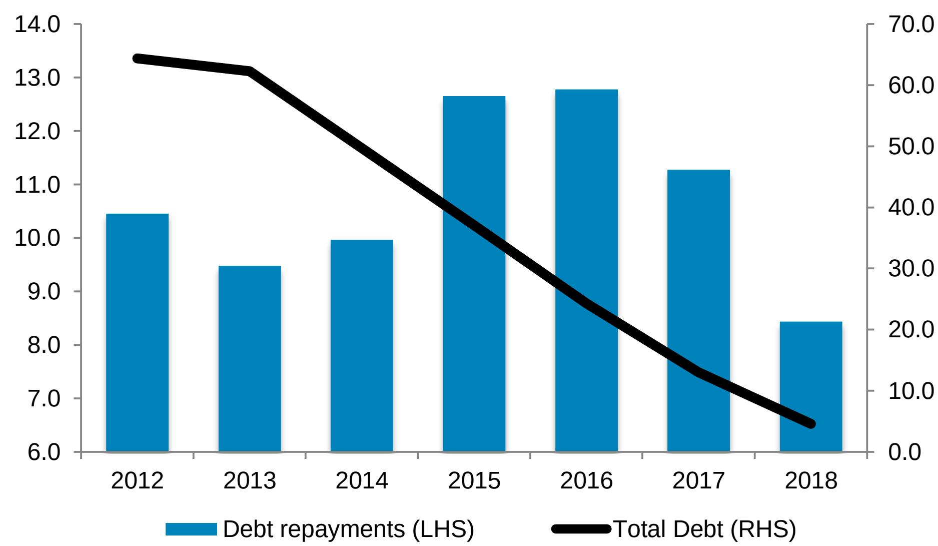
Capital Management

Reflecting the ongoing greater earnings profile from the Americas, 60% of total borrowing to be denominated as Canadian dollars, 40% as US dollars

Higher cash generation and lower capital expenditure facilitates planned increase in debt repayment profile

Total debt forecast incorporates relatively stable AUD to USD and CAD





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