



MEDIA RELEASE – FOR IMMEDIATE RELEASE

AusGroup’s FY2008 Revenue rises 35% to AUD\$379.0 Million

- **Strong growth in Australian operations, revenue up 41%**
- **Maintains dividend of 0.61 Singapore cents per share**
- **Order book stands at an all time high of AUD\$296 million**

SINGAPORE AND AUSTRALIA – 25 August 2008 – AusGroup Limited (“AGL” or “AusGroup” or “the Group”), an energy and resources specialist, today announced its results for the twelve months ending 30 June 2008 (“FY2008”). The revenue increased for FY2008 from the Group’s operations in Australia.

Gross profit declined marginally by 4% to AUD\$48.2 million in FY2008 due to some contracts where margins were lower than anticipated. Net profit decreased by 25% to AUD\$14.4 million in FY2008. Net profit was impacted by four key issues including project variation settlements below forecasts, execution difficulties on some projects, disappointing revenues from the Group’s Asian operations and reduced margins in some works undertaken within the Engineering division in Australia where some variations were not finalized by the end of the reporting period.

Financial Highlights

AUD\$’000	FY2008	FY2007	% Change
Revenue	378,980	281,131	34.8
Gross Profit	48,200	49,952	(3.5)
Operating Expenses ¹	28,445	23,698	20.0
Net Profit	14,372	19,133	(24.9)

“The earnings were impacted mainly in the Australian Engineering division related to certain variation claims on particular projects. We are taking a conservative approach and the Group does not recognize any revenue for work done under variation where the outcome of the variation is uncertain. Also, we are expanding rapidly and there continues to be a shortage in the market for certain skilled personnel.

We want to assure our shareholders that the Group has thoroughly researched the issues that have impacted the results over the year. Accordingly a strategy has been

¹ Includes Administrative, Marketing and Distribution, and Other Operating Expenses

agreed, and implementation has commenced which will ensure improvement of the Group's performance. We are also keeping a cautious watch on the global economic scenario."

Mr John Sheridan, Managing Director of AusGroup Ltd.

Despite the aforementioned problems faced, the Group's operations remain robust and the net cash generated from the operating activities increased from AUD\$21.2 million in FY2007 to AUD\$23.2 million in FY2008.

Operational Highlights

Business Segments (AUD'000)	FY2008			FY2007		
	Revenue	PAT	Margin	Revenue	PAT	Margin
Engineering Division	289,911	11,367	3.9%	234,365	17,400	7.4%
Services Division	89,049	2,824	3.2%	46,715	1,179	2.5%

Both the Engineering and Services divisions registered growth in their revenue contributions with growths of 24% and 91% respectively. The Services division contributed about 24% to the Group's overall revenue in FY2008 as compared to 17% in FY2007. The increase was mainly due to increased plant maintenance work performed by the division in 2008.

Geographical Segments	FY2008	FY2007	Change	
	AUD\$'000	AUD\$'000	AUD\$'000	%
Australia	354,750	252,183	102,567	40.7
Singapore	24,230	28,948	(4,718)	(16.3)

The Group's revenue from Australia increased by 41% in FY2008 to AUD\$354.8 million, contributing about 94% of the total revenue due to strong market conditions in Australia.

The revenue from Singapore was disrupted by the capital expansion exercise at the Singapore side and consequently revenue declined by 16% to AUD\$24.2 million in FY2008. For the Group's operations in Singapore, whilst revenues were disappointing the margins improved during FY2008 due to improved operational efficiencies. The Group expects to benefit positively with the upstream oil and gas sector expected to remain strong over the next period.

AusGroup also announced a final one-tier tax-exempt cash dividend of 0.61 Singapore cents per share, subject to shareholder's approval.

As at the last practicable date, the Group's order book stood at a record AUD\$296 million, an increase of 27% over last year's figure, portraying the Group's strength in securing new contracts. With strong demand for fabrication and construction services in Western Australia's mining and oil and gas sectors, the Group is poised for further growth.

Barring any unforeseen circumstances, the Group expects to remain profitable in FY2009.

--The End--

ABOUT AUSGROUP LIMITED (Bloomberg Ticker: AUSG.SP)

AusGroup Limited is a mainboard-listed energy & resources specialist. It is primarily based in Australia, where it is a dominant player in the supply of total engineering solutions, which includes fabrication, mechanical installations and maintenance. Being involved in the building, maintaining and upgrading of infrastructure, plant and equipment used in the extraction and processing of energy & resources, AusGroup is well positioned to benefit from the increasing capital investments in these industries. Through its acquisition of Cactus Engineering, AusGroup has established a presence in Singapore, which will be used as a platform to more regional growth.

For more information please visit the website at: www.ausclad.com.au

Issued for and on behalf of AusGroup Limited

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