

UPDATE 1-INTERVIEW-AusGroup sees 35 pct revenue growth for FY'08

By Tan Wei Xin

SINGAPORE, March 27 (Reuters) - Singapore-listed AusGroup ([AUSG.SI](#)), which provides engineering to mining and energy firms, said on Thursday it sees revenue up at least 35 percent in its 2008 fiscal year and is looking for an acquisition for growth.

AusGroup executive director Stuart Kenny told Reuters the firm sees at least A\$380 million (\$348 million) in revenue for the fiscal year ending June 2008, as compared to A\$281.1 million last year.

"We have been able to grow and continue to capitalise on the market conditions," Kenny said in an interview. Global commodity prices such as oil and gold have hit record highs but corrected lower in recent weeks, with the Reuters-Jefferies CRB Index [<.CRB>](#) of 19 commodities futures contracts 6 percent off a record hit earlier in March.

When asked about the impact of volatile commodity prices on the Australia-based firm, Kenny said AusGroup was unaffected by short-term price adjustments while demand from miners and oil firms for engineering services remained strong.

"The commitments made by major iron ore miners are long term commitments...and not based on short term adjustments in the markets," Kenny said.

"I don't see any relaxation or reduction in (oil) demand...the commitment to develop new oil fields is going to remain," Kenny said.

The company is looking at one major acquisition over the next 12 months and is also looking at joint ventures, he said.

"We'd like to take a big buy now to add some substance to the group...we're looking at something more substantial than what we've done so far," Kenny said.

"We're exploring opportunities in joint ventures to help us continue to grow and we'll be able to combine resources to handle larger projects," he said.

AusGroup shares rallied 5.7 percent by 0830 GMT, but remain 51 percent down so far this year, versus a 13 percent drop in Singapore's broader Straits Times Index ([.FTSTI](#)).

AusGroup, which has a market cap of \$225 million, competes with firms such as Leighton Holdings Ltd ([LEI.AX](#)) and Monadelphous Group Ltd ([MND.AX](#)).

Kenny, a sport fishing enthusiast who has won two international championships, also said AusGroup's new production and storage facility will start operating mid-year in western Singapore.

The industrial facility in Tuas will become the headquarters of its Singapore subsidiary Cactus Engineering, which builds and services equipment in the oil and gas industry. AusGroup bought a controlling stake in Cactus for S\$15.3 million in 2006.

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(\$1=1.092 Australian Dollar)