

Appendix 4D

Half-Year Report

Name of entity

Ausenco Limited

ABN or equivalent company reference

31 114 541 114

Half year ended ('current period')

30 June 2008

Results for announcement to the market

Extracts from this report for announcement to the market.

\$A'000

				Current period
Revenues from ordinary activities	Up	45%	To	274,848
Profit from ordinary activities after tax	Up	55%	To	27,980
Net profit for the period attributable to members	Up	55%	To	27,980
Dividends (distributions)	Amount per security		Franked amount per security at 30% tax	
Final dividend paid in respect of the financial year ended 31 December 2007	17.3 cents		10.4 cents	
Interim dividend declared subsequent to 30 June 2008	18.25 cents		10.95 cents	
Record date for determining entitlements to the interim dividend, (in the case of a trust, distribution)	3 September 2008			

NTA backing

	Current period	Previous corresponding Period 30 June 2007
Net tangible asset backing per ordinary security	\$0.20	\$0.50

AUSENCO LIMITED
ABN 31 114 541 114

INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
30 JUNE 2008

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Ausenco Limited and the entities it controlled ("Ausenco") at the end of, or during, the half year ended 30 June 2008.

DIRECTORS

Directors were in office for this entire half year unless otherwise stated. The names of the Ausenco directors in office during the half year and until the date of this report are as follows:

Wayne Goss
Zimi Meka
Bob Thorpe
Hank Tuten
George Lloyd
John O'Reilly

PRINCIPAL ACTIVITIES

During the period the principal continuing activities of the consolidated entity consisted of:

- provision of engineering, procurement and construction management services to the minerals and process infrastructure sectors;
- the design and construction of mineral processing plants on an engineering, procurement and construction basis;
- geotechnical and environmental consulting services; and
- the operation and maintenance of mineral processing plants.

DIVIDENDS

Dividends paid to members during the financial period were as follows:

	2008	2007
	\$'000	\$'000
Final 2007 ordinary dividend declared 12 March 2008 on ordinary shares	14,697	-
Final 2006 ordinary dividend declared 18 April 2007 on ordinary shares	-	6,147
	14,697	6,147

Subsequent to the half year end, on 19 August 2008, the Directors declared an interim franked dividend of 18.25 cents per share in respect of the half year ended 30 June 2008. The amount of the dividend is \$16.6 million. The dividend has not been provided for in the 30 June 2008 interim financial statements.

REVIEW OF OPERATIONS

Ausenco's safety performance for the 6 months to 30 June 2008 included a total Lost Time Injury Frequency Rate (LTIFR) of 0.68 based upon 10.2 million man-hours worked. Ausenco continues to focus on maintaining world class safety performance across the group.

Aggregated revenue for the period of \$274.8 million represented an increase of 45% over the previous corresponding period. Net profit before tax for the half year was \$33.4 million, an increase of 52% over the \$22.0 million achieved in the half year ended 30 June 2007. Net profit after tax for the half year was \$28.0 million, an increase of 55% over the \$18.0 million achieved in the half year ended 30 June 2007.

EBITDA for the period was \$35.8 million, an increase of 57% on the prior corresponding period. Basic earnings per share were 31.9 cents, an increase of 45% over the 22.0 cents per share in the previous corresponding period.

Ausenco's earnings before interest and tax (EBIT) margin increased to 11.8% compared to 11.3% for the previous corresponding period. The after tax profit margin of 10.2% was an improvement on the result of 9.5% reported for the 2007 year. The effective tax rate was lower than the previous corresponding period at 16%.

The increase in earnings reflects the combination of the continued growth in personnel to meet project requirements together with the acquisition of the results from the three businesses acquired during the period - PSI, Sandwell and Vector. Earnings for the period included a provision for additional costs of \$8 million (after tax) in relation to the delayed hand-over of the Lumwana Copper Project. The delay arose from a fire that damaged the main 20MVA transformer and adjacent substation which caused a delay in Ausenco achieving practical completion of the project.



Net operating cash outflow for the period was \$25.9 million, compared to net operating cash inflow of \$21.2 million in the previous corresponding period. The decrease in net operating cash flow is largely attributable to the reversal of \$28.2 million in advance billings as key projects progressed towards completion and expenses related to business growth such as the opening of new offices and gearing up for and commencing new projects.

The group's gross cash position at 30 June 2008 was \$38.1 million. Following the group's first long term bank borrowing, to partially fund the three acquisitions completed in the half year, net debt has increased to \$14.5 million and the net gearing ratio has increased to 8.4% of shareholder's equity. The EBITDA to total interest expense ratio was 32 times (2007: 227 times).

At 30 June 2008, \$107 million of the Group's overall \$177 million banking facility was available for working capital, project security and new business acquisition requirements. The Company was in compliance with all financial covenants of the debt facility at 30 June 2008.

All current projects are progressing to expectations. The Phu Kham copper-gold project in Laos was completed in March 2008. A number of contracts were recently awarded to the Group, including the Martabe gold-silver project in Indonesia, an EPCM contract for the expansion of the Corumbá iron ore mine in Brazil and long-distance slurry pipeline projects in Morocco and India.

Refer to the accompanying ASX Release for additional information.

SUBSEQUENT EVENTS

On 7 July 2008 a fire occurred at the Lumwana Copper Project in Zambia, damaging the main 20MVA transformer and adjacent 11KV substation. The equipment forms part of the process plant facility that was in the process of being commissioned by Ausenco and its joint venture partner Bateman for Equinox Minerals Limited. As a result of the delayed handover of the project, Ausenco has provided \$8 million (after-tax) in additional project costs in the 30 June 2008 half year accounts.

On 18 July 2008 Ausenco acquired the remaining 50% of Pipeline Systems Incorporated's joint venture interests in PSI-JRI Ingenieria Limitada and PSI-JRI Peru S.A.C for total payments of \$13.1 million, representing an EBIT multiple of 7.3 of 2008 annualised earnings to date. Since the acquisition of the initial 50% of the joint venture on 25 February 2008, the joint venture has contributed revenue of \$4.9 million and net profit after tax of \$0.4 million for the half year ended 30 June 2008.

ROUNDING OF AMOUNTS

Ausenco 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 in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

AUDITORS INDEPENDENCE DECLARATION

A copy of the Auditors Independence Declaration as required under section 307 C of the Corporations Act 2001 is set out on page 4.

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



W K Goss
Director



L H Meka
Director

Brisbane,
19 August 2008



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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of Ausenco Limited for the half year ended 30 June 2008, 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.



R A Baker
Partner
PricewaterhouseCoopers

19 August 2008
Brisbane

CONSOLIDATED INCOME STATEMENT for the half year ended 30 June 2008

	Notes	CONSOLIDATED	
		30 June 2008 \$'000	30 June 2007 \$'000
Revenue from continuing operations	2	274,848	189,342
Other income	2	2,220	133
Staff and contractors costs		(108,496)	(66,350)
Reimbursable costs		(88,893)	(90,340)
Office and administration costs		(38,471)	(8,191)
Other expenses		(3,456)	(1,197)
Depreciation and amortisation expense	3	(3,263)	(1,260)
Borrowing Costs	3	(1,131)	(165)
Profit before income tax		33,358	21,972
Income tax expense	4	(5,378)	(3,950)
Net profit attributable to members of Ausenco Limited		27,980	18,022
Basic earnings per share (cents per share)		31.9	22.0
Diluted earnings per share (cents per share)		30.0	21.2

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



CONSOLIDATED BALANCE SHEET as at 30 June 2008

		CONSOLIDATED	
		30 June 2008	31 Dec 2007
		\$'000	\$'000
ASSETS			
<i>Current assets</i>			
		38,056	94,460
Cash and cash equivalents			
Receivables	5	126,343	52,184
Work in progress		21,528	12,228
Derivative financial instruments		-	4,093
Other current assets		4,208	2,122
Total current assets		190,135	165,087
<i>Non-current assets</i>			
Available-for-sale financial assets		1,987	140
Property, plant and equipment		17,903	7,089
Deferred tax asset		12,827	4,291
Intangible assets	6	140,888	2,327
Total non-current assets		173,605	13,847
TOTAL ASSETS		363,740	178,934
LIABILITIES			
<i>Current liabilities</i>			
Trade and other payables		108,631	57,037
Billings in advance		25,419	53,600
Borrowings	7	10,603	1,270
Current tax liabilities		16,175	10,158
Provisions		916	466
Total current liabilities		161,744	122,531
<i>Non-current liabilities</i>			
Borrowings	8	41,985	42
Provisions		511	373
Total non-current liabilities		42,496	415
TOTAL LIABILITIES		204,240	122,946
NET ASSETS		159,500	55,988
EQUITY			
Contributed equity	9	107,020	11,587
Reserves	10 (a)	(5,272)	(68)
Retained profits	10 (b)	57,752	44,469
TOTAL EQUITY		159,500	55,988

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



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the half year ended 30 June 2008

		CONSOLIDATED	
Notes	30 June 2008 \$'000	30 June 2007 \$'000	
	55,988	31,014	
Profit for the half year	27,980	18,022	
	83,968	49,036	
Transactions with equity holders in their capacity as equity holders:			
Contributions of equity net of transaction costs	9 95,433	391	
Option and performance rights reserve	10 792	520	
Dividends provided for or paid	11 (14,697)	(6,146)	
Foreign currency translation reserve	10 (5,996)	-	
	75,532	(5,235)	
	159,500	43,801	
Total recognised income and expense for the half year is attribute to members of:			
Ausenco Limited	27,980	18,022	
	27,980	18,022	

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



CONSOLIDATED CASH FLOW STATEMENT for the half year ended 30 June 2008

	Notes	CONSOLIDATED	
		30 June 2008 \$'000	30 June 2007 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of goods and services tax)		203,765	104,041
Payments to suppliers and employees (inclusive of goods and services tax)		(221,770)	(78,996)
		(18,005)	25,045
Interest received		1,852	618
Borrowing costs paid		(902)	(165)
Income taxes paid		(8,919)	(4,216)
Net cash inflow/(outflow) from operating activities		(25,974)	21,282
CASH FLOWS FROM INVESTING ACTIVITIES			
Net payments for purchase of equity and other investments	13	(117,614)	-
Payments for property, plant, and equipment		(5,313)	(2,403)
Net cash inflow/(outflow) from investing activities		(122,927)	(2,403)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		82,094	-
Repayment of borrowings		(35,553)	(569)
Proceeds from issue of shares and other equity securities		61,809	391
Share issue costs		(1,213)	-
Dividends paid	11	(14,697)	(6,146)
Net cash inflow/(outflow) from financing activities		92,440	(6,324)
NET INCREASE/(DECREASE) IN CASH HELD		(56,461)	12,555
Cash and cash equivalents at the beginning of the financial period		94,460	24,733
Effects of exchange rate changes on cash and cash equivalents		57	288
CASH AT THE END OF THE FINANCIAL PERIOD		38,056	37,576

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



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION OF HALF YEAR FINANCIAL REPORT

This general purpose financial report for the interim half year reporting period ended 30 June 2008 has been prepared in accordance with Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

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 2007 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*.

Early adoption of standards

Ausenco has elected to apply the revised AASB 3 *Business Combinations* (as amended March 2008), even though the standard is not required to be applied until annual reporting periods beginning on or after 1 July 2009.

As a result of early adopting AASB 3, the Group has also early adopted AASB 127 *Consolidated and Separate Financial Statements*. The main changes from AASB 3 as issued in July 2004 and amended to December 2007 that impact the Group are described below.

- (a) The definitions of a business and a business combination were amended and additional guidance was added for identifying when a group of assets constitutes a business.
- (b) The period during which changes to deferred tax benefits acquired in a business combination can be adjusted against goodwill has been limited to the measurement period (through a consequential amendment to AASB 112).
- (c) An acquirer is no longer permitted to recognise contingencies acquired in a business combination that do not meet the definition of a liability.
- (d) Costs the acquirer incurs in connection with the business combination must be accounted for separately from the business combination, which usually means that they are recognised as expenses (rather than included in goodwill).
- (e) Consideration transferred by the acquirer, including contingent consideration, must be measured and recognised at fair value at the acquisition date. Subsequent changes in the fair value of contingent consideration classified as liabilities are recognised in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*, AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* or other Australian Accounting Standards, as appropriate (rather than by adjusting goodwill). The disclosures required to be made in relation to contingent consideration have been enhanced.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period with the exception of AASB 131 *Interests in Joint Ventures* (refer to note 1(a)(i)). As a result the 2007 comparatives have been restated to account for the policy change.

Comparative information has been reclassified where appropriate to enhance comparability.

(a) Principles of consolidation

(i) Joint ventures

The accounting treatment for the recognition of the results from joint venture operations has been changed for the half year ended 30 June 2008 from equity accounting to that of proportionate consolidation as a result of the decision to adopt early accounting standards AASB 131 *Interests in Joint Ventures*.

The application of proportionate consolidation means that the balance sheet of the venturer includes its share of the assets that it controls jointly and its share of the liabilities for which it is jointly responsible. The income statement of the venturer includes its share of the income and expenses of the jointly controlled entities.

As a result of proportionately consolidating its joint venture interests, the 2007 comparative figures have been restated.



CONSOLIDATED

	30 June 2008 \$'000	30 June 2007 \$'000
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NOTE 2 REVENUE AND OTHER INCOME

From continuing operations

Services	273,065	188,724
Interest	1,783	618
	274,848	189,342

Other Income

Foreign exchange gains (net)	2,082	-
Other income	138	133
	2,220	133
	277,068	189,475

NOTE 3 EXPENSES

Profit before income tax includes the following specific expenses:

Depreciation of property, plant and equipment	1,186	978
Amortisation of leasehold improvements	530	66
Amortisation of intangible assets	1,547	216
Total depreciation and amortisation	3,263	1,260

Borrowing costs

Interest and finance charges paid/payable	1,131	165
Total borrowing costs	1,131	165

Other expenses and losses

Operating lease rentals – minimum lease payments	2,369	1,561
Foreign exchange loss – unrealised	-	288
Foreign exchange loss - realised	-	64
Defined contribution superannuation expense	3,809	2,444
Bad and doubtful debts	5,284	-
Total other expenses and losses	11,462	4,357

NOTE 4 INCOME TAXES

Numerical reconciliation of income tax to prima facie tax payable

Profit from continuing operations before income tax expense	33,358	21,972
Tax at the Australian rate of 30% (2007 – 30%)	10,007	6,592
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non deductible entertainment	32	20
Non deductible legal and professional expenses	68	60
Employees option expense	238	156
Other non deductible	333	-
International exempt income	(1,326)	(1,421)
	9,352	5,407
(Over) / under provision for prior years	-	(1,378)
International tax rate differential ¹	(3,974)	(79)
Total income tax expense	5,378	3,950

¹ represents tax expense for foreign tax rate differential, international withholding taxes and foreign tax losses unable to be utilised within the Group.



CONSOLIDATED

30 June 2008 **31 Dec 2007**
\$'000 **\$'000**

NOTE 5 CURRENT ASSETS – RECEIVABLES

Trade Debtors	102,460	24,219
Less: Provision for doubtful debts	(6,787)	(1,550)
	95,673	22,669
Unbilled revenue	13,620	18,240
Debtor retentions	336	220
Receivables from related party	3,845	389
GST/VAT receivables	6,545	5,382
Other receivables	6,324	5,284
	126,343	52,184

NOTE 6 NON-CURRENT ASSETS – INTANGIBLE ASSETS

	Goodwill	Brand names	Software	Customer contracts	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 31 December 2007						
Opening net book amount at 1 January 2007	-	-	2,664	-	85	2,749
Additions	-	-	16	-	-	16
Amortisation charge	-	-	(438)	-	-	(438)
Closing net book amount	-	-	2,242	-	85	2,327
At 31 December 2007						
Cost	-	-	3,049	-	85	3,134
Accumulated amortisation and impairment	-	-	(807)	-	-	(807)
Net book amount	-	-	2,242	-	85	2,327

	Goodwill	Brand names	Software	Customer contracts	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Half year ended 30 June 2008						
Opening net book amount at 1 January 2008	-	-	2,242	-	85	2,327
Additions	-	-	-	-	-	-
Acquisition of business	128,910	10,247	377	4,442	668	144,644
Cost written-off	-	-	-	-	(85)	(85)
Amortisation charge	-	(405)	(213)	(832)	(97)	(1,547)
Effects of movements in exchange rates	(4,061)	(287)	-	(73)	(30)	(4,451)
Closing net book amount	124,849	9,555	2,406	3,537	541	140,888
At 30 June 2008						
Cost	124,849	9,960	3,426	4,369	638	143,242
Accumulated amortisation and impairment	-	(405)	(1,020)	(832)	(97)	(2,354)
Net book amount	124,849	9,555	2,406	3,537	541	140,888



CONSOLIDATED

30 June 2008	31 Dec 2007
\$'000	\$'000

NOTE 7 CURRENT LIABILITIES – BORROWINGS

Secured

Bank loans and overdraft	10,405	-
Hire purchase	23	44
Total secured current borrowings	10,428	44

Unsecured

Other loans	175	1,226
Total unsecured current borrowings	175	1,226
Total current borrowings	10,603	1,270

(a) Bank loans

Refer to note 8 for details of bank loans.

NOTE 8 NON-CURRENT LIABILITIES - BORROWINGS

Bank loans	41,943	-
Hire purchase liabilities	42	42
Total non-current borrowings	41,985	42

(a) Bank loans

In April 2008, Ausenco extended the Australia and New Zealand Banking Group (ANZ) multi-option, multi-currency finance facility to \$177.5 million.

In May 2008 US \$42.3 million was drawn in conjunction with the financing of the acquisition of Sandwell. This 5 year amortising loan matures in May 2013. Ausenco has entered into an interest rate swap contract to mitigate the associated variable interest rate risk. As at 30 June 2008 the fair value of the interest rate swap was immaterial.

At 30 June 2008 \$107.3 million of the total ANZ facility was unused.

Other group borrowings comprise of bank overdrafts and lines of credit which are included in note 7.

(b) Assets pledged as security

The ANZ facilities are secured by fixed and floating charges over the assets of the parent entity and various subsidiaries.



NOTE 9 EQUITY SECURITIES ISSUED

	30 June 2008 Shares	30 June 2007 Shares	30 June 2008 \$'000	30 June 2007 \$'000
Issues of ordinary shares during the half-year				
Balance at the beginning of the half year	82,558,337	81,950,000	11,587	10,979
Exercise of options issued under Executive Options Plan	491,666	391,003	492	391
Issued shares	7,962,636	-	94,941	-
Balance at the end of the half year	91,012,639	82,341,003	107,020	11,370

NOTE 10 RESERVES AND RETAINED PROFITS

		CONSOLIDATED	
		30 June 2008	31 Dec 2007
		\$'000	\$'000
(a) Reserves			
	Option and performance rights reserve	2,008	1,216
	Foreign currency translation reserve	(7,280)	(1,284)
		(5,272)	(68)
	Movements:		
	<i>Option and performance rights reserve</i>		
	Balance at the beginning of the period	1,216	217
	Options expense	792	999
	Balance at the end of the half year	2,008	1,216
	<i>Foreign currency translation reserve</i>		
	Balance at the beginning of the period	(1,284)	184
	Currency translation differences arising during the year:		
	- Company	(5,996)	(1,468)
	Balance at the end of the half year	(7,280)	(1,284)
(b) Retained Profits			
	Balance at the beginning of the period	44,469	19,818
	Net profit attributable to the members of Ausenco Limited	27,980	41,502
	Dividends provided for or paid	(14,697)	(16,851)
	Balance at the end of the half year	57,752	44,469



CONSOLIDATED

30 June 2008	30 June 2007
\$'000	\$'000

NOTE 11 DIVIDENDS

Ordinary shares

Final ordinary dividend for the financial year ended 31 December 2007 of 17.5 cents per share paid on 12 March 2008

	14,697	-
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Final ordinary dividend for the financial year ended 31 December 2006 of 7.5 cents per share paid on 18 April 2007

	-	6,147
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Dividends not recognised at the end of the half year

In addition to the above dividends, since the end of the half-year the directors have recommended the payment of an interim dividend of 18.25 cents per fully paid ordinary share (2007 - 13 cents), 60% franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 24 September 2008 out of retained profits at 30 June 2008, but not recognised as a liability at the end of the half year, is

	16,610	10,704
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NOTE 12 CONTINGENT LIABILITIES

The consolidated entity is, in the normal course of business, required to provide guarantees and letters of credit on behalf of controlled entities, associates and related parties in respect of their contractual performance related obligations.

No liability was recognised by the consolidated entity in relation to these guarantees as the fair value of the guarantees is immaterial.

Bank guarantees outstanding at the balance date in respect of commitments for expenditure.

	32,193	29,220
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NOTE 13 BUSINESS COMBINATIONS

Current Period

Ausenco acquired three businesses during the period - Pipeline Systems Incorporated, the Vector Engineering Group and the Sandwell Group. Since acquisition, these businesses contributed revenue of \$62.4 million and a net profit of \$5.5 million. Had these business combinations taken place at 1 January 2008, consolidated revenue and consolidated net profit for the half year ended 30 June 2008 would have been \$321.2 million and \$30.4 million respectively. Acquisition related costs of \$2.8 million have been recognised as an expense in the current period and included in office and administration costs in the income statement.

Details of each business combination are set out in more detail below:

Pipeline Systems Incorporated

On 25 February 2008 Ausenco acquired all of the issued shares and voting rights in Pipeline Systems Incorporated, a multi-discipline engineering services business with the leading global position in the design and delivery of slurry pipeline transport systems. The acquisition complements Ausenco's mining and minerals processing engineering services business and provides diversification into the process infrastructure sector.



Details of net assets acquired and goodwill are as follows:

\$'000

Purchase consideration	
Cash paid	7,821
Fair value of shares issued	30,729
Deferred consideration	9,274
Total purchase consideration	47,824
Fair value of net identifiable assets acquired (refer below)	(11,948)
Goodwill	35,876

Ausenco issued 2,644,528 ordinary shares with a fair value of \$11.62 each to acquire Pipeline Systems Incorporated.

Deferred consideration of \$9.3 million has been recognised as at 30 June 2008. The majority of this is based on a fixed amount set out in the Sale and Purchase Agreement that is payable if contractually agreed 2008 earnings before tax (EBT) growth targets are met. The remainder of the deferred consideration relates to fixed amounts set out in the Sale and Purchase Agreement that are payable.

The goodwill is attributable to the workforce and the strong position the acquired business has in the markets in which it operates.

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount \$'000	Fair value \$'000
Cash and equivalents	3,081	3,081
Trade receivables (gross contractual amount equal to fair value)	6,073	6,073
Work in progress	4,167	4,167
Plant and equipment	1,032	1,032
Other assets	1,581	1,581
Identifiable intangible assets - software	-	377
Identifiable intangible assets - brand names	-	3,191
Identifiable intangible assets - customer contracts and relationships	-	1,053
Identifiable intangible assets - other	14	14
Trade payables	(3,241)	(3,241)
Borrowings	(2,986)	(2,986)
Provisions	(1,053)	(1,053)
Deferred income	(1,007)	(1,007)
Tax liability	(334)	(334)
Net identifiable assets acquired	7,327	11,948

The initial accounting for this acquisition has only been provisionally determined as Ausenco is still in the process of determining the allocation of the fair value of the intangible assets, purchase consideration and associated deferred tax balances.

Vector Engineering Group

On 31 March 2008 Ausenco acquired all of the issued shares, voting rights and assets of companies forming the Vector Engineering Group, regarded as one of the world's leading consultants in the water and environmental services market with specific capabilities in the sold waste, energy and oil and gas sectors. The acquisition enhances Ausenco's mining and minerals engineering services with diversification into the environmental, energy and oil and gas sectors.

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

\$'000

Purchase consideration	
Cash paid	23,592
Fair value of shares issued	4,292
Deferred consideration	4,997
Total purchase consideration	32,881
Fair value of net identifiable assets acquired (refer below)	(13,732)
Goodwill	19,149

Ausenco issued 347,520 ordinary shares with a fair value of \$12.35 each to acquire the Vector Engineering Group.

Deferred consideration of \$4.9 million has been recognised as at 30 June 2008. This amount is based on a contractually agreed multiple of forecast earnings before interest and tax (EBIT) currently under review for the relevant period set out in the Sale and Purchase Agreement. The final consideration payable will be based on the contractually agreed multiple of actual EBIT for the relevant period.



The goodwill is attributable to the workforce and the strong position the acquired business has in the markets in which it operates.

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount \$'000	Fair value \$'000
Cash and equivalents	2,245	2,245
Trade receivables (gross contractual amount equal to fair value)	10,132	10,132
Plant and equipment	2,490	2,490
Other assets	403	403
Identifiable intangible assets - brand names	-	1,268
Identifiable intangible assets - customer contracts and relationships	-	1,819
Identifiable intangible assets - other	54	54
Trade payables	(2,870)	(2,870)
Borrowings	(185)	(185)
Provisions	(1,624)	(1,624)
Net identifiable assets acquired	<u>10,645</u>	<u>13,732</u>

The initial accounting for this acquisition has only been provisionally determined as Ausenco is still in the process of determining the allocation of the fair value of the intangible assets, purchase consideration and associated deferred tax balances.

Sandwell Group

On 4 March 2008 Ausenco acquired all of the issued shares, voting rights and assets of companies forming the Sandwell Group, a world leader in the engineering of ports and bulk material handling systems for the mining and petroleum industries resource engineering business. The acquisition enables Ausenco to enter the high growth global ports and infrastructure markets.

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

	\$'000
Purchase consideration	
Cash paid	<u>94,578</u>
Total purchase consideration	94,578
Fair value of net identifiable assets acquired (refer below)	<u>(21,825)</u>
Goodwill	<u>72,753</u>

The goodwill is attributable to the workforce and the strong position the acquired business has in the markets in which it operates. \$51.5 million of the goodwill is expected to be deductible for Canadian tax purposes at 7.5% per annum based on a diminishing value basis.

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount \$'000	Fair value \$'000
Cash and cash equivalents	3,010	3,010
Trade receivables (gross contractual amount equal to fair value)	14,189	14,189
Work in progress	8,079	8,079
Plant and equipment	4,193	4,193
Deferred tax asset	795	795
Other assets	1,680	1,680
Intangible assets – goodwill	1,132	1,132
Identifiable intangible assets - brand names	-	5,788
Identifiable intangible assets - customer contracts and relationships	-	1,570
Identifiable intangible assets - other	-	600
Trade payables	(11,623)	(11,623)
Borrowings	(3,088)	(3,088)
Deferred income	(2,916)	(2,916)
Tax liabilities	(1,584)	(1,584)
Net identifiable assets acquired	<u>13,867</u>	<u>21,825</u>

The initial accounting for this acquisition has only been provisionally determined as Ausenco is still in the process of determining the allocation of the fair value of the intangible assets, purchase consideration and associated deferred tax balances.



NOTE 14 SEGMENT INFORMATION

PRIMARY REPORTING – BUSINESS SEGMENTS

	MINERALS \$'000	CONSULTING \$'000	PROCESS INFRASTRUC TURE \$'000	TOTAL CONTINUING OPERATIONS \$'000	TOTAL \$'000
Half Year 2008					
Total segment revenue	213,396	9,446	52,308	275,150	275,150
Other revenue				1,918	1,918
Consolidated revenue				277,068	277,068
Segment result	26,463	1,158	4,752	32,373	32,373
Other revenue less other expenses				985	985
Profit before income tax				33,358	33,358
Half Year 2007					
Total segment revenue	188,858	-	-	188,858	188,858
Other revenue				617	617
Consolidated revenue				189,475	189,475
Segment result	21,372	-	-	21,372	21,372
Other revenue less other expenses				600	600
Profit before income tax				21,972	21,972

NOTE 15 RESTATEMENT OF CONSOLIDATED ENTITY DISCLOSURES

During the 2007 financial year, Ausenco adopted the proportionate consolidation accounting method in relation to its share of joint venture interests which was previously accounted for under the equity method. In order to ensure consistency with the current financial year's accounting treatment of its joint venture interests, the 2007 comparative financial figures of the consolidated entity have been restated.

These restatements arise principally from the early adoption of the proportionate consolidation method and are compliant with AASB 131 *Interests in Joint Ventures*. Summarised below is the impact of the adoption of this new accounting treatment on the comparatives of the consolidated entity for 2007.

Financial statement line item	CONSOLIDATED ENTITY 30 June 2007	
	RESTATED \$'000	ORIGINAL \$'000
Profit & Loss Items		
Revenue	189,475	103,794
Staff and contractor costs	(66,350)	(66,447)
Reimbursable costs	(90,340)	(13,844)
Office and administration costs	(8,191)	(8,008)
Other expenses	(1,197)	(1,166)
Depreciation and amortisation charges	(1,260)	(1,254)
Finance costs	(165)	(165)
Share of net profits of joint venture entities accounted for using equity method	-	9,062
Profit before income tax	21,972	21,972
Income tax expenses	(3,950)	(3,950)
Profit after income tax	18,022	18,022



NOTE 16 EVENTS OCCURRING AFTER BALANCE SHEET DATE

On 7 July 2008 a fire occurred at the Lumwana Copper Project in Zambia, damaging the main 20MVA transformer and adjacent 11KV substation. The equipment forms part of the process plant facility that was in the process of being commissioned by Ausenco and its joint venture partner Bateman for Equinox Minerals Limited. As a result of the delayed handover of the project, Ausenco has provided \$8 million (after-tax) in additional project costs in the 30 June 2008 half year accounts.

On 18 July 2008 Ausenco acquired the remaining 50% of Pipeline Systems Incorporated's joint venture interests in PSI-JRI Ingenieria Limitada and PSI-JRI Peru S.A.C for total payments of \$13.1 million, representing an EBIT multiple of 7.3 of 2008 annualised earnings to date. Since the acquisition of the initial 50% of the joint venture on 25 February 2008, the joint venture has contributed revenue of \$4.9 million and net profit after tax of \$0.4 million for the half year ended 30 June 2008.



DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Ausenco Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes set out on pages 5 to 18 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 2008 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Ausenco Limited will be able to pay its debts as and when they become due and payable.

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



W K Goss
Director



L H Meka
Director

Brisbane,
19 August 2008



INDEPENDENT AUDITOR'S REVIEW REPORT

Ausenco Limited

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Ausenco Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of recognised income and expense and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for Ausenco Limited (the consolidated entity). The consolidated entity comprises both Ausenco Limited (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 and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim 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 Monday, 30 June 2008 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. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. 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.

For further explanation of a review, visit our website <http://www.pwc.com/au/financialstatementaudit>.

Our procedures include reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of Ausenco Limited the company for the financial half-year ended Monday, 30 June 2008 included on Ausenco Limited's website. Ausenco directors are responsible for the integrity of the Ausenco Limited website. We have not been engaged to report on the integrity of this web site. The audit report refers only to the financial report identified below. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Independence

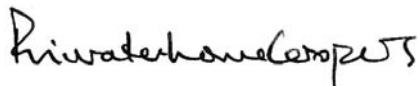
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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 at Monday, 30 June 2008 and of its performance for the half-year ended on that date, and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

This statement must be read in conjunction with the rest of our review report.



PricewaterhouseCoopers



R A Baker

Partner

Brisbane

19 August 2008

