Appendix 4E

Full year report for the Year Ending 31 March 2014

(the previous corresponding period is the Year Ended 31 March 2013)

Results for announcement to the market

				$A millions
Revenues from ordinary activities	Up	0.2%	to	1,503.4
Underlying net profit after tax * attributable to members	Down	27.9%	to	171.9
Net profit after tax excluding divestment losses and amortisation of intangibles *	Down	31.4%	to	163.1
Net profit (loss) from ordinary activities after tax * attributable to equity holders	Down	32.1%	to	154.4
Net profit (loss) for the period * attributable to equity holders	Down	32.1%	to	154.4
Basic underlying * earnings per share	Down	35.0%	to	45.3¢
Basic earnings per share	Down	38.7%	to	40.7¢
Total dividend per share for the year (50% franked)	Down	18.8%	to	39.0¢

The Group delivered underlying net profit after tax (attributable to equity holders of the Company, and excluding amortisation of acquired intangibles, restructuring and related costs, divestment losses and acquisition costs) of $171.9 million for the year. The result was 27.9% behind the underlying result from continuing operations of the previous year. Whilst revenue of $1,503.4 million was up slightly on the previous year, the change in revenue mix driven by both a contraction in global mineral exploration activity and ALS' more diversified service offering resulted in a lower overall profit margin.

Net profit after tax excluding divestment losses and amortisation of intangibles was $163.1 million - within the guidance range provided to the market on 27 February 2014 – down 31.4% on the corresponding result for FY2013 of $237.9 million (excluding the impairment loss and divestment gain).

FY2014 statutory net profit after tax attributable to equity holders of the Company was $154.4 million, down 32.1% on the $227.3 million recorded in FY2013.

* *Refer to page 4 of the attached Annual Financial Report for a reconciliation of Underlying net profit after tax to Statutory net profit after tax.*

Dividend Disclosures

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend	20.0¢	10.0¢
Interim dividend	19.0¢	9.5¢
Date the final dividend (distribution) is payable		**2 July 2014**
+Record date to determine entitlements to the dividend (distribution) (i.e., on the basis of proper instruments of transfer received by 5.00 pm if +securities are not +CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if +securities are +CHESS approved)		**13 June 2014**

Dividend - Amount per security

		Amount per security	Amount per security of conduit foreign income
Final dividend:	Current year	20.0¢	10.0¢
	Previous year	27.0¢	13.5¢
Interim dividend:	Current year	19.0¢	9.5¢
	Previous year	21.0¢	10.5¢

Total final dividend (distribution) on all securities

	Current period $A millions	Previous corresponding period - $A millions
+Ordinary securities *(each class separately)*	78.9	92.8
Preference +securities *(each class separately)*	-	-
Other equity instruments *(each class separately)*	-	-
Total	**78.9**	**92.8**

The 2014 final dividend will be franked to 50%. The growing proportion of the Company's earnings being sourced outside Australia will result in future dividends being franked at a lower percentage. Directors expect the interim dividend for FY2015 to be franked to no more than 15%. Subsequent dividends will be franked at the maximum level possible. Current indications are that the final dividend for FY2015 will be franked in the range of 30% to 40%.

The Company continues to operate its dividend reinvestment plan - a 5.0% discount to VWAP of the Company's shares over the 5 trading days following the DRP election date (16 June 2014) will apply for shares issued in relation to the 2014 final dividend.

NTA backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	$0.02	$0.56

Audit

The report is based on the attached accounts which have been audited.

Signature: Date: 27th May 2014

Print name: **Tim Mullen**
Company Secretary

ALS Limited

ABN 92 009 657 489

Annual Financial Report

31 March 2014

ALS Limited and its subsidiaries
Annual Financial Report for the Year Ended 31 March 2014

Contents

The directors present their report together with the financial report of the Group, comprising ALS Limited ("the Company") and its subsidiaries, for the year ended 31 March 2014 and the auditor's report thereon.

Directors

The directors of the Company at any time during or since the end of the financial year are:

NEROLIE WITHNALL BA, LLB, FAICD

Chairman and Independent Non-Executive Director Age 70

Nerolie Withnall became a non-executive director of the Company in 1994 and was appointed Chairman on 31 July 2012. She is a director of PanAust Limited (appointed May 1996) and Computershare Limited (appointed July 2008) and was appointed to the Australian Rugby Union board in October 2013. She was previously a director of Alchemia Limited (Oct 2003 – July 2013) and Stadiums Queensland (previously Major Sports Facilities Authority). She is a former member of the Takeovers Panel, the Corporations and Markets Advisory Committee, the Senate of the University of Queensland and the Council of the Australian National Maritime Museum. She is a former partner of Minter Ellison Lawyers. She is Chairman of the Remuneration Committee and is a member of the Audit and Compliance Committee.

GREG KILMISTER B Sc (Hons), FRACI, MAIG, CCEO

Managing Director and Chief Executive Officer Age 58

Greg Kilmister was appointed Managing Director and Chief Executive Officer of the Company effective 1 September 2005. He joined the Company in 1981 and was the General Manager of the Company's highly successful ALS Laboratory Services Group from 1992 through to 2005.

RAY HILL FAICD

Independent Non-Executive Director Age 72

Ray Hill was appointed a non-executive director of the Company in 2003. He retired as Group General Manager/Managing Director of Queensland dairy company Parmalat Australia Ltd (formerly Pauls Limited) in July 2002 after a career spanning thirty years. He retired as a non-executive director from the board of Parmalat Australia Ltd (unlisted public company), effective 7 December 2012. He is a member of the Audit and Compliance Committee.

BRUCE BROWN B Com, AAUQ, FAICD

Independent Non-Executive Director Age 69

Bruce Brown was appointed a non-executive director of the Company on 1 October 2005. He retired as Managing Director and Chief Executive of the Company on 31 August 2005 after 30 years service. He is a director of RedFlow Limited (appointed March 2012) and was previously a director of Transpacific Industries Group Ltd (March 2005 – March 2013). He is a member of the Remuneration Committee.

MEL BRIDGES **B AppSc, PhD, FAICD**

Independent Non-Executive Director Age 64

Mel Bridges was appointed a non-executive director of the Company in 2009. He has over 30 years experience in the biotechnology and healthcare industries. During this period, Mel founded and managed successful diagnostics, biotechnology and medical device businesses. He is a non-executive director of Benitec Limited (appointed October 2007) and Tissue Therapies Limited (appointed March 2009). He was previously Chairman of Alchemia Limited (September 2003 – July 2013), Genetic Technology Group Limited (January 2012 – November 2012), Leaf Energy Limited (August 2010 - September 2012) and a non-executive director of ImpediMed Limited (September 1999 – November 2013). He is a member of the Audit and Compliance Committee.

GRANT MURDOCH **M COM (Hons), FAICD, FCA**

Independent Non-Executive Director Age 62

Grant Murdoch was appointed a non-executive director of the Company in 2011. He was formerly a Partner of Ernst & Young and Divisional Director of Ernst & Young Transaction Advisory Services Limited in Queensland. He is a non-executive director of OzForex Limited (appointed October 2013), Cardno Limited (appointed January 2013), and is a director of Queensland Investment Corporation (QIC) and UQ Holdings Ltd. He is Chairman of the Endeavour Foundation, a senator of the University of Queensland, an Adjunct Professor at the University of Queensland Business School and a member on the Queensland Council of the Australian Institute of Company Directors. He has more than 37 years of chartered accountancy experience, specialising in mergers, acquisitions, takeovers, corporate restructures and share issues. He is Chairman of the Audit and Compliance Committee.

JOHN MULCAHY **PhD, BE (Civil Eng) (Hons), FIE Aust**

Independent Non-Executive Director Age 64

John Mulcahy was appointed a non-executive director of the Company in 2012. He is Chairman of Mirvac Group Limited (effective September 2013) and Coffey International Limited, and a non-executive Director of GWA Group Limited and a Guardian of the Future Fund of Australia. He is a former Managing Director and Chief Executive Officer of Suncorp-Metway Limited. Prior to Suncorp, John held a number of senior executive roles at the Commonwealth Bank and Lend Lease Corporation. He is a member of the Remuneration Committee.

Company Secretary

TIM MULLEN **B Bus, M Com Law, FCPA, FCIS, FCLA**

Tim Mullen was appointed Company Secretary of the Company on 27 February 2007. He is a Chartered Secretary and a member of CPA Australia. He has a background in financial and commercial management and company secretarial practice. He has been with the Company for seventeen years. His main responsibilities are corporate governance and legal management of the Group.

Principal activities

The principal activities of the Group during the course of the financial year were:

- Provision of professional technical services, primarily in the areas of testing, measurement and inspection, supporting mining and mineral exploration, commodity certification, oil and gas exploration and production, environmental monitoring, equipment maintenance, food and pharmaceutical quality assurance and asset care operations; and
- Distribution of non-food consumables to the healthcare, building services, hospitality and leisure industries.

During the year the Group expanded and diversified its technical service capabilities through acquisitions in the following industry sectors and geographies:

- technical services and equipment to the oil & gas industry globally;
- consumer products testing in Asia;
- used lubricant analysis in Australia; and
- US-based industrial asset care services.

Otherwise there were no significant changes in the nature of the activities of the Group during the year.

Review of results and operations

Group business summary

The Group is committed to maintaining the strong and sustainable growth strategies which have made it a successful global company. ALS aims to be a leading provider of services to clients across the broad range of industry sectors nominated in Principal Activities above. We seek to build strong partnerships with our clients by delivering cost-effective solutions backed by the very best in quality, service and technical capabilities.

A significant strategic development during the year was the acquisition of the specialist oil and gas services provider Reservoir Group in August 2013 for an enterprise value of $608.7 million. A number of subsequent smaller acquisitions in the sector have been merged with Reservoir to form the ALS Oil and Gas business stream. This initiative was a key step in implementing ALS's strategy to build a presence in upstream oil and gas services and increase its exposure to attractive, high growth conventional and unconventional oil and gas end-markets. Further, the acquired businesses complement the Group's pre-existing laboratory services capabilities. ALS is now able to offer clients a more integrated end-to-end service, enhancing its market position and ability to compete for incremental work across the hydrocarbon reservoir value chain.

The acquisition was funded through a combination of debt (long term notes issued to investors in the US Private Placement market) and equity (renounceable entitlements issue of ordinary shares in the Company and shares issued as part consideration to Reservoir management shareholders).

ALS Limited and its subsidiaries
Directors' report (continued)
For the year ended 31 March 2014

Review of results and operations (continued)

Financial performance

The Group's financial performance for the year to 31 March 2014 is summarised as follows:

2014 **$m**	**Underlying result (1)**	Acquisition costs	Restructuring & related costs (1)	Discontinued operations	***Sub-total* (2)**	Divestment losses	Amortisation of intangibles	**Statutory result**
Revenue	**1,503.4**	-	-	-	***1,503.4***	-	-	**1,503.4**
EBITDA (3)	**339.0**	(2.3)	(9.1)	-	***327.6***	(1.9)	-	**325.7**
Depreciation & amortisation	**(76.2)**	-	-	-	***(76.2)***	-	(7.0)	**(83.2)**
EBIT (3)	**262.8**	(2.3)	(9.1)	-	***251.4***	(1.9)	(7.0)	**242.5**
Interest expense	**(26.8)**	-	-	-	***(26.8)***	-	-	**(26.8)**
Tax expense	**(61.9)**	0.1	2.5	-	***(59.3)***	0.2	-	**(59.1)**
	174.1	(2.2)	(6.6)	-	***165.3***	(1.7)	(7.0)	**156.6**
Non-controlling interests	**(2.2)**	-	-	-	***(2.2)***	-	-	**(2.2)**
Net profit after tax	**171.9**	(2.2)	(6.6)	-	***163.1***	(1.7)	(7.0)	**154.4**
Basic EPS (cents)	**45.3**				***43.0***			**40.7**
Diluted EPS (cents)	**45.3**				***43.0***			**40.7**

2013 **$m**	**Underlying result (1)**	Acquisition costs	Restructuring & related costs (1)	Discontinued operations	***Sub-total* (2)**	Impairment net of divestment gain	Amortisation of intangibles	**Statutory result (4)**
Revenue	**1,455.6**	-	-	43.7	***1,499.3***	-	-	**1,499.3**
EBITDA (3)	**406.0**	(1.8)	(2.3)	4.1	***406.0***	(10.4)	-	**395.6**
Depreciation & amortisation	**(55.4)**	-	-	(0.3)	***(55.7)***	-	-	**(55.7)**
EBIT (3)	**350.6**	(1.8)	(2.3)	3.8	***350.3***	(10.4)	-	**339.9**
Interest expense	**(19.6)**	-	-	-	***(19.6)***	-	-	**(19.6)**
Tax expense	**(89.5)**	0.5	0.5	(1.1)	***(89.6)***	(0.2)	-	**(89.8)**
	241.5	(1.3)	(1.8)	2.7	***241.1***	(10.6)	-	**230.5**
Non-controlling interests	**(3.2)**	-	-	-	***(3.2)***	-	-	**(3.2)**
Net profit after tax	**238.3**	(1.3)	(1.8)	2.7	***237.9***	(10.6)	-	**227.3**
Basic EPS (cents)	**69.7**				***69.5***			**66.4**
Diluted EPS (cents)	**69.5**				***69.4***			**66.3**

(1) The terms Underlying Result and Restructuring & Related Costs are non-IFRS disclosures. They have been presented to assist in the assessment of the relative performance of the Group from year to year. The calculations thereof are based on non-IFRS information and are unaudited.

(2) The sub-total column has been presented to assist in the assessment of the relative performance of the Group from year to year and represents the basis on which:
   a. FY2014 earnings guidance was provided to the market on 27 February 2014; and
   b. profit before unusual items was reported for FY2013.

(3) EBITDA = EBIT plus depreciation and amortisation. EBIT = Earnings before interest and tax. The terms EBITDA and EBIT are non-IFRS disclosures. They have been presented to provide a measure of the Group's performance before the impact of depreciation and amortisation (i.e. non-cash items) as well as that of interest and tax expenses. The calculations thereof are based on non-IFRS information and are unaudited.

(4) FY2013 statutory result includes the results from operating activities of discontinued operations.

Review of results and operations (continued)

Financial performance (continued)

The Group delivered underlying net profit after tax (attributable to equity holders of the Company, and excluding amortisation of acquired intangibles, restructuring and related costs, divestment losses and acquisition costs) of $171.9 million for the year. The result was 27.9% behind the underlying result from continuing operations of the previous year and was delivered in difficult global market conditions. Whilst revenue of $1,503.4 million was up 3.3% on the $1,455.6 million recorded from continuing operations in FY2013, the change in revenue mix driven by both a contraction in global mineral exploration activity and ALS' more diversified service offering resulted in a lower overall profit margin.

Net profit after tax excluding divestment losses and amortisation of intangibles was $163.1 million – within the guidance range provided to the market on 27 February 2014 – down 31.4% on the corresponding result for FY2013 of $237.9 million (excluding the impairment loss and divestment gain).

FY2014 statutory net profit after tax attributable to equity holders of the Company (including amortisation of acquired intangibles, restructuring and related costs, divestment losses and acquisition costs) was $154.4 million, down 32.1% on the $227.3 million recorded in FY2013 (which included restructuring and related costs, divestment gains, an impairment loss and acquisition costs). Refer to page 4 for a detailed summary of results.

Directors have declared a final partly franked (50%) dividend for the year of 20 cents per share (2013: 27 cents partly franked) bringing the total partly franked (50%) dividend for the year to 39 cents per share (2013: 48 cents partly franked). The Company's dividend reinvestment plan will operate for the final 2014 dividend at a 5.0% discount to market price.

The result represented a sound financial performance in difficult economic conditions. Markets for the Group's services were challenging, in an environment of falling commodity prices and a strong cost focus from most clients.

Geochemical sample flows in ALS Minerals were down by approximately one-third compared with FY2013 with Africa and the Americas the most affected. Contribution margins remained in the target range as the business benefited from the cost flexibility provided by its hub and spoke model. All other divisions recorded revenue increases compared with FY2013. ALS Industrial returned solid organic revenue gains in both of its business lines, whilst ALS Life Sciences and ALS Energy benefited from the impact of acquisitions over the past twelve months (refer divisional reviews below).

Divisional reviews

ALS Minerals

ALS Minerals is the leading full-service provider of testing services for the global mining industry in four key service areas - Geochemistry, Metallurgy, Mine Site Services and Inspection – with an extensive client base of explorers, miners and traders. Its services cover the entire resource life-cycle from exploration, feasibility, production, design, development through to trade, and finally rehabilitation. The division's strategy is to ensure all its business streams are equipped with the technical expertise and operational capacity required to service its clients throughout market cycles. In particular ALS Minerals is working hard to grow organically in the Mine Site and Inspection service sectors by delivering quality, innovation and value to new and existing clients.

ALS Minerals – Financial performance	**2014 $M**	**2013 $M**	**Variance**
Revenue	425.9	608.4	(30.0%)
Segment contribution	99.1	211.3	
Restructuring and related costs	3.0	1.0	
Underlying segment contribution	102.1	212.3	(51.9%)
Margin (underlying segment contribution to revenue)	24.0%	34.9%	
Underlying segment EBITDA	126.1	234.3	(46.2%)

Review of results and operations (continued)

Divisional reviews (continued)

FY2014 presented an extremely challenging business environment for mining services providers globally. Divisional revenue fell 30.0% as retreating commodity prices, cost-focused miners and funding shortages combined to reduce the volume of available work by 30 and over 40 percent in some regions. ALS Minerals responded to these conditions with a three point plan focussed on cost base management, service optimisation and strategic business development. A workforce reduction of 30 percent, consolidation of back offices and closure/mothballing of operations all assisted to keep the division's underlying contribution margin within its target range.

The traditional seasonal fluctuations normally experienced by the ALS Geochemistry business stream were non-existent in FY2014 as workflow volumes declined across the year with a small positive correction observed in the final two months of the year. Business contraction was noted in all regions with the Americas and Africa impacted most significantly. The Australasia/Pacific region suffered less, with Europe and Russia the least affected. The difference between regions largely reflects the global distribution of greenfield projects which were hampered by the lack of investor funding. A focus on cost efficiency resulted in ALS Geochemistry maintaining its underlying EBIT margin above the 26% target range floor.

The weak mining services sector also impacted ALS Metallurgy in FY2014. The broader service offering and higher fixed cost base of the Australian business led to it being impacted to a greater extent than North America. Signs of improved conditions were seen towards the end of the financial year, however flat conditions are expected throughout FY15.

ALS Inspection experienced sound revenue growth and significantly improved contribution margins across both Europe and Africa during FY2014 as the expansion and efficiency initiatives undertaken in prior years took effect. Despite very competitive market conditions the Inspection business stream returned a significantly improved financial performance for the year. Inspection revenue and EBIT return increased 11.8% and 139.8% respectively compared with FY2014.

ALS Minerals will continue to operate its three point plan during FY2015, a year forecast to be flat in terms of market activity. The competitive differential established by the group characterised by technology leadership, quality, and innovative service delivery - with sensitivity to a cost conscious market - will not be compromised as the business prepares for an expected recovery in FY2016.

ALS Life Sciences

ALS Life Sciences provides analytical testing and sampling services and remote monitoring for the Environmental, Food, Pharmaceutical and Consumer Products markets. It is the leader in global comprehensive analytical testing, demonstrating expertise in microbiological, physical and chemical testing services. The division continued to grow and improve during FY2014, benefitting from key investments made in entering new geographies and strengthening its leadership position in existing markets – in particular business development initiatives concentrated on key accounts produced a positive return. A strong strategic growth focus (both acquired and organic) is being placed on the food, pharmaceutical, and consumer products components of ALS Life Sciences. Key building blocks for these businesses have already been implemented.

ALS Reliance, a Hong Kong-based consumer products testing business acquired in May 2013, demonstrated growth in FY2014. The Consumer Products sector remains an attractive growth opportunity for the ALS Life Sciences business in Asia.

ALS Life Sciences – Financial performance	**2014 $M**	**2013 $M**	**Variance**
Revenue	527.3	454.4	16.0%
Segment contribution	90.3	89.3	
Restructuring and related costs	4.1	1.0	
Underlying segment contribution	94.4	90.3	4.6%
Margin (underlying segment contribution to revenue)	17.9%	19.9%	
Underlying segment EBITDA	124.2	114.1	8.9%

Review of results and operations (continued)

Divisional reviews (continued)

The division delivered revenues of $527.3 million in FY2014 demonstrating an increase of 16.0% on the previous year. Underlying contribution margin weakened slightly to 17.9% in the face of the challenging market conditions experienced throughout the year with relatively subdued markets in Australia, Latin America and North America affecting overall business activities in those regions. A strong emphasis was maintained in all regions on cost control and business development.
The Environmental and Consumer Products businesses recorded improved revenue in most regions, with Europe the standout as a result of strong business development initiatives. Whilst pricing pressures in all regions saw contribution margins weaken, the Asian business remains strong with an underlying EBIT margin of 30%. ALS Food & Pharmaceutical business delivered sound growth in underlying EBIT contribution in both its key regions (UK/Ireland and Australia) reflecting a focus on developing brand recognition to grow market share.

General market trends moving forward are positive but the economic environment continues to be very price-sensitive requiring the business to make the cost adjustments necessary to continue its growth in existing markets. The business is focused on performance (turnaround time and quality) and cost management coupled with a targeted business development campaign to deliver a strong results in FY2015. Service delivery to our clients remains a top priority for ALS Life Sciences.

ALS Energy

ALS Energy delivers quality technical solutions and products to the coal, oil and gas industries. Along with its world-leading coal service lines, the division now provides a comprehensive range of services and tools covering the solids, liquids and gas hydrocarbon markets. With integrated field and laboratory services and an extensive and growing range of specialist tools, ALS Energy covers exploration, resource characterisation, production enhancement, quality management and trade-related services across the major energy industries. With two business units servicing the sector, ALS Coal and ALS Oil & Gas, the division has a truly global footprint with operations in 60 countries employing more than 1,650 highly skilled and capable staff.

FY2014 was a year of strategic augmentation for ALS Energy with the introduction in August 2013 of a substantial suite of oil and gas service and product lines via the acquisitions of Reservoir Group, Earth Data, BMP Enterprises and DSI Thru-Tubing. When combined with ALS' proven laboratory testing capabilities the platform established by these acquisitions is expected, over time, to generate revenue synergies in the large but relatively fragmented oil and gas services market.

ALS Energy – Financial performance	**2014 $M**	**2013 $M**	**Variance**
Revenue	247.9	105.0	136.1%
Segment contribution	52.2	32.6	
Restructuring and related costs	1.3	-	
Underlying segment contribution	53.5	32.6	64.0%
Margin (underlying segment contribution to revenue)	21.6%	31.1%	
Underlying segment EBITDA	69.2	36.1	91.5%

Set amongst challenging market conditions for exploration services (borecore and coring), intensifying price competition and all the challenges associated with the acquisition and integration of Oil & Gas service lines into the portfolio, ALS Energy managed to perform strongly in FY2014. In particular strong financial results from the areas of special well services and superintending; mitigated what would have been significantly poorer results had the business been fully reliant on exploration-focused services. With the service and product portfolio increasingly skewed towards production enhancement and monitoring (now in excess of 50%), the Division has a natural hedge buffering the business against economic cycles, sustained commodity price pressure and capital preservation behaviour across the sector.

Review of results and operations (continued)

Divisional reviews (continued)

Driven largely by the Australian operations, global Coal services managed to exceed EBIT expectations despite lower-than-expected revenue and achieved a 28.2% underlying EBIT margin across all service lines and jurisdictions. With the exception of coring, Oil & Gas also performed very well across its various service offerings. The coring business suffered from an anticipated softening in the North American market as the year progressed. Aggregate revenue for the Oil & Gas service and product lines nonetheless exceeded expectations for its eight months of operation ($171.0 million) at an underlying EBITDA contribution margin of 25.3%.

Whilst coal prices are at four-year lows with little relief in sight, Australian production and export volumes remain at record levels. In the absence of any significant supply disruption or demand uptick, the market in FY2015 is expected to be affected by the continued austerity of producers, limiting growth in exploration activity and maintaining downward pressure on service prices. Oil & Gas prices are expected to remain more buoyant during the coming year.

Global markets are expected to remain hungry for fossil energy and in need of innovative and cost effective solutions to improve the chances of discovery in tougher frontiers and quality management in a tightening regulatory framework. ALS Energy has assembled a first class set of assets focussed on production enhancement services and technologies that have the potential to drive considerable growth during FY2015. Technical services and products that provide cost advantages and enhanced productivity will command a disproportional share of market growth. ALS Energy is now positioned to provide this support to its clients and will be able to offer integrated service packages across the world.

ALS Industrial

ALS Industrial is a leading provider of diagnostic testing and engineering solutions for the energy, resources, transportation and infrastructure sectors. The division's international client base includes asset owners, operators, constructors and equipment manufacturers in the power, petrochemical, mining, minerals processing, water, infrastructure and transportation industries. It is comprised of two complementary business streams: ALS Asset Care and ALS Tribology.

ALS Industrial – Financial performance	**2014 $M**	**2013 $M**	**Variance**
Revenue	182.9	168.6	8.5%
Segment contribution	26.2	30.6	
Restructuring and related costs	0.2	0.1	
Underlying segment contribution	26.4	30.7	(14.0%)
Margin (underlying segment contribution to revenue)	14.4%	18.2%	
Underlying segment EBITDA	31.6	35.4	(10.7%)

Both ALS Asset Care and ALS Tribology recorded increased revenue during FY2014, however underlying contribution margins were affected by a changing revenue mix and price pressures emanating from Australian resource sector clients.

The ALS Asset Care business stream experienced a challenging year as a result of weak market conditions in Australia. The business unit delivered revenues of $144.1m in FY2014, an increase of 6.2% on the previous year. Underlying contribution margin weakened slightly to 12.2% as clients have been strongly focused on cost base management and cost deferral. High margin outage programs for long-term oil and gas, process and power generation clients that boosted revenue and contribution in FY2013 year did not re-occur and planned outages were either cancelled, deferred or reduced in scope. As a result FY2014 saw the revenue mix become more dependent on construction projects and oil and gas maintenance contracts such as the LNG projects at Curtis Island in Queensland. The acquisition of Advanced Inspection Technologies in Houston, Texas in October 2013 represented the first expansion of the Asset Care business outside Australasia and provides both a platform for growth in North America and specialist capability in high fatigue weld inspection and materials consulting. Specialist project work has been secured in Australia as a result of AIT technical credentials. A pipeline of potential projects has been developed with expectations of further success in FY2015.

Review of results and operations (continued)

Divisional reviews (continued)

ALS Tribology reported 15.8% global revenue growth. Underlying EBIT contribution increased and margins improved in North America as a result of disciplined cost management. The Australian business experienced a drop in margins as a result of mining sector cost-cutting. Additional market share was secured and sample volumes grew as a result of increased production in the mining sector. The acquisition of Oilcheck in Australia in October 2013 contributed to second half revenue growth. With the integration of this business concluding in March 2014, the acquisition is expected to make a solid EBIT contribution in FY2015.

Reward Distribution

The division operates throughout Australia, distributing a range of non-food products and services tailored to the hospitality, mining and healthcare markets. Reward sells a broad selection of Australian and imported categories, representing a variety of major brands as well as its own branded range.

Reward Distribution – Financial performance	2014 $M	2013 $M	Variance
Revenue	119.4	119.2	0.2%
Segment contribution	2.7	0.9	200.0%
Margin (segment contribution to revenue)	2.3%	0.8%	
Segment EBITDA	3.3	1.6	106.3%

Divisional revenue was flat year-on-year, with a weakening mining sector and lower demand for large value commercial equipment offset by growth in other categories and markets. The significant improvement in underlying EBIT contribution was achieved through higher trading margins, more efficient procurement processes and lower overall operating costs.

Reward's import program was bolstered with new products and range extensions which proved to be an excellent addition to its client offering. The division's range of own brands was well received by key customers and was a major contributor to profitability. The Hospitality Stores (cash & carry outlets) continued to trade well as a result of strong interest in commercial grade kitchen and homeware products.

The outlook for FY2015 is relatively buoyant. The larger capital city markets are improving and confidence is slowly returning to the hospitality trade in line with the general retail landscape. There are a number of new projects underway in the sales, supply chain and administrative functions which are expected to deliver improved revenue and profit outcomes in the coming year.

Dividends

Dividends paid or declared by the Company since the end of the previous financial year are:

	Cents per share	Franked amount (cents)	Total $M
Ordinary dividends declared and paid during the year:			
Final 2013, paid 2 July 2013	27.0	13.5	92.8
Interim 2014, paid 20 December 2013	19.0	9.5	73.1
Total amount			165.9
Ordinary dividend declared after the end of the financial year:			
Final 2014, to be paid 2 July 2014	20.0	10.0	78.9

The financial effect of this dividend has not been brought to account in the financial statements for the year ended 31 March 2014 and will be recognised in subsequent financial reports. The franked components of all dividends paid or declared since the end of the previous financial year were franked based on a tax rate of 30%.

Financial position

Most of the significant changes in the Group's financial position (refer summarised balance sheet below) were the result of merger and acquisition activity undertaken during the year.

The recognition of goodwill and other intangible assets arising from the acquisition accounting for Reservoir Group and other acquisitions led to intangible assets increasing by $607.7 million. Net tangible assets acquired via these transactions were the primary cause of higher balances in working capital and other assets and liabilities.

A portion of the funding for acquisitions was raised from the issue of $322.1 million in long term debt to investors in the US private placement market, thus increasing loans and borrowings.

Total equity increased by $422.3 million. This was largely due to additional ordinary share capital being raised from shareholders in three forms. $241.3 million was raised by way of an entitlements issue to finance acquisitions in August 2013. A portion of the purchase consideration for Reservoir Group ($49.5 million) was satisfied by the issue of ALS shares. A further $107.4 million was contributed during the year via the Group's dividend reinvestment plan, including $40.3 million raised in December 2013 through an underwriting of the interim dividend reinvestment shortfall.

These funding outcomes stemmed from the Group's strategy of maintaining a strong balance sheet throughout the economic cycle as evidenced by the gearing (33.9%; 2013:29.3%) and leverage (2.2 times; 2013:1.0 times) measures note below.

In millions of AUD	**Consolidated**	
	2014	**2013**
Trade and other receivables	317.1	257.0
Inventories	85.2	74.0
Other current assets	44.2	34.7
Trade and other payables	(167.4)	(113.5)
Total working capital	279.1	252.2
Cash and cash equivalents	138.9	115.9
Loans and borrowings	(867.9)	(528.8)
Net debt	(729.0)	(412.9)
Property, plant and equipment	481.6	397.2
Intangible assets	1,412.7	805.0
Net deferred tax assets	25.5	14.2
Other assets	30.8	34.6
Income tax payable	(7.0)	(15.1)
Employee benefits	(47.2)	(44.6)
Other liabilities	(27.1)	(33.5)
	1,869.3	1,157.8
Net assets	1,419.4	997.1
Total equity	1,419.4	997.1
Gearing: *Net debt to Net debt + Equity*	*33.9%*	*29.3%*
Leverage: *Net debt to EBITDA**	*2.2*	*1.0*

** EBITDA = Earnings before interest, tax, depreciation and amortisation. The calculation of EBITDA is unaudited.*

Cashflow

In a year of lower profitability the Group's operating cashflow was characterised by a strong conversion of earnings into cash with working capital being closely monitored and managed. The FY2014 ratio of cash from operations (before interest and tax) to EBITDA* was 105.8% - up from 90.5% in FY2013. EBITDA* interest cover was a strong 12.2 times (2013: 20.7 times).

Merger and acquisition activity drove the significant investing and financing flows during FY2014. Acquisitions with a total enterprise value (including debt acquired and subsequently repaid) of $678.9 million were financed through a combination of cash reserves, debt and equity, per the following summary:

In millions of AUD	**Consolidated**	
	2014	**2013**
Cash from operations	346.4	367.4
Net interest and income taxes paid	(112.5)	(120.1)
Net cash from operating activities	233.9	247.3
Net (purchases)/sales of property, plant and equipment	(75.1)	(110.6)
Acquisitions of businesses and subsidiaries	(476.5)	(105.4)
Proceeds from sale of business operations	0.7	39.4
Other	2.7	(0.2)
Net cash from investing activities	(548.2)	(176.8)
Proceeds from borrowings	874.8	188.3
Repayment of borrowings	(722.6)	(169.2)
Proceeds from issue of new issued capital	281.6	-
Lease payments	(3.3)	(2.9)
Dividends paid	(99.7)	(102.1)
Net cash from financing activities	330.8	(85.9)
Net movement in cash and cash equivalents	16.5	(15.4)
Cash and cash equivalents at 1 April	112.9	132.2
Effect of exchange rate fluctuations on cash held	6.8	(3.9)
Cash and cash equivalents at 31 March	136.2	112.9
Cash conversion: *Cash from operations to EBITDA**	*105.8%*	*90.5%*
Interest cover: *EBITDA* to Net finance expense*	*12.2*	*20.7*

* *EBITDA = Earnings before interest, tax, depreciation and amortisation. The calculation of EBITDA is unaudited.*

Debt profile

The Group's policy of ensuring a diversity of funding sources and maturities is a key element of its management of re-financing and liquidity risks and is reflected in the table below:

In millions of AUD

Source	Maturity	Drawn	Facility Limit
Bank facilities	November 2014	113.2	209.8
Bank facilities	December 2015	13.6	57.9
US Private Placement Market	December 2017	33.6	33.6
US Private Placement Market	July 2019	232.5	232.5
US Private Placement Market	December 2020	262.1	262.1
US Private Placement Market	July 2022	205.5	205.5
		860.5	**1,001.4**

Bank facilities totalling $209.8 million mature in November 2014 (of which $113.2 million is drawn as at 31 March 2014). A process to re-finance this debt in the bank market has commenced and is expected to be completed by August 2014.

Material business risks

The Group has an enterprise wide risk management framework that is structured to ensure its material business risks and controls are captured, assessed and regularly reviewed in a consistent manner. The key material business risks and associated mitigation controls identified include:

- ALS is exposed to financial risks such as liquidity risk, interest rate risk, foreign exchange risk, and credit risk (counterparty exposure). Group treasury and cash management policies are in place to mitigate these risks, and key indicators are monitored monthly including gearing and leverage ratios, interest cover by EBITDA, minimum liquidity reserves, weighted average debt maturity, and earnings at risk.
- The Group's success is dependent upon attracting and retaining staff in key technical and management roles. ALS mitigates this risk by striving to be an employer of choice, implementing its organisational development programs, monitoring and benchmarking its employee benefits, career progression and succession planning, and oversight by a formal remuneration committee.
- ALS Minerals Division operates in a cyclical resources sector with fluctuations in commodity prices and global demand. ALS mitigates this risk by ensuring the Group has a diverse testing and inspection service offering across a range of industry sectors and geographies. Other controls include a business model that allows for scalability of services, a disciplined focus on operational costs, and close monitoring of economic trends.
- ALS have a reliance on IT systems and infrastructure to manage and store its data. ALS mitigates this risk by having back-up systems and redundant servers located at offsite data centres, disaster recovery plans, and information management policies in place.
- The Group operates across a number of industries that have inherent safety risks. ALS mitigates this risk by making "safety as a priority" a core value of the Group. Management have implemented a robust safety management system, employed significant HSE resources, and through their strong leadership are developing a culture of safety within their businesses.
- ALS is a market leader in testing and inspection services. A loss of reputation due to poor quality service would erode market share. This risk is mitigated by implementing robust quality control policy and procedures, requiring its businesses to obtain third party accreditation to international quality standards where available, and investing in custom built laboratory information management systems.

State of affairs

Changes in the state of affairs of the Group during the financial year resulted from its continued strategy of business expansion and diversification in testing and inspection services. Specifically, the Group undertook the following major acquisitions and funding activities:

- acquisition of Reservoir Group - a global provider of specialist technical services and equipment to the oil & gas industry – together with a number of subsequent smaller acquisitions in the sector, to form the ALS Oil and Gas business stream.
- a number of acquisitions to add new technical capabilities and provide access to new markets:
  - consumer products testing in Asia;
  - equipment lubricant analysis in Australia; and
  - industrial asset care services in the USA.
- these acquisitions were financed primarily via the following funding projects:
  - 1 for 11 entitlements issue of ordinary shares at $7.80 per share raising $241.3 million in August 2013;
  - issue of $322.1 million in long term debt to investors in the US private placement market in September 2013.

In the opinion of the directors there were no other significant changes in the state of affairs of the Group that occurred during the financial year under review not otherwise disclosed in this report or the consolidated financial statements.

Remuneration report

Executive Summary

The Directors present the remuneration report for the Group's Key Management Personnel (KMP) including executive management, the Managing Director & CEO (the "Executives") and its Non-Executive Directors (the "Directors").

During the reporting period, a review was conducted of the Company's remuneration strategy and tools as part of its annual governance program.

This year fixed remuneration and short term incentive ("STI") maximum quantums were maintained at 2012-13 FY levels for the Executives and similarly Directors fees were not increased. Despite challenging economic conditions however, the Executives performed at levels that allowed for a portion of the STI and long term incentive ("LTI") awards to be achieved.

Examples of KMP's STI Plan key performance indicators ("KPI") and group performance are included in this report to show the link between Executive performance and reward.

Detailed in this report are some adjustments that were made this year to the LTI Plan as a result of the diversification of ALS over the last twelve months and resulting from a global slowdown for our Minerals businesses.

The LTI Plan hurdles were revised for awards granted during the year ended 31 March 2014 ("2013 awards") to better motivate and retain our executives during the change in the Group from one focused heavily on the resources sector to a group that has diversified into new stable and growth industries. However this change was made to also ensure that the plan was designed to drive strong financial performance for the next three year performance period.

We believe that the remuneration outcomes for 2013-14 again demonstrate that there is a close alignment of shareholders' interests and Executive incentive rewards, with Executives only rewarded for actual achievement in a difficult environment.

Finally, the outlook for next year's remuneration is provided at the conclusion of this report.

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Remuneration report (continued)

Remuneration Strategy - audited

Remuneration Committee Role

The Board operates a Remuneration Committee (the "committee") which consists of 3 independent non-executive directors and which considers all aspects of remuneration strategy, policy and process for executive key management personnel and non-executive directors. The committee also considers broader remuneration strategy for the Company. All Directors, the Managing Director and KMP remuneration changes are approved by the Board after receiving recommendations from the committee.

The committee conducts annual reviews of its charter, the Group remuneration and benefits policies and plans, the structure and details of all Director's fees, remuneration packages, market and industry sector trends in relation to Director and executive remuneration practices and quantum, as well as legislative and regulatory requirements.

These reviews take into consideration Group and individual business unit financial performance, the scope of the Group's global operations and the Group's longer term strategic and annual business plans. When reviewing remuneration, the market capitalisation of the Company and its place in various public indices (for example the S&P/ASX 100) are factors when gathering macro level market-based data as well as specific individual comparator benchmarks. When such data suggests that a re-alignment is required to remuneration quantum, structure or strategy, the committee takes into consideration the ability of the Company to fund, over the longer term, any changes proposed.

The committee meets regularly each year to keep these matters under review. The committee's charter is published on the Company's website.

Remuneration policy

The Board aims to set remuneration for all KMPs at levels which are reasonable but designed to attract and retain appropriately qualified people in a competitive market. In addition the aim is to provide both incentive and reward to executives, and to align a significant proportion of executive reward to growth in shareholder value, with a focus on both the short term (one year) and longer term (three years).

ALS' remuneration strategy is designed to align executives and shareholders' interests

Linking Remuneration Strategy to Creating Shareholder Value

The Group's five year plan drives all activities in the business. The plan is translated to the remuneration strategy that will assist the Group in achieving its financial and other business goals. Each year an annual business plan is prepared which examines the components that will need to be achieved during the year. The Short Term Incentive Plan (STI) is then used to provide incentive and reward to the annual components of the business plan. Similarly to provide incentive and reward over the longer period of the five year plan, the Long Term Incentive Plan (LTI) is the vehicle used to drive sustained performance and financial growth.

Globally, managers and senior operational staff in a position to influence the financial performance of the Group are on the STI plan. Every year these managers and senior operational staff are set key performance indicators (KPIs) that are to be achieved in order to receive a payment from the plan. 70 – 90% of their STI payment is linked to financial goals for the business under their control / influence.

Remuneration report (continued)

External Remuneration Consultants

ALS has engaged Hay Group and EY (Australia) to provide benchmark data, from time to time, as well as market practice input to remuneration strategy and mechanisms. Both consultants were engaged after a comprehensive review of the remuneration consulting firm market and both as a result of their reputations for quality and for their global reach.

ALS works with the Hay Group for job evaluation and global remuneration data at middle manager to chief executive officer level; their PayNet (remuneration) database is also utilised across key geographies. EY (Australia) provide data for our LTI plan (calculating of TSR and verification of EPS calculations). Fees paid for Executive job evaluation and remuneration advice during the financial year were: Hay Group - $46,220 (2013: $43,050) and EY (Australia) - $45,600 (2013: $33,990). Total fees paid for other services during the year: Hay Group – Nil and EY (Australia) - $156,730.

How executive pay is structured at ALS

Remuneration Structure - audited

Key Components of Remuneration

Executive remuneration is approved in advance each year by the Board and has three components:

1. Fixed Remuneration – aligned to market and industry sectors as well as to individual performance and contribution; includes superannuation, salary sacrifice items and fringe benefits tax or equivalent charges related to the executive's non-cash benefits.
2. STI – 'at risk' pay for performance, STI is based on an annual scorecard, listing the executives' annual targets and related yields from achieving them.
3. LTI – 'at risk' equity based with growth targets to align executives' reward with shareholder value creation and time based targets to ensure retention of talented performers.

FIXED PAY + **STI** + **LTI**

As noted in the 2013 Annual Report, Executives did not receive an increase in fixed remuneration or their maximum potential STI quantum and fees for Directors were unchanged for the 2013-14 FY.

The Company's executives, like shareholders, benefit during good times but receive less "at risk" remuneration if the Company does not perform as well. Increases to fixed remuneration are also delayed if the Company performs poorly.

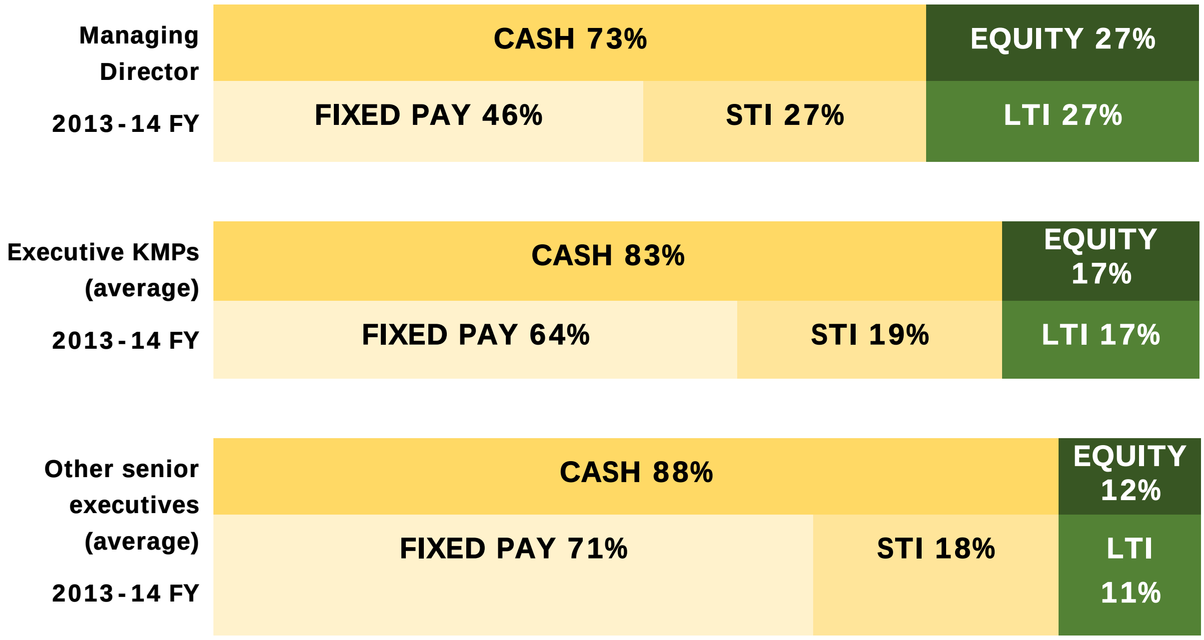
Fixed versus Variable Remuneration

Fixed remuneration for each individual executive is set having regard to that executive's duties and responsibilities, the scope of their business unit, individual performance, contribution and experience, and comparable market information.

Variable remuneration for each individual executive is set to drive superior performance, to focus effort on key business growth and profitability drivers, and to reward actual performance and contribution.

The graph below shows a breakdown of the potential fixed remuneration versus at risk remuneration for different levels of executives, depicting maximum potential eligibility for STI and LTI. The high percentage of at risk pay provides strong evidence that executives will benefit from strong company performance but less so for commensurately weaker company performance.

Remuneration report (continued)



Service Contracts

The Group has not entered into any formal service contracts with its non-executive directors. Executives have appropriate contractual arrangements. In the event of termination without cause, the Group is required to pay between three and twelve months of salary.

Remuneration report (continued)

Non-executive directors receive a fixed fee which is reviewed annually; these fees are linked to ASX100 peer benchmarks

Non-Executive Directors

The composition and membership of the Board remained unchanged during the year. As per our commitment last year, the Board undertook a review of Board performance. This review concluded that Director experience, technical skills and ability to commit the time required were all suitable within the current Board for the year's challenges.

In order to assist in maintaining a consistently high performing Board over the longer term, ahead of the annual re-election process, the Board reviews the performance and contribution of the individual Directors who are coming up for re-election and decides whether to support their re-election. It is the Board's policy that directors should serve only for as long as they have the confidence of their fellow Board members. With two Directors appointed in the last three years, the Company is satisfied that independence has been achieved.

No element of Non-executive Director remuneration is 'at risk', that is, fees are not based on the performance of the Company or equity-based. Directors have set fees, which are reviewed annually and increased if appropriate. Directors are paid base fees and if applicable, a fee for membership of a committee. The Chairman receives only a base fee which includes all committee memberships.

Key Management Personnel

Non-executive directors are listed with details of their committee membership below.

Nerolie Withnall	Chairman Chairman of the Remuneration Committee Member of the Audit and Compliance Committee
Ray Hill	Member of the Audit and Compliance Committee
Bruce Brown	Member of the Remuneration Committee
Mel Bridges	Member of the Audit and Compliance Committee
Grant Murdoch	Chairman of the Audit and Compliance Committee
John Mulcahy	Member of the Remuneration Committee

Executive KMPs

The following people were Executive KMPs during the reporting period and unless otherwise stated were Executives for the whole of the period:

Executive director:

Greg Kilmister	Chief Executive Officer and Managing Director (CEO)

Executives:

Brian Williams	Group General Manager, ALS Minerals
Raj Naran	Group General Manager, ALS Life Sciences
Paul McPhee	Group General Manager, ALS Energy
Kristen Walsh	Group General Manager, ALS Industrial
Andrew Ross	Group General Manager, Reward Distribution
Richard Stephens	Chief Financial Officer

Note: references in this remuneration report to "Executives" are references to those executives who are KMPs as listed above, including where relevant the CEO.

Remuneration report (continued)

Our Remuneration structure and approach was maintained this year, with no significant changes.

Key Changes this year impacting Remuneration

Business Diversity Realised

Following ALS' restructure into four Divisions and ten Business Streams during the 2012 FY with its subsequent remuneration realignment, this year remuneration was held static.

The key changes this year to the Group's activities were the realisation of the strategic goal of creating a significant Oil & Gas business and ALS also made a small foray into Consumer Products testing. As predicted last year, our Life Sciences Division component became a larger relative proportion of our business compared to previous years during the period.

Although these diversification developments created business challenges and opportunities during the year they were not to the extent that remuneration practises and levels needed to be rescoped.

During the reporting period the Committee felt that remuneration levels including variable pay should remain at the current level with no increases awarded for the Company's Managing Director, senior executives and managers.

For similar reasons, Directors' remuneration which was revised in 2012 FY, was held static during the reporting period.

Long Term Incentive Plan Hurdles – adjusting for economic environment changes

Every year, the Board considers the role of the LTI Plan in driving superior company performance and as a vehicle to motivate our senior executives for the upcoming three year performance period. Changes in design are sometimes required to ensure the desired ends are achieved.

The principal goals of the LTI Plan are to:

(a) Act as a retention tool for key, high performing executives

(b) Align executives' reward with shareholders reward

(c) Encourage share ownership in ALS

(d) Maintain fixed remuneration at a stable market level by minimising temporary remuneration fluctuations to ensure ALS continues to be a sustainable business; and

(e) Drive teamwork and increased performance of ALS through the use of the company performance hurdles.

Accordingly, during the year a change was made to the LTI Plan hurdles for rights issued. The review determined that more relevant LTI Plan hurdles during a time when our markets were changing and the economy was continuing to fluctuate were likely to be those that drove higher levels of profit. Accordingly, for the 2013 awards a new EBITDA hurdle was added.

As a result, the hurdles were restructured as follows:

- TSR Hurdle – 50% of the total award is split into two components – ASX100 index peers and a group of direct global competitor peers. These peers are as per the 2012 awards;
- EPS Hurdle – 25% of the total award - ALS is moving into its next phase of diversification and needs to embed and grow its new businesses sectors. Growth hurdles remain at the same level as the 2012 awards; and
- EBITDA Hurdle – 25% of the total award - the company's EBITDA margin relative to our peers must be at the 50th percentile or higher for this portion of the performance rights to vest.

Further details on the performance hurdles is set out from page 26.

Remuneration report (continued)

Actual Remuneration – FY 2013-14 - audited

Non-Executive directors

The total amount of remuneration, including superannuation, for all non-executive directors must not exceed the limit approved by shareholders. The last approval was for $1,500,000 per annum approved at the 2012 AGM.

Directors are paid base and committee membership fees only, which are fixed by the Board. The Directors are entitled to be reimbursed for all travel and related expenses properly incurred in connection with the business of the Company.

The levels of Directors' remuneration are set having regard to independent survey data and publicly available information about fees paid to non-executive directors in a range of comparable companies. Given the slowdown in some of our markets and the period of embedding the recent diversifications, the only change made during the year to Directors' remuneration was to increase base Board fees by the uplift in superannuation which came into effect on 1 July 2013.

The benefit of the 2013 increase in superannuation guarantee contributions for all Australian employees, including Directors, earning up to the super guarantee maximum salary level for 2013-14 of $192,160 was passed on to the Company employees in full. Accordingly the non-executive directors, but not the Chairman, received the 0.25% increase to reflect the superannuation changes.

The structure current for the reporting period for annual payments, inclusive of mandatory superannuation contributions, was:

***Chairman of the Board*:** $330,000

Covers all responsibilities as Chairman of the Board and the Remuneration Committee and member of the Audit and Compliance Committee.

Other non-executive directors:

Board membership: $165,413

Committee membership:

	Audit and Compliance Committee $	Remuneration Committee $
Chairman	25,063	n/a *
Member	12,531	12,531

* *currently filled by the Chairman of the Board*

Remuneration report (continued)

Details of the nature and amount of each major element of remuneration of each Director are set out below. The Group's practice is to review salaries for directors and executives as of 1 July every year. As a result of a salary freeze implemented in 2013 and which remained in effect throughout the year ended 31 March 2014, no such reviews were conducted as at 1 July 2013. Any increases in salaries and fees between the years ended March 2013 and March 2014 are the result of changes to remuneration which became effective from 1 July 2012.

	In AUD	Short-term (Salary & fees) $	Long term (D&O insurances) $	Post employment (Superannuation benefits) $	Total $
Directors: **Non-executive directors**					
Nerolie Withnall	2014	302,233	620	27,767	330,620
	2013	250,442	615	22,540	273,597
Ray Hill	2014	162,844	620	14,961	178,425
	2013	151,508	615	13,636	165,759
Bruce Brown	2014	162,844	620	14,961	178,425
	2013	149,008	615	13,411	163,034
Mel Bridges	2014	162,844	620	14,961	178,425
	2013	148,383	615	13,354	162,352
Grant Murdoch	2014	174,312	620	16,015	190,947
	2013	160,109	615	14,410	175,134
John Mulcahy	2014	162,844	620	14,961	178,425
	2013	149,008	615	13,411	163,034
Geoff McGrath	2014	-	-	-	-
(retired 31 July 2012)	2013	77,729	205	6,300	84,234
Total compensation: Non-executive directors	**2014**	**1,127,921**	**3,720**	**103,626**	**1,235,267**
	2013	**1,086,187**	**3,895**	**97,062**	**1,187,144**

Remuneration report (continued)

Executive KMPs

Details of the nature and amount of each major element of remuneration of each Executive KMP are set out below. The Group's practice is to review salaries for directors and executives as of 1 July every year. As a result of a salary freeze implemented in 2013 and which remained in effect throughout the year ended 31 March 2014, no such reviews were conducted as at 1 July 2013. Any increases in salaries between the years ended March 2013 and March 2014 are the result of changes to remuneration which became effective from 1 July 2012.

		Short-term			Long-term		Post-employment	Termination benefits $	Total $
	In AUD	Salary & fees $	STI cash bonus (a) $	Non-monetary benefits (b) $	Value of share-based awards (c) $	(D&O insurances) $	Superannuation & pension benefits $		
Executive director:									
Greg Kilmister	2014	1,425,000	422,500	-	163,550	620	25,000	-	2,036,670
	2013	1,337,500	422,500	3,423	399,575	615	31,250	-	2,194,863
Executives								-	
Brian Williams	2014	650,000	66,000	-	33,302	292	25,000	-	774,594
	2013	590,288	110,000	-	84,775	304	24,998	-	810,365
Raj Naran	2014	650,456	90,000	-	(1,558)	292	21,469	-	760,659
	2013	498,929	106,558	-	72,180	304	13,256	-	691,227
Paul McPhee	2014	582,527	100,000	-	49,019	292	17,474	-	749,312
	2013	537,226	200,000	-	74,446	304	15,494	-	827,470
Kristen Walsh	2014	522,966	45,000	8,281	8,127	292	18,753	-	603,419
	2013	401,391	75,000	16,924	23,356	304	35,744	-	552,719
Andrew Ross	2014	288,991	19,500	-	-	292	26,009	-	334,792
	2013	285,093	-	-	-	304	25,658	-	311,055
Richard Stephens	2014	414,299	62,500	13,501	14,530	292	22,200	-	527,322
	2013	377,737	62,500	18,059	32,270	304	22,954	-	513,824
David Brown (d)	2014	-	-	-	-	-	-	-	-
	2013	122,324	-	-	(7,679)	127	11,009	-	125,781
Total Compensation: Executives	**2014**	**4,534,239**	**805,500**	**21,782**	**266,970**	**2,372**	**155,905**	**-**	**5,786,768**
	2013	**4,150,488**	**976,558**	**38,406**	**678,923**	**2,566**	**180,363**	**-**	**6,027,304**

(a) STI cash bonuses are paid annually following the end of the financial year.

(b) Non-monetary benefits include payment of allowances, provision of other benefits such as motor vehicles, fringe benefits tax thereon and an amount representing commercial interest that would have been charged during the period on the executive's outstanding employee loan balances owed to the Company had these loans not been interest free.

(c) The LTI Plan was introduced in April 2008. Performance rights are granted annually to executives earning an STI payment in the previous financial year. Refer to note 37 for details. The fair value of performance rights granted is calculated using Binomial Tree (EPS hurdle) and Monte-Carlo Simulation (TSR hurdle) valuation methodologies and allocated to each financial year evenly over the period from grant date to vesting date. The negative value for Mr Naran relates to the fall in value of his cash-settled performance rights during the year.

(d) Mr Brown resigned from the Group in August 2012 in connection with the disposal of the Campbell Chemicals segment. The negative value allocated to share-based awards represents the reversal of expense recorded in previous years in relation to performance rights which lapsed on cessation of employment.

Remuneration report (continued)

KPIs are structured to deliver shareholder value, whether it be via superior financial performance or by motivational KPIs that drive future shareholder yield from strategic initiatives.

Short Term Incentive Plan - audited

The Board sets the maximum amounts which can be earned as a cash bonus for each executive, annually, and also approves their STI Plan scorecards.

Payments to the CEO may not exceed 60% of his total fixed remuneration and payments for other Executives are between 20% and 50% of their total fixed remuneration. Bonus payments are contingent on the achievement of specified financial and other performance indicators (KPIs) for the financial year, as follows:

Financial KPIs

- for the CEO 70% of the maximum potential STI payment depends on achievement of KPIs based on Group net profit after tax;
- for other executives 35-70% depends on achievement of KPIs based on earnings before interest and tax and 20-35% on return on sales ("ROS") targets for individual business units under their direct control.

Non-Financial KPIs

- the balance of the STI amounts for the CEO and other executives depend on achievement of KPIs measuring performance in health, safety and the environment and risk management as well as specific KPIs tailored to strategic plan delivery. Such specific KPIs for the year included but were not limited to – process automation implementations, geographic or divisional services expansion, customer service focus, new or upgraded facilities and quality related improvements.

Payments are not made to executives found to have misrepresented their financial and non-financial KPI results; misrepresentations discovered after an STI payment has been made will result in the executive having to return the payment to the Company.

All KPIs are structured so that they aim to deliver shareholder value, whether it be via superior financial performance or by motivational KPIs that drive current or future value from strategic initiatives.

Remuneration report (continued)

Robust performance goals were vital during the global minerals industry slowdown.

5 Year Strategic Plan Objectives / ALS Core Values	Key Performance Indicator	Scorecard Weighting	Comments	Outcome for Shareholders
Examples of 2013-14 financial KPIs				
Grow Revenue and Operating Profit	Operating Profit Target	35-70%	The targets for FY2013-14 were set against the previous year's results and the FY2013-14 budget.	At risk remuneration is heavily weighted to financial performance, all executives have at least 70% of their at risk payment contingent on financial targets.
	ROS Target	20-35%	ROS targets are based on continuous improvement of ROS at each of our global facilities.	
Examples of 2013-14 non-financial KPIs				
Core Value – "Safety as a Priority"	Health, safety & environment Targets	10%	May be targeted to a specific improvement initiative or based on ALS' PPI Index*	Protection and growth of the ALS Brand
Core Value – "Exceeding Client Expectations"	Implement and meet targets for the 20/20/20 Plan	5%	Targeted program implemented globally across the Life Sciences Division.	Improved customer retention and attraction. Savings likely from prevention of customer losses.
Expansion of the range of services across all geographies	Win 4 additional mine site projects by 31 March 2014	5%		Growth of the Minerals Division's new business stream – Mine Site. Vertical diversification.
Expansion of the range of services across all geographies	Complete plan for expansion of African Minerals businesses.	5%		Access to the growing African markets
Systemisation and superior information management systems	Implement new Webview functionality "Tracking origin of workflow" by 31 October 2013.	10%		Targeted at relevant clients this functionality allows us to better understand and qualify downstream business opportunities.
Improve talent acquisition processes to aid gender diversity and manage costs.	Implement new Recruitment Effectiveness Policy	7.5%		Talented workforce in place for future growth. Improved efficiency in recruitment processes and better cost management.
Develop and promote from within	Annual Talent Report	7.5%	State of talent using data collected through EPC and iLEAD programs	Key talent retained and their career goals married with ALS' needs for trained and experienced Managers.

**PPI – Positive Performance Indicator Scorecard – proactive performance targets set by the Company's Corporate Compliance Group that include a balanced scorecard of health, safety and environmental lead indicators. A minimum score of 80% is required to achieve the HSE KPI.*

Remuneration report (continued)

How does company performance impact on executives' remuneration?

Executive STI Performance vested / forfeited

KPI performance at the 100% level is required for the executive to achieve a financial payment for that KPI. Below are details of the vesting profile, for 2013-14 and the previous year, of the STI cash bonuses awarded as remuneration to each of the named Executives:

		Included in remuneration $ (a)	% vested	% forfeited (b)
Executives				
Greg Kilmister	2014	422,500	50	50
	2013	422,500	50	50
Brian Williams	2014	66,000	30	70
	2013	110,000	50	50
Raj Naran	2014	90,000	45	55
	2013	106,558	50	50
Paul McPhee	2014	100,000	100	-
	2013	200,000	100	-
Kristen Walsh	2014	45,000	30	70
	2013	75,000	50	50
Andrew Ross	2014	19,500	30	70
	2013	-	-	100
Richard Stephens	2014	62,500	50	50
	2013	62,500	50	50

(a) Amounts included in remuneration for the financial year represent the amounts that vested in the financial year based on the achievement of personal goals and satisfaction of specified performance criteria.

(b) The amounts forfeited are due to the performance or service criteria not being met in relation to the financial year.

Remuneration report (continued)

ALS' long term incentive plan drives executive retention and aligns executives with shareholders interests.

Long Term Incentive Plan - audited

Remuneration under the LTI Plan is in the form of equity-settled performance rights; and in jurisdictions where securities legislation does not permit this, the rights are cash-settled. The performance rights are granted each year to senior managers and executives, who being entitled to receive STI payments, are invited to participate in the LTI plan by the CEO with the Board's approval.

The number of performance rights granted to an executive is calculated by dividing the amount of the executive's STI payment by the volume weighted average price (VWAP) of the Company's shares over the 20 trading days following the date of announcement of the final full year results for the financial year preceding the period to which the grant of performance rights relate. The vesting of rights is subject to the Company's achievement of cumulative performance hurdles over the three year performance period.

The performance hurdles are based on earnings per share (EPS) and on relative Total Shareholder Return (TSR) measures over the performance period. For the 2013 awards a new hurdle of earnings before interest, taxes, depreciation and amortisation (EBITDA) as a percentage of revenue (EBITDA margin) was added. The cumulative performance hurdles are assessed at the end of the performance period and the performance rights become exercisable, in whole or in part, or are forfeited from 1 July following the end of the performance period.

Each equity-settled performance right which vests and is exercised converts to an ordinary share in the Company at nil exercise price; the amount payable per cash-settled performance right which vests is the VWAP of the Company's shares over the 20 trading days following the release of the Company's full year results for the final year of each performance period.

The LTI plan rules prohibit those who are granted performance rights from entering into arrangements that limit their exposure to share price decreases and the executive must be employed in the Group on the vesting date to be eligible for issue of the shares (equity-settled rights) or receipt of payment (cash-settled rights).

The LTI Plan Hurdles are reviewed annually to ensure they continue to enhance company performance and motivate our executives.

EPS was chosen because it provides a good indicator of the shareholder value derived from earnings growth.

TSR was chosen because it provides a good indicator of the value derived from capital growth and distributions to shareholders.

The EBITDA margin hurdle was chosen because it is focused on driving profit.

The comparator companies measure ALS against a mix of direct competitors, a basket of services companies in the resources sector and ALS' peers within the ASX100 index. The services companies in the resources sector are being phased out however as ALS moves away from trading heavily in this sector.

Remuneration report (continued)

The EPS and TSR hurdles introduced for rights issued in 2012 were maintained for 2013 awards. The new EBITDA hurdle implemented in 2013 will measure ALS' relative EBITDA margin against the EBITDA margins of its key global competitors. For the 2013 awards 50% of the rights awarded are subject to the TSR hurdle, 25% to the EPS hurdle, and 25% to the EBITDA margin hurdle.

The performance hurdles and vesting proportions for each award are as follows:

2011 Award Hurdles

Proportion of total performance rights that may be exercised if EPS growth hurdle is met	Compound annual diluted EPS growth over the period 1 April 2011 to 31 March 2014
0%	Less than 10% per annum
25% of total grant	10% per annum
Straight line vesting between 25% and 50%	Between 10% and 14% per annum
50% of total grant	14% or higher per annum

Proportion of total performance rights that may be exercised if TSR hurdle is met	TSR of ALS Ltd relative to TSRs of comparator companies over the period 1 April 2011 to 31 March 2014
0%	Less than the 50th percentile
25% of total grant	50th percentile
Straight line vesting between 25% and 50%	Between 50th percentile and 75th percentile
50% of total grant	75th percentile or higher
	Comparator companies: International companies: Bureau Veritas (France), Core Laboratories (USA), Eurofins (France & Germany), Intertek (UK), SGS (Switzerland). Australian companies: Ausdrill, Ausenco, Boart Longyear, Cardno, Clough, Coffey International, MacMahon Holdings, Monadelphous, Orica, Sedgman, Servcorp, Transfield Services, WorleyParsons.

Remuneration report (continued)

2012 Award Hurdles

Proportion of total performance rights that may be exercised if EPS growth hurdle is met	Compound annual diluted EPS growth over the period 1 April 2012 to 31 March 2015
0%	Less than 8% per annum
25% of total grant	8% per annum
Straight line vesting between 25% and 50%	Between 8% and 14% per annum
50% of total grant	14% or higher per annum

Proportion of total performance rights that may be exercised if TSR hurdle is met	TSR of ALS Ltd relative to TSRs of industry peer companies over the period 1 April 2012 to 31 March 2015	TSR of ALS Ltd relative to TSRs of companies in the ASX100 Index over the period 1 April 2012 to 31 March 2015
0%	Less than the 50th percentile	Less than the 50th percentile
12.5% per comparator group	50th percentile	50th percentile
Straight line vesting between 12.5% and 25% per comparator group	Between 50th percentile and 75th percentile	Between 50th percentile and 75th percentile
25% of total grant per comparator group	75th percentile or higher	75th percentile or higher
	Comparator companies: Listed peers involved in the commercial testing and inspection services industry: Bureau Veritas (France), Core Laboratories (USA), Eurofins (France & Germany), Intertek (UK), Mistras (USA), SGS (Switzerland) and Team Industrial Services (USA).	Comparator companies: Companies included in the ASX 100 Index as at 1 April 2012

Remuneration report (continued)

2013 Award Hurdles

Proportion of total performance rights that may be exercised if EPS growth hurdle is met	Compound annual diluted EPS growth over the period 1 April 2013 to 31 March 2016
0%	Less than 8% per annum
12.5% of total grant	8% per annum
Straight line vesting between 12.5% and 25%	Between 8% and 14% per annum
25% of total grant	14% or higher per annum

Proportion of total performance rights that may be exercised if EBITDA hurdle is met	EBITDA margin of ALS Ltd relative to EBITDA margin of comparator companies over the period 1 April 2013 to 31 March 2016
0%	Less than the 50th percentile
25% of total grant	50th percentile or higher
	Comparator companies: Bureau Veritas (France), Core Laboratories (USA), Eurofins (France & Germany), Intertek (UK), SGS (Switzerland), Mistras (USA)

Proportion of total performance rights that may be exercised if TSR hurdle is met	TSR of ALS Ltd relative to TSRs of industry peer companies over the period 1 April 2013 to 31 March 2016	TSR of ALS Ltd relative to TSRs of companies in the ASX100 Index over the period 1 April 2013 to 31 March 2016
0%	Less than the 50th percentile	Less than the 50th percentile
12.5% per comparator group	50th percentile	50th percentile
Straight line vesting between 12.5% and 25% per comparator group	Between 50th percentile and 75th percentile	Between 50th percentile and 75th percentile
25% of total grant per comparator group	75th percentile or higher	75th percentile or higher
	Comparator companies: Bureau Veritas (France), Core Laboratories (USA), Eurofins (France & Germany), Intertek (UK), Mistras (USA), SGS (Switzerland) and Team Industrial Services (USA).	Comparator companies: Companies included in the ASX 100 Index as at 1 April 2013

Remuneration report (continued)

How is EPS growth calculated?

The growth in earnings per share is calculated by comparing the diluted EPS achieved by the Group in the base year (e.g. year to March 2013) with that achieved in the final year of the performance period (e.g. year to March 2016).

Diluted EPS is calculated by dividing the underlying net profit after tax attributable to shareholders of ALS Ltd by the weighted average number of ordinary shares on issue for the year being measured (diluted for outstanding equity-settled performance rights).

Following finalisation of ALS' financial results for FY2013-14 the compound annual growth rate (CAGR) in the Company's diluted EPS over the three year period to March 2014 was 2.4% (from 40 cents to 43 cents) which is below the minimum threshold of 10%. Thus no rights subject to the EPS hurdle will vest on 1 July 2014.

How is the EBITDA margin hurdle calculated?

The EBITDA margin measurement is contingent upon performance of the Company against a group of comparator peer companies that are comprised of our key global competitors. It is calculated on the following basis:

Cumulative Underlying Earnings before Interest, Tax, Depreciation and Amortisation are calculated as a percentage of Revenue over the period 1 April 2013 to 31 March 2016. This will be compared with the cumulative EBITDA margins reported by each of the peer companies for the three financial years ending on or before 31 March 2016.

How did ALS perform against its TSR peers?

The Table below contains the TSR rankings for the period from 1 April 2011 to 31 March 2014. The Company's performance was at the 50th percentile required to achieve partial vesting. Thus 50% of rights subject to the TSR hurdle will vest on 1 July 2014, and be available to executives who are employed on the vesting date.

2011 TSR grant performance

Rank	Entity name	TSR	Percentile	Potential level of vesting	
1	Eurofins Scientific SE	263.29%	100.00	100.00%	
2	Core Laboratories NV	101.71%	94.44	100.00%	
3	Servcorp Limited	72.16%	88.89	100.00%	
4	Bureau Veritas SA	68.86%	83.33	100.00%	
5	Intertek Group plc	59.27%	77.78	100.00%	75th percentile
6	SGS SA	49.96%	72.22	94.44%	
7	Clough Limited	45.48%	66.67	83.33%	
8	Cardno Limited	40.72%	61.11	72.22%	
9	Orica Limited	-0.92%	55.56	61.11%	
10	ALS Limited	-3.25%	50.00	50.00%	Median
11	Monadelphous Group Limited	-4.96%	44.44	0.00%	
12	WorleyParsons Limited	-42.61%	38.89	0.00%	
13	Coffey International Limited	-60.98%	33.33	0.00%	
14	Sedgman Limited	-68.16%	27.78	0.00%	25th percentile
15	Ausdrill Limited	-69.35%	22.22	0.00%	
16	Transfield Services Limited	-70.01%	16.67	0.00%	
17	Macmahon Holdings Limited	-71.90%	11.11	0.00%	
18	Ausenco Limited	-78.05%	5.56	0.00%	
19	Boart Longyear Limited	-92.74%	0.00	0.00%	

***Source:** The information presented in the table above has been obtained from EY (8 April 2014) and is unaudited.*

Remuneration report (continued)

ALS executives only receive their performance related remuneration when it is actually earned

Proportion of performance related and equity based remuneration

Details of each of the named Executives' performance related and equity based remuneration as a proportion of their total remuneration is detailed below.

Executives		Proportion of all at risk remuneration (STI & LTI) as a percentage of total remuneration %	Proportion of performance rights (LTI) as a percentage of total remuneration %
Greg Kilmister	2014	28.8	8.0
	2013	37.5	18.2
Brian Williams	2014	12.8	4.3
	2013	24.0	10.5
Raj Naran (a)	2014	11.6	(0.2)
	2013	25.9	10.4
Paul McPhee	2014	19.9	6.5
	2013	33.2	9.0
Kristen Walsh	2014	8.8	1.3
	2013	17.8	4.2
Andrew Ross (b)	2014	5.8	n/a
	2013	-	n/a
Richard Stephens	2014	14.6	2.8
	2013	18.4	6.3

(a) The negative performance rights proportion for Mr Naran relates to the fall in value of his cash-settled rights during the year

(b) Mr Ross is not a participant in the LTI plan.

Remuneration report (continued)

Performance rights over ordinary shares granted as remuneration

Details of vested and outstanding performance rights over ordinary shares in the Company that were granted as remuneration to each KMP under the LTI Plan are presented in the table below.

Executives	Grant date	Number of rights granted (a)	Fair value per right at grant date (b)	Issue price used to determine no. of rights granted (b)	Vesting date	Number of rights vested and exercised	Number of rights lapsed (c)	% of rights lapsed (c)
Greg Kilmister	30 July 13	44,287	$5.74	$9.54	1 Jul 16	-	-	-
	31 July 12	61,185	$5.28	$11.03	1 Jul 15	-	-	-
	26 Jul 11	67,975	$7.20	$9.27	1 Jul 14	-	-	-
	27 Jul 10	53,380	$5.01	$5.62	1 Jul 13	51,896	1,484	3%
Brian Williams	30 July 13	11,530	$5.74	$9.54	1 Jul 16	-	-	-
	5 Sep 12	18,130	$3.66	$11.03	1 Jul 15	-	-	-
	26 Jul 11	14,565	$7.20	$9.27	1 Jul 14	-	-	-
	27 Jul 10	16,015	$5.01	$5.62	1 Jul 13	15,570	445	3%
Raj Naran	30 July 13	11,066	$5.74	$9.54	1 Jul 16	-	-	-
	5 Sep 12	14,890	$3.66	$11.03	1 Jul 15	-	-	-
	26 Jul 11	12,525	$7.20	$9.27	1 Jul 14	-	-	-
	27 Jul 10	19,535	$5.01	$5.62	1 Jul 13	18,992	543	3%
Paul McPhee	30 July 13	20,965	$5.74	$9.54	1 Jul 16	-	-	-
	5 Sep 12	16,495	$3.66	$11.03	1 Jul 15	-	-	-
	26 Jul 11	10,790	$7.20	$9.27	1 Jul 14	-	-	-
	27 Jul 10	16,015	$5.01	$5.62	1 Jul 13	15,570	445	3%
Kristen Walsh	30 July 13	7,862	$5.74	$9.54	1 Jul 16	-	-	-
	5 Sep 12	6,525	$3.66	$11.03	1 Jul 15	-	-	-
	26 Jul 11	7,555	$7.20	$9.27	1 Jul 14	-	-	-
Richard Stephens	30 July 13	6,551	$5.74	$9.54	1 Jul 16	-	-	-
	5 Sep 12	6,120	$3.66	$11.03	1 Jul 15	-	-	-
	26 Jul 11	5,935	$7.20	$9.27	1 Jul 14	-	-	-
	27 Jul 10	5,340	$5.01	$5.62	1 Jul 13	5,192	148	3%

(a) Performance rights granted to Mr Naran in July 2011 are cash-settled rights. Other rights granted to Mr Naran and rights granted to all other executives named above are equity-settled rights.

(b) The issue price used to determine the number of rights offered in each year to all participants, including Mr Kilmister and other key management personnel, was the volume weighted average price of the Company's shares during the twenty trading days following the announcement of the Group's annual financial results. The grant dates and corresponding fair values per right in the above table have been determined in accordance with Australian Accounting Standards and are dependent on the dates on which individual executives are deemed to have received their offers to participate in the Plan. Fair values have been calculated using Binomial Tree (EPS hurdle) and Monte-Carlo Simulation (TSR hurdle) valuation methodologies.

(c) The number of rights lapsed represents rights lapsed due to performance hurdles not being met and/or rights lapsed on cessation of employment.

Remuneration report (continued)

Company Performance and link to Shareholder Wealth - audited

Consequences of performance on shareholders' wealth

The Board considers that the previous and current remuneration strategy including the recent adjustments to the LTI Plan hurdles and maintaining the fixed remuneration at the current levels for the year are appropriate to create a strong and sustainable company now and into the future.

In considering the Group's performance and creation of shareholder wealth, the Board invites shareholders to review the following financial data in respect of the current financial year and the previous four financial years:

Year ended 31 March	2014 $m	2013 $m	2012 $m	2011 $m	2010 $m
Profit attributable to equity holders of the Company	154.4	227.3	222.4	132.4	75.3
Dividends paid or payable	152.0	164.3	151.9	94.2	62.8
Share price at balance date (all shown on a post-share split basis)	$7.33	$10.47	$13.45	$9.27	$5.91

Outlook for 2014-15FY Remuneration - unaudited

The Company will continue to review and adjust its reward mechanisms annually, as required, to ensure that our long term company growth aspirations are met.

As a truly diversified, global testing business we expect that different parts of our markets will require amendments to their remuneration next year as parts of the business experience a slower stage in the economic cycle. The Board notes that such cycles will sometimes have an impact on overall remuneration strategies and will respond where this impacts on overall profitability growth.

Shareholders are informed that it has already been resolved that the maximum potential STI quantum for Executives and fees for Directors will be unchanged for the 2014-15 FY.

As the company continues to evolve and our markets change, shareholders can also expect that further adjustments will be required to the LTI Plan for future performance periods. Such changes will recognise the continuing role the LTI Plan plays in motivating and retaining our executives and in driving excellent financial performance. A key change is likely to be removal of the direct valuation link between achieving an STI payment and the calculation of the LTI award being based on this quantum. It is expected that our recent diversifications into new industries will have an impact on plan design and external specialist advice will be sought on the best approaches for ALS for our new LTI Plan. Participation in the LTI Plan however will continue to be open only to the highest performing executives and key managers.

Consultation with shareholder advisory groups and use of external specialist consultants will continue to be a strong feature of our remuneration strategy and process to ensure that fair and affordable remuneration continues into the future.

Environmental regulation

The Group is committed to complying with environmental legislation, standards, and codes of practice relevant to the particular business in the areas in which it operates. A number of hub laboratories are regulated under State and local government legislation predominately for their hazardous waste generation and disposal. Each hub laboratory holds a current licence and or consent from the relevant environment protection authority or local council where required.

Environmental management

As part of the Group's compliance program, environmental matters are reported on monthly by all divisional managers. In addition, internal sign-offs are completed by all managers on a yearly basis, reporting on performance against relevant environmental legislation and key environmental risks in their area of operations. Apart from complying with local legal requirements each site location across the world operates under the corporate health safety and environment minimum standard which sets out 13 key standards including identification and management of key environmental risks, emergency planning, reporting environmental incidents, and conducting monthly audits.

Initiatives

There were a number of environmental initiatives implemented during the year across the Group. These are explained in detail under the Corporate Social Responsibility section of the annual report.

Performance against environmental compliance requirements

There were no material breaches of environmental statutory requirements and no prosecutions launched against the Group during the reporting period. Minor penalties were imposed on two ALS site locations, namely ALS Life Sciences in Arequipa, Peru who were fined $240 USD for noise pollution, and ALS Minerals in Rosia Montana, Romania who were fined $4,500 euro for incorrect waste disposal.

Internal and external audits and internal reporting and monitoring have indicated a high level of compliance with site licence conditions, relevant legislation and corporate minimum standards.

Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Likely developments

The Group's objective during the next financial year will be to maximise earnings and investment returns across all the business units in its diversified portfolio. For comments on divisional outlooks refer to the review of results and operations in this report.

Directors' interests

The relevant interest of each director in the share capital of the Company as notified by the directors to the Australian Securities Exchange in accordance with section 205G(1) of the Corporations Act 2001 as at the date of this report is:

	No. of Ordinary shares
Nerolie Withnall	15,459
Greg Kilmister	1,061,469
Ray Hill	54,546
Bruce Brown	166,728
Mel Bridges	27,652
Grant Murdoch	46,344
John Mulcahy	43,637

Refer to the Remuneration Report above for details of performance rights held by Mr Kilmister.

Directors' meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

	Board Meetings (1)		Audit and Compliance Committee Meetings (2)		Remuneration Committee Meetings	
	A	B	A	B	A	B
Nerolie Withnall	12	12	4	4	2	2
Greg Kilmister	12	12	-	-	-	-
Ray Hill	12	12	4	4	-	-
Bruce Brown	12	11	-	-	2	2
Mel Bridges	12	12	4	4	-	-
Grant Murdoch	12	12	4	4	-	-
John Mulcahy	12	12	-	-	2	2

A – Number of meetings held during the time the director held office during the year

B – Number of meetings attended

(1) Includes 2 Nomination Committee meetings. All Board members act as members of the Nomination Committee.

(2) Although not members of the Audit & Compliance Committee, Messrs Brown, Mulcahy and Kilmister attend meetings of the Committee as permitted by the Committee's Charter.

Indemnification and insurance of directors and officers

Indemnification

Under its Constitution, and by resolution of the Board, the Company has agreed to indemnify to the extent permitted by law and the Corporations Act 2001:

- every person and employee who is or has been an officer of the Company or of a Group entity where requested to do so, including a director or secretary, against any liability (other than for legal costs) incurred by that person or employee as an officer of the Company or of a Group entity (including liabilities incurred by that person or employee as an officer of the Company or of a Group entity where the Company requested that person or employee to accept that appointment).
- every person and employee who is or has been an officer of the Company or of a Group entity where requested to do so, including a director or secretary, against reasonable legal costs incurred in defending an action for a liability incurred by that person or employee as an officer of the Company or of a Group entity (including such legal costs incurred by that person or employee as an officer of the Company or of a Group entity where the Company requested that person or employee to accept that appointment).

Insurance premiums

During the financial year the Company paid insurance premiums in respect of directors' and officers' liability and personal accident insurance contracts, for current and former directors and senior executives, including senior executives of its subsidiaries. The current directors are listed elsewhere in this report. The insurance relates to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

It is a condition of the policies that premiums paid and terms and conditions of the policies are not to be disclosed other than as contained in this report.

Non-audit services

During the year KPMG, the Company's auditor, has performed certain other services in addition to statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the Audit and Compliance Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Compliance Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Company, KPMG, and its related practices for audit and non-audit services provided during the year are set out below. In addition, amounts paid to other auditors for the statutory audit have been disclosed:

In thousands of AUD	Consolidated	
	2014	**2013**
Audit services		
Auditors of the Company		
KPMG Australia:		
Audit and review of consolidated and company financial reports *	600	521
Audit of subsidiary's financial report	20	28
Other regulatory audits	5	5
Other KPMG member firms:		
Audit and review of financial reports*	987	633
	1,612	1,187
Other auditors		
Audit and review of financial reports	66	67
	1,678	1,254
Other services		
Auditors of the Company		
KPMG Australia		
Other assurance and investigation services	57	13
Due diligence services	660	-
Other KPMG member firms:		
Taxation services	289	189
Other assurance and investigation services	10	26
	1,016	228

* Includes impact of acquisitions during the financial year.

ALS Limited and its subsidiaries
Directors' report (continued)
For the year ended 31 March 2014

Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 117 and forms part of the directors' report for the financial year ended 31 March 2014.

Rounding off

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest one hundred thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors:

Nerolie Withnall
Chairman

Brisbane
27 May 2014

Greg Kilmister
Managing Director

Brisbane
27 May 2014

ALS Limited and its subsidiaries
Profit and loss statement
For the year ended 31 March 2014

In millions of AUD	*Note*	Consolidated	
Continuing operations		**2014**	**2013**
Revenue from sale of goods		125.1	119.2
Revenue from rendering of services		1,378.3	1,336.4
		1,503.4	1,455.6
Other income	*7*	1.8	1.9
Changes in inventories of finished goods and work in progress		(11.2)	6.7
Raw materials and consumables purchased		(196.6)	(192.4)
Employee expenses		(661.5)	(588.8)
Warehousing and distribution costs		(35.5)	(34.3)
Occupancy costs		(51.1)	(41.7)
Amortisation and depreciation		(83.2)	(55.4)
Selling expenses		(21.6)	(12.8)
Impairment losses	*21*	-	(16.1)
Administration and other expenses		(205.0)	(193.9)
Share of net profits/(losses) of associates and joint ventures accounted for using the equity method	*18*	3.0	1.6
Profit before financing costs and income tax		242.5	330.4
Finance income	*10*	2.5	1.9
Finance expense	*10*	(29.3)	(21.5)
Net finance expense		(26.8)	(19.6)
Profit before income tax		215.7	310.8
Income tax expense	*11*	(59.1)	(88.5)
Profit from continuing operations		156.6	222.3
Discontinued operations			
Profit/(loss) of discontinued operations (net of income tax)	*35*	-	8.2
Profit for the year		156.6	230.5
Attributable to:			
Equity holders of the Company		154.4	227.3
Non-controlling interest		2.2	3.2
Profit for the year		156.6	230.5

ALS Limited and its subsidiaries
Profit and loss statement (continued)
For the year ended 31 March 2014

	Note	Consolidated	
		2014	**2013**
Basic earnings per share attributable to equity holders	*12*	40.74c	66.44c
Diluted earnings per share attributable to equity holders	*12*	40.68c	66.35c
Basic earnings per share attributable to equity holders from continuing operations	*12*	40.74c	64.05c
Diluted earnings per share attributable to equity holders from continuing operations	*12*	40.68c	63.96c
Dividends per share	*26*	$0.39	$0.48

The profit and loss statement is to be read in conjunction with the notes to the financial statements set out on pages 46 to 113.

ALS Limited and its subsidiaries
Statement of comprehensive income
For the year ended 31 March 2014

In millions of AUD	*Note*	Consolidated 2014	2013
Profit for the year		156.6	230.5
Other comprehensive income *			
Items that are or may be reclassified subsequently to the profit and loss			
Foreign exchange translation		41.8	(33.2)
Net gain/(loss) on hedge of net investments in foreign subsidiaries		(2.8)	3.2
Net gain/(loss) on cash flow hedges taken to equity		0.4	(0.4)
Other comprehensive income for the year, net of income tax		39.4	(30.4)
Total comprehensive income for the year		196.0	200.1
Attributable to:			
Equity holders of the company		193.8	196.9
Non-controlling interest		2.2	3.2
Total comprehensive income for the year		196.0	200.1

* All movements in comprehensive income are disclosed net of applicable income tax.

The statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 46 to 113.

ALS Limited and its subsidiaries
Balance sheet
As at 31 March 2014

In millions of AUD	*Note*	Consolidated 2014	2013
Assets			
Cash and cash equivalents	*13*	138.9	115.9
Trade and other receivables	*14*	317.1	257.0
Inventories	*16*	85.2	74.0
Other assets	*17*	44.2	34.7
Total current assets		585.4	481.6
Non-current assets			
Receivables	*14*	2.1	2.6
Investments accounted for using the equity method	*18*	10.4	7.9
Investment property	*23*	10.8	11.0
Deferred tax assets	*19*	26.8	16.3
Property, plant and equipment	*20*	481.6	397.2
Intangible assets	*21*	1,412.7	805.0
Other assets	*17*	7.5	13.1
Total non-current assets		1,951.9	1,253.1
Total assets		2,537.3	1,734.7
Liabilities			
Bank overdraft	*13*	2.7	3.0
Trade and other payables	*22*	167.4	113.5
Loans and borrowings	*24*	115.5	3.9
Income tax payable		7.0	15.1
Employee benefits		41.1	41.2
Total current liabilities		333.7	176.7
Non-current liabilities			
Loans and borrowings	*24*	749.7	521.9
Deferred tax liabilities	*19*	1.3	2.1
Employee benefits		6.1	3.4
Other	*25*	27.1	33.5
Total non-current liabilities		784.2	560.9
Total liabilities		1,117.9	737.6
Net assets		1,419.4	997.1
Equity			
Share capital	*26*	1,061.0	667.9
Reserves		(54.9)	(97.9)
Retained earnings		401.6	415.4
Total equity attributable to equity holders of the company		1,407.7	985.4
Non-controlling interest		11.7	11.7
Total equity		1,419.4	997.1

The balance sheet is to be read in conjunction with the notes to the financial statements set out on pages 46 to 113.

ALS Limited and its subsidiaries
Statement of changes in equity
For the year ended 31 March 2014

In millions of AUD	*Note*	Consolidated							
		Share Capital	**Foreign Currency Translation**	**Other reserves**	**Employee share-based awards**	**Retained earnings**	**Total**	**Non-controlling Interest**	**Total Equity**
Balance 1 April 2013		667.9	(69.2)	(30.4)	1.7	415.4	985.4	11.7	997.1
Total comprehensive income for the period									
Profit or loss		-	-	-	-	154.4	154.4	2.2	156.6
Other comprehensive income									
Foreign exchange translation differences		-	41.8	-	-	-	41.8	-	41.8
Net gain/(loss) on hedge of net investments in foreign subsidiaries		-	(2.8)	-	-	-	(2.8)	-	(2.8)
Net gain/(loss) on cash flow hedges taken to equity		-	-	0.4	-	-	0.4	-	0.4
Total other comprehensive income		-	39.0	0.4	-	-	39.4	-	39.4
Total comprehensive income for the period		-	39.0	0.4	-	154.4	193.8	2.2	196.0
Transactions with equity holders, recorded directly in equity									
Contributions by and distributions to owners									
Dividends to equity holders	*26*	-	-	-	-	(165.9)	(165.9)	(0.9)	(166.8)
Shares issued under dividend reinvestment plan (3,937,994 ordinary shares at $8.92 per share)		35.1	-	-	-	-	35.1	-	35.1
Shares issued under dividend reinvestment plan (4,121,199 ordinary shares at $7.77 per share)		32.0	-	-	-	-	32.0	-	32.0
Other reserve arising from put option over non-controlling interest		-	-	4.0	-	-	4.0	-	4.0
Shares issued under DRP underwriting arrangement (net of costs)[1] (5,289,576 ordinary shares at $7.77 per share)		40.3	-	-	-	-	40.3	-	40.3
Proceeds of the renounceable 1 for 11 rights issue (net of costs)[2]		241.3	-	-	-	-	241.3	-	241.3
Treasury shares purchased and held in trust		(5.1)	-	-	-	-	(5.1)	-	(5.1)
Direct issue of shares to fund acquisition (5,750,418 ordinary shares at $8.60 per share)		49.5	-	-	-	-	49.5	-	49.5
Share-settled performance rights awarded during the year	*39*	-	-	-	0.6	-	0.6	-	0.6
Share-settled performance rights vested during the year	*39*	-	-	-	(1.0)	(0.6)	(1.6)	-	(1.6)
Non-controlling interest ownership of subsidiary acquired/(disposed)		-	-	-	-	(1.7)	(1.7)	(1.3)	(3.0)
Total contributions by and distributions to owners		393.1	-	4.0	(0.4)	(168.2)	228.5	(2.2)	226.3
Balance at 31 March 2014		1,061.0	(30.2)	(26.0)	1.3	401.6	1,407.7	11.7	1,419.4

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 46 to 113.

1. Cost attributable to DRP underwrite totalled $0.8m

ALS Limited and its subsidiaries

2. Costs attributable to the 1 for 11 rights issue totalled $6.7m

Statement of changes in equity (continued)

For the year ended 31 March 2014

In millions of AUD	*Note*	Share Capital	Foreign Currency Translation	Other reserves	Employee share-based awards	Retained earnings	Total	Non-controlling Interest	Total Equity
		Consolidated							
Balance 1 April 2012		610.4	(39.2)	-	2.2	351.2	924.6	5.6	930.2
Total comprehensive income for the period									
Profit or loss		-	-	-	-	227.3	227.3	3.2	230.5
Other comprehensive income									
Foreign exchange translation differences		-	(33.2)	-	-	-	(33.2)	-	(33.2)
Net gain/(loss) on hedge of net investments in foreign subsidiaries		-	3.2	-	-	-	3.2	-	3.2
Net gain/(loss) on cash flow hedges taken to equity		-	-	(0.4)	-	-	(0.4)	-	(0.4)
Total other comprehensive income		-	(30.0)	(0.4)	-	-	(30.4)	-	(30.4)
Total comprehensive income for the period		-	(30.0)	(0.4)	-	227.3	196.9	3.2	200.1
Transactions with equity holders, recorded directly in equity									
Contributions by and distributions to owners									
Dividends to equity holders	*26*	-	-	-	-	(159.3)	(159.3)	(0.9)	(160.2)
Shares issued under dividend reinvestment plan (600,633 ordinary shares at $51.01 per share*)		30.6	-	-	-	-	30.6	-	30.6
Shares issued under dividend reinvestment plan (3,036,729 ordinary shares at $9.00 per share)		27.3	-	-	-	-	27.3	-	27.3
Other reserve arising from put option over non-controlling interest	*25,36*	-	-	(30.0)	-	-	(30.0)	-	(30.0)
Treasury shares purchased and held in trust		(0.4)	-	-	-	-	(0.4)	-	(0.4)
Share-settled performance rights awarded during the year	*39*	-	-	-	1.1	-	1.1	-	1.1
Share-settled performance rights vested during the year	*39*	-	-	-	(1.6)	(2.5)	(4.1)	-	(4.1)
Non-controlling interest ownership of subsidiary acquired/(disposed)		-	-	-	-	(1.3)	(1.3)	3.8	2.5
Total contributions by and distributions to owners		57.5	-	(30.0)	(0.5)	(163.1)	(136.1)	2.9	(133.2)
Balance at 31 March 2013		667.9	(69.2)	(30.4)	1.7	415.4	985.4	11.7	997.1

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 46 to 113.

ALS Limited and its subsidiaries
Statement of cash flows
For the year ended 31 March 2014

In millions of AUD	*Note*	Consolidated 2014	2013
Cash flows from operating activities			
Cash receipts from customers		1,687.7	1,659.4
Cash paid to suppliers and employees		(1,341.3)	(1,292.0)
Cash generated from operations		346.4	367.4
Interest paid		(29.3)	(21.5)
Interest received		2.5	1.9
Income taxes paid		(85.7)	(100.5)
Net cash from operating activities	*34*	233.9	247.3
Cash flows from investing activities			
Payments for property, plant and equipment		(82.6)	(114.5)
Repayments/(loans) joint venture entity		0.8	(0.2)
Payments for net assets on acquisition of businesses and subsidiaries (net of cash acquired)	*36*	(476.5)	(105.4)
Proceeds from sale of business operations		0.7	39.4
Dividend from associate		1.9	-
Proceeds from sale of other non-current assets		7.5	3.9
Net cash from investing activities		(548.2)	(176.8)
Cash flows from financing activities			
Proceeds from borrowings		874.8	188.3
Repayment of borrowings		(722.6)	(169.2)
Proceeds from issue of new issued capital		281.6	-
Lease payments		(3.3)	(2.9)
Dividends paid		(99.7)	(102.1)
Net cash from financing activities		330.8	(85.9)
Net movement in cash and cash equivalents		16.5	(15.4)
Cash and cash equivalents at 1 April		112.9	132.2
Effect of exchange rate fluctuations on cash held		6.8	(3.9)
Cash and cash equivalents at 31 March	*13*	136.2	112.9

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 46 to 113.

ALS Limited and its subsidiaries
Notes to the financial statements
For the year ended 31 March 2014

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ALS Limited and its subsidiaries
Notes to the financial statements
For the year ended 31 March 2014

1. Reporting entity

ALS Limited (the "Company") is a for-profit company domiciled in Australia. The consolidated financial report of the Company for the year ended 31 March 2014 comprises the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

2. Basis of preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The consolidated financial report of the Group also complies with the International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board.

The financial report was authorised for issue by the directors on 27 May 2014.

(b) Basis of measurement

The financial report is prepared on the historical cost basis except that derivative financial instruments and liabilities for cash-settled share based payments are measured at fair value.

(c) Functional and presentation currency

The financial report is presented in Australian dollars which is the Company's functional currency. The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report have been rounded off to the nearest hundred thousand dollars, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of a financial report requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular the most significant uses of estimates and judgements are described in note 21 – Intangible assets and note 36 – Acquisitions of subsidiaries and non-controlling interests.

3. Significant accounting policies

Except as described below the accounting policies applied by the Group in this financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 31 March 2013.

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 April 2013.

AASB 10 Consolidated Financial Statements (2011)

AASB 11 Joint Arrangements

AASB 12 Disclosure of Interests in Other Entities

AASB 13 Fair Value Measurement

AASB 119 Employee Benefits (2011)

Annual Improvements to Australian Accounting Standards 2009–2011 Cycle

These changes have not had either a material recognition or measurement impact on the financial report however disclosure has been updated as follows.

Presentation of transactions recognised in other comprehensive income

From 1 April 2013 the Group applied amendments to AASB 101 Presentation of Financial Statements outlined in AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Other Items of Other Comprehensive Income. The change in accounting policy only relates to disclosures and has had no impact on consolidated earnings per share or net income. The changes have been applied retrospectively and require the Group to separately present those items of other comprehensive income that may be reclassified to profit or loss in future from those that will never be reclassified to profit or loss. These changes are included in the statement of comprehensive income.

Fair value measurement

AASB 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other AASB's. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other AASB's, including AASB 7 Financial Instruments: Disclosures. In accordance with the transitional provisions of AASB 13, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures.

Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

(a) Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

When the excess is negative, a bargain purchase gain is recognised immediately in profit and loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit and loss. When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

In determining the fair value of identifiable net assets acquired, the Group considers the existence of identifiable intangible assets such as brandnames, trademarks, customer contracts and relationships and in process research and development intangible assets. Where material, these items are recognised separately from goodwill.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements.

Associates and joint ventures

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Joint ventures are those entities over whose activities the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

Non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interest are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

Where the Group enters a written put option in relation to a non-controlling interest in a controlled entity, the Group recognises a liability initially at its fair value (being the present value of the exercise price) with a corresponding amount recognised in equity within other reserves. All subsequent changes to the liability are also recognised in equity.

Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with associates and joint ventures are eliminated to the extent of the Group's interest in the entity with adjustments made to the "Investments accounted for using the equity method" and "Share of net profit of associates and joint ventures accounted for using the equity method" accounts.

(b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss statement, except for differences arising on the translation of a financial liability designated as a hedge of the net investment in a foreign operation or qualifying cash flow hedges, which are recognised in other comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income and presented in the foreign currency translation reserve (FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss as part of the profit or loss on disposal. When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the FCTR.

3. Significant accounting policies (continued)

(b) Foreign currency (continued)

Hedge of net investment in foreign operations

The Group applies hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and the parent entity's functional currency regardless of whether the net investments are held directly or through an intermediate parent. Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in other comprehensive income, in the foreign currency translation reserve, to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognised in the profit and loss statement. When the hedged part of a net investment is disposed of, the associated cumulative amount in equity is transferred to the profit and loss statement as an adjustment to the gain or loss on disposal.

(c) Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to access the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported net income.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value and changes therein are recognised immediately in the profit and loss statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see note 3(d)).

3. Significant accounting policies (continued)

(d) Hedging

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective portion of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and presented in the hedging reserve in equity. When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or the forecast transaction for a non-financial asset or non-financial liability, the associated cumulative gain or loss is transferred from other comprehensive income and included in the initial cost or other carrying amount of the non-financial asset or liability. In other cases the amount recognised in other comprehensive income is transferred to the profit and loss statement in the same period that the hedged item affects profit or loss.

The ineffective portion of any change in fair value is recognised immediately in the profit and loss statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship, but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in other comprehensive income is recognised immediately in the profit and loss statement.

Fair value hedges

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognised in the profit or loss. The hedged item also is stated at fair value in respect of the risk being hedged; the gain or loss attributable to the hedged risk is recognised in profit or loss with an adjustment to the carrying amount of the hedged item.

Economic hedges

Where a derivative financial instrument is not designated in a qualifying hedge relationship, all changes in fair value are recognised in the profit and loss statement.

(e) Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see note 3(j)).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs (see below). Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within “other expenses” in the profit and loss statement. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

3. Significant accounting policies (continued)

(e) Property, plant and equipment (continued)

Borrowing costs

The Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. All other borrowing costs are recognised in the profit and loss using the effective interest method.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is held at cost and reclassified as investment property.

Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both. Investment property is measured at cost and is depreciated on a straight line basis over the estimated useful life of 80 years.

Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Lease payments are accounted for as described in note 3(q).

Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the profit and loss statement as an expense as incurred.

Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is charged to the profit and loss statement on a straight-line or diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives in the current and comparative periods are as follows:

- Buildings 20-40 Years
- Plant and equipment 3-10 Years
- Leasehold improvements 3-20 Years
- Leased plant and equipment 4-5 Years

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually and adjusted if appropriate.

(f) Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses (see note 3(j)).

3. Significant accounting policies (continued)

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the weighted average method and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Costs for sample testing commenced but not yet completed in the analytical laboratory business are recognised as work in progress and measured at the lower of cost to date and net realisable value.

(h) Cash and cash equivalents

Cash and cash equivalents comprises cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(i) Intangible assets

Goodwill

Goodwill arising on the acquisition of a subsidiary or business is included in intangible assets. For the accounting policy on measurement of the goodwill at initial recognition, refer below.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (see below) and impairment losses (see note 3(j)).

Expenditure on internally generated goodwill and brands is recognised in the profit and loss statement as an expense as incurred.

Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

3. Significant accounting policies (continued)

(i) Intangible assets (continued)

Amortisation

Amortisation is calculated on the cost of an asset less its residual value. Amortisation is charged to the profit and loss statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives in the current and comparative periods are as follows:

- Capitalised computer software 3-10 Years
- Trademarks and Brandnames 3-5 Years
- Customer Relationships 5-6 Years
- Technology 4 Years

The residual value, the useful life and the amortisation method applied to an asset are reassessed at least annually and adjusted if appropriate.

(j) Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the profit and loss statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the profit and loss statement.

3. Significant accounting policies (continued)

(j) Impairment (continued)

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories (see note 3(g)) and deferred tax assets (see note 3(s)), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see "Calculation of recoverable amount" below). For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the profit and loss statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Goodwill that forms part of the carrying amount of an investment in equity accounted investees is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment is tested for impairment as a single asset when there is objective evidence that the investment may be impaired.

Calculation of recoverable amounts

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Receivables are individually assessed for impairment.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

(k) Share capital

Transaction costs

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

(l) Loans and borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the profit and loss statement over the period of the borrowings on an effective interest basis.

3. Significant accounting policies (continued)

(m) Employee benefits

Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the profit and loss statement as incurred.

Long-term service benefits

The Group's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in the profit or loss in the period in which they arise.

Short-term service benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payment transactions

The fair value at grant date of equity-settled share-based awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the actual number of share awards that vest, except for those that fail to vest due to market vesting conditions not being met.

The fair value of the amount payable to employees in respect of cash-settled share-based awards is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is re-measured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as employee expenses in profit or loss.

(n) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits that can be estimated reliably will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(o) Trade and other payables

Trade and other payables are stated at their amortised cost. Trade payables are non-interest bearing and are normally settled on 60-day terms.

3. Significant accounting policies (continued)

(p) Revenue

Goods sold and services rendered

Revenue from the sale of goods is recognised in the profit and loss statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in the profit and loss statement in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, there is a risk of return of goods or there is continuing management involvement with the goods.

Transfers of risk and rewards vary depending on the individual terms of the contract of sale. For the majority of the Group's sale of goods, transfer usually occurs when the product is delivered.

Dividend Income

Dividend income is recognised in profit and loss on the date that the Group's right to receive payment is established.

(q) Expenses

Operating lease payments

Payments made under operating leases are recognised in the profit and loss statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss statement as an integral part of the total lease expense and spread over the lease term.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Finance income and finance expense

Finance income comprises interest income on funds invested and is recognised in the profit and loss statement as it accrues, using the effective interest method.

Finance expense comprise interest expense on borrowings calculated using the effective interest method and gains and losses on hedging instruments that are recognised in the profit and loss statement (see note 3(d)). The interest expense component of finance lease payments is recognised in the profit and loss statement using the effective interest method.

Foreign currency costs

Foreign currency gains and losses are reported on a net basis.

3. Significant accounting policies (continued)

(r) Determination and presentation of operating segments

The Group determines and presents operating segments based on information that is reported internally to the Chief Executive Officer (CEO), who is the Group's chief operating decision maker.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the CEO to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributed to the segment as well as those that can be allocated on a reasonable basis. Segment contribution is calculated as earnings before interest, foreign currency gains and losses, and income tax. Unallocated items comprise mainly corporate assets, head office expenses, finance costs, income tax expense and taxation assets and liabilities. Inter-segment pricing is determined on an arms length basis.

Non-current assets disclosed in note 6 – Operating Segments - are comprised of the Group's non-current assets excluding receivables and deferred tax assets.

(s) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the profit and loss statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

3. Significant accounting policies (continued)

(s) Income tax (continued)

Tax consolidation

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 April 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is ALS Limited.

Nature of tax funding arrangements

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability (asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity payable (receivable) equal in amount to the tax liability (asset) assumed. The inter-entity payables (receivables) are at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

(t) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

(u) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has ceased or been disposed of or is held for sale. Classification as a discontinued operation occurs upon cessation or disposal. When an operation is classified as a discontinued operation, the comparative profit and loss statement and statement of comprehensive income are restated as if the operation had been discontinued from the start of the comparative period.

(v) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise performance rights granted to employees.

3. Significant accounting policies (continued)

(v) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2013, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except AASB 9 Financial Instruments, which will become mandatory for the Group's 2016 consolidated financial statements and could change the classification and measurement of financial assets and financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting. The Group does not plan to adopt this standard early and the extent of the impact has not been determined.

4. Financial and capital risk management

Risk management framework

Identification, measurement and management of risk is a strategic priority for the Group. The provision of goods and services carries a number of diverse risks which may have a material impact on the Group's financial position and performance. Consequently, the Board has established a comprehensive framework covering accountability, oversight, measurement and reporting to maintain high standards of risk management throughout the Group.

The Group allocates specific roles in the management of risk to executives and senior managers and to the Board. This is undertaken within an overall framework and strategy established by the Board.

The Audit and Compliance Committee obtains assurance about the internal control and risk management environment through regular reports from the Risk and Compliance team.

The Group has exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Credit risk

The Group has an established credit policy and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets. There is no single customer making up a material percentage of the Group's revenue. Geographic concentrations of trade receivables are - Australia 35% (2013: 45%), Canada 11% (2013: 11%), USA 13% (2013: 11%), UK 11% (2013: 6%), and other countries 30% (2013: 27%). The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. The Group does not require collateral in respect of trade and other receivables.

Counterparties to transactions involving derivative financial instruments are large Australian and international banks with whom the Group has a signed netting agreement. Management does not expect any counterparty to fail to meet its obligations.

Group policy is to provide financial guarantees only to wholly-owned subsidiaries. Details of the Deed of Cross Guarantee are provided in note 31.

Liquidity risk

The liquidity position of the Group is continuously managed using cash flow forecasts to ensure sufficient liquid funds are available to meet its financial commitments in a timely and cost-effective manner. The Group is party to a number of bilateral debt facility and long term note agreements which provide funding for acquisitions and working capital (refer note 24).

Note 27 details the repayment obligations in respect of the amount of the facilities and derivatives utilised.

4. Financial and capital risk management (continued)

Risk management framework (continued)

Market risk

Interest rate risk

Interest rate risk is the risk that the Group's financial position and performance will be adversely affected by movements in interest rates. Interest rate risk on cash and short term deposits is not considered to be a material risk due to the short term nature of these financial instruments.

The Group's interest rate risk arises from long-term debt. Floating rate debt exposes the Group to cash flow interest rate risk and fixed rate debt exposes the Group to fair value interest rate risk. Interest rate risk is managed by maintaining an appropriate mix of fixed and floating rate debt. The Group enters into interest rate swaps to manage the ratio of fixed rate debt to floating rate debt. Hedging is undertaken against specific rate exposures only, as disclosed in note 27.

Foreign exchange risk

The Group operates internationally and are exposed to foreign exchange risk arising from various currency exposures.

Foreign exchange risk arises from future purchase and sales commitments and assets and liabilities that are denominated in a currency that is not the functional currency of the respective Group entities. Measuring the exposure to foreign exchange risk is achieved by regularly monitoring and performing sensitivity analysis on the Group's financial position.

The Group may enter into forward foreign exchange contracts (FECs) to hedge certain forecast purchase commitments denominated in foreign currencies (principally US dollars). The terms of these commitments are generally less than three months. The amount of forecast purchases is estimated based on current conditions in foreign markets, customer orders, commitments to suppliers and experience.

The Group borrows funds in foreign currencies to hedge its net investments in foreign operations. The Group's Canadian dollar and Great British pound denominated borrowings are designated as hedges of the Group's net investments in subsidiaries with those functional currencies.

The Group has also entered into cross currency interest rate swaps which have been designated as hedges of net investments in foreign operations whose functional currencies are Canadian dollars, Czech koruna, Danish krone and Euros.

Capital management

Capital comprises equity attributable to equity holders, loans and borrowings and cash and cash equivalents.

Capital management involves the use of corporate forecasting models which facilitates analysis of the Group's financial position including cash flow forecasts to determine the future capital management requirements. Capital management is undertaken to ensure a secure, cost-effective and flexible supply of funds is available to meet the Group's operating and capital expenditure requirements. The Group monitors gearing and treasury policy breaches and exceptions. The gearing ratio as at balance date is 34% (2013: 29%).

The Group maintains a stable capital base from which it can pursue its growth aspirations, whilst maintaining a flexible capital structure that allows access to a range of debt and equity markets to both draw upon and repay capital.

5. Determination of fair value

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial report as at and for the year ended 31 March 2013.

The following summarises the major methods and assumptions used in estimating the fair values for measurement and disclosure purposes:

Fair value hierarchy

In valuing financial instruments, the Group uses the following fair value measurement hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

Derivatives

Forward exchange contracts are marked to market using publicly available forward rates. Interest rate contracts are marked to market using discounted estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate for a similar instrument at the balance sheet date. Where other pricing models are used, inputs are based on market related data at the balance sheet date.

Loans and borrowings

Fair value is calculated based on discounted expected future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

Trade and other receivables / payables

For receivables / payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables / payables are discounted to determine the fair value.

Finance leases

The fair value is estimated as the present value of future cash flows, discounted at market interest rates for homogenous lease agreements. The estimated fair value reflects changes in interest rates.

Share-based payment transactions

The fair value of share-based awards to employees is measured using Binomial Tree (Earnings per Share hurdle) and Monte-Carlo Simulation (Total Shareholder Return hurdle) valuation methodologies. Measurement inputs include the Company's share price on measurement date, expected volatility thereof, expected life of the awards, the Company's expected dividend yield and the risk-free interest rate. Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value. Refer note 39 for details.

Contingent consideration

The fair value of contingent consideration is calculated using the income approach based on the expected payment amounts and their associated probabilities. When appropriate, it is discounted to present value.

6. Operating Segments

The Group has 5 reportable segments, as described below, representing 5 distinct strategic business units each of which is managed separately and offers different products and services. For each of the strategic business units, the CEO reviews internal management reports on at least a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

- ALS Minerals - provides assaying and analytical testing services and metallurgical services for mining and mineral exploration companies.
- ALS Life Sciences - provides analytical testing data to assist consulting and engineering firms, industry, and governments around the world in making informed decisions about environmental, food and pharmaceutical, electronics, and animal health testing matters.
- ALS Energy - provides specialist services to the black coal and oil and gas industries such as coal sampling, analysis and certification, hydrocarbon formation evaluation services, specialist well services and related analytical testing.
- ALS Industrial – provides the energy, resources and infrastructure sectors with testing, inspection and asset care services.
- Reward Distribution - distribution of non-food consumables to the healthcare, building services, hospitality and leisure industries.

Discontinued segment:

- Campbell Chemicals - manufacture and distribution of cleaning agents and chemicals for both domestic and industrial customers. This segment was sold in September 2012 – refer note 35.

6. Operating Segments (continued)

In millions of AUD	ALS Minerals	ALS Life Sciences	ALS Energy	ALS Industrial	Reward Distribution	Campbell Chemicals (c)	Consolidated
2014							
Revenue from external customers	425.9	527.3	247.9	182.9	119.4	-	1,503.4
Total revenue	425.9	527.3	247.9	182.9	119.4	-	1,503.4
Segment contribution (a)	99.1	90.3	52.2	26.2	2.7	-	270.5
Segment margin (b)	23.3%	17.1%	21.1%	14.3%	2.2%	-	18.0%
Segment assets	641.1	596.6	819.2	215.2	34.0	-	2,306.1
Segment liabilities	56.0	70.0	62.5	21.1	8.2	-	217.8
Amortisation and depreciation	24.0	29.8	15.7	5.2	0.6	-	75.3

(a) Segment contribution represents the segment's profit before financing costs, net foreign exchange gains and losses and income tax.
(b) Segment margin is calculated as segment contribution as a percentage of segment revenue.
(c) The Campbell Chemicals segment was divested during September 2012 (refer note 35).

6. Operating Segments (continued)

In millions of AUD	ALS Minerals	ALS Life Sciences	ALS Energy	ALS Industrial	Reward Distribution	Campbell Chemicals (c)	Consolidated
2013							
Revenue from external customers	608.4	454.4	105.0	168.6	119.2	43.7	1,499.3
Total revenue	608.4	454.4	105.0	168.6	119.2	43.7	1,499.3
Segment contribution (a)	211.3	89.3	32.6	30.6	0.9	3.8	368.5
Segment margin (b)	34.7%	19.7%	31.1%	18.1%	0.7%	8.7%	24.6%
Segment assets	647.7	528.9	136.0	193.3	34.7	-	1,540.6
Segment liabilities	63.5	67.8	18.7	21.2	9.9	-	181.1
Amortisation and depreciation	22.0	23.8	3.5	4.7	0.7	0.3	55.0

(a) Segment contribution represents the segment's profit before financing costs, net foreign exchange gains and losses and income tax.
(b) Segment margin is calculated as segment contribution as a percentage of segment revenue.
(c) The Campbell Chemicals segment was divested during September 2012 (refer note 35).

6. Operating Segments (continued)

In millions of AUD	Consolidated	
	2014	**2013**
i) Segment revenue reconciliation to the profit and loss statement		
Total segment revenue	1,503.4	1,499.3
Elimination of discontinued operation	-	(43.7)
Total revenue per the profit and loss statement	1,503.4	1,455.6

In millions of AUD	Consolidated	
	2014	**2013**
ii) Segment contribution reconciliation to the profit and loss statement		
Total segment contribution	270.5	368.5
Divestment gains/(losses)	(1.9)	5.7
Impairment losses	-	(16.1)
Amortisation of intangibles	(7.0)	-
Corporate expenses	(20.3)	(21.0)
Acquisition expenses	(2.3)	(1.8)
Net financing costs	(26.8)	(19.6)
Net gain on foreign exchange (refer note 8)	3.5	4.6
Elimination of discontinued operation (before tax)	-	(9.5)
Profit before tax per the profit and loss statement	215.7	310.8

In millions of AUD	Consolidated	
	2014	**2013**
iii) Segment assets reconciliation to the balance sheet		
Total segment assets	2,306.1	1,540.6
Corporate assets	13.8	14.5
Cash and cash equivalents	138.9	115.9
Fair value derivatives	15.6	20.2
Other current assets	36.1	27.2
Deferred tax assets	26.8	16.3
Total assets per the balance sheet	2,537.3	1,734.7

In millions of AUD	Consolidated	
	2014	**2013**
iv) Segment liabilities reconciliation to the balance sheet		
Total segment liabilities	217.8	181.1
Corporate liabilities	23.9	10.5
Bank overdraft	2.7	3.0
Fair value derivatives	-	-
Income tax liability	7.0	15.1
Loans and borrowings	865.2	525.8
Deferred tax liabilities	1.3	2.1
Total liabilities per the balance sheet	1,117.9	737.6

6. Operating Segments (continued)

In millions of AUD	Consolidated 2014	2013
v) Segment amortisation and depreciation reconciliation to the profit and loss statement		
Total segment amortisation and depreciation	75.3	55.0
Corporate amortisation and depreciation	7.9	0.7
Elimination of discontinued operation	-	(0.3)
Total amortisation and depreciation	83.2	55.4

Geographical segments

In presenting information on a geographical basis segment revenue from external customers is by geographical location of customers. Segment assets are attributed based on geographic location of the business unit.

In millions of AUD	Consolidated 2014		2013	
	Revenues	Non-current assets	Revenues	Non-current assets
Australia	615.5	639.3	679.9	568.5
Canada	204.3	305.0	240.7	238.2
USA	191.0	396.1	140.6	96.9
Other countries	492.6	611.5	438.1	336.8
Total	1,503.4	1,951.9	1,499.3	1,240.4

7. Other income from continuing operations

In millions of AUD	*Note*	Consolidated 2014	2013
Investment property rental income		1.6	1.5
Other income		0.2	0.4
		1.8	1.9

8. Expenses from continuing operations

In millions of AUD	*Note*	Consolidated 2014	2013
Cost of goods sold		78.7	79.4
Equity-settled share-based payment transactions	*39*	0.3	1.1
Cash-settled share-based payment transactions	*39*	-	-
Contributions to defined contribution post-employment plans		33.1	32.4
Impairment loss in relation to the Reward Distribution segment	*9,21*	-	16.1
Loss on divestment of controlled entity		1.3	-
Loss/(gain) on sale of property plant and equipment		0.5	0.3
Transaction costs related to business combinations	*3(i)*	2.3	1.8
Net loss/(gain) on foreign exchange		(3.5)	(4.6)

9. Auditors' remuneration

In thousands of AUD	Consolidated 2014	Consolidated 2013
Audit services		
Auditors of the Company		
KPMG Australia:		
Audit and review of consolidated and company financial reports *	600	521
Audit of subsidiary's financial report	20	28
Other regulatory audits	5	5
Other KPMG member firms:		
Audit and review of financial reports*	987	633
	1,612	1,187
Other auditors		
Audit and review of financial reports	66	67
	1,678	1,254
Other services		
Auditors of the Company		
KPMG Australia		
Other assurance and investigation services	57	13
Due diligence services	660	-
Other KPMG member firms:		
Taxation services	289	189
Other assurance and investigation services	10	26
	1,016	228

* Includes impact of acquisitions during the financial year.

10. Net finance expense

In millions of AUD	Consolidated 2014	Consolidated 2013
Interest income	2.5	1.9
Financial income	2.5	1.9
Interest expense	29.1	21.2
Finance charges on capitalised leases	0.2	0.3
Financial expenses	29.3	21.5
Net finance expense	26.8	19.6

11. Income tax expense

In millions of AUD	Consolidated	
Recognised in the profit and loss statement	**2014**	**2013**
Current tax expense from continuing operations		
Current year	68.1	90.7
Adjustments for prior years	0.2	(0.5)
	68.3	90.2
Deferred tax expense		
Origination and reversal of temporary differences	(9.2)	(1.7)
	(9.2)	(1.7)
Total income tax expense in profit and loss statement	59.1	88.5

11. Income tax expense (continued)

In millions of AUD	Consolidated	
Reconciliation between tax expense and pre-tax net profit	**2014**	**2013**
Profit before tax from continuing operations	215.7	310.8
Income tax using the domestic corporation tax rate of 30% (2013: 30%)	64.7	93.2
Difference resulting from different tax rates in overseas countries	(7.7)	(8.9)
Increase in income tax expense due to:		
Non-deductible expenses	3.9	2.1
Non-deductible equity settled performance rights expense	0.2	0.3
Non-deductible new market expansion and acquisition related costs	0.8	0.2
Tax losses of subsidiaries not recognised	3.7	3.7
Non resident withholding tax paid upon receipt of distributions from foreign related parties	1.4	2.6
Non-deductible goodwill impairment losses	-	4.8
Non-deductible amortisation of intangibles	2.0	-
Non-deductible unrealised foreign exchange amounts	2.2	0.4
Decrease in income tax expense due to:		
Previously unrecognised tax losses utilised during the year	(0.2)	(1.0)
Share of associate entities net profit	(0.8)	(0.5)
Foreign statutory tax exemptions granted	(0.9)	(0.6)
Tax exempt revenues	(1.1)	(1.5)
Deductible financing costs	(6.9)	(5.1)
Other deductible items	(2.4)	(0.3)
Under / (over) provided in prior years	0.2	(0.9)
Income tax expense on pre-tax net profit	59.1	88.5

In millions of AUD	Consolidated	
Deferred tax recognised directly in equity	**2014**	**2013**
Relating to foreign currency translation reserve	-	(1.2)
Relating to share capital	1.5	-
Relating to hedging reserve	(0.2)	0.2
	1.3	(1.0)

12. Earnings per share

Cents per share	Consolidated 2014	2013
Basic earnings per share	40.74c	66.44c
Diluted earnings per share	40.68c	66.35c
Basic earnings per share from continuing operations	40.74c	64.05c
Diluted earnings per share from continuing operations	40.68c	63.96c
Basic earnings per share from discontinued operations	-	2.39c
Diluted earnings per share from discontinued operations	-	2.39c

Basic and diluted earnings per share

The calculations of both basic and diluted earnings per share were based on the profit attributable to equity holders of the Company of $154.4m (2013: $227.3m).

Basic and diluted earnings per share from continuing operations

The calculations of both basic and diluted earnings per share from continuing operations were based on the profit attributable to equity holders of the Company from continuing operations of $154.4m (2013: $219.1m).

Basic and diluted earnings per share from discontinued operations

The calculations of both basic and diluted earnings per share from discontinued operations were based on the profit attributable to equity holders of the Company from discontinued operations of $Nil (2013: $8.2m).

Weighted average number of ordinary shares (Basic and diluted)

In millions of shares	*Note*	Consolidated 2014	2013
Issued ordinary shares at 1 April *(restated for 5 for 1 share split August 2012)*	*26*	343.6	337.5
Effect of shares issued July 2012 (DRP)		-	2.9
Effect of shares issued December 2012 (DRP)		-	1.7
Effect of shares issued July 2013 (DRP)		3.6	-
Effect of shares issued July 2013 (Institutional rights issue)		11.8	-
Effect of shares issued August 2013 (Reservoir acquisition)		3.4	-
Effect of shares issued August 2013 (Retail rights issue)		12.7	-
Effect of shares issued December 2013 (DRP)		2.0	-
Effect of shares issued December 2013 (DRP underwrite)		1.9	-
Weighted average number of ordinary shares at 31 March (Basic)		379.0	342.1
Effect of performance rights granted to employees as compensation		0.6	0.5
Weighted average number of ordinary shares at 31 March (Diluted)		379.6	342.6

13. Cash and cash equivalents

In millions of AUD	Consolidated	
	2014	**2013**
Bank balances	113.9	115.9
Bank fixed rate deposits	25.0	-
Cash and cash equivalents in the balance sheet	138.9	115.9
Bank overdrafts repayable on demand	(2.7)	(3.0)
Cash and cash equivalents in the statement of cash flows	136.2	112.9

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 27.

14. Trade and other receivables

In millions of AUD	Consolidated	
	2014	**2013**
Current		
Trade receivables	281.5	236.0
Other receivables	35.6	21.0
	317.1	257.0
Non-current		
Security deposits	1.4	0.9
Loans owing by associates and joint venture	0.7	1.7
	2.1	2.6

15. Aging of trade receivables

In millions of AUD		
Current	151.0	117.2
30 days	63.5	58.4
60 days	23.6	20.0
90 days and over	51.1	45.3
Total	289.2	240.9
Allowance for impairment of trade receivables		
Opening balance	4.9	5.5
Impairment loss recognised/(reversal of impairment loss)	2.8	(0.6)
Closing balance	7.7	4.9

Based on historical rates of default, the Group believes that no impairment allowance is necessary in respect of trade receivables not overdue or past due not more than two months. The allowance for impairment of trade receivables is in respect of trade receivables past due for more than two months.

Exposures to currency risks related to trade and other receivables are disclosed in note 27.

16. Inventories

In millions of AUD	Consolidated 2014	Consolidated 2013
Raw materials and consumables (testing and inspection)	31.9	31.1
Work in progress (testing and inspection)	21.6	25.5
Finished goods (testing and inspection)	13.7	-
Testing and inspection inventory subtotal	67.2	56.6
Finished goods (distribution)	18.0	17.4
Total inventories	85.2	74.0

17. Other assets

In millions of AUD	Consolidated 2014	Consolidated 2013
Current		
Prepayments	31.5	19.7
Fair value derivatives	8.1	7.5
Other	4.6	7.5
	44.2	34.7
Non-current		
Fair value derivatives	7.5	12.7
Other	-	0.4
	7.5	13.1

18. Investments accounted for using the equity method

Investments in associates and joint ventures

Investments in associates and a joint venture are accounted for using the equity method. The Group has investments in the following equity-accounted entities:

Name	Principal activities	Reporting date	Ownership interest Consolidated 2014	2013
Associates:				
ALS Technichem (Malaysia) Snd Bhd	Laboratory services	31 December	40%	40%
PT. ALS Indonesia	Laboratory services	31 December	20%	20%
Joint ventures:				
Australian Laboratory Services, Arabia Co.	Laboratory services	31 December	42%	42%

In millions of AUD	Consolidated 2014	2013
Movements in carrying amount of investments in associates and joint ventures:		
Carrying amount at the beginning of the financial year	7.9	10.9
Share of associates' and joint venture's net profit	3.0	1.6
Dividends received	(1.9)	-
Adjustment in carrying value to reflect foreign currency translation	1.4	(4.6)
	10.4	7.9

19. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Consolidated	**Assets**		**Liabilities**		**Net**	
In millions of AUD	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Property, plant and equipment	6.0	3.6	3.6	2.8	2.4	0.8
Land and buildings	-	-	0.6	1.0	(0.6)	(1.0)
Unrealised FX losses/(gains)	7.6	2.0	0.3	0.2	7.3	1.8
Provisions and other payables	18.1	16.5	-	-	18.1	16.5
Undeducted equity raising costs	1.2	0.4	-	-	1.2	0.4
Undeducted capital expenditure	0.4	1.0	-	-	0.4	1.0
Fair value derivatives	0.3	-	2.4	2.2	(2.1)	(2.2)
Accrued revenue		-		2.1	-	(2.1)
Inventories	0.1	0.7	3.8	3.1	(3.7)	(2.4)
Other items	3.0	1.1	0.6	1.3	2.4	(0.2)
Tax value of loss carry-forwards recognised	0.1	1.6		-	0.1	1.6
Tax assets / liabilities	36.8	26.9	11.3	12.7	25.5	14.2
Set off of tax	(10.0)	(10.6)	(10.0)	(10.6)	-	-
Net tax assets / liabilities	26.8	16.3	1.3	2.1	25.5	14.2

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

In millions of AUD	**Consolidated**	
	2014	**2013**
Tax losses	7.9	4.6

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

20. Property, plant and equipment

In millions of AUD	Consolidated 2014	Consolidated 2013
Freehold land and buildings:		
At cost	172.2	152.3
Accumulated depreciation	(23.7)	(18.6)
	148.5	133.7
Plant and equipment:		
At cost	719.5	530.3
Accumulated depreciation	(476.4)	(366.9)
	243.1	163.4
Leasehold improvements:		
At cost	122.1	108.6
Accumulated depreciation	(62.1)	(51.8)
	60.0	56.8
Leased plant and equipment:		
At capitalised cost	13.4	13.3
Accumulated depreciation	(5.4)	(5.0)
	8.0	8.3
Capital works in progress:	22.1	35.0
Total property, plant and equipment, at net book value	481.6	397.2

Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

In millions of AUD	Consolidated 2014	Consolidated 2013
Freehold land and buildings:		
Carrying amount at the beginning of the year	133.7	104.8
Additions	13.3	34.8
Additions through entities acquired	2.4	8.0
Transfer from capital works in progress	(0.4)	0.2
Depreciation	(4.1)	(3.3)
Disposals	(1.4)	(9.5)
Effect of movement in foreign exchange	5.0	(1.3)
Carrying amount at end of year	148.5	133.7

20. Property, plant and equipment (continued)

Reconciliations (continued)

In millions of AUD	Consolidated	
	2014	**2013**
Plant and equipment:		
Carrying amount at the beginning of the year	163.4	142.4
Additions	52.1	54.8
Additions through entities acquired	64.0	17.0
Transfers from capital works in progress	24.1	0.6
Transfer from leased plant and equipment	-	0.5
Disposal	(6.5)	(6.6)
Depreciation	(60.4)	(43.7)
Effect of movement in foreign exchange	6.4	(1.6)
Carrying amount at end of year	243.1	163.4
Leasehold improvements:		
Carrying amount at the beginning of the year	56.8	42.2
Additions	6.3	12.1
Additions through entities acquired	2.0	7.2
Transfer from capital works in progress	0.4	3.2
Disposal	(0.4)	(0.2)
Depreciation	(9.0)	(6.9)
Effect of movement in foreign exchange	3.9	(0.8)
Carrying amount at end of year	60.0	56.8
Leased plant and equipment:		
Carrying amount at the beginning of the year	8.3	9.3
Additions	0.1	0.2
Additions through entities acquired	-	-
Transfer to plant and equipment	-	(0.5)
Disposal	-	(0.1)
Depreciation	(0.4)	(0.6)
Effect of movement in foreign exchange	-	-
Carrying amount at end of year	8.0	8.3
Capital works in progress:		
Carrying amount at the beginning of the year	35.0	25.9
Additions	9.5	13.4
Additions through entities acquired	1.6	-
Transfers out of capital works in progress	(24.1)	(3.9)
Effect of movement in foreign exchange	0.1	(0.4)
Carrying amount at end of year	22.1	35.0

21. Intangible assets

In millions of AUD	Goodwill	Purchased trademarks and brandnames	Consolidated Customer Relationships	Technology	Software	Total
Balance at 1 April 2013	800.5	-	-	-	4.5	**805.0**
Additions through business combinations	506.2	10.2	47.8	1.8	1.7	**567.7**
Impairment	-	-	-	-	-	-
Additions	-	-	-	-	3.5	**3.5**
Disposal	(1.2)	-	-	-	(0.6)	**(1.8)**
Amortisation	-	(1.4)	(5.3)	(0.3)	(1.9)	**(8.9)**
Effect of movements in foreign exchange	47.1	-	-	-	0.1	**47.2**
Balance at 31 March 2014	1,352.6	8.8	42.5	1.5	7.3	**1,412.7**
Balance at 1 April 2012	760.6	3.7	-	-	3.4	**767.7**
Additions through business combinations	82.1	-	-	-	0.2	**82.3**
Impairment (a)	(16.1)	-	-	-	-	**(16.1)**
Additions	-	-	-	-	2.0	**2.0**
Disposal	(6.7)	(3.7)	-	-	-	**(10.4)**
Amortisation	-	-	-	-	(1.1)	**(1.1)**
Effect of movements in foreign exchange	(19.4)	-	-	-	-	**(19.4)**
Balance at 31 March 2013	800.5	-	-	-	4.5	**805.0**

(a) The impairment loss recognised relates to the Reward Distribution reportable segment and has been included in impairment losses in the profit and loss statement. During the year ended 31 March 2013 the Reward Distribution cash generating unit achieved earnings results well below management's expectations. This caused management to reassess short term earnings forecasts used in estimating the recoverable amount of goodwill attaching to this cash generating unit. Based on this assessment a goodwill impairment loss of $16.1m was recognised (refer note 8).

21. Intangible assets (continued)

Impairment tests for cash generating units containing goodwill

The following cash generating units have significant carrying amounts of goodwill:

In millions of AUD	Consolidated	
	2014	**2013**
ALS Minerals	359.1	324.3
ALS Life Sciences - Australia	48.4	48.4
ALS Life Sciences – North America	98.5	90.9
ALS Life Sciences – South America	40.6	34.5
ALS Life Sciences – Europe	63.0	53.2
ALS Food Pharma - Europe	32.2	26.2
ALS Life Sciences – Asia	17.0	9.0
ALS Coal	77.8	77.8
ALS Oil & Gas	470.8	-
ALS Tribology	20.8	11.8
ALS Industrial	123.9	123.9
Other cash generating units	0.5	0.5
	1,352.6	800.5

The recoverable amounts of goodwill in all cash-generating units exceed carrying amounts and are based on value in use calculations. Those calculations use cash flow projections based on actual operating results, the budget for FY2015 and forecasts drawn from years two through to FY2019. With the exception of the ALS Oil & Gas CGU a discounted terminal cash flow value is calculated post FY2019 using a nominal growth rate of 2.75%. In respect of the ALS Oil & Gas CGU at nominal growth rate of 4% is used for the forecast period in years four through to year ten. A terminal cash flow value is then calculated post FY2024 using the same nominal growth rate of 2.75%. Directors believe this terminal growth rate is a very conservative estimate of the long-term average growth rates achievable in the industries in which the Group participates. The following nominal pre-tax discount rates have been used in discounting the projected cash flows.

Division	**Pre-tax (nominal) discount rate**
	2014
ALS Minerals	14.5%
ALS Life Sciences - Australia	11.8%
ALS Life Sciences – North America	10.8%
ALS Life Sciences – South America	16.1%
ALS Life Sciences – Europe	10.9%
ALS Food Pharma - Europe	11.8%
ALS Life Sciences – Asia	14.4%
ALS Coal	14.2%
ALS Oil & Gas	12.6%
ALS Tribology	12.4%
ALS Industrial	13.1%

In the prior year a real pre-tax discount rate of 10% was used for all CGU's.

21. Intangible assets (continued)

The determination of the recoverable amounts of the Group's cash generating units involves significant estimates and judgements and the results are subject to the risk of adverse and sustained changes in the key markets and/or geographies in which the Group operates. Note 6 provides more information on the Group's key operating segments and revenue by geographical location of its customers. Sensitivity analysis performed indicates a reasonably possible change in any of the key assumptions used would not result in impairment at 31 March 2014.

22. Trades and other payables

In millions of AUD	**Consolidated**	
	2014	**2013**
Trade payables	39.1	30.3
Other payables and accrued expenses	128.3	83.2
	167.4	113.5

23. Investment property

In millions of AUD	**Consolidated**	
	2014	**2013**
Carrying amount at the beginning of the year	11.0	11.1
Additions	-	0.1
Depreciation	(0.2)	(0.2)
Carrying amount at end of year	10.8	11.0

Investment property comprises a commercial property leased to a third party. The current lease expires in September 2017. See note 28 for further information.

Fair value of the property is estimated to be $15.4m (2013: $15.4m) based on a capitalisation rate of 9.5%.

24. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk, see note 27.

In millions of AUD	Consolidated	
	2014	**2013**
Current Liabilities		
Bank loans	113.2	1.5
Finance lease liabilities	2.3	2.4
	115.5	3.9
Non-current liabilities		
Bank loans	13.6	138.4
Long term notes	733.7	381.1
Finance lease liabilities	2.4	2.4
	749.7	521.9

Bank loans

Bank loans are denominated in Australian dollars, Canadian dollars, Great British pounds, Singapore dollars and US dollars. Current bank loans comprise the portion of the Group's bank loans repayable within one year. Funding available to the Group from undrawn facilities at 31 March 2014 amounted to $140.9m (2013: $124.6m).

The weighted average interest rate (incorporating the effect of interest rate contracts) for all bank loans at balance date is 1.9% (2013: 1.8%).

The term loan facilities are committed facilities and are able to be drawn in the form of bank overdrafts, loans or bank guarantees.

The Company and six of its subsidiaries, namely Australian Laboratory Services Pty Ltd, ALS Canada Limited, ALS Group General Partnership, ALS Technichem (Singapore) Pte Ltd, ALS Inspection UK Ltd, and ALS Testing Services Group, Inc are parties to multi-currency term loan facility agreements as borrowers with a number of banks.

Under the terms of the agreements, the Company and a number of its wholly-owned subsidiaries jointly and severally guarantee and indemnify the banks in relation to each borrower's obligations.

24. Loans and borrowings (continued)

Long term notes

During the current period the Company's controlled entities ALS Group General Partnership and ALS Canada Ltd issued long term, fixed rate notes to investors in the US Private Placement market. The proceeds of these loan notes were used to refinance existing short-term funding the Group had arranged to initially fund the acquisition of the Reservoir Group. The new notes are denominated in US dollars and Canadian dollars and mature as follows - 6 years due July 2019: $129.8m; 7 years due December 2020: $132.7m; and 9 years due July 2022: $54.1m. All loan notes have total fixed interest coupons ranging between 3.40% - 4.17%.

In previous periods the Company's controlled entity ALS Group General Partnership issued long term, fixed rate notes to investors in the US Private Placement market in December 2010 and again in July 2011. The notes are denominated in US dollars and Canadian dollars and mature as follows - 7 years due December 2017: $32.4m; 8 years due July 2019: $102.7m; 10 years due December 2020: $123.1m; and 11 years due July 2022: $151.4m.

As the Long Term Notes are designated as part of a fair value hedge in relation to the interest rate risk (refer note 27), their carrying value includes a fair value adjustment uplift of $7.5m (2013: 12.7m) being the revaluation of the debt for the risk being hedged. This fair value loss in the carrying value of the Notes is offset by gains on interest rate swap instruments which are designated as an effective fair value hedge and recognised as a fair value derivative receivable (refer note 17).

Interest is payable semi-annually to noteholders. The weighted average interest rate (incorporating the effect of interest rate contracts) for all long term notes at balance date is 3.8% (2013: 3.8%).

Under the terms of the note agreements, the Company and a number of its wholly-owned subsidiaries jointly and severally guarantee and indemnify the noteholders in relation to the issuer's obligations.

Finance lease liabilities

In millions of AUD	Consolidated	
	2014	**2013**
Included as lease liabilities are the present values of future rentals for leased assets capitalised:		
Current	2.3	2.4
Non-current	2.4	2.4
	4.7	4.8
Lease commitments in respect of capitalised finance leases are payable:		
Within one year	2.5	2.7
Later than one year but not later than five years	2.7	2.7
Later than five years	-	-
	5.2	5.4
Future finance charges	(0.5)	(0.6)
Total lease liability	4.7	4.8

The Group leases plant and equipment under finance leases expiring over terms of up to seven years. At the end of the lease terms the Group generally has the option to purchase the equipment at a percentage of market value - a price deemed to be a bargain purchase option. Lease liabilities are secured by the leased assets as in the event of default the assets revert to the lessor.

25. Other non-current liabilities

In millions of AUD	Consolidated	
	2014	**2013**
Written put option over non-controlling interest	26.0	30.0
Other	1.1	3.5
	27.1	33.5

26. Capital and reserves

Reconciliation of movement in capital

In millions of AUD	Consolidated	
	2014	**2013**
Issued and paid up share capital		
394,252,273 ordinary shares fully paid (2013: 343,556,949)	1,061.0	667.9
Movements in ordinary share capital		
Balance at beginning of year	667.9	610.4
3,937,994 shares (2013: 3,003,165) issued under the Dividend Reinvestment Plan in July 2013	35.1	30.6
14,162,725 Fully Underwritten Renounceable Institutional Entitlement offer (2013: Nil)	110.4	-
17,433,412 Fully Underwritten Renounceable Retail Entitlement offer (2013: Nil)	136.0	-
Cost of renounceable rights offer	(5.1)	
5,750,418 Share Placement - Reservoir Management (2013:Nil)	49.5	-
587,821 Treasury shares purchased and held in trust (2013: 53,472)	(5.1)	(0.4)
4,121,199 shares (2013:3,036,729) issued under the Dividend Reinvestment Plan in December 2013	32.0	27.3
5,289,576 shares (2013:nil) issued under Dividend Reinvestment Plan underwriting arrangements in December 2013	40.3	27.3
Balance at end of year	1,061.0	667.9

Effective 1 July 1998, the Company Law Review Act abolished the concept of par value shares and the concept of authorised capital. Accordingly, the Company does not have authorised capital or par value in respect of its issued shares.

Terms and Conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after creditors and are entitled to the net proceeds of liquidation.

26. Capital and reserves (continued)

Reserves

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity, as well as from the translation of liabilities or changes in fair value of derivatives that hedge the Company's net investment in a foreign subsidiary.

The employee share-based awards reserve comprises the cumulative amount, recognised as an employee expense to date, of the fair value at grant date of share-based, share-settled awards granted to employees. Refer to notes 3(m) and 39.

Other reserves comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. It also includes amounts arising from the accounting for a put and call option arrangement entered with a non-controlling interest of a controlled entity.

Dividends

Dividends recognised in the current year by the Company are:

In millions of AUD	Cents per share	Franked amount (cents)	Total amount	Date of payment
2014				
Interim 2014 ordinary	19.0	9.5	73.1	20 December 2013
Final 2013 ordinary *	27.0	13.5	92.8	2 July 2013
			165.9	
2013				
Interim 2013 ordinary *	21.0	10.5	71.5	18 December 2012
Final 2012 ordinary *	26.0	13.0	87.8	2 July 2012
Total amount			159.3	

* Restated on a 5-for-1 post share split basis.

Dividend declared after the end of the financial year:

Final 2014 ordinary			78.9	2 July 2014

The financial effect of this dividend has not been brought to account in the financial statements for the year ended 31 March 2014 and will be recognised in subsequent financial reports.

The franked components of all dividends paid or declared since the end of the previous financial year were franked based on a tax rate of 30%.

26. Capital and reserves (continued)

Dividends (continued)

In millions of AUD

Dividend franking account

	Consolidated	
	2014	**2013**
30% franking credits available to shareholders of ALS Limited for subsequent financial years	5.9	22.1

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

(a) franking credits that will arise from the payment of the current tax liabilities;

(b) franking debits that will arise from the payment of dividends recognised as a liability at the year-end;

(c) franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at the year-end; and

(d) franking credits that the entity may be prevented from distributing in subsequent years.

The final FY14 dividend declared after balance date will be franked to 50% using franking credits in existence at balance date and arising from the Company's tax instalments to be paid during the year ending 31 March 2015.

27. Financial instruments

Liquidity risk

Contractual maturities for financial liabilities on a gross cash flow basis are analysed below:

CONSOLIDATED

As at 31 March 2014 *In millions of AUD*	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	Total
Non-derivative financial liabilities						
Bank overdraft	2.7	-	-	-	-	2.7
Trade and other payables	167.4	-	-	-	-	167.4
Finance lease liabilities	1.2	1.3	1.0	1.7	-	5.2
Option liability (note 25)	-	-	-	45.1	-	45.1
Long term notes	15.0	15.0	30.0	120.9	733.6	914.5
Bank loans	1.9	115.2	9.9	-	-	127.0
Derivative financial instruments	(1.8)	(1.7)	(3.1)	(2.5)	0.7	(8.4)
Total	186.4	129.8	37.8	165.2	734.3	1,253.5

CONSOLIDATED

As at 31 March 2013 *In millions of AUD*	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	Total
Non-derivative financial liabilities						
Bank overdraft	3.0	-	-	-	-	3.0
Trade and other payables	113.5	-	-	-	-	113.5
Finance lease liabilities	1.2	1.5	1.0	1.7	-	5.4
Option liability (note 25)	-	-	-	48.0	-	48.0
Long term notes	8.3	8.2	16.5	77.9	391.0	501.9
Bank loans	2.2	2.1	121.0	19.2	-	144.5
Derivative financial instruments	(1.5)	(1.6)	(3.0)	(6.0)	(1.4)	(13.5)
Total	126.7	10.2	135.5	140.8	389.6	802.8

The gross outflows/(inflows) disclosed in the tables above for derivative financial liabilities represent the contractual undiscounted cash flows of derivative financial instruments held for risk management purposes and which are usually not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash settled.

27. Financial instruments (continued)

Currency risk

The Group's exposure to foreign currency risk at balance date was as follows, based on notional amounts:

CONSOLIDATED

In millions of AUD	2014						
	USD	CAD	CZK	EUR	PLN	DKK	GBP
Trade and other receivables	11.4	-	-	2.3	0.2	-	0.1
Cash at bank	23.7	-	-	3.0	0.1	-	0.9
Bank loan	-	-	-	-	-	-	(39.6)
Long term notes	-	(63.6)	-	-	-	-	-
Trade and other payables	(1.7)	-	-	(0.2)	-	-	-
Gross balance sheet exposure	33.4	(63.6)	-	5.1	0.3	-	(38.6)
Derivative financial instruments*	-	(78.3)	(19.8)	(11.6)	-	(23.7)	-
Net exposure	33.4	(141.9)	(19.8)	6.5	0.3	(23.7)	(38.6)

CONSOLIDATED

In millions of AUD	2013						
	USD	CAD	CZK	EUR	PLN	DKK	GBP
Trade and other receivables	14.5	-	-	1.8	0.1	-	-
Cash at bank	26.5	-	-	1.5	0.1	0.5	0.2
Bank loan	-	-	-	-	-	-	(32.1)
Long term notes	-	(61.3)	-	-	-	-	-
Trade and other payables	(1.3)	-	-	(0.1)	-	-	-
Gross balance sheet exposure	39.7	(61.3)	-	3.2	0.2	0.5	(31.9)
Derivative financial instruments*	-	(75.5)	(17.5)	(9.6)	-	(19.6)	-
Net exposure	39.7	(136.8)	(17.5)	(6.4)	0.2	(19.1)	(31.9)

* Amounts represent the notional amounts of cross currency interest rate swaps used for hedging of net investments in foreign operations.

The following exchange rates against the Australian dollar applied at 31 March:

	31 March spot rate	
	2014	**2013**
USD	0.9247	1.0420
CAD	1.0217	1.0602
CZK	18.4259	20.9168
EUR	0.6716	0.8129
PLN	2.8008	3.3960
GBP	0.5555	0.6856

27. Financial instruments (continued)

Sensitivity analysis

A 10 percent strengthening of the Australian dollar against the above balances at 31 March would have increased (decreased) profit before income tax and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2013.

In millions of AUD	**Consolidated**	
As at 31 March 2014	**Profit**	**Equity**
USD	(3.0)	-
CAD	-	12.9
CZK	-	1.8
EUR	(0.5)	1.1
PLN	-	-
GBP	(0.1)	3.6
DKK	2.2	-
	(1.4)	19.4
As at 31 March 2013		
USD	(3.6)	-
CAD	-	12.4
CZK	-	1.6
EUR	(0.3)	0.9
PLN	-	-
GBP	-	2.9
DKK	1.7	-
	(2.2)	17.8

A 10 percent weakening of the Australian dollar against the above balances at 31 March would have increased (decreased) profit before income tax and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2013.

In millions of AUD	**Consolidated**	
As at 31 March 2014	**Profit**	**Equity**
USD	3.7	-
CAD	-	(15.8)
CZK	-	(2.2)
EUR	0.6	(1.3)
PLN	-	-
GBP	0.1	(4.4)
DKK	(2.6)	-
	1.8	(23.7)
As at 31 March 2013		
USD	4.4	-
CAD	-	(15.2)
CZK	-	(1.9)
EUR	0.3	(1.1)
PLN	-	-
GBP	-	(3.6)
DKK	(2.1)	-
	2.6	(21.8)

27. Financial instruments (continued)

Interest rate risk

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

In millions of AUD	Consolidated	
Fixed rate instruments	**2014**	**2013**
Financial assets	25.0	-
Financial liabilities	(738.4)	(385.8)
Effect of interest rate contracts*	112.0	105.8
	(601.4)	(280.0)
Variable rate instruments		
Financial assets	113.9	115.9
Financial liabilities	(129.5)	(142.7)
Effect of interest rate contracts*	(112.0)	(105.8)
	(127.6)	(132.6)

* Represents the net notional amount of interest rate swaps used for hedging.

Sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group has designated interest rate contracts as hedging instruments under a fair value hedge accounting model in relation to its fixed rate long term notes. The interest rate contracts swap the fixed interest payable on a portion of the loan notes to variable interest rates for the term of the debt. In accordance with the Group's accounting policy (refer note 3(d)) changes in fair value of the interest rate contracts together with the change in fair value of the debt arising from changes in interest rates are recognised in the profit and loss (to the extent the fair value hedge is effective). In 2014, the change in fair value of interest rate contracts was $5.2 million and was offset in the Group's profit and loss statement by an equal amount relating to the change in fair value of the hedged risk. A change of 50 basis points in interest rates at the reporting date would not materially impact the Group's profit and loss before income tax or equity (2013: Nil).

Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points in interest rates at the reporting date would have increased (decreased) profit before income tax and equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2013.

In millions of AUD	Consolidated			
	Profit		Equity	
	50 bp increase	**50bp decrease**	**50 bp increase**	**50 bp decrease**
As at 31 March 2014				
Variable rate instruments	(0.1)	0.1	-	-
Interest rate contracts	(0.5)	0.5	-	-
Cash flow sensitivity (net)	(0.6)	0.6	-	-
As at 31 March 2013				
Variable rate instruments	(0.1)	0.1	-	-
Interest rate contracts	(0.5)	0.5	-	-
Cash flow sensitivity (net)	(0.6)	0.6	-	-

27. Financial instruments (continued)

Fair values of financial instruments

The Group's financial assets and liabilities are included in the balance sheet at amounts that approximate fair values with the exception of fixed rate debt which has a fair value of $765m (2013: $374m). The basis for determining fair values is disclosed in note 5. The fair value at 31 March 2014 of derivative assets (2013: asset) held for risk management, which are the Group's only financial instruments carried at fair value, was a net loss of $4.6m (2013: gain of $16.2m) measured using Level 2 valuation techniques as defined in the fair value hierarchy shown in note 5. The Group does not have any financial instruments that are categorised as Level 1 or Level 3 in the fair value hierarchy.

28. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

In millions of AUD	Consolidated	
	2014	**2013**
Less than one year	35.3	23.8
Between one and five years	65.4	52.9
More than five years	14.5	10.7
	115.2	87.4

The Group leases property, plant and equipment under operating leases expiring over terms of up to six years. Leases generally provide the Group with a right of renewal at which time all terms are renegotiated. Some leases provide for additional rent payments that are based on a local price index. Lease commitments in respect of finance leases are disclosed in note 24.

During the year ended 31 March 2014 $64.3m was recognised as an expense in the profit and loss statement in respect of operating leases (2013: $47.6m).

Leases as lessor

The Group leases out its investment property held under operating lease (see note 23). The future minimum lease payments receivable under non-cancellable leases are as follows:

In millions of AUD	Consolidated	
	2014	**2013**
Less than one year	1.9	1.9
Between one and five years	5.1	7.0
	7.0	8.9

During the year ended 31 March 2014 $1.6m was recognised as rental income in the profit and loss statement (2013: $1.5m).

29. Capital commitments

In millions of AUD	Consolidated	
	2014	**2013**
Capital expenditure commitments		
Plant and equipment contracted but not provided for and payable within one year	11.6	11.4

30. Contingencies

The directors are of the opinion that there are no material contingent liabilities at 31 March 2014.

31. Deed of cross guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and directors' reports.

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the Deed are:

- ACIRL Proprietary Limited
- ACIRL Quality Testing Services Pty Ltd
- ALS Metallurgy Holdings Pty Ltd
- ALS Metallurgy Pty Ltd
- ALS Metallurgy Pty Ltd atf Ammtec Unit Trust
- ALS Industrial Australia Pty Ltd
- ALS Industrial Holdings Pty Ltd
- ALS Industrial Pty Ltd
- Australian Laboratory Services Pty Ltd
- Ecowise Australia Pty Ltd
- Ecowise Environmental Pty Ltd
- Reward Supply Co. Pty Ltd

A consolidated profit and loss statement, consolidated statement of comprehensive income and consolidated balance sheet, comprising the Company and subsidiaries which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, at 31 March 2014 is set out below.

Summary profit and loss statement and retained profits

In millions of AUD	**Consolidated**	
	2014	**2013**
Profit before tax	99.4	217.8
Income tax expense	(12.0)	(29.8)
Profit after tax	87.4	188.0
Retained profits at beginning of year	115.7	90.2
Retained earnings adjustment*	(1.8)	(0.8)
Dividends recognised during the year	(165.9)	(161.7)
Retained profits at end of year	35.4	115.7

31. Deed of cross guarantee (continued)

Statement of comprehensive income

In millions of AUD	Consolidated	
	2014	**2013**
Profit for the period	86.3	190.4
Total comprehensive income for the period	**86.3**	**190.4**

* Represents applicable amounts taken directly to retained earnings, together with adjustments for changes in the composition of the cross-guarantee group.

Balance Sheet

In millions of AUD	Consolidated	
	2014	**2013**
Assets		
Cash and cash equivalents	42.1	18.2
Trade and other receivables	114.5	120.6
Inventories	29.5	32.9
Other	6.5	4.5
Total current assets	192.6	176.2
Receivables	152.4	80.3
Investments accounted for using the equity method	10.4	7.9
Investment property	10.8	11.0
Deferred tax assets	26.1	12.1
Property, plant and equipment	174.7	179.4
Intangible assets	316.0	309.1
Other investments	552.6	328.7
Total non-current assets	1243.0	928.5
Total assets	1435.6	1,104.7
Liabilities		
Trade and other payables	45.2	51.3
Loans and borrowings	0.8	1.3
Income tax payable	(0.3)	15.1
Employee benefits	28.4	30.4
Total current liabilities	74.1	98.1
Loans and borrowings	251.1	217.9
Employee benefits	5.0	2.9
Other	37.6	30.5
Total non-current liabilities	293.8	251.3
Total liabilities	367.9	349.4
Net assets	1,067.7	755.3
Equity		
Share capital	1,061.0	667.9
Reserves	(28.7)	(28.3)
Retained earnings	35.4	115.7
Total equity	1,067.7	755.3

32. Parent entity disclosures

Result of parent entity

In millions of AUD	2014	2013
Profit for the period	179.0	182.3
Total comprehensive income for the period	179.0	182.3

Financial position of parent entity at year end

In millions of AUD	2014	2013
Current assets	51.3	21.6
Total assets	1,360.3	981.8
Current liabilities	10.6	23.8
Total liabilities	253.1	278.7
Net assets	1,107.2	703.1
Share capital	1061.0	667.9
Reserves	1.3	1.7
Retained earnings	44.9	33.5
Total equity	1,107.2	703.1

Parent entity capital commitments

In millions of AUD	2014	2013
Plant and equipment contracted but not provided for and payable within one year	-	-
	-	-

Parent entity guarantees in respect of the debts of its subsidiaries

The Company is party to a number of financing facilities and a Deed of Cross Guarantee under which it guarantees the debts of a number of its subsidiaries. Refer to notes 24 and 31 for details.

33. Consolidated entities

The Group's significant controlled entities are listed below:

	Country of Incorporation
Parent entity	
ALS Limited	Australia
Subsidiaries	
Australian Laboratory Services Pty Ltd	Australia
ACIRL Proprietary Ltd	Australia
ACIRL Quality Testing Services Pty Ltd	Australia
Ecowise Australia Pty Ltd	Australia
ALS Industrial Australia Pty Ltd	Australia
ALS Industrial Pty Ltd	Australia
ALS Industrial Power Services Pty Ltd	Australia
ALS Metallurgy Pty Ltd	Australia
ALS South American Holdings Pty Ltd	Australia
ALS Canada Ltd	Canada
Corpro Canada Limited	Canada
ALS Testing Services Group, Inc	USA
ALS Group General Partnership	USA
ALS Group USA, Corp	USA
ALS USA, Inc	USA
ALS Services USA, Corp	USA
Reservoir Group Limited	United Kingdom
Reservoir Group LLC	USA
ALS Technichem (Singapore) Pte Ltd	Singapore
ALS Chemex South Africa (Proprietary) Ltd	South Africa
Abilab Burkina SARL	Burkina Faso
Group de Laboratoire ALS MALI SARL	Mali
ALS Scandinavia AB	Sweden
ALS Inspection UK Limited	United Kingdom
Corpro Systems Ltd	United Kingdom
ALS Chemex de Mexico S.A. de C.V.	Mexico
ALS Patagonia S.A.	Chile
ALS Peru S.A.	Peru
Corpro Systems FZE (Dubai)	UAE

The above entities were wholly owned in the current and comparative years, except for ALS South American Holdings Pty Ltd in which the Group has an 80% interest.

34. Reconciliation of cash flows from operating activities

In millions of AUD	Consolidated	
	2014	**2013**
Profit for the period	156.6	230.5
Adjustments for:		
Amortisation and depreciation	83.2	55.8
Finance charges on capitalised leases	0.2	0.3
(Profit)/loss on sale of property plant and equipment	0.5	0.3
Share-settled performance rights amounts recognised during the year	(5.8)	(2.5)
Share of associates and joint venture net profit	(3.0)	(1.6)
Gain on sale of Campbell Chemicals segment	-	(5.7)
Write-down Reward Distribution segment to fair value less costs to sell	-	16.1
Net non-cash expenses	3.5	(0.5)
Operating cashflow before changes in working capital and provisions	235.2	292.7
(Increase)/decrease in trade and other receivables	19.0	7.1
(Increase)/decrease in inventories	11.6	(4.4)
(Decrease)/increase in trade and other payables	(4.5)	(33.8)
(Decrease)/increase in taxation provisions	(27.4)	(14.3)
Net cash from operating activities	233.9	247.3

35. Discontinued operations

In September 2012 the Group sold its Campbell Chemicals operating segment consisting of both its former Panamex Pacific and Deltrex Chemicals business units via two separate sale arrangements. Prior year comparatives relate to the trading performance of the segment operations.

The Campbell Chemicals segment was not a discontinued operation or held for sale in the prior corresponding period and therefore the income statement has been re-presented to show the discontinued operations separately from the continuing operations.

Information attributable to discontinued operations is as follows:

In millions of AUD	Consolidated	
	2014	**2013**
Discontinued operations		
Revenue	-	43.7
Amortisation and depreciation	-	(0.3)
Other Expenses	-	(39.6)
Results from operating activities	-	3.8
Income tax expense	-	(1.1)
Results from operating activities, net of income tax	-	2.7
Gain on sale of discontinued operations	-	5.7
Income tax on gain on sale of discontinued operations	-	(0.2)
	-	8.2
Basic earnings per share from discontinued operations (post 5-for-1 split basis)	-	2.39c
Diluted earnings per share from discontinued operations (post 5-for-1 split basis)	-	2.39c

35. Discontinued operations (continued)

In millions of AUD	Consolidated 2014	Consolidated 2013
Cash flows from discontinued operations		
Net cash from operating activities	-	2.0
Net cash from investing activities	-	39.7
Net cash from financing activities	-	-
Net cash from discontinued operations	-	41.7

	Consolidated 2014	Consolidated 2013
Effect of disposal on the financial position of the Group		
Property, plant and equipment	-	(8.7)
Identifiable intangible assets	-	(7.9)
Inventories	-	(11.8)
Trade and other receivables	-	(13.0)
Deferred tax assets	-	(0.4)
Current tax liabilities	-	1.4
Employee benefits	-	0.9
Trade and other payables	-	5.1
Deferred tax liabilities	-	0.7
Net identifiable assets and liabilities	-	(33.7)
Consideration received, satisfied in cash	-	39.4

36. Acquisitions of subsidiaries and non-controlling interests

Business Combinations

In millions of AUD	**Interest Acquired**	**Date acquired**	**Consideration**
2014			
Reservoir Group LLC	100%	August 2013	470.1
Earth Data Group	100%	July 2013	21.1
BMP Enterprises LLC	100%	February 2014	12.5
DSI Thru Tubing Inc	100%	March 2014	16.2
Other acquisitions during the year			18.4

If the acquisitions had occurred on 1 April 2013, management estimates that Group revenue would have been $1,602,591,000 and net profit after tax would have been $165,472,000.

In millions of AUD	**Interest Acquired**	**Date acquired**	**Consideration**
2013			
Eclipse Scientific Group Limited	100%	April 2012	30.4
Milana A.S.	100%	July 2012	21.6
Corplab Group	80%	December 2012	44.7
Other acquisitions during the year			15.5

If the acquisitions had occurred on 1 April 2012, management estimates that Group revenue would have been $1,527,038,000 and net profit after tax would have been $233,372,000.

Reservoir Group LLC (consolidated group): net assets at acquisition date

In millions of AUD	**Recognised values 2014**
Property, plant and equipment	56.7
Identifiable intangible assets	58.8
Inventories	16.8
Trade and other receivables	67.3
Cash and cash equivalents	10.3
Interest-bearing loans and borrowings	(148.9)
Trade and other payables	(38.1)
Current tax liabilities	(6.0)
Employee benefits	-
Deferred tax assets	0.2
Net identifiable assets and liabilities	17.1
Goodwill on acquisition	453.0
Total consideration payable	470.1
Shares issued (5,750,418 shares @ $8.60 per share)	(49.5)
Consideration paid, satisfied in cash	420.6
Cash (acquired)	(10.3)
Net cash outflow	410.3

Directly attributable transaction costs of $1,964,100 were included in administration and other expenses in the profit and loss statement. In the period to 31 March 2014 Reservoir Group LLC (Reservoir Group) contributed a net profit after tax of $19,872,000 to the consolidated net profit after tax for the year.

36. Acquisitions of subsidiaries and non-controlling interests (continued)

The Reservoir Group was acquired for the purpose of enhancing the global service reach of the Group's existing Energy operations. The goodwill recognised on acquisition is attributable mainly to skills and technical talent of the Reservoir Group's workforce and the synergies expected to be achieved from integrating the acquired operations into the Group's existing business. The goodwill is not expected to be deductible for income tax purposes.

Earth Data Group net assets at acquisition date

In millions of AUD	**Recognised values 2014**
Property, plant and equipment	2.1
Identifiable intangible assets	1.7
Trade and other receivables	2.8
Inventories	0.5
Cash and cash equivalents	3.8
Current tax liabilities	(1.2)
Employee benefits	(0.4)
Trade and other payables	(1.6)
Net identifiable assets and liabilities	7.7
Goodwill on acquisition	13.4
Consideration paid, satisfied in cash	21.1
Cash (acquired)	(3.8)
Net cash outflow	17.3

Directly attributable transaction costs of $135,600 were included in administration and other expenses in the profit and loss statement. In the period to 31 March 2014 Earth Data Pty Ltd contributed a net profit after tax of $844,681 to the consolidated net profit for the year.

Earth Data Pty Ltd is a provider of sampling and analysis services to Australia's oil, gas and coal industries and is integrated into the Energy division. The goodwill recognised on acquisition is attributable mainly to skills and technical talent of Earth Data Pty Ltd's workforce and the synergies expected to be achieved from integrating the acquired operations into the Group's existing business. The goodwill is not expected to be deductible for income tax purposes.

36. Acquisitions of subsidiaries and non-controlling interests (continued)

DSI Thru Tubing Inc net assets at acquisition date

In millions of AUD	Recognised values 2014
Property, plant and equipment	6.7
Inventories	0.4
Trade and other receivables	4.9
Cash and cash equivalents	(2.1)
Interest-bearing loans and borrowings	(3.8)
Current tax liabilities	(0.3)
Trade and other payables	(3.8)
Net identifiable assets and liabilities	2.0
Goodwill on acquisition	14.2
Consideration paid, satisfied in cash	16.2
Cash (acquired)	2.1
Net cash outflow:	18.3

The acquisition of DSI was completed during March 2014. Accordingly, the accounting for this acquisition has been completed on a provisional basis. Further analysis will be performed to determine the existence of any fair value adjustments, including identifiable intangible assets acquired as part of the acquisition.

In the period to 31 March 2014 DSI Thru Tubing Inc contributed a net loss after tax of $30,358 to the consolidated net profit for the year.

The acquisition of DSI Thru Tubing further enhances ALS's ability to service the upstream Oil & Gas industry with leading technical services across all major geographies.

36. Acquisitions of subsidiaries and non-controlling interests (continued)

BMP Enterprises LLC net assets at acquisition date

In millions of AUD	Recognised values 2014
Property, plant and equipment	1.5
Inventories	0.1
Trade and other receivables	0.5
Cash and cash equivalents	0.0
Current tax asset	0.1
Trade and other payables	(0.4)
Net identifiable assets and liabilities	1.8
Goodwill on acquisition	10.7
Consideration paid, satisfied in cash	12.5
Cash (acquired)	0.0
Net cash outflow:	12.5

The acquisition of BMP was completed during February 2014. Accordingly, the accounting for this acquisition has been completed on a provisional basis. Further analysis will be performed to determine the existence of any fair value adjustments, including identifiable intangible assets acquired as part of the acquisition.

In the period to 31 March 2014 BMP Enterprises LLC contributed a net profit after tax of $189,005 to the consolidated net profit for the year.

The acquisition of BMP Enterprises LLC further enhances ALS's ability to service the upstream Oil & Gas industry with leading technical services across all major geographies.

36. Acquisitions of subsidiaries and non-controlling interests (continued)

Other acquirees' net assets at acquisition dates

In millions of AUD	**Recognised values 2014**	**Recognised values* 2013**
Property, plant and equipment	3.2	32.1
Identifiable intangible assets	1.0	0.2
Inventories	0.1	2.3
Trade and other receivables	1.0	24.4
Deferred tax assets	-	1.8
Cash and cash equivalents	0.3	4.0
Interest-bearing loans and borrowings	(0.2)	(12.7)
Employee benefits	(0.2)	(2.1)
Trade and other payables	(1.7)	(19.5)
Current tax liabilities	-	(0.4)
Net identifiable assets and liabilities	3.5	30.1
Goodwill on acquisition	14.9	82.1
Total consideration payable	18.4	112.2
Total consideration payable comprised:		
Cash	18.4	109.3
Shares in a controlled entity	-	2.9
	18.4	112.2
Net cash outflow:		
Consideration paid, satisfied in cash	18.4	109.3
Cash (acquired)	(0.3)	(4.0)
	18.1	105.3

* The comparatives disclose all 2013 acquisitions.

Directly attributable transaction costs of $66,338 (2013: $1,072,000) relating to these acquisitions were included in administration and other expenses in the profit and loss statement.

The goodwill recognised on acquisition is attributable mainly to skills and technical talent of the acquired business's workforce and the synergies expected to be achieved from integrating the company into the Group's existing business. The goodwill is not expected to be deductible for income tax purposes.

37. Key management personnel disclosures

The following were key management personnel of the Group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non-executive directors
Nerolie Withnall (Chairman)
Ray Hill
Bruce Brown
Mel Bridges
Grant Murdoch
John Mulcahy

Executives
Brian Williams (GGM^, ALS Minerals)
Raj Naran (GGM, ALS Life Sciences)
Paul McPhee (GGM, ALS Energy)
Kristen Walsh (GGM, ALS Industrial)
Andrew Ross (GGM Reward Distribution)
Richard Stephens (Chief Financial Officer)

Executive Director
Greg Kilmister (Managing Director and CEO)

^ *GGM = Group General Manager*

The key management personnel compensation included in employee expenses are as follows:

In AUD	Consolidated	
	2014	**2013**
Short term employee benefits	6,489,442	6,251,639
Post-employment benefits	259,531	277,425
Value of share-based awards	266,970	678,923
Termination benefits	-	-
Other long term benefits	6,092	6,461
	7,022,035	7,214,448

37. Key management personnel disclosures (continued)

Equity instruments

Movements in shares

The movement during the year in the number of ordinary shares in ALS Limited held directly, indirectly or beneficially by each key management person, including their related parties, is as follows:

2014	Opening Balance	Purchases (1)	Acquired due to vesting of performance rights	Sales (1)	Other	Closing Balance
Directors						
Nerolie Withnall	13,426	2,033	-	-	-	15,459
Ray Hill	50,000	4,546	-	-	-	54,546
Bruce Brown	150,000	13,895	-	-	2,833	166,728
Mel Bridges	19,205	8,447	-	-	-	27,652
Grant Murdoch	40,250	6,094	-	-	-	46,344
John Mulcahy	40,000	3,637	-	-	-	43,637
Greg Kilmister	871,510	138,063	51,896	-	-	1,061,469
Executives						
Brian Williams	80,608	4,851	15,570	-	-	101,029
Raj Naran	-	1,727	18,992	-	-	20,719
Paul McPhee	40,870	5,131	15,570	-	-	61,571
Kristen Walsh	-	-	-	-	-	-
Andrew Ross	-	546	-	-	-	546
Richard Stephens	36,029	4,740	5,192	(5,192)	-	40,769

(1) Includes shares acquired via the dividend reinvestment plan and 1 for 11 entitlements issue. All purchases and sales complied with the Board’s Securities Trading Policy which permits trading by directors and executives during certain periods in the absence of knowledge of price-sensitive information.

37. Key management personnel disclosures (continued)

Movements in performance rights over ordinary shares granted as compensation

The movement during the year in the number of performance rights over ordinary shares in ALS Limited held directly, indirectly or beneficially by each key management person, including their related parties:

2014	Opening Balance	Granted as compensation	Vested and exercised	Lapsed (a)	Closing Balance
Director					
Greg Kilmister	182,540	44,287	(51,896)	(1,484)	173,447
Executives					
Brian Williams	48,710	11,530	(15,570)	(445)	44,225
Raj Naran (b)	46,950	11,066	(18,992)	(543)	38,481
Paul McPhee	43,300	20,964	(15,570)	(445)	48,249
Kristen Walsh	14,080	7,862	-	-	21,942
Andrew Ross	-	-	-	-	-
Richard Stephens	17,395	6,551	(5,192)	(148)	18,606

(a) The number of rights lapsed represents rights lapsed due to performance hurdles not being met. Performance hurdle testing at 31 March 2013 of rights granted in July 2010 resulted in 97.2% of those rights vesting.

(b) Performance rights granted to Mr Naran in the current year are equity-settled rights. Rights issued to Mr Naran in prior years are cash-settled. Performance rights granted to all other executives above are equity-settled.

Other

The Group has entered into property lease agreements with a company in which Mr Naran holds a controlling interest. Lease rental expense for the year was $811,923 and the amount outstanding at the end of the year was $17,212.

38. Non-key management personnel related party disclosures

The Group has a related party relationship with its associates and joint ventures (see note 18) and with its key management personnel (see note 37).

39. Share-based payments

The Group operates a Long Term Incentive Plan (LTIP) designed as a retention and reward tool for high performing personnel. Under the Plan key employees may be granted conditional performance rights to receive ordinary shares in the Company at no cost to the employees (or in limited cases to receive cash-settled awards). All of the performance rights carry an exercise price of nil. The terms and conditions of the performance rights granted to date are set out below together with details of rights vested, lapsed and forfeited:

Equity-settled performance rights

Granted year ended 31 March:	**2014**	**2013**		**2012**	**2011**
Date of grant	30-07-13	05-09-12	31-07-12	26-07-11	27-07-10
Testing date for performance hurdles	31-03-16	31-03-15	31-03-15	31-03-14	31-03-13
Vesting date	01-07-16	01-07-15	01-07-15	01-07-14	01-07-13
No. of rights at beginning of year	-	166,310	61,185	191,355	163,830
No. of rights granted (a)	179,320	-	-	4,970	-
No. of rights vested and exercised during the year (b)	-	-	-	-	(159,277)
No. of rights lapsed during the year (b)	-	(7,015)	-	-	(4,553)
No. of rights at end of year	179,320	159,295	61,185	196,325	-

All equity-settled performance rights refer to rights over ordinary shares in the Company and entitle an executive to ordinary shares on the vesting date, subject to the achievement of performance hurdles. The rights expire on termination of an executive's employment prior to the vesting date or upon the failure of achievement of performance hurdles.

(a) 4,970 equity-settled rights vesting 1 July 2014 were converted from cash-settled to equity-settled upon the return to Australia of a manager previously based offshore.

(b) The number of rights lapsed represents rights lapsed due to performance hurdles not being met or on cessation of employment. Performance hurdle testing at 31 March 2013 of rights granted in July 2010 resulted in 97.2% of those rights vesting.

39. Share-based payments (continued)

Cash-settled performance rights

Granted year ended 31 March:	**2014**	**2013**	**2012**	**2011**
Date of grant	30-07-13	05-09-12	26-07-11	27-07-10
Testing date for performance hurdles	31-03-16	31-03-15	31-03-14	31-03-13
Vesting date	01-07-16	01-07-15	01-07-14	01-07-13
No. of rights at beginning of year	-	40,595	42,840	40,615
No. of rights granted	35,398	-	-	-
No. of rights vested during the year (a)	-	-	-	(39,486)
No. of rights lapsed during the year (a)	(7,645)	(3,505)	(3,000)	(1,129)
Converted to equity-settled rights (b)	-	-	(4,970)	-
No. of rights at end of year	27,753	37,090	34,870	-

All cash-settled performance rights expire on termination of an executive's employment prior to the vesting date or upon the failure of achievement of performance hurdles. The amount of cash payment is determined based on the volume weighted average price of the Company's shares over the 20 trading days following the release of the Group's full year results for the final year of each performance period.

(a) The number of rights lapsed represents rights lapsed due to performance hurdles not being met or on cessation of employment. Performance hurdle testing at 31 March 2013 of rights granted in July 2010 resulted in 97.2% of those rights vesting.

(b) 4,970 equity-settled rights vesting 1 July 2014 were converted from cash-settled to equity-settled upon the return to Australia of a manager previously based offshore.

39. Share-based payments (continued)

Vesting conditions

Vesting conditions in relation to the rights issued in July 2013 are set out below:

Employees must be employed by the Group on the vesting date (1 July 2016). The rights vest only if Earnings Per Share ("EPS"), relative Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") or relative Total Shareholder Return ("TSR") hurdles are achieved by the Company over the specified performance period. 25 percent of each employee's rights are subject to EPS measurement, 25 percent are subject to EBITDA measurement and 50 percent are subject to two TSR measurements. The performance hurdles and vesting proportions for each measure are as follows:

Proportion of total performance rights that may be exercised if EPS growth hurdle is met	**Compound annual diluted EPS growth over the period 1 April 2013 to 31 March 2016**
0%	Less than 8% per annum
12.5% of total grant	8% per annum
Straight line vesting between 12.5% and 25%	Between 8% and 14% per annum
25% of total grant	14% or higher per annum

Proportion of total performance rights that may be exercised if EBITDA hurdle is met	**EBITDA margin of ALS Ltd relative to EBITDA margin of comparator companies over the period 1 April 2013 to 31 March 2016**
0%	Less than the 50th percentile
25% of total grant	50th percentile or higher
	Comparator companies: Bureau Veritas (France), Core Laboratories (USA), Eurofins (France & Germany), Intertek (UK), SGS (Switzerland), Mistras (USA)

Proportion of total performance rights that may be exercised if TSR hurdle is met	**TSR of ALS Ltd relative to TSRs of industry peer companies over the period 1 April 2013 to 31 March 2016**	**TSR of ALS Ltd relative to TSRs of companies in the ASX100 Index over the period 1 April 2013 to 31 March 2016**
0%	Less than the 50th percentile	Less than the 50th percentile
12.5% per comparator group	50th percentile	50th percentile
Straight line vesting between 12.5% and 25% per comparator group	Between 50th percentile and 75th percentile	Between 50th percentile and 75th percentile
25% of total grant per comparator group	75th percentile or higher	75th percentile or higher
	Comparator companies: Bureau Veritas (France), Core Laboratories (USA), Eurofins (France & Germany), Intertek (UK), Mistras (USA), SGS (Switzerland) and Team Industrial Services (USA).	Comparator companies: Companies included in the ASX 100 Index as at 1 April 2013

The cumulative performance hurdles are assessed at the testing date and the "at risk" LTI component becomes exercisable or is forfeited by the executive at this time. New offers of participation are ratified by the Board after recommendation by the Remuneration Committee.

39. Share-based payments (continued)

Expenses recognised as employee costs in relation to share-based payments

The fair value of services received in return for performance rights granted during the year ended 31 March 2014 is based on the fair value of the rights granted measured using Binomial Tree (EPS hurdle) and Monte-Carlo Simulation (TSR hurdle) valuation methodologies with the following inputs:

	Granted 2014	Granted 2013	
Equity-settled rights			
Date of grant	30 July 2013	5 Sept 2012	31 July 2012
Weighted average fair value at date of grant	$5.74	$3.66	$5.28
Share price at date of grant	$8.50	$7.37	$9.38
Expected volatility	35%	30%	25%
Expected life	2.8 years	2.8 years	2.9 years
Risk-free interest rate	2.56%	2.41%	2.58%
Dividend yield	4.30%	5.25%	4.70%
Cash-settled rights			
Date of grant	30 July 2013	5 Sept 2012	-
Weighted average fair value at date of grant	$5.74	$3.66	-
Share price at date of grant	$8.50	$7.37	-
Expected volatility	35%	30%	-
Expected life	2.8 years	2.8 years	-
Risk-free interest rate	2.56%	2.41%	-
Dividend yield	4.30%	5.25%	-

39. Share-based payments (continued)

Expenses recognised as employee costs in relation to share-based payments (continued)

The fair value of the liability for cash-settled rights, for which performance hurdle testing dates remain in the future, is remeasured at each reporting date and at settlement date using Binomial Tree (EPS hurdle) and Monte-Carlo Simulation (TSR hurdle) valuation methodologies. The model inputs and resulting valuations at 31 March were:

Cash-settled rights	**2014**		**2013**	
Inputs:				
Date of grant	30 July 2013	5 Sept 2012	5 Sept 2012	26 July 2011
Share price at 31 March	$7.33	$7.33	$10.47	$10.47
Expected volatility	35%	35%	35%	35%
Expected life	2.3 years	1.3 years	2.3 years	1.3 years
Risk-free interest rate	2.85%	2.62%	2.82%	2.81%
Dividend yield	4.80%	4.80%	4.30%	4.30%
Weighted average fair value at grant date	$5.74	$3.66	$3.66	$7.20
Weighted average fair value at 31 March	$4.20	$3.50	$5.89	$7.78

Cash-settled rights granted 26 July 2011

The performance hurdle testing date for cash-settled rights granted on 26 July 2011 was 31 March 2014 (vesting date: 1 July 2014). The fair value of the liability at 31 March 2014 for these cash-settled rights was determined by reference to the Group's performance against prescribed hurdles over the three year period to the testing date and the Company's closing share price as at that date:

	2014
Proportion of performance rights granted July 2011 that will vest 1 July 2014 pursuant to:	
EPS growth hurdle	-
TSR hurdle	25%
Total	25%
Share price at end of year	$7.33
Weighted average fair value at grant date	$7.20
Weighted average fair value at end of year	$1.83

The amount ultimately payable on vesting date will be based on the volume weighted average price of the Company's shares over the 20 trading days following the release of the Group's full year results.

Expenses recognised in relation to share-based payments during the year were:

In millions of AUD	*Note*	**Consolidated**	
		2014	**2013**
Equity-settled rights	*8*	0.3	1.1
Cash-settled rights	*8*	-	-
Total expenses recognised as employee costs		0.3	1.1
Total carrying amount of liabilities for cash-settled rights		0.2	0.6

40. Events subsequent to balance date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

ALS Limited and its subsidiaries
Directors' declaration

In the opinion of the directors of ALS Limited ("the Company"):

1. The consolidated financial statements and notes numbered 1 to 40, and the remuneration report contained in the Directors' report, are in accordance with the *Corporations Act 2001* including:

   a) giving a true and fair view of the Group's financial position as at 31 March 2014 and of its performance for the year ended on that date: and

   b) complying with Australian Accounting Standard (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

2. the financial report also complies with the International Financial Reporting Standards as disclosed in note 2(a);

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

There are reasonable grounds to believe that the Company and the subsidiaries identified in note 31 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 between the Company and those entities, pursuant to ASIC Class Order 98/1418.

The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 31 March 2014.

Signed in accordance with a resolution of the directors:

Nerolie Withnall	Greg Kilmister
Chairman	Managing Director
Brisbane	Brisbane
27 May 2014	27 May 2014

Independent auditor's report to the members of ALS Limited

Report on the financial report

We have audited the accompanying financial report of ALS Limited (the company), which comprises the consolidated balance sheet as at 31 March 2014, and consolidated profit and loss statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 40 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Group's financial position as at 31 March 2014 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Report on the remuneration report

We have audited the remuneration report included in pages 14 to 33 of the directors' report for the year ended 31 March 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration disclosures that are contained in the sections of the remuneration report of ALS Limited for the year ended 31 March 2014 that are described as audited, comply with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Simon Crane
Partner

Brisbane
27 May 2014

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of ALS Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 March 2014 there have been:

(a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

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

KPMG

KPMG

Simon Crane
Partner

Brisbane
27 May 2014