



CIVIL PRECAST CONCRETE FABRICATION MODULARISATION SMP INSULATION MAINTENANCE

ANNUAL REPORT

2011/2012



www.civmec.com.au

Photo: Aerial view of Cvmec facility taken from the South side.



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ABOUT CIVMEC LIMITED

CIVMEC is an integrated, multi-disciplinary services provider to the resources, utilities and infrastructure industries. We provide heavy engineering and other services such as fabrication, modular assembly, site civil works, precast concrete, industrial insulation, structural, mechanical, piping installation and maintenance services.

Civmec's headquarters and state-of-the-art waterfront facilities are adjacent to the Australian Marine Complex in Henderson, Western Australia.


We base our strength on our diversity, a strong dedicated management team and a total commitment to providing our clients with the best service.

We have built an experienced, well- trained and loyal workforce that understands our clients' needs and is able to respond to our clients' requirements confidently.

Civmec prides itself on delivering quality service to its clients and is successfully building longstanding relationships with some of the world's largest blue-chip mining, oil and gas companies, as well as renowned EPCM contractors across Australia.

We promote a culture of positive attitude and teamwork and attribute our team culture as the key to the company's reputation for excellence.





“ *In such a short but exciting time we have built and equipped our world class heavy engineering waterfront facility... ”*

CHAIRMAN'S MESSAGE



Despite being a relatively young company, Civmec Ltd has shown great maturity over the past 12 months in its ability to handle the outstanding growth for the year. I am pleased to report that our revenue has increased by 439% from S\$61.0 million to S\$328.6

million for the current financial year ended 30 June 2012. In turn, the Group's net profit after tax has grown by 303% from S\$7.5 million to S\$30.3 million. In line with our performance, the Board recommends a first and final dividend of 0.6 Singapore cents per ordinary share, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

We have come a long way since the first sod turning ceremony officiated by the Minister for Commerce Troy Buswell MLA in December 2009. Our goal of developing our company into a multi-disciplined organisation with diversified core business capabilities strongly focused on servicing the resources, utilities and infrastructure sectors has come to fruition. In such a short but exciting time we have built and equipped our world-class, heavy engineering, waterfront facility in Henderson as well as grown our precast concrete and site civil concrete construction businesses. At the same time, we have also succeeded in securing several major contracts from prominent resource companies.

The highlight of the year was the successful listing of the company on the Singapore Exchange Main Board. I would like to personally thank all the staff and external professionals involved for their tireless efforts leading up to the listing of Civmec Ltd. The Initial Public Offering raised S\$20.4 million and has given the company great leverage in moving forward with our strategic future goals. Proceeds from the capital raised have also been directed at the construction of the new office building and in securing assets required for our future expansion into the structural, mechanical and piping (SMP) market, which will see

our capabilities continue to grow, enabling us to provide additional services to further meet our clients' needs.

Construction of the new office building is well underway and is expected to be completed by March 2013. This will provide one of the cornerstones needed for our future growth.

Another achievement I proudly acknowledge is the extensive pool of talent that we have built across our company. During a time of change and growth, the management and employees of the company have shown great dedication and strength in meeting all of the challenges confronting them; the result being a strong culture of achievement. I would like to thank all staff and employees for their contribution and commitment to the company over this period. The road forward may not always be smooth and we may face challenges from time to time, but by continuing to apply our ethics of professional dedication, loyalty, unity and innovation to everything we do, I have no doubt that we will continue to grow and succeed.

I would also like to extend my gratitude to my fellow Board members. Their guidance and support during this time has been most valuable, giving us the needed counsel to continue with our strategic endeavours.

Finally, I would like to extend my appreciation to all our shareholders who showed tremendous support at our initial listing in April 2012 and thereafter. The trust you placed in us is an inspiration to everyone at Civmec Ltd to continue to pursue our quest to build a strong, safe and secure organization with a bright future.

Yours Sincerely

James Fitzgerald

James Finbarr Fitzgerald
Executive Chairman
Civmec Limited







CEO ANNUAL REPORT

FY 2011/12



OPERATIONS OVERVIEW

The 2011/2012 financial year has been an exciting and rewarding year for Civec Ltd. On the back of the surge in resources projects

in WA, we have successfully positioned ourselves as a highly sought-after multi-disciplinary contractor. Our focus to build a strong team of complementary management personnel with the knowledge to tap into the enormous opportunities open to a company with boundless energy and a “can do” attitude remains unchanged.

The commitment and the quality inherent in our team have enabled us to secure major contracts in the mining, oil and gas sectors. As a result, Civec was awarded several large fabrication and assembly packages, as well as major civil and precast work.

The prospects in the mining and oil and gas industries remain strong. Major companies such as BHP Billiton (BHPB), Rio Tinto and Chevron have all made substantial commitments toward expanding their operations over the next few years. A total of approximately \$103.22 billion dollars of work is in progress or committed in WA alone, with a further approximately \$71.9 billion dollars in the feasibility stage. (1)

Projects such as BHPB Iron Ore’s 220 MTPA capacity expansion, Rio Tinto Iron Ore’s 330 MTPA capacity expansion, Chevron’s LNG Gorgon Project, Chevron’s Wheatstone LNG Project and Ichthys’ Gas Inpex LNG Project are just some of the committed and in-progress projects.

Projects that are still in the feasibility phase include, but are not limited to, BHPB Iron Ore’s 350TPA Expansion Project, Rio Tinto’s 353 MTPA Expansion Project, Oakajee’s Port and Rail Project, API Management’s West Pilbara Iron Ore Project, Woodside’s Browse LNG Project and Chevron’s Gorgon LNG Train 4.

HIGHLIGHTS

We have had many highlights during the year, such as:

- Commencing major projects for BHP, Chevron, Metso, SKM, Rio Tinto and others.
- We were a finalist in Rio Tinto’s ‘Excellence in the Provision of Construction’ award only a few months into our first major civil projects for them.
- We were also winners of a ‘Best Contractor’ award for the civil work on the Marandoo project.
- The award of a contract for the fabrication and assembly of a single cell tandem iron ore rail car dumper for Metso Minerals – the first of its kind ever to be fabricated – was undoubtedly an important achievement. In August 2012 we were the winning entrant for the design and mechanical assembly of the car dumper, an award jointly shared with Metso Minerals and sponsored by the Australian Steel Institute.



“ Civec has entered a short phase of consolidation and re-energising before we embark on a long-term expansion program. ”



Successful listing on the SGX in April 2012. The funds raised are among some of the key factors necessary for the implementation of our growth strategy in the coming year.

(1) Sourced from BIS Shrapnel

FINANCIAL PERFORMANCE

FY2012 revenue from operating activities was S\$328 million, up 439% from last year with profit after tax up 303% to S\$30.3 million for the current reporting period.

Strong revenue increases were witnessed across all operational sectors, the biggest being in the mining and other sector which grew 1,300% to S\$249 million.

Realised profits coupled with the successful IPO capital raising exercise in April 2012, grew our equity by 306% to S\$86.4 million. Earnings per share rose from 1.50 cents per share in FY2011 to 6.05 cents per share for FY2012. The overall financial result for the year is one that we are very proud to present to our shareholders.

As a result of our performance over the year the Board is recommending a maiden dividend of 0.6 cents per ordinary share, subject to the approval of

our shareholders at our forthcoming Annual General Meeting.

SAFETY

We have witnessed substantial improvement in the safety culture across our entire company in the last year. We have instilled an understanding that “safety begins with you” and adopted a “Safe Day Good Day” culture. The necessity for a safe work environment is developed from the ground upwards and strongly supported and endorsed by management.

Furthermore, we quickly identified the necessity for a cultural overhaul when we witnessed large increases of personnel in the second quarter FY 2012. With new people coming on board in large numbers, we alleviated the risk of unsafe work practices by rigorously addressing this matter over a quarter period and witnessed promising results within a short time frame. The culture followed from our Henderson facility to our Pilbara work sites, where we have had long injury-free periods.

We are pleased to consider a safe workplace as just a normal way of doing business at Civec’s facilities and sites.

OUR PEOPLE

We have invested in training and developing our people with the intent to organically fill management and supervising roles as much as possible, as we embark on our expansion plans. As our existing business units expand and we enter new areas of business, supervision and management are potential risks areas that we are striving to reduce by adopting this proactive approach.

At our peak we had close to 1,000 personnel working on our projects.



CEO ANNUAL REPORT

FY 2011/12



We have also committed heavily in our apprenticeship training scheme. Through this scheme, we have given 33 young people an opportunity to develop their skills and embark on an exciting life as well as a promising future. With their training, they will be equipped with the appropriate skills to potentially become our skilled workforce one day.

BUSINESS UNITS

FABRICATION

The fabrication facility witnessed the largest growth in this period. This is one of the key challenges that is putting pressure on our personnel and systems to perform. Throughout the year we have continually refined our processes, procedures and systems. This, coupled with maturing project teams, allows us to continuously improve our productivity and service quality to our clients.

SITE CIVIL

We have successfully met all requirements on the site civil projects undertaken this period. All challenges, including significant increases in resources to accelerate the completion of one project, were overcome. Our performance has enabled us to secure two Early Contractor Involvement service orders to advise clients on planning and execution strategies for upcoming projects.

INSULATION - Cape Civmec Insulation Group (CCIG)

CCIG is a company that is equally owned by Cape Australia Investments Pty Ltd (listed on the London Stock Exchange and a provider of essential non-mechanical industrial services) and Civmec. Established to carry out industrial insulation projects throughout Australia, CCIG was called upon to carry out extensive remedial work on the Woodside Pluto project between August 2011 and March 2012. The work involved in this project required the mobilisation of a 170 man workforce that was predominantly employed through a recruitment campaign in the UK and brought to Australia under a special project business visa.

PRECAST

The success of our precast division over the past 12 months has been recognised in the construction industry and has led other clients to investigate the possibilities and benefits of using precast for their projects. The concept allows for work on the projects to commence before bulk earthworks is complete, having good schedule impact as well as addressing the issues surrounding remote accommodation and the cost of labour in remote locations. At its peak, Civmec's Henderson facility was the largest consistent user of concrete in the state according to supplier information. Our location, facility size and capacity has been integral to the precast business opportunities. We have manufactured single precast concrete structures in excess of 3,000 tonnes.

OUR NEW OFFICE HEADQUARTERS

Having recently received full building approval for the construction of our 6,300 square meter headquarters, we have scheduled to have the building completed in the 3rd quarter of FY2013 (March 2013). This is a necessary deadline to allow the company to grow,



“Our focus has been on building a strong team of complementary management personnel...”



as well as alleviate the immediate shortage of quality office space at Henderson. A large portion of the IPO funds are being directed to fund this construction.

FUTURE OUTLOOK

Civmec has entered a short phase of consolidation and re-energising before we embark on a long-term expansion program. Presently, our primary focus is on tendering fabrication, precast and site civil works. Maturity and retention of our project teams, among which include engineers and supervisors, has placed us in a strong position to continue and carry out projects that meet the satisfaction of our clients.

Our next area of focus in early 2013 will be to secure structural, mechanical and piping (SMP) projects. We have been developing a team of managers and supervisors in this area, and they have been performing modular assembly works at our Henderson facility. We are currently sourcing for cranes and other equipment to enter this market.

We regularly revisit our supply chain options to ensure that we are getting the best service from our suppliers and contractors, both financially and service wise. Our suppliers now have a clearer understanding of our business requirements and, in many cases, have adapted their own business practices to best suit our needs.

We accept that we are still growing and can still improve and see this as a constant reason to revisit our methods of doing business.

Our goal however has not changed. Civmec wants to deliver shareholder satisfaction, build a strong reputation for being a supplier who delivers, and be an employer of choice.

With our vision and commitment deeply entrenched in our minds, we look forward to the coming year and beyond and seek to scale new heights of growth with our team, with the support and trust from our shareholders.



Yours Sincerely

Patrick John Tallon

Patrick John Tallon
Chief Executive Officer
Civmec Limited



BOARD OF DIRECTORS



JAMES FINBARR FITZGERALD – EXECUTIVE CHAIRMAN

Mr. James Finbarr Fitzgerald is our Executive Chairman. He was appointed to our Board on 27 March 2012. He is responsible for the development and performance of our Group including the areas of safety, strategy and financial performance. Mr. Fitzgerald and our CEO were amongst the founders of our Group. Mr. Fitzgerald has over 30 years of experience in the structural mechanical process and insulation contracting sector. He was a founder and a director of AGC Industries Pty Ltd from end 1997 to 2009, where he was responsible for the management, development and performance of the

operation. He served as Executive Director of AusGroup Limited from 2005 to 2008, being responsible during his tenure, for the management, development and performance of its operating divisions. Mr. Fitzgerald also has significant experience in fabrication and construction of material handling and process plants for mining and resource industries. Mr. Fitzgerald holds an Australian Tradesman's Certificate (Sheet Metal Worker, First Class) from the Australian Local Sheetmetal Trade Committee of New South Wales.



PATRICK JOHN TALLON – CHIEF EXECUTIVE OFFICER

Mr. Patrick John Tallon is our CEO. He was appointed to our Board on 27 March 2012. Mr. Tallon and our Executive Chairman were amongst the founders of our Group. He has been with our Group since July 2009 and is responsible for the safety, budgets, management and development of our Group's operations, setting all Group policies such as those relating to safety, quality and the environment and the improvement of productivity. Prior to joining our Group, he was a director of Ballymount Enterprises Pty Ltd from September 2002, where he was

responsible for promoting, expanding, developing and steering the company as well as guiding its operations in structural concrete contracting. Mr. Tallon has over 24 years experience in the construction industry. Mr. Tallon's experience includes large mining projects involving the delivery of high quality structures. He has experience in bridge and multi-storey construction. Mr. Tallon holds a tradesman certificate in carpentry and joinery from the Training and Employment Authority of Ireland.



BOARD OF DIRECTORS



KEVIN JAMES DEERY – CHIEF OPERATING OFFICER

Mr. Kevin James Deery is our COO. He was appointed to our Board on 27 March 2012. He is responsible for the overall operations of our Group including ensuring that projects are completed on budget, overseeing the management of current projects, forecasting of revenues and profits, and implementing and complying with the safety and quality management systems, procedures and work instructions. Mr. Deery is also responsible for approving the purchase and disposal of

assets and the appointment of appropriate personnel to various positions in our Group. From 2001 to 2009, Mr. Deery held various positions which include that of manager of projects in AGC Industries Pty Ltd (a wholly-owned subsidiary of AusGroup Limited). He managed SMP construction works for major projects and ensured that project managers completed projects in a safe, timely and profitable manner. Mr. Deery has over 17 years of experience in the resources industry and in particular fabrication and construction projects for the mining and oil and gas sectors. Mr. Deery holds a Bachelor of Engineering (Mechanical) Degree from Curtin University.



CHONG TECK SIN – LEAD INDEPENDENT DIRECTOR

Mr. Chong Teck Sin is our Lead Independent Director and was appointed to our Board on 27 March 2012. He was formerly the Group Managing Director (Commercial) of SGX mainboard listed Seksun Corporation Ltd (subsequently known as Enporis Greenz Limited) from 1999 to 2004, and thereafter, served as a non-executive director on the boards of companies and/or entities. Mr. Chong was also formerly an independent director of Beyonics Technology Limited, Wanxiang International Limited, Sihuan Pharmaceutical Holdings Group Ltd. and JES International Holdings Limited. He is currently an independent director of SGX-listed AVIC International Investments Limited and Innotek Limited. Mr. Chong is also an independent director of Blackgold International Holdings Limited and Changan Minsheng APLL Logistics

Co , Ltd, which are listed on the Australian Securities Exchange and the Stock Exchange of Hong Kong Limited, respectively. Between April 2004 and March 2010, Mr. Chong was a board member of the Accounting and Corporate Regulatory Authority (ACRA), a statutory board of Singapore's Ministry of Finance. Between October 2008 and July 2010, Mr. Chong was also a board member of Singapore's largest charity called the National Kidney Foundation. Mr. Chong graduated with a Bachelor of Engineering from the University of Tokyo in 1981 on a government scholarship and subsequently obtained a Masters of Business Administration from the National University of Singapore in 1987 through part-time study.



BOARD OF DIRECTORS



WONG FOOK CHOY SUNNY – INDEPENDENT DIRECTOR

Mr. Sunny Wong Fook Choy is our Independent Director and was appointed to our Board on 27 March 2012. He is a practising advocate and solicitor of the Supreme Court of Singapore. Mr. Sunny Wong started his legal career in 1982 and he is currently the Managing Director of Wong Tan & Molly Lim LLC. He is also an independent

director of Albedo Limited, Excelpoint Technology Ltd , Mencast Holdings Ltd. and KTL Global Ltd.

Mr. Wong holds a Bachelor of Laws (Honours) from the National University of Singapore.



CHELVA RETNAM RAJAH – INDEPENDENT DIRECTOR

Mr. Chelva Retnam Rajah is our Independent Director and was appointed to our Board on 27 March 2012.

Mr Rajah is currently a partner at Tan Rajah & Cheah, Advocates & Solicitors (“TRC”). He been a partner at TRC since 1976. From 1 July 1995 to 30 June 1997, Mr. Rajah served as Judicial Commissioner of the High Court of Singapore, after which he rejoined TRC as a partner.

Since 1 April 2003, Mr Rajah has been the non-executive chairman of Cathay Organisation Holdings Ltd , where he was also a non-executive director since 7 July 1999. He is also a director of several companies in the Cathay Organisation group. Mr. Rajah has been an independent director of UOB-Kay Hian Holdings Ltd. since August 2000. He was formerly an independent director and

chairman of MPH Limited, and director of United Pulp & Paper Co. Ltd. Mr. Rajah also formerly served as independent director of Overseas Union Enterprise Ltd. and Kay Hian Holdings Limited (prior to its merger with certain businesses of United Overseas Bank Limited). From 1990 to 1992, he served as the President of the Law Society of Singapore and a Vice President of the Singapore Academy of Law. He was appointed Senior Counsel in 1998. Mr. Rajah has served as a Member of the Military Court of Appeal.

Mr. Rajah obtained his Bachelor of Arts (Jurisprudence) from Lincoln College, Oxford University. Mr. Rajah is qualified as a Barrister-at-law (Middle Temple) and an Advocate & Solicitor in Singapore.





SENIOR MANAGEMENT

GIUSEPPE CARRABBA

Mr. Giuseppe Carrabba is our CFO. He joined our Group in July 2011 and is responsible for the financial management of our Group. Mr. Carrabba commenced his career in 1993 in public practice as an accountant. In 1999, he was an accountant in Lycopodium Ltd, an Australian based engineering and project management company. In 2002, Mr. Carrabba joined PMP Print Ltd, a printing and distribution company listed on the Australian Securities Exchange as a commercial manager. In 2007, he joined the Industrial Foundation for Accident Prevention, an independent, not-for-profit, member-based occupational health and safety training organisation as chief financial officer. Mr. Carrabba holds a Bachelor of Business from Curtin University of Technology and is a member of CPA Australia.

COLIN SWAN

Mr. Colin Brown Swan is our Finance Manager. He joined our Group in 2009 and is responsible for the day-to-day management of the financial operations of our Group. Prior to joining our Group, from 2008 to 2009, Mr. Swan was finance manager at Civmec Construction & Engineering Pty Ltd (then a subsidiary of VDM Group Limited). From 2002 to 2006, Mr. Swan was financial manager at Intervid International, where he was responsible for implementing various systems for the management of accounting and financial operations. Mr. Swan is an associate of the Institute of Chartered Secretaries and Administrators (ICSA), a Member of the Institute of Public Accountants, and holds a certificate in management from the Graduate Institute of Management and Technology.

TREVOR WHITE

Mr. Trevor White is our General Manager (Operations). He joined our Group in 2011 and is responsible for the management of the construction and fabrication activities of our Group. Prior to joining our Group, he held a number of senior management roles in Jacobs Engineering Group Inc. (Formerly Aker Kvaerner) one of the world's leading and most diverse providers of technical, professional and construction services from 1986 to 2011, where his appointments included being national construction manager, site manager and commissioning engineer. Mr. White holds an ordinary national certificate in technical architecture and ship design from the Longlands College of Further Education.

GIUSEPPE MACRI

Mr. Giuseppe Macri is our Business Development Manager. He joined our Group in 2010 and is responsible for identifying and targeting new business opportunities, preparing and submitting pre-qualification expressions of interest documentation, and preparing prospect assessments and process evaluation for bidding tenders. Prior to joining our Group, Mr. Macri was the business development manager of AGC Industries Pty Ltd (a wholly-owned subsidiary of AusGroup Limited). Prior to joining AusGroup Limited, Mr. Macri joined Transfield Construction Pty Ltd in 1967, and was appointed general manager of fabrication operations in Western Australia in 1974, a position he held until 2002. Mr. Macri brings to our Group approximately 47 years of experience in the heavy engineering and construction industry.



TERENCE HEMSWORTH

Mr. Terence Hemsworth is our Support Services Manager. He joined our Group in 2010 and is responsible for the management and coordination of our Support Services Department which encompasses the functions of human resource management, recruitment, industrial relations, commercial, procurement, legal, risk and insurance and business systems. Mr. Hemsworth's career spans more than 40 years in the construction and fabrication industry, having worked on major projects for the oil and gas, mining, resource and infrastructure sectors in the United Kingdom, South Africa, New Zealand, Australia, Singapore and Malaysia.

RODNEY BOWES

Mr. Rodney John Bowes is our Proposals Manager. He joined our Group in 2010 and is responsible for the management of our Estimating Department, the preparation of tenders and contract documentation, and the negotiation of contracts. Prior to joining our Group, Mr. Bowes was general manager (marketing and proposals) at Ausgroup Limited for eight years, where he was in charge of the management of the business development, and the marketing and estimating departments.





CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. James Finbarr Fitzgerald (Executive Chairman)
Mr. Patrick John Tallon (Chief Executive Officer)
Mr. Kevin James Deery (Chief Operating Officer)
Mr. Chong Teck Sin (Lead Independent Director)
Mr. Chelva Retnam Rajah (Independent Director)
Mr. Wong Fook Choy Sunny (Independent Director)

AUDIT COMMITTEE

Mr. Chong Teck Sin (Chairman)
Mr. Chelva Retnam Rajah
Mr. Wong Fook Choy Sunny

REMUNERATION COMMITTEE

Mr. Wong Fook Choy Sunny (Chairman)
Mr. Chelva Retnam Rajah
Mr. Chong Teck Sin

NOMINATING COMMITTEE

Mr. Chelva Retnam Rajah (Chairman)
Mr. Wong Fook Choy Sunny
Mr. Chong Teck Sin

RISKS AND CONFLICTS COMMITTEE

Mr. Chong Teck Sin (Chairman)
Mr. Chelva Retnam Rajah
Mr. Wong Fook Choy Sunny

COMPANY SECRETARIES

Ms. Sin Chee Mei
Ms. Ang Siew Koon

REGISTERED OFFICE

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PRINCIPAL OFFICE AND CONTACT DETAILS

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SHARE REGISTRAR AND SHARE TRANSFER AGENT

Tricor Barbinder Share Registration Services
(a division of Tricor Singapore Pte. Ltd.)
80 Robinson Road, #02-00, Singapore 068898

AUDITORS

Moore Stephens LLP
10 Anson Road, #29-15 International Plaza
Singapore 079903
Partner in Charge: Mr Christopher Johnson
(Appointed since the financial year ended 30 June 2011)

PRINCIPAL BANKER

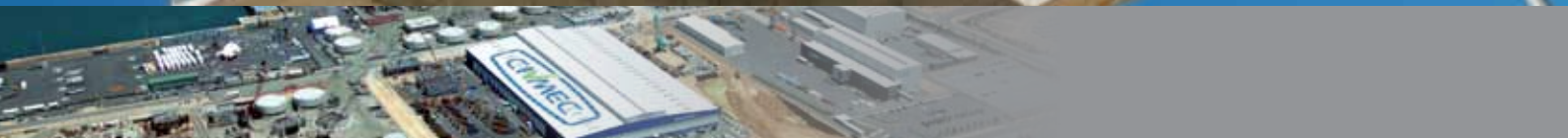
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CORPORATE WEBSITE

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FINANCIAL REPORTS



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REPORT OF THE DIRECTORS

FINANCIAL REPORTS

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS - 30 JUNE 2012

The directors present their report to the members together with the audited consolidated financial statements of the Group for the financial year ended 30 June 2012 and the statement of financial position of the Company as at 30 June 2012.

1 Directors

The directors of the Company in office at the date of this report are as follows:

| | |
|--------------------------|----------------------------------|
| James Finbarr Fitzgerald | <i>Executive Chairman</i> |
| Patrick John Tallon | <i>Chief Executive Officer</i> |
| Kevin James Deery | <i>Chief Operating Officer</i> |
| Chong Teck Sin | <i>Lead Independent Director</i> |
| Wong Fook Choy Sunny | <i>Independent Director</i> |
| Chelva Retnam Rajah | <i>Independent Director</i> |

2 Arrangements to Enable Directors to Acquire Shares or Debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate, other than as disclosed under "Share Options" in this report.

3 Directors' Interests in Shares or Debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

| | Holdings registered in name of director or nominee | | Holdings in which a director is deemed to have an interest | |
|---|---|----------------|---|----------------|
| | At 30.6.2012 | At 1.7.2011 | At 30.6.2012 | At 1.7.2011 |
| The Company (No. of ordinary shares) | | | | |
| James Finbarr Fitzgerald | - | - | 97,566,806 | - |
| Patrick John Tallon | - | - | 97,566,806 | - |
| Kevin James Deery | - | - | 13,660,000 | - |

There was no change in any of the above-mentioned interests between the end of the financial year and 21 July 2012.



**CIVMEC LIMITED
(Incorporated in Singapore)**

AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS - 30 JUNE 2012

4 Directors' Contractual Benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying notes to the financial statements and in this report, and except that certain directors have employment relationships with the Company and have received remuneration in that capacity.

5 Share Options

Civmec Employee Share Option Scheme

The Civmec Employee Share Option Scheme (the "CESOS") for key management personnel and employers of the Group formed part of the Civmec Limited prospectus dated 5 April 2012.

The Remuneration Committee (the "RC") administering the Scheme comprises directors, Mr. Wong Fook Choy Sunny (Chairman of the Committee), Mr. Chong Tek Sin and Mr. Chelva Retnam Rajah.

The CESOS forms an integral and important component of the employee compensation plan, which is designed to primarily reward and retain key management and employees of the Company whose services are integral to the success and the continued growth of the Company.

Principal terms of the Scheme

(i) Participants

Under the rules of the Scheme, executive and non-executive directors (including independent directors) and employees of the Company, who are not Controlling Shareholders or their associates, are eligible to participate in the Scheme.

Persons who are Controlling Shareholders and their Associates shall not participate in the CESOS unless:

- (a) written justification has been provided to Shareholders for their participation at the introduction of the CESOS or prior to the first grant of Options to them;
- (b) the actual number and terms of any Options to be granted to them have been specifically approved by Shareholders who are not beneficiaries of the grant in a general meeting in separate resolutions for each such Controlling Shareholder; and
- (c) all conditions for their participation in the CESOS as may be required by the regulation of the SGX-ST from time to time are satisfied.



REPORT OF THE DIRECTORS

FINANCIAL REPORTS

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS - 30 JUNE 2012

5 Share Options (cont'd)

Civmec Employee Share Option Scheme (cont'd)

Principal terms of the Scheme (cont'd)

(ii) Size of the Scheme

The aggregate number of new Shares in respect of which Options may be granted on any date under the CESOS, when added to (i) the number of new Shares issued and issuable in respect of all Options granted thereunder, and (ii) all new Shares issued and issuable pursuant to any other share-based incentive schemes of our Company, shall not exceed 15% of the number of issued Shares on the day immediately preceding the relevant Date of Grant (or such other limit as the SGX-ST may determine from time to time).

(iii) Options, Exercise Period and Exercise Price

The Options that are granted under the Scheme may have exercise prices that are, at the Committee's discretion, set at a price as quoted on the Singapore Exchange for five market days immediately preceding the date of grant (the "Market Price") equal to the weighted average share price of the shares for the last trading day immediately preceding the relevant date of grant of the option or at a discount to the Market Price (subject to a maximum discount of 20%). Options which are fixed at the Market Price ("Market Price Option") may be exercised after the first anniversary of the date of grant of that option while options exercisable at a discount to the Market Price ("Incentive Option") may only be exercised after the second anniversary from the date of grant of the option. The vesting of the options is conditional on the key management personnel or employees completing another two years of service to the Group and the Group achieving its targets of profitability and sales growth once the options are vested, they are exercisable for a period of three years.

(iv) Grant of Options

Under the rules of the Scheme, there are no fixed periods for the grant of options. As such, offers for the grant of options may be made at any time, from time to time at the discretion of the Committee.

In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, offers may only be made after the second market day from the date on which the aforesaid announcement is made.

(v) Termination of Options

Special provisions in the rules of the Scheme deal with the lapse or earlier exercise of Options in circumstances which include the termination of the participant's employment in the Company, the bankruptcy of the participant, the death of the participant, a take-over of the Company and the winding-up of the Company.



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5 Share Options (cont'd)

Civmec Employee Share Option Scheme (cont'd)

Principal terms of the Scheme (cont'd)

(vi) Acceptance of Options

The grant of options shall be accepted within 30 days from the date of offer. Offers of options made to grantees, if not accepted by the closing date, will lapse. Upon acceptance of the offer, the grantee must pay the Company a consideration of S\$1.

(vii) Duration of the Scheme

The Scheme shall continue in operation for a maximum duration of ten years and may be continued for any further period thereafter with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Options Granted under the Scheme

During the financial year, no options to take up unissued shares of the Company and its subsidiaries were granted.

Options Exercise

During the financial year, there were no shares of the Company or its subsidiaries issued by virtue of the exercise of options to take up unissued shares.

Options Outstanding

During the financial year, there were no options to take up unissued shares of the Company and its subsidiaries were granted.

6 Audit Committee

The members of the Audit Committee at the end of the financial year were as follows:

| | |
|----------------------|-----------------|
| Chong Teck Sin | <i>Chairman</i> |
| Wong Fook Choy Sunny | |
| Chelva Retnam Rajah | |

All members of the Audit Committee were non-executive directors.



REPORT OF THE DIRECTORS

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6 Audit Committee (cont'd)

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap 50. In performing those functions, the Committee:

- (a) reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- (b) reviewed interested person transactions, if any, in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual;
- (c) reviewed the effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the external auditors;
- (d) reviewed the audit plan of the Company's independent auditors and, if any, their report on any recommendations on internal accounting controls arising from the statutory audit;
- (e) reviewed the assistance given by the Company's management to the independent auditors;
- (f) reviewed the quarterly and annual statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 30 June 2012 before their submission to the Board of Directors, as well as the independent auditor's report on the statement of financial position of the Company and the consolidated financial statements of the Group; and
- (g) recommended to the Board of Directors the independent auditors to be nominated, approve the compensation of the auditors, and review the scope and results of the audit.

The Audit Committee, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The Audit Committee has also conducted a review of interested person transactions.

The Audit Committee convened two meetings during the year with full attendance from all members. The Audit Committee has also met with the external auditors, without the presence of the Company's management, at least once a year.

The Audit Committee is satisfied with the independence and objectivity of the independent auditors and has recommended to the Board of Directors that the auditors, Moore Stephens LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Based on the internal controls established and maintained by the Group, work performed by the external auditors and in-house internal auditor, and reviews performed by the management, the Audit Committee and the Board are of the opinion that the Group's internal controls, addressing financial, operational and compliance risks, were adequate as at 30 June 2012.

Further details regarding the Audit Committee are set out in the report on Corporate Governance.



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7 Independent Auditors

Moore Stephens LLP, Public Accountants and Certified Public Accountants, have expressed their willingness to accept re-appointment as independent auditors.

On behalf of the Board of Directors

.....
James Finbarr Fitzgerald
Chairman

.....
Patrick John Tallon
Director

Singapore

14th September 2012



STATEMENT BY DIRECTORS

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CIVMEC LIMITED
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STATEMENT BY DIRECTORS

30 JUNE 2012

In the opinion of the directors,

- (a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 46 to 102 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2012 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company and the Group will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

.....
James Finbarr Fitzgerald
Chairman

.....
Patrick John Tallon
Director

14th September 2012



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Introduction

The Board of Directors (the “Board”) and the Management of Civmec Limited (“Civmec” or “the Company”) recognise the importance of good corporate governance in ensuring greater transparency, protecting the interests of its shareholders as well as strengthening investors’ confidence in its management and financial reporting and is, accordingly, committed to maintaining a high standard of corporate governance within the Group.

This Report describes the Company’s corporate governance practices with specific reference to the Code of Corporate Governance 2005 (“Code”). Where there are deviations from the Code, appropriate explanations are provided.

Board’s Conduct of Affairs

Principle 1: Effective board to lead and control the Company. The Board is collectively responsible for the success of the Company. The Board works with Management to achieve this and the Management remains accountable to the Board.

The primary role of the Board is to protect and enhance long-term shareholders’ value and to ensure that the Company is run in accordance with best international management and corporate governance practices, appropriate to the needs and development of the Company.

Apart from its statutory duties and responsibilities, the Board oversees the management and affairs of the Group and approves the Group’s corporate strategy and direction. The Board is also responsible for implementing policies in relation to financial matters, which include risk management and internal control and compliance. In addition, the Board reviews the financial performance of the Group, approves investment proposals and sets values and standards for the Company and Group.

The Board has delegated the day-to-day management of the Group to Management headed by the Executive Chairman, Mr James Finbarr Fitzgerald, the Chief Executive Officer, Mr Patrick John Tallon and the Chief Operating Officer, Mr Kevin James Deery. Matters that are specifically reserved for the approval of the Board include, among others:

- Reviewing the adequacy and integrity of the Group’s internal controls, risk management systems, compliance and financial reporting systems;
- Approving the annual budgets and business plans;
- Approving any major investment or expenditure;
- Approving material acquisitions and disposal of assets;
- Approving the Company’s periodic and full-year results announcements for release to the Singapore Exchange Securities Trading Limited (“SGX-ST”);
- Approving the annual report and audited financial statements;
- Monitoring management’s performance;
- Recommending share issuance, dividend payments and other returns to shareholders;
- Ensuring accurate, adequate and timely reporting to, and communication with Shareholders; and
- Assuming responsibility for corporate governance.



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Board's Conduct of Affairs (cont'd)

The Company has adopted a Policy on signing limits, setting out the level of authorisation required for specific transactions, including those that require Board approval.

All the Board members are actively engaged and play an important role in ensuring good corporate governance within the Company. Visits to the Company's business premises are also arranged to acquaint the non-executive Directors with the Company's operations and ensure that the Directors are familiar with the Company's business, policies and governance practices.

The profile of each Director is presented in the section headed "Board of Directors" of this Annual Report.

The Directors have access to the Company Secretary and Management. They may also seek independent professional advice concerning the Company's affairs when necessary. Prior to their respective appointments to the Board, each of the Directors was given an orientation and induction programme, so as to familiarise them with the Company's business activities, strategic directions, policies and key new projects. In addition, newly appointed directors are also introduced to the senior management team.

To assist in the execution of its responsibilities, the Board has established several Board Committees namely; Audit Committee ("AC"), Nominating Committee ("NC"), Remuneration Committee ("RC") and Risks and Conflicts Committee ("RCC"). These committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The effectiveness of these committees is also constantly monitored and reviewed by the Board. The roles and responsibilities of these committees are provided for in the latter sections of this report.

The Board meets on a regular basis and as when necessary, to address any specific significant matters that may arise. Board meetings are scheduled in advance.

The Articles of Association of the Company provide for directors to conduct meetings by teleconferencing or videoconferencing or other similar means of communication whereby all persons participating in the meeting are able to hear each other. The Board and Board Committees may also make decisions by way of circulating resolutions.



Board's Conduct of Affairs (cont'd)

The number of Board and Board Committee meetings held since the listing of the Company on 13 April 2012 and up to the date of this report, the attendance of each Director where relevant is as follows :

| | Board | Board Committees | | | |
|--------------------------|-------|--------------------------|------------------------|----------------------|-------------------------------|
| | | Audit Committee | Remuneration Committee | Nominating Committee | Risks and Conflicts Committee |
| No. of Meetings Held | 2 | 2 | 3 | 2 | 2 |
| | | No. of Meetings Attended | | | |
| James Finbarr Fitzgerald | 2 | 2* | 3* | 2* | 2* |
| Patrick John Tallon | 2 | 2* | 3* | 2* | 2* |
| Kevin James Deery | 2 | 2* | 3* | 2* | 2* |
| Chong Teck Sin | 2 | 2 | 3 | 2 | 2 |
| Chelva Retnam Rajah | 2 | 2 | 3 | 2 | 2 |
| Wong Fook Choy Sunny | 2 | 2 | 3 | 2 | 2 |

Notes:

* *By invitation*

Board Composition and Guidance

Principle 2: Strong and independent element on the Board.

The Board comprises six (6) Directors, three (3) of whom are Executive Directors and the remaining three (3) directors being Independent Directors. The Company has adopted the Code's definition of "Independent Director" and its guidance in respect of relationships which would deem a Director to be regarded as non-independent. This composition exceeds the Code's requirement of at least one-third of the Board of Directors to comprise independent Directors.

The Board, in consideration of the complexity and nature of operations of the Company, considers its current size to be adequate for effective decision-making.

On an annual basis and upon notification by an Independent Director of a change in circumstances, the NC will review the independence of each Independent Director based on the criteria for independence defined in the Code and recommends to the Board as to whether the Director is to be considered independent. The NC has reviewed and determined that the Independent Directors are independent.

In order to strengthen the independence of the Board, the Company has appointed a Lead Independent Director, Mr Chong Teck Sin, to co-ordinate and lead the Independent Directors and to provide a non-executive perspective and to contribute a healthy balance of view-points.



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Chairman and Chief Executive Officer

Principle 3: Clear division of responsibilities at the top of the Company. Chairman and Chief Executive Officer to be separate persons to ensure appropriate balance of power, increased accountability and greater capacity of the Board for independent decision makings.

Mr James Finbarr Fitzgerald is the Executive Chairman of the Company, while Mr Patrick John Tallon is the Executive Director and Chief Executive Officer (“CEO”).

With the separation of roles, the Chairman will bear responsibility for providing guidance on the corporate direction of the Group and leadership to the Board, and the CEO will have executive responsibility for the Company’s business. The Executive Chairman and the Chief Executive Officer are not related.

The Chairman ensures that Board meetings are held when necessary and sets the agenda in consultation with other Directors. The Chairman reviews all Board papers, prior to their being presented to the Board, and ensures that Board members are provided with complete, accurate and timely information on a regular basis to enable them to be fully cognisant of the affairs of the Company.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment of new directors to the Board.

The Company has established a NC to make recommendations to the Board on all board appointments. The NC comprises all the three Independent Non-Executive Directors namely Mr Chelva Retnam Rajah, Mr Wong Fook Choy Sunny and Mr Chong Teck Sin.

The NC is chaired by Mr Chelva Retnam Rajah, who is not associated with any substantial shareholders of the Company.

According to the written terms of reference of the NC, the NC performs the following functions:

- (a) nominate director (including Independent Directors) taking into consideration each Director’s contribution, performance and ability to commit sufficient time and attention to the affairs of the Group taking into account the Directors’ respective commitments outside the Group;
- (b) review and recommend to the Board the composition of the Audit Committee, Remuneration Committee and Risks and Conflicts Committee;
- (c) re-nominate directors for re-election in accordance with the Articles of Association at each annual general meeting and having regard to the director’s contribution and performance;
- (d) determine annually whether or not a director of the Company is independent;
- (e) decide whether or not a director is able to and has been adequately carrying out his duties as a director.
- (f) assess the performance of the Board as a whole and contribution of each director to the effectiveness of the Board.



Board Membership (cont'd)

The process for the selection and appointment of new Board members is as follows:

- the NC evaluates the balance of skills, knowledge and experience of the Board and, in light of such evaluation and in consultation with the Board, prepares a description of the role and the essential and desirable competencies for a particular appointment;
- If required, the NC may engage consultants to undertake research on, or assess, candidates for new positions on the Board;
- the NC meets with short-listed candidates to assess their suitability and to ensure that the candidates are aware of the expectations; and
- the NC makes recommendations to the Board for approval.

Pursuant to the Articles of the Company, all the Directors are required to retire from office at every Annual General Meeting (“AGM”) of the Company. A retiring Director is eligible and may be nominated for re-election. However, Mr Chelva Retnam Rajah has notified the Company of his intention not to seek re-election. Accordingly, Mr Chelva Retnam Rajah will cease to be a Director of the Company at the conclusion of the forthcoming AGM.

After due review, the Board had accepted the recommendation of the NC and, accordingly, the below named Directors will be offering themselves for re-election:

1. James Finbarr Fitzgerald
2. Patrick John Tallon
3. Kevin James Deery
4. Chong Teck Sin
5. Wong Fook Choy Sunny

The NC evaluated the Board’s performance as a whole and the contribution of each Director to the effectiveness of the Board. The NC has adopted a formal process and criteria to assess the effectiveness of the Board and each of the directors. The evaluation is carried out annually.

To-date, none of the Independent Directors of the Group has been appointed as Director of the Company’s principal subsidiaries. The Board and the Management are of the view that the current Board structure in the principal subsidiaries are already well organised and constituted. The Board and Management will from time to time renew the Board Structure of the principal subsidiaries and will make an appropriate corporate decision to consider the appointment of the Independent Director into the principal subsidiaries.



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Board Membership (cont'd)

The date of the Director's initial appointment, last re-election and their directorships are set out below:

| Name of Director | Date of Initial Appointment | Date of Last Re-election | Present Directorships in Listed Companies | Past Directorships in Listed Companies* |
|--------------------------|-----------------------------|--------------------------|---|--|
| James Finbarr Fitzgerald | 27 Mar 2012 | - | - | AusGroup Limited |
| Patrick John Tallon | 27 Mar 2012 | - | - | - |
| Kevin James Deery | 27 Mar 2012 | - | - | - |
| Chong Teck Sin | 27 Mar 2012 | - | AVIC International Investments Limited Changan Minsheng APLL Logistics Co., Ltd ⁽¹⁾ Blackgold International Holdings Limited ⁽²⁾ InnoTek Limited | JES International Holdings Limited Wanxiang International Limited Sihuan Pharmaceutical Holdings Group Ltd Beyonics Technology Limited Eastgate Technology Ltd |
| Chelva Retnam Rajah | 27 Mar 2012 | - | UOB-Kay Hian Holdings Limited | Overseas Union Enterprise Limited |
| Wong Fook Choy Sunny | 27 Mar 2012 | - | Mencast Holdings Ltd KTL Global Ltd Albedo Limited Excelpoint Technology Ltd | Global Testing Corporation Limited Advanced Integrated Manufacturing Corp. Ltd. |

* Within the past five years

Notes:

- (1) Listed on the Hong Kong Stock Exchange
- (2) Listed on the Australian Stock Exchange



Board Performance

Principle 5: Formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

The NC undertakes an annual formal review and evaluation of both the Board's performance as a whole, as well as individual Director's performance, such as attendance record at meetings and the contribution of individual Directors, and reports the outcome to the Board. The Chairman of the Board may take actions as may be appropriate according to the results of the performance evaluation, which will be based on objective performance criteria proposed by the NC and approved by the Board.

As the Company is recently listed on the SGX-ST, the consideration of the Company's share price performance over a five (5) year period is not applicable. However, the Board will review this performance criterion when relevant.

The NC has assessed the Board's performance to-date and is of the view that the performance of the Board as a whole is satisfactory. The NC is satisfied that despite some of the Directors having board representations in other non-Group Board representations, the Directors are able to and have adequately carried out their duties as Directors of the Company.

Access to Information

Principle 6: Board members should be provided with complete, adequate and timely information on an on-going basis.

The Board has separate and independent access to the senior Management of the Company and the Company Secretaries at all times. Request for information are dealt with promptly by Management. The Board is informed of all material events and transactions as and when they occur. The Management consults Board members as necessary and appropriate. Detailed board papers and agenda are sent out to the Directors prior to each meeting so that all Directors may better understand the issues beforehand, allowing more time at such meetings for questions and deliberations that the Directors may have.

The Company Secretaries administer, attend and document all Board meetings, and assist the Chairman in implementing appropriate Board procedures to facilitate effective compliance with the Company's Memorandum and Articles of Association. The Company Secretaries also ensure the requirements of the Companies Act (Chapter 50) of Singapore, Listing Manual and other relevant rules and regulations applicable to the Company are complied with. The Company Secretaries work together with the respective divisions of the Company to ensure that the Company complies with all relevant rules and regulations. The appointment and removal of the Company Secretaries are subject to the approval of the Board.

The Board in fulfilling its responsibilities can, as a collective body or individually as Board members, when deemed fit, direct the Company, at the Company's expense, to appoint independent professionals to render advice.



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Remuneration Matters

Principle 7: The policy on executive remuneration and for fixing remuneration packages of individual directors should be formal and transparent. No director should be involved in deciding his own remuneration.

The Company had established a RC to make recommendations to the Board on remuneration packages of individual Directors and key executives. The RC comprises all the three Independent Non-Executive Directors namely Mr Wong Fook Choy Sunny, Mr Chelva Retnam Rajah and Mr Chong Teck Sin and is chaired by Mr Wong Fook Choy Sunny.

According to the written terms of reference of the RC, the functions of the RC are as follows:

- (a) recommend to the Board a framework of remuneration for the directors and key management personnel;
- (b) determine specific remuneration packages for each executive director;
- (c) review annually the remuneration of employees related to the directors and substantial shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities;
- (d) perform such other acts as may be required by the SGX-ST and the Code from time to time.

The recommendations of the RC should be submitted for endorsement by the entire Board. Each member of the RC shall abstain from voting on any resolutions in respect of his own remuneration packages. Also, in the event that a member of the RC is related to the employee under review, he will abstain from participating in the review. Directors shall not be involved in the discussion and in deciding their own remuneration.

The RC has established a framework of remuneration for the Board and key executives covering all aspects of remuneration but not limited to directors' fees, salaries, allowances, bonuses, incentives schemes and benefits-in-kind.

The RC also oversees the administration of the Civmec Employee Share Option Scheme ("Option Scheme") (and such other similar share plans as may be implemented by the Company from time to time) upon the terms of reference as defined in the said Option Scheme. The Option Scheme was established on 27 March 2012 and has a 10 year tenure which expires on 27 March 2022.



Remuneration Matters (cont'd)

Principle 8: Remuneration of directors should be adequate but not excessive. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

In making its recommendations to the Board on the level and mix of remuneration, the RC strives to be competitive, linking rewards with performance. It takes into consideration the essential factors to attract, retain and motivate the Directors and senior management needed to run the Company successfully, linking rewards to corporate and individual performance, and aligning their interest with those of the shareholders.

Staff remuneration comprises a fixed and a variable component, the latter of which is in the form of bonus linked to the performance of the individual as well as the Company. In addition, short-term and long-term incentives, such as the Company's Option Scheme, are in place to strengthen the pay-for-performance framework by rewarding and recognising the key executives' contributions to the growth of the Company.

The Company has entered into service agreements with the Executive Directors, Mr James Finbarr Fitzgerald, Mr Patrick John Tallon and Mr Kevin James Deery. Each service agreement is valid for an initial period of three years with effect from the date of the Company's admission to the Official List of the SGX-ST. Upon the expiry of the initial period of three years, the employment of each Executive Director shall be renewed for a further three years on such terms as may be agreed by the RC unless either party notifies the other party by giving three months' written notice of his intention not to renew the employment. During the initial period of 3 years, either party may terminate the Service Agreement at any time by giving to the other party not less than six months' notice in writing, or in lieu of notice, payment of the amount equivalent to six months' salary. The Executive Directors do not receive Directors' fees. The Executive Directors and senior Management employees' remuneration packages are based on service contracts and their remuneration is determined having due regard to the performance of the individuals, the Group as well as market trends.

The remuneration of the Independent Directors is in the form of a fixed fee which will be subject to shareholders' approval at the AGM. Each member of the RC abstains from voting on any resolution, participating in any deliberation of the RC, and making any recommendation in respect of his remuneration.



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Remuneration Matters (cont'd)

Principle 9: Clear disclosure on remuneration level and mix of remuneration, and the procedure for setting remuneration in the Company's annual report.

Details of the Directors' remuneration for the financial year ended 30 June 2012 are set out below:

| Remuneration band and Name of Director | Salary | Bonus | Directors' Fees | Allowances and Other Benefits | Total |
|--|--------|-------|-----------------|-------------------------------|-------|
| S\$250,000 to S\$499,999 | | | | | |
| James Finbarr Fitzgerald | 89% | - | - | 11% | 100% |
| Patrick John Tallon | 79% | - | - | 21% | 100% |
| Kevin James Deery | 81% | - | - | 19% | 100% |
| Below S\$250,000 | | | | | |
| Chong Teck Sin | - | - | 100% | - | 100% |
| Chelva Retnam Rajah | - | - | 100% | - | 100% |
| Wong Fook Choy Sunny | - | - | 100% | - | 100% |

Details of the remuneration of the Key Executives for the financial year ended 30 June 2012 are set out below:

| Remuneration band and Name of Key Executive | Designation | Salary | Bonus | Allowances and Other Benefits | Total |
|---|------------------------------|--------|-------|-------------------------------|-------|
| S\$250,000 to S\$499,999 | | | | | |
| Terence Hemsworth | Support Services Manager | 82% | - | 18% | 100% |
| Giuseppe Macri | Business Development Manager | 82% | - | 18% | 100% |
| Rodney John Bowes | Proposals Manager | 81% | - | 19% | 100% |
| Trevor White | General Manager (Operations) | 74% | 14% | 12% | 100% |
| Colin Brown Swan | Finance Manager | 88% | - | 12% | 100% |
| Below S\$250,000 | | | | | |
| Giuseppe Carrabba ⁽¹⁾ | Chief Financial Officer | 79% | - | 21% | 100% |

Note:

(1) Mr Giuseppe Carrabba joined our Group in July 2011.

The Company does not have any employees who are immediate family members of a Director or the controlling shareholders during the financial year ended 30 June 2012.



Accountability and Audit

Principle 10: The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.

The Board is responsible to provide a balanced and understandable assessment of the Company's performance, position and prospects, to its shareholders, the public and regulators. The Board is accountable to its shareholders and is mindful of its obligations to furnish timely information and to ensure full disclosure of material information to its shareholders in compliance with the statutory requirements and the Listing Manual.

Price sensitive information will be publicly released either before the Company meets with any of the Company's investors or analysts or simultaneously with such meetings. Financial results and statutory corporate announcements of the Company are disseminated through announcements via SGXNET.

Principle 11 - Establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The AC comprises all the three Non-Executive Independent Directors namely Mr Chong Teck Sin, Mr Chelva Retnam Rajah and Mr Wong Fook Choy Sunny. The AC is chaired by Mr Chong Teck Sin.

The Board ensures that the members of the AC are appropriately qualified to discharge their responsibilities and they possess the requisite accounting and financial management expertise and experience.

The AC is governed by its terms of reference which highlights its primary responsibilities as follows:

- (a) to assist the Board in discharging their responsibility to safeguard the assets, maintain adequate accounting records, and develop and maintain effective systems of internal control with the overall objective of ensuring that management creates and maintains an effective control environment in the Group.
- (b) to provide a channel of communication between the Board, the management team, and external audits on matters relating to audit.
- (c) to monitor management's commitment to the establishment and maintenance of a satisfactory control environment and an effective system of internal control (including any arrangements for internal audit);
- (d) to monitor and review the scope and results of external audit and its cost effectiveness and the independence and objectivity of the external auditors.



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Accountability and Audit (cont'd)

In addition, the functions of the AC shall be as follows:

- (a) review with the external auditors the audit plans, their evaluation of the system of internal controls, their management letter and the management's response thereto;
- (b) review with the internal auditors the internal audit plans and their evaluation of the adequacy of internal control and accounting system before submission of the results of such review to the Board for approval;
- (c) review the half yearly and, where applicable, quarterly, and annual financial statements and any formal announcements relating to the Group's financial performance before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual and any other relevant and statutory or regulatory requirements;
- (d) review the internal control and procedures and ensure co-ordination between the external auditors and management, review the assistance given by management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of management where necessary);
- (e) review and consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors;
- (f) review interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual;
- (g) review the Groups' hedging policies, procedures and activities (if any) and monitor the implementation of the hedging procedure/policies, including reviewing the instruments, processes and practices in accordance with any hedging policies approved by our Board.
- (h) review potential conflicts of interest, if any, and to set out a framework to resolve or mitigate such potential conflict of interest;
- (i) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee;
- (j) review and discuss with investigators, any suspected fraud, irregularity, or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and management's response thereto;



Accountability and Audit (cont'd)

- (k) generally to undertake such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made thereto from time to time;
- (l) review the effectiveness and adequacy of administrative, operating, internal accounting and financial control procedures;
- (m) review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have material impact on the Group's operating results and/or financial position.
- (n) review key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual report or if the findings are material, to be immediately announced via SGXNET;
- (o) review arrangements by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up; and
- (p) review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Listing Manual, including such amendments made thereto from time to time.

The AC has the power to conduct or authorize investigations into any matters within its scope of responsibility. The AC is authorized to obtain independent professional advice whenever deemed necessary for the discharge of its responsibilities. Such expenses will be borne by the Company.

The AC has the co-operation of and complete access to the Company's management. It has full discretion to invite any director or executive officer to attend the meetings, and has been given reasonable resources to enable the discharge of its functions.

As at the Report date, the AC has:

- (a) reviewed the scope of work of the external auditors;
- (b) reviewed the audit plans and discuss the results of the respective findings and their evaluation of the Company's system of internal accounting controls;
- (c) reviewed the interested person transactions of the Company;
- (d) met with the Company's external auditors without the presence of the management; and
- (e) reviewed the external auditors' independence and objectivity.



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Accountability and Audit (cont'd)

The AC has reviewed the external auditors' non-audit services and is satisfied that the nature and extent of such services have not prejudiced the independence and objectivity of the external auditors. The AC recognises the need to maintain a balance between the independence and objectivity of the external auditors and the work carried out by the external auditors based on value for money consideration.

The aggregate amount of non-audit fees paid to the external auditors amounted to approximately \$12,000 for tax services and \$175,000 for the initial public offering (the "IPO") work during the financial year under review.

The AC has recommended to the Board the re-appointment of Messrs Moore Stephens LLP as the Company's external auditors.

The Company confirms that Rules 712 and 715 of the Listing Manual have been complied with.

The Company has established the whistle-blowing policy where staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting, fraudulent acts and other matters, and ensure that arrangements are in place for independent investigations of such matters and for appropriate follow up actions.

Principle 12 - Maintains a sound system of internal controls to safeguard the shareholders' investments and the Company's assets.

The Group's internal controls and systems are designed to provide reasonable assurance as to the integrity and reliability of the financial information and to safeguard and maintain accountability of assets. Procedures are in place to identify major business risks and evaluate potential financial effects, as well as for the authorisation of capital expenditure and investments.

The external auditors carry out, in the course of their statutory audit, an annual review of the effectiveness of the Group's key internal controls, including financial, operational and compliance controls as well as risk management to the extent of their scope as laid out in their audit plan. Any material weaknesses in internal controls, together with recommendation for improvement, are reported to the AC.

It is the opinion of the Board that, in the absence of evidence to the contrary, the system of internal controls maintained by the Company's Management and that was in place throughout the financial year and up to the date of this report provides reasonable, but not absolute, assurance against material financial misstatements or losses, and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practices, and the identification and containment of financial, operational and compliance risks.



Accountability and Audit (cont'd)

The Board notes that all internal control systems are designed to manage rather than eliminate risks and no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error losses, fraud or other irregularities.

Principle 13 - Establish an internal audit function that is independent of the activities it audits.

The Board recognises the importance of maintaining an internal audit function, independent of the activities it audits, to maintain a sound system of internal control within the Company to safeguard shareholders' investments and Company's assets.

The Company's internal audit function is outsourced to Messrs Deloitte Touche Tohmatsu, who is independent of the Company's business activities. The internal auditors conduct audits based on the standards set by internationally recognized professional bodies. The internal audit plan is submitted to the AC for approval prior to the commencement of the internal audit work. The internal auditors review the effectiveness of key internal controls in accordance with the internal audit plan. The internal auditors have a direct and primary reporting line to the AC and assist the AC in overseeing and monitoring the implementation and improvements required on internal control weaknesses identified.

The role of the Internal Auditors is to support the AC in ensuring that the Group maintains a sound system of internal controls by monitoring and assessing the effectiveness of key controls and procedures, conducting in-depth analysis of high risk areas and undertaking investigations as directed by the AC.

The Company has established an in-house internal audit function to document the procedures across the financial, production, compliance and information technology functions in order to identify and manage process risks.

The Company has a Risks and Conflicts Committee which is in the process of finalizing the Company's risk management policy and procedures.

Communication with Shareholders

Principle 14: Companies should engage in regular, effective and fair communication with shareholders.

The Company is committed to regular and open communication with its shareholders. In line with continuous obligations of the Company pursuant to the Listing Manual. The Board's policy is that all shareholders should be equally informed of all major developments impacting the Company.

Information is disseminated to shareholders on a timely basis through:

- SGXNET announcements;
- annual reports prepared and issued to all shareholders;
- quarterly and annual financial statements containing a summary of the financial information and affairs of the Company for the period; and
- notices of general meetings.



CORPORATE GOVERNANCE REPORT

FINANCIAL REPORTS

Communication with Shareholders (cont'd)

Principle 15: Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

At the AGM, shareholders are given the opportunity to voice their views and seek clarification on questions regarding the Company. The Directors, Management and the external auditors are normally available at the AGM to answer shareholders' queries.

Resolutions are, as far as possible, structured separately and may be voted on independently.

The Group fully supports the Code's principle to encourage shareholders' participation. The Company's Articles of Association allows the appointment of one or two proxies by shareholders, to attend the AGM and vote in his/her place. Shareholders who hold shares through nominees are allowed, upon prior request through their nominees, to attend the general meetings as proxies without being constrained by the two-proxy requirement.

The Company, however, has not implemented measures to allow shareholders who are unable to vote in person at the Company's AGM the option to vote in absentia, such as via mail, electronic mail or facsimile transactions.

Other Governance Practices

Material Contracts

Saved as disclosed under "Material Contracts" in the Company's offer document dated 5 April 2012 ("Offer Document"), there were no new material contracts of the Company and its subsidiaries, including loans, involving the interests of any Director, the CEO or the controlling shareholders during the financial year ended 30 June 2012.

Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and these interested persons transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders.

Save as disclosed under "Interested Persons Transactions" in the Company's Offer Document, there were no other interested person transactions of S\$100,000 or more between the Company or its subsidiaries and any of its interested persons subsisting at the end of the financial year ended 30 June 2012.



Other Governance Practices (cont'd)*Dealing in Securities*

The Company has in place a policy prohibiting share dealings by Directors and employees of the Company when in possession of price sensitive information and for the period of two weeks before the release of quarterly results and one month before the release of the full-year results, with the restriction ending on the day after the announcement of the relevant results. Directors and employees are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading periods. An officer should also not deal in the Company's securities on short-term consideration and/or possession of unpublished material price-sensitive information relating to the relevant securities.

Risk Management

The RCC comprises all the Independent Directors. The Chairman of the RCC is Mr Chong Teck Sin.

The RCC has been set up to assist the Board in carrying out its responsibilities by reviewing the types and levels of risks undertaken by the Group and any conflicts of interests encountered by the Group, and recommending and approving the policies and procedures for monitoring and managing such risks and conflicts of interests. The RCC will also be responsible for monitoring the risks associated with the operations of the Group. Each member of the RCC is required to be independent from any management and business relationship with the Group, and the Substantial Shareholders.

The RCC and Management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Management reviews all significant control policies and procedures and highlights all significant matters to the Directors and the RCC.

Utilisation of Proceeds

As at 30 June 2012, the total net proceeds from the initial public offering on 13 April 2012 has been utilised as follows:

| Use of Proceeds | Proceeds Allocated (S\$'000) | Amounts deployed as of 30 June 2012 (S\$'000) | Balance to be deployed (S\$'000) |
|--|---------------------------------|--|--|
| Building of office – relocation to larger premises | 6,000 | 231 | 5,769 |
| Investment into additional fixed assets for expansion into Structural, Mechanical and Piping | 3,000 | 115 | 2,885 |
| Working capital/provision of performance and warranty guarantees | 9,090 | - | 9,090 |
| Total | 18,090 | 346 | 17,744 |



INDEPENDENT AUDITORS' REPORT

FINANCIAL REPORTS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

CIVMEC LIMITED (Incorporated in Singapore)

We have audited the accompanying financial statements of Civmec Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as set out on pages 46 to 102, which comprise the consolidated statement of financial position and the statement of financial position of the Company as at 30 June 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of financial statements that give 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

CIVMEC LIMITED
(Incorporated in Singapore)

(cont'd)

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2012 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Moore Stephens LLP
Public Accountants and
Certified Public Accountants

Singapore

14th September 2012



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FINANCIAL REPORTS

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2012

| | Note | Group | |
|--|------|-----------------|-----------------|
| | | 2012 S\$'000 | 2011 S\$'000 |
| Revenue | 4 | 328,654 | 61,007 |
| Cost of sales | | (267,860) | (41,060) |
| Gross profit | | 60,794 | 19,947 |
| Other income | 4 | 1,514 | 316 |
| Share in profit of a joint venture | 17 | 234 | - |
| Administrative expenses | | (17,866) | (7,588) |
| Finance costs | 7 | (1,483) | (1,557) |
| Profit before income tax | 5 | 43,193 | 11,118 |
| Income tax expense | 8 | (12,883) | (3,596) |
| Profit for the year | | 30,310 | 7,522 |
| <u>Other comprehensive income:</u> | | | |
| Exchange differences on re-translation from functional currency to presentation currency | | 185 | 1,334 |
| Total comprehensive income for the year | | 30,495 | 8,856 |
| <u>Profit attributable to:</u> | | | |
| Owners of the Company | | 30,310 | 7,523 |
| Non-controlling interest | | - | (1) |
| | | 30,310 | 7,522 |
| <u>Total comprehensive income attributable to:</u> | | | |
| Owners of the Company | | 30,495 | 8,857 |
| Non-controlling interest | | - | (1) |
| | | 30,495 | 8,856 |
| Earnings per share attributable to equity holders of the Company (cents per share): | | | |
| - Basic | 9 | 6.05 | 1.50 |
| - Diluted | 9 | 6.05 | 1.50 |

The accompanying notes form an integral part of the consolidated financial statements.



STATEMENTS OF FINANCIAL POSITION

FINANCIAL REPORTS

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2012

| | Note | Group | | Company | |
|---|------|-----------------|-----------------|-----------------|-----------------|
| | | 2012 S\$'000 | 2011 S\$'000 | 2012 S\$'000 | 2011 S\$'000 |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 12 | 33,801 | 6,620 | 1,295 | 20 |
| Trade and other receivables | 10 | 86,620 | 20,403 | 5,082 | 742 |
| Other current assets | 11 | 337 | 492 | - | - |
| | | <u>120,758</u> | <u>27,515</u> | <u>6,377</u> | <u>762</u> |
| Non-current assets | | | | | |
| Investment in joint venture | 17 | 232 | - | - | - |
| Investments in subsidiaries | 16 | - | - | 9,792 | - |
| Loans receivable | 13 | - | - | 37,380 | 19,638 |
| Property, plant and equipment | 14 | 55,885 | 44,439 | - | - |
| Intangible assets | 15 | 13 | 13 | - | - |
| Deferred tax assets | 8 | 2,470 | 833 | - | - |
| | | <u>58,600</u> | <u>45,285</u> | <u>47,172</u> | <u>19,638</u> |
| TOTAL ASSETS | | <u>179,358</u> | <u>72,800</u> | <u>53,549</u> | <u>20,400</u> |
| LIABILITIES AND EQUITY | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | 18 | 58,215 | 11,287 | 359 | 741 |
| Borrowings | 19 | 3,318 | 1,585 | - | - |
| Payable to related parties | 26 | 123 | 21 | 901 | 21 |
| Provisions | 21 | 3,400 | 621 | - | - |
| Current tax liabilities | | 13,852 | 3,663 | - | - |
| | | <u>78,908</u> | <u>17,177</u> | <u>1,260</u> | <u>762</u> |
| Non-current liabilities | | | | | |
| Borrowings | 19 | 10,055 | 33,856 | - | 19,472 |
| Provisions | 21 | 642 | 211 | - | - |
| Deferred tax liabilities | 8 | 341 | 261 | - | - |
| | | <u>11,038</u> | <u>34,328</u> | <u>-</u> | <u>19,472</u> |
| TOTAL LIABILITIES | | <u>89,946</u> | <u>51,505</u> | <u>1,260</u> | <u>20,234</u> |
| Capital and Reserves | | | | | |
| Share capital | 22 | 37,864 | - | 37,864 | - |
| Other reserves | 23 | 10,479 | 10,536 | 10,432 | 247 |
| Retained earnings/(accumulated losses) | | 41,070 | 10,760 | 3,993 | (81) |
| Total equity attributable to the Owners of the Company | | <u>89,413</u> | <u>21,296</u> | <u>52,289</u> | <u>166</u> |
| Non-controlling interest | | (1) | (1) | - | - |
| TOTAL EQUITY | | <u>89,412</u> | <u>21,295</u> | <u>52,289</u> | <u>166</u> |
| TOTAL LIABILITY AND EQUITY | | <u>179,358</u> | <u>72,800</u> | <u>53,549</u> | <u>20,400</u> |

The accompanying notes form an integral part of the consolidated financial statements.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FINANCIAL REPORTS

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2012

| Group | ← | | Other reserves | → | | Retained earnings S\$'000 | Total S\$'000 | Non- controlling interest S\$'000 | Total S\$'000 |
|---|-----------------------------|------------------------------|---|--|---------------|------------------------------|------------------|--|------------------|
| | Share capital S\$'000 | Merger reserve S\$'000 | Option premium on convertible loans S\$'000 | Foreign currency translation reserve S\$'000 | | | | | |
| <u>2012</u> | | | | | | | | | |
| Balance as at 1 July 2011 | -* | 9,010 | 242 | 1,284 | 10,760 | 21,296 | (1) | 21,295 | |
| Total comprehensive income for the year | - | - | - | 185 | 30,310 | 30,495 | - | 30,495 | |
| Issuance of shares pursuant to increase capital contribution | 125 | - | - | - | - | 125 | - | 125 | |
| Issuance of shares pursuant to conversion | 18,919 | - | (242) | - | - | 18,677 | - | 18,677 | |
| Issuance of shares pursuant to the Initial Public Offering (IPO) | 20,400 | - | - | - | - | 20,400 | - | 20,400 | |
| Costs direct attributable to IPO | (1,580) | - | - | - | - | (1,580) | - | (1,580) | |
| Balance at 30 June 2012 | <u>37,864</u> | <u>9,010</u> | <u>-</u> | <u>1,469</u> | <u>41,070</u> | <u>89,413</u> | <u>(1)</u> | <u>89,412</u> | |

* Less than S\$500

The accompanying notes form an integral part of the consolidated financial statements.



CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2012

(cont'd)

| Group | Share capital S\$'000 | Merger reserve S\$'000 | Other reserves | | Retained earnings S\$'000 | Total S\$'000 | Non- controlling interest S\$'000 | Total S\$'000 |
|--|-----------------------------|------------------------------|--|--|---------------------------------|------------------|--|------------------|
| | | | Option premium on convertible loans S\$'000 | Foreign currency translation reserve S\$'000 | | | | |
| 2011 | | | | | | | | |
| Balance as at 1 July 2010 | 9,010 | - | 83 | (50) | 3,237 | 12,280 | - | 12,280 |
| Total comprehensive income for the year | - | - | - | 1,334 | 7,523 | 8,857 | (1) | 8,856 |
| Issuance of convertible loan - equity component | - | - | 159 | - | - | 159 | - | 159 |
| Issuance of shares of subsidiary company | - | - | - | - | - | - | - | - |
| Adjustment pursuant to Restructuring Exercise | (9,010) | 9,010 | - | - | - | - | - | - |
| Balance at 30 June 2011 | <u>-*</u> | <u>9,010</u> | <u>242</u> | <u>1,284</u> | <u>10,760</u> | <u>21,296</u> | <u>(1)</u> | <u>21,295</u> |

* Less than S\$500

The accompanying notes form an integral part of the consolidated financial statements.



CONSOLIDATED STATEMENT OF CASH FLOWS

FINANCIAL REPORTS

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2012

| | <u>Note</u> | Group <u>2012</u> S\$'000 | <u>2011</u> S\$'000 |
|--|-------------|--|------------------------|
| Cash Flows from Operating Activities | | | |
| Profit before income tax | | 43,193 | 11,118 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 14 | 4,160 | 1,747 |
| Amortisation of management fee | | 422 | 473 |
| (Gain)/Loss on disposal of property, plant and equipment | | (78) | 44 |
| Share of profit in joint venture | 17 | (234) | - |
| Write-back of interest on convertible loans | 4 | (809) | - |
| Finance cost | 7 | 1,483 | 1,557 |
| Interest income | 4 | (618) | (316) |
| Unrealised foreign exchange differences | | (6) | (1) |
| Operating cash flow before working capital changes | | <u>47,513</u> | <u>14,622</u> |
| Changes in working capital: | | | |
| Increase in trade and other receivables | | (66,218) | (13,633) |
| Increase in other current assets | | (267) | (67) |
| Increase in trade and other payables | | 46,930 | 2,931 |
| Increase in provisions | | <u>3,210</u> | <u>521</u> |
| Cash generated from operations | | 31,168 | 4,374 |
| Interest received | | 618 | 316 |
| Finance cost paid | | (1,483) | (780) |
| Income taxes paid | | <u>(4,159)</u> | <u>(2,216)</u> |
| Net cash generated by operating activities | | <u>26,144</u> | <u>1,694</u> |
| Cash Flows from Investing Activities | | | |
| Proceeds from sale of property, plant and equipment | | 333 | 12 |
| Purchase of property, plant and equipment | 14 | <u>(16,516)</u> | <u>(30,809)</u> |
| Net cash used in investing activities | | <u>(16,183)</u> | <u>(30,797)</u> |
| Cash Flows from Financing Activities | | | |
| Proceeds from issuance of shares | | 20,525 | - |
| IPO expenses deducted from proceeds | 30 | (1,580) | - |
| Proceeds from borrowings | | 9,355 | 16,233 |
| Repayment of borrowings | | (11,755) | (646) |
| Advances from related parties | | 105 | 21 |
| Payment of management fee | | - | (639) |
| Proceeds from issuance of convertible loan | | - | 12,983 |
| Proceeds from loans from related parties | | - | 32 |
| Repayment of loans from related parties | | - | (4,627) |
| Net cash generated by financing activities | | <u>16,650</u> | <u>23,357</u> |

The accompanying notes form an integral part of the consolidated financial statements.



CIVMEC LIMITED
(Incorporated in Singapore)
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

(cont'd)

| | Note | Group | |
|--|------|-----------------|-----------------|
| | | 2012 S\$'000 | 2011 S\$'000 |
| Net increase/(decrease) in cash and cash equivalents | | 26,611 | (5,746) |
| Effects of currency translation on cash and cash equivalents | | 570 | 1,111 |
| Cash and cash equivalents at the beginning of the financial year | | 6,620 | 11,255 |
| Less: Deposit pledged | | (1,009) | (1,022) |
| Cash and cash equivalents at the end of the financial year | | <u>32,792</u> | <u>5,598</u> |
| Analysis of cash and cash equivalents: | | | |
| Cash on hand and in banks | 12 | 33,801 | 6,620 |
| Less: Deposits pledged | | (1,009) | (1,022) |
| | | <u>32,792</u> | <u>5,598</u> |

The accompanying notes form an integral part of the consolidated financial statements.



NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL REPORTS

CIVMEC LIMITED (Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2012

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 General Information

(a) The Company

Civmec Limited (the “Company”) was incorporated in the Republic of Singapore on 3 June 2010 under the Singapore Companies Act, Cap. 50 (the “Act”) as an investment holding company for the purpose of acquiring the subsidiary companies pursuant to the Restructuring Exercise. On the 29 March 2012 the company changed its name to Civmec Limited. The Company was listed on the Singapore Exchange Securities Ltd (SGX-ST) since 13 April 2012.

The registered office and principal place of business of the Company is at 80 Robinson Road #02-00, Singapore 068898.

The principal activity of the Company is that of an investment holding company. The principal activities of its subsidiaries are set out in Note 16.

The financial statements for the financial year ended 30 June 2012 were authorised for issue on the date of the statement by the directors.

(b) Group Restructuring Exercise

On 27 March 2012, the Company undertook a reorganisation of the corporate structure to streamline and rationalise the Group’s structure and business pursuant to which the Company became the holding company of the Group.

(i) *Acquisition of CCE by the Company*

On 27 March 2012, the Company entered into a share swap agreement with the Shareholders of Civmec Construction & Engineering Pty Ltd (“CCE”) to acquire 100% of the issued and paid-up share capital of CCE from the Shareholders. The consideration was satisfied by the allotment and issuance of 323,938,000 ordinary shares in the Capital of the company, in the same proportions in which they held CCE Shares (Notes 16 and 22).



CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2012

1 General Information (cont'd)

(b) Group Restructuring Exercise (cont'd)

(i) *Acquisition of CCE by the Company* (cont'd)

After the completion of the Group Restructuring Exercise, the Company has the following controlled entities:

| <u>Name of subsidiaries</u> | <u>Date and place of incorporation and principal place of business</u> | <u>Principal activities</u> | <u>Cost of investment (A\$)</u> | <u>% of equity held by the Company</u> |
|---|--|---|---------------------------------|--|
| Civmec Construction & Engineering Pty Ltd | 22 June 2009 (Australia) | Civil construction Structural Mechanical Process piping (SMP) | 7,578,683 | 100% |
| Civmec Holdings Pty Ltd | 30 June 2009 (Australia) | Asset holding company | 120 | 100% (held by CCE) |
| Ballymount Holdings Pty Ltd | 17 January 2005 (Australia) | Asset holding company | 2,288,930 | 100% (held by CCE) |
| Civmec Pipe Products Pty Ltd | 28 June 2010 (Australia) | Asset holding company | 835 | 83.5% (held by CCE) |

2 Significant Accounting Policies

(a) Basis of Preparation

The Group is regarded as a continuing entity resulting from the Group Restructuring Exercise since all the entities which took part in the Group Restructuring are deemed to be controlled by the same ultimate controlling parties, James Finbarr Fitzgerald and Olive Theresa Fitzgerald (acting as trustees for the JF & OT Fitzgerald Family Trust) and Goldfirm Pty Ltd (acting as trustee for the Kariong Investment Trust). Consequently, immediately after the Group Restructuring, there is a continuation of the risks and benefits to the ultimate controlling parties that exist prior to the Group Restructuring Exercise. The Group Restructuring Exercise has been accounted for as a restructuring under common control in a manner similar to pooling of interests.

Accordingly, the financial statements for the financial year ended 30 June 2012 have been prepared on the basis of merger accounting and comprise the audited financial statements of the entities which are under common control of the ultimate controlling parties that exist before and after the Group Restructuring Exercise.

In applying merger accounting, financial statement items of the combining entities or businesses for the reporting period in which the common control combination occurs and for any comparative periods disclosed, are included in the financial statements of the entity as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party or parties.



NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL REPORTS

CIVMEC LIMITED (Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2012

2 Significant Accounting Policies (cont'd)

(a) Basis of Preparation (cont'd)

A single uniform set of accounting policies is adopted by the entity. Therefore, the entity recognises the assets, liabilities and equity of the consolidated entities or businesses at the carrying amounts in the financial statements of the controlling party or parties prior to the common control combination. There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination. The effects of all transactions between the consolidated entities or businesses, whether occurring before or after the combination, are eliminated in preparing the consolidated financial statements of the entity.

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") and have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise judgement in the process of applying the Group's critical accounting policies and requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the reporting dates, and the reported amounts of revenue and expenses during the relevant periods. Although these estimates are based on management's best knowledge of historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

Critical accounting judgements and key sources of estimation uncertainty used that are significant to the financial statements are disclosed in Note 3 to the financial statements.

(b) Adoption of New/Revised Singapore Financial Reporting Standards

(i) New or Revised FRS Effective in the Current Year

For the financial year ended 30 June 2012, the Group and the Company has adopted the following relevant new or revised FRS that are mandatory for application for the period. Changes to the Group's and the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS.

Amendments to FRS 1

Presentation of Financial Statements

FRS 1 clarifies that the analysis of the components of other comprehensive income by item can be presented either in the statement of changes in equity or within the notes to the financial statements. The changes are effective for accounting periods beginning on or after 1 January 2011. As this is a disclosure standard, it has no impact on the financial position and financial performance of the Group.



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2 Significant Accounting Policies (cont'd)

(b) Adoption of New/Revised Singapore Financial Reporting Standards (cont'd)

(i) *New or Revised FRS Effective in the Current Year (cont'd)*

FRS 24 *Related Party Disclosures (Revised)*

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. The revised FRS 24 applies retrospectively for annual periods beginning on or after 1 January 2011 but earlier application is permitted. As this is a disclosure standard, it has no impact on the financial position or financial performance of the Group.

Amendments to FRS 107 *Financial Instruments: Disclosures*

The amendments to FRS 107 include removal of the requirement to disclose the carrying amount of negotiated financial assets that would be past due or impaired if not for the renegotiation. Clarification that disclosure of the amount that best represents the maximum exposure to credit risk is not required when this amount is represented by the carrying amount of the financial instrument and the requirement to disclose fair value of collateral and other credit enhancements is replaced with a description to disclose the financial effect of collateral and other credit enhancements. As this is a disclosure standard, it has no impact on the financial position or financial performance of the Group when implemented.

(ii) *New or revised FRS issued but not yet effective*

At the date of authorisation of these financial statements, the Group and the Company has not applied the following new or revised FRS that have been issued and which are relevant to the Group and the Company but will only be effective for the Group for annual periods beginning 1 July 2012 onwards. The Group and the Company anticipate that these changes will have no material effect on the financial statements upon adoption.

Amendments to FRS 12 *Deferred Tax: Recovery of Underlying Assets*

The amendments provide that where investment properties are measured using the fair value model in FRS 40 *Investment Property*, then there is a rebuttable presumption that the carrying amount will be recovered through sale and where non-depreciable assets are measured using the revaluation model under FRS 16 *Property, Plant and Equipment*, that the tax rate must be applied in determining any deferred tax assets or liability is that to be recovered through sale. The changes are effective for accounting periods beginning on or after 1 January 2012. The Group will determine the impact of these amendments when it becomes effective.



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2 Significant Accounting Policies (cont'd)

- (b) Adoption of New/Revised Singapore Financial Reporting Standards (cont'd)
- (ii) *New or revised FRS issued but not yet effective* (cont'd)

Amendment to FRS 1 *Presentation of Items of Other Comprehensive Income*

The amendment to FRS 1 *Presentation of Items of Other Comprehensive Income* requires entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss. It is effective for annual periods beginning on or after 1 July 2012. As this is a disclosure standard, it will not have any impact on the financial performance or the financial position of the Group when implemented.

FRS 27 *Separate Financial Statements (Revised)*

FRS 27 *Separate Financial Statements (Revised)* will now solely address separate financial statements, the requirements for which are substantially unchanged. It is effective for annual periods beginning on or after 1 January 2014 and will not have any impact on the financial performance or the financial position of the Group when implemented.

FRS 28 *Investments in Associates and Joint Ventures (Revised)*

FRS 28 *Investments in Associates and Joint Ventures (Revised)* changes in scope as a result of the issuance of FRS 111 *Joint Arrangements*. It continues to prescribe the mechanics of equity accounting. It is effective for annual periods beginning on or after 1 January 2014. The Group will determine the impact of this standard when it becomes effective.

FRS 110 *Consolidated Financial Statements*

FRS 110 *Consolidated Financial Statements* supersedes FRS 27 *Consolidated and Separate Financial Statements* and INT FRS 12 *Consolidation - Special Purpose Entities*, which is effective for annual periods beginning on or after 1 January 2014. It changes the definition of control and applies it to all investees to determine the scope of consolidation. FRS 110 requirements will apply to all types of potential subsidiary. FRS 110 requires an investor to reassess the decision on whether to consolidate an investee when events indicate that there may be a change to one of the three elements of control, i.e. power, variable returns and the ability to use power to affect returns. The Group will determine the impact of this standard when it becomes effective.

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 *Disclosure of Interests in Other Entities*, which is effective from 1 January 2014 combines the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities within a comprehensive disclosure standard. FRS 112 specifies minimum disclosures that an entity must provide. It requires an entity to provide summarised financial information about the assets, liabilities, profit or loss and cash flows of each subsidiary that has non-controlling interests that are material to the reporting entity and to disclose the nature of its interests in unconsolidated structured entities and the nature of the risks it is exposed to as a result. As this is a disclosure standard, it will not have any impact on the financial performance or the financial position of the Group when implemented.



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2 Significant Accounting Policies (cont'd)

(b) Adoption of New/Revised Singapore Financial Reporting Standards (cont'd)

(ii) *New or revised FRS issued but not yet effective (cont'd)*

FRS 113 *Fair Value Measurement*

FRS 113 *Fair Value Measurement* provides guidance on how to measure fair values including those for both financial and non-financial items and introduces significantly enhanced disclosures about fair values. It does not address or change the requirements on when fair values should be used. When measuring fair value, an entity is required to use valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. It establishes a fair value hierarchy for doing this. This FRS is to be applied for annual periods beginning on or after 1 January 2013. The Group will determine the impact of this standard when it becomes effective.

(c) Basis of Consolidation

Subsidiaries are entities over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by owners of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.



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2 Significant Accounting Policies (cont'd)

(d) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Dividend income is recognised when the right to receive a dividend has been established.

Interest income is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Revenue relating to construction activities is detailed in Note 4.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

All revenue is stated net of the amount of goods and services tax ("GST").

(e) Income Tax

The income tax expense for the year comprises current income tax expense and deferred tax expense.

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred tax expense/(benefit) is charged or credited outside profit and loss when the tax relates to items that are recognised outside profit and loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.



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2 Significant Accounting Policies (cont'd)

(e) Income Tax (cont'd)

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(f) Foreign Currency Translation

Functional and presentation currency

The financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to each entity (the "functional currency"). The functional currency of the Company is Australian dollar ("A\$").

The consolidated financial statements are presented in Singapore dollar ("SGD" or S\$).

Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss, unless they arise from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to profit or loss as part of the gain or loss on disposal of the foreign operation.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.



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2 Significant Accounting Policies (cont'd)

(f) Foreign Currency Translation (cont'd)

Group companies

The consolidated results and financial position of foreign operations whose functional currency is different from the Group's presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at closing rate at the date of that statement;
- Income or expense for each statements presenting profit or loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions; and
- All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in other comprehensive income in the period in which they are incurred.

(g) Construction Contracts and Work in Progress

Construction work in progress is valued at cost, plus profit recognised to date less any provision for anticipated future losses. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to the contract activity in general and that can be allocated on a reasonable basis.

Construction profits are recognised at the stage of completion basis and measured using the proportion of costs incurred to date as compared to expected actual costs.

Costs incurred during the financial year in connection with future activity on a contract are excluded from the costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction contract work-in-progress on the statement of financial position unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

At the reporting date, the cumulative costs incurred plus recognised profit (less recognised loss) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on construction contracts within "trade and other receivables". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on construction contracts within "trade and other payables".

Retentions are amounts of progress billings which are not paid until the satisfaction of conditions specified in the contract for the payment of such amounts. Progress billings not yet paid by customers and retentions by customers are included within "trade and other receivables". Advances received are included within "trade and other payables".



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2 Significant Accounting Policies (cont'd)

(h) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the assets (i.e. trade accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised at cost using the effective interest rate method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

1. the amount at which the financial asset or financial liability is measured at initial recognition;
2. less principal payments;
3. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and maturity amount calculated using the effective interest method; and
4. less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The Group does not designate any interests in subsidiaries or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.



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2 Significant Accounting Policies (cont'd)

(h) Financial Instruments (cont'd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and subsequently measured at amortised cost.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At the end of the reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are immediately recognised in profit or loss.

Financial Guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as financial liabilities at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation. Where the entity gives guarantees in exchange for a fee, revenue is recognised under FRS 18.

The fair value of financial guarantee contracts has been assessed using the probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting during the next reporting period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting ; and
- the maximum loss exposure if the guaranteed party were to default

(i) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(j) Property, Plant and Equipment

Each class of property, plant and equipment is initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.



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2 Significant Accounting Policies (cont'd)

(j) Property, Plant and Equipment (cont'd)

Property

Leasehold building is stated on the cost basis and is therefore carried at cost. Such cost includes the construction costs and borrowing costs that are eligible for capitalisation.

Plant and equipment

Plant and equipment are measured on the cost basis. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 3 for details of critical judgements of impairment of property, plant and equipment).

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

| <u>Class of Fixed Asset</u> | <u>Depreciation Rate</u> |
|-----------------------------|--------------------------|
| Buildings | 3% |
| Plant and equipment | 5 - 15% |
| Leased plant and equipment | 5 - 15% |
| Motor vehicles | 6.67% - 33.33% |
| Office and IT equipment | 5 - 33.33 % |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in profit or loss.



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2 Significant Accounting Policies (cont'd)

(k) Impairment of Non-Financial Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite useful lives.

(l) Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, for which it is more likely than not that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(m) Financial Liabilities and Equity Instruments Issued by the Group

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities

An entity shall recognise a financial liability on its statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument.

A financial liability is recognised initially at fair value plus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue.

Financial liabilities are classified as either financial liabilities at 'FVTPL' or 'borrowings'.



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2 Significant Accounting Policies (cont'd)

(m) Financial Liabilities and Equity Instruments Issued by the Group (cont'd)

Financial liabilities (cont'd)

Borrowings

Borrowings are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired.

(n) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of these assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(o) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership which are transferred to entities in the Group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.



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2 Significant Accounting Policies (cont'd)

(o) Leases (cont'd)

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(p) Joint Venture

The Group's joint venture is the entity over which the Group has contractual arrangements to jointly share the control over the economic activity of the entity with another party. The Group's interest in joint venture is accounted for in the consolidated financial statements using equity method.

(q) Employee Benefits

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed. The Group has no further payment obligations once the contributions have been paid.

Provision for employee benefits

Provisions are made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash flows are discounted using the market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

(r) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.



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2 Significant Accounting Policies (cont'd)

(s) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

(t) Related Parties

A related party is defined as follows:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to as the 'reporting entity').

(i) A person or a close member of that person's family is related to a reporting entity if that person:

- (1) has control or joint control over the reporting entity;
- (2) has significant influence over the reporting entity; or
- (3) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(ii) An entity is related to a reporting entity if any of the following conditions applies:

- (1) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (2) one entity is an associated company of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (3) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
- (4) the entity is controlled or jointly controlled by a person identified in (i); or
- (5) a person identified in (i) (1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).



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3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Estimates, assumptions and judgements are made in the preparation of the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, income and expenses, and disclosures made. They are assessed continually based on historical experience and on other various factors that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Critical Accounting Estimates and Assumptions

Useful lives of property, plant and equipment

The useful lives of assets have been based on historical experience, lease terms and best available information for similar items in the industry. These estimations will affect the depreciation expense recognised in the financial year. There is no change in the estimated useful lives of plant and equipment during the year. The carrying amount of the Group's property, plant and equipment as at 30 June 2012 was S\$55,885,000 (2011: S\$44,439,000) (Note 14). A 10% difference in the expected useful lives of these assets from management's estimates would result in an approximately S\$416,000 (2011: S\$174,700) variance in the Company's profit/(loss) for the year.

Determination of percentage of completion on construction contracts

Contract revenue is recognised as revenue in profit or loss using the percentage of completion method in the reporting periods in which the work is performed. The stage of completion is measured by reference to the contract costs incurred to date compared to the estimated total costs for the contract or on the basis of value of work completed.

Construction contract accounting requires that variations, claims and incentive payments only be recognised as contract revenue to the extent that it is probable that they will be accepted by the customer. As the approval process takes some time, judgement is required to be made of its probability and revenue recognised accordingly. The aggregate costs incurred plus recognised profit less recognised losses to date, progress billings, retentions on construction contracts and due from/to the customers are disclosed in Note 10.

Deferred tax assets

The Group recognises deferred tax assets on carried forward tax losses to the extent there are sufficient estimated future taxable profits and/or taxable temporary differences against which the tax losses can be utilised and that the Group is able to satisfy the continuing ownership test.

The carrying amount of deferred tax assets are S\$2,470,000 (2011: S\$833,000).



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3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty (cont'd)

(b) Critical Judgements in Applying the Group's Accounting Policies

Allowance for impairment of receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in the payment. The directors exercise their judgement in making allowances for receivables. A specific allowance for impairment of receivables is made if the receivables are not collectible. The factors considered in making allowances are payment history, past due status and trading terms. The carrying value of the Group's trade and other receivables as at 30 June 2012 and 2011 is S\$86,620,000 and S\$20,403,000, respectively.

Impairment of property, plant and equipment

The Group assesses impairment of property, plant and equipment at each year end by evaluating conditions specific to the Group that may lead to impairment of assets. Adjustments will be made when considered necessary.

Impairment assessment of property, plant and equipment includes considering certain indications such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant under performance relative to the expected historical or future operating results and significant negative industry or economic trends.

No impairment or reversal of impairment losses on property, plant and equipment were recorded for the financial year ended 30 June 2012.

The carrying amount of property, plant and equipment at 30 June 2012 is S\$55,885,000 (2011: S\$44,439,000).

Impairment of investment in subsidiary

The Company assesses annually whether its unquoted equity investments have any indication of impairment in accordance with the accounting policy. The carrying amount of the unquoted equity investments has been determined based on the estimated future profitability and the financial health of the investees and near-term business outlook for the investees, including factors such as industry and sector performance, and operational and financing cash flow which requires the use of judgement.

No impairment loss was recorded for the financial year ended 30 June 2012.

The carrying amount of the Company's investment in subsidiaries as at 30 June 2012 is S\$9,792,000 (2011: Nil) (Note 16).



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4 Revenue and Other Income

| | <u>Note</u> | <u>2012</u> S\$'000 | <u>Group</u> <u>2011</u> S\$'000 |
|---|-------------|------------------------|--|
| Revenue | | | |
| Construction contract revenue | | 328,016 | 60,910 |
| Revenue from the rendering of services | | 7 | 97 |
| Revenue from sales of goods | | 631 | - |
| | | <u>328,654</u> | <u>61,007</u> |
| Other Income | | | |
| Interest income on bank balances | | 618 | 316 |
| Unrealised foreign exchange gain | | 9 | - |
| Gain on disposal of property, plant and equipment | | 78 | - |
| Write-back of interest on convertible loans | 20 | 809 | - |
| | | <u>1,514</u> | <u>316</u> |

5 Profit before Income Tax

| | <u>Note</u> | <u>2012</u> S\$'000 | <u>Group</u> <u>2011</u> S\$'000 |
|--|-------------|------------------------|--|
| The following items have been included in arriving at profit before tax: | | | |
| Included in cost of sales: | | | |
| Direct materials | | 80,460 | 13,573 |
| Subcontract works | | 53,353 | 2,999 |
| Employee benefits | 6 | 106,708 | 17,980 |
| Manufacturing and other overheads | | 17,605 | 3,859 |
| Depreciation | | 3,867 | 1,652 |
| Workshop costs | | 5,867 | 997 |



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5 Profit before Income Tax (cont'd)

| | <u>Note</u> | <u>2012</u> S\$'000 | <u>2011</u> S\$'000 |
|---|-------------|------------------------|------------------------|
| Included in administrative expenses: | | | |
| Amortisation of management fee | | 422 | 473 |
| Audit fees: | | | |
| - Auditors of the Company | | 90 | 7 |
| - Other auditors | | 91 | 102 |
| Non-audit fees paid to other auditors | | 12 | - |
| Business development | | 256 | 210 |
| Communications | | 754 | 213 |
| Depreciation | | 293 | 96 |
| Directors' fees | | 25 | - |
| Employee benefits | 6 | 9,143 | 4,216 |
| IPO expenses | | 634 | - |
| Loss on disposal of property, plant and equipment | | - | 44 |
| Occupancy expenses | | 2,506 | 1,263 |
| Office costs | | 1,270 | 492 |
| Other administrative expenses | | 1,568 | 301 |
| Tax fees | | 48 | 25 |
| Unrealised foreign exchange loss | | 245 | - |

In addition, fees of S\$175,000 were paid to the auditors of the Company in relation to the IPO exercise.

6 Employee Benefits Expenses

| | <u>2012</u> S\$'000 | <u>2011</u> S\$'000 |
|---|------------------------|------------------------|
| Wages and salaries | 114,775 | 21,709 |
| Contributions to defined contribution plans | 722 | 359 |
| Other employee benefits | 354 | 128 |
| | <u>115,851</u> | <u>22,196</u> |



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7 Finance Costs

| | Group | |
|-------------------|----------------|----------------|
| | <u>2012</u> | <u>2011</u> |
| | <u>S\$'000</u> | <u>S\$'000</u> |
| Convertible loans | - | 787 |
| Bank bills | 354 | 152 |
| Finance leases | 1,084 | 304 |
| Premium funding | 45 | - |
| Related party | - | 314 |
| | <u>1,483</u> | <u>1,557</u> |

8 Income Tax Expense

| | Group | |
|---|----------------|----------------|
| | <u>2012</u> | <u>2011</u> |
| | <u>S\$'000</u> | <u>S\$'000</u> |
| Current income tax – current year | 14,400 | 3,858 |
| Deferred income tax – current year | (1,573) | (262) |
| Under-provision in respect of prior years | 56 | - |
| | <u>12,883</u> | <u>3,596</u> |

The Group's tax on profit before income tax differs from the amount that would arise using the Australian standard rate of income tax as follows:

| | Group | |
|--|----------------|----------------|
| | <u>2012</u> | <u>2011</u> |
| | <u>S\$'000</u> | <u>S\$'000</u> |
| Profit before income tax | <u>43,193</u> | <u>11,118</u> |
| Income tax at 30% (2011: 30%) | 12,958 | 3,335 |
| Add tax effect of: | | |
| Non-assessable items | (346) | - |
| Non-allowable items | 215 | 261 |
| Under-provision in respect of prior years | 56 | - |
| | <u>12,883</u> | <u>3,596</u> |
| Weighted average effective tax rates are as follows: | <u>29.8%</u> | <u>32.3%</u> |



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8 Income Tax Expense (cont'd)

The tax rate used for the 2012 and 2011 reconciliations above is the corporate tax rate of 30% payable by corporate entities in Australia on taxable profits under the tax law in that jurisdiction. The Group's operations are located in Australia.

The following shows the details of the deferred tax assets and liabilities:

| | Property, plant and equipment (tax allowance/ impairment) S\$'000 | Borrowing costs S\$'000 | Share of profits in joint venture S\$'000 | Total S\$'000 |
|---------------------------|---|-------------------------------|--|------------------|
| Deferred tax liabilities: | | | | |
| Balance at 1 July 2010 | 42 | - | - | 42 |
| Charged to profit or loss | 207 | 2 | - | 209 |
| Currency translation | 10 | - | - | 10 |
| Balance at 30 June 2011 | <u>259</u> | <u>2</u> | <u>-</u> | <u>261</u> |
| Balance at 1 July 2011 | 259 | 2 | - | 261 |
| Charged to profit or loss | 16 | (2) | 70 | 84 |
| Currency translation | (4) | - | - | (4) |
| Balance at 30 June 2012 | <u>271</u> | <u>-</u> | <u>70</u> | <u>341</u> |

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8 Income Tax Expense (cont'd)

| | Property, plant and equipment (tax allowance/ impairment) S\$'000 | Interest bearing loans and borrowings S\$'000 | Expenses accrued S\$'000 | Other current assets S\$'000 | Provision employee benefits S\$'000 | Provision others S\$'000 | Borrowing costs S\$'000 | Carried forward tax losses S\$'000 | Intangibles S\$'000 | Total S\$'000 |
|-------------------------------|---|---|--------------------------------|---------------------------------------|--|--------------------------------|-------------------------------|---|------------------------|------------------|
| Deferred tax assets: | | | | | | | | | | |
| Balance at 1 July 2010 | 27 | 48 | 63 | - | 59 | 26 | - | 96 | - | 319 |
| Credited to profit or loss | 4 | 163 | 85 | 20 | 164 | (12) | - | 46 | 1 | 471 |
| Currency translation | 3 | 9 | 8 | 1 | 10 | 2 | - | 10 | - | 43 |
| Balance at 30 June 2011 | 34 | 220 | 156 | 21 | 233 | 16 | - | 152 | 1 | 833 |
| Balance at 1 July 2011 | 34 | 220 | 156 | 21 | 233 | 16 | - | 152 | 1 | 833 |
| Credited to profit or loss | (33) | 406 | 461 | - | 808 | 164 | 1 | (150) | - | 1,657 |
| Currency translation | - | (5) | (5) | - | (8) | (1) | - | (1) | - | (20) |
| Balance at 30 June 2012 | 1 | 621 | 612 | 21 | 1,033 | 179 | 1 | 1 | 1 | 2,470 |

Temporary differences relating to investments in subsidiaries for which deferred tax liabilities have not been recognised as of 30 June 2012 amounted to S\$891,058 (2011: S\$902,948).



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9 Earnings per Share

Basic earnings per share is calculated by dividing the Group's net profit attributable to ordinary equity holders for the financial year by 501,000,000 ordinary shares which were assumed to be in issue throughout the entire financial year presented.

| | Group | |
|--|--------------|-------------|
| | <u>2012</u> | <u>2011</u> |
| Profit attributable to the owners of the Company | 30,310,245 | 7,523,210 |
| Total number of ordinary shares issued | 501,000,000 | 501,000,000 |
| Basic and diluted earnings per share (cents) | 6.05 | 1.50 |

Diluted earnings per share are calculated by dividing net profit attributable to the owners of the Company by the weighted average number of ordinary shares during the year plus the weighted average number of ordinary shares that would be in issue on the conversion of all the dilutive potential ordinary shares into ordinary shares. As there is no dilutive potential ordinary shares, the diluted earnings per share is the same as the basic earnings per share.

10 Trade and Other Receivables

| | | Group | | Company | |
|---|-------------|----------------|----------------|----------------|----------------|
| | | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> |
| | <u>Note</u> | <u>S\$'000</u> | <u>S\$'000</u> | <u>S\$'000</u> | <u>S\$'000</u> |
| Current: | | | | | |
| Trade receivables | | | | | |
| - Third party | | 55,236 | 16,700 | - | - |
| - Retention on construction claims | | 4,300 | 464 | - | - |
| | | 59,536 | 17,164 | - | - |
| Amounts due from customers for construction contracts | 10(a) | 26,238 | 3,224 | - | - |
| Receivables from subsidiaries | | - | - | 2,076 | 742 |
| Receivables from joint venture | | 727 | - | - | - |
| Dividends receivable | | - | - | 3,006 | - |
| Other receivables | | 119 | 15 | - | - |
| Total current trade and other receivables | | 86,620 | 20,403 | 5,082 | 742 |



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10 Trade and Other Receivables (cont'd)

| | Group | | Company | |
|--|----------------|---------------|----------------|-------------|
| | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| (a) <u>Construction Contracts:</u> | | | | |
| Contract cost incurred | 267,860 | 41,060 | - | - |
| Recognised profits | 60,785 | 19,947 | - | - |
| | <u>328,645</u> | <u>61,007</u> | <u>-</u> | <u>-</u> |
| Less: Progress billings | (302,262) | (57,860) | - | - |
| Currency translation | (145) | 77 | - | - |
| Amounts due from customers for construction contracts | <u>26,238</u> | <u>3,224</u> | <u>-</u> | <u>-</u> |

Current trade receivables are non-interest bearing and generally on 30 day terms.

The receivables from subsidiaries are unsecured, interest-free and repayable on demand.

11 Other Current Assets

| | Group | | Company | |
|-------------|--------------|-------------|----------------|-------------|
| | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Prepayments | <u>337</u> | <u>492</u> | <u>-</u> | <u>-</u> |

12 Cash and Cash Equivalents

| | Group | | Company | |
|--------------------------|---------------|--------------|----------------|-------------|
| | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Cash at bank and in hand | 32,792 | 5,598 | 1,295 | 20 |
| Short-term bank deposits | 1,009 | 1,022 | - | - |
| | <u>33,801</u> | <u>6,620</u> | <u>1,295</u> | <u>20</u> |



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12 Cash and Cash Equivalents (cont'd)

For the purpose of presenting the consolidated statement of cash flows, the cash and cash equivalents comprise the following:

| | Group | | Company | |
|----------------------------|----------------|----------------|----------------|-------------|
| | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Cash and cash equivalents | 33,801 | 6,620 | 1,295 | 20 |
| Less: cash in bank pledged | <u>(1,009)</u> | <u>(1,022)</u> | <u>-</u> | <u>-</u> |
| | <u>32,792</u> | <u>5,598</u> | <u>1,295</u> | <u>20</u> |

The effective interest rate on short-term bank deposits was 4.12% per annum (2011: 5.02% per annum). These deposits matured on the 9 August 2012.

A floating charge over cash and cash equivalents has been provided for certain debt. Refer to Note 19 for further details.

13 Loans Receivable

On 29 March 2012, the Company granted loans to a subsidiary amounting to S\$18,000,000 repayable on 30 June 2013 (2011: S\$19,638,000, repayable on 15 July 2012). The loans are unsecured and interest bearing at 6% per annum. Interest income recognised for the period amounted to S\$1,351,798 (2011: S\$740,299).

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14 Property, Plant and Equipment

| | Leasehold building S\$'000 | Plant and equipment S\$'000 | Small tools S\$'000 | Motor vehicles S\$'000 | Office equipment S\$'000 | IT equipment S\$'000 | Assets under construction S\$'000 | Total S\$'000 |
|---------------------------------|----------------------------------|-----------------------------------|---------------------------|------------------------------|--------------------------------|----------------------------|---|------------------|
| 2012 | | | | | | | | |
| <u>Cost</u> | | | | | | | | |
| At 1 July 2011 | 21,932 | 16,108 | 811 | 2,381 | 138 | 481 | 5,516 | 47,367 |
| Additions | 824 | 12,278 | 1,918 | 1,213 | 172 | 820 | (709) | 16,516 |
| Disposals | - | (525) | (98) | (9) | - | - | - | (632) |
| Currency translation | (295) | (280) | (22) | (38) | (2) | (11) | (68) | (716) |
| At 30 June 2012 | 22,461 | 27,581 | 2,609 | 3,547 | 308 | 1,290 | 4,739 | 62,535 |
| <u>Accumulated depreciation</u> | | | | | | | | |
| At 1 July 2011 | (156) | (2,016) | (132) | (501) | (8) | (115) | - | (2,928) |
| Depreciation for the year | (761) | (2,211) | (420) | (475) | (40) | (253) | - | (4,160) |
| Transfer/adjustments | 4 | (4) | - | - | - | - | - | - |
| Disposals | - | 278 | 90 | 9 | - | - | - | 377 |
| Currency translation | 5 | 40 | 4 | 9 | - | 3 | - | 61 |
| At 30 June 2012 | (908) | (3,913) | (458) | (958) | (48) | (365) | - | (6,650) |
| <u>Net carrying amount</u> | | | | | | | | |
| At 30 June 2012 | 21,553 | 23,668 | 2,151 | 2,589 | 260 | 925 | 4,739 | 55,885 |



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14 Property, Plant and Equipment (cont'd)

| | <u>Leasehold building</u> S\$'000 | <u>Plant and equipment</u> S\$'000 | <u>Small tools</u> S\$'000 | <u>Motor vehicles</u> S\$'000 | <u>Office equipment</u> S\$'000 | <u>IT equipment</u> S\$'000 | <u>Assets under construction</u> S\$'000 | <u>Total</u> S\$'000 |
|---------------------------------|--|---|-----------------------------------|--------------------------------------|--|------------------------------------|---|-------------------------|
| 2011 | | | | | | | | |
| <u>Cost</u> | | | | | | | | |
| At 1 July 2010 | 8,468 | 4,631 | 159 | 824 | 16 | 146 | 277 | 14,521 |
| Additions | 12,368 | 10,845 | 626 | 1,451 | 118 | 313 | 5,088 | 30,809 |
| Disposals | - | (66) | (3) | (7) | - | - | - | (76) |
| Currency translation | 1,096 | 698 | 29 | 113 | 4 | 22 | 151 | 2,113 |
| At 30 June 2011 | 21,932 | 16,108 | 811 | 2,381 | 138 | 481 | 5,516 | 47,367 |
| <u>Accumulated depreciation</u> | | | | | | | | |
| At 1 July 2010 | (3) | (785) | (40) | (207) | (1) | (22) | - | (1,058) |
| Depreciation for the year | (150) | (1,143) | (88) | (271) | (6) | (89) | - | (1,747) |
| Disposals | - | 14 | 2 | 3 | - | - | - | 19 |
| Currency translation | (3) | (102) | (6) | (26) | (1) | (4) | - | (142) |
| At 30 June 2011 | (156) | (2,016) | (132) | (501) | (8) | (115) | - | (2,928) |
| <u>Net carrying amount</u> | | | | | | | | |
| At 30 June 2011 | 21,776 | 14,092 | 679 | 1,880 | 130 | 366 | 5,516 | 44,439 |



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14 Property, Plant and Equipment (cont'd)

- (a) The total value of purchased assets that were refinanced via finance leases for the year was S\$9,355,309 (2011: S\$7,839,397) and had a carrying amount of S\$14,384,043 (2011: S\$6,850,706) as at 30 June 2012.
- (b) At 30 June 2012, the carrying amount of property, plant and equipment that are pledged for security is as follows:

| <u>Property, plant and equipment</u> | <u>Borrowings</u> | <u>Carrying Amount</u> S\$'000 |
|---|--|-----------------------------------|
| Leasehold building | Bank bills and Multi-option facility | 21,554 |
| Leased plant and equipment | Finance lease | 14,384 |
| Remaining property, plant and equipment | Floating charge on Multi-option facility | 19,947 |
| | | <u>55,885</u> |

Refer to Note 19 for further information on Borrowings.

15 Intangible Assets

| | Group | |
|----------|------------------------|------------------------|
| | <u>2012</u> S\$'000 | <u>2011</u> S\$'000 |
| Goodwill | <u>13</u> | <u>13</u> |

Goodwill arose from the excess of the consideration paid for a business acquired from a third party. Goodwill has been allocated to the cash-generating unit, Mining and Others division.

Management is of the opinion that the recoverable amount will exceed the carrying amount on the basis that this cash generating unit has been generating profit since acquisition and management forecasts the results of this subsidiary to be in a net profit position for the financial year ending 30 June 2013. In arriving at this assessment, management has determined the recoverable amount using a two year forecasting process based on the current order book, projected orders and a consumer price index ("CPI") factor of 1.2% per annum on direct costs and overhead costs.



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15 Intangible Assets (cont'd)

Movement in goodwill during the year is follows:

| | Group | |
|----------------------------|------------------------|------------------------|
| | <u>2012</u> S\$'000 | <u>2011</u> S\$'000 |
| Goodwill | 13 | 12 |
| Currency translation | - | 1 |
| Balance at the end of year | 13 | 13 |

16 Investment in Subsidiaries

| | Company | |
|--|------------------------|------------------------|
| | <u>2012</u> S\$'000 | <u>2011</u> S\$'000 |
| Issuance of shares for acquisition of subsidiaries | 9,792 | - |

On 27 March 2012, the Company entered into a Share Swap Agreement with the shareholders of Civmec Construction & Engineering Pty Ltd ("CCE") in relation to the acquisition of the entire issued and paid-up share capital of CCE for a purchase consideration of 323,938,000 shares (Note 2).

Details of the Company's subsidiaries at 30 June 2012 are as follows:

| <u>Name of subsidiaries</u> | <u>Date and place of incorporation and principal place of business</u> | <u>Principal activities</u> | <u>Cost of investment (A\$)</u> | <u>% of equity held by the Company</u> |
|--|--|---|---------------------------------|--|
| Civmec Construction & Engineering Pty Ltd* | 22 June 2009 (Australia) | Civil construction Structural Mechanical Process piping (SMP) | 7,578,683 | 100% |
| Civmec Holdings Pty Ltd* | 30 June 2009 (Australia) | Asset holding company | 120 | 100% |
| Ballymount Holdings Pty Ltd* | 17 January 2005 (Australia) | Asset holding company | 2,288,930 | 100% |
| Civmec Pipe Products Pty Ltd* | 28 June 2010 (Australia) | Asset holding company | 835 | 83.5% |

* Audited by Moore Stephens Pty Ltd, Perth, Australia



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17 Investment in Joint Venture

The Company acquired the following interest in a joint venture during the year:

| <u>Name of entity</u> | <u>Date and place of incorporation and principal place of business</u> | <u>Principal activities</u> | <u>% of equity held by the Company</u> |
|---------------------------------------|--|-----------------------------|--|
| Civmec Cape Insulation Group Pty Ltd* | 16 September 2011 (Australia) | Insulation services | 50% |

*Audited by Moore Stephens Pty Ltd, Perth, Australia

The cost of investment in the joint venture was S\$1. The roll forward analysis of the Group's investment in the joint venture is as follows:

| | Group | |
|--------------------------------------|--------------|-------------|
| | <u>2012</u> | <u>2011</u> |
| | S\$'000 | S\$'000 |
| Share of profit in the joint venture | 234 | - |
| Currency translation | (2) | - |
| | <u>232</u> | <u>-</u> |

The following is the financial information for Civmec Cape Insulation Group Pty Ltd:

| | Group | |
|-------------------------|--------------|-------------|
| | <u>2012</u> | <u>2011</u> |
| | S\$'000 | S\$'000 |
| Current assets | 2,829 | - |
| Non-current assets | 1,156 | - |
| Current liabilities | 2,347 | - |
| Non-current liabilities | 1,313 | - |
| Revenue | 2,531 | - |
| Cost of sales | 2,023 | - |
| Expenses | 42 | - |

The Group's share of profit in the joint venture for the year ended 30 June 2012 is S\$234,000 (2011: Nil).



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18 Trade and Other Payables

| | Group | | Company | |
|---------------------------------------|---------------|---------------|----------------|-------------|
| | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Trade creditors | 29,161 | 6,920 | - | - |
| Sundry payables and accrued expenses: | | | | |
| Accrued expenses | 25,078 | 1,823 | 359 | 9 |
| Interest payable on convertible loans | - | 732 | - | 732 |
| Goods and services tax payable | 2,564 | 776 | - | - |
| Other taxes payable | 1,412 | 1,036 | - | - |
| | <u>58,215</u> | <u>11,287</u> | <u>359</u> | <u>741</u> |

Trade and other payables are usually paid within 30 days of recognition.

19 Borrowings

| | <u>Note</u> | Group | | Company | |
|-------------------------------------|-------------|---------------|---------------|----------------|---------------|
| | | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> |
| | | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Current | | | | | |
| Finance lease liabilities – secured | 19(a) | <u>3,318</u> | <u>1,585</u> | <u>-</u> | <u>-</u> |
| Non-current | | | | | |
| Finance lease liabilities – secured | 19(a) | 10,055 | 5,592 | - | - |
| Bank bills – secured | 19(b) | - | 8,792 | - | - |
| Convertible loans | 20 | - | 19,472 | - | 19,472 |
| | | <u>10,055</u> | <u>33,856</u> | <u>-</u> | <u>19,472</u> |
| Total Borrowings | | <u>13,373</u> | <u>35,441</u> | <u>-</u> | <u>19,472</u> |

(a) Finance lease liabilities

The Group (the lessee) leases motor vehicles and workshop equipment from non-related parties under finance leases. The Group will obtain the ownership of the leased assets from the lessor at no extra cost at the end of the lease term. The average lease term is between 4 and 5 years at interest rates ranging from 6.49% to 9.56% per annum (2011: 7.99% to 9.59%).



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19 Borrowings (cont'd)

(a) Finance lease liabilities (cont'd)

The finance lease liabilities are secured by the underlying leased assets:

| | Group | |
|---|------------------------|------------------------|
| | <u>2012</u> S\$'000 | <u>2011</u> S\$'000 |
| Property, plant and equipment (Note 14) | <u>14,384</u> | <u>6,851</u> |

The present values of finance lease liabilities are analysed as follows:

| | Minimum lease payments S\$'000 | Future finance charges S\$'000 | Net present value of minimum lease payments S\$'000 |
|----------------------------|---|---|--|
| 2012 | | | |
| Less than one year | 4,272 | (954) | 3,318 |
| Between one and five years | <u>11,251</u> | <u>(1,196)</u> | <u>10,055</u> |
| | <u>15,523</u> | <u>(2,150)</u> | <u>13,373</u> |
| 2011 | | | |
| Less than one year | 2,144 | (559) | 1,585 |
| Between one and five years | <u>6,385</u> | <u>(193)</u> | <u>6,192</u> |
| | <u>8,529</u> | <u>(752)</u> | <u>7,777</u> |

(b) Bank bills

As at 30 June 2012, the Group has a commercial bank facility amounting to S\$8,675,713 which was paid in full as at 30 June 2012 (30 June 2011: S\$8,792,033). Interest rates are variable and ranged between 7.11% and 7.52% per annum during the financial year ended 30 June 2012 (30 June 2011: ranged between 7.19% and 7.47%). Repayment of the bank bill facility is on an interest only basis until 14 June 2016 and the terms of the bank bill will then be renegotiated.



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19 Borrowings (cont'd)

(c) Other financing facilities available

The Group has a Multi Option Facility available for a limit of A\$10,030,000 (approximately S\$12,958,660). This is secured by:

- A registered fixed and floating charge over the assets and undertakings of the Group.
- A first registered real property mortgage over the leasehold interest in the Commercial property located at Lot 804 (16) Nautical Drive, Henderson Western Australia and a guarantee and indemnity given by the Company.

20 Convertible Loans

The Company issued convertible loans of A\$5,000,000 (approximately S\$5,936,380) and A\$10,000,000 (approximately S\$12,982,800) on 11 June 2010 and 15 December 2010, respectively which incurred interest at 6% per annum. Each convertible loan entitled the holders to convert a loan of A\$1 to 11.312 conversion shares and 5.7002 conversion shares, respectively for a total of 56,560,000 conversion shares and 57,002,000 conversion shares respectively. This conversion occurred on the 27 March 2012, and as the terms of the conversion were met, the interest liability referred to above was reversed (Note 4).

21 Provisions

| | Group | |
|---------------------------------|--------------|-------------|
| | <u>2012</u> | <u>2011</u> |
| | S\$'000 | S\$'000 |
| Current | | |
| Provision for employee benefits | 3,400 | 621 |
| Non-current | | |
| Provision for employee benefits | 642 | 211 |
| | 4,042 | 832 |

(a) Movements in provisions are as follows:

| | Group | |
|--|--------------|-------------|
| | <u>2012</u> | <u>2011</u> |
| | S\$'000 | S\$'000 |
| Current: | | |
| Opening balance at the beginning of year | 621 | 253 |
| Provisions made during the year | 10,263 | 771 |
| Provisions utilised during the year | (7,459) | (427) |
| Currency translation | (25) | 24 |
| Closing balance at the end of year | 3,400 | 621 |



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21 Provisions (cont'd)

(a) Movements in provisions are as follows: (cont'd)

| | Group | |
|--|------------------------|------------------------|
| | <u>2012</u> S\$'000 | <u>2011</u> S\$'000 |
| Non-current: | | |
| Opening balance at the beginning of year | 211 | 31 |
| Provisions made during the year | 1,825 | 216 |
| Provisions utilised during the year | (1,389) | (39) |
| Currency translation | (5) | 3 |
| Closing balance at the end of year | <u>642</u> | <u>211</u> |

Provisions pertain to employee benefits relating to long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data.

22 Share Capital

| | Number of <u>shares</u> | Group and Company | |
|---|----------------------------|--------------------------|--|
| | | <u>2012</u> S\$'000 | Number of <u>shares</u> <u>2011</u> S\$'000 |
| At the beginning of the year | 1 | - | 1 |
| Issuance of shares on 8 November 2011 | 12,499,999 | 125 | - |
| Share swap (Note 16) | 323,938,000 | - | - |
| Share conversion on 27 March 2012 (Note 20) | 113,562,000 | 18,919 | - |
| Issuance of shares on 13 April 2012 | 51,000,000 | 20,400 | - |
| IPO expenses debited to equity | - | (1,580) | - |
| At the end of the year | <u>501,000,000</u> | <u>37,864</u> | <u>1</u> |

The ordinary shares of the Company have no par value. All issued ordinary shares are fully paid. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share without restrictions at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

On 8 November 2011, the Company issued 124,999,999 new ordinary shares for a total consideration of S\$124,999 pursuant to the increase in capital contribution. The newly issued fully paid-up ordinary shares rank pari passu in all respects with the previously issued share.

On 13 April 2012, the Company was listed on the SGX-Mainboard. The Company issued 51,000,000 new shares valued at S\$0.40 for each offer share.



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22 Share Capital (cont'd)

Share Options

The Civmec Limited Employee Share Option Scheme (the "CESOS") for key management personnel and employees of the Group formed part of the Civmec Limited prospectus dated 5 April 2012.

Under the rules of the Scheme, executive and non-executive directors (including independent directors) and employees of the Company, who are not Controlling Shareholders or their associates, are eligible to participate in the Scheme.

There are no fixed periods for the grant of options. As such, offers for the grant of options may be made at any time, from time to time at the discretion of the Committee.

In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, offers may only be made after the second market day from the date on which the aforesaid announcement is made.

Particulars of the CESOS are set out under "Share Options" of this Directors' Report.

The Scheme shall continue in operation for a maximum duration of ten years and may be continued for any further period thereafter with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

During the current financial year, there were no shares of the Company or its subsidiaries issued by virtue of the exercise of options to take up unissued shares.

23 Other Reserves

| | Group | | Company | |
|--------------------------------------|---------------|---------------|----------------|-------------|
| | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Option premium on convertible loans | - | 241 | - | 241 |
| Foreign currency translation reserve | 1,469 | 1,285 | 1,422 | 6 |
| Merger reserve | 9,010 | 9,010 | 9,010 | - |
| | <u>10,479</u> | <u>10,536</u> | <u>10,432</u> | <u>247</u> |



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23 Other Reserves (cont'd)

(a) Option premium on convertible loans

The option premium on convertible loans represented the equity component (conversion rights) of the A\$5,000,000 6% and A\$10,000,000 6% convertible loans issued on 11 June 2010 and 15 December 2010 respectively (See Note 20). This has been reversed upon the share conversion.

The movement in the option premium on convertible loans is shown in the consolidated statement of changes in equity.

(b) Foreign currency translation reserve

Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currency to the Group's presentation currency (i.e., S\$) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

Exchange differences previously accumulated in the foreign currency translation reserve (in respect of translating the net assets of foreign operations) are reclassified to profit or loss on the disposal or partial disposal of the foreign operation. The movement in the foreign currency translation in the foreign currency translation reserve is shown in the consolidated statement of changes in equity.

(c) Merger reserve

Pursuant to the completion of the Restructuring Exercise as disclosed in Note 2, the share capital of Civmec Construction & Engineering Pty Ltd and Controlled Entities is adjusted to merger reserve based on the "pooling of interest method".

24 Commitments

(a) Operating lease

The future minimum lease payable under non-cancellable operating leases contracted for where the Group is a lessee at the reporting date but not capitalised in the financial statements are as follows:

| | Group | |
|----------------------------------|------------------------|------------------------|
| | <u>2012</u> S\$'000 | <u>2011</u> S\$'000 |
| Not later than 12 months | 1,540 | 1,152 |
| Between 12 months and five years | 7,369 | 5,004 |
| More than five years | 62,037 | 24,994 |
| | <u>70,946</u> | <u>31,150</u> |



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24 Commitments (cont'd)

(a) Operating lease (cont'd)

The Group has three commercial operating leases:

- The Kwinana property lease at 10 Ocean Street, Kwinana, Western Australia terminates in December 2012.
- The lease at 36 Stuart Drive in Henderson terminates in October 2012.
- The Henderson land lease at Lot 804 (16) Nautical Drive, Henderson Western Australia is for a 35-year period from July 2009 with an option to renew for a further 35 years. Rent increases are per the CPI Index.

(b) Capital expenditure commitments

The Group has capital expenditure commitments contracted for at the reporting date but not recognised in the financial statements as follows:

| | Group | |
|---|------------------------|------------------------|
| | <u>2012</u> S\$'000 | <u>2011</u> S\$'000 |
| Plant and equipment purchases | 2,232 | 3,666 |
| New office building, property and factory | 18,194 | 13,092 |
| | <u>20,426</u> | <u>16,758</u> |
| Not later than 12 months | 20,426 | 3,666 |
| Between 12 months and five years | - | 13,092 |
| | <u>20,426</u> | <u>16,758</u> |

25 Guarantees

The Group is, in the normal course of business, required to provide guarantees in respect of their contractual performance related obligations. These guarantees and indemnities only give rise to a liability where it fails to perform its contractual obligations.

During the course of business, the Company also provides letters of credit for international trading when required.



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25 Guarantees (cont'd)

As at 30 June 2012, the Group has provided the following:

| | <u>2012</u> S\$'000 | <u>2011</u> S\$'000 |
|----------------------|------------------------|------------------------|
| Bank guarantee | 469 | - |
| Surety bond facility | 21,706 | 954 |
| Letter of credit | 388 | - |
| | <u>22,563</u> | <u>954</u> |

The surety bond facility is provided for the provision of performance bonds to customers of the Group. It has a limit of A\$30 million (equivalent to S\$39 million) as at 30 June 2012 (2011: A\$18 million: S\$23 million).

26 Related Party Transactions

The Group's main related parties are as follows:

Entities Exercising Control over the Group

The largest shareholders are James Finbarr Fitzgerald and Olive Theresa Fitzgerald (acting as trustees for the JF & OT Fitzgerald Family Trust) (19.47%) and Goldfirm Pty Ltd (acting as trustee for the Karing Investment Trust) (19.47%).

Key Management Personnel

Any person having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

Remuneration paid to key management personnel is as follows:

| | Group | |
|----------------------------------|------------------------|------------------------|
| | <u>2012</u> S\$'000 | <u>2011</u> S\$'000 |
| Directors' remuneration | | |
| Salaries and other related costs | 959 | - |
| Directors' fees | 25 | - |
| Post-employment benefits | 77 | - |
| Key management personnel | | |
| Salaries and other related costs | 1,840 | 958 |
| Post-employment benefits | 142 | 78 |
| | <u>3,043</u> | <u>1,036</u> |



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26 Related Party Transactions (cont'd)

Other Related Parties

Other related parties include immediate family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel, individually or collectively with their immediate family members.

Transactions with Related Parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

| | <u>2012</u> S\$'000 | Group <u>2011</u> S\$'000 |
|--|------------------------|--|
| (a) Purchases of goods and services: | | |
| Other Related Parties: | | |
| - Rental paid to a related party (who is a spouse of one of the directors) | (257) | (184) |
| - Management fee paid to a related party who is a convertible loan holder | - | (639) |
| (b) Finance cost | | |
| - On convertible loans held by directors of the Company who are also pre-IPO investors | - | (102) |
| - Loan from a director | - | (314) |
| (c) Borrowings | | |
| Other Related Parties: | | |
| - Proceeds from loans from related parties | - | 32 |
| - Repayment of loans from related parties | - | (4,628) |
| - Advances from related parties | 105 | 21 |
| - Convertible loans held by directors of the Company who are also pre-IPO investors | - | 639 |

The advances from related parties represent amounts due from a former director who is now a shareholder of Civmec Ltd and Clarendon Pacific Ventures Pte. Ltd. These advances are non-trade in nature, interest-free and repayable in cash/on demand.

The loans from related parties are non-trade in nature, non-interest bearing and repayable on demand.



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27 Financial Information by Segments

Management has determined the operating segments based on the internal reports which are regularly reviewed by the Operations Management that are used to make strategic decisions.

The Operations Management comprises of the Executive Chairman, Chief Executive Officer, Chief Operations Officer, Chief Financial Officer, Finance Manager and the department heads of each operating segment.

The business is managed primarily on the basis of different products and services as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment;
- the manufacturing process;
- the type or class of customer for the products or services;
- the distribution method; and
- any external regulatory requirements

The two main reportable segments for the Group are: (1) Oil and Gas (2) Mining and Others. The business activities include civil construction, fabrication, precast concrete, SMP (Structural, Mechanical and Piping Erection), insulation, maintenance and plant hire.

Basis of Accounting for Purposes of Reporting by Operating Segments

(a) Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the consolidated financial statements of the Group.

(b) Inter-segment transactions

An internally determined transfer price is set for all inter-segment sales. This price is reviewed quarterly and is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation of the Group's financial statements.

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs.



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27 Financial Information by Segments (cont'd)

Basis of Accounting for Purposes of Reporting by Operating Segments (cont'd)

(c) Segment assets and liabilities

The Group does not identify nor segregate its assets and liabilities in operating segments as these are managed on a “group basis”.

Geographical Segments (Secondary Reporting)

The Group operates within Australia.

Major Customers

The Group has a number of customers to whom it provides both products and services. The Group supplies to a single external customer in the Oil and Gas segment who accounts for 45% (2011: 0%) of external revenue. The next most significant clients account for 20% and 18% (2011: 0% and 45% respectively) of external revenue.

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27 Financial Information by Segments (cont'd)

| | Oil and Gas S\$'000 | <u>2012</u> Mining and Others S\$'000 | Total S\$'000 | Oil and Gas S\$'000 | <u>2011</u> Mining and Others S\$'000 | Total S\$'000 |
|--|---------------------------|--|------------------|---------------------------|--|------------------|
| Revenue - external sales | 79,225 | 249,429 | 328,654 | 43,185 | 17,822 | 61,007 |
| Cost of sales (excluding depreciation) | (55,543) | (208,450) | (263,993) | (29,590) | (9,819) | (39,409) |
| Depreciation expense | (1,755) | (2,112) | (3,867) | (330) | (1,321) | (1,651) |
| Segment results | 21,927 | 38,867 | 60,794 | 13,265 | 6,682 | 19,947 |
| Unallocated costs | | | (17,866) | | | (7,588) |
| Other income | | | 1,514 | | | 316 |
| Share in profit of joint venture | 234 | | 234 | | | - |
| Finance costs | | | (1,483) | | | (1,557) |
| Profit before income tax | | | 43,193 | | | 11,118 |
| Income tax expenses | | | (12,883) | | | (3,596) |
| Net profit for the year | | | <u>30,310</u> | | | <u>7,522</u> |
| Segment assets: | | | | | | |
| Intangible assets | | 13 | 13 | | 13 | 13 |
| Unallocated assets: | | | | | | |
| - Assets | | | 176,538 | | | 71,462 |
| - Other current assets | | | 337 | | | 492 |
| - Deferred tax assets | | | 2,470 | | | 833 |
| Total assets | | | <u>179,358</u> | | | <u>72,800</u> |



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27 Financial Information by Segments (cont'd)

| | Oil and Gas <u>S\$'000</u> | 2012 Mining and Others <u>S\$'000</u> | Total <u>S\$'000</u> | Oil and Gas <u>S\$'000</u> | 2011 Mining and Others <u>S\$'000</u> | Total <u>S\$'000</u> |
|----------------------------------|----------------------------------|--|-------------------------|----------------------------------|--|-------------------------|
| Segment liabilities: | | | | | | |
| Unallocated liabilities: | | | | | | |
| - Liabilities | | | 58,338 | | | 11,308 |
| - Borrowings | | | 13,373 | | | 35,441 |
| - Current income tax liabilities | | | 13,852 | | | 3,663 |
| - Deferred tax liabilities | | | 341 | | | 261 |
| - Provisions | | | 4,042 | | | 832 |
| Total liabilities | | | <u>89,946</u> | | | <u>51,505</u> |
| Other segment information | | | | | | |
| Capital expenditure | | | <u>16,516</u> | | | <u>30,809</u> |

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28 Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, borrowings and finance lease liabilities. The key financial risks include interest rate risk, foreign currency risk, credit risk and liquidity risk.

(a) Market risk

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

Interest rate risk is managed using a mix of fixed and floating rate debt. At 30 June 2012, approximately 100% (30 June 2011: 59%) of the Group's debt is fixed. There is no variable interest rate borrowings which exposes the Group to interest rate changes as at 30 June 2012 (2011: S\$8,792,033).

The Group has cash balances placed with reputable banks and financial institutions. Such balances are placed on varying maturities and generate interest income for the Group.

The Group obtains additional financing through bank borrowings and leasing arrangements. Information relating to the Group's interest rate exposure is also disclosed in the notes on the Group's borrowings and leasing obligations. They are at both fixed and floating rates of interest. The policy is to retain flexibility in selecting borrowings at both fixed and floating rates interest.

| | Variable rates | | Fixed rates | | Non-interest bearings | Total |
|--------------------------------|------------------|----------------------------|------------------|----------------------------|--------------------------|----------------|
| | Within 1 Year | Between 2 to 5 Years | Within 1 Year | Between 2 to 5 Years | | |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| 2012 | | | | | | |
| <u>Financial Assets</u> | | | | | | |
| Cash and bank balances | 33,801 | - | - | - | - | 33,801 |
| Trade and other receivables | - | - | - | - | 86,620 | 86,620 |
| | <u>33,801</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>86,620</u> | <u>120,421</u> |
| <u>Financial Liabilities</u> | | | | | | |
| Trade and other payables | - | - | - | - | 54,239 | 54,239 |
| Borrowings – Finance lease | - | - | 3,318 | 10,055 | - | 13,373 |
| Payable to related parties | - | - | - | - | 123 | 123 |
| | <u>-</u> | <u>-</u> | <u>3,318</u> | <u>10,055</u> | <u>54,362</u> | <u>67,735</u> |



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28 Financial Risk Management (cont'd)

(a) Market risk (cont'd)

Interest rate risk (cont'd)

| | Variable rates | | Fixed rates | | Non-interest bearings | <u>Total</u> S\$'000 |
|--------------------------------|--------------------------|--|--------------------------|--|--------------------------|-------------------------|
| | Within | Between | Within | Between | | |
| | <u>1 Year</u> S\$'000 | <u>2 to 5</u> <u>Years</u> S\$'000 | <u>1 Year</u> S\$'000 | <u>2 to 5</u> <u>Years</u> S\$'000 | | |
| 2011 | | | | | | |
| <u>Financial Assets</u> | | | | | | |
| Cash and bank balances | 6,620 | - | - | - | - | 6,620 |
| Trade and other receivables | - | - | - | - | 20,403 | 20,403 |
| | <u>6,620</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>20,403</u> | <u>27,023</u> |
| <u>Financial Liabilities</u> | | | | | | |
| Trade and other payables | - | - | - | - | 9,475 | 9,475 |
| Borrowings – Bank bills | - | 8,792 | - | - | - | 8,792 |
| Borrowings – Finance lease | - | - | 1,585 | 5,592 | - | 7,177 |
| Payable to related parties | - | - | - | - | 21 | 21 |
| Convertible loans | - | - | - | 19,472 | - | 19,472 |
| | <u>-</u> | <u>8,792</u> | <u>1,585</u> | <u>25,064</u> | <u>9,496</u> | <u>44,937</u> |

Foreign Currency Risk

There is no significant exchange rate risk as substantially all financial assets and financial liabilities are denominated in Australian Dollar, which is the functional currency of the Company and of each entity in the Group. Accordingly, the sensitivity analysis to currency risk exposure is not disclosed as management is of the view that this is not significant.

Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contractual obligations that could lead to a financial loss to the Group.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that customers and counterparties to transactions are of sound credit worthiness and includes the utilisation of systems for the approval, granting and renewal of credit limits, the regular monitoring of exposures against such limits and the monitoring of the financial stability of significant customers and counterparties. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Group, credit terms are generally 30 days from the date of invoice.

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28 Financial Risk Management (cont'd)

(a) Market risk (cont'd)

Credit Risk (cont'd)

The Group has a concentration of credit risk with one counterparty accounting for 56% of trade receivables as at 30 June 2012 (2011: 83%). The main source of credit risk to the Group is considered to relate to the class of assets described as "Trade and other receivables".

The following table details the Group's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled within the terms and conditions agreed between the Group and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully paid to the Group.

| | Gross amount | Within initial trade terms | Past due but not impaired | | | Past due and impaired |
|-------------------|---------------|----------------------------|---------------------------|--------------|--------------|-----------------------|
| | | | 31-60 days | 61-90 days | >90 days | |
| | | | SS'000 | SS'000 | SS'000 | |
| 2012 | | | | | | |
| Trade receivables | 59,536 | 32,870 | 23,113 | 1,368 | 2,185 | - |
| Other receivables | 27,084 | 27,084 | - | - | - | - |
| Total | 86,620 | 59,954 | 23,113 | 1,368 | 2,185 | - |
| 2011 | | | | | | |
| Trade receivables | 17,164 | 9,568 | 7,306 | 78 | 212 | - |
| Other receivables | 3,239 | 3,239 | - | - | - | - |
| Total | 20,403 | 12,807 | 7,306 | 78 | 212 | - |

The Group did not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible based on historic payment behavior and extensive analyses of customer credit risk, including underlying customers' credit ratings, when available. Based on the Group's monitoring of customer credit risk, the Group believes that, apart from the above, no impairment allowance is necessary in respect of receivables not past due or past due by 30 days and above.



CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2012

28 Financial Risk Management (cont'd)

(a) Market risk (cont'd)

Credit Risk (cont'd)

Credit risk related to balances with banks and other financial institutions is managed by investing surplus funds with counterparties that are at a Standard and Poor's rating of at least AA. The following table provides information regarding the credit risk relating to cash and cash equivalents based on Standard and Poor's counterparty credit ratings.

| | Group | | Company | |
|----------------------------|--------------|-------------|----------------|-------------|
| | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Cash and cash equivalents: | | | | |
| AA Rated | 33,801 | 6,620 | 1,295 | 20 |

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its commitments concerning its financial liabilities. The Group manages this risk through the following mechanism:

- Preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;
- Monitoring undrawn credit facilities;
- Maintaining credit risk related to financial assets;
- Obtaining funding from a variety of sources;
- Only investing surplus cash with major financial institutions; and
- Comparing the maturity profile of financial liabilities with the realization profile of financial assets.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities. Bank overdrafts have been deducted in the analysis as management does not consider that there is any material risk that the bank will terminate such facilities. The bank does however maintain the right to terminate the facilities without notice and therefore the balances of overdrafts outstanding at year end could become repayable within 12 months. Financial guarantee liabilities are treated as payable on demand since the Group has no control over the timing of any potential settlement of the liability.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and do not reflect management's expectations that banking facilities will be rolled forward. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.



NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL REPORTS

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2012

28 Financial Risk Management (cont'd)

(a) Market risk (cont'd)

Liquidity Risk (cont'd)

| | Carrying Amount S\$'000 | Contractual Undiscounted Cash Flows | | |
|-----------------------------|-------------------------------|-------------------------------------|------------------------------------|------------------|
| | | Within 1 year S\$'000 | Between 2 to 5 years S\$'000 | Total S\$'000 |
| 2012 | | | | |
| Financial liabilities: | | | | |
| Trade and other payables | 54,240 | 54,240 | - | 54,240 |
| Borrowings: | | | | |
| - Finance lease | 13,373 | 3,318 | 10,055 | 13,373 |
| Payable to related parties | 123 | 123 | - | 123 |
| Total financial liabilities | <u>67,736</u> | <u>57,681</u> | <u>10,055</u> | <u>67,736</u> |
| 2011 | | | | |
| Financial liabilities: | | | | |
| Trade and other payables | 9,475 | 9,475 | - | 9,475 |
| Borrowings: | | | | |
| - Finance lease | 7,177 | 2,144 | 6,385 | 8,529 |
| - Bank bills | 8,792 | 481 | 10,716 | 11,197 |
| - Convertible loans | 19,472 | 1,182 | 19,690 | 20,872 |
| - Related parties | 21 | 21 | - | 21 |
| Total financial liabilities | <u>44,937</u> | <u>13,303</u> | <u>36,791</u> | <u>50,094</u> |

Capital Management

Management controls the capital of the Group in order to maintain a good debt-to-equity ratio, provide the shareholders with adequate returns and to ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

The Group and the Company have no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

The net debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as total financial liabilities less cash and cash equivalents.



CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2012

28 Financial Risk Management (cont'd)

(a) Market risk (cont'd)

Capital Management (cont'd)

| | Group | |
|--------------------------|--------------|-------------|
| | <u>2012</u> | <u>2011</u> |
| | S\$'000 | S\$'000 |
| Net debt | 33,935 | 38,318 |
| Total equity | 89,413 | 21,296 |
| Net debt-to-equity ratio | <u>0.38</u> | <u>1.80</u> |

There were no changes in the Group's approach to capital management during the year.

Fair Value Estimation

The fair values of financial assets and financial liabilities can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed in Note 3 to the consolidated financial statements.

The fair value of current financial assets and financial liabilities approximate the carrying value due to the liquid nature of these assets and / or the short term nature of these financial rights and obligations.

The fair values of non-current loans receivables and borrowings are calculated based on discounted expected future principal and interest cash flows. The discount rates used are based on market rates for similar instruments at the reporting date.

29 Subsequent Events

The Company has had an offer for the purchase of vacant land accepted for 2 & 8 Stuart Street, Henderson. It is now subject to approval by the Foreign Investment Review Board. A factory is to be built on the premises. These items are covered in Note 24 (b) Capital Expenditure Commitments.



NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL REPORTS

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2012

30 Cash Flow Information

- (a) Proceeds from issuance of shares of the Company

| | Group | |
|---|------------------------|------------------------|
| | <u>2012</u> S\$'000 | <u>2011</u> S\$'000 |
| Balance at beginning of year | - | - |
| Issuance of shares of the Company for the year | 37,864 | - |
| Balance at end of year | <u>37,864</u> | <u>-</u> |
| <u>Movement in share capital during the year:</u> | | |
| Issuance of shares of the Company for the year | 37,864 | - |
| Conversion of loans to equity | (18,919) | - |
| IPO expenses debited to equity | 1,580 | - |
| Proceeds from issuance of share of the Company | <u>20,525</u> | <u>-</u> |

- (b) Declaration of first and final dividends

For the financial year ended 30 June 2012, the board of directors proposed a first and final dividend of S\$0.60 cents per share, subject to the approval of the shareholders at the forthcoming annual general meeting.



STATISTICS OF SHAREHOLDERS AS AT 19 SEPTEMBER 2012

SHARE CAPITAL

| | | |
|------------------------|---|-----------------------------|
| Class of Shares | : | Ordinary Shares |
| Voting Rights | : | One vote per Ordinary Share |
| No. of issued shares | : | 501,000,000 Ordinary Shares |
| No. of treasury shares | : | Nil |

DISTRIBUTION OF SHAREHOLDINGS

| SIZE OF SHAREHOLDINGS | NO. OF SHAREHOLDERS | % | NO. OF SHARES | % |
|-----------------------|---------------------|---------------|--------------------|---------------|
| 1 - 999 | 0 | 0 | 0 | 0.00 |
| 1,000 - 10,000 | 301 | 43.18 | 1,826,417 | 0.36 |
| 10,001 - 1,000,000 | 345 | 49.50 | 39,402,161 | 7.87 |
| 1,000,001 and above | 51 | 7.32 | 459,771,422 | 91.77 |
| TOTAL | 697 | 100.00 | 501,000,000 | 100.00 |

TWENTY LARGEST SHAREHOLDERS

| No. | Name | No. of Shares | % |
|-----|--|--------------------|--------------|
| 1. | GOLDFIRM PTY LTD | 97,566,806 | 19.47 |
| 2. | JAMES FINBARR FITZGERALD AND OLIVE TERESA FITZGERALD | 97,566,806 | 19.47 |
| 3. | CLARENDON PACIFIC VENTURES PTE LTD | 23,812,000 | 4.75 |
| 4. | GLENN ALLAN STEPHENSON | 21,107,606 | 4.21 |
| 5. | GIUSEPPE MACRI AND CAROLYN CHRISTINA MACRI | 15,177,000 | 3.03 |
| 6. | MICHAEL VAZ LORRAIN | 15,177,000 | 3.03 |
| 7. | RAFFLES NOMINEES (PTE) LTD | 14,079,700 | 2.81 |
| 8. | KEVIN JAMES DEERY AND CHAYCHANOK DEERY | 13,660,000 | 2.73 |
| 9. | R.C.S.S. VITELLI NOMINEES PTY LTD | 13,659,300 | 2.73 |
| 10. | CARLO SILVERA AND GISELLE JAYNE SILVERA | 13,355,760 | 2.67 |
| 11. | ANG KONG HUA | 11,628,677 | 2.32 |
| 12. | FOO SIANG GUAN | 11,534,849 | 2.30 |
| 13. | BANK OF EAST ASIA NOMS PTE LTD | 5,952,000 | 1.19 |
| 14. | LEE TECK LENG | 5,700,200 | 1.14 |
| 15. | MAYBANK KIM ENG SECS PTE LTD | 5,543,000 | 1.11 |
| 16. | TAN SIEW HUAY | 4,966,845 | 0.99 |
| 17. | DBS NOMINEES PTE LTD | 4,693,300 | 0.94 |
| 18. | TERENCE HEMSWORTH AND SANDRA ANN HEMSWORTH | 4,524,800 | 0.90 |
| 19. | HSBC (SINGAPORE) NOMS PTE LTD | 4,487,500 | 0.90 |
| 20. | NEO CHEE BENG (LIANG ZHIMING) | 4,292,000 | 0.86 |
| | Total | 388,485,149 | 77.55 |



STATISTICS OF SHAREHOLDERS AS AT 19 SEPTEMBER 2012

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 19 September 2012, approximately 50.04% of the issued ordinary shares of the Company was held in the hands of the public (on basis of information available to the Company). Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

SUBSTANTIAL SHAREHOLDERS

| <u>Name</u> | <u>Direct Interest</u> | | <u>Indirect interest</u> | |
|---|------------------------|----------|--------------------------|----------|
| | <u>No. of Shares</u> | <u>%</u> | <u>No. of Shares</u> | <u>%</u> |
| JT & OT Fitzgerald Family Trust ⁽¹⁾ | 97,566,806 | 19.47 | - | - |
| Kariong Investment Trust ⁽²⁾ | 97,566,806 | 19.47 | - | - |
| Michael Vaz Lorrain ⁽³⁾ | 17,688,000 | 3.53 | 23,812,000 | 4.75 |
| James Finbarr Fitzgerald (and Olive Teresa Fitzgerald) ⁽¹⁾ | - | - | 97,566,806 | 19.47 |
| Goldfirm Pty Ltd ⁽²⁾ | - | - | 97,566,806 | 19.47 |
| Patrick John Tallon ⁽²⁾ | - | - | 97,566,806 | 19.47 |

Notes:

1. Mr. James Finbarr Fitzgerald and his spouse (Olive Teresa Fitzgerald) are the trustees of the JF & OT Fitzgerald Family Trust. Pursuant to Section 4(3) of the SFA, Mr James Finbarr Fitzgerald, his spouse (Olive Teresa Fitzgerald), their children (Sean Fitzgerald, Claire Fitzgerald and Sarah Fitzgerald) and Parglade Holdings Pty Ltd (which is equally held by Mr James Finbarr Fitzgerald and his spouse) are deemed to have an interest in the Shares owned by the JF & OT Fitzgerald Family Trust which are legally held in the names of Mr James Finbarr Fitzgerald and his spouse, Olive Teresa Fitzgerald, as trustees.
2. Goldfirm Pty Ltd is the trustee of the Kariong Investment Trust. Mr. Patrick John Tallon has a deemed interest in the Shares which are held by Goldfirm Pty Ltd as trustee. Pursuant to Section 4(3) of the SFA, Mr. Patrick John Tallon is also deemed to have an interest in the Shares owned by the Kariong Investment Trust, which are legally held in the name of Goldfirm Pty Ltd, as trustee.
3. Michael Vaz Lorrain is deemed interested in 23,812,000 shares which are held by Clarendon Pacific Venture Pte. Ltd.



NOTICE OF ANNUAL GENERAL MEETING

CIVMEC LIMITED

Company Registration No. 201011837H
(Incorporated in the Republic of Singapore)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at M Hotel Singapore, Shenton Room, Basement 1, 81 Anson Road, Singapore 079908 on Thursday, 25 October 2012 at 3.30 p.m., to transact the following businesses:

AS ORDINARY BUSINESSES:

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 30 June 2012 together with the Directors' Report and Independent Auditors' Report thereon. *Resolution 1*
 2. To approve the payment of a tax exempt (1-tier) First and Final Dividend of 0.6 Singapore cents per ordinary share for the financial year ended 30 June 2012. *Resolution 2*
 3. To approve the payment of Directors' fees of S\$45,901 for the financial year ended 30 June 2012. *Resolution 3*
 4. To approve the payment of Directors' fees of S\$175,000 for the financial year ending 30 June 2013, to be paid quarterly in arrears. *Resolution 4*
 5. To re-elect the following Directors retiring pursuant to Article 118 of the Company's Articles of Association :-
 - (a) Mr. James Finbarr Fitzgerald *Resolution 5*
 - (b) Mr. Patrick John Tallon *Resolution 6*
 - (c) Mr. Kevin James Deery *Resolution 7*
 - (d) Mr. Chong Teck Sin *Resolution 8*

Mr. Chong Teck Sin, will, upon re-election as Director of the Company remain as Chairman of Audit Committee and Risks and Conflicts Committee and a member of Nominating and Remuneration Committees. Mr. Chong will be considered independent for the purpose of Rule 704(8) of the Listing Manual of Singapore Exchange Securities Trading Limited.
 - (e) Mr. Wong Fook Choy Sunny *Resolution 9*
- Mr. Wong Fook Choy Sunny, will, upon re-election as Director of the Company remain as Chairman of Remuneration Committee and a member of Audit, Risks and Conflicts and Nominating Committees. Mr. Wong will be considered independent for the purpose of Rule 704(8) of the Listing Manual of Singapore Exchange Securities Trading Limited.



NOTICE OF ANNUAL GENERAL MEETING

6. To note the retirement of Mr Chelva Retnam Rajah as a director of the Company, pursuant to Article 118 of the Company's Article of Association.

[See Explanatory Note (i)]

7. To re-appoint Messrs Moore Stephens LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration. *Resolution 10*

AS SPECIAL BUSINESSES :

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:-

8. **Authority to allot and issue shares** *Resolution 11*

“THAT pursuant to Section 161 of the Companies Act, Cap. 50 (the “Act”) and the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”), authority be and is hereby given to the Directors of the Company to:

- (a) issue shares in the capital of the Company whether by way of bonus issue, rights issue or otherwise; and/or
- (b) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and/or
- (c) issue additional Instruments convertible into shares arising from adjustments made to the number of Instruments

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:

- (i) the aggregate number of shares and convertible securities that may be issued shall not be more than 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company or such other limit as may be prescribed by the SGX-ST as at the date the general mandate is passed;
- (ii) the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to existing shareholders shall not be more than 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company or such other limit as may be prescribed by the SGX-ST as at the date the general mandate is passed;



NOTICE OF ANNUAL GENERAL MEETING

- (iii) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraphs (i) and (ii) above, the total number of issued shares (excluding treasury shares) shall be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company as at the date the general mandate is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting as at the date the general mandate is passed and any subsequent bonus issue, consolidation or subdivision of the Company's shares; and
- (iv) unless earlier revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting is required by law to be held, whichever is earlier."

[See Explanatory Note (ii)]

9. **Authority to issue shares under the Civmec Employee Share Option Scheme (the "Scheme")**

Resolution 12

"THAT authority be and is hereby given to the Directors of the Company, from time to time, to allot and issue such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted under the Scheme, provided that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) of the Company from time to time, as determined in accordance with the provisions of the Scheme."

[See Explanatory Note (iii)]

10. To transact any other business which may properly be transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Sin Chee Mei
Ang Siew Koon
Company Secretaries

8 October 2012
Singapore



NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:-

(i) Ordinary Business – Item 6 of the Agenda

Mr. Chelva Retnam Rajah, who is retiring pursuant to Article 118 of the Company's Article of Association has indicated that he will not be seeking re-election as a Director of the Company. Upon Mr Rajah retirement, he will cease to be the Chairman of Nominating Committee and a member of Audit, Risks and Conflicts and Remuneration Committees.

(ii) Special Business – Item 8 of the Agenda

The Resolution No. 11 proposed in item no. 8 above, if passed, will empower the Directors of the Company to issue shares and convertible securities in the Company up to a maximum of fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to existing shareholders shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company for such purposes as they consider would be in the interests of the Company. This authority will continue in force until the conclusion of the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier, unless the authority is previously revoked or varied at a general meeting.

(iii) Special Business – Item 9 of the Agenda

The Resolution No. 12 proposed in item no. 9 above, if passed, will empower the Directors of the Company to allot and issue shares pursuant to the exercise of such options under the Scheme not exceeding fifteen per centum (15%) of the total number of issued shares excluding treasury shares, of the Company from time to time.

Notes:

- (a) A member of the Company entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint not more than two proxies, to attend and vote on his / her behalf, save that no such limit shall be imposed on the number of proxies appointed by members which are nominee companies. A proxy need not be a member of the Company.
- (b) Where a member appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.
- (c) A corporation which is a member may appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore to attend and vote for and on behalf of such corporation.
- (d) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an officer or attorney duly authorised in writing.
- (e) Where an instrument appointing a proxy is signed on behalf of the appointor by the attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
- (f) The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 80 Robinson Road, #02-00, Singapore 068898, not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.



CIVMEC LIMITED
(Company No. : 201011837H)
(Incorporated in the Republic of Singapore)

**ANNUAL GENERAL MEETING
PROXY FORM**

IMPORTANT

1. For investors who have used their CPF monies to buy Civmec Limited's shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

*I/We _____
of _____

being *a member/members of Civmec Limited (the "Company"), hereby appoint

| Name | NRIC/Passport No. | Proportion of Shareholdings to be represented by proxy | |
|----------|-------------------|--|---|
| | | No. of Shares | % |
| Address: | | | |

* and/or

| Name | NRIC/Passport No. | Proportion of Shareholdings to be represented by proxy | |
|----------|-------------------|--|---|
| | | No. of Shares | % |
| Address: | | | |

or failing him/her, the Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at M Hotel Singapore, Shenton Room, Basement 1, 81 Anson Road, Singapore 079908 on Thursday, 25 October 2012 at 3.30 p.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific directions as to voting are given, the proxy/proxies will vote or abstain from voting at *his/their discretion.

| No. | Ordinary Resolutions | To be used on a show of hands | | To be used in the event of a poll | |
|-----|---|-------------------------------|----------------------|-----------------------------------|-----------------------|
| | | For [#] | Against [#] | For ^{**} | Against ^{**} |
| 1. | Adoption of the Audited Financial Statements of the Company for the financial year ended 30 June 2012 together with the Directors' Report and Independent Auditors' Report thereon. | | | | |
| 2. | Approval of payment of a tax exempt (1-tier) First and Final Dividend of 0.6 Singapore cents per ordinary share for the financial year ended 30 June 2012. | | | | |
| 3. | Approval of the payment of Directors' fees of S\$45,901 for the financial year ended 30 June 2012. | | | | |
| 4. | Approval of the payment of Directors' fees of S\$175,000 for the financial year ending 30 June 2013 to be paid quarterly in arrears. | | | | |
| 5. | Re-election of Mr. James Finbarr Fitzgerald as a Director of the Company. | | | | |
| 6. | Re-election of Mr. Patrick John Tallon as a Director of the Company. | | | | |
| 7. | Re-election of Mr. Kevin James Deery as a Director of the Company. | | | | |
| 8. | Re-election of Mr. Chong Teck Sin as a Director of the Company. | | | | |
| 9. | Re-election of Mr. Wong Fook Choy Sunny as a Director of the Company. | | | | |
| 10. | Re-appointment of Messrs Moore Stephens LLP as the Auditors. | | | | |
| 11. | Authority to allot and issue shares. | | | | |
| 12. | Authority to issue shares under the Civmec Employee Share Option Scheme. | | | | |

Dated this _____ day of _____ 2012

| Total number of shares in | No. of Shares |
|---------------------------|---------------|
| (a) CDP Register | |
| (b) Register of Members | |

Signature(s) of Member(s)/Common Seal

* Delete accordingly

Please indicate your vote "For" or "Against" with a "X" within the box provided.

** If you wish to use all your votes "For" or "Against" please indicate with an "X" within the box provided. Otherwise, please indicate

Notes :

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at the general meeting of the Company is entitled to appoint not more than two proxies, to attend and vote on his / her behalf, save that no such limit shall be imposed on the number of proxies appointed by members which are nominee companies. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.
4. A corporation which is a member may appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore to attend and vote for and on behalf of such corporation.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an officer or attorney duly authorised in writing.
6. Where an instrument appointing a proxy is signed on behalf of the appointor by the attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 80 Robinson Road, #02-00, Singapore 068898, not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.

General :

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members whose shares are deposited with The Central Depository (Pte) Limited, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.





CIVMEC Limited

Company Registration No. 201011837H

SINGAPORE

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