CIVMEC

ANNUAL REPORT 2019

FOUNDATIONS SET FOR LONGEVITY

10 celebrating 2009-2019

Gruyere Gold Project, Western Australia

CONTENTS

Civmec employees who attended the 10 year celebrations at Henderson, Western Australia

OUR BUSINESS

WHAT WE DO

Civmec is an integrated, multi-disciplinary construction and engineering services provider to the Oil & Gas, Metals & Minerals, Infrastructure and Marine & Defence sectors.

Established in 2009, we are one of Australia's leading providers of turnkey solutions across a range of core capabilities.

During FY2019, we created employment opportunities for 3,400 people, including direct employment for 2,700. Our vast self-performance capability enables us to respond agilely to our clients' needs and our commitment to innovation and technology enables us to work smarter, providing value-driven solutions. Focused on establishing long-term partnerships and working collaboratively with clients and delivery partners, we have played a significant role in the delivery of some of Australia's most complex projects, including in remote, logistically challenging environments.

Our strategically located facilities in Western Australia and New South Wales support our vertically integrated operating model. Our state-of-the-art west coast facility in Henderson is set on 200,000m² of land at the Australian Marine Complex, with direct waterfront access. It is the largest fabrication facility of its kind in Australia and, on completion of our new Main Assembly Hall during FY2020, will offer over 100,000m² of useable undercover space, serviced by 52 overhead travelling cranes. On the east coast, Civmec's facility in New South Wales is located on 227,000m² of waterfront land, just 14 kilometres from the port of Newcastle, with 30,000m² of undercover facilities serviced by 24 overhead travelling cranes.

These world-class facilities, and our extensive construction equipment base, enable us to provide manufacturing, technical, administrative and logistical support to service projects of all sizes and complexities. With regional depots in Broome (Western Australia) and Gladstone (Queensland), we have the capability and capacity to comprehensively service our projects located across Australia.

"Our world-class facilities and extensive construction equipment base enable us to service projects of all sizes and complexities."

OUR VALUES

COMMITMENT
Our individual commitment facilitates our success

INNOVATION
Our innovative approach drives continuous improvement

VALUE DRIVEN
Our performance-driven culture delivers value

MAKE A DIFFERENCE
Our ability to influence and challenge drives sustainability

EXCELLENCE
Our pursuit of excellence makes us a world-class service provider

COLLABORATION
Our focus on working together drives sustainable partnerships

"Our vast self-performance capability enables us to respond agilely to our clients' needs."

LOCATION OF FACILITIES AND PROJECTS

Our facilities are strategically located around Australia to support our vertically integrated delivery model and drive efficiencies in our onsite activities.

Key projects in delivery or completed during FY2019 include:

	Project	Client	Location
1	Kemerton Lithium Project	Albemarle	Near Bunbury, WA
2	South Flank	BHP and thyssenkrupp	Henderson, WA (fabrication)
3	Roy Hill Ultrafines	Roy Hill Iron Ore	Pilbara, WA
4	Gruyere Gold Project	Gold Road Resources Limited & Gold Fields Limited	Eastern Goldfields, WA
5	Pinjarra Residue Filtration Facility	Alcoa Australia Ltd	Pinjarra, WA
6	Amrun Project	Rio Tinto Iron Ore and Sandvik Mining and Construction	Weipa, QLD
7	Pilgangoora Lithium Project	Altura Mining	Port Hedland, WA
8	Tianqi Lithium Processing Plant	MSP Engineering	Kwinana, WA
9	Refractory replacement	Cockburn Cement	Perth, WA
10	Civil & mechanical site upgrades	CBH Grain	Regional WA
11	Refractory replacement & mechanical upgrades	Queensland Alumina Limited	Gladstone, QLD
12	Refractory replacement & mechanical upgrades	Alcoa Australia	Regional WA
13	Refractory replacement & mechanical upgrades	Rio Tinto	Yarwun, QLD
14	Conveyor & TLO mechanical repairs & upgrades	FMG	Pilbara, WA
15	Boiler refractory replacement & mechanical repairs	Orica Mining Services	Yarwun, QLD
16	Ship loader mechanical repairs & upgrades	Roy Hill Iron Ore	Port Hedland, WA
17	Boiler refractory replacement & mechanical repairs	NRG Services	Gladstone, QLD
18	Ichthys LNG Onshore Combined Cycle Power Plant (CCPP)	JKC	Darwin, NT
19	Gorgon LNG Plant	Chevron Australia	Henderson, WA (fabrication)
20	Phillip Creek Gas Treatment and Compressor Station (Northern Gas Pipeline)	Jemena	Tennant Creek, NT
21	Princes Highway Upgrade – Berry to Bomaderry	Downer Seymour Whyte JV	Newcastle, NSW (fabrication)
22	Woodman Point Wastewater Treatment Plant Upgrade	Water Corporation	Woodman Point, WA
23	WestConnex	CPB Contractors Dragados Samsung JV	Newcastle, NSW (precast)
24	Clarence Correctional Centre	John Holland	Lavadia, NSW
25	Sydney Metro Northwest	Northwest Rapid Transit	Sydney, NSW
26	Sydney Light Rail	Acciona Infrastructure	Sydney, NSW
27	SEA 1180 Offshore Patrol Vessel Program	Luerssen Australia	Henderson, WA

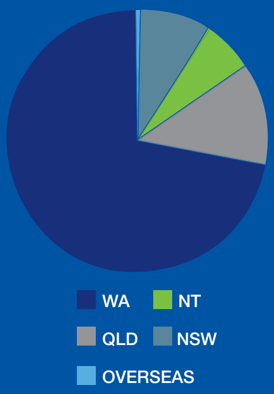
METALS & MINERALS · OIL & GAS · INFRASTRUCTURE · MARINE & DEFENCE

$

2019
Total value of projects in delivery

A$1.7b

FY2019
Revenue by Location



OPERATIONAL LOCATIONS AND OFFICES

Newcastle NSW

Henderson WA

LOCATIONS	
A	Perth – West Coast Facility
B	Newcastle – East Coast Facility
C	Broome – Depot
D	Gladstone – Depot
E	Singapore – Registered Office

YEAR IN REVIEW 2018-19

JULY 2018

We continue to strengthen our maintenance service offering, with the award of a maintenance contract with Roy Hill Holdings to provide shutdown and maintenance services at its Pilbara mine and port. Our growing maintenance division is now delivering maintenance contracts across Australia for key clients including FMG, Alcoa, Rio Tinto and Cockburn Cement.

252
PROJECTS IN DELIVERY
during FY2019

45,000
TONNES OF STEEL
through our workshops

AUGUST 2018

Continuing our specialist subsea work, we are awarded a contract from Santos to fabricate a pig launcher for the Greater East Spar gas field off Western Australia's north-west coast.

SEPTEMBER 2018

Receive a Civil Contractors Federation (CCF) Earth Award for our work on the iconic Optus Stadium, which comprised the fabrication, supply and erection of key elements of the stadium structure.

OCTOBER 2018

Prime Minister Scott Morrison visits our Henderson facility to witness the erection of the first steel for our new Main Assembly Hall, and the commencement of profile cutting of the Australian steel plate for the first of 12 vessels to be constructed under the Offshore Patrol Vessel program.

NOVEMBER 2018

Awarded the contract to fabricate the bridge girders for the first weathered steel bridge ever commissioned by NSW's Roads and Maritime Services, as part of the Princes Highway upgrade project being delivered between Berry and Bomaderry, south of Sydney.

Complete construction of our new 2,600m^2, 30m high, blast & paint facility at Henderson, complementing our existing 4,800m^2 surface treatment facility and enabling us to provide a comprehensive range of surface preparation and protective coating application services.

DECEMBER 2018

We partner with Luerssen Australia and ASC to launch the Shipbuilding Education and Apprenticeship (SEA) program, which will help build the skills needed for Australia's multibillion-dollar naval shipbuilding industry. Twelve scholarships are awarded, with three of the scholarship recipients also granted internship placements, including one with Civmec.

JANUARY 2019

At our east coast facility in Newcastle, we complete our new 7,500m² precast/prestressed concrete facility and expand our heavy engineering facility to 15,000m².

FEBRUARY 2019

Awarded significant scope in the delivery of Australia's largest lithium hydroxide plant to be built in Western Australia's south-west for Albemarle, comprising site civil works and structural, mechanical and piping works, including fabrication and onsite installation. We are already fabricating the kilns and cooler shells for the project, for Metso.

MARCH 2019

Awarded fabrication and modularisation package with BHP for their flagship South Flank iron ore mine being constructed in the Pilbara. This award complements the fabrication package already in production for thyssenkrupp for the project.

APRIL 2019

In the lead up to the federal election, Prime Minister Scott Morrison makes a second visit to our Henderson facility, viewing progress on the Main Assembly Hall under construction and meeting the workforce. The following day, we welcomed Opposition Leader Bill Shorten and WA Premier Mark McGowan, who also took a tour of the facility and addressed the workforce.

MAY 2019

Before retiring from his political career, Minister for Defence, Christopher Pyne, makes another visit to our Henderson facility, congratulating Civmec on having the foresight to invest in the future of Australia's defence capability, both in people and infrastructure.

We sign a contract with Chevron Australia for the execution of maintenance turnaround services for their Gorgon and Wheatstone LNG facilities until the end of 2020, to be delivered through our joint venture with KBR, known as Brown & Root Civmec (BRC).

Our Executive Chairman, James Fitzgerald, is appointed to the Board of the Centre for Defence Industry Capability (CDIC), which is tasked with building the relationship between defence and industry and advising government on the development of sustainable defence capability and capacity.

JUNE 2019

As FY2019 draws to a close, we celebrate our 10-year anniversary. Our continuous building program at Henderson over the past decade has seen us transform our waterfront land at the Australian Marine Complex into the largest facility of its kind in Australia and one of the best in the world. We reflect on the level of skill and sophistication we have been able to cultivate in the business over just a few short years, having played a significant role in the delivery of some of Australia's largest and most complex projects.

FINANCIAL HIGHLIGHTS

The Group's revenue for the financial year ended 30 June 2019 (FY2019) was A$488.5 million, reflective of levels prior to 2018. FY2019 Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) was A$24.0 million and Net Profit After Tax (NPAT) was A$7.0 million.

The Group's intent during FY2019 was to strengthen the balance sheet and improve operating cashflow. To this end, net cash generated from operating activities at year end FY2019 was A$78.9 million, an increase of A$98.6 million on the FY2018 position, with A$40.7 million cash in the bank at year end.

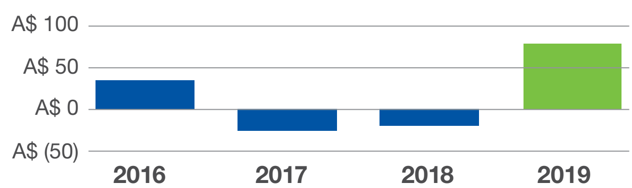
Fortifying the Group's position over the period, focus has been on successfully closing out projects and collection of trade receivables. The second half of the year was challenging, due to delays in projects commencing impacting revenue. The Order Book is strong going into FY2020, increasing from A$700.0 million at the close of FY2018 to A$819.0 million at year end FY2019.

Reinforcing the Balance Sheet, the value of property, plant and equipment increased A$57.3 million, as construction of the new Main Assembly Hall progressed at Henderson. The Group raised a A$60 million, four-year, secured note in November 2018 to partially fund construction of the new facility. Further capital investment at Newcastle included the addition of a new dedicated precast/prestressed concrete facility, and expansion of the heavy engineering facility.

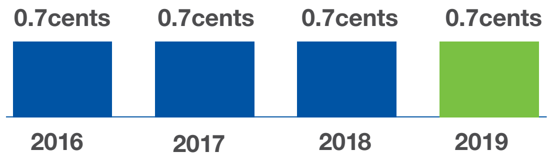
As at 30 June 2019, the Group had total assets of A$430 million, net assets of A$174 million and net tangible asset backing per share of 34.77 cents.

Total banking facilities available to the Group, including insurance bonds, increased during the year to A$382.5 million up from A$292 million in FY2018.

Operating Cashflow



Dividend CPS

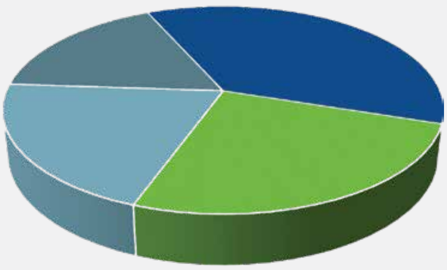


FINANCIAL PERFORMANCE

A$'000	2019	2018	CHANGE %
Sales revenue	488,511	702,415	(30.5)
EBITDA	24,012	39,685	(39.5)
Net profit after tax	7,030	17,418	(59.6)
Operating cash flow	78,861	(19,728)	499.7
Earnings per share (cents)	1.21	3.62	(66.6)
Dividend per share (cents)	0.7	0.7	-
Return on equity (%)	4.0	10.2	(60.8)

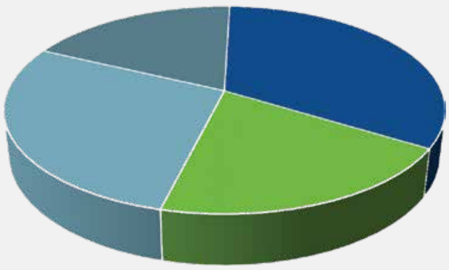
OPERATING CURRENCY (A$)

Revenue



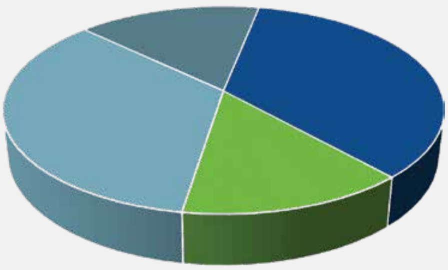
2016	2017	2018	2019
392.4m	330.3m	702.4m*	488.5m

EBITDA



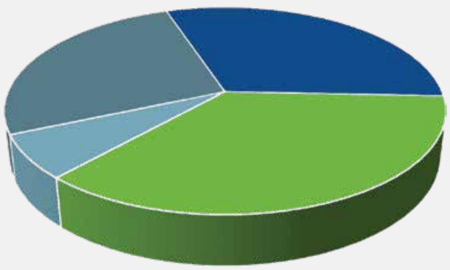
2016	2017	2018	2019
33.6m	21.9m	39.7m*	24.0m

NPAT



2016	2017	2018	2019
17.1m	7.9m	17.4m*	7.0m

Order Book



2016	2017	2018	2019
155m	600m	700m	819m

EBITDA: Earnings Before Interest, Tax, Depreciation and Amortisation
NPAT: Net Profit After Tax
Dividend CPS: Dividend - Cents Per Share
* 2018 restated

OUR 10 YEAR JOURNEY

celebrating
2009-2019

2009

CIVMEC MOVES INTO THE AUSTRALIAN MARINE COMPLEX

Commence operations.

Acquire the rights to strategic waterfront land at the Australian Marine Complex in Henderson, Western Australia.

Commence development of the site.

2011

RAIL CAR DUMPER

Undertake several projects for Rio Tinto, including the award for fabrication and assembly of the largest iron ore rail car dumper ever built in Australia.

Awarded our first major fabrication and modularisation packages for BHP's Port Hedland Inner Harbour Project.

Awarded further precast and fabrication packages for the Gorgon LNG Project.

2013

YANDICOOGINA SUSTAINING PROJECT

Continue our relationship with Rio Tinto, with the award of packages for their Yandicoogina, Nammuldi Below Water Table, Marandoo and Hope Downs 4 iron ore projects in the Pilbara.

Deliver works for three of Australia's largest LNG projects – Gorgon and Wheatstone in the north-west, and Ichthys, our first major contract award in the Northern Territory.

Awarded packages for the Mungari Gold Project in the Goldfields.

2010

MOF WHARF CAISSON FOR THE GORGON LNG PROJECT

Start operating from our new 29,300m² heavy engineering facility.

Deliver our first project for the Gorgon LNG Project – MOF wharf caissons.

Deliver our first site-based project, civil works for the new Binningup Desalination Plant.

2012

SUBSEA MANIFOLD FOR THE CONISTON DEVELOPMENT PROJECT

Civmec Limited is publicly listed on the Singapore Exchange.

Supply subsea manifolds and an oil production pipeline end manifold (PLEM), for the Coniston, Balnaves and Greater East Spar Phase 2 Development Projects.

Awarded further works on BHP's Port Hedland Inner Harbour Project.

2014

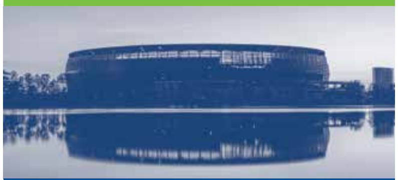
HEAD OFFICE BUILDING OFFICIALLY OPENS

Premier Colin Barnett officially opens our new 6,500m² head office building and we complete construction of our 4,800m² surface treatment facility, expanding our in-house blasting and surface treatment capabilities at Henderson.

Deliver works on the Elizabeth Quay Project, a significant public infrastructure development on the banks of the Swan River in the Perth CBD.

Receive accreditation as a Registered Training Organisation (RTO).

2015



PERTH STADIUM

Awarded a major contract on the prestigious new Perth Stadium Project (since named Optus Stadium).

Complete construction of our specialist subsea facility and new operational readiness facility at Henderson.

Launch our new Defence division.

2016

CIVMEC ACQUIRES WATERFRONT FACILITY IN NEWCASTLE

Acquire Forgacs' 23-hectare riverfront facility in Newcastle, New South Wales.

Deliver our first EPC contract, for the expansion of mining and processing capacity of BHP's existing Jimblebar operations in the Pilbara.

Hold ground-breaking ceremony for the new state-of-the-art Main Assembly Hall to be built at Henderson.

2017

AMRUN MODULES BEING SHIPPED

Commence preparation of the site for construction of our new 70m (H), 53,000m² (usable floor area) state-of-the-art Main Assembly Hall at Henderson.

In delivery of several major projects, including the Gruyere Gold Project, Amrun Project, Pinjarra Residue Filtration Facility, Pilgangoora Lithium Project and Phillip Creek Gas Treatment and Compressor Station.

On the east coast, we are supplying concrete and structural steel for the major road and rail infrastructure projects being delivered across Sydney.

2018

OFFSHORE PATROL VESSELS

Awarded contract for the Royal Australian Navy's OPV program, supplying and processing the steel for 12 vessels, with consolidation of 10 of the 12 vessels to be undertaken in our new state-of-the-art facility.

Fabricate and deliver the complex steel for the Matagarup Bridge.

Achieve dual listing status, with our acceptance to the Australian Securities Exchange (ASX) along with our existing status on the Singapore Exchange (SGX).

2019

NEW FACILITY UNDER CONSTRUCTION

Awarded contract to deliver Australia's largest lithium hydroxide plant for Albemarle.

Launch a joint venture with KBR, called Brown & Root Civmec (BRC), providing a diversified and integrated turnaround and maintenance solution to service the Australian onshore and offshore LNG sector.

Main Assembly Hall in Henderson delivers a new world-class resource to the Australian maritime landscape.

EXECUTIVE CHAIRMAN'S STATEMENT

The sheer scale of what we have achieved, and the state-of-the-art equipment at our disposal, is unrivalled.

On behalf of the Board of Directors, I am pleased to present the 2019 Civmec Limited Annual Report.

The end of this financial year marks a significant milestone for the company – 10 successful years of operation. Our vision when we started out in 2009, was to bring to the construction industry a multi-disciplined organisation offering diversified core capabilities, based on the foundation of a skilled and talented workforce focused on self-performance. In just 10 short years, I truly believe we have achieved this vision.

If I look back on the last decade, what strikes me as our biggest strength, is our ability to continue to adapt, evolve and innovate. We have been able to carve out our competitive advantage by driving and unlocking the value of innovation, developing long-term strategic partnerships, and diversifying our offering to meet changing market needs. As we have grown, our management and employees have shown great dedication and strength in meeting all of the challenges along the way; the result being the strong culture of achievement and continuous improvement that resides in our business today.

The evolution of our facility at Henderson since 2009 has been incredible. Taking possession of 50,000m^2 of vacant land 10 years ago and turning it into what we have built today – a heavy engineering facility on 200,000m^2 of waterfront land, rivalling the best in the world – is something I am personally immensely proud of. The sheer scale of what we have achieved, and the state-of-the-art equipment at our disposal, is unrivalled. I am very much looking forward to the addition of our new world-class Main Assembly Hall, which will complete what has been a continuous building program over a decade.

FINANCIAL PERFORMANCE

Sales revenue for FY2019 was A$488.5 million, with Net Profit after Tax of A$7.0 million.

Focus during the period was on closing out a number of major projects and securing new work, with delays in projects due to commence in the second half of the year impacting projected revenue. We finished the year with a strong Order Book of A$819.0 million, providing a solid revenue stream going forward into FY2020.

Our objectives of strengthening the balance sheet, improving operating cashflow and lowering debt over the period were achieved, with net cash generated from operating activities up by A$98.6 million on the FY2018 position, with A$40.7 million cash in the bank at year end. Our net asset position of A$174 million at year end is underpinned by our investment in property, plant and equipment, including the further development of our facilities at both Henderson and Newcastle.

DIVIDENDS

The Board of Directors has recommended a cash dividend of 0.7 Singapore cents per share, subject to shareholders' approval at our Annual General Meeting on 29 October 2019. The full year dividend payment represents a 50% payout ratio and will be paid on 12 December 2019.

OUR PEOPLE

Civmec continues to hold its position as a significant employer in our industry, with 2,700 direct employees engaged during FY2019, and approximately a further 700 employed as a result of our activities. We take great pride in our self-performance capability, enabling us to provide our clients with quality products and services that support their activities, and offering our people sustainable opportunities to grow their career with us. Over the year, we continued to develop our expertise in emerging markets, embarking on the delivery of the Royal Australian Navy's Offshore Patrol Vessel program and significantly growing our maintenance capability and capacity.

The commitment of our people to our *Never Assume* culture, as the fundamental basis for how we manage ourselves and support those around us, remains steadfast.

STRATEGY & FUTURE FOCUS

Our strategy to position the business to capitalise on the Federal Government's commitment to undertake the continuous build and sustainment of minor war vessels at Henderson will come to the fore when we complete construction of our state-of-the-art Main Assembly Hall during FY2020. In addition to facilitating delivery of the Department of Defence's Integrated Naval Vessel Investment Program, aimed at building Australia's future Defence capabilities, this new facility can also support the delivery of large integrated modules for the Oil & Gas and Metals & Minerals sectors. As the largest undercover modularisation and sustainment facility in Australia, when fully operational it will provide employment opportunities for up to an additional 1,000 people, including 100 new apprentices and trainees. Capable of handling any of Australia's major projects across the resource, infrastructure and Defence sectors, our substantial investment in this new facility is an integral element in securing the company's long-term future.

Our focus remains on providing quality, value-for-money engineering solutions for our clients, whilst maintaining a disciplined approach to capital and overhead management, to maximise our shareholders' returns.

On behalf of the Board, I would like to thank our people for their dedication and commitment in shaping Civmec over the past 10 years. We are lucky to have a significant number of employees who have been with the business for many years, including some since its inception.

We have delivered some amazing projects over the past decade, and our success has only been possible because of the skill and dedication of our people; the confidence and loyalty of our shareholders; and the trust our clients have placed in us in delivering their projects. Our business has seen phenomenal growth and thank you to all of you who have played a valuable role in this.

Yours sincerely

James Fitzgerald
Executive Chairman
Civmec Limited

CHIEF EXECUTIVE OFFICER'S REPORT

With a decade of operations behind us, looking back at the projects we were delivering in 2009, compared to today, the level of skill and sophistication we have been able to cultivate in the business over just a few short years is astounding.

When we first started out, we were leveraging our skills to deliver elements for major projects. Today, we are capable of delivering those complete projects in our own right. Over the years we have continued to build our suite of capabilities, responding to the needs of our clients to provide them with an all-inclusive service offering.

> "We are continuing to deliver on our strategy, which is focused on establishing consistent and recurring revenue streams and capitalising on major expansion project opportunities, underpinned by our commitment to continuous improvement."

BUSINESS PERFORMANCE

During FY2019 we successfully completed a number of major projects across Australia, including the Pilgangoora Lithium Project in Western Australia; the Phillip Creek Gas Treatment and Compressor Station and the Ichthys LNG Onshore Combined Cycle Power Plant (CCPP) in the Northern Territory; the Amrun Project in Queensland; and the Clarence Correctional Centre and WestConnex (M5) projects in New South Wales. Leveraging our broad expertise and self-performance capability, we delivered significant scope on each of these projects, integrating onsite works, including site civil and earthworks, structural, mechanical & piping, electrical & instrumentation, and industrial insulation, with our fabrication, surface treatment, modular assembly and precast manufacturing capability delivered through our facilities in Henderson and Newcastle.

At Henderson, our delivery of the Royal Australian Navy's SEA 1180 Offshore Patrol Vessel (OPV) program is ongoing, with the preparation and profile cutting of steel plates for the first two vessels being built in South Australia. This long-term project includes the supply and processing of steel for 12 vessels. Following the build of the first two vessels in South Australia, we will undertake the fabrication and consolidation of the following 10 vessels at our West Coast facility, from 2020.

The value of new projects and contract extensions awarded in FY2019 was A$608 million, comprising new contracts and additional scope in Oil & Gas (A$54m), Metals & Minerals, including maintenance and specialist refractory works (A$505m), and Infrastructure (A$49m).

This includes playing a significant role in the delivery of Australia's largest lithium hydroxide plant being constructed south of Perth, for Albemarle. Our extensive scope on the project includes site civil works and fabrication and onsite installation of the plant's structural, mechanical & piping works. This two-year project is ideally suited to our operations, with our onsite activities supported by our Henderson facility, which will fabricate and pre-assemble modularised components for onsite erection.

During the year, we were extremely pleased to be given the opportunity to extend our relationship with BHP, supporting the delivery of their flagship South Flank iron ore mine in the Pilbara. Our scope includes the supply, manufacture, trial assembly and surface treatment of components for the project's rail mounted machines being delivered by thyssenkrupp, and, in a separate contract directly with BHP, we are also supplying and assembling 23 fully equipped 'smart modules'. When fully operational, South Flank will be one of the world's largest iron ore operations, integrating the latest advances in autonomous-ready fleets, digital connectivity and modular design.

On the east coast, we are continuing to play an important role in the delivery of major transport infrastructure projects. Having previously provided structural and precast components for the WestConnex, Sydney Metro Northwest and Sydney Light Rail projects, we have been awarded the fabrication of bridge girders for the first weathered steel bridge ever commissioned by NSW's Roads and Maritime Services, as part of the Princes Highway upgrade project being delivered between Berry and Bomaderry, south of Sydney.

Our investment in system and process improvements to support project delivery performance has seen the implementation of a number of new initiatives during the year. Civtrac People was launched across the business in October 2018, with three modules rolled out simultaneously – Recruitment, Onboarding and Employee Central – enhancing our ability to source and transition quality personnel into the business. We also implemented our new Project Launch Process, including conducting workshops to facilitate alignment with HSE, Quality, project controls and IR requirements for projects.

OUR PEOPLE

As we mark our 10 year anniversary, there are a significant number of people who have been with the business for much of this time, including many since its inception. This is testament to our ability to provide our people with sustainable career pathways that enable them to grow with the business. Over the past 12 months, significant focus has been on providing leadership training, including the identification of high potential individuals and succession planning.

Working on projects across Australia and in our fabrication facilities, during FY2019 we directly employed some 2,700 people, with approximately an additional 700 people employed as a result of our activities. This included more than 60 apprentices and trainees across our operations, including the introduction this year of a school-based traineeship program, confirming our commitment to developing the industry's next generation.

STRATEGY & FUTURE FOCUS

We are continuing to deliver on our strategy, which is focused on establishing consistent and recurring revenue streams and capitalising on major expansion project opportunities, underpinned by our commitment to continuous improvement.

Our strategy to establish sustainable revenue streams for the business has seen the further strengthening of our maintenance service offering over the past 12 months. In the Metals & Minerals sector, we are now delivering maintenance contracts across Australia for key clients including FMG, Roy Hill, Alcoa, Rio Tinto and Cockburn Cement. In the Oil & Gas sector, we have established a joint venture with KBR, known as Brown & Root Civmec (BRC), providing a diversified and integrated turnaround and maintenance solution to service the Australian onshore and offshore LNG sector. Our first client is Chevron Australia, with a contract to support their assets until the end of 2020, including the Gorgon and Wheatstone LNG facilities. We recognise there is a significant future opportunities pipeline for the specialised shutdown and maintenance service offering we can provide, with the requirement to maintain new plants in the Metals & Minerals and Oil & Gas sectors across Australia.

Delivery of the Royal Australian Navy's Offshore Patrol Vessel program will be ongoing until 2029, providing a sustained revenue stream over this period. The Federal Government's commitment to undertake its minor naval vessel continuous build program and sustainment of these vessels at Henderson will provide further construction and through-life support opportunities in the Marine & Defence sector going forward. With the upcoming completion of our new world-class Main Assembly Hall, we are well positioned to support these projects.

We will continue to pursue new construction and expansion projects across the energy and resources sectors, leveraging our multi-disciplinary, self-performance capability to provide delivery solutions for either the entire project or separable portions, to meet client needs and strategy. With growing confidence and investment across Australia, there are significant forward opportunities in the Metals & Minerals sector, including iron ore, gold and other rare metals. In the Oil & Gas sector, the next wave in LNG investment is building, including new developments and expansion and life extension projects.

Over the past decade, we have built an experienced, well-trained and loyal workforce that understands our clients' needs and is focused on working collaboratively with them to drive positive outcomes and provide them with a level of service that exceeds their expectations. Our culture, founded on a 'can do' attitude, shared values and teamwork, is the cornerstone of our reputation for excellence and we take great pride in being a partner who delivers, and an employer of choice. Thank you to our people and our clients for taking this journey with us. We look forward to continuing to work together to create the next exciting chapter in the Civmec story.

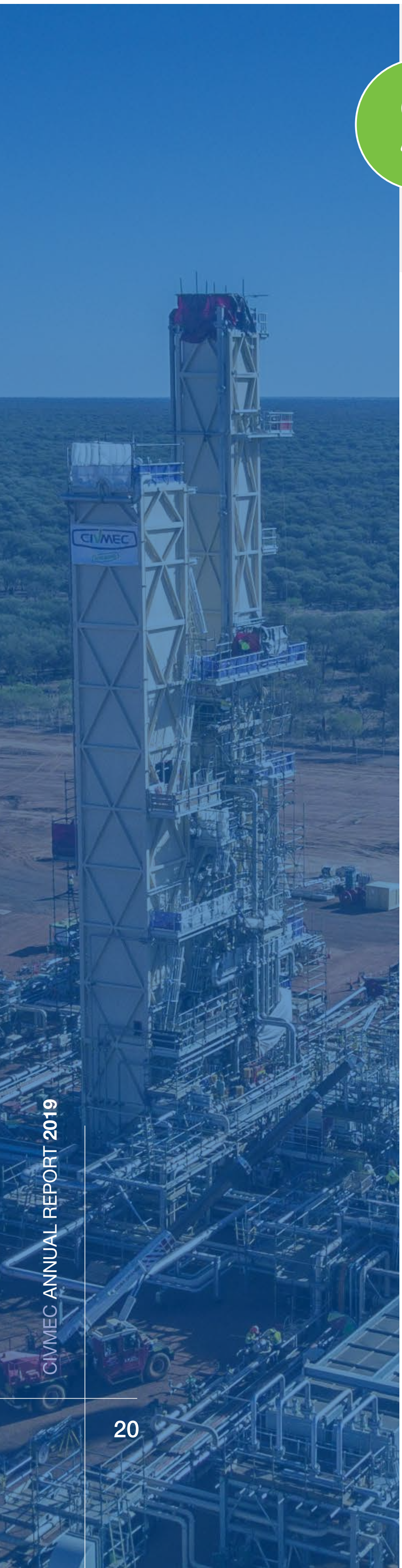
Yours sincerely

Patrick Tallon
Chief Executive Officer
Civmec Limited

Woodman Point Wastewater Treatment Plant Upgrade, Western Australia

OUR OPERATING SECTORS

OIL AND GAS



Annual revenue

A$67 million

A$54 million

in new contract awards and extensions

During FY2019 we completed works on two significant Oil & Gas projects in the Northern Territory.

Having supported construction of the INPEX-operated Ichthys LNG onshore processing facilities in Darwin since 2013, during the year we completed our scope for the Ichthys LNG onshore combined cycle power plant (CCPP). Ranked among the most significant oil and gas projects in the world, the onshore plant supports peak production of 8.9 million tonnes of LNG and 1.6 million tonnes of LPG per annum and 15,000 barrels of condensate per day. We also completed construction of the Phillip Creek Gas Treatment and Compressor Station, as part of the Northern Gas Pipeline Project. The project links Tennant Creek in the Northern Territory with Mount Isa in Queensland, unlocking the next phase of economic growth for the NT.

We continue to service the Gorgon LNG Project, with the ongoing fabrication of piping and structural steel for the plant. During FY2019, this included delivery of the fabrication of structural steel, pipe supports, access platforms, duplex, super duplex and carbon steel piping for the plant's CO_2 Injection Project.

Through BRC, our joint venture with KBR, we have now also partnered with Chevron Australia for the execution of maintenance turnaround services, both on and offshore, until the end of 2020. Any program of complex turnarounds requires specialist knowledge and experience in turnaround management and delivery to optimise plant availability and utilisation, with BRC combining Civmec's vast multi-disciplined self-performance capability with KBR's 70 year history in providing global turnaround and maintenance solutions.

With the growing capability and capacity of our maintenance division, we will continue to target the requirement to maintain the new LNG plants that have been developed across Australia in recent years. Having been a partner in the construction of many of these facilities, we will leverage our existing relationships with key clients to support them with the specialised shutdown and turnaround service offering we can provide.

Further investment in LNG is anticipated, including expansion and life extension projects for existing plants, in addition to new developments. In particular, subsea activity is expected to continue to grow to support both new and recently constructed projects, with a number of subsea developments underway. Given our past experience and specialist capability to support the delivery of subsea projects, we are well positioned to optimise opportunities as they come to market.

CHEVRON AUSTRALIA TURNAROUND AND MAINTENANCE SERVICES

CLIENT	Chevron Australia
LOCATION	North-West, WA
DURATION	July 2019, ongoing as required until the end of 2020
OVERVIEW	Brown & Root Civmec (BRC), an incorporated joint venture of Civmec and KBR, has partnered with Chevron Australia for the execution of maintenance turnaround services of Chevron Australia assets, both on and offshore. BRC was formed to provide a diversified and integrated turnaround and maintenance solution to service the Australian onshore and offshore LNG sector. BRC offers the full range of industrial services, including predictive analytics, monitoring, engineering, procurement, construction, fabrication, maintenance and turnarounds, through to commissioning and startup. It combines Civmec's vast multi-disciplined self-performance capability with KBR's 70 year history in providing global turnaround and maintenance solutions.

ICHTHYS LNG ONSHORE CCPP

CLIENT	JKC
LOCATION	Darwin, NT
DURATION	July 2017 – December 2018
OVERVIEW	Working for our client JKC Australia LNG and their client INPEX, we supported the execution of civil works, piping, insulation and specialised surface treatment for the Combined Cycle Power Plant (CCPP) element of the INPEX-operated Ichthys LNG onshore processing facilities. Ichthys LNG is considered to be one of the most significant Oil & Gas projects in the world.

GORGON LNG PROJECT

CLIENT	Chevron Australia
LOCATION	Henderson, WA
DURATION	November 2010 – current
OVERVIEW	Following the delivery of site civil works, precast and structural steel fabrication for the construction of the Gorgon LNG Project commencing in 2010, we have continued to service the project with the ongoing fabrication of piping and structural steel for the plant.

METALS & MINERALS

Annual revenue
A$357 million

A$505 million
in new contract awards and extensions

Leveraging our vertically integrated operating model and vast self-performance capability, we delivered two significant projects during FY2019.

These were the Gruyere Gold Project, in joint venture with Wood, for the design, procurement and installation of a new gold process plant and other non-process infrastructure in the Eastern Goldfields, and the construction of a new filter facility, materials handling system and associated supporting infrastructure at Alcoa's Pinjarra Alumina Refinery in the south-west.

With Western Australia expected to produce more than half of the world's lithium supply, the delivery of infrastructure to support lithium processing is an opportunity we have capitalised on over recent years. Following the successful delivery of Altura Mining's new Pilgangoora lithium processing facility in the Pilbara, we are now in delivery of significant scope for Australia's largest lithium hydroxide plant being constructed south of Perth, for Albemarle, including site civil works and fabrication and onsite installation of the plant's structural, mechanical & piping works. We are also fabricating the kilns and cooler shells for this project, on behalf of Metso. Continuing to leverage our specialist refractory capability, we are delivering the full refractory supply package for the design, supply and installation of over 750 tonnes of refractory materials for the new lithium hydroxide processing plant being constructed in Kwinana for Tianqi Lithium Australia.

With renewed confidence and activity in the iron ore sector, we are supporting BHP in the delivery of key components for their new flagship South Flank mine being constructed in the Pilbara, which will be one of the world's largest iron ore mines when fully operational. During the year, we again partnered with Roy Hill in the further development of their Pilbara mine, delivering the Roy Hill Ultrafines package, for the supply of concrete and associated earthworks to optimise the capture of fine ores that previously were not collected in the process. From our facility in Henderson, we fabricated, surface treated and assembled stackers for Rio Tinto's Paraburdoo and East Intercourse Island operations in the Pilbara.

With growing investment, it is anticipated further opportunities in iron ore will come to market in the short to medium term, where we can leverage our core disciplines to provide a single, vertically integrated, turnkey solution.

Continuing to build on our capability in the delivery of specialised maintenance and shutdown services, providing a single, multi-disciplinary solution across the spectrum of services and leveraging our ongoing relationships with key resource clients, we are now delivering maintenance contracts across Australia for FMG, Roy Hill, Alcoa, Rio Tinto and Cockburn Cement.

KEMERTON LITHIUM PROJECT

CLIENT	Albemarle
LOCATION	Henderson and South-West, WA
DURATION	June 2019 – March 2021
OVERVIEW	We are playing a significant role in the delivery of Australia's largest lithium hydroxide plant, being constructed in the Kemerton Strategic Industrial Area, south of Perth near the port town of Bunbury. Our extensive scope on the project includes site civil works and fabrication and onsite installation of structural, mechanical & piping for the Hydromet and Final Product, Reagents and Utilities for Trains 1 and 2.

SOUTH FLANK

CLIENT	thyssenkrupp and BHP (separate contracts)
LOCATION	Henderson, WA
DURATION	February 2019 – mid-2020
OVERVIEW	We are supporting the delivery of BHP's flagship South Flank iron ore mine in the Pilbara, with the supply, manufacture, trial assembly and surface treatment of (a) stackers substructure / super structure, and (b) stackers and reclaimer bogies and equalisers for the project's rail mounted machines being delivered by thyssenkrupp. In a separate contract directly with BHP, we are also supplying and assembling 23 fully equipped 'smart modules', including conveyor shuttle modules, sample station, pump skids, train loadout and feeder modules.

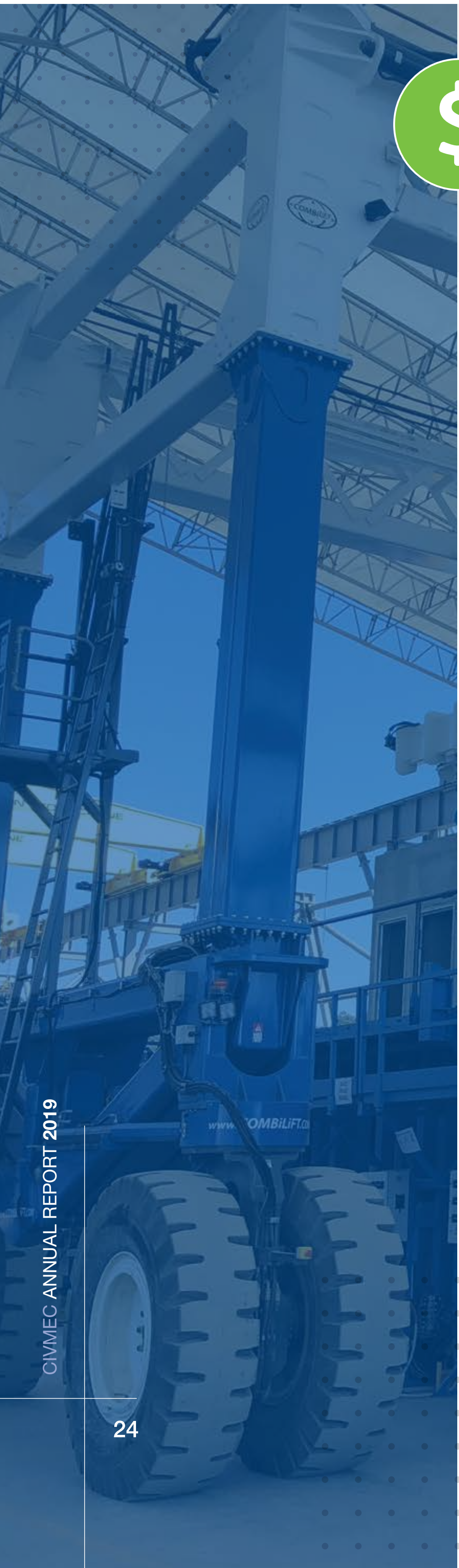
GRUYERE GOLD PROJECT

CLIENT	Gold Road Resources Limited and Gold Fields Limited
LOCATION	Eastern Goldfields, WA
DURATION	July 2017 – July 2019
OVERVIEW	In a joint venture with Wood, the contract included the detailed design, procurement and installation of the process plant and other non-process infrastructure, including administration office, workshop and warehouse. Works also included installation of the main water pipeline and borefield powerlines. Engineering, procurement, fabrication & modularisation, delivery, construction, integration, commissioning and performance testing was all self-performed.

PINJARRA RESIDUE FILTRATION FACILITY

CLIENT	Alcoa Australia
LOCATION	Pinjarra, WA
DURATION	October 2017 – September 2019
OVERVIEW	Our scope at Alcoa's Pinjarra alumina refinery included the engineering, procurement, fabrication and modularisation, delivery, construction, integration, commissioning and performance testing of a filter facility, materials handling system and associated supporting infrastructure. Our innovative solution included integrating the world's largest plate and frame filters with the materials handling system.

INFRASTRUCTURE



Annual revenue
A$65 million

A$49 million
in new contract awards and extensions

From our Newcastle facility, we supported the delivery of east coast infrastructure projects, an example being completion of our works for the WestConnex M5 Project, manufacturing 2,200 precast units totalling approximately 22,500 tonnes.

This section of the complex WestConnex project more than doubles the capacity of Sydney's M5 East motorway and includes new twin tunnels running underground for nine kilometres between Kingsgrove and St Peters. Also during FY2019 we completed our work on the new Clarence Correctional Centre, supplying 630 precast cell modules weighing between 20 and 85 tonnes.

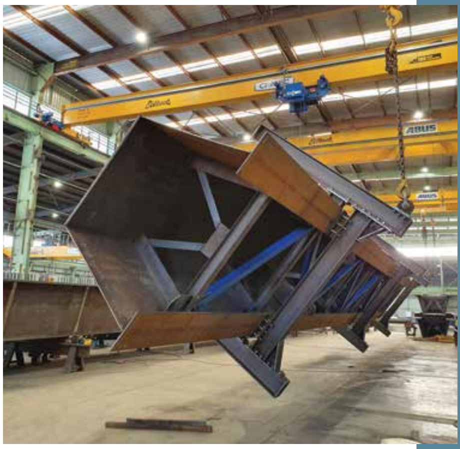
Playing an important role in the delivery of major transport infrastructure projects on the east coast, supported by the completion of our precast/prestressed concrete facility and expansion of our heavy engineering facility at Newcastle, we are now in delivery of bridge girders for the first weathered steel bridge ever commissioned by NSW's Roads and Maritime Services, as part of the Princes Highway upgrade project being delivered between Berry and Bomaderry, south of Sydney. Having established local capacity and capability on the east coast, we will continue to seek opportunities to support the delivery of major road and rail infrastructure projects in delivery, with the supply of manufactured products.

In Western Australia, our delivery of the Woodman Point Wastewater Treatment Plant upgrade project, in an alliance with Water Corporation and Black & Veatch for the design and construction of the expanded plant to increase the capacity to 180ml/day, is ongoing.

Note: Annual revenue includes Infrastructure and Marine & Defence.

PRINCES HIGHWAY UPGRADE – BERRY TO BOMADERRY

CLIENT	Downer Seymour Whyte JV
LOCATION	Newcastle, NSW
DURATION	March 2019 – January 2020
OVERVIEW	We are fabricating the bridge girders for the first weathered steel bridge ever commissioned by NSW's Roads and Maritime Services, as part of the Princes Highway upgrade project being delivered between Berry and Bomaderry, south of Sydney.



WOODMAN POINT WASTEWATER TREATMENT PLANT UPGRADE

CLIENT	Water Corporation
LOCATION	Woodman Point, WA
DURATION	December 2016 – December 2019
OVERVIEW	An alliance contract with Water Corporation, Black & Veatch and Civmec, for the design and construction of the expanded plant to increase the capacity to 180ml/day. The scope of works includes earthworks, civils, concrete, structural, mechanical & piping and commissioning.

WESTCONNEX

CLIENT	Rizzani CPB Joint Venture (M4) and CPB Contractors Dragados Samsung JV (M5)
LOCATION	Sydney, NSW
DURATION	June 2016 – July 2019
OVERVIEW	Our involvement in the complex WestConnex project commenced with the M4 widening, supplying and delivering 4,235 linear metres of precast bridge parapets totalling 5,850 tonnes. Following this, we were awarded the manufacture and delivery of complex precast concrete structures for the M5 works, including the supply of 2,200 precast units totalling approximately 22,500 tonnes.

CLARENCE CORRECTIONAL CENTRE

CLIENT	John Holland
LOCATION	Lavadia, NSW
DURATION	July 2017 – May 2019
OVERVIEW	We established an onsite precast facility to facilitate the supply of volumetric precast prison cells for the new Clarence Correctional Centre. The scope included the design development and procurement of 10 purpose-built precast moulds for the production of 630 cell modules with the capacity to accommodate 1,700 inmates. Each cell module weighed between 20 and 85 tonnes.

MARINE & DEFENCE

Our ability to provide the Marine & Defence sector with a fully integrated service offering for the construction of Naval vessels and future sustainment, maintenance and repairs, and the provision of defence estate works, is underpinned by our multi-disciplinary capabilities and specialised waterfront facilities.

Construction of our new Main Assembly Hall at Henderson progressed significantly during FY2019. Designed to be one of the most efficient and innovative in the world, the new facility is a significant piece of industrial infrastructure, adding a world-class resource to the Australian maritime landscape. The 53,000m^2 (usable floor area), 18-storey high, purpose-built ship and module construction, ship repair and sustainment facility will be the largest undercover facility of it's kind in Australia. With crane capability at a height of 60m, the facility has a 400T crane capacity at 40m and will be large enough to house complete Air Warfare Destroyers, Frigates and Offshore Patrol Vessels, for construction or sustainment.

Our extensive waterfront facilities and specialised equipment, on both the west and east coast, enable us to provide a comprehensive national service offering for the construction, repair and sustainment of vessels of any size. Our strategy is to position the company to be well placed to support the Federal Government's initiative to develop Australia's sovereign shipbuilding capability and their commitment to undertake the continuous build and sustainment of minor war vessels at Henderson. The delivery of the Royal Australian Navy's Offshore Patrol Vessel program commenced in late 2018, with the preparation and profile cutting of steel plates for the first two vessels currently being built in South Australia now well underway at Henderson.

Through our core capabilities, we can also provide vertically integrated services in the delivery of Defence estate projects, including new developments and facilities upgrade and maintenance works aimed at restoring or sustaining capability of existing facilities and infrastructure.

OFFSHORE PATROL VESSELS

CLIENT	Luerssen Australia
LOCATION	Henderson, WA
DURATION	October 2018 – 2029
OVERVIEW	In April 2018, Luerssen Australia awarded Civmec the contract for the Royal Australian Navy's SEA 1180 Offshore Patrol Vessel (OPV) program. The project includes the supply and processing of steel for 12 vessels. Following the build of the first two vessels in South Australia, we will undertake the fabrication and consolidation of the following 10 vessels at our Henderson facility in Western Australia. The preparation and profile cutting of steel plates for the first two vessels being built in South Australia is underway at Henderson. The new OPV fleet will be named the Arafura class in deference to their planned primary area of operation – the Arafura Sea lies west of the Pacific Ocean, overlying the continental shelf between Australia and Indonesian New Guinea. The primary role of the OPV will be to undertake constabulary missions, maritime patrol and response duties. State of the art sensors as well as command and communication systems will allow the OPVs to operate alongside Australian Border Force vessels, other Australian Defence Force units and other regional partners. The lead vessel, HMAS *Arafura* is planned to enter service in 2021.

Amrun modules, Henderson, Western Australia

OUR SUSTAINABILITY

HSEQ

The integration of our Health, Safety, Environment and Quality systems ensures effective controls are in place to provide our clients with surety of delivery.

HEALTH & SAFETY

Our health and safety performance is critical to our business success and sustainability. Our strong safety culture is built on the *Never Assume* program, incorporating our core values and providing a framework for the behavioural expectations of our people across the business.

The program is designed to empower every person in the company to ensure their work practices are focused on achieving a safe work environment, reinforcing the right and responsibility of every employee to stop work and intervene if they see an unsafe act, condition or behaviour and be part of the solution. We encourage our people to lead by example, looking out for those around them and for themselves and our commitment to continual improvement means we are always seeking opportunities to innovate and learn from our experience.

Our health and safety systems are certified to OHSAS 18001, the internationally recognised standard for health and safety management. They are based on the principles of risk management and provide a comprehensive set of requirements to support our wide-ranging scope of business activities. Implementation of our health and safety systems is supported by our on-site fitness-for-work health centre and our status as a Registered Training Organisation (RTO), with extensive training undertaken specific to safety processes, procedures and awareness.

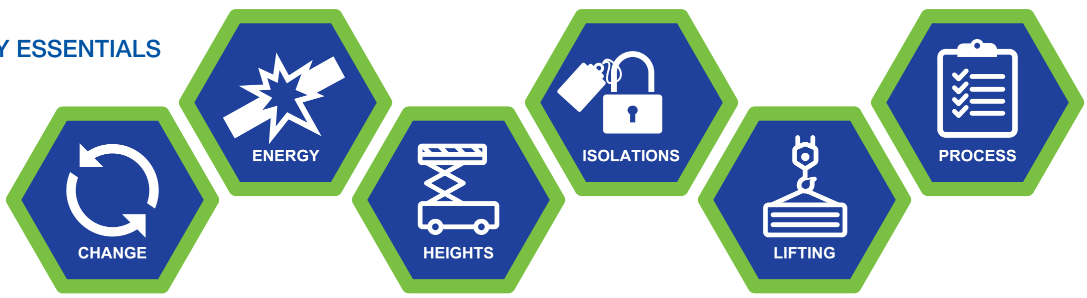
During FY2019, a number of safety initiatives were implemented to support continuous improvement in our safety performance. In November, we held our Safety & Leadership Forum, bringing people together from across the business to talk about safety and opportunities for improvement. A comprehensive list of ideas and improvement initiatives resulted from the forum, which were actioned over the ensuing months, including:

- Implementation of our new Supervisor LEAD Program training course, incorporating four nationally accredited units delivered through our internal RTO:
    - Apply Risk Management Processes;
    - Communicate Information;
    - Supervise On-site Operations; and
    - Show Leadership.
- HSE systems improvement, with the introduction of six new operational level procedures.
- Further enhancement of the *Never Assume* program, with the development of a behaviour-based safety program.
- Revised and updated corporate and project specific induction programs to online platforms, with a face-to-face site orientation component.
- Review of the Reward & Recognition program, with actions for improvement to drive greater engagement and link to improved safety performance.

In November, we launched our Critical Safety Essentials, outlining the business' mandatory expectations for safe behaviour and delivery. The way we manage safety starts with these Critical Safety Essentials and every employee is expected to abide by these underlying rules, which form the foundation of how we operate.

Going forward, we will continue to evolve our safety culture, systems, planning and risk management to deliver improved health and safety outcomes for our people, clients and delivery partners.

CRITICAL SAFETY ESSENTIALS



ENVIRONMENT

Strong environmental performance is essential to the ongoing success, growth and sustainability of our company. Promoting an environmentally aware culture through training and communication; demonstrating leadership and commitment to applying best-practice in environmental management across our operations; and continually improving our environmental performance and efficiency, is fundamental to our business strategy and operating method.

Our environmental management systems are certified to ISO 14001, the internationally recognised standard for environmental management, and we also hold platinum status with the Australian Steel Institute Environmental Sustainability Charter.

We acknowledge the biodiverse locations in which many of our projects are delivered, and remain committed to minimising our impact on the environment. In addition to our project sites, we continue to implement environmental best-practice at our fabrication and assembly facilities in Perth and Newcastle. Along with our traditional and established controls, we continue to seek new opportunities to improve our environmental performance, focused on resource and energy efficiency.

During FY2019 we continued to implement our environmental improvement programs across the business, including:

- Promoting an environmentally aware culture through ongoing training and communication across all levels of the business.
- Ongoing systems review and improvement.
- Measuring and monitoring our inputs (energy, water and materials) and outputs (waste and emissions), enabling us to understand our impacts on the environment and monitor performance and improvement over time.
- Improving efficiency through innovation, measured via efficiency indicators including energy intensity (TJ/$m AUD) and emissions intensity (tCO_2-e/$m AUD).
- Further developing and implementing our waste management strategy, reducing supplier packaging and improving recycling rates, with the aim of increasing year-on-year the proportion of co-mingled and wood recyclable waste streams compared to the general waste stream.
- Investigating the feasibility of investing in renewable energy.


National Tree Day

QUALITY

Providing quality products and project outcomes for our clients continues to be a fundamental metric of success.

Our quality management systems are certified to ISO 9001, the internationally recognised standard for quality management, and our facilities in Perth and Newcastle hold CC3 certification to the requirements of AS/NZS 5131-2016, 'Structural Steelwork – Fabrication and Erection'. We are one of only three companies in Western Australia to hold this level of accreditation and one of only two in New South Wales. We have also obtained certification to ISO 3834.2:2008, 'Quality requirements for fusion welding of metallic materials (Part 2: Comprehensive quality requirements)'.

Civtrac is our proprietary, web-based integrated business management, quality and tracking system, managing all aspects of project delivery, including document control, project reporting and quality compliance, enabling live project data to be recorded and facilitating the seamless flow from fabrication through to onsite installation and commissioning.

During the year, our Quality team ensured our systems continue to meet certification requirements and industry best-practice, with the ongoing review and refinement of our processes and procedures to drive continuous improvement.

OUR PEOPLE

Our committed and talented people underpin the business. The evolution of the company over the past decade has enabled our people to grow their career with us.

We have reviewed our reward and recognition strategy, to provide greater opportunity for the valued people in our business to be recognised and rewarded for their efforts.

Rewarding and recognising our people

As we celebrate our 10-year anniversary, we acknowledge and thank the many people in the organisation who have been with us for much of this time and who have played an integral role in shaping Civmec into the successful company it is today.

Continuing to build expertise across our specialised disciplines and diversifying into new markets has provided ongoing opportunities to attract and retain the best available talent. In FY2019, we created employment opportunities for approximately 3,400 people, including direct employment for 2,700.

We have implemented a number of initiatives during FY2019 to deliver best-practice in the way we support and manage our people. Civtrac People, an addition to Civtrac, our proprietary, web-based integrated business management system, was launched in October 2018. This new employee management platform, initially incorporating three modules – Recruitment, Onboarding and Employee Central – is facilitating our ability to source and transition quality personnel throughout and into the business.

With our commitment to providing our people with sustainable career pathways, focus over the year has been on providing leadership training, including the identification of high potential individuals and succession planning. We implemented our new Supervisor LEAD Program training course, incorporating four nationally accredited units – Apply Risk Management Processes; Communicate Information; Supervise On-site Operations; and Show Leadership – delivered through our internal RTO and overseen by our full-time Learning and Development Manager.

We also reviewed our reward and recognition strategy, to provide greater opportunity for the valued people in our business to be recognised and rewarded for their efforts.

Our commitment to supporting the future of our industry is reflected in the engagement of more than 60 apprentices and trainees across our operations. Our apprentices include fabrication (boilermakers and welders), carpenters, and electrical, and our trainees are providing functional support in business administration, human resources and logistics.

During the year, we partnered with Luerssen Australia and ASC to launch the Shipbuilding Education and Apprenticeship (SEA) program, which will help build the skills needed for Australia's multi-billion dollar naval shipbuilding industry. Under the program, 12 scholarships have been awarded to engineering and trade students in Western Australia, South Australia and the Northern Territory.

In addition, three of the scholarship recipients have also been awarded internship placements, including one with Civmec.

We are also collaborating with South Metropolitan TAFE and local high schools, to introduce a school-based traineeship program during 2019. Initially, this will provide the opportunity for five local students completing Year 10, 11 or 12 , who have an interest in the Metal Fabrication trades, to undertake work experience through the year at our Henderson facility, whilst continuing their school education. On completion of their studies and traineeship, they will be considered for an opportunity to join our apprenticeship program. This commitment between the schools and Civmec, provides a mutual benefit to develop the next generation of trade professionals to meet expanding workforce requirements, including for the delivery of the Offshore Patrol Vessel program over the next decade.

Shipbuilding Education and Apprenticeship (SEA) program

OUR PEOPLE (CONTINUED)

3,400 people
employed on our projects

60+ Apprentices and Trainees

ABORIGINAL ENGAGEMENT

We have continued to implement our Reconciliation Action Plan (RAP), which supports our commitment to building positive, sustainable relationships with Aboriginal and Torres Strait Islander (ATSI) people and their communities.

During FY2019, we provided employment and training opportunities for some 75 Aboriginal people across our business. Overall, 13% of our apprentices, including two females, are of ATSI descent.

Our participation in National Reconciliation Week and NAIDOC Week enabled us to continue to develop our understanding of cross-cultural sensitivities to improve relationships across the business. In October, our Gruyere Gold project in the Eastern Goldfields supported Cosmo Newberry, a small Aboriginal community located between Laverton and Warburton in the Goldfields-Esperance region of Western Australia, with the donation of funds towards the construction of basketball courts for the local people.

> "Our Reconciliation Action Plan supports our commitment to building positive, sustainable relationships with Aboriginal and Torres Strait Islander people and their communities."

> We believe achieving diversity in the workplace makes Civmec a more attractive place to work for all employees.

DIVERSITY

Our commitment to driving diversity in the workplace is founded on a belief that a more balanced workforce, across age, gender and ethnicity, positively contributes to our culture and makes Civmec a more attractive place to work for all employees.

As is typical of organisations in our industry, the ability to achieve a diverse workforce in the corporate environment is much easier than achieving this balance in operations and project delivery, particularly given our vast self-performance capability in traditionally male-dominated disciplines. Our female participation rate from a head office perspective is much higher, and therefore our focus continues to be at the grass-roots level, encouraging female apprentices to start and grow their career with us. To this end, we have three female apprentices working with us and one of our five school-based trainees is female. Furthermore, Kayla Roemer-Hanisch, who undertook work experience with us in 2018, is our internship placement under the Shipbuilding Education and Apprenticeship program, and we look forward to providing Kayla with further hands-on experience to enable her to forge a career in the Australian shipbuilding industry.

COMMUNITY ENGAGEMENT

Our value of *Make a Difference* empowers our people to positively impact the communities in which we live and work. Our support over the past year has seen us work with numerous charities and community groups.

CEO SLEEPOUT

Our CEO Pat Tallon braved the cold once again this year, participating in the St Vincent de Paul Society's CEO Sleepout to raise much needed funds for those around the nation finding themselves without a home. Setting an ambitious fundraising target of $25,000, actual funds raised were more than $26,000, placing Pat in the top five fundraisers in Western Australia. According to St Vincent de Paul, the money raised is equivalent to providing 82 individual support programs, 217 beds and 868 meals.

CITY TO SURF

Participating in Chevron Australia's City to Surf, our people took to the streets of Perth, walking and running to raise funds for Activ, supporting people living with intellectual and developmental disability.

CANCER COUNCIL

Raising funds to support the Cancer Council's mission to work with the community to reduce the incidence and impact of cancer, we hosted events during the year including Pink Ribbon Day and Australia's Biggest Morning Tea.

ATSI ENGAGEMENT

Our commitment to building positive, sustainable relationships with Aboriginal and Torres Strait Islander (ATSI) people and their communities continued during the year, with our participation in National Reconciliation Week and NAIDOC Week. We also supported Cosmo Newberry, a small Aboriginal community located between Laverton and Warburton in the Goldfields-Esperance region of Western Australia, with the donation of funds towards the construction of basketball courts for the local people.

ST VINCENT DE PAUL SOCIETY'S DRIVE-IN, SLEEP-IN

A number of our people and their families participated in the 2018 Drive-In, Sleep-In, helping raise awareness and funds to support people who are experiencing or are at risk of homelessness. Braving the cold, wet conditions and sleeping in their cars for the night, an impressive $12,495 was raised for the St Vincent de Paul Society.

NATIONAL TREE DAY

Participating in National Tree day, Australia's largest community tree-planting and nature care event, we planted trees at both our Henderson and Newcastle facilities.

COMMUNITY ENGAGEMENT (CONTINUED)

CLEAN UP AUSTRALIA DAY

Employees at our Henderson and Newcastle facilities, and across our projects, participated in Clean Up Australia Day, cleaning up their local area and contributing to a cleaner environment.

EUROZ BIG WALK FOR THE PERTH CHILDREN'S HOSPITAL FOUNDATION

The Euroz Big Walk is a chance for the community to come together, have fun and raise money for sick kids in hospital. Civmec was proud to support the event, with a St Patricks Day lucky dip for the kids to enjoy as they undertook the 6km adventure walk across the Matagarup Bridge and along the banks of the Swan River.

SPONSORED CONCERTS AND EVENTS

We regularly make a corporate suite at Perth Arena available for charities to host families and children that benefit from them, for events including the basketball and netball, Disney on Ice, and other stage shows. Recipient charities during the year included the Perth Children's Hospital Foundation, Wirrpanda Foundation, Variety, Anglicare and Friends of the Cancer Council.

JEANS FOR GENES DAY

Our staff wore their jeans to work for a day, raising funds for the Children's Medical Research Institute, working to find treatments and cures for children's genetic diseases.

INTERNATIONAL WOMEN'S DAY SPARKLING HIGH TEA

In support of the Women's Council for Domestic & Family Violence Services (WA), we sponsored a table at their Sparkling High Tea in celebration of International Women's Day.

CHRISTMAS SPIRIT

To support those in our community who need our help, we made a special Christmas donation to the St Vincent de Paul Society Christmas Appeal and the Women's Council for Domestic & Family Violence Services (WA) in December.

PROJECT INITIATIVES

Throughout the year, our projects and staff around Australia participated in fundraising events for a variety of charities, including Movember and RUOK Day.

The construction team in the centre bay of the Main Assembly Hall

OUR SUSTAINABILITY

During FY2019, we produced our inaugural Sustainability Report. The purpose of this report, produced annually in line with our financial reporting period, is to enable key stakeholders to understand our sustainability approach, actions, performance and key material issues over that period.

The report links our sustainability principles to our mission, vision and values and was prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standards 2016 core-level reporting, which focuses on identifying and reporting on issues or concerns that are material to our business and stakeholders, in relation to environmental, social and governance (ESG) performance.

The report outlines our management approach and performance across the key material risk areas identified, as a fundamental component of future strategy to drive sustainable growth.

OUR SUSTAINABILITY AGENDA IS FOCUSED ON:

- continuing to operate with integrity;
- actively contributing to the success and welfare of our people and the communities in which we operate;
- ensuring our operations have minimal environmental impact; and
- achieving our safety, health, people, environment, and financial targets.

A Sustainability Report outlining our performance during FY2019, and our future strategies for improvement, will be released in late 2019.

BOARD OF DIRECTORS

JAMES FINBARR FITZGERALD

EXECUTIVE CHAIRMAN

Mr James Finbarr Fitzgerald was appointed to the Board on 27 March 2012. He is responsible for providing leadership to the Board and guidance on the company's corporate direction, facilitating the effective contribution of the Directors and ensuring procedures are in place to comply with the company's guidelines on corporate governance. With more than 35 years' experience, Mr Fitzgerald has a wealth of experience, with a natural ability to create solutions for complex tasks. He has a strong belief in the training and development of people which has been a key aspect of the company's growth and success.

PATRICK JOHN TALLON

CHIEF EXECUTIVE OFFICER

Mr Patrick John Tallon was appointed to the Board on 27 March 2012. He is responsible for implementing the strategic decisions and policies of the company, with a strong focus on safety culture, team building, leadership and the group's financial performance. Over the past 30 years, Mr Tallon has developed his knowledge in the Oil & Gas, Metals & Minerals, Infrastructure and Defence sectors, building an understanding of key stakeholder requirements at all levels. He is a key driver in company innovation, productivity improvement, and the waste elimination programs within the business.

KEVIN JAMES DEERY

CHIEF OPERATING OFFICER

Mr Kevin James Deery was appointed to the Board on 27 March 2012. He is responsible for ensuring a safety focused workplace, delivering a high-quality product, while overseeing the ongoing business operations of the Group's quality-oriented culture, compliance and operational productivity. Mr Deery has more than 20 years' experience, including significant time spent within the construction and engineering services industry throughout Australia.

CHONG TECK SIN

LEAD INDEPENDENT DIRECTOR

Mr Chong Teck Sin was appointed to the Board on 27 March 2012. Mr Chong is currently an Independent Director of Changan Minsheng APLL Logistics Co Ltd, InnoTek Limited and AIMS APAC REIT Management Limited, and a Director of Civmec Construction & Engineering, Singapore Pte Ltd, Accordia Golf Trust Management Pte Ltd and Ranhill Pte Ltd. He has a Bachelor of Engineering from the University of Tokyo, and a Master of Business Administration from the National University of Singapore.

WONG FOOK CHOY SUNNY

INDEPENDENT DIRECTOR

Mr Sunny Wong Fook Choy was appointed to the Board on 27 March 2012. He is a practicing advocate and solicitor of the Supreme Court of Singapore, and is currently the Managing Director of Wong Tan & Molly Lim LLC. He is also an Independent Director of Excelpoint Technology Ltd, Mencast Holdings Ltd and InnoTek Limited and a Director and shareholder of WTL Management Services Pte Ltd. Mr Wong holds a Bachelor of Law (Honours) from the National University of Singapore.

DOUGLAS OWEN CHESTER

INDEPENDENT DIRECTOR

Mr Douglas Owen Chester was appointed to the Board on 2 November 2012. He is an Independent Director of the Australian Maritime Shipbuilding and Export Group Pty Ltd. He was previously a senior Australian Government official and diplomat and prior to his appointment, held the role of Australia's High Commissioner to Singapore. Mr Chester holds a Bachelor of Science (Honours) from the Australian National University.

EXECUTIVE TEAM

JUSTINE CAMPBELL

CHIEF FINANCIAL OFFICER

Ms Justine Campbell joined the Group in October 2014, and is responsible for all financial management operations, including the development of financial strategies and developing and monitoring control systems. Ms Campbell has more than 20 years' experience in finance, accounting, corporate transactions and commercial projects, with extensive experience in acquisitions and implementing numerous systems. Prior to joining Civmec, Ms Campbell spent seven years as Chief Financial Officer and Company Secretary for another ASX listed company operating in similar markets.

CHARLES SWEENEY

EXECUTIVE GENERAL MANAGER – CONSTRUCTION

Mr Charles Sweeney has grown within the Group since inception, and is responsible for managing the Group's construction division. With a passion for effective leadership, Mr Sweeney is focused on developing the operations department and offering client solutions. He has been fundamental in the completion of key projects, ensuring safety and quality of the highest standards, meeting schedule and budget expectations.

ADAM GOLDSMITH

EXECUTIVE GENERAL MANAGER – COMMERCIAL AND RISK

Mr Adam Goldsmith joined the Group in 2017, and has made a significant contribution to the company. He is a Fellow of the Royal Institute of Chartered Surveyors, with quantity surveying and construction law qualifications. He brings a wealth of knowledge and experience to the executive team, with over 25 years' commercial and risk management experience gained previously with major UK and Australian companies.

RODNEY BOWES

EXECUTIVE GROUP MANAGER – PROPOSALS

Mr Rod Bowes joined the Group in 2010 and is responsible for managing the Group's proposals division. Mr Bowes brings over 40 years' experience in the fabrication and construction industry. He is focused on securing a strong and profitable Order Book for the Group.

Pilgangoora Lithium Project, Western Australia

Henderson facility, Western Australia

FINANCIAL REPORT

DIRECTORS' **STATEMENT**

30 June 2019

The Directors present their report to the members together with the audited consolidated financial statements of Civmec Limited (the 'Company') and its subsidiaries (collectively referred to as the 'Group') for the financial year ended 30 June 2019 and the statement of financial position of the Company as at 30 June 2019.

In the opinion of the Directors:

(a) the statement of financial position of the Company and the consolidated financial statements of the Group are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 30 June 2019 and the financial performance, changes in equity and cash flows of the Group for the financial year ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

1. DIRECTORS

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

Mr James Finbarr Fitzgerald	Executive Chairman
Mr Patrick John Tallon	Chief Executive Officer
Mr Kevin James Deery	Chief Operating Officer
Mr Chong Teck Sin	Independent Director
Mr Wong Fook Choy Sunny	Independent Director
Mr Douglas Owen Chester	Independent Director

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' and 'Shares' in this report.

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The interests of the Directors holding office at the end of the financial year in the share capital of the Company and related corporations as recorded in the register of Directors' shareholdings were as follows:

	HOLDINGS REGISTERED IN THE NAME OF DIRECTORS		HOLDINGS IN WHICH A DIRECTOR IS DEEMED TO HAVE AN INTEREST	
	AT 1.7.18	AT 30.6.19	AT 1.7.18	AT 30.6.19
	NO. OF ORDINARY SHARES			
The Company				
Mr James Finbarr Fitzgerald	-	-	97,720,806	97,720,806
Mr Patrick John Tallon	54,000	54,000	97,566,806	97,566,806
Mr Kevin James Deery	-	-	13,295,250	13,295,250

There was no change in any of the above-mentioned interests between the end of the financial year and 21 July 2019.

Except as disclosed in this report, no Director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment, if later or at the end of the financial year.

4. SHARE OPTIONS

CIVMEC LIMITED EMPLOYEE SHARE OPTION SCHEME
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.

The Remuneration Committee (the 'RC') administering the Scheme comprises Directors, Mr Wong Fook Choy Sunny (Chairman of the Committee), Mr Chong Teck Sin and Mr Douglas Owen Chester.

As part of Civmec's dual listing on the Australian Securities Exchange ('ASX'), no further grants will be made under the CESOS.

Options Granted under the Scheme
As at 30 June 2019, the following options to subscribe for ordinary shares of the Company pursuant to the CESOS were granted.

DATE OF GRANT	EXERCISE PERIOD	EXPIRY DATE	NUMBER OF OPTIONS
11 September 2013	12 September 2014 to 10 September 2023	11 September 2023	4,000,000

The options granted by the Company do not entitle the holder of the options, by virtue of such holding, to any right to participate in any share issue of any other company.

Options Exercised
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
Details of all the options to subscribe for ordinary shares of the Company pursuant to the CESOS, outstanding as at 30 June 2019 are as follows:

EXPIRY DATE	EXERCISE PRICE	NUMBER OF OPTIONS
11 September 2023	S$0.65	4,000,000

5. PERFORMANCE SHARE PLAN

CIVMEC LIMITED PERFORMANCE SHARE PLAN
The Civmec Limited Performance Share Plan (the 'CPSP') for key management personnel and employees of the Group was approved and adopted by shareholders at the Annual General Meeting held on 25 October 2012.

The Remuneration Committee (the 'RC') administering the Scheme comprises Directors, Mr Wong Fook Choy Sunny (Chairman of the Committee), Mr Chong Teck Sin and Mr Douglas Owen Chester.

The CPSP 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, employees including Executive Directors and Associated Company Employees, who are not Controlling Shareholders or their associates, are eligible to participate in the Scheme.

Persons who are Controlling Shareholders and their Associates shall be eligible to participate in the Civmec Performance Share Plan if:

(a) their participation in the Civmec Limited Performance Share Plan; and

(b) the actual number and terms of the Awards to be granted to them have been approved by independent Shareholders of the Company in separate resolutions for each such person.

5. PERFORMANCE SHARE PLAN (Continued)
CIVMEC LIMITED PERFORMANCE SHARE PLAN (Continued)
Principal terms of the Scheme (Continued)

(ii) Size of the Scheme
The aggregate number of new Shares in respect of which Awards may be granted on any date under the CPSP, when added to (i) the aggregate number of Shares issued and issuable in respect of options granted under the Civmec Employee Share Option Scheme, and (ii) any other share schemes to be implemented by the Company, shall not exceed 15% of the number of issued Shares on the day immediately preceding the relevant Date of the Award (or such other limit as the SGX-ST may determine from time to time).

(iii) Grant of Awards
Under the rules of the Plan, there are no fixed periods for the grant of Awards. As such, offers for the grant of Awards 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.

(iv) Lapse of Awards
Special provisions in the rules of the Plan deal with the lapse of Awards in circumstances which include the termination of the participant's employment in the Company, the bankruptcy of the participant, a take-over of the Company and the winding-up of the Company.

(v) Release of Awards
After the end of each performance period, the Remuneration Committee (the 'RC') will review the performance targets specified in respect of the Award and if they have been satisfied, will release Awards to Participants.

(vi) Duration of the Plan
The Plan 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.

Awards Granted under the Scheme
The details of the awards granted under the Scheme during the financial year are as follows:

YEAR OF AWARD	NO. OF HOLDERS	NO. OF SHARES
Nil		

6. PERFORMANCE RIGHTS PLAN

CIVMEC LIMITED PERFORMANCE RIGHTS PLAN
The Civmec Limited Performance Rights Plan (the 'CPRP') for key senior executives of the Group was approved and adopted by shareholders at the Annual General meeting held on 25 October 2018.

The Remuneration Committee (the 'RC') administering the Scheme comprises Directors, Mr Wong Fook Choy Sunny (Chairman of the Committee), Mr Chong Teck Sin and Mr Douglas Owen Chester.

The CPRP is designed to reinforce the vital equity culture at the top management level and to further align the interests of the Company's top management with those of Shareholders.

Principal terms of the Scheme
(i) Participants
Under the rules of the Scheme, Key Senior Executives who have attained the age of 21 years and hold such rank as may be designated by the Committee from time to time, shall be eligible to participate in the Plan at the absolute discretion of the Committee. It also serves as an incentive for the recruitment and retention of talented senior executives.

Persons who are Controlling Shareholders and their Associates shall be eligible to participate in the CPRP if:

(a) their participation in the Civmec Limited Performance Rights Plan; and

6. PERFORMANCE RIGHTS PLAN (Continued)
CIVMEC LIMITED PERFORMANCE RIGHTS PLAN (Continued)
Principal terms of the Scheme (Continued)
(i) Participants (Continued)

(b) the actual number and terms of the Performance Rights to be granted to them have been approved by independent Shareholders of the Company in separate resolutions for each such person.

(ii) Size of the Scheme
The aggregate number of Ordinary Shares which may be delivered pursuant to the CPRP granted under the Plan on any date, when added to (i) the total number of Shares issued or issuable in respect of Performance Rights granted under the Plan, and (ii) any other share schemes adopted by the Company, shall not exceed 15% of the total number of issued Shares on the day immediately preceding the relevant Date of the Award (or such other limit as the SGX-ST may determine from time to time).

(iii) Grant of Awards
The grant of Awards may be made on an annual basis following the Company's Annual General Meeting, or at any time, from time to time at the discretion of the Committee.

When considering the value of the Award to be provided, the Committee primarily considers the number of Award shares and the performance condition within the performance period.

(iv) Lapse of Awards
Special provisions in the rules of the Plan deal with the lapse of Awards in circumstances which include the termination of the participant's employment in the Company, the bankruptcy of the participant, the retirement of the participant, a misconduct of the participant, a take-over of the Company and the winding-up of the Company.

(v) Vesting of Performance Rights
The Performance Rights are subject to the following vesting criteria:

1. Satisfaction of gateway hurdles
2. Achievement of company performance measures

Gateway Hurdles
The following two gateway hurdles need to be satisfied for any vesting, regardless of achievement of company performance measures.

- Personal performance reviews have been received over the performance period at a satisfactory level (as determined by the Committee); and
- The participant remains employed with Civmec

Company Performance Measures
To the extent the gateway hurdles are satisfied, 100% of the vesting will be based on the absolute earnings per share (aEPS) outcome. The vesting schedule is as follows:

LONG TERM INCENTIVE (LTI) PROPORTION VESTING	AEPS (100%)
50%	Target =90% of three-year average annual result
Pro-rata between 50% and 100%	Outcome achieved between target and stretch
100%	Stretch >110% of three-year average annual result

The Committee has discretion to extend the original measurement period and the difficulty of hurdles where it deems to be appropriate.

(vi) Release of Awards
After the end of each performance period, the Remuneration Committee (the 'RC') will review the performance targets specified in respect of the Award and if they have been satisfied, will release Awards to Participants.

(vii) Duration of the Plan
The Plan 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.

6. PERFORMANCE RIGHTS PLAN (Continued)
CIVMEC LIMITED PERFORMANCE RIGHTS PLAN (Continued)

Awards Granted under the Scheme
The details of the Awards granted under the Scheme are as follows:

YEAR OF AWARD	NO. OF RIGHTS
FY 2018/19	8,109,993

FY2019 Performance rights grant
Rights will vest in two tranches as follows:
- Tranche 1 (50%): 2 year performance period (1 July 2018 to 30 June 2020)
- Tranche 2 (50%): 3 year performance period (1 July 2018 to 30 June 2021)

The number of performance rights in the Company held during the financial year by each Director and key management personnel (KMP) of the consolidated entity, is set out below:

	BALANCE 1.07.2018	GRANTED	VESTED	EXPIRED/ OTHER	BALANCE 30.06.2019
Directors					
James Finbarr Fitzgerald*	-	750,000	-	-	750,000
Patrick John Tallon*	-	750,000	-	-	750,000
Kevin James Deery*	-	750,000	-	-	750,000
Key management personnel:					
Justine Campbell	-	750,000	-	-	750,000
Rodney Bowes	-	624,000	-	-	624,000
Charles Sweeney	-	624,000	-	-	624,000
Adam Goldsmith	-	546,000	-	-	546,000

**pending shareholders' approval at AGM 2019.*

7. AUDIT COMMITTEE

The members of the Audit Committee ('AC') at the end of the financial year are as follows:

Mr Chong Teck Sin	Chairman
Mr Wong Fook Choy Sunny	Member
Mr Douglas Owen Chester	Member

All members of the Audit Committee are non-executive Directors. The Audit Committee performs the functions specified by the Listing Manual of the Singapore Exchange Securities Trading Limited ('SGX-ST'), the Listing Rules of the Australian Securities Exchange ('ASX'), the Code of Corporate Governance and Section 201B(5) of the Singapore Companies Act, Chapter 50.

The nature and extent of the functions performed by the Audit Committee are detailed in the Corporate Governance Report set out in the Annual Report of the Company.

8. INDEPENDENT AUDITORS

The independent auditors, Moore Stephens LLP, have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of Directors

James Finbarr Fitzgerald
Executive Chairman

Patrick John Tallon
Executive Director

Singapore
28 August 2019

REPORT ON CORPORATE GOVERNANCE

30 June 2019

INTRODUCTION

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

This corporate governance report ('Report') describes the Company's corporate governance practices that were in place during the financial year ended 30 June 2019 ('FY2019') with specific reference to the Principles of the Code of Corporate Governance 2012 (the 'Code').

In line with the commitment of the Company to maintaining high standards of corporate governance, the Company will continually review its corporate governance processes to strive to fully comply with the Code.

The Board is pleased to report compliance of the Company with the Code, the Listing Manual of the Singapore Exchange Securities Limited (the 'SGX-ST'), and the Listing Rules of the Australian Securities Exchange (the 'ASX'), where applicable, except where otherwise stated.

BOARD'S CONDUCT OF AFFAIRS

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

The primary role of the Board is to protect and enhance 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 directions. 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, including ethical standards for the Company and the Group.

All Directors are aware of their fiduciary duties and exercise due diligence and independent judgement in ensuring that their decisions are objective and in the best interests of the Company.

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 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 SGX-ST and ASX;
- approving 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.

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.

BOARD'S CONDUCT OF AFFAIRS (Continued)
PRINCIPLE 1 (Continued)

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 arranged to acquaint the non-executive Directors with the Company's operations and ensure that all 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 to familiarise them with the Company's business activities, strategic directions, policies and key new projects. In addition, newly appointed Directors are introduced to the senior management team. Upon appointment of each Director, the Company provides a letter to the Director setting out the Director's duties and obligations.

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 regularly monitored and reviewed by the Board. The roles and responsibilities of these committees are described in the following sections of this report.

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

The number of Board and Board Committee meetings held and attended by each Board member during the financial year ended 30 June 2019 ('FY2019') is set out below:

		BOARD COMMITTEES			
	BOARD	AUDIT COMMITTEE	REMUNERATION COMMITTEE	NOMINATING COMMITTEE	RISKS AND CONFLICTS COMMITTEE
Number of Meetings Held	4	4	2	2	4
	Number of Meetings Attended				
James Finbarr Fitzgerald	4	4*	2*	2*	4*
Patrick John Tallon	4	4*	2*	2*	4*
Kevin James Deery	4	4*	2*	2*	4*
Chong Teck Sin	4	4	2	2	4
Wong Fook Choy Sunny	4	4	2	2	4
Douglas Owen Chester	4	4	2	2	4

**By invitation*

All Directors are updated regularly on changes to the Company's policies and are kept updated on relevant new laws and regulations including Directors' duties and responsibilities, corporate governance and financial reporting standards. Newly appointed Directors are given briefings by the Management on the business activities of the Group.

The Company encourages the Directors to learn and develop as Directors. The Directors may attend training, conferences and seminars which may have a bearing on their duties and contribution to the Board, organised by professional bodies, regulatory institutions and corporations at the Company's expense, to keep themselves updated on the latest developments concerning the Group and to keep abreast of the latest regulatory changes.

Each quarter, the Board was briefed and/or updated on recent changes to the accounting standards and industry developments and business initiatives.

BOARD COMPOSITION AND GUIDANCE

Principle 2: Strong and independent element on the Board.

As at the date of this Report, the Board comprises six (6) Directors, three (3) of whom are Executive Directors and the remaining three (3) Directors being Independent Directors who make up half of the Board. 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.

No individual, or group of individuals, dominates the Board's decision-making as half of the Board consist of Independent Directors. Collectively, the Executive Directors and Independent Directors bring a wide range of experience and expertise as they all currently occupy or have occupied senior positions in industry and/or government, and as such, each contributes significantly to Board decisions.

The Board in concurrence with the Nominating Committee ('NC') is of the view that the current Board and the Board Committees comprise an appropriate balance and diversity of skills, experience and knowledge of the Company, which provides broad diversity of expertise such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge who, as a group, provide core competencies necessary to meet the Company's requirements. Further details on the key information and the profile of the Directors including their academic and professional qualifications, and other directorships in other listed companies is set out on related pages of this annual report.

The current Board composition provides a diversity of skill, experience, and knowledge to the Company as follows:

CORE COMPETENCIES	BALANCE AND DIVERSITY OF THE BOARD	
	NUMBER OF DIRECTORS	PROPORTION OF BOARD
Business Management	6	100%
Accounting or finance	6	100%
Legal or corporate governance	6	100%
Strategic planning experience	6	100%
Relevant industry knowledge or experience	4	67%
GENDER		
Male	6	100%
Female	0	0

The Company values diversity and equal opportunity and has in place a diversity policy to ensure that its workforce is comprised of individuals with diverse skills, values, backgrounds and experience to the benefit of the Group. Diversity refers to characteristics such as age, gender, sexual orientation, race, religion, disability and ethnicity. All appointments and employment of employees including Directors are based strictly on merit and equal opportunity and not driven by any gender bias. Civmec's annual Sustainability Report clearly articulates the Company's strategy, targets, performance and future focus in relation to diversity.

The independence of each Director is reviewed annually by the NC in accordance with the Code's definition of independence. Each Independent Director is required to declare his independence by duly completing and submitting a 'Confirmation of Independence' form. The declaration, which is drawn up based on the definitions and guidelines set forth in Guideline 2.1 in the Code, requires each Director to assess whether he considers himself independent and not having any of the relationships identified in the Code. Each Director is required to declare any circumstances in which he may be considered non-independent. The NC will then review the Confirmation of Independence to determine whether a Director is independent. As well, the NC considers the actions and conduct of the Independent Directors, including in formal Board meetings, to assess their independence. The NC has carefully reviewed and subsequently determined that the Independent Directors are independent. None of the Independent Directors has served on the Board beyond nine (9) years from the date of his first appointment. Guideline 2.4 of the Code is therefore not applicable to the Board. However, taking into account the need for Board refreshment, the Board will, develop a policy on this at the appropriate time. The Board reviews the size of the Board on an annual basis, and considers the present Board size as appropriate for the current scope and nature of the Group's operations.

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, providing a non-executive perspective and balanced viewpoint.

BOARD COMPOSITION AND GUIDANCE (Continued)
PRINCIPLE 2 (Continued)

The Independent Directors communicate regularly without the presence of the other Executive Directors and Management, to discuss matters such as succession and leadership development planning, board processes and corporate governance matters. Feedback on the outcomes of these discussions is provided to the Executive Chairman.

The Lead Independent Director will represent the Independent Directors in responding to shareholders' questions and comments that are directed to the Independent Directors as a group.

The Non-Executive Directors provide constructive review and assist the Board to facilitate and develop proposals on strategy and monitor the performance of the Management in meeting agreed objectives. The Non-Executive Directors have full access to and co-operation from the Company's Management and officers. They have full discretion to have separate meetings without the presence of Management and to invite any Directors or officers to the meetings as and when warranted.

To facilitate an effective review of Management, the Non-Executive Directors meet as and when necessary and at least once a year with Auditors without the presence of the Management.

The Board and Management fully appreciate that a fundamental of good corporate governance is an effective and robust Board whose members engage in open and constructive debate and challenge Management on its assumptions and proposals.

The Company has in place processes to ensure that the Non-Executive Directors are well supported by accurate, complete and timely information, have unrestricted access to Management and have sufficient time and resources to discharge their oversight function effectively. These include informal meetings for Management to brief the Directors on pertinent issue and provide the Board with regular information on projects and initiatives. To keep the Board abreast of relevant business developments, the Company regularly circulates to the Board, analyst and media commentaries on matters in relation to the Company and the industries in which it operates.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: Clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business. 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 making.

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

The two roles are separated whereby the Executive Chairman bears responsibility for providing guidance on the corporate direction of the Group and leadership to the Board, and the CEO has executive responsibility for the Company's day-to-day business. The Executive Chairman and the Chief Executive Officer are not related.

The Executive Chairman ensures that Board meetings are held when necessary and approves the agenda in consultation with other Directors 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.

The Executive Chairman monitors communications and relations between the Company and its shareholders, and between the Board and Management to encourage constructive relations and dialogues between them. The Executive Chairman also works to facilitate the effective contribution of Directors and assists to ensure procedures are in place to comply with the Company's guidelines on corporate governance.

At the Annual General Meeting ('AGM') and other shareholders' meetings, the Executive Chairman ensures constructive dialogue between Board, Management and shareholders, and upholds high standards of corporate governance.

Whilst the Board does not have an independent Chairman, the roles of the Executive Chairman and that of the CEO are clearly delineated. The Board believes that while the Chairman is not independent, the current composition of the Board with its combined skills and capability, and its mix of experience, best serve the interests of shareholders. In addition, the Company has appointed a Lead Independent Director, Mr Chong Teck Sin. As well as representing the views of the Independent Directors, he is also available to shareholders and to facilitate a two-way flow of information between shareholders, the Executive Chairman and the Board. All the Board Committees are led and solely comprise of Independent Directors.

BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.

The Company has established an NC to make recommendations to the Board on all Board appointments. The NC comprises of three members, all of whom including the NC Chairman, are Independent Non-Executive Directors:

Mr Douglas Owen Chester	Chairman
Mr Chong Teck Sin	Member
Mr Wong Fook Choy Sunny	Member

The formal terms of reference of the NC are to:

- nominate Directors (including Independent Directors) taking into consideration their competencies, contribution, performance and ability to commit sufficient time and attention to the affairs of the Group and considering their respective commitments outside the Group;
- review and recommend to the Board the composition of the Audit Committee, Remuneration Committee and Risks and Conflicts Committee;
- re-nominate Directors for re-election in accordance with the Constitution at each AGM and having regard to the Director's contribution and performance;
- determine annually whether or not a Director of the Company is independent;
- decide whether or not a Director is able to and has been adequately carrying out their duties as a Director;
- assess the performance of the Board as a whole and contribution of each Director to the effectiveness of the Board;
- review and recommend succession plans for Directors, in particular, the Executive Chairman and the CEO; and
- review and recommend training and professional development programmes for the Board.

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 ensure that the candidates are aware of the expectations; and
- the NC makes recommendations to the Board for approval.

Pursuant to Article 118 of the Company's Constitution, all the directors are required to retire from office at every AGM of the Company.

After due review, the Board has accepted the recommendation of the NC and, accordingly, the below named directors will be offering themselves for re-election at the forthcoming AGM:

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

For the year under review, the NC held two (2) meetings and 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.

The Board and the Management are of the view that the current Board structures in the principal subsidiaries are already well organised and constituted. The Board and Management will from time to time renew the Board structures of the principal subsidiaries and will make an appropriate decision to consider the appointment of the Independent Director into the principal subsidiaries, if necessary.

BOARD MEMBERSHIP (Continued)
PRINCIPLE 4 (Continued)

Mr Chong Teck Sin was appointed a Director of the Group's subsidiary, Civmec Construction & Engineering, Singapore Pte. Ltd.

The Company does not have a practice of appointing alternate Directors.

The dates of Directors' 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 Finnbar Fitzgerald	27 Mar 2012	25 Oct 2018	-	-
Patrick John Tallon	27 Mar 2012	25 Oct 2018	-	-
Kevin James Deery	27 Mar 2012	25 Oct 2018	-	-
Chong Teck Sin	27 Mar 2012	25 Oct 2018	Changan Minsheng APLL Logistics Co. Ltd (1) InnoTek Limited AIMS APAC REIT Management Limited	AVIC International Maritime Holdings Limited
Wong Fook Choy Sunny	27 Mar 2012	25 Oct 2018	Mencast Holdings Ltd Excelpoint Technology Ltd InnoTek Limited	China Medical (International) Group Limited KTL Global Ltd
Douglas Owen Chester	2 Nov 2012	25 Oct 2018		Stamford Land Corporation Limited Kim Heng Offshore & Marine Holdings Limited

** Within the past three years*

Notes:
(1) Listed on Hong Kong Stock Exchange

The NC has considered and taken the view that it would not be appropriate at this time to set a limit on the number of listed company directorships that a Director may hold. Directors have different capabilities, the nature of the organisations in which they hold appointments and the committees on which they serve are of different complexities, and accordingly, each Director would personally determine the demands of their competing directorships and obligations and assess the number of listed company directorships they could hold and serve effectively. Currently, none of the Directors hold more than five (5) directorships in other listed companies.

BOARD MEMBERSHIP (Continued)
PRINCIPLE 4 (Continued)

In addition, the NC also determines annually whether a Director with multiple board representations is able to and has been adequately carrying out their duties as a Director of the Company. The NC takes into account the results of the assessment of the effectiveness of the individual Director and the respective Directors' actual conduct on the Board. The NC is satisfied that for FY2019 sufficient time and attention have been devoted by the Directors to the affairs of the Company and the Group. As such, there is presently no need to implement internal guidelines to address their competing time commitments notwithstanding that some of the Directors have multiple board representations.

The NC will, however, continue to review, from time to time, the Board representations and other principal commitments to ensure that Directors continue to meet the demands of the Group and are able to discharge their duties adequately.

BOARD PERFORMANCE

Principle 5: Formal annual assessment of the effectiveness of the Board as a whole and its Board Committees 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 Directors' performance, such as Board commitment, standard of conduct, competency, training & development and interaction with other Directors, Management and stakeholders.

All Directors complete an evaluation questionnaire designed to seek their view on the various aspects of their individual and Board performance so as to assess the overall effectiveness of the Board.

The completed questionnaire is collated by the Company Secretary and the results of the evaluation exercise are subsequently considered by the NC, before making recommendations 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.

The performance of individual Directors is assessed based on factors which include their attendance, participation at Board and Board Committee Meetings and contributions to the Board in long range planning and the business strategies as well as their industry and business knowledge.

Each member of the NC abstains from voting on any resolutions and making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of their performance and re-nomination as a Director.

The NC conducted a performance evaluation of the Board and Board Committees for FY2019 consistent with this process and determined that all Directors have demonstrated full commitment to their roles and contributed effectively in the discharge of their duties. Both the NC and the Board are of the view that the Board has met its performance objectives for FY2019.

ACCESS TO INFORMATION

Principle 6: Board members should be provided with complete, adequate and timely information prior to Board meetings and on an ongoing basis.

The Board has separate and independent access to the senior Management of the Company and the Company Secretaries at all times. Requests 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, agenda and related material, background or explanatory information relating to matters to be discussed are sent out to the Directors, usually at least a week prior to each meeting, so that all Directors may better understand the issues beforehand, allowing more time at meetings for discussion and deliberations.

Directors are provided with a copy of documents containing a wide range of relevant information, including, quarterly and annual financial results, progress reports of the Group's operations, corporate developments, business developments, management information, sector performance, budgets, forecast, capital expenditure and personnel statistics, reports from both external and internal auditors, significant project updates, business strategies, risk analysis and assessments and relevant regulatory updates.

ACCESS TO INFORMATION (Continued)
PRINCIPLE 6 (Continued)

Management's proposals to the Board for approval include background and explanatory information such as, resources needed, risk analysis and mitigation strategies, financial impact, regulatory implications, expected outcomes, conclusions and recommendations. Employees who can provide additional insight into matters to be discussed will be present at the relevant time during the Board and Board Committee meetings. In order to keep Directors abreast of the Group's operations, the Directors are also updated on initiatives and developments on the Group's business as soon as practicable and/or possible and on an ongoing basis.

The Company Secretaries administer and are available to attend Board meetings, and assist the Chairman in implementing appropriate Board procedures to facilitate compliance with the Company's Constitution. The Company Secretaries also ensure that the requirements of the Companies Act (Chapter 50), SGX-ST Listing Manual, ASX Listing Rules and other governance matters applicable to the Company are complied with. The Company Secretaries work together with 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 and at the Company's expense, appoint independent professionals to render advice.

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 has established a Remuneration Committee (RC) to make recommendations to the Board on remuneration packages of individual Directors and key management personnel. The RC is comprised of three (3) members, all of whom including the RC Chairman, are Independent Non-Executive Directors:

Mr Wong Fook Choy Sunny	Chairman
Mr Chong Teck Sin	Member
Mr Douglas Owen Chester	Member

The formal terms of reference of the RC, are to:

- recommend to the Board a framework of remuneration for the Directors and key management personnel;
- determine specific remuneration packages for each Executive Director;
- 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, level of responsibilities, performance and value creation; and
- perform such other acts as may be required by the SGX-ST and the Code, or ASX, from time to time.

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

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

The RC also oversees the administration of the Civmec Limited Employee Share Option Scheme ('CESOS'), the Civmec Limited Performance Share Plan ('CPSP') and the Civmec Limited Performance Rights Plan ('CPRP') upon the terms of reference as defined in the CESOS, CPSP and CPRP. The CESOS, CPSP and CPRP were established on 27 March 2012, 25 October 2012 and 25 October 2018 respectively, with a 10-year tenure commencing on the establishment date.

The Company does not have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the Share Plan scheme.

REMUNERATION MATTERS (Continued)
PRINCIPLE 7 (Continued)

The RC has access to expert professional advice on human resource and remuneration matters whenever there is a need to consult externally.

During the financial year, the fixed remuneration of executives was benchmarked against peers based on the industry salary surveys sourced from AON Hewitt McDonald.

The RC reviews the fairness and reasonableness of the termination clauses of the service agreements of Executive Directors to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with an aim to be fair and avoid rewarding poor performance.

The RC is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company and the Group. The Executive Directors owe a fiduciary duty to the Company and the Company should be able to avail itself to remedies against the Executive Directors and key management personnel in the event of such exceptional circumstances of breach of fiduciary duty.

Principle 8: The level of remuneration should be aligned with the long-term interest and risk policies of the Company, and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the Company, and (b) key management personnel to successfully manage the Company. However, companies should avoid paying more than is necessary for this purpose.

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.

Executive Directors and key management personnel remuneration comprises a fixed and a variable component, the latter of which is in the form of a bonus linked to the performance of the individual as well as the Company. In addition, short-term and long-term incentives, such as the CESOS, CPSP and CPRP, are in place to strengthen the pay-for-performance framework by rewarding and recognising the key executives' contributions to the growth of the Company. This is designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance so as to promote long-term sustainability of the Group.

The Company has renewed the 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 a period of three (3) years with effect from the date of expiry of the previous period. During the renewal period of three (3) years, either party may terminate the Service Agreement at any time by giving to the other party not less than six (6) months' notice in writing, or in lieu of notice, payment of amount equivalent to six (6) months' salary. The Executive Directors do not receive Director's fees.

The remuneration packages of the Executive Directors and the key senior management personnel 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.

During FY2019, no Share Options under the CESOS were granted, as required under the ASX Listing Rules. Refer to the Directors' Statement for details of Performance Rights granted to Executive Directors and key management personnel.

The remuneration of the Independent Directors is in the form of a fixed fee which is 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 their own remuneration.

The Independent Directors' fees were derived using the fee structure as follows:

	ANNUAL FEES (S$)
Independent Director who is the Chairman of Audit Committee	80,000
Other Independent Directors	70,000

REMUNERATION MATTERS (Continued)

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

For competitive reasons, the Company does not disclose remuneration of each individual Director for the year ended 30 June 2019. Instead, the Company discloses the bands of remuneration as follows:

FOR THE YEAR ENDED 30 JUNE 2019					
NAME OF DIRECTOR	SALARY	BONUS	DIRECTORS' FEES	ALLOWANCES AND OTHER BENEFITS	TOTAL $
A$600,000 to A$1,000,000					
James Finbarr Fitzgerald	93%	-	-	7%	100%
Patrick John Tallon	95%	-	-	5%	100%
A$300,000 to A$599,999					
Kevin James Deery	93%	-	-	7%	100%
Below A$250,000					
Chong Teck Sin	-	-	100%	-	100%
Douglas Owen Chester	-	-	100%	-	100%
Wong Fook Choy Sunny	-	-	100%	-	100%

Details of remuneration paid to key management personnel (who are not Directors of the Company) of the Group for the financial year ended 30 June 2019 are set out below. For competitive reasons, the Company discloses only the band of remuneration of each management personnel as follows:

FOR THE YEAR ENDED 30 JUNE 2019					
NAME OF KEY EXECUTIVE	DESIGNATION	SALARY	BONUS	ALLOWANCES AND OTHER BENEFITS	TOTAL $
A$300,000 to A$599,999					
Justine Campbell	Chief Financial Officer	90%	-	10%	100%
Rodney Bowes	Executive Group Manager Proposals	86%	3%	11%	100%
Charles Sweeney	Executive General Manager – Construction	82%	9%	9%	100%
Adam Goldsmith	Executive General Manager – Commercial & Risk	92%	-	8%	100%

The annual aggregate remuneration paid to all the above-mentioned Directors and key management personnel of the Group is A$4,171,000 (2018: A$4,449,000) in FY2019.

Thomas Tallon, being the brother of Patrick Tallon, the CEO, who holds the position of 'Supervisor – Construction' with a remuneration of A$203,000 (2018: A$200,000) for FY2019, was employed by the Company during year ended 30 June 2019. During the year, the son of James Fitzgerald, being Sean Fitzgerald, worked for the Group, earning A$30,784. Apart from those disclosed above, the Company does not have any employees who are immediate family members of a Director or CEO during FY2019. The RC is of the view that the remuneration of Thomas Tallon is in line with the staff remuneration guidelines and commensurate with his job scope and level of responsibilities.

More details in relation to the CESOS, CPSP and CPRP can be found in the 'Directors' Statement' in the 'Financials' section of the Annual Report.

ACCOUNTABILITY AND AUDIT

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

The Management has provided all members of the Board, on a quarterly basis, with management accounts, operations review, sundry reports and any other information the Board may require together with such explanation and information as the Board may require to enable the Board to make a balanced and accurate assessment of the Company's performance, position and prospects.

The Board is mindful of its obligations to furnish timely information to its shareholders, the public and regulators and to ensure full disclosure of material information to its shareholders in compliance with the statutory requirements and the SGX-ST Listing Manual and ASX Listing Rules.

In this respect the Board is responsible for the release of quarterly and full year results, price sensitive information, the Annual Report and other material corporate developments in a timely manner and within the legally-prescribed period.

In addition, all price sensitive information was publicly released either before the Company met with any of the Company's investors or analysts or simultaneously with such meetings. Financial results and other corporate announcements of the Company are disseminated through announcements via SGXNET and ASX Online.

Principle 11: Maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the Company's assets.

The Company has established a Risks and Conflicts Committee (RCC) to advise and make recommendations to the Board on risk and conflict matters.

The RCC comprises three (3) members, all of whom, including the RCC Chairman, are Independent Non-Executive Directors:

Mr Chong Teck Sin	Chairman
Mr Douglas Owen Chester	Member
Mr Wong Fook Choy Sunny	Member

The RCC is guided by its Terms of Reference which highlights its primary responsibilities are to:

- review and monitor the Group's risk management framework and activities, including the Group's levels of risk tolerance and risk policies;
- report to the Board regarding the Group's risk exposures, including review of the risk assessment model used to monitor the risk exposures and Management's views on the acceptable and appropriate level of risk faced by the Group's Business Units;
- recommend and adopt appropriate measures to control and mitigate the business risks of the Group, as and when these may arise; and
- perform any other functions as may be agreed by the Board.

During the year, the RCC has:

- reviewed the Risk Register and Risk Management Framework;
- revised the Risk Mitigation Plan presented by Management to mitigate and monitor the risk exposure;
- reviewed the Project Risk and Opportunity Reporting Improvements; and
- reviewed the Policies adopted by the Company such as Bribery & Corruption Policy and Procedures and the Code of Conduct.

The Group's internal controls and systems are designed to provide reasonable assurance on the integrity and reliability of the financial information and to safeguard and maintain accountability of its assets. Procedures are in place to identify major business risks and to 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, compliance, information technology controls as well as risk management systems 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 and RCC.

ACCOUNTABILITY AND AUDIT (Continued)
PRINCIPLE 11 (Continued)

The Company's internal audit function prepares an annual internal audit plan, which takes account of the Company's key risks and other assurance activities performed, enabling internal audit resources to be targeted to areas of greatest value across the Company's operations, including group and subsidiary structures. Processes subject to internal audit include financial, administrative, operational and project specific activities and systems. The internal audit function provides advice on the effectiveness of risk management processes and material internal controls, recommends corrective actions and control improvements and follows up on the implementation of action plans designed by management to address any control deficiencies or improvement opportunities. Internal audit reports containing internal audit results, recommendations and agreed action plans are presented to the AC on a quarterly basis.

The Group appoints internal auditors to carry out a review of the adequacy and effectiveness of the Group's key internal controls, including financial, operational, compliance and information technology controls as well as risk management systems to the extent of their scope as laid out in their audit plan.

In the absence of evidence to the contrary, the Board is satisfied the system of internal controls maintained by the Company 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. Based on the risk management and internal control systems established and implemented by the Group, and work conducted by the internal auditors, external auditors and our internal audit team, the Board, with the concurrence of the AC, is satisfied the Company's system of internal controls and risk management procedures maintained by the Group are adequate and effective to meet the needs of the Company in addressing the financial, operational, compliance, information technology controls and risk management systems in the Group's current business environment, with no material weaknesses identified.

The Board has received assurances from the CEO and Chief Financial Officer:

(i) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(ii) that the Company's risk management and internal control systems are adequate and effective.

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.

The Company will publish its Sustainability Report later in 2019, which will further consider the management of any material economic, environmental and social sustainability risks faced by the Group.

Principle 12: Establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The Audit Committee comprises the following three (3) members, all of whom, including the AC Chairman, are Non-Executive Independent Directors:

Mr Chong Teck Sin	Chairman
Mr Douglas Owen Chester	Member
Mr Wong Fook Choy Sunny	Member

None of the AC members are previous partners or directors of the Group's auditors, Moore Stephens LLP and none of the AC members hold any financial interest in Moore Stephens LLP.

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

ACCOUNTABILITY AND AUDIT (Continued)
PRINCIPLE 12 (Continued)

The AC is governed by Terms of Reference with its primary responsibilities as follows:

- to assist the Board in discharging its responsibility to safeguard the Group's 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;
- to provide a channel of communication between the Board, the Management team, the external auditors and internal auditors on matters relating to audit;
- 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);
- to monitor and review the scope and results of external audit and its cost effectiveness and the independence and objectivity of the external auditors; and
- to monitor and review the scope and results of internal audit and the cost effectiveness of the internal auditors.

In addition, the functions of the AC are to:

- 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;
- review with the internal auditors the internal audit plans and their evaluation of the adequacy of the internal control and accounting system before submission of the results of such review to the Board for approval;
- review the 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 SGX-ST Listing Manual, ASX Listing Rules and any other relevant and statutory or regulatory requirements;
- review the internal control and procedures and ensure co-ordination between the external auditors and the Management, review the assistance given by the 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);
- review and consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors;
- review and consider the appointment or re-appointment of the internal auditors and matters relating to resignation or dismissal of the auditors;
- review interested person transactions (if any);
- review the Group's 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 polices approved by the Board;
- review potential conflicts of interest, if any, and set out a framework to resolve or mitigate such potential conflicts of interests;
- 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;
- 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 the management's response thereto;

ACCOUNTABILITY AND AUDIT (Continued)
PRINCIPLE 12 (Continued)

- generally to undertake such other functions and duties as may be required by statute or the SGX-ST Listing Manual and ASX Listing Rules, and by such amendments made thereto from time to time;
- review the effectiveness and adequacy of the administrative, operating, internal accounting and financial control procedures;
- review the findings of internal investigation 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;
- 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 reports or if the findings are material, to be immediately announced via SGXNET and ASX Online; and
- review the Group's compliance with such functions and duties as may be required under the relevant statutes or the SGX-ST Listing Manual and ASX Listing Rules, including such amendments made thereto from time to time.

The AC has the power to conduct or authorise investigations into any matters within its scope of responsibility. The AC is authorised 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:

- reviewed the scope of work of the external auditors;
- reviewed the scope of work of the internal auditors;
- reviewed audit plans and discussed the results of the respective findings and their evaluation of the Company's system of internal accounting controls;
- reviewed interested person transactions of the Company;
- met with the Company's external auditors and internal auditors without the presence of the Management;
- reviewed the external auditors' independence and objectivity; and
- reviewed the Company's procedures for detecting fraud and whistle-blowing matters and ensured that arrangements are in place by which any employee, may in confidence, raise concerns about improprieties in matters of financial reporting, financial control, or any other matters. A report is presented to the AC on a quarterly basis whenever there is a whistle-blowing issue.

The AC having reviewed the external auditors' non-audit services, is satisfied there were no non-audit services rendered that would affect the independence 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 monetary consideration.

The aggregate amount of agreed fees to be paid to the external auditors, Moore Stephens LLP for FY2019 is A$104,000 (equivalent S$102,000) which comprises audit fee of A$83,000 (equivalent S$82,000) and A$21,000 (equivalent S$20,000) non-audit fees. The AC has recommended to the Board the re-appointment of Moore Stephens LLP as the Company's external auditors at the forthcoming AGM.

ACCOUNTABILITY AND AUDIT (Continued)
PRINCIPLE 12 (Continued)

The AC is kept abreast by the external auditors of changes to accounting standards, SGX-ST Listing Rules and ASX Listing Rules, and other regulations which could have an impact on the Group's business and financial statements.

The Company has established a 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 has ensured that arrangements are in place for independent investigations of such matters and for appropriate follow up actions. All whistle-blowing reports will be addressed to the AC Chairman, either directly or through STOPline, the whistle-blowing service provider. Staff are regularly informed of the existence of the whistle-blowing mechanism and encouraged to report relevant matters.

There were no reports received through the whistle-blowing system during FY2019.

Principle 13: Establish an effective internal audit function that is adequately resourced and 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 the Company's assets.

The Company's internal audit function is outsourced to Deloitte Touche Tohmatsu, which is independent of the Company's business activities. The internal auditors conduct the audit based on the standards set by internationally recognised professional bodies. The annual 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.

Staffed by suitably qualified and experienced executives, the internal auditors have unrestricted direct access to the AC and unfettered access to all the Company's documents, properties and personnel. 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 AC reviews the adequacy and effectiveness of the internal audit function quarterly.

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 audits of high risk areas and undertaking investigations as directed by the AC.

The RCC reviews all significant control policies and procedures and highlights all significant risk matters to the Board for discussion and to take appropriate actions, if required.

The Company's external auditors also conduct annual reviews of the effectiveness of the Group's material internal controls for financial reporting in accordance with the scope as laid out in their audit plans.

The AC regularly reviews the performance of the internal auditors and determines their reappointment and level of remuneration.

The AC reviews the adequacy of the function of the internal audit annually and based on this review believes that the internal auditors have adequate resources to perform their function effectively and objectively.

The AC is satisfied with the effectiveness of the existing internal control systems put in place by the Management to meet the needs of the Group in its current business environment.

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company recognises the importance of regular, timely and effective communication with the shareholders. The Company does not practise selective disclosure. In line with continuous disclosure obligations of the Company pursuant to the SGX-ST Listing Manual, the Companies Act of Singapore and the ASX Listing Rules, it is the Board's policy that all the shareholders should be equally informed, on a timely basis via SGXNET and ASX Online, of all major developments that will or expect to have an impact on the Company or the Group.

The Company ensures that shareholders have the opportunity to participate effectively and vote at shareholders' meetings. In this regard, shareholders are informed of shareholders' meetings through notices contained in annual reports or a circular sent to all shareholders. These notices are also published in the local newspaper and posted on SGXNET and ASX Online.

In addition to SGXNET and ASX Online, announcements and its Annual Report, the Company updates shareholders of its corporate developments thought its corporate website at www.civmec.com.au. Shareholders are invited and given the opportunity to voice their views, put forth any questions and seek clarification on questions they may have regarding the Company. The Directors, Management and the external auditors are normally available at the AGM to answer shareholders' queries. Shareholders are also informed of the rules and voting procedures governing such meetings.

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 in and vote at all the general meetings. The Company's Constitution allows the appointment of not more than two proxies by shareholders to attend the AGM and vote on his/her/their behalf. 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 measure 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 as the authentication of shareholder indemnity information and other related security issues still remain a concern.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meetings and responses from the Board and the Management, and makes these minutes available to shareholders at the registered office of the Company at 80 Robinson Road #02-00, Singapore 068898 during normal business hours upon written request.

For greater transparency, the Company has adopted the voting of all its resolutions by poll at the general meetings and an announcement of the detailed results of the number of votes cast for and against each resolution and the respective percentages are announced at the meeting and via announcements on SGXNET and ASX Online made on the same day.

The Company conducts regular investor and analyst briefings with institutional investors to update its business operations and to solicit feedback as well as hearing its investors' views and address their concerns, if any and where appropriate. All investors and analyst briefings presentation materials are uploaded onto SGXNET and ASX Online for all investors' information.

The Company has in place an investor relations policy which sets out the principles and practices that the Company applies in order to provide shareholders and prospective investors with information necessary to make well informed investment decisions and to ensure a level playing field.

In addition, the Group has engaged Chapter One Advisors as its media and investor relations team that communicates with its shareholders and analysts regularly. The investor relations team supports the Company to promote relations with, and acts as liaison for, institutional investors and public shareholders.

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES (Continued)
PRINCIPLE 14, 15, 16 (Continued)

The Group's website also includes a tab labelled 'Investors' which provides investors with all the information they may require.

Civmec Limited is committed to providing excellent returns to its shareholders through a combination of longer term capital growth and regular dividend payments. The Board considers a range of factors in determining the dividend payable in any year, including the business environment, balance sheet, working capital requirements of the business and potential investment opportunities. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate. Any payouts are clearly communicated to shareholders in public announcements and via announcements on SGXNET and ASX Online when the Company discloses its financial results. The Company has proposed a tax exempt (foreign source) First and Final Dividend of 0.7 Singapore cents per ordinary share for the financial year ended 30 June 2019, payment of which is subject to shareholders' approval at the forthcoming AGM.

OTHER GOVERNANCE PRACTICES

Material Contracts

There were no material contracts of the Company and its subsidiaries, including loans, involving the interests of any Director, the CEO or the controlling shareholders either still subsisting at the end of FY2019.

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. There were no material interested person transactions for FY2019.

Dealing in Securities

The Company has put in place a policy prohibiting share dealings by Directors and employees of the Company when they are in possession of price sensitive information and for the period of two (2) 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 during permitted trading periods. An officer should also not deal in the Company's securities on short-term consideration and/or possession of unpublished material and price-sensitive information relating to the relevant securities.

CORPORATE REGISTRY

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 Wong Fook Choy Sunny
(Independent Director)

Mr Douglas Owen Chester
(Independent Director)

AUDIT COMMITTEE

Mr Chong Teck Sin
(Chairman)

Mr Douglas Owen Chester

Mr Wong Fook Choy Sunny

REMUNERATION COMMITTEE

Mr Wong Fook Choy Sunny
(Chairman)

Mr Douglas Owen Chester

Mr Chong Teck Sin

NOMINATING COMMITTEE

Mr Douglas Owen Chester
(Chairman)

Mr Wong Fook Choy Sunny

Mr Chong Teck Sin

RISKS & CONFLICTS COMMITTEE

Mr Chong Teck Sin
(Chairman)

Mr Douglas Owen Chester

Mr Wong Fook Choy Sunny

COMPANY SECRETARIES

Ms Chan Lai Yin

Ms Lee Pay Lee

REGISTERED OFFICE

80 Robinson Road, #02-00
Singapore 068898

Tel: (65) 6236 3333
Fax: (65) 6236 4399

PRINCIPAL OFFICE AND CONTACT DETAILS

16 Nautical Drive,
Henderson WA 6166
Australia

Tel: (61) 8 9437 6288
Fax: (61) 8 9437 6388

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

Computershare
Level 11
172 St Georges Terrace
Perth WA 6000
Australia

AUDITORS

Moore Stephens LLP
10 Anson Road, #29-15 International Plaza
Singapore 079903

Partner in Charge: Ms Lao Mei Leng
(Appointed since the financial year ended
30 June 2016)

PRINCIPAL BANKER

National Australia Bank
Level 14
100 St Georges Terrace
Perth WA 6000
Australia

CORPORATE WEBSITE

http://www.civmec.com.au

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CIVMEC LIMITED

30 June 2019

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Civmec Limited (the 'Company') and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2019, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying 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 Companies Act, Chapter 50 (the 'Act') and Singapore Financial Reporting Standards (International) ('SFRS(I)s') so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ('ACRA') *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financials as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Accounting for construction contracts We refer to Note 3(a)(ii), 3(a)(iii) and 3(b)(i) under "Critical Accounting Judgements and Key Sources of Estimation Uncertainty", Note 4, Note 31 and Note 32(b) to the financial statements. During the financial year ended 30 June 2019, revenue from construction contracts amounted to A$483.9 million which represented 99.1% of the total revenue of the Group. The Group's initial application of SFRS(I) 15 *Revenue from Contracts with Customers* has resulted in transitional adjustments as disclosed in Note 32(b) to the financial statements. Contract revenue comprises the initial amount agreed in the contract and variations in the contract as constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently removed.	**Our response** • We performed procedures to understand the projects through discussions with management and examination of project documents including contracts and correspondences with customers on delays and extension of time. We evaluated and validated relevant key controls put in place by the management over the construction contract revenue and costs recognition on construction contracts. • In relation to the contract revenue for projects, on a sample basis, we have: - Traced the contract sums to the contracts and variation orders entered by the Group and its customers. - Challenged the appropriateness of the variations and claims included in the computation of the construction contract revenue. - Held discussions with management and the Group's legal advisors and specialist consultants where appropriate, to evaluate management's assessment that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently removed. - Assessed the adequacy of the provision for onerous contracts based on our understanding of the projects. This includes reviewing management's assessment of provision for onerous contracts by focusing on projects with low or negative margins.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Accounting for construction contracts (Continued) The amount of revenue recognised is based on the Group's progress towards completion of the construction contract, determined based on the proportion of construction costs incurred to date to the estimated total contract costs ('input method'). The Group uses the input method to measure project progress and recognises contract revenue in accordance with SFRS(I) 15 *Revenue from Contracts with Customers.* Estimates of revenues, costs or the extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management. The determination of estimated contract revenue, total contract costs and costs to complete require significant judgement which may impact on the amounts of construction contract revenue and profits recognised during the year, including the provision for onerous contracts. We have therefore, identified this as a key audit matter.	**Our response** (Continued) • In relation to total contract costs, on a sample basis, we have: - Tested costs incurred to date and agreed these to supporting documentation. - Evaluated the appropriateness of inputs, amongst others, materials, subcontractor and labour costs used by management in their estimation of the total cost to complete and obtained supporting documentation on the major inputs. - We examined key project documentation and discussed the progress of the significant projects with the Group's key project personnel and management for significant events that could impact the estimated total contract costs and stage of completion. • We have recomputed the percentage of completion based on actual cumulative contract costs incurred to date to the total estimated contract costs for individually significant projects. • We checked the arithmetic accuracy of the revenue and profit recognised based on the percentage of completion computation for individually significant projects and traced the revenue for the current year based on the measurement of progress to the accounting records. • We have also assessed the adequacy of the disclosures of the key accounting estimates and the sensitivity of the inputs to the estimates and found the disclosures in the financial statements to be appropriate. • We also evaluated management's assessment of the impact to revenue recognition and reviewed the transitional adjustments resulting from the adoption of SFRS(I) 15. **Our findings** We are satisfied that the judgements applied by management in accounting for construction contracts are reasonable.
Recoverability of trade and other receivables and contract assets We refer to Note 3(a)(i) under "Critical Accounting Judgements and Key Sources of Estimation Uncertainty", Note 4(b), Note 11 and Note 30(a) to the financial statements. The carrying amount of trade and other receivables and contract assets of the Group was A$63.6 million and A$117.4 million as at 30 June 2019 respectively. We focused on this area because of its significance and the degree of judgement required in determining the carrying amount of trade and other receivables as at the reporting date. In accordance with SFRS(I) 9 *Financial Instruments*, the Group assesses periodically and at each financial year end, the expected credit loss associated with its receivables. When there is expected credit loss impairment, the amount and timing of future cash flows are estimated based on historical, current and forward-looking loss experience for assets with similar credit risk characteristics.	**Our response** • We obtained an understanding of the Group credit policy and evaluated the processes for identifying impairment indicators. • We have reviewed and tested the ageing of trade and other receivables. • We have reviewed management's assessment on the credit worthiness of selected customers. • We have also assessed current ongoing negotiations and settlements of significant contracts subject to modifications, to identify if the collectability of contract consideration is highly probable. • We further discussed with the key management and the component auditors on the adequacy of the allowance for impairment recorded by the Group and reviewed the supporting documents provided by management in relation to their assessment. • We have also reviewed the adequacy and appropriateness of the impairment charge based on the available information. **Our findings** Based on our audit procedures, we found management's assessment of the recoverability of trade and other receivables and contract assets to be reasonable and the disclosures to be appropriate.

Other Information

Management is responsible for the other information. The other information comprises the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CIVMEC LIMITED
30 June 2019

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 and by those subsidiaries incorporated in Singapore of which we are the auditor have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lao Mei Leng.

Moore Stephens LLP
Public Accountants and Chartered Accountants

Singapore
28 August 2019

CONSOLIDATED
INCOME STATEMENT

For the year ended 30 June 2019

	NOTE	GROUP 2019 A$'000	GROUP 2018 A$'000 (REPORTED UNDER SFRS(I))
Revenue	4(a)	488,511	702,415
Cost of sales		(462,978)	(664,009)
Gross profit		25,533	38,406
Other income	5	5,389	8,457
Share of profit of associate/joint ventures	17	39	260
Administrative expenses		(16,687)	(17,863)
Other expenses		(277)	-
Finance costs	8	(5,005)	(4,112)
Profit before income tax	6	8,992	25,148
Income tax expense	9	(1,962)	(7,730)
Profit for the year		7,030	17,418
Profit attributable to:			
Owners of the Company		6,075	18,112
Non-controlling interest		955	(694)
		7,030	17,418
Earnings per share attributable to equity holders of the Company (cents per share):			
- Basic	10	1.21	3.62
- Diluted	10	1.21	3.62

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

CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME

For the year ended 30 June 2019

	GROUP	
	2019 A$'000	2018 A$'000 (REPORTED UNDER SFRS(I))
Profit for the year	7,030	17,418
Other comprehensive income:		
Item that may be reclassified subsequently to profit or loss		
Exchange differences on re-translation from functional currency to presentation currency	(185)	93
Reclassification of translation reserve to the profit or loss account on deconsolidation	92	-
Total comprehensive income for the year	6,937	17,511
Total comprehensive income attributable to:		
Owners of the Company	5,982	18,205
Non-controlling interest	955	(694)
	6,937	17,511

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

STATEMENTS OF **FINANCIAL POSITION**

As at 30 June 2019

	NOTE	GROUP			COMPANY		
		2019 A$'000	2018 A$'000 (REPORTED UNDER SFRS(I))	1 JULY 2017 A$'000 (REPORTED UNDER SFRS(I))	2019 A$'000	2018 A$'000 (REPORTED UNDER SFRS(I))	1 JULY 2017 A$'000 (REPORTED UNDER SFRS(I))
ASSETS							
Current assets							
Cash and cash equivalents	13	40,662	23,369	22,712	6	5	24
Trade and other receivables	11	63,558	125,662	52,186	29,513	34,285	27,612
Contract assets	4(b)	117,443	140,201	84,553	-	-	-
Other assets	12	1,063	1,747	1,192	9	-	3
Income tax recoverable	9	4,024	5,313	7,769	4,043	-	4,249
		226,750	296,292	168,412	33,571	34,290	31,888
Non-current assets							
Investment in subsidiaries	16	-	-	-	7,579	7,579	7,579
Investment in joint ventures	17	41	-	122	-	-	-
Trade and other receivables	11	-	-	153	-	-	-
Property, plant and equipment	14	201,004	143,711	128,524	-	-	-
Intangible assets	15	10	10	10	-	-	-
Deferred tax assets	9	1,930	2,520	1,097	394	16	11
		202,985	146,241	129,906	7,973	7,595	7,590
TOTAL ASSETS		429,735	442,533	298,318	41,544	41,885	39,478
LIABILITIES AND EQUITY							
Current liabilities							
Trade and other payables	20	57,543	119,881	59,234	174	136	145
Contract liabilities	4(b)	69,333	30,989	15,999	-	-	-
Borrowings	21	8,930	43,275	4,983	-	-	-
Provisions	22	5,557	9,197	4,831	-	-	-
Income tax payable		-	-	-	-	1,356	-
		141,363	203,342	85,047	174	1,492	145
Non-current liabilities							
Borrowings	21	108,248	64,434	53,555	-	-	-
Provisions	22	4,634	3,935	2,955	-	-	-
Deferred tax liabilities	9	1,362	-	-	-	-	-
		114,244	68,369	56,510	-	-	-
TOTAL LIABILITIES		255,607	271,711	141,557	174	1,492	145

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

STATEMENTS OF FINANCIAL POSITION (Continued)

As at 30 June 2019

	NOTE	GROUP 2019 A$'000	GROUP 2018 A$'000 (REPORTED UNDER SFRS(I))	GROUP 1 JULY 2017 A$'000 (REPORTED UNDER SFRS(I))	COMPANY 2019 A$'000	COMPANY 2018 A$'000 (REPORTED UNDER SFRS(I))	COMPANY 1 JULY 2017 A$'000 (REPORTED UNDER SFRS(I))
Capital and Reserves							
Share capital	23	29,807	29,807	29,807	29,807	29,807	29,807
Treasury shares	23	(10)	(10)	(10)	(10)	(10)	(10)
Other reserves	25	7,818	7,911	7,818	4,483	4,513	4,483
Retained earnings		136,591	134,147	119,485	7,090	6,083	5,053
Total equity attributable to the Owners of the Company		174,206	171,855	157,100	41,370	40,393	39,333
Non-controlling interest		(78)	(1,033)	(339)	-	-	-
TOTAL EQUITY		174,128	170,822	156,761	41,370	40,393	39,333
TOTAL LIABILITIES AND EQUITY		429,735	442,533	298,318	41,544	41,885	39,478

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

			OTHER RESERVES						
GROUP	SHARE CAPITAL A$'000	TREASURY SHARES A$'000	MERGER RESERVE A$'000	FOREIGN CURRENCY TRANSLATION RESERVE A$'000	SHARE OPTION RESERVE A$'000	RETAINED EARNINGS A$'000	TOTAL A$'000	NON-CONT-ROLLING INTEREST A$'000	TOTAL A$'000
Balance as at 01 July 2018	29,807	(10)	7,578	93	240	134,147	171,855	(1,033)	170,822
Profit for the year	-	-	-	-	-	6,075	6,075	955	7,030
Other comprehensive income for the year:									
Exchange differences on re-translation from functional currency to presentation currency	-	-	-	(185)	-	-	(185)	-	(185)
Reclassification of translation reserve to the profit or loss account on deconsolidation	-	-	-	92	-	-	92	-	92
Total comprehensive income for the year	-	-	-	(93)	-	6,075	5,982	955	6,937
Dividends paid (Note 23(a))	-	-	-	-	-	(3,631)	(3,631)	-	(3,631)
Balance as at 30 June 2019	29,807	(10)	7,578	-	240	136,591	174,206	(78)	174,128

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

CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY (Continued)

For the year ended 30 June 2019

			OTHER RESERVES						
GROUP	SHARE CAPITAL A$'000	TREASURY SHARES A$'000	MERGER RESERVE A$'000	FOREIGN CURRENCY TRANSLATION RESERVE A$'000	SHARE OPTION RESERVE A$'000	RETAINED EARNINGS A$'000	TOTAL A$'000	NON-CONT-ROLLING INTEREST A$'000	TOTAL A$'000
Balance as at 01 July 2017	29,807	(10)	7,578	-	240	119,485	157,100	(339)	156,761
Profit for the year	-	-	-	-	-	18,112	18,112	(694)	17,418
Other comprehensive income for the year:									
Exchange differences on re-translation from functional currency to presentation currency	-	-	-	93	-	-	93	-	93
Total comprehensive income for the year	-	-	-	93	-	18,112	18,205	(694)	17,511
Dividends paid (Note 23(a))	-	-	-	-	-	(3,450)	(3,450)	-	(3,450)
Balance as at 30 June 2018	29,807	(10)	7,578	93	240	134,147	171,855	(1,033)	170,822

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	NOTE	GROUP 2019 A$'000	GROUP 2018 A$'000
Cash Flows from Operating Activities			
Profit before income tax		8,992	25,148
Adjustment for:			
Depreciation of property, plant and equipment	14	10,015	10,425
Loss/(gain) on disposal of property, plant and equipment	5	277	(272)
Share of profit of joint ventures	17	(41)	(217)
Share of loss of an associate		2	-
Gain on deconsolidation of a subsidiary	5	(2,091)	-
Finance cost	8	5,005	4,112
Interest income	5	(689)	(354)
Foreign exchange differences		(97)	78
Operating cash flow before working capital changes		21,373	38,920
Changes in working capital:			
Decrease/(increase) in trade and other receivables		62,748	(73,351)
Decrease/(increase) in contract assets		22,758	(55,648)
Decrease/(increase) in other current assets		684	(555)
(Decrease)/increase in trade and other payables		(68,702)	53,649
Increase in contract liabilities		45,671	19,114
(Decrease)/increase in provisions		(2,940)	5,345
Cash generated from/(used in) operations		81,592	(12,526)
Interest received		617	354
Finance cost paid		(4,627)	(3,611)
Income tax refund		7,346	3,882
Income tax paid		(6,067)	(7,827)
Net cash generated from/(used in) operating activities		78,861	(19,728)
Cash Flows from Investing Activities			
Proceeds from disposal of property, plant and equipment		641	1,605
Purchase of property, plant and equipment	14	(68,227)	(26,954)
Repayment from a related party		182	-
Cash distribution from joint venture		-	432
Net cash used in investing activities		(67,404)	(24,917)
Cash Flows from Financing Activities			
Proceeds from borrowings		345,599	397,359
Repayment of borrowings		(336,132)	(348,607)
Dividends paid	23(a)	(3,631)	(3,450)
Net cash generated from financing activities		5,836	45,302
Net increase in cash and cash equivalents		17,293	657
Cash and cash equivalents at the beginning of the financial year		23,369	22,712
Cash and cash equivalents at the end of the financial year	13	40,662	23,369

The reconciliation of movements of liabilities to cash flows arising from financing activities is presented below:

	OPENING A$'000	CASH FLOWS PROCEEDS A$'000	CASH FLOWS REPAYMENT A$'000	NON-CASH CHANGES EXCHANGE A$'000	CLOSING A$'000
2019 Borrowings	107,709	345,599	(336,132)	2	117,178
2018 Borrowings	58,538	397,359	(348,607)	419	107,709

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

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

1. GENERAL INFORMATION

Civmec Limited (the 'Company') was incorporated in the Republic of Singapore on 3 June 2010 under the Singapore Companies Act, Chapter 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. On 22 June 2018, the Company was listed on the Australian Securities Exchange ('ASX'). The Company is now holding dual listing status. The Company has provided an option to shareholders to convert their shares with SGX-ST for shares with ASX, at the ratio of 1:1.

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, joint ventures, associate, and joint operations are set out in Note 16, 17,18 and 19 respectively.

The financial statements for the financial year ended 30 June 2019 were approved and authorised for issue on the date of the statement by the board of directors in accordance with a resolution of the directors on the date of the Directors' Statement.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International) ('SFRS(I)') under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Adoption of SFRS(I)

As required by the listing requirements of the SGX-ST, the Group has adopted SFRS(I) on 1 July 2018. These financial statements for the year ended 30 June 2019 are the first set of financial statements the Group has prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 30 June 2018 were prepared in accordance with the previous Singapore Financial Reporting Standards ('SFRS').

In adopting SFRS(I) on 1 July 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of SFRS(I).*

Under SFRS(I) 1, these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 30 June 2019. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

Optional exemptions applied on adoption of SFRS(I)

For first-time adopters, SFRS(I) 1 allows the exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemptions:

a) SFRS(I) 3 *Business Combinations* has not been applied to business combinations that occurred before the date of transition on 1 July 2017. The same classification as in its previous SFRS financial statements has been adopted.

b) SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* has not been applied retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to SFRS(I) on 1 July 2017. Such fair value adjustments and goodwill continue to be accounted for using the same basis as under SFRS 21.

Under the previous SFRS, goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2(i) to the financial statements.

Goodwill and fair value adjustments which arose on acquisition of foreign operations before 1 January 2005 are deemed to be assets and liabilities of the Company and are recorded in A$ at the rates prevailing at the date of acquisition.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)
(a) Basis of preparation (Continued)
Optional exemptions applied on adoption of SFRS(I) (Continued)

c) The Group has not reassessed the determination of whether an arrangement contained a lease in accordance with SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*.

d) The Group has elected to apply the requirements in SFRS(I) 1-23 *Borrowing Costs* from the date of transition to SFRS(I) on 1 July 2017. Borrowing costs that were accounted for previously under SFRS prior to the date of transition are not restated.

e) The Group has elected to apply the exemption to adopt SFRS(I) 2 *Share-based Payment* for equity instruments granted after 7 November 2002 that vested before the date of transition on 1 July 2017. Retrospective application of SFRS(I) 2 is encouraged but not required.

f) The Group has elected the short-term exemption to adopt SFRS(I) 9 *Financial Instruments* on 1 July 2018. Accordingly, the information presented for 2018 is presented, as previously reported, under SFRS 39 Financial Instruments: Recognition and Measurement. Arising from this election, the Group is exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosures* to the extent that the disclosures as required by SFRS(I) 7 to items within the scope of SFRS(I) 9.

g) The Group has elected to apply the transitional provisions under paragraph C5 of SFRS(I) 15 at 1 July 2018 and have used the following practical expedients as allowed under SFRS(I) 1 as follows:

i. The Group has not restated those completed contracts that began and ended in the same annual reporting period in 2018 and contracts completed at 1 July 2017;

ii. for completed contracts that have variable consideration, the Group has used the transaction price at the date the contract was completed, rather than estimating the variable consideration amounts in the comparative reporting period;

iii. for contracts which were modified before 1 July 2017, the Group did not retrospectively restate the contract for those contract modifications; and

iv. for the year ended 30 June 2018, the Group did not disclose the amount of transaction price allocated to the remaining performance obligations and explanation of when the Group expects to recognise that amount as revenue.

The Group's opening balance sheet has been prepared as at 1 July 2017, which is the Group's date of transition to SFRS(I) ('date of transition'). An explanation of how the transition to SFRS(I) and application of SFRS(I) 9 and SFRS(I) 15 have affected the reported financial position, financial performance and cash flows are provided in Note 32 to the financial statements.

Changes in accounting policy

Accounting for research and development tax offset

The Group has elected to recognise the excess of the research and development tax offset over the statutory rate ('R&D offset') being an additional 8.5% (previously 10%) deduction as government grant under SFRS(I) 1-20. Refer to Note 2(f). In prior years, the whole R&D offset was recognised as a reduction to the income tax expense. The change results in the R&D offset being separately disclosed and simplifies the presentation of the financial statements by matching the benefit of the grant against the expenditure which generated the R&D offset.

The application of the changes in accounting policy has been applied retrospectively. The following reconciliation summarises the impact on the Group's consolidated income statement for the year ended 30 June 2018. There were no material adjustments to the Group's consolidated statement of comprehensive income for the year ended 30 June 2018, the Group's financial position as at 1 July 2017 and 30 June 2018 and the Group's statement of cash flows for the year ended 30 June 2018 arising from the changes in accounting policy.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)
(a) Basis of preparation (Continued)
Changes in accounting policy (Continued)
Accounting for research and development tax offset (Continued)

Reconciliation of the Group's consolidated income statement:

	30 JUN 2018		
	AS PREVIOUSLY AUDITED A$'000	ADJUSTMENT A$'000	AS PER RESTATED A$'000
Revenue	712,850	-	712,850
Cost of sales	(666,760)	2,751	(664,009)
Gross profit	46,090	2,751	48,841
Other income	8,457	-	8,457
Share of profit of a joint venture	260	-	260
Administrative expenses	(17,863)	-	(17,863)
Finance costs	(4,112)	-	(4,112)
Profit before tax	32,832	2,751	35,583
Income tax expense	(8,109)	(2,751)	(10,860)
Profit for the year	24,723	-	24,723

The above figures were derived before the transition to SFRS(I) and adoption of new standards which are disclosed in Note 32 to the financial statements.

(b) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.
The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual agreements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)
(b) Basis of Consolidation (Continued)
(i) Subsidiaries (Continued)

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with SFRS(I) 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Change in ownership interests in subsidiaries without change of control
Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries
When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(ii) Joint Arrangements
A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

The Group reassesses whether the type of joint arrangement in which it is involved has changed when facts and circumstances change.

Joint venture
The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method.

Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

Joint operations
The Group's joint operations are joint arrangements whereby the parties (the joint operators) that have joint control of the arrangement have rights to the assets, and obligations to the liabilities, relating to the arrangement.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)
(b) Basis of Consolidation (Continued)
(ii) Joint Arrangements (Continued)
Joint operations (Continued)

The Group recognises, in relation to its interest in the joint operation:
- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

When the Group sells or contribute assets to a joint operation, the Group recognises gains or losses on the sale or contribution of assets that is attributable to the interest of the other joint operations. The Group recognises the full amount of any loss when the sale or contribution of assets provides evidence of a reduction in the net realisable value, or an impairment loss, of those assets.

When the Group purchases assets from a joint operation, it does not recognise it share of the gains and losses until it resells the assets to an independent party, However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of the assets to be purchased or and impairment loss.

The accounting policies of the assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(c) Investment in Subsidiary Companies
Investments in subsidiary companies are carried at cost less accumulated impairment losses in the statement of financial position of the Company.

On disposal of investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments are recognised in the profit or loss.

(d) Investment in Associate
The Group recognises its interest in an associate as an investment and accounts for the investment using the equity method.

Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

If the Group's share of losses of an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

(e) Revenue Recognition
Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Construction Contract Revenue
The Group provides engineering and construction services to customers through contracts. Contract revenue is recognised when the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

For these contracts, revenue is recognised over time by reference to the Group's progress towards completion of the contract. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs ('input method'). Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation ('PO') are excluded from the measurement of progress and instead are expensed as incurred.

In some circumstances, such as in the early stages of a contract where the Group may not be able to reasonably measure its progress but expects to recover the contract costs incurred, contract revenue is recognised only to the extent of the contract costs incurred until such time when the Group can reasonably measure its progress.

Contract modifications that do not add distinct goods or services are accounted for as a continuation of the original contract and the change is recognised as a cumulative adjustment to revenue at the date of modification.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)
(e) Revenue Recognition (Continued)
Construction contract revenue (Continued)

The amount of revenue recognised is based on the estimated transaction price, which comprises the contractual price, adjusted for expected returns. Based on the Group's experience with similar types of contracts, variable consideration is typically constrained and included in the transaction only to the extent that is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Estimates of revenues, costs or the extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

At the end of each reporting date, the Group updates its assessment of the estimated transaction price, including its assessment of whether an estimate of variable consideration is constrained. The corresponding amounts are adjusted against revenue in the period in which the transaction price changes.

The period between the transfer of the promised services and customer payment may exceed one year. For such contracts, there is no significant financing component present as the payment terms are an industry practice to protect the customers from the performing entity's failure to adequately complete some or all of its obligations under the contract. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

The customer is invoiced on a milestone payment schedule. If the value of the goods transferred by the Group exceed the payments, a contract asset is recognised. If the payments exceed the value of the goods transferred, a contract liability is recognised.

For costs incurred in fulfilling the contract which are within the scope of another SFRS(I) (e.g. Inventories), these have been accounted for in accordance with those other SFRS(I). If these are not within the scope of another SFRS(I), the Group will capitalise these as contract cost assets only if (a) these costs relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

Sale of goods and services
Revenue from the sale of goods and services in the ordinary course of business are recognised when the Group satisfies a PO by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for the time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)
(e) Revenue Recognition (Continued)
Sale of goods and services (Continued)

The Group considers certain services to be a distinct service as it is both regularly supplied by the Group to other customers on a stand-alone basis and is available for customers from other providers in the market. A portion of the transaction price is therefore allocated to the maintenance services based on the stand-alone selling price of those services. Discounts are not considered as they are only given in rare circumstances and are never material. Revenue from the maintenance services is recognised over time. The transaction price allocated to these services is recognised as a contract liability at the time of the initial sales transaction and is released on a straight-line basis over the period of service.

(f) Government Grants
Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. As the grant relates to R&D expenditure already incurred it is recognised in the income statement in the period it became receivable.

(g) Contract Assets and Contract Liabilities
A contract asset is recognised when the Group recognises revenue as set out in Note 2(e) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses ('ECLs') in accordance with the policy set out in Note 2(j) and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue as set out in Note 2(e). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

(h) Income Tax
Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax liabilities are recognised on all temporary differences except for taxable temporary differences associated with investments in subsidiaries and joint venture, where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. In respect of deductible temporary differences associated with investments in subsidiaries and interest in joint venture, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured:

(i) at the tax rates that are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that would follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)
(h) Income Tax (Continued)

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Current income taxes are recognised in profit and loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax relating to items recognised outside profit and loss is recognised outside profit and loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Sales tax
Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sale tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

(i) 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 financial statements are presented in Australian Dollars ('A$'), which is the functional currency of the Company.

Prior to 1 July 2018, the financial statements were presented in Singapore Dollars ('S$'). With effect from 1 July 2018, the Group changed its presentation currency from S$ to A$. The Group largely operates within Australia where virtually all its income is derived. Following the Group's listing on the Australian Securities Exchange on 22 June 2018, the change will help to provide a clearer understanding of the Group's financial results and improve comparability of the Group's performance.

The effect of the change of presentation currency was applied retrospectively using the following procedures:

- Assets and liabilities of all corresponding figures presented (including opening balances from the beginning of earliest prior period presented) were translated at the closing rates of respective year end;
- Income and expenses for all corresponding figures presented were translated at the average exchange rate for the financial year approximating the exchange rates at the dates of transactions; and
- All resulting exchange differences were recognised in other comprehensive income.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)
(i) Foreign Currency Translation (Continued)
Transactions and balances (Continued)

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 the 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) are 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.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or loss of joint control over a jointly controlled entity that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

(j) Financial Assets
The accounting for financial assets before 1 July 2018 is as follows:

Classification
Financial assets are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables are non-derivatives financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except those maturing later than twelve months after the balance sheet date which are classified as non-current assets. Loans and receivables are presented as 'trade and other receivables' and 'cash and cash equivalents' at the balance sheet date.

Recognition and derecognition
Regular way purchase and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised in profit or loss.

Initial and subsequent measurement
Loans and receivables are initially recognised at fair value plus transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Impairment
The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)
(j) Financial Assets (Continued)
Impairment (Continued)

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

The accounting for financial assets from 1 July 2018 is as follows:

Classification and measurement
The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income ('FVOCI'); and
- Fair value through profit or loss ('FVPL').

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives, if any, are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

Initial recognition
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement
Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables and contract assets.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

- FVOCI: Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in 'other income / other expenses'. Interest income from these financial assets is recognised using the effective interest rate method and presented in 'interest income', if any.

- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in 'other income / other expenses', if any.

Recognition and derecognition
Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)
(j) Financial Assets (Continued)
Recognition and derecognition (Continued)

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

Impairment
The Group assesses on a forward-looking basis the expected credit loss ('ECL') associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. ECL are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

For trade receivables and contract assets, the Group applies the simplified approach permitted by SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For other receivables, the Group applies the general approach. For the purpose of impairment assessment for other receivables, the loss allowance is measured at an amount equal to 12-month ECL, which reflects the low credit risk of the exposures.

Credit-impaired financial assets
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired.

Evidence that a financial asset is credit-impaired includes the observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due;
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower or a concession(s) that the lender(s) would not other consider (e.g. the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise);
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

Write-off policy
The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to recovery efforts under the Group's recovery procedures. Any recoveries made are recognised in profit or loss.

(k) 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.

(l) 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.

Property
Land and leasehold building are stated on the cost basis and are therefore carried at cost. Leasehold building includes the construction costs and borrowing costs that are eligible for capitalization.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)
(l) Property, Plant and Equipment (Continued)
Property (Continued)

Plant and equipment
Plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. 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 leased 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. Assets under construction are not depreciated.

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

Class of Fixed Assets	Depreciation Rate
Buildings	3%
Plant and equipment	5% - 15%
Leased plant and equipment	5% - 15%
Small tools	5% - 33.33%
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.

(m) Impairment of Non-Financial Assets
Non-financial assets are tested for impairment whenever there is any indication that these assets may be impaired.

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any), on an individual asset.

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. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)
(m) Impairment of Non-Financial Assets

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(n) 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. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(o) Financial Liability 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.

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.

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit and loss when the liabilities are derecognised, and through amortisation process.

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.

(p) 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.

(q) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)
(q) Leases (Continued)

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.

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.

(r) 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 high quality corporate bonds with terms to maturity that match the expected timing of cash flows.

Share-based payments

The Group operates an equity-settled share-based compensation plan. The fair value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period.

The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date.

At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, the unidentified goods or services received (or to be received) are measured as the difference between the fair value of the share-based payment and the fair value of any identifiable goods or services received at the grant date. This is then capitalised or expensed as appropriate.

(s) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) 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.

Treasury shares
When any entity within the Group purchases the Company's ordinary shares ('treasury shares'), the consideration paid including any directly attributable incremental cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or re-issued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company if the shares are purchased out of the earnings of the Company.

When treasury shares are subsequently sold or re-issued pursuant to the employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or re-issue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

(u) 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').

a. A person or a close member of that person's family is related to a reporting entity if that person:
   i. has control or joint control over the reporting entity;
   ii. has significant influence over the reporting entity; or
   iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
b. An entity is related to a reporting entity if any of the following conditions applies:
   i. 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);
   ii. one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
   iii. both entities are joint ventures of the same third party;
   iv. one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
   v. 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;
   vi. the entity is controlled or jointly controlled by a person identified in (a);
   vii. a person identified in (a)(i) 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); or
   viii. the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

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

(a) Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, the application of judgements that are expected to have a significant effect on the amounts recognised in the financial statements are discussed as follows.

(i) Impairment of trade and other receivables and contract assets

As at 30 June 2019, the Group's trade and other receivables and contract assets amounted to A$63,558,000 (2018: A$125,662,000; 1 July 2017: A$52,339,000) and A$117,443,000 (2018: A$140,201,000; 1 July 2017: A$84,553,000) respectively, net of allowance for impairment, if any, arising from the Group's different revenue segments as disclosed in Note 29.

Based on the Group's historical credit loss experience, trade receivables exhibited different loss patterns for each revenue segment. Within each revenue segment, the Group has common customers across the different geographical regions and applies credit evaluations by customer. Accordingly, management has determined the expected loss rates by grouping the receivables across geographical regions in each revenue segment. No allowance for impairment for trade and other receivables and contract assets respectively was recognized as at 30 June 2019 (2018: Nil; 1 July 2017: Nil).

Notwithstanding the above, the Group evaluates the expected credit loss on customers in financial difficulties separately. There is no major customer in financial difficulties during the financial year.

The Group's and the Company's credit risk exposure for trade receivables by different revenue segment are set out in Note 30(a).

(ii) Judgement and method used in estimating construction contract revenue

As discussed in Note 2(e) to the financial statements, construction contract revenue is recognised over time by reference to the Group's progress towards completion of the contract. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs ('input method'). Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation ('PO') are excluded from the measure of progress and instead are expensed as incurred.

Construction contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work to the extent that is highly probable that a significant reversal in the amount of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

In estimating the variable consideration for contract revenue, the Group uses the expected value amount method to estimate the transaction price. The expected value is the sum of probability-weighted amounts in a range of possible consideration amounts. Management has relied on historical experience and the work of experts, analysed by customers and nature of scope of work, from prior years.

Management has exercised judgement in applying the constraint on the estimated variable consideration that can be included in the transaction price. For variations claims, management has determined that a portion of the estimated variable consideration is subject to the constraint as, based on past experience with the customers, it is highly probable that a significant reversal in the cumulative amount of revenue recognised will occur, and therefore will not be recognised as revenue.

(iii) Legal proceedings

The Group is exposed to the risk of claims and litigation which can arise for various reasons, including changes in scope of work, delay and disputes etc. Given the nature of the business, variation orders, additional works and prolongation costs are common. As some of these items could be subjective and hence contentious in nature, the Group may from time to time be involved in adjudication or legal processes.

In making its judgment as to whether it is probable that any such adjudication decisions or litigation will result in a liability and whether any such liability can be measured reliably, management relies on past experience and the opinion of legal advisors and technical experts.

In making that overall judgment, the management has included in its consideration the likely outcome of the claims. Although an adverse outcome of those claims could have a material adverse impact on the financial position of the Group, management have taken the view that such a material adverse outcome is very unlikely.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(iv) 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 loss on property, plant and equipment was recorded for the financial years ended 30 June 2019 and 2018.

The carrying amount of property, plant and equipment at 30 June 2019 is A$201,004,000 (2018: A$143,711,000; 1 July 2017: A$128,524,000).

(b) Key sources of estimation uncertainty
The estimates at 1 July 2017 and at 30 June 2018 are consistent with those made for the same dates in accordance with SFRS. The estimates used by the Group to present these amounts in accordance with SFRS(I) reflect conditions at 1 July 2017, the date of transition to SFRS(I) and as of 30 June 2018.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Estimation of total contract costs for construction contracts
The Group has significant ongoing construction contracts as at 30 June 2019 that are non-cancellable. For these contracts, revenue is recognised over time by reference to the Group's progress towards completion of the contract. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs ('input method').

Management has to estimate the total contract costs to complete, which are used in the input method to determine the Group's recognition of construction revenue. When it is probable that the total contract costs will exceed the total construction revenue, a provision for onerous contracts is recognised immediately.

Significant assumptions are used to estimate the total contract sum and the total contract costs which affect the accuracy of revenue recognition based on the percentage-of-completion and completeness of provision for onerous contracts recognised. In making these estimates, management has relied on past experience and the work of specialists.

If the estimated total contract sum decreases by 1.0% from management's estimates, the Group's profit before income tax will decrease by approximately A$4,870,000.

If the remaining estimated contract costs increase by 1.0% from management's estimates, the Group's profit before income tax will decrease by approximately A$4,633,000.

(ii) Estimation of 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 current financial year.

The carrying amount of the Group's property, plant and equipment as at 30 June 2019 was A$201,004,000 (2018: A$143,711,000; 1 July 2017: A$128,524,000) (Note 14). A 10% difference in the expected useful lives of these assets from management's estimate would result in an approximately A$1,001,500 (2018: A$1,042,500) variance in the Group's profit before tax.

(iii) Income taxes
The Group has exposure to income taxes of which a portion of these taxes arose from certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises receivables or liabilities on expected tax issues based on their best estimates of the likely taxes recoverable or due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax positions in the period in which such determination is made. The carrying amounts of the Group's and Company's current income tax positions as at 30 June 2019 were income tax recoverable of A$4,024,000 (2018: tax recoverable of A$5,313,000; 1 July 2017: tax recoverable of A$7,769,000) and A$4,043,000 (2018: tax payable of A$1,356,000; 1 July 2017: tax recoverable of A$4,249,000) respectively. The carrying amounts of the Group's and Company's deferred tax assets and deferred tax liabilities as at 30 June 2019 are disclosed in Note 9 to the financial statements.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

(a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time as follows:

	GROUP	
	2019 A$'000	2018 A$'000
Over time:		
Construction contract revenue	483,943	680,039
Revenue from rendering of services	3,031	21,467
	486,974	701,506
At a point in time:		
Revenue from sales of goods	1,537	909
	488,511	702,415

The segment analysis of the Group is disclosed in Note 29 to the financial statements.

(b) Contract assets and liabilities

	GROUP		
	2019 A$'000	2018 A$'000	1 JULY 2017 A$'000
Contract assets	117,443	140,201	84,553
Contract liabilities	(69,333)	(30,989)	(15,999)

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at the reporting date on construction contracts. The contract assets are transferred to trade receivables when the rights become unconditional, which usually occurs when the customer certifies the progress claims.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for construction contracts and progress billings issued in excess of the Group's rights to the consideration in respect of construction contract revenue.

(i) Significant changes in contract balances

	GROUP	
	2019 A$'000	2018 A$'000
Contract assets:		
Contract assets reclassified to trade receivables	(76,840)	(38,448)
Changes in measurement of progress	54,082	94,096
Contract liabilities:		
Revenue recognised in current period that was included in the contract liability balance at the beginning of the period	17,653	8,167
Increase due to cash received, excluding amounts recognised as revenue during the year	(55,997)	(23,157)

4. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

(b) Contract assets and liabilities (Continued)

(ii) Unsatisfied performance obligations

	GROUP		
	2019 A$'000	2018 A$'000	1 JULY 2017 A$'000
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied as at 30 June	819,042	*	*

*As permitted under the transitional provisions in SFRS(I) 15, the transaction price allocated to partially or fully unsatisfied performance obligations as of 30 June 2018 and 1 July 2017 is not disclosed.

The Group expects that the aggregate amount of the transaction price allocated to unsatisfied performance obligations as of 30 June 2019 will be recognised as revenue as the Group continue to perform to complete the construction, which is expected to occur over the next few years up to 2029. The amount disclosed above does not include variable consideration which is subject to constraint.

As permitted under the SFRS(I) 15, the aggregated transaction price allocated to unsatisfied contracts of periods of one year or less, or are billed based on time incurred, is not disclosed.

5. OTHER INCOME

	GROUP	
	2019 A$'000	2018 A$'000
Insurance recovery	1,764	7,219
Fuel tax rebate	485	596
Interest income:		
- Bank balances	407	334
- Tax authorities	210	20
- Related party	72	-
	689	354
Gain on disposal of property, plant and equipment	-	272
Gain on deconsolidation of a subsidiary (Note 16)	2,091	-
Net foreign exchange gain	95	-
Miscellaneous income	265	16
	5,389	8,457

The Group recognised other income of A$1,218,000 (2018: A$7,152,000) from an insurance claim relating to a fire incident in September 2017. This claim has now been finalised.

6. PROFIT BEFORE INCOME TAX

The following items have been included in arriving at profit before income tax:

	GROUP	
	2019 A$'000	2018 A$'000
Included in cost of sales:		
Direct materials	78,778	111,866
Employee benefits (Note 7)	230,379	294,408
Subcontract works	83,653	168,075
Workshop and other overheads	60,452	79,679
Depreciation of property, plant and equipment (Note 14)	9,716	9,981
Included in administrative expenses:		
Audit fees:		
- Auditor of the Company	83	79
- Other auditors	95	88
Non-audit fees:		
- Auditor of the Company	21	19
- Other auditors	62	45
Business development	487	967
Communications	1,718	2,469
Depreciation of property, plant and equipment (Note 14)	298	444
Directors' fees	239	212
Employee benefits (Note 7)	9,791	9,035
Occupancy expenses	537	451
Office costs	555	474
Other administrative expenses	645	720
Other professional fees	1,488	1,577
Tax fees	668	1,194
Net foreign exchange loss	-	89

7. EMPLOYEE BENEFITS EXPENSES

	GROUP	
	2019 A$'000	2018 A$'000
Wages and salaries	222,416	230,318
Contributions to defined contribution plans	15,492	14,467
Other employee benefits	2,262	58,658
	240,170	303,443

8. FINANCE COSTS

	GROUP	
	2019 A$'000	2018 A$'000
Bank bills	1,827	1,767
Trade finances	970	783
Line fees	1,356	1,107
Finance leases	729	448
Premium funding	106	7
Other finance costs	17	-
	5,005	4,112

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

9. INCOME TAX EXPENSE

	GROUP	
	2019 A$'000	2018 A$'000
Current income tax	(352)	8,823
Deferred income tax	2,160	(1,804)
	1,808	7,019
(Over)/under provision in prior years		
- Current income tax	(16)	483
- Deferred income tax	170	228
	154	711
	1,962	7,730

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	
	2019 A$'000	2018 A$'000
Profit before income tax	8,992	25,148
Income tax at 30% (2018: 30%)	2,697	7,544
Add/(deduct) the tax effects of:		
(Over)/under provision of income tax in respect of prior years	(16)	483
Under provision of deferred tax expense	170	228
Non-deductible expenses	(889)	(525)
	1,962	7,730
Weighted average effective tax rates	22.6%	30.7%

As at 30 June 2019, the Group has capital tax losses of approximately A$37,806 (2018: A$37,806; 1 July 2017: A$37,806) that are available for offset against future capital gains of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these capital tax losses is subject to the agreement of tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The deferred tax assets arising from these capital losses amounted to A$11,342 (2018: A$11,342; 1 July 2017: A$11,342) and are not recognised as there is no reasonable certainty that future capital gains will be available to utilise the capital tax losses.

The tax rate used for the 2019 and 2018 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.

Current tax recoverable

Current tax recoverable mainly arose from the Group's overprovision of income taxes in respect of the prior year and was recovered in the current financial year.

9. INCOME TAX EXPENSE (CONTINUED)

Deferred taxes

	OPENING A$'000	CHARGED TO PROFIT OR LOSS A$'000	CLOSING A$'000
Group			
2019			
Property, plant and equipment	(3,421)	(678)	(4,099)
Receivables	1	2	3
Trade and other payables	1,609	(705)	904
Provisions	4,205	(981)	3,224
Carried forward tax losses	57	376	433
Unrealised foreign exchange losses	(13)	13	-
Others	82	21	103
	2,520	(1,952)	568
2018			
Property, plant and equipment	(2,224)	(1,197)	(3,421)
Receivables	(9)	10	1
Trade and other payables	870	739	1,609
Provisions	2,285	1,920	4,205
Carried forward tax losses	64	(7)	57
Unrealised foreign exchange losses	4	(17)	(13)
Others	107	(25)	82
	1,097	1,423	2,520
Company			
2019			
Cast at bank	(13)	13	-
Loan receivables	-	3	3
Trade and other payables	(24)	(13)	11
Carried forward tax losses	-	377	377
Others	5	(2)	3
	16	378	394
2018			
Cast at bank	4	(17)	(13)
Trade and other payables	7	17	24
Others	-	5	5
	11	5	16

10. 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 the weighted average number of ordinary shares issued.

	GROUP	
	2019	2018
Profit attributable to the owners of the Company (A$'000)	6,075	18,112
Share capital	29,807,000	29,807,000
Weighted average number of ordinary shares issued		
- Basic	500,985,000	500,985,000
- Diluted	500,985,000	500,985,000
Earnings per ordinary share (A$ cents)		
- Basic	1.21	3.62
- Diluted	1.21	3.62

Basic earnings per share is calculated by dividing the consolidated profit after tax attributable to the equity holders of the company, by the weighted average number of ordinary shares outstanding during the financial year.

As at 30 June 2019 and 2018, the diluted earnings per share is the same as the basic earnings per share as it does not include the effect of 4,000,000 (2018: 4,000,000) unissued ordinary shares granted under the CESOS (Note 23(c)). The effect of the inclusion is anti-dilutive.

11. TRADE AND OTHER RECEIVABLES

	GROUP			COMPANY		
	2019 A$'000	2018 A$'000	1 JULY 2017 A$'000	2019 A$'000	2018 A$'000	1 JULY 2017 A$'000
Current:						
Trade receivables						
- Third parties	52,432	124,255	50,953	-	-	-
- Retention sum receivables	648	1,190	354	-	-	-
	53,080	125,445	51,307	-	-	-
Receivables from subsidiaries	-	-	-	29,488	34,262	27,612
Loan to a former subsidiary, now a related party	1,803	-	-	-	-	-
Other receivables	8,675	217	879	25	23	-
	63,558	125,662	52,186	29,513	34,285	27,612
Non-current:						
Retention sum receivables	-	-	153	-	-	-
	63,558	125,662	52,339	29,513	34,285	27,612

The receivables from subsidiaries are non-trade, unsecured, interest-free and repayable on demand in cash.

The Group provided working capital funding to a former subsidiary, now a related party, Civtec Africa Ltd. The loan is unsecured, interest bearing at a market rate of Australian Bank Bill Swap Bid Rate ('BBSY') plus 2% and repayable on demand.

Included in the Group's other receivables as at 30 June 2019, are cost recoveries from sub-contractors for delays under the contract amounting to A$6,700,000. Management has assessed that there is no significant expected credit loss for the financial year ended 30 June 2019.

The Group's internal credit evaluation practices and basis for recognition and measurement for expected credit losses are disclosed in Note 30(a) to the financial statements.

12. OTHER ASSETS

	GROUP			COMPANY		
	2019 A$'000	2018 A$'000	1 JULY 2017 A$'000	2019 A$'000	2018 A$'000	1 JULY 2017 A$'000
Current:						
Prepayments	413	1,115	778	9	-	3
Consumables inventory	650	632	414	-	-	-
	1,063	1,747	1,192	9	-	3

13. CASH AND CASH EQUIVALENTS

	GROUP			COMPANY		
	2019 A$'000	2018 A$'000	1 JULY 2017 A$'000	2019 A$'000	2018 A$'000	1 JULY 2017 A$'000
Cash at banks and in hand	40,662	23,369	22,712	6	5	24

Cash at banks earn interest at floating rates ranging from 0.01% to 1.5% (2018: 0.01% to 1.5%; 1 July 2017: 0.01% to 1.5%) per annum.

A floating charge over cash and cash equivalents has been provided for certain debt.

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14. PROPERTY, PLANT AND EQUIPMENT

	LAND A$'000	BUILDINGS A$'000	PLANT AND EQUIPMENT A$'000	SMALL TOOLS A$'000	MOTOR VEHICLES A$'000	OFFICE EQUIPMENT A$'000	IT EQUIPMENT A$'000	ASSETS UNDER CON-STRUCTION A$'000	TOTAL A$'000
Cost									
At 1 July 2018	16,254	55,576	54,636	16,729	7,137	1,405	2,373	34,084	188,194
Additions	-	-	4,139	144	-	10	66	63,868	68,227
Adjustment	-	-	450	-	-	-	-	-	450
Transfer	-	10,781	11,070	(9,526)	-	4	(29)	(12,300)	-
Disposals	-	-	(1,652)	(248)	(92)	(5)	-	-	(1,997)
At 30 June 2019	16,254	66,357	68,643	7,099	7,045	1,414	2,410	85,652	254,874
Accumulated depreciation									
At 1 July 2018	-	(10,663)	(19,955)	(7,204)	(3,880)	(853)	(1,928)	-	(44,483)
Depreciation for the year	-	(2,590)	(5,515)	(852)	(726)	(150)	(182)	-	(10,015)
Transfer	-	-	(2,716)	2,697	14	5	-	-	-
Adjustment	-	-	(187)	-	-	–	-	-	(187)
Disposals	-	-	513	235	67	–	-	-	815
At 30 June 2019	-	(13,253)	(27,860)	(5,124)	(4,525)	(998)	(2,110)	-	(53,870)
Net carrying amount									
At 30 June 2019	16,254	53,104	40,783	1,975	2,520	416	300	85,652	201,004
Cost									
At 1 July 2017	16,254	55,522	49,488	13,422	6,599	1,371	2,041	19,665	164,362
Additions	-	-	-	-	-	–	23	26,931	26,954
Transfer	-	54	6,691	4,305	970	146	346	(12,512)	-
Disposals	-	-	(1,543)	(998)	(432)	(112)	(37)	-	(3,122)
At 30 June 2018	16,254	55,576	54,636	16,729	7,137	1,405	2,373	34,084	188,194
Accumulated depreciation									
At 1 July 2017	-	(8,239)	(16,067)	(5,615)	(3,485)	(794)	(1,638)	-	(35,838)
Depreciation for the year	-	(2,424)	(4,401)	(2,297)	(805)	(171)	(327)	-	(10,425)
Disposals	-	-	513	708	410	112	37	-	1,780
At 30 June 2018	-	(10,663)	(19,955)	(7,204)	(3,880)	(853)	(1,928)	-	(44,483)
Net carrying amount									
At 30 June 2018	16,254	44,913	34,681	9,525	3,257	552	445	34,084	143,711
At 1 July 2017	16,254	47,283	33,421	7,807	3,114	577	403	19,665	128,524

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) As at the balance sheet date the net book value of property, plant and equipment that were under finance leases was A$21,879,000 (2018: A$23,919,000; 1 July 2017: A$19,742,000) (Note 21).

(b) The carrying amount of property, plant and equipment that are pledged for security are as follows.

		GROUP		
DESCRIPTION	BORROWINGS	2019 A$'000	2018 A$'000	1 JULY 2017 A$'000
Leased plant and equipment	Finance lease	21,879	23,919	19,742
Remaining property, plant and equipment	Bank bills	179,125	119,792	108,782
		201,004	143,711	128,524

The details of the borrowings are disclosed in Note 21 to the financial statements.

15. INTANGIBLE ASSETS

	GROUP		
	2019 A$'000	2018 A$'000	1 JULY 2017 A$'000
Goodwill	10	10	10

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, Metals and Minerals 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 ended 30 June 2019. In arriving at this assessment, management has determined the recoverable amount using a two years (2018: two years; 1 July 2017: two years) forecasting process based on the current order book, projected orders and a consumer price index ('CPI') factor of 1.9% (2018: 1.9%; 1 July 2017: 1.9%) per annum on direct costs and overhead costs.

16. INVESTMENT IN SUBSIDIARIES

	COMPANY		
	2019 A$'000	2018 A$'000	1 JULY 2017 A$'000
Unquoted equity shares, at cost	7,579	7,579	7,579

There is no material non-controlling interest to be disclosed for the financial year ended 30 June 2019.

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16. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The details of the Company's subsidiaries are as follows:

NAME OF ENTITY	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	% OF EQUITY HELD BY THE GROUP		
			2019	2018	2017
Held by the Company					
Civmec Construction & Engineering Pty Ltd*	Engineering and construction services	Australia	100	100	100
Civmec Construction & Engineering, Singapore Pte Ltd**	Engineering and construction services	Singapore	100	100	100
Held by Civmec Construction & Engineering, Singapore Pte Ltd					
Civmec-Mala PNG**	Engineering and construction services	Papua New Guinea	88	88	88
Held by Civmec Construction & Engineering Pty Ltd					
Civmec Holdings Pty Ltd*	Asset holding company	Australia	100	100	100
Multidiscipline Solutions Pty Ltd*	Asset holding company and labour supply	Australia	100	100	100
Civmec Pipe Products Pty Ltd*	Asset holding company	Australia	83.5	83.5	83.5
Civmec Electrical and Instrumentation Pty Ltd*	Electrical services	Australia	100	100	100
Civmec DLG Pty Ltd*	Engineering and construction services	Australia	100	100	50
Forgacs Marine and Defence Pty Ltd*	Marine and defence services	Australia	100	100	100
Civmec Construction & Engineering Africa Ltd*	Asset holding company	Mauritius	100	100	100
Australian Maritime Shipbuilding and Export Group Ltd (AMSEG)*	Shipbuilding	Australia	49	49	-
Held by Forgacs Marine and Defence Pty Ltd					
Forgacs Valco Pty Ltd*	Valve services	Australia	50	50	50
Held by Civmec Construction & Engineering Africa Ltd					
Civmec Construction & Engineering Uganda Ltd*	Asset holding company	Uganda	100	100	100

* Audited by Moore Stephens (WA) Pty Ltd, Australia.
** Audited by Moore Stephens LLP, Singapore.

16. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Deconsolidation a Subsidiary

On 3 September 2018, the Company announced it did not subscribe for additional shares in an equity raising of an indirect subsidiary, Civtec Africa Ltd ('Civtec'). Consequent to the share issue, the interest of the Group in Civtec was diluted from 50% to 31.9%. Civtec remains as an associated company of the subsidiary, Civmec Construction and Engineering Uganda Ltd.

In compliance to the applicable accounting standards, the Group has deconsolidated its 50% interest in Civtec and its interest is now accounted for using the equity method.

(a) Financial performance and cash-flow information

The financial performance and cash flow information presented reflects the operations for the two-month period ended 31 August 2018 and subsequent adjustments to the contingent consideration receivable.

	GROUP	
	2019 A$'000	2018 A$'000
Profit & Loss		
Revenue & other income	283	75
Costs of sales	(227)	-
Administrative & other expenses	(159)	(1,002)
Loss before income tax	(103)	(927)
Income tax expense	-	-
Loss from deconsolidation	(103)	(927)
Exchange differences on translation of deconsolidation	(188)	-
Total comprehensive loss from deconsolidation	(291)	(927)
Cash Flow		
Net cash (outflow)/inflow from operating activities	(292)	65
Net cash outflow from investing activities	(4)	-
Net cash outflow from financing activities	-	-
Net cash (decrease)/increase generated by the former subsidiary	(296)	65
	CENTS	CENTS
Basic earnings per share from deconsolidation	(0.06)	(0.18)
Diluted earnings per share from deconsolidation	(0.06)	(0.18)

16. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Deconsolidation a Subsidiary (Continued)

(b) Details of deconsolidation of the subsidiary

	2019 A$'000
Consideration received of receivable:	
Cash or shares	-
Fair value of 31.9% interest held in subsidiary	-
Total consideration	-
Add: carrying amount of net liabilities on deconsolidation, net of NCI	2,327
Gain on deconsolidation before income tax and reclassification of foreign currency translation reserve	2,327
Reclassification of foreign currency translation reserve to profit or loss	(91)
Income tax expense on gain on deconsolidation	-
Gain on deconsolidation	2,236
The Company's share of Civtec's comprehensive loss from 1 July to 3 September 2018	(145)
Total gain on deconsolidation attributable to the Group	2,091

17. INVESTMENT IN JOINT VENTURES

	GROUP		
	2019 A$'000	2018 A$'000	1 JULY 2017 A$'000
Unquoted cost of investment	-	122	368
Share of profit/(loss)	41	260	(246)
	41	382	122
Cash distribution to shareholders	(19)	(432)	-
Written off	19	-	-
Other reconciling items	-	50	-
As at 30 June	41	-	122

17. INVESTMENT IN JOINT VENTURES (CONTINUED)

Details of the Group's joint ventures that is accounted for using the equity method at the end of the reporting period are as follows:

NAME OF ENTITY	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	% OF OWNERSHIP INTEREST HELD BY THE GROUP		
			2019	2018	1 JULY 2017
Held by Civmec Construction & Engineering Pty Ltd					
Sedgman Civmec Joint Venture(1)	Engineering and construction services	Australia	-	50	50
Brown & Root Civmec Pty Ltd(2)	Engineering and construction services	Australia	49	-	-

(1) Dissolved on 28 February 2019

(2) Incorporated with Kellogg Brown & Root Pty Ltd on 13 April 2019

The summarised financial information below represents amounts shown in the joint ventures' financial statements.

Sedgman Civmec Joint Venture

Summarised statement of financial position presented up to 28 February 2019:

	2019 A$'000	2018 A$'000	1 JULY 2017 A$'000
Cash and cash equivalents	37	77	68
Trade and other receivables	-	77	1,446
Other assets	-	2,556	4,057
Total current assets	37	2,710	5,571
Trade and other payables - current	-	2,812	5,328
Net assets/(liabilities)	37	(102)	243
Proportion of the Group's ownership in the joint venture	50.0%	50.0%	50.0%
Carrying amount of the Group's interest in the joint venture	19*	(51)*	122

* Reported as Nil

Summarised statement of comprehensive income presented up to 28 February 2019:

	2019 A$'000	2018 A$'000
Revenue	-	1,119
Operating expenses	-	(604)
Other income	139	5
Profit before tax	139	520
Other comprehensive income	-	-
Total comprehensive income	139	520

The joint venture has distributed the final payout to the Group in March 2019.

17. INVESTMENT IN JOINT VENTURES (CONTINUED)

Brown & Root Civmec Pty Ltd

Summarised statement of financial position.

	2019 A$'000	2018 A$'000	1 JULY 2017 A$'000
Other receivables	82	-	-
Total current assets	82	-	-
Other payables - current	-	-	-
Net assets	82	-	-

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

Net assets	82	-	-
Proportion of the Group's ownership in the joint venture	49.0%	-	-
Carrying amount of the Group's interest in the joint venture	41	-	-

Summarised statement of comprehensive income:

	2019 A$'000	2018 A$'000
Revenue	557	-
Operating expenses	(471)	-
Administrative expenses	(4)	-
Profit before tax	82	-
Other comprehensive income	-	-
Total comprehensive income	82	-

18. INVESTMENT IN ASSOCIATE

Details of the Group's associate that is accounted for using the equity method at the end of the reporting period are as follows:

NAME OF ENTITY	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	% OF OWNERSHIP INTEREST HELD BY THE GROUP 2019	2018	1 JULY 2017
Held by Civmec Construction & Engineering Uganda Ltd					
Civtec Africa Ltd	Engineering and construction services	Uganda	32	50	50

Civtec Africa Ltd

Civtec Africa Ltd, previously an indirect subsidiary of the Company with equity from Civmec Construction & Engineering Uganda Ltd ('CCE Uganda'), an indirect subsidiary of the Company and other investors, has increased its issued shares from 175,704,642 to 274,999,624 through the issue and allotment of an additional 99,294,982 shares at UGX2.53 each (the 'Share issue').

18. INVESTMENT IN ASSOCIATE (CONTINUED)

Civtec Africa Ltd (Continued)

CCE Uganda did not subscribe for additional shares in the Share Issue. Consequent to the Share Issue, the interest of the Group in Civtec has been diluted from 50% to 31.9% (the 'Dilution'). Pursuant to the Dilution, Civtec remains as an associated company of CCE Uganda.

The summarised financial information below represents amounts shown in the associate's financial statements.

	2019 A$'000
Statement of financial position	
Current assets	648
Non-current assets	20
Current liabilities	(349)
Non-current liabilities	(1,955)

The carrying amount of investment in associate has been reduced to Nil on the basis that the associate reported a net liability position as at 30 June 2019.

	03.09.2018 TO 30.06.2019 A$'000
Statement of comprehensive income:	
Revenue	2,906
Profit or loss from continuing operations	(115)
Profit/(loss) for the period	(720)
Total comprehensive income for the period	(720)

The Group has not recognised its share of losses of an associate amounting to A$228,000 (2018: A$ Nil) because the Group's cumulative share of losses exceeds its interest in that entity and the Group has no obligation in respect of those losses. The cumulative unrecognised losses amount to A$228,000 (2018: A$ Nil) at the reporting date.

19. JOINT OPERATIONS

The Group has interests in the following joint operations which are proportionately consolidated:

NAME OF JOINT OPERATION	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	% OF OWNERSHIP INTEREST HELD BY THE GROUP		
			2019	2018	1 JULY 2017
Black & Veatch Civmec JV ('BCJV')	Engineering and construction services	Australia	50	50	50
Amec Foster Wheeler Civmec JV ('ACJV')	Engineering and construction services	Australia	50	50	50
Swan River Bridge Alliance Civmec JV ('SRBA')	Engineering and construction services	Australia	33	33	-

BCJV project is for the design and construction of the wastewater treatment plant upgrade.

ACJV is for the design, procurement and installation of a process plant, administration office and warehouse.

SRBA project is for the fabrication of the pedestrian footbridge over the Swan River.

The Group is entitled to a proportionate share of the construction contract revenue earned and bears a proportionate share of the joint operations' expenses.

20. TRADE AND OTHER PAYABLES

	GROUP			COMPANY		
	2019 AS$'000	2018 AS$'000	1 JULY 2017 AS$'000	2019 AS$'000	2018 AS$'000	1 JULY 2017 AS$'000
Trade creditors	26,675	66,577	35,235	6	-	-
Sundry payables and accruals	24,786	41,405	17,766	168	136	145
Goods and services tax payable	2,808	6,631	3,003	-	-	-
Other taxes payable	3,274	5,268	3,230	-	-	-
	57,543	119,881	59,234	174	136	145

Trade and other payables are usually paid within 45 days.

21. BORROWINGS

	GROUP		
	2019 A$'000	2018 A$'000	1 JULY 2017 A$'000
Current:			
Finance lease liabilities – secured (Note 21(a))	6,358	4,959	4,892
Bank bills – secured (Note 21(b))	2,252	38,316	91
Loan from related party – unsecured (Note 21(d))	320	-	-
	8,930	43,275	4,983
Non-current:			
Finance lease liabilities – secured (Note 21(a))	12,804	8,422	5,888
Bank bills – secured (Note 21(b))	35,444	55,694	47,331
Secured notes (Note 21(c))	60,000	-	-
Loan from related party – unsecured (Note 21(d))	-	318	336
	108,248	64,434	53,555
	117,178	107,709	58,538

(a) Finance lease liabilities

The Group (the lessee) leases motor vehicles, workshop equipment and office fit out 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 3.52% to 6.30% per annum (2018: 3.52% to 6.30%; 1 July 2017: 3.52% to 7.77%).

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

	2019 A$'000	2018 A$'000	1 JULY 2017 A$'000
Property, plant and equipment (Note 14)	21,879	23,919	19,742

21. BORROWINGS (CONTINUED)

(a) Finance lease liabilities (Continued)

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

	MINIMUM LEASE PAYMENTS A$'000	FUTURE FINANCE CHARGES A$'000	NET PRESENT VALUE OF MINIMUM LEASE PAYMENTS A$'000
2019			
Not later than one year	7,121	(763)	6,358
Between one and five years	13,873	(1,069)	12,804
	20,994	(1,832)	19,162
2018			
Not later than one year	5,438	(479)	4,959
Between one and five years	9,032	(610)	8,422
	14,470	(1,089)	13,381
1 July 2017			
Not later than one year	5,253	(361)	4,892
Between one and five years	6,129	(241)	5,888
	11,382	(602)	10,780

(b) Bank bills

Banking Covenants

The Group is required by the banks to maintain certain financial ratios such as loan value ratio and interest cover ratio. As at 30 June 2019, the Group met all of these financial covenants.

As at 30 June 2019, the Group has a commercial bank facility amounting to A$44,444,000 (2018: A$100,000,000; 1 July 2017: A$52,800,000) which was 81% (2018: 94%; 1 July 2017: 90%) utilised. Interest rates are variable and ranged between 3.07% to 3.28% (2018: 2.65% to 4.16%; 1 July 2017: 2.72% to 3.08%) per annum during the current financial year.

The bank bills are secured by certain property, plant and equipment as disclosed in Note 14 to the financial statements.

(c) Senior secured notes

The Group secured A$60,000,000 offering of 4-year secured notes ('senior secured notes') on 23 November 2018 to restructure existing finance and provide funding for a portion of a world-class shipbuilding and maintenance facility at Henderson Western Australia. The senior secured notes are unconditionally and irrevocably guaranteed by the Company and are redeemable after two years at the Company's option. The senior secured notes are collectively under a security trust deed and hold first ranking over all assets held with the subsidiary, Civmec Holdings Pty Ltd, including interests in land at the Company's Stuart Drive Henderson site in Western Australia and the Tomago site in New South Wales Australia.

The senior secured notes bear a fixed interest rate of 7% per annum.

(d) Loan from related party

Loan from related party is non-trade, unsecured, interest-free and repayable on demand.

22. PROVISIONS

	GROUP		
	2019 A$'000	2018 A$'000	1 JULY 2017 A$'000
Current:			
Provision for employee benefits	5,557	9,197	4,831
Non-current:			
Provision for employee benefits	4,634	3,935	2,955
	10,191	13,132	7,786

22. PROVISIONS (CONTINUED)

The movements in provisions are as follows:

	GROUP	
	2019 A$'000	2018 A$'000
Current:		
At the beginning of the year	9,197	4,831
Provisions made during the year		
- Included in employee benefits	18,281	16,705
Provisions utilised during the year	(21,921)	(12,339)
At the end of the year	5,557	9,197
Non-current:		
At the beginning of the year	3,935	2,955
Provisions made during the year		
- Included in employee benefits	1,019	1,012
Provisions utilised during the year	(320)	(32)
At the end of the year	4,634	3,935

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 and the discount rate used ranges from 1.46% to 2.73% (2018: 2.51% to 3.94%; 1 July 2017: 2.28% to 4.00%).

23. SHARE CAPITAL

(a) Fully paid ordinary shares.

	GROUP AND COMPANY			
	2019		2018	
	NO. OF SHARES	A$'000	NO. OF SHARES	A$'000
At the beginning and end of the year	501,000,000	29,807	501,000,000	29,807

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.

The Company approved the payment of a First and Final dividend of 0.7 Singapore cents per ordinary share (2018: 0.7 Singapore cents) amounting to S$3,507,000 (2018: S$3,507,000) equivalent to A$3,631,000 (2018: A$3,450,000) for the financial year ended 30 June 2018. The dividend payment was made on 13 December 2018.

The Board has recommended a first and final dividend of 0.7 Singapore cents per ordinary share for the financial year ended 30 June 2019, subject to shareholders' approval at the forthcoming Annual General Meeting.

(b) Treasury shares

	GROUP AND COMPANY			
	2019		2018	
	NO. OF SHARES	A$'000	NO. OF SHARES	A$'000
At the beginning and end of the year	15,000	10	15,000	10

Treasury shares relate to ordinary shares of the Company that are held by the Company.

23. SHARE CAPITAL (CONTINUED)

(c) Share options

	GROUP AND COMPANY			
	2019		2018	
	NO. OF SHARES	EXERCISE A$	NO. OF SHARES	EXERCISE A$
At the beginning of the year	4,000,000	0.65	4,500,000	0.65
Options cancelled during the year	-	-	(500,000)	-
At the end of the year	4,000,000	0.65	4,000,000	0.65

These options vested but were not exercised during the reporting period. Share options granted under the Civmec Employee Share Option plan carry no rights to dividends and no voting rights. Further details of the employee option plan are disclosed in Note 24(b) to the financial statements.

24. SHARE-BASED PAYMENTS

(a) Performance Share Plan

The Civmec Performance Share Plan (the 'CPSP') for key management personnel and employees of the Group was approved and adopted by shareholders at the Extraordinary General Meeting held on 25 October 2012.

Under the CPSP, 1,199,000 ordinary shares with a market value of S$0.70 equivalent to A$0.74 per share were fully allotted out of treasury shares issued by the Company on 13 June 2014.

No issuance of share-based payment transactions in the current financial year.

(b) Employee Share Option Scheme

The Civmec Employee Share Option Scheme (the 'CESOS') was established on 27 March 2012 and formed part of the Civmec Limited prospectus dated 5 April 2012. The CESOS is a long term incentive scheme to reward and retain key management and employees of the Group whose service are integral to the success and the continued growth of the Group. 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. Controlling shareholders or their associates cannot participate in the scheme unless certain conditions are satisfied and shareholder approval is obtained.

The options are issued for no consideration and carry no entitlements to voting rights or dividends of the Group and are not transferable. The number of options granted is subject to approval by the Remuneration Committee and is based on a performance framework which incorporates financial and/or non-financial performance measurement criteria.

Options are forfeited immediately after the holder ceases to be employed by the Group (except in the case of ill health, retirement, redundancy or bankruptcy), unless the committee determines otherwise.

The options are issued with a strike price that is at the Remuneration Committee's discretion, set at a price as quoted on the Singapore Exchange for three market days 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%).

The vesting period for options issued with no discount to market price is over one year.

On 11 September 2013, 6,000,000 options were granted to employees under the CESOS to take up ordinary shares at an exercise price of S$0.65 equivalent to A$0.68 per share. The options are exercisable on or before 11 September 2023.

Options granted to employees are as follows:

GRANT DATE	TOTAL NUMBER GRANTED	VESTING PERIOD
11 September 2013	6,000,000	1 year

24. SHARE-BASED PAYMENTS (CONTINUED)

(b) Employee Share Option Scheme (Continued)

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in share options during the year:

	2019		2018		1 JULY 2017	
	NO.	WAEP	NO.	WAEP	NO.	WAEP
Outstanding at the beginning of the year	4,000,000	0.65	4,500,000	0.65	5,000,000	0.65
Cancelled during the year	-	-	(500,000)	-	(500,000)	-
Outstanding at the end of the year	4,000,000	0.65	4,000,000	0.65	4,500,000	0.65
Exercisable at the end of the year	4,000,000		4,000,000		4,500,000	

The weighted average remaining contractual life of options outstanding as at 30 June 2019 is 4 years (2018: 5 years). The exercise price of outstanding shares was S$0.65 (2018: S$0.65) equivalent to A$0.68 (2018: A$0.64).

The fair value of the options granted to employees is deemed to represent the value of the employee services received over the vesting period.

The weighted average fair value of options granted was S$0.38 (2018: S$0.0472) equivalent to A$0.40 (2018: A$0.40). These values were calculated using the Binomial option pricing model applying the following inputs:

GRANT DATE	11 SEPTEMBER 2013
Vesting period	1 year
Dividend yield	11%
Weighted average exercise price	S$0.65
Share price	S$0.65
Expected average life of the option	5.9 years
Expected share price volatility	26%
Risk-free interest rate	2.68%

The expected volatility of the Company has been determined having regard to the historical volatility of the market price of the Company's shares and the mean reversion tendency of volatilities.

The life of the options is based on the expected exercise patterns, which may not eventuate in the future.

A liquidity discount has also been applied to the value of the options to account for historically low trading volume of the shares.

(c) Performance Rights Plan

The Civmec Limited Performance Rights Plan (the 'CPRP') for key senior executives of the Group was approved and adopted by shareholders at the Annual General meeting held on 25 October 2018.

8,109,993 Performance Rights were issued during the year (FY2018: Nil).

GRANT	BALANCE AT 30 JUNE 2018	ISSUED	VESTED	FORFEITED/ LAPSED / EXPIRED	BALANCE AT 30 JUNE 2019
FY2019	-	8,109,993	-	-	8,109,993
Total	-	8,109,993	-	-	8,109,993

The Committee has the discretion to decide if Performance Rights will lapse or vest.

25. OTHER RESERVES

	GROUP			COMPANY		
	2019 AS$'000	2018 AS$'000	1 JULY 2017 AS$'000	2019 AS$'000	2018 AS$'000	1 JULY 2017 AS$'000
Merger reserve	7,578	7,578	7,578	7,578	7,578	7,578
Foreign currency translation reserve	-	93	-	-	30	-
Waiver of interest receivable from a subsidiary	-	-	-	(3,335)	(3,335)	(3,335)
Share option reserve	240	240	240	240	240	240
	7,818	7,911	7,818	4,483	4,513	4,483

(a) Merger reserve

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

(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. A$) 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 reserve is shown in the consolidated statement of changes in equity.

(c) Share option reserve

The share option reserve relates to share options granted to employees under the employee share option plan. Further information about share-based payments to employees is set out in Note 24 to the financial statements.

26. 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		
	2019 A$'000	2018 A$'000	1 JULY 2017 A$'000
Not later than one year	2,240	3,265	2,436
Between one and five years	13,034	13,533	13,612
Later than five years	50,749	54,182	53,847
	66,023	70,980	69,895

The Group has below commercial operating leases:

- The Henderson land lease at Lot 804 (16) Nautical Drive & 2 Sepia Close, Henderson, Western Australia is for a 35-year period from July 2009 with an option to renew for a further 35 years. Rent increases as per the CPI Index.
- The Broome property lease at 266-268 Port Drive, Minyirr is for a 5-year period from August 2014. Rent increases as per the CPI index.
- The New South Wales leases at Suite 4.02, level 4, 657 Pacific Highway Street Leonards and 48 Villiers Street, Grafton, New South Wales are for a 3-year period and 1-year period respectively.
- The Group entered into two short-term leases in Western Australia: 21/43 Rockingham Beach Road and Unit 8 Stockton Bend, Cockburn Central, for a period of less than 12 months.

(b) Capital expenditure commitments

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

	GROUP		
	2019 A$'000	2018 A$'000	1 JULY 2017 A$'000
Plant and equipment purchases	131	4,763	1,638
Capital projects	10,298	19,973	20,906
	10,429	24,736	22,544
Not later than one year	10,429	21,429	22,544

27. 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.

As at 30 June 2019, the Group has given the following:

	GROUP		
	2019 A$'000	2018 A$'000	1 JULY 2017 A$'000
Group			
Bank guarantee	1,806	3,701	9,903
Surety bond facility	180,948	126,854	99,425
	182,754	130,555	109,328
Company			
Senior secured notes	60,000	-	-

The surety bond facility is provided for the provision of performance bonds to customers of the Group. It has a limit of A$250 million as at 30 June 2019 (2018: A$175 million; 1 July 2017: A$125 million).

The Company provided guarantee in respect of the senior secured notes issued to a subsidiary.

28. 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 Kariong 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	
	2019 A$'000	2018 A$'000
Directors' remuneration		
- Salaries and other related costs	2,031	1,723
- Directors' fees	239	212
- Benefits including defined contribution plans	130	120
Other key management personnel		
- Salaries and other related costs	1,604	2,096
- Benefits including defined contribution plans	168	298
	4,172	4,449

28. RELATED PARTY TRANSACTIONS (CONTINUED)

Directors' interest in employee share benefit plans

At the end of the reporting date, the total number of outstanding share options and performance rights that were issued/allocated to the directors and key management personnel under existing employee benefit schemes is given below:

	GROUP		
	2019 NO.	2018 NO.	1 JULY 2017 NO.
Share options			
Directors	-	-	-
Key management personnel	2,000,000	2,000,000	3,000,000
Performance rights			
Directors*	2,250,000	-	-
Key management personnel	2,544,000	-	-

*1,500,000 are pending shareholders' approval at AGM 2019.

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:

	GROUP	
	2019 A$'000	2018 A$'000
Purchase of goods and services		
- Consultant fee paid to a related party (who is a director of the Company)	(8)	(7)

29. 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 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.

29. FINANCIAL INFORMATION BY SEGMENTS (CONTINUED)

Although the Operations Management receives separate reports for each project in the Oil and Gas, Metals and Minerals, and Infrastructure businesses, these have been aggregated into the respective reportable segments as they have similar long-term average gross margins.

The three main reportable segments for the Group are: (1) Oil and Gas (2) Metals and Minerals and (3) Infrastructure. The business activities include civil construction, fabrication, precast concrete, SMP (Structural, Mechanical and Piping Erection), insulation, maintenance and plant hire.

Basis of accounting for purpose 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.

(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 currently operates in three geographical areas – Australia (main operations), Papua New Guinea and Uganda.

Major customers

The Group has a number of customers to whom it provides both products and services. For the year ended 30 June 2019, the Group supplies to a single external customer in Metals and Minerals segment who accounts for 14.3% of external revenue (2018: Metals and Minerals. 18.5%). The next most significant client accounts for 10.7% (2018: 8.9% and 8.7%) of external revenue.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

29. FINANCIAL INFORMATION BY SEGMENTS (CONTINUED)

	2019				2018			
	OIL & GAS A$'000	METALS AND MINERALS A$'000	INFRA-STRUCTURE AND DEFENCE A$'000	TOTAL A$'000	OIL & GAS A$'000	METALS AND MINERALS A$'000	INFRA-STRUCTURE AND DEFENCE A$'000	TOTAL A$'000
Revenue – external sales	66,545	357,085	64,881	488,511	131,077	429,584	141,754	702,415
Cost of sales (excluding depreciation)	(60,459)	(332,772)	(60,031)	(453,262)	(123,718)	(397,911)	(132,399)	(654,028)
Depreciation expense	(1,629)	(7,057)	(1,030)	(9,716)	(1,877)	(6,095)	(2,009)	(9,981)
Segment results	4,457	17,256	3,820	25,533	5,482	25,578	7,346	38,406
Other income	-	-	-	3,298	-	-	-	8,457
Gain on deconsolidation of a subsidiary	-	-	-	2,091	-	-	-	-
Share of profit/(loss) of joint venture/associate	41	(2)	-	39	-	260	-	260
Unallocated costs								
Finance costs				(5,005)				(4,112)
Administrative expenses				(16,388)				(17,419)
Depreciation in admin expenses				(299)				(444)
Other expenses				(277)				-
Profit before income tax				8,992				25,148
Income tax expense				(1,962)				(7,730)
Net profit for the year				7,030				17,418
Segment assets:								
Intangible assets	-	10	-	10	-	10	-	10
Unallocated assets:								
Assets				426,732				438,256
Other current assets				1,063				1,747
Deferred tax assets				1,930				2,520
Total assets				429,735				442,533
Segment liabilities:								
Unallocated liabilities								
Liabilities				128,238				150,870
Borrowings				117,178				107,709
Provisions				10,191				13,132
Total liabilities				255,607				271,711
Other segment information								
Capital expenditures during the year				68,227				26,954

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company financial risk management policies set out the Group's and the Company's overall business strategies and its risk management philosophy. The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk and liquidity risk. The Group's and the Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's and the Company's financial performance.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

The Group and the Company do not hold or issue derivative financial instruments for speculative purposes.

As at 30 June 2019, the Group's and the Company's financial instruments mainly consisted of cash and cash equivalents, trade and other receivables, contract assets, trade and other payables, contract liabilities and borrowings.

There has been no change to the Group's and the Company's exposures to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(a) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's exposure to credit risk arises primarily from trade and other receivables, contract assets and cash and cash equivalents. The Group adopts the policy of dealing only with:

- Customers of appropriate credit standing and history, and obtaining sufficient collateral or buying credit insurance where appropriate to mitigate credit risk; and
- High credit quality counterparties of at least an 'A' rating by external credit rating companies.

Financial assets that potentially subject to concentration of credit risk consist principally bank deposits and receivables. The Group places its deposits with financial institutions and other creditworthy issuers and limits the amount of credit exposure to any one party. As at 30 June 2019, the Group has concentration of credit risk on one debtor (2018: one debtor; 1 July 2017: one debtor) that individually represents more than 35% (2018: 20%; 1 July 2017: 17%) of total trade and other receivables and contract assets.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position, except for financial guarantees as disclosed in Note 27 to the financial statements.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement for expected credit losses ('ECL'):

INTERNAL RATING GRADES	DEFINITION	BASIS FOR RECOGNITION AND MEASUREMENT OF ECL
i. Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
ii. Under-performing	There has been a significant increase in credit risk since initial recognition.	Lifetime ECL (not credit-impaired)
iii. Non-performing	There is evidence indicating that the asset is credit-impaired.	Lifetime ECL (credit-impaired)
iv. Write-off	There is evidence indicating that there is no reasonable expectation of recovery as the debtor is in severe financial difficulty.	Asset is written off

Trade receivables and contract assets

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group has adopted the policy of dealing with customers with an appropriate credit history as a means of mitigating the credit risk exposures. Credit evaluation which takes into account qualitative and quantitative profile of each customer is performed and approved by management before credit is being granted. The Group also closely monitors customers' payment pattern and credit exposures on an on-going basis.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (Continued)

Trade receivables and contract assets (Continued)

The Group applies the simplified approach to provide for the ECL for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to the lifetime ECL.

The Group uses a provision matrix to measure the lifetime ECL allowance for trade receivables and contract assets. In measuring the ECL, trade receivables and contract assets are grouped based on shared credit risk characteristics and days past due. The contract assets relate mainly to unbilled work in progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts.

The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

In calculating the ECL rates, the Group considers historical loss rates for each category of customers, and adjusts for forward-looking macroeconomic data. The Group has identified the gross domestic product ('GDP') growth of the countries in which it sells goods and services to be the most relevant factor, and accordingly adjust the historical loss rates based on expected changes in this factor.

The Group considers a financial asset as in default when the counterparty fail to make contractual payments for a prolonged period of time when they fall due, and the Group may also consider internal and external information, such as significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligation. Financial assets are written off when there is no reasonable expectation of recovering the contractual cash flow, such as a debtor failing to engage in a repayment plan with the Group and it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

Management has assessed and concluded that the ECL rate for trade receivables past due less than 1 year approximates Nil and is immaterial, while the ECL rate for trade receivables past due more than 1 year approximates 50% to 100%, except for specific cases where management has assessed the amount is still fully recoverable.

The Group's credit risk exposure in relation to trade receivables and contract assets under SFRS(I) 9 as at 30 June 2019 are set out in the provision matrix as follows:

		PAST DUE			
	CURRENT A$'000	WITHIN 60 DAYS A$'000	61 TO 90 DAYS A$'000	MORE THAN 90 DAYS A$'000	TOTAL A$'000
Group					
2019					
Trade receivables	44,945	5,661	111	2,363	53,080
Loss allowance	-	-	-	-	-
	44,945	5,661	111	2,363	53,080

There is no ageing analysis for contract assets as these mainly relate to variable considerations which have yet to be invoiced.

The Group has assessed and concluded that trade receivables are subject to immaterial credit loss.
There has been no change in the estimation techniques or significant assumptions made during the current reporting year.

Other receivables and receivables from subsidiaries and a related party

The Group applies the general approach to provide for the ECL for other receivables and receivables from subsidiaries and a related party. Under the general approach, the loss allowance is measured at an amount equal to the 12-month ECL at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECL.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (Continued)

Other receivables and receivables from subsidiaries and a related party (Continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECL.

Impairment of these balances have been measured on the 12-month ECL basis which reflects the low credit risk of exposures. These amounts are subject to immaterial credit loss.

Cash and cash equivalents

The cash and bank balances are entered into with bank and financial institution counterparties, which are rated at least AA, based on international credit rating agencies.

For the purpose of impairment, cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Financial guarantees

The Company has issued financial guarantees to financial institutions for borrowings of its subsidiaries. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiaries have the financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

Previous accounting policy for impairment of loans and receivables

In 2018, the impairment of financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively, to determine whether there was objective evidence that an impairment had been incurred but not yet identified.

The Group considered that there was evidence if any of the following indicators were present:

- Significant financial difficulties of the debtor;
- Probability that the debtor will enter bankruptcy or financial reorganisation; and
- Default or delinquency in payments.

Financial assets that are neither past due nor impaired

Cash and cash equivalents that are neither past due nor impaired are mainly deposits with banks with high credit ratings assigned by international credit rating agencies. Trade and other receivables that are neither past due nor impaired are substantially from companies with a good collection track record with the Group.

Financial assets that are past due but not impaired

There is no other class of financial assets that is past due but not impaired except for trade receivables.

The Group's credit risk exposure in relation to trade receivables under SFRS 39 as at 30 June 2018 and 1 July 2017 are set out as follows:

		PAST DUE			
	CURRENT A$'000	WITHIN 60 DAYS A$'000	61 TO 90 DAYS A$'000	MORE THAN 90 DAYS A$'000	TOTAL A$'000
Group					
2018					
Trade receivables	60,321	57,193	6,901	1,030	125,445
1 July 2017					
Trade receivables	30,570	18,808	908	1,021	51,307

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (Continued)

Previous accounting policy for impairment of loans and receivables (Continued)

Financial assets that are past due but not impaired (Continued)

The Group believes that the unimpaired amounts that are past due are still collectible based on historic payment behaviour 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 which are past due.

(b) 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 2019, approximately 68% (2018: 12%; 1 July 2017: 19%) of the Group's debt is fixed. The Group's borrowings at variable rates are denominated mainly in A$. If the A$ interest rates increase/decrease by 1% (2018: 1%) with all other variables remain constant, the Group's profit before tax will be approximately lower/higher by A$377,000 (2018: A$899,000) as a result of higher/lower interest expenses on these borrowings.

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

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 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			
	WITHIN 1 YEAR A$'000	BETWEEN 2 AND 5 YEARS A$'000	WITHIN 1 YEAR A$'000	BETWEEN 2 AND 5 YEARS A$'000	NON-INTEREST BEARING A$'000	TOTAL A$'000
Group						
2019						
Financial assets						
Cash and cash equivalents	40,656	-	-	-	6	40,662
Trade and other receivables	-	-	-	-	63,558	63,558
Contract assets	-	-	-	-	117,443	117,443
	40,656	-	-	-	181,007	221,663
Financial liabilities						
Trade and other payables	-	-	-	-	51,461	51,461
Contract liabilities	-	-	-	-	69,333	69,333
Borrowings						
- Finance lease	-	-	6,358	12,804	-	19,162
- Senior secured notes	-	-	-	60,000	-	60,000
- Bank bills	2,252	35,444	-	-	-	37,696
- Related party	-	-	-	-	320	320
	2,252	35,444	6,358	72,804	121,114	237,972

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

b) Interest rate risk (Continued)

	VARIABLE RATES		FIXED RATES			
	WITHIN 1 YEAR A$'000	BETWEEN 2 AND 5 YEARS A$'000	WITHIN 1 YEAR A$'000	BETWEEN 2 AND 5 YEARS A$'000	NON-INTEREST BEARING A$'000	TOTAL A$'000
Group						
2018						
Financial assets						
Cash and cash equivalents	23,363	-	-	-	6	23,369
Trade and other receivables	-	-	-	-	125,662	125,662
Contract assets	-	-	-	-	140,201	140,201
	23,363	-	-	-	265,869	289,232
Financial liabilities						
Trade and other payables	-	-	-	-	107,982	107,982
Contract liabilities	-	-	-	-	30,989	30,989
Borrowings						
- Finance lease	-	-	4,959	8,422	-	13,381
- Bank bills	38,316	55,694	-	-	-	94,010
- Related party	-	318	-	-	-	318
	38,316	56,012	4,959	8,422	138,971	246,680
Group						
1 JULY 2017						
Financial assets						
Cash and cash equivalents	22,688	-	-	-	24	22,712
Trade and other receivables	-	-	-	-	52,339	52,339
Contract assets	-	-	-	-	84,553	84,553
	22,688	-	-	-	136,916	159,604
Financial liabilities						
Trade and other payables	-	-	-	-	53,001	53,001
Contract liabilities	-	-	-	-	15,999	15,999
Borrowings						
- Finance lease	-	-	4,892	5,888	-	10,780
- Bank bills	91	47,331	-	-	-	47,422
- Related party	-	336	-	-	-	336
	91	47,667	4,892	5,888	69,000	127,538

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Interest rate risk (Continued)

	VARIABLE RATES		FIXED RATES			
	WITHIN 1 YEAR A$'000	BETWEEN 2 AND 5 YEARS A$'000	WITHIN 1 YEAR A$'000	BETWEEN 2 AND 5 YEARS A$'000	NON-INTEREST BEARING A$'000	TOTAL A$'000
Group						
2019						
Financial assets						
Cash and cash equivalents	-	-	-	-	6	6
Trade and other receivables	-	-	-	-	29,513	29,513
	-	-	-	-	29,519	29,519
Financial liabilities						
Trade and other payables	-	-	-	-	174	174
	-	-		-	174	174
2018						
Financial assets						
Cash and cash equivalents	-	-	-	-	5	5
Trade and other receivables	-	-	-	-	34,285	34,285
	-	-	-	-	34,290	34,290
Financial liabilities						
Trade and other payables	-	-	-	-	136	136
	-	-	-	-	136	136
1 July 2017						
Financial assets						
Cash and cash equivalents	-	-	-	-	24	24
Trade and other receivables	-	-	-	-	27,612	27,612
	-	-	-	-	27,636	27,636
Financial liabilities						
Trade and other payables	-	-	-	-	145	145
	-	-	-	-	145	145

(c) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting its commitments concerning its financial liabilities. The Group and the Company 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 realisation profile of financial assets.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (Continued)

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 amount as the impact of discounting is not significant.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

		CONTRACTUAL UNDISCOUNTED CASH FLOWS		
	CARRYING AMOUNT A$'000	WITHIN 1 YEAR A$'000	BETWEEN 2 AND 5 YEARS A$'000	TOTAL A$'000
Group				
Financial liabilities				
2019				
Trade and other payables	51,461	51,461	-	51,461
Contract liabilities	69,333	69,333	-	69,333
Borrowings				
- Finance lease	19,162	7,121	13,873	20,994
- Secured notes	60,000	4,200	73,503	77,703
- Bank bills	37,696	2,320	37,603	39,923
- Related party	320	320	-	320
Total financial liabilities	237,972	134,755	124,979	259,734
2018				
Trade and other payables	107,982	107,982	-	107,982
Contract liabilities	30,989	30,989	-	30,989
Borrowings				
- Finance lease	13,381	5,438	9,032	14,470
- Bank bills	94,010	39,465	59,086	98,551
- Related party	318	-	347	347
Total financial liabilities	246,680	183,874	68,465	252,339
1 July 2017				
Trade and other payables	53,001	53,001	-	53,001
Contract liabilities	15,999	15,999	-	15,999
Borrowings				
- Finance lease	10,780	5,253	6,129	11,382
- Bank bills	47,422	91	50,256	50,347
- Related party	336	-	367	367
Total financial liabilities	127,538	74,344	56,752	131,096

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (Continued)

		CONTRACTUAL UNDISCOUNTED CASH FLOWS		
	CARRYING AMOUNT A$'000	WITHIN 1 YEAR A$'000	BETWEEN 2 AND 5 YEARS A$'000	TOTAL A$'000
Company				
Financial liabilities				
2019				
Trade and other payables	174	174	-	174
Total financial liabilities	174	174	-	174
2018				
Trade and other payables	136	136	-	136
Total financial liabilities	136	136	-	136
1 July 2017				
Trade and other payables	145	145	-	145
Total financial liabilities	145	145	-	145

The Group's undrawn borrowings facilities and guarantee are disclosed in Note 21(b) and 27 to the financial statements respectively.

(d) 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, distribution 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.

	GROUP		
	2019 A$'000	2018 A$'000	1 JULY 2017 A$'000
Net debt	197,310	223,311	104,826
Total equity	174,128	170,822	156,761
Net debt-to-equity ratio	1.13	1.31	0.67

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

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) 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.

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 value of non-current 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. The carrying amounts of financial assets and financial liabilities are assumed to approximate their respective fair values. The Group does not anticipate that the carrying amounts recorded at the balance sheet date would be significantly different from the values that would eventually be received or settled.

31. LITIGATION

Perth Stadium Project
In February 2019, the Group lodged a writ in the Supreme Court of Western Australia against Brookfield Multiplex Engineering and Infrastructure Pty Ltd ('Brookfield Multiplex'), in relation to the valuation of additional time and changes to the works undertaken in the delivery of the new Perth Stadium project in Western Australia.

The Group is seeking a determination from the Supreme Court to recover costs associated with the changes in scope and nature of the works required to be completed and for the granting of Practical Completion.

Management, in consultation with legal advisors, is of the view that the Group has merit against Brookfield Multiplex. The Group has also engaged specialist consultants to support its pursuit of the matter.

32. TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS

In December 2017, the Accounting Standards Council ('ASC') issued the Singapore Financial Reporting Standards (International) ('SFRS(I)'). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') at 31 December 2017 that are applicable for annual period beginning on 1 January 2018. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

As stated in Note 2(a), these are the first financial statements of the Group and of the Company prepared in accordance with SFRS(I).

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended 30 June 2019, the comparative information presented in these financial statements for the year ended 30 June 2018 and in the preparation of the opening SFRS(I) statement of financial position at 1 July 2017 (the Group's date of transition), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

In preparing the opening SFRS(I) statement of financial position, the Group has adjusted amounts reported previously in the financial statements prepared in accordance with previous SFRS.

In addition to the adoption of the new framework, the Group also concurrently applied the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;
- SFRS(I) 9 Financial Instruments which includes amendments arising from IFRS 4 *Insurance Contracts* issued by the IASB in September 2016;
- requirements in SFRS(I) 2 *Share-based Payment* arising from the amendments to IFRS 2 *Classification and Measurement of Share-based Payment Transactions* issued by the IASB in June 2016;
- requirements in SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of Investment Property* issued by the IASB in December 2016;
- requirements in SFRS(I) 1 arising from the amendments to IFRS 1 – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;
- requirements in SFRS(I) 1-28 *Investments in Associates and Joint Ventures* arising from the amendments to IAS 28 – *Measuring an associate or joint venture at fair value* issued by the IASB in December 2016; and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

32. TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONTINUED)

The application of SFRS(I) 1 and the above standards and interpretations do not have a material effect on the consolidated financial statements, except for SFRS(I) 15.

The following reconciliations summarise the impacts on initial application of SFRS(I) 15 on the Group's financial position as at 1 July 2017 and 30 June 2018, and the Group's statement of comprehensive income for the year ended 30 June 2018. There were no material adjustments to the Group's statement of cash flows for the year ended 30 June 2018 arising on transition to SFRS(I).

Reconciliation of the Group's consolidated statement of financial position:

		30 JUNE 2018		
	NOTE	SFRS FRAMEWORK A$'000	SFRS(I) 15 A$'000	SFRS(I) FRAMEWORK A$'000
Assets				
Current assets				
Cash and cash equivalents		23,369	-	23,369
Trade and other receivables	(b)(i), (ii)	136,766	(11,104)	125,662
Contract assets	(b)(i), (ii)	-	140,201	140,201
Amount due from customers for contracts in progress	(b)(i)	151,352	(151,352)	-
Other assets		1,747	-	1,747
Current tax recoverable	(b)(ii)	-	5,313	5,313
		313,234	(16,942)	296,292
Non-current assets		146,241	-	146,241
Total assets		459,475	(16,942)	442,533
Liabilities				
Current liabilities				
Trade and other payables	(b)(i)	127,692	(7,811)	119,881
Contract liabilities	(b)(i)	-	30,989	30,989
Amount due to customers for contracts in progress	(b)(i)	23,178	(23,178)	-
Borrowings		43,275	-	43,275
Provisions		9,197	-	9,197
Current tax payable	(b)(ii)	1,363	(1,363)	-
		204,705	(1,363)	203,342
Non-current liabilities		68,369	-	68,369
Total liabilities		273,074	(1,363)	271,711
Equity attributable to owners of the Company				
Share capital		29,807	-	29,807
Treasury shares		(10)	-	(10)
Other reserves		7,911	-	7,911
Retained earnings	(b)(ii)	149,726	(15,579)	134,147
		187,434	(15,579)	171,855
Non-controlling interest		(1,033)	-	(1,033)
Total equity		186,401	(15,579)	170,822
Total liabilities and equity		459,475	(16,942)	442,533

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For the year ended 30 June 2019

32. TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONTINUED)

Reconciliation of the Group's consolidated statement of financial position: (Continued)

	NOTE	1 JULY 2017 SFRS FRAMEWORK A$'000	1 JULY 2017 SFRS(I) 15 A$'000	1 JULY 2017 SFRS(I) FRAMEWORK A$'000
Assets				
Current assets				
Cash and cash equivalents		22,712	-	22,712
Trade and other receivables	(b)(i), (ii)	62,304	(10,118)	52,186
Contract assets	(b)(i), (ii)	-	84,553	84,553
Amount due from customers for contracts in progress	(b)(i)	86,255	(86,255)	-
Other assets		1,192	-	1,192
Current tax recoverable	(b)(ii)	4,223	3,546	7,769
		176,686	(8,274)	168,412
Non-current assets		129,906	-	129,906
Total assets		306,592	(8,274)	298,318
Liabilities				
Current liabilities				
Trade and other payables	(b)(i)	71,169	(11,935)	59,234
Contract liabilities	(b)(i)	-	15,999	15,999
Amount due to customers for contracts in progress	(b)(i)	4,064	(4,064)	-
Borrowings		4,983	-	4,983
Provisions		4,831	-	4,831
		85,047	-	85,047
Non-current liabilities		56,510	-	56,510
Total liabilities		141,557	-	141,557
Equity attributable to owners of the Company				
Share capital		29,807	-	29,807
Treasury shares		(10)	-	(10)
Other reserves		7,818	-	7,818
Retained earnings		127,759	(8,274)	119,485
		165,374	(8,274)	157,100
Non-controlling interest		(339)	-	(339)
Total equity		165,035	(8,274)	156,761
Total liabilities and equity		306,592	(8,274)	298,318

32. TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONTINUED)

Reconciliation of the Group's consolidated statement of comprehensive income:

	NOTE	30 JUNE 2018		
		SFRS FRAMEWORK A$'000	SFRS(I) 15 A$'000	SFRS(I) FRAMEWORK A$'000
Revenue	(b)(ii)	712,850	(10,435)	702,415
Cost of sales		(664,009)	-	(664,009)
Gross profit		48,841	(10,435)	38,406
Other income		8,457	-	8,457
Share of profit of a joint venture		260	-	260
Administrative expenses		(17,863)	–	(17,863)
Finance costs		(4,112)	-	(4,112)
Profit before tax		35,583	(10,435)	25,148
Income tax expense	(b)(ii)	(10,860)	3,130	(7,730)
Profit for the year		24,723	(7,305)	17,418
Profit attributable to:				
Owners of the Company		25,417	(7,305)	18,112
Non-controlling interest		(694)	-	(694)
		24,723	(7,305)	17,418
Earnings per share attributable to equity holders of the Company (cents per share):				
- Basic		5.07	(1.45)	3.62
- Diluted		5.07	(1.45)	3.62
Other comprehensive income:				
Item that may be reclassified subsequently to profit or loss				
Exchange differences on re-translation from functional currency to presentation currency		93	-	93
Total comprehensive income for the year		24,816	(7,305)	17,511
Total comprehensive income attributable to:				
Owners of the Company		25,510	(7,305)	18,205
Non-controlling interest		(694)	-	(694)
		24,816	(7,305)	17,511

32. TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONTINUED)

Adoption of new standards

(a) SFRS(I) 9

The Group adopted SFRS(I) 9 from 1 July 2018. In accordance with the exemption in SFRS(I) 1, the Group elected not to restate information for 2018. Accordingly, the information presented for 2018 is presented, as previously reported, under SFRS 39 *Financial Instruments: Recognition and Measurement.*

Arising from this election, the Group is exempted from providing disclosures required by SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that these disclosures relate to items within the scope of SFRS(I) 9. Instead, disclosures under SFRS 107 *Financial Instruments: Disclosures* relating to items within the scope of SFRS 39 are provided for the comparative period.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 have been generally applied by the Group retrospectively, except as described below.

- The following assessments were made on the basis of facts and circumstances that existed at 1 July 2018:
  - The determination of the business model within which a financial asset is held;
  - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding;
  - The designation of an equity investment that is not held-for-trading as at FVOCI; and
  - The designation and revocation of previous designations of certain financial assets and financial liabilities measured at FVPL.
- If a debt investment has low credit risk at 1 July 2018, the Group had assumed that the credit risk on the asset has not increased significantly since its initial recognition.

(b) SFRS(I) 15

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group adopted SFRS(I) 15 in its financial statements using the retrospective approach. All requirements of SFRS(I) 15 have been applied retrospectively, except for the application of the practical expedients as described below.

The Group has applied the following practical expedients as allowed under SFRS(I) 1:

- Completed contracts that began and ended in the same annual reporting period in 2018 and contracts completed at 1 July 2017 are not restated;
- For completed contracts that have variable consideration, the Group used the transaction price at the date the contract was completed to restate comparative information; and
- For the year ended 30 June 2018, the Group did not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Group expects to recognise that amount as revenue.

The impact upon the adoption of SFRS(I) 15, including the corresponding tax effects, are described below.

(i) Presentation of contract assets and liabilities

On adopting SFRS(I) 15, the Group has also changed the presentation of the following amounts:

- 'Amount due from customers for contracts in progress' classified as 'Contract assets' of A$151,352,000 as at 30 June 2018 and A$86,225,000 as at 1 July 2017;
- 'Amount due to customers for contracts in progress' classified as 'Contract liabilities' of A$23,178,000 as at 30 June 2018 and A$4,064,000 as at 1 July 2017;
- Retention sum receivables' classified as "Contract assets" of A$4,957,000 as at 30 June 2018 and A$4,957,000 as at 1 July 2017; and
- 'Advance billings' classified as 'Contract liabilities' of A$7,811,000 as at 30 June 2018 and A$11,935,000 as at 1 July 2017.

32. TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONTINUED)

Adoption of new standards (Continued)

(b) SFRS(I) 15 (Continued)
(ii) Accounting for construction contracts

The contracted terms and the way in which the Group operates its construction and services contracts results in revenue predominantly being derived from projects containing one performance obligation. Construction and service revenue will continue to be recognised over time, however, the new standard provides new requirements for variable consideration such as incentives and contract modifications (variations and claims) which all impart a higher threshold of probability for recognition.

Revenue was previously recognised when it was probable that work performed will result in revenue, whereas under the new standard, revenue is recognised when it is highly probable that a significant reversal of revenue will not occur. The adjustments made to comparatives, as reflected above, arise from these new requirements applying to variable consideration.
The adjustments are subject to tax effect accounting and therefore the net deferred tax position has also been reflected in these adjustments.

This resulted in a decrease of A$10,435,000 and A$3,130,000 in revenue and income tax expense respectively for the financial year ended 30 June 2018, and a corresponding decrease in total equity of A$15,579,000 as at 1 July 2018.

33. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are effective for annual periods beginning after 1 January 2018.

Effective for annual periods beginning on or after 1 January 2019:

- SFRS(I) 16 *Leases;*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments;*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28);
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9);
- *Previously Held Interest in a Joint Operation* (Amendments to SFRS(I) 3 and 11);
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SFRS(I) 1-12);
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I) 1-23); and
- *Plan Amendment, Curtailment or Settlement* (Amendments to SFRS(I) 1-19).

Effective for annual periods beginning on or after 1 January 2020:

- *Definition of a Business* (Amendments to SFRS(I) 3); and
- *Definition of Material* (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8).

Effective for annual periods beginning on or after 1 January 2021:

- SFRS(I) 17 *Insurance Contracts.*

Mandatory effective date deferred:

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28).

33. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (CONTINUED)

The Group has assessed that the adoption of the above SFRS(I)s, SFRS(I) INTs and amendments to SFRS(I) in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following.

(a) SFRS(I) 16
SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ('ROU') asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. SFRS(I) 16 replaces existing lease accounting guidance, including SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases – Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Group and the Company plan to apply SFRS(I) 16 initially on 1 July 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting SFRS(I) 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information. The Group and the Company plan to apply the practical expedient to grandfather the definition of a lease on transition. This means that they will apply SFRS(I) 16 to all contracts entered into before 1 July 2019 and identified as leases in accordance with SFRS(I) 1-17 and SFRS(I) INT 4.

(i) The Group as lessee
The Group and the Company expect to measure lease liabilities by applying a single discount rate to their portfolio of warehouse and factory facilities leases. Furthermore, the Group and the Company are likely to apply the practical expedient to recognise amounts of ROU assets equal to their lease liabilities at 1 July 2019. For lease contracts that contain the option to renew, the Group and the Company are expected to use hindsight in determining the lease term.

The Group and the Company expect their existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16. Lease payments that are increased every five years to reflect market rentals, and those that are based on changes in local price index, are included in the measurement of lease liabilities as at date of initial application. In addition, the Group will no longer recognise provisions for operating leases that it assessed to be onerous. Instead, the Group will include the payments due under the lease in their lease liability.

As at the reporting date, the Group has non-cancellable operating lease commitments of $66,023,000 as disclosed in Note 26(a) to the financial statements. Of these commitments, approximately $147,000 relate to short-term leases which will be recognised on a straight-line basis as expense in profit or loss. For the remaining lease commitments, the Group expects an increase in ROU assets of approximately $26,862,000, an increase in lease liability of $29,857,000, an increase in deferred tax assets of $614,000 and a decrease in opening retained earnings of $2,048,000. Overall net assets will be approximately $5,286,000 lower as at 1 July 2019.

The Group expects that net profit after tax will decrease by approximately $400,000 for financial year 2020 as a result of adopting the new rules. Adjusted EBITDA used to measure segment results is expected to increase by approximately $2,576,000 as the operating lease payments were included in EBITDA, but the amortization of the ROU asset and interest on the lease liability are excluded from this measure. Operating cash flows will increase and financing cash flows decrease by approximately $2,592,000 as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The Company expects no impacts on its financials as it has no non-cancellable operating leases as at 1 July 2019.

The nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge for ROU assets and interest expense on lease liabilities.

No significant impact is expected for the Group's and the Company's finance leases. The Group and the Company do not expect the adoption of SFRS(I) 16 to impact their ability to comply with the revised maximum loan value ratio and interest cover ratio loan covenant described in Note 21 to the financial statements.

STATISTICS OF SHAREHOLDERS

SHAREHOLDERS' STATISTICS AND DISTRIBUTION AS AT 16 SEPTEMBER 2019

Class of Shares	:	Ordinary Shares
Voting Rights (excluding treasury shares)	:	One vote per Ordinary Share
No. of issued shares	:	501,000,000 shares
No. of issued shares excluding treasury shares	:	500,985,000 shares
No. of treasury shares	:	15,000

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	3	0.38	40	0.00
100 - 1,000	32	4.07	24,419	0.00
1,001 – 10,000	323	41.04	1,962,767	0.39
10,001 – 1,000,000	401	50.95	41,071,153	8.20
1,000,001 and Above	28	3.56	457,926,621	91.41
TOTAL	787	100.00	500,985,000	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 16 SEPTEMBER 2019

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHARES
1	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	152,618,822	30.46
2	CHESS DEPOSITARY NOMINEES PTY LIMITED	119,149,510	23.78
3	DBS NOMINEES PTE LTD	48,894,259	9.76
4	CITIBANK NOMINEES SINGAPORE PTE LTD	39,337,371	7.85
5	RAFFLES NOMINEES (PTE) LIMITED	29,915,000	5.97
6	MAYBANK KIM ENG SECURITIES PTE LTD	7,674,574	1.53
7	FOO SIANG GUAN	7,415,249	1.48
8	LEE TECK LENG	5,700,200	1.14
9	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	4,722,400	0.94
10	NG KEE CHOE	3,700,134	0.74
11	GOH GEOK LING	3,425,134	0.68
12	LAI VOON NEE	3,300,000	0.66
13	POH ENG CHOO MARY	3,277,400	0.65
14	LEYAU LAY HOON	3,260,399	0.65
15	HENG KHENG LONG	3,255,845	0.65
16	PHILLIP SECURITIES PTE LTD	2,922,900	0.58
17	OCBC SECURITIES PRIVATE LTD	2,902,400	0.58
18	PANG CHIN FATT	2,273,000	0.45
19	UOB KAY HIAN PTE LTD	2,102,200	0.42
20	WONG YEW MENG	1,906,000	0.38
	TOTAL	**447,752,797**	**89.35**

Note: The percentage is based on 500,985,000 shares (excluding 15,000 shares held as treasury shares) as at 16 September 2019.

STATISTICS OF SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

NAME	DIRECT INTEREST		DEEMED INTEREST	
	NO. OF SHARES	%	NO. OF SHARES	%
JF & OT Fitzgerald Family Trust [(1)]	97,720,806	19.51	-	-
Kariong Investment Trust [(2)]	97,566,806	19.47	-	-
Michael Lorrain Vaz [(3)]	15,013,000	3.00	23,812,000	4.75
James Finbarr Fitzgerald (and Olive Teresa Fitzgerald) [(1)]	-	-	97,720,806	19.51
Goldfirm Pty Ltd [(2)]	-	-	97,566,806	19.47
Patrick John Tallon [(2)]	54,000	0.01	97,566,806	19.47

Note:

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 Securities and Futures Act (SFA), Mr James Finbarr Fitzgerald and 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 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 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 Lorrain Vaz has deemed interest in 23,812,000 shares which are held by Clarendon Pacific Ventures Pte. Ltd.*

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on Shareholders' Information as at 16 September 2019 and to the best knowledge of the Directors, approximately 50.6% of the issued ordinary shares of the Company is 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.

NOTICE OF
ANNUAL GENERAL MEETING

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

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at the Carlton Hotel, Level 2, 76 Bras Basah Road, Singapore 189558 on Tuesday, 29 October 2019 at 2:30pm to transact the following businesses:

AS ORDINARY BUSINESS:

1	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 30 June 2019 together with the Directors' Statement and Independent Auditors' Report thereon.	**Ordinary Resolution 1**
2	To approve the payment of a tax exempt (foreign sourced) First and Final Dividend of 0.7 Singapore cents per ordinary share for the financial year ended 30 June 2019.	**Ordinary Resolution 2**
3	To approve the payment of Directors' fees of S$231,000 for the financial year ending 30 June 2020, to be paid quarterly in arrears. (FY2019: S$220,000)	**Ordinary Resolution 3**
4	To re-elect the following Directors retiring pursuant to Article 118 of the Company's Constitution and for the purposes of ASX Listing Rule 14.5: (a) Mr James Finbarr Fitzgerald [See Explanatory Note (iv)]	**Ordinary Resolution 4**
	(b) Mr Patrick John Tallon [See Explanatory Note (iv)]	**Ordinary Resolution 5**
	(c) Mr Kevin James Deery [See Explanatory Note (iv)]	**Ordinary Resolution 6**
	(d) Mr Chong Teck Sin [See Explanatory Notes (i) and (iv)]	**Ordinary Resolution 7**
	(e) Mr Wong Fook Choy Sunny [See Explanatory Notes (ii) and (iv)]	**Ordinary Resolution 8**
	(f) Mr Douglas Owen Chester [See Explanatory Notes (iii) and (iv)]	**Ordinary Resolution 9**
5	To re-appoint Messrs Moore Stephens LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration.	**Ordinary Resolution 10**

AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass with or without modifications the following resolutions, of which Resolutions 11, 12, 13, 14 and 15 will be proposed as Ordinary Resolutions and Resolution 16 will be proposed as a Special Resolution:

6	**Authority to allot and issue shares** That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the 'Companies Act'), and the listing rules of the Singapore Exchange Securities Trading Limited ('SGX-ST'), and subject to the Company's compliance with the requirements of the ASX Listing Rules, authority be and is hereby given for the Directors of the Company ('Directors') at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:	**Ordinary Resolution 11**
	(i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;	
	(ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;	
	(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues;	
	and (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuant to any Instrument made or granted by the Directors while the authority was in force, provided always that:	
	(a) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per centum (50%) of the Company's total number of issued shares (excluding treasury shares and shares (if any) held by a subsidiary), of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a pro-rata basis to shareholders of the Company does not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and shares (if any) held by a subsidiary), and for the purpose of this Resolution, the total number of issued shares (excluding treasury shares and shares (if any) held by a subsidiary) shall be the Company's total number of issued shares (excluding treasury shares and shares (if any) held by a subsidiary) at the time this Resolution is passed, after adjusting for:	
	(i) new shares arising from the conversion or exercise of convertible securities, or	
	(ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, and	
	(iii) any subsequent bonus issue, consolidation or subdivision of the Company's shares;	
	(b) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. *[See Explanatory Note (v)]*	

AS SPECIAL BUSINESS: (CONTINUED)

7	**Proposed Renewal of the Share Purchase Mandate** That: (a) for the purposes of Sections 76C and 76E of the Companies Act, and such other laws and regulations as may for the time being be applicable, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the share capital of the Company ('Shares') not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:	**Ordinary Resolution 12**
	(i) on-market purchases (**'On-Market Share Purchase'**) transacted on the SGX-ST; and/or	
	(ii) off-market purchases (**'Off-Market Share Purchase'**) (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Listing Manual of the SGX-ST, (the **'Share Purchase Mandate'**);	
	(b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Purchase Mandate shall, at the discretion of the Directors, either be cancelled or held in treasury and dealt with in accordance with the Companies Act;	
	(c) the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and the expiring on the earliest of:	
	(i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;	
	(ii) the date on which the share purchases are carried out to the full extent mandated; or	
	(iii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked;	
	(d) in this Ordinary Resolution: **'Prescribed Limit'** means 10% of the total number of Shares as at the date of passing of this Resolution (excluding any treasury shares and subsidiary holdings that may be held by the Company from time to time), unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of Shares of the Company shall be taken to be the total number of Shares of the Company as altered;	

AS SPECIAL BUSINESS: (CONTINUED)

7	**Proposed Renewal of the Share Purchase Mandate (continued)** (d) in this Ordinary Resolution (continued)	**Ordinary Resolution 12**
	'Relevant Period' means the period commencing from the date the last annual general meeting of the Company was held before the date of passing of this Resolution, and expiring on the date the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier, after the date of passing of this Resolution;	
	'Maximum Price' in relation to a Share to be purchased, means an amount (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) not exceeding 105% of the Average Closing Price, excluding related expenses of the share purchases, and where:	
	'Average Closing Price' means the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded, immediately preceding the date of making the On-Market Share Purchase or, as the case may be, the day of the making of an offer pursuant to the Off-Market Share Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action that occurs after the relevant five (5) Market Days;	
	'day of the making of the offer' means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Share Purchase; and	
	'Market Day' means a day on which the SGX-ST is open for trading in securities; and	
	(e) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including without limitation, executing such documents as may be required) as they may consider desirable, expedient or necessary to give effect to the transactions contemplated by this Ordinary Resolution. *[See Explanatory Note (vi)]*	
8	**Proposed Grant of Performance Rights to Mr James Finbarr Fitzgerald, a Controlling Shareholder and Director of the Company, under the Civmec Key Senior Executives Performance Rights Plan** That, for the purposes of ASX Listing Rule 10.14, and for all other purposes:	**Ordinary Resolution 13**
	(a) approval be given for the grant of performance rights (**'Performance Rights'**) covering 750,000 fully-paid Shares to Mr James Finbarr Fitzgerald, a Controlling Shareholder (as defined in the Listing Manual of the SGX-ST) of the Company, upon such terms to be determined by the Remuneration Committee of the Board of Directors of the Company (the **'Remuneration Committee'**), in accordance with the rules of the Civmec Key Senior Executives Performance Rights Plan (the **'Civmec PRP'**); and	

AS SPECIAL BUSINESS: (CONTINUED)

8	**Proposed Grant of Performance Rights to Mr James Finbarr Fitzgerald, a Controlling Shareholder and Director of the Company, under the Civmec Key Senior Executives Performance Rights Plan (continued)** That, for the purposes of ASX Listing Rule 10.14, and for all other purposes: (continued)	**Ordinary Resolution 13**
	(b) the Directors be and are hereby authorised to allot and issue from time to time such number of fully-paid Shares as may be required to be delivered pursuant to the vesting of such Performance Rights under the Civmec PRP. *See Explanatory Note (vii)]* **Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought, or any associates of those Directors (**'Resolution 13 Excluded Party'**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 13 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.	
9	**Proposed Grant of Performance Rights to Mr Patrick John Tallon, a Controlling Shareholder and Director of the Company, under the Civmec Key Senior Executives Performance Rights Plan** That, for the purposes of ASX Listing Rule 10.14, and for all other purposes:	**Ordinary Resolution 14**
	(a) approval be given for the grant of Performance Rights covering 750,000 fully-paid Shares to Mr Patrick John Tallon, a Controlling Shareholder (as defined in the Listing Manual of the SGX-ST) of the Company, upon such terms to be determined by the Remuneration Committee, in accordance with the rules of the Civmec PRP; and	
	(b) the Directors be and are hereby authorised to allot and issue from time to time such number of fully-paid Shares as may be required to be delivered pursuant to the vesting of such Performance Rights under the Civmec PRP. *See Explanatory Note (viii)]* **Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought, or any associates of those Directors (**'Resolution 14 Excluded Party'**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 14 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.	

NOTICE OF
ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS: (CONTINUED)

10	**Proposed Grant of Performance Rights to Mr Kevin James Deery, a Director of the Company, under the Civmec Key Senior Executives Performance Rights Plan** That, for the purposes of ASX Listing Rule 10.14, and for all other purposes: (a) approval be given for the grant of Performance Rights covering 750,000 fully-paid Shares to Mr Kevin James Deery, upon such terms to be determined by the Remuneration Committee, in accordance with the rules of the Civmec PRP; and (b) the Directors be and are hereby authorised to allot and issue from time to time such number of fully-paid Shares as may be required to be delivered pursuant to the vesting of such Performance Rights under the Civmec PRP. *[See Explanatory Note (ix)]* **Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought, or any associates of those Directors ("**Resolution 15 Excluded Party**"). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 15 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.	**Ordinary Resolution 15**
11	**Approval of 10% Placement Capacity under ASX Listing Rule 7.1A** That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Notes. *[See Explanatory Note (x)]* **Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.	**Special Resolution 16**
12	**To transact any other business which may properly be transacted at an Annual General Meeting.**	

BY ORDER OF THE BOARD
James Finbarr Fitzgerald
Executive Chairman

7 October 2019

Explanatory Notes:

(i) 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 the SGX-ST. Key information on Mr Chong can be found on page 43 of the Annual Report 2019. There are no relationships (including family relationship) between Mr Chong and the other Directors of the Company or its 10% shareholders.

(ii) 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 the SGX-ST. Key information on Mr Wong can be found on page 43 of the Annual Report 2019. There are no relationships (including family relationship) between Mr Wong and the other Directors of the Company or its 10% shareholders.

(iii) Mr Douglas Owen Chester, will, upon re-election as Director of the Company, remain as Chairman of Nominating Committee and a member of Audit, Risks and Conflicts and Remuneration Committees. Mr Douglas Chester will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Key information on Mr Douglas Chester can be found on page 43 of the Annual Report 2019. There are no relationships (including family relationship) between Mr Douglas Chester and the other Directors of the Company or its 10% shareholders.

(iv) Each of Resolutions No. 4 to 9 are also included for the purpose of ASX Listing Rule 14.5, which provides that an entity which has directors must hold an election of directors at each annual general meeting.

(v) Resolution No. 11, if passed, will empower the Directors of the Company from the date of the passing of Resolution No. 11 to the date of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to an amount not exceeding in total 50% of the issued shares (excluding treasury shares and shares (if any) held by a subsidiary) in the capital of the Company, with a sub-limit of 20% of the issued shares (excluding treasury shares and shares (if any) held by a subsidiary) for issues other than on a pro-rata basis to shareholders.

Any issue of securities pursuant to Resolution No. 11 will be made subject to the Company's compliance with ASX Listing Rule requirements including, but not limited to, the Company's ability to issue securities under ASX Listing Rule 7.1 at any given time. Resolution No. 11 is not a prior approval for the issue of securities pursuant to ASX Listing Rule 7.1.

(vi) Resolution No. 12, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, to repurchase Shares by way of on-market purchases or off-market purchases of up to ten per centum (10%) of the total number of issued shares in the capital of the Company at the Maximum Price as defined in the Company's Letter to Shareholders dated 7 October 2019.

(vii) Resolution No. 13 seeks shareholders' approval for the grant of Performance Rights covering 750,000 Shares to Mr James Finbarr Fitzgerald upon such terms to be determined by the Remuneration Committee of the Company in accordance with the rules of the Civmec PRP, and the allotment and issuance from time to time such number of fully-paid Shares as may be required to be delivered pursuant to the vesting of such Performance Rights under the Civmec PRP. Mr James Finbarr Fitzgerald is a Controlling Shareholder and Executive Chairman of the Company. Further details of the Performance Rights proposed to be granted to Mr James Finbarr Fitzgerald pursuant to the Civmec PRP are set out in the Company's Letter to Shareholders dated 7 October 2019.

ASX Listing Rule 10.14 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.15, the following information is provided in relation to the proposed grant of the Performance Rights.

(a) The maximum number of Performance Rights to be issued is 750,000.

(b) The Performance Rights will be granted for nil cash consideration; accordingly, no funds will be raised.

(c) The Civmec PRP was adopted by shareholders on 25 October 2018. No Performance Rights have previously been issued to persons referred to in ASX Listing Rule 10.14 under the Civmec PRP.

(d) Key Senior Executives (including Controlling Shareholders and Associates of such Controlling Shareholders, each as defined in the Listing Manual of the SGX-ST) who have attained the age of 21 years and hold such rank as may be designated by the Remuneration Committee from time to time, will be eligible to participate in the Civmec PRP. Directors, James Finbarr Fitzgerald, Patrick John Tallon and Kevin James Deery, are eligible to participate in the Civmec PRP. Non-Executive Directors are not eligible to participate in the Civmec PRP. Subject to the absolute discretion of the Remuneration Committee, Controlling Shareholders and their Associates who meet the criteria as set out above are eligible to participate in the Civmec PRP, provided that (i) the participation of each Controlling Shareholder or his Associate, and (ii) the actual number and terms of the Performance Rights to be granted to them have been approved by independent shareholders in separate resolutions for each such person – accordingly approval is being sought for the issue of Performance Rights to Mr James Finbarr Fitzgerald.

(e) The Performance Rights will be issued to Mr James Finbarr Fitzgerald no later than 12 months after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Performance Rights will be issued on one date.

(f) The terms of the Performance Rights are in accordance with the Civmec PRP subject to the key terms and conditions of the Performance Rights set out below.

The Performance Rights to be granted to Mr James Finbarr Fitzgerald, Mr Patrick John Tallon and Mr Kevin James Deery will vest in two tranches of fifty per centum each, based on the performance of Mr James Finbarr Fitzgerald, Mr Patrick John Tallon and Mr Kevin James Deery over two performance periods, as follows:

Tranche 1 (50%): 2-year performance period (1 July 2018 to 30 June 2020); and

Tranche 2 (50%): 3-year performance period (1 July 2018 to 30 June 2021).

The aggregate number of Performance Rights which shall vest in favour of Mr James Finbarr Fitzgerald, Mr Patrick John Tallon and Mr Kevin James Deery respectively, will be based on the achievement of certain predetermined performance targets (which are based on absolute earnings per share (**'aEPS'**)) as determined by the Committee in accordance with the Civmec PRP. The vesting schedule is as follows:

Long Term Incentive Proportion Vesting – Number of Performance Rights to be vested, calculated as a percentage of the number of Performance Rights for each performance period	**Absolute Earnings per Share**
50%	Target – If the aEPS achieved is equal to 90% of the three-year average annual result
On a pro rata basis between 50% and 100%	Between Target and Stretch – If the aEPS achieved is more than 90% but not more than 110% of the three-year average annual result
100%	Stretch – If the aEPS achieved is more than 110% of the three-year average annual result

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Performance Rights to Mr James Finbarr Fitzgerald as approval is being obtained under ASX Listing Rule 10.15. Accordingly, the issue of the Performance Rights to Mr James Finbarr Fitzgerald will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

(viii) Resolution No. 14 seeks Shareholders' approval for the grant of Performance Rights covering 750,000 Shares to Mr Patrick John Tallon upon such terms to be determined by the Remuneration Committee of the Company in accordance with the rules of the Civmec PRP, and the allotment and issuance from time to time such number of fully-paid Shares as may be required to be delivered pursuant to the vesting of such Performance Rights under the Civmec PRP. Mr Patrick John Tallon is a Controlling Shareholder and Chief Executive Officer of the Company. Further details of the Performance Rights proposed to be granted to Mr Patrick John Tallon pursuant to the Civmec PRP are set out in the Company's Letter to Shareholders dated 7 October 2019.

A summary of ASX Listing Rule 10.14 is set out in Explanatory Note (vii) above.

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.15, the following information is provided in relation to the proposed grant of the Performance Rights.

(a) The maximum number of Performance Rights to be issued is 750,000.

(b) The Performance Rights will be granted for nil cash consideration; accordingly, no funds will be raised.

(c) The Civmec PRP was adopted by Shareholders on 25 October 2018. No Performance Rights have previously been issued to persons referred to in ASX Listing Rule 10.14 under the Civmec PRP.

(d) Key Senior Executives (including Controlling Shareholders and Associates of such Controlling Shareholders, each as defined in the Listing Manual of the SGX-ST) who have attained the age of 21 years and hold such rank as may be designated by the Remuneration Committee from time to time, will be eligible to participate in the Civmec PRP. Directors, James Finbarr Fitzgerald, Patrick John Tallon and Kevin James Deery, are eligible to participate in the Civmec PRP. Non-Executive Directors are not eligible to participate in the Civmec PRP. Subject to the absolute discretion of the Remuneration Committee, Controlling Shareholders and their Associates who meet the criteria as set out above are eligible to participate in the Civmec PRP, provided that (i) the participation of each Controlling Shareholder or his Associate, and (ii) the actual number and terms of the Performance Rights to be granted to them have been approved by independent shareholders in separate resolutions for each such person – accordingly approval is being sought for the issue of Performance Rights to Mr Patrick John Tallon.

(e) The Performance Rights will be issued to Mr Patrick John Tallon no later than 12 months after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Performance Rights will be issued on one date.

(f) The terms of the Performance Rights are in accordance with the Civmec PRP subject to the key terms and conditions of the Performance Rights set out in Explanatory Note (vii)(f).

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Performance Rights to Mr Patrick John Tallon as approval is being obtained under ASX Listing Rule 10.15. Accordingly, the issue of the Performance Rights to Mr Patrick John Tallon will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

(ix) Resolution No. 15 seeks Shareholders' approval for the grant of Performance Rights covering 750,000 Shares to Mr Kevin James Deery upon such terms to be determined by the Remuneration Committee in accordance with the rules of the Civmec PRP, and the allotment and issuance from time to time such number of fully-paid Shares as may be required to be delivered pursuant to the vesting of such Performance Rights under the Civmec PRP. Mr Kevin James Deery is the Chief Operating Officer of the Company.

A summary of ASX Listing Rule 10.14 is set out in Explanatory Note (vii) above.

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.15, the following information is provided in relation to the proposed grant of the Performance Rights.

(a) The maximum number of Performance Rights to be issued is 750,000.

(b) The Performance Rights will be granted for nil cash consideration; accordingly, no funds will be raised.

(c) The Civmec PRP was adopted by Shareholders on 25 October 2018. No Performance Rights have previously been issued to persons referred to in ASX Listing Rule 10.14 under the Civmec PRP.

(d) Key Senior Executives (including Controlling Shareholders and Associates of such Controlling Shareholders, each as defined in the Listing Manual of the SGX-ST) who have attained the age of 21 years and hold such rank as may be designated by the Remuneration Committee from time to time, will be eligible to participate in the Civmec PRP. Directors, James Finbarr Fitzgerald, Patrick John Tallon and Kevin James Deery, are eligible to participate in the Civmec PRP. Non-Executive Directors are not eligible to participate in the Civmec PRP. Subject to the absolute discretion of the Remuneration Committee, Controlling Shareholders and their Associates who meet the criteria as set out above are eligible to participate in the Civmec PRP, provided that (i) the participation of each Controlling Shareholder or his Associate, and (ii) the actual number and terms of the Performance Rights to be granted to them have been approved by independent shareholders in separate resolutions for each such person – accordingly approval is being sought for the issue of Performance Rights to Mr Kevin James Deery.

(e) The Performance Rights will be issued to Mr Kevin James Deery no later than 12 months after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Performance Rights will be issued on one date.

(f) The terms of the Performance Rights are in accordance with the Civmec PRP subject to the key terms and conditions of the Performance Rights set out in Explanatory Note (vii)(f).

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Performance Rights to Mr Kevin James Deery as approval is being obtained under ASX Listing Rule 10.15. Accordingly, the issue of the Performance Rights to Mr Kevin James Deery will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

(x) ASX Listing Rule 7.1A provides that an Eligible Entity (as defined below) may seek shareholder approval by special resolution passed at an annual general meeting to have the capacity to issue up to that number of Equity Securities (as defined below) equal to 10% of its issued capital (**10% Placement Capacity**) without using that company's existing 15% annual placement capacity granted under ASX Listing Rule 7.1.

An **Eligible Entity** is one that, as at the date of the relevant annual general meeting:

(a) is not included in the S&P/ASX 300 Index; and

(b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of $300,000,000.

As at the date of this Notice, the Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of $180,360,000 (based on the number of Shares on issue and the closing price of Shares on the ASX on 6 September 2019).

An Equity Security is a share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or, any security that ASX decides to classify as an equity security.

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities.

As at the date of this Notice of Annual General Meeting, the Company currently has one class of quoted Equity Securities on issue, being the Shares (ASX Code: CVL).

If shareholders approve Resolution No. 16, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2. In exercising the authority conferred by this Resolution, the Company must also comply with the applicable provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST).

Resolution No. 16 is a special resolution. Accordingly, at least 75% of votes cast by shareholders present and eligible to vote at the Annual General Meeting must be in favour of Resolution No. 16 for it to be passed.

Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution No. 16:

(a) **Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

(i) the date on which the price at which the Equity Securities are to be issued is agreed; or

(ii) if the Equity Securities are not issued within 5 ASX trading days of the date in paragraph (a)(i), the date on which the Equity Securities are issued.

(b) **Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Annual General Meeting and expiring on the first to occur of the following:

(i) 12 months after the date of this Annual General Meeting; and

ii) the date of approval by shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

(10% Placement Capacity Period).

(c) **Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of shareholders who do not receive any Shares under the issue.

If Resolution No. 16 is approved by shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the market price of Shares and the number of Equity Securities on issue as at 18 September 2018.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

		DILUTION		
	ISSUE PRICE (PER SHARE)	$0.18 50% DECREASE IN ISSUE PRICE	$0.36	$0.54 50% INCREASE IN ISSUE PRICE
501,000,000 (Current Variable A)	Shares issued - 10% voting dilution	50,100,000 Shares	50,100,000 Shares	50,100,000 Shares
	Funds raised	$9,018,000	$18,036,000	$27,054,000
751,500,000 (50% increase in Variable A)	Shares issued - 10% voting dilution	75,150,000 Shares	75,150,000 Shares	75,150,000 Shares
	Funds raised	$13,527,000	$27,054,000	$40,581,000
1,002,000,000 (100% increase in Variable A)	Shares issued - 10% voting dilution	100,200,000 Shares	100,200,000 Shares	100,200,000 Shares
	Funds raised	$18,036,000	$36,072,000	$54,108,000

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. There are currently 501,000,000 Shares on issue.
2. The issue price set out above is the closing price of the Shares on the ASX on 6 September 2019.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Annual General Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular shareholder will be subject to. All shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular shareholder by reason of placements under the 10% Placement Capacity, based on that shareholder's holding at the date of the Annual General Meeting.

Shareholders should note that there is a risk that:

(i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Annual General Meeting; and

(ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) **Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

(i) as cash consideration in which case the Company intends to use funds raised for the acquisition of new assets and investments (including expenses associated with such an acquisition), continued capital expenditure on the Company's current assets, general working capital; or

(ii) as non-cash consideration for the acquisition of new assets and investments in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(e) **Allocation policy under the 10% Placement Capacity**

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

(i) the purpose of the issue;

(ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing shareholders may participate;

(iii) the effect of the issue of the Equity Securities on the control of the Company;

(iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;

(v) prevailing market conditions; and

(vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(f) **Previous approval under ASX Listing Rule 7.1A**

The Company previously obtained approval from its shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 25 October 2018 (**Previous Approval**).

The Company has not issued any Equity Securities pursuant to the Previous Approval.

During the 12-month period preceding the date of the Annual General Meeting, being on and from 25 October 2018, the Company has not issued any Equity Securities under any other purpose.

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

(i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and

(ii) the information required by Listing Rule 3.10.5A for release to the market.

Voting Exclusion
A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing shareholders will be excluded from voting on Resolution No. 16.

For the purpose of Resolution No. 16 and Explanatory Note (x), the following terms apply:

Equity Securities includes a share, a right to a share or option to acquire a share (Option), an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Variable A means 'A' as set out in the formula in ASX Listing Rule 7.1A(2).

Notes:

(a) Save for members which are nominee companies, a member of the Company shall not be entitled to appoint more than two proxies to attend and vote at the general meeting of the Company. A proxy need not be a member of the Company.

(b) Where a member appoints two proxies, he shall specify the proportion of his shares (expressed as a percentage of the whole) to be represented by each proxy.

(c) Pursuant to Section 181 of the Companies Act, Chapter 50 of Singapore, any member (who is a **Relevant Intermediary***) may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

***Relevant Intermediary is:**

(i) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who hold shares in that capacity; or

(ii) a person holding a capital markets services license to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or

(iii) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased on behalf of CPF investors.

(d) A corporation which is a member may appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore, to attend and vote for and on behalf of such corporation.

(e) 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.

(f) 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.

(g) 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 seventy-two (72) hours before the time appointed for holding the Annual General Meeting.

(h) In the case of joint shareholders, all shareholders must sign the instrument appointing a proxy or proxies.

(i) Voting by holders of CDIs: Holders of CHESS Depositary Interests over Shares (**'CDIs'**) are entitled to attend the Annual General Meeting, provided that they cannot vote at the meeting, and if they wish to vote they must direct CHESS Depositary Nominees Pty Ltd (**'CDN'**), the holder of legal title of the CDIs, how to vote in advance of the meeting pursuant to the instructions set out in the accompanying voting instruction form. If you are a holder of CDIs, please sign and date the enclosed voting instruction form and return it in accordance with the instructions on your voting instruction form.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agent or service providers) for the purpose of the processing, administration and analysis of the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the **'Purposes'**), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

James Finbarr Fitzgerald, Patrick John Tallon, Kevin James Deery, Chong Teck Sin, Wong Fook Choy Sunny and Douglas Owen Chester are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 29 October 2019 ('**AGM**') (collectively, the '**Retiring Directors**' and each a '**Retiring Director**').

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

	James Finbarr Fitzgerald	Patrick John Tallon	Kevin James Deery	Chong Teck Sin	Wong Fook Choy Sunny	Douglas Owen Chester
Date of Appointment	27 March 2012	27 March 2012	27 March 2012	27 March 2012	27 March 2012	2 November 2012
Date of last re-appointment	25 October 2018	25 October 2018	25 October 2018	25 October 2018	25 October 2018	25 October 2018
Age	55	49	48	64	63	67
Country of principal residence	Australia	Australia	Australia	Singapore	Singapore	Australia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Refer to Report on Corporate Governance (Board Membership) included in this Annual Report (pages 58 to 60).					
Whether appointment is executive, and if so, the area of responsibility	Refer to overview of Board of Directors included in this Annual Report (pages 42 and 43).					
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman	Chief Executive Officer	Chief Operating Officer	Lead Independent Director • Audit Committee Chairman • Nominating Committee Member • Remuneration Committee Member • Risks and Conflicts Committee Chairman	Independent Director • Audit Committee Member • Nominating Committee Member • Remuneration Committee Chairman • Risks and Conflicts Committee Member	Independent Director • Audit Committee Member • Nominating Committee Chairman • Remuneration Committee Member • Risks and Conflicts Committee Member
Professional qualifications	Refer to overview of Board of Directors included in this Annual Report (pages 42 and 43).					
Working experience and occupation(s) during the past 10 years	Refer to overview of Board of Directors included in this Annual Report (pages 42 and 43).					
Shareholding interest in the listed issuer and its subsidiaries	97,720,806	97,620,806	13,295,250	Nil	Nil	50,000
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None	None	None	None	None	None

DISCLOSURE OF INFORMATION ON
DIRECTORS SEEKING RE-ELECTION

	James Finbarr Fitzgerald	Patrick John Tallon	Kevin James Deery	Chong Teck Sin	Wong Fook Choy Sunny	Douglas Owen Chester
Conflict of Interest (including any competing business)	None	None	None	None	Mr Wong is a director and shareholder of WTML Management Services, which periodically provide some legal services to Civmec. Neither the nature of such services nor the amount of the fees are material.	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes	Yes	Yes
Other Principal Commitments Including Directorships Past (for the last 5 years) Present	Refer to Report on Corporate Governance (Board Membership) included in this Annual Report (pages 58 to 60).					
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is 'yes', full details must be given.						
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No	No	No	No
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No	No	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	James Finbarr Fitzgerald	Patrick John Tallon	Kevin James Deery	Chong Teck Sin	Wong Fook Choy Sunny	Douglas Owen Chester
c) Whether there is any unsatisfied judgment against him?	No	No	No	No	No	No
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No	No	No	No
e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	No	No	No
f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No	No	No	No
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No	No	No
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	No	No	No
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	James Finbarr Fitzgerald	Patrick John Tallon	Kevin James Deery	Chong Teck Sin	Wong Fook Choy Sunny	Douglas Owen Chester
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No	No	No	No
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No	No	No	No
Disclosure applicable to the appointment of Director only						
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N/A	N/A	N/A	N/A	N/A	N/A

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

PROXY FORM
ANNUAL GENERAL MEETING 2019

DETACH HERE

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

PROXY FORM
ANNUAL GENERAL MEETING 2019

IMPORTANT:

1. Relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy the Company's shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 7 October 2019.

*I/We (name):

NRIC/Passport/Company Reg Number:

of (Address):

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

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

* and/or

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

or failing him/her, the Chairman of the Annual General Meeting of the Company (the 'Annual General Meeting') as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting of the Company to be held at the Carlton Hotel, Level 2, 76 Bras Basah Road, Singapore 189558 on Tuesday, 29 October 2019 at 2.30pm and at any adjournment thereof.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX and SGX-T announcement will be made immediately disclosing the reasons for the change.

*I/We direct *my/our *proxy/proxies to vote for or against the 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/her/their discretion, as *he/she/they will on any other matter arising at the Annual General Meeting and at any adjournment thereof.

Voting will be conducted by poll.

PROXY FORM
ANNUAL GENERAL MEETING 2019

DETACH HERE

No.	Ordinary Resolutions	For#	Against#	Abstain#
1	Adoption of the Audited Financial Statements of the Company for the financial year ended 30 June 2019 together with the Directors' Statement and Independent Auditors' Report thereon.			
2	Approval of payment of a tax exempt (foreign sourced) First and Final Dividend of 0.7 Singapore cents per ordinary share for the financial year ended 30 June 2019.			
3	Approval of the payment of Directors' fees of S$231,000 for the financial year ending 30 June 2020 to be paid quarterly in arrears.			
4	Re-election of Mr James Finbarr Fitzgerald as a Director of the Company.			
5	Re-election of Mr Patrick John Tallon as a Director of the Company.			
6	Re-election of Mr Kevin James Deery as a Director of the Company.			
7	Re-election of Mr Chong Teck Sin as a Director of the Company.			
8	Re-election of Mr Wong Fook Choy Sunny as a Director of the Company.			
9	Re-election of Mr Douglas Owen Chester 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	Renewal of Share Purchase Mandate.			
13	Grant of Performance Rights to Mr James Finbarr Fitzgerald, a Controlling Shareholder and Director of the Company, under the Civmec Key Senior Executives Performance Rights Plan.			
14	Grant of Performance Rights to Mr Patrick John Tallon, a Controlling Shareholder and Director of the Company, under the Civmec Key Senior Executives Performance Rights Plan.			
15	Grant of Performance Rights to Mr Kevin James Deery, a Director of the Company, under the Civmec Key Senior Executives Performance Rights Plan.			
Special Resolution		**For#**	**Against#**	**Abstain#**
16	Approval of 10% Placement Capacity under ASX Listing Rule 7.1A.			

Dated this day of 2019

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

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

* *Delete accordingly*

\# *If you wish to exercise all your votes 'For' or 'Against' the relevant resolution, please indicate with an 'X' within the box provided. Alternatively, if you wish to exercise your votes both 'For' and 'Against' the relevant resolution, please insert the relevant number of shares in the box provided. If you mark the 'Abstain' box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.*

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT. PLEASE READ NOTES BELOW.

Notes:

1. *Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. 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. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.*

2. *(a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of his shareholding concerned to be represented by each proxy shall be specified in the form of proxy.*

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   *'**Relevant intermediary**' has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.*

3. *A proxy need not be a member of the Company.*

4. *The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 80 Robinson Road #02-00 Singapore 068898 not less than seventy-two (72) hours before the time appointed for the Annual General Meeting.*

5. *The instrument appointing a proxy or proxies must be under the hand of the appointor or 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 by the signatures of authorised persons in the manner prescribed under the Act as an alternative to sealing) or under the hand of its attorney or a duly authorised officer.*

6. *Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an 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. *A corporation that is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act (Chapter 50) of Singapore.*

8. *The submission of an instrument or form appointing a proxy by a shareholder does not preclude him from attending and voting in person at the Annual General Meeting if he so wishes.*

9. *An investor who buys shares using CPF monies ('CPF Investor') and/or SRS monies ('SRS Investor') (as may be applicable) may attend and cast his vote(s) at the Annual General Meeting in person. CPF and SRS Investors who are unable to attend the Annual General Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Annual General Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Annual General Meeting.*

10. *The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.*

11. *Holders of CHESS Depositary Interests over Shares ('CDIs') are entitled to attend the Annual General Meeting, provided that they cannot vote at the meeting, and if they wish to vote they must direct CHESS Depositary Nominees Pty Ltd ('CDN'), the holder of legal title of the CDIs, how to vote in advance of the meeting pursuant to the instructions set out in the accompanying voting instruction form. If you are a holder of CDIs, please sign and date the enclosed voting instruction form and return it in accordance with the instructions on your voting instruction form.*

Personal Data Privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, 'Purposes'), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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