



CIVMEC LIMITED

(Company Registration No: 201011837H)

FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 31 MARCH 2012

INTRODUCTION

Civmec Limited (the "Company") was listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 13 April 2012.

The Company was incorporated in the Republic of Singapore on 3 June 2010 under the Companies Act (Chapter 50) of Singapore as a private company limited by shares. The Company and its subsidiaries (the "Group") were formed pursuant to a restructuring exercise (the "Restructuring Exercise") undertaken to streamline and rationalise the Group structure prior to the Initial Public Offering and the Company's listing on the Mainboard of the SGX-ST. Please refer to the Company's offer document dated 5 April 2012 for further details on the Restructuring Exercise.

For the purpose of this announcement, the results of the Group for the financial period ended 31 March 2012 and the comparative results of the Group for the financial period ended 31 March 2011 have been prepared on the assumption that the Group structure following the completion of the Restructuring Exercise has been in place since 1 July 2010.

PART I INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENT

1(a)(i) Statement of Comprehensive Income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

| | Group | | | Group | | |
|---|-------------------------|-------------------------|--------------|-------------------------|-------------------------|--------------|
| | Q3 FY2012 S\$'000 | Q3 FY2011 S\$'000 | +/(-) % | 9M FY2012 S\$'000 | 9M FY2011 S\$'000 | +/(-) % |
| Sales revenue | 97,065 | 11,227 | 765 | 215,090 | 35,613 | 504 |
| Cost of sales | (79,152) | (7,610) | 940 | (171,066) | (23,940) | 615 |
| Gross profit | 17,913 | 3,617 | 395 | 44,024 | 11,673 | 277 |
| Other income | 98 | 93 | 5 | 362 | 261 | 39 |
| Administrative expenses | (5,398) | (1,740) | 210 | (13,215) | (5,069) | 161 |
| Finance costs | 1,057 | (526) | (301) | (327) | (1,244) | (74) |
| Profit before tax | 13,670 | 1,444 | 847 | 30,844 | 5,621 | 449 |
| Income tax expense | (3,786) | (434) | 772 | (8,955) | (1,716) | 422 |
| Profit for the period | 9,884 | 1,010 | 879 | 21,889 | 3,905 | 460 |
| <u>Other comprehensive income:</u> | | | | | | |
| Exchange differences on translation from functional currency to presentation currency | 125 | 691 | (81.9) | 573 | 1,195 | (52.1) |
| Total comprehensive income for the period | 10,009 | 1,701 | 488.4 | 22,462 | 5,100 | 340.4 |
| <u>Profit attributable to:</u> | | | | | | |
| Owners of the Company | 9,884 | 1,010 | | 21,889 | 3,905 | |
| Non-controlling interest | 0 | 0 | | 0* | 0* | |
| | 9,884 | 1,010 | | 21,889 | 3,905 | |
| <u>Total comprehensive income attributable to:</u> | | | | | | |
| Owners of the Company | 10,009 | 1,701 | | 22,462 | 5,100 | |
| Non-controlling interest | 0 | 0 | | 0* | 0* | |
| | 10,009 | 1,701 | | 22,462 | 5,100 | |
| Earnings per share attributable to equity holders of the Company (cents per share): | | | | | | |
| • Basic | 2.20 | 0.22 | | 4.86 | 0.87 | |
| • Diluted | 2.20 | 0.22 | | 4.86 | 0.87 | |

* - Less than S\$500

1(a)(ii) **Notes to Consolidated Statement of Comprehensive Income**

A. Profit before income tax

The following items have been included in determining the profit before income tax:

| | Group | | Group | |
|--|---------|---------|---------|---------|
| | Q3 | Q3 | 9M | 9M |
| | FY2012 | FY2011 | FY2012 | FY2011 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Gain on disposal of property, plant and equipment | 37 | 0 | 91 | 7 |
| Interest income on bank balances | 168 | 93 | 377 | 254 |
| Share of profit / (loss) from Associated Companies | (107) | - | (107) | - |
| Amortisation of deferred management fee | (4) | (161) | (425) | (246) |
| IPO expenses | (1,117) | - | (1,234) | - |

B. Finance costs

| | Group | | Group | |
|---------------------------------|----------------|------------|------------|--------------|
| | Q3 | Q3 | 9M | 9M |
| | FY2012 | FY2011 | FY2012 | FY2011 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Convertible loans | 300 | 201 | 887 | 433 |
| Write-back on convertible loans | (1,701) | - | (1,701) | - |
| Bank bill | 33 | 175 | 333 | 291 |
| Finance leases | 309 | 98 | 808 | 208 |
| Related parties | - | 51 | - | 311 |
| Others | 2 | 1 | - | 1 |
| Total Finance Costs | (1,057) | 526 | 327 | 1,244 |

A total of S\$1.7 million (approximately A\$1.3 million) interest expenses on convertible loans was reversed pursuant to the share conversion that took place on 27th March 2012.

C. Depreciation expenses

| | Group | | Group | |
|-------------------------------------|--------------|------------|--------------|--------------|
| | Q3 | Q3 | 9M | 9M |
| | FY2012 | FY2011 | FY2012 | FY2011 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Included in Cost of sales | 1,079 | 336 | 2,746 | 958 |
| Included in Administrative expenses | 68 | 24 | 195 | 64 |
| Total Depreciation | 1,147 | 360 | 2,941 | 1,022 |

1(b)(i) **Statement of Financial Position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year**

| | Group | | Company | |
|--|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
| | As at 31 March 2012 S\$'000 | As at 30 June 2011 S\$'000 | As at 31 March 2012 S\$'000 | As at 30 June 2011 S\$'000 |
| ASSETS | | | | |
| Current Assets | | | | |
| Trade and other receivables | 70,714 | 20,403 | 1,625 | 742 |
| Other current assets | 2,080 | 492 | 896 | - |
| Cash and cash equivalents | 12,402 | 6,620 | 23 | 20 |
| | <u>85,196</u> | <u>27,515</u> | <u>2,544</u> | <u>762</u> |
| Non-Current Assets | | | | |
| Investment in joint venture | 628 | - | - | - |
| Loans receivable | - | - | 19,586 | 19,638 |
| Property, plant and equipment | 54,063 | 44,439 | - | - |
| Intangible assets | 13 | 13 | - | - |
| Deferred tax assets | 1,484 | 833 | - | - |
| | <u>56,188</u> | <u>45,285</u> | <u>19,586</u> | <u>19,638</u> |
| TOTAL ASSETS | <u>141,384</u> | <u>72,800</u> | <u>22,130</u> | <u>20,400</u> |
| LIABILITIES AND EQUITY | | | | |
| Current Liabilities | | | | |
| Trade and other payables | 48,280 | 11,287 | 1,421 | 741 |
| Borrowings | 3,285 | 1,585 | - | - |
| Payable to related parties | 83 | 21 | 83 | 21 |
| Current income tax liabilities | 9,421 | 3,663 | - | - |
| Employee benefit provisions | 2,056 | 621 | - | - |
| | <u>63,125</u> | <u>17,177</u> | <u>1,504</u> | <u>762</u> |
| Non-Current Liabilities | | | | |
| Borrowings | 14,945 | 33,856 | - | 19,472 |
| Deferred income tax liabilities | 260 | 261 | - | - |
| Employee benefit provisions | 495 | 211 | - | - |
| | <u>15,700</u> | <u>34,328</u> | <u>-</u> | <u>19,472</u> |
| TOTAL LIABILITIES | <u>78,825</u> | <u>51,505</u> | <u>1,504</u> | <u>20,234</u> |
| Capital and Reserves | | | | |
| Share capital | 19,044 | - | 19,044 | - |
| Other reserves | 10,866 | 10,536 | 669 | 247 |
| Retained earnings | 32,650 | 10,760 | 913 | (81) |
| Total Equity Attributable to Owners | <u>62,560</u> | <u>21,296</u> | <u>20,626</u> | <u>166</u> |
| Non-controlling interest | (1) | (1) | - | - |
| TOTAL EQUITY | <u>62,559</u> | <u>21,295</u> | <u>20,626</u> | <u>166</u> |
| TOTAL LIABILITIES AND EQUITY | <u>141,384</u> | <u>72,800</u> | <u>22,130</u> | <u>20,400</u> |

1(b)(ii) Aggregate amount of Group's borrowings and debt securities

| | Group | | Group | |
|--|---------------------|-----------|--------------------|---------------|
| | As at 31 March 2012 | | As at 30 June 2011 | |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| | Secured | Unsecured | Secured | Unsecured |
| Finance leases | 14,313 | - | 7,177 | - |
| Convertible loans | - | - | - | 19,472 |
| Bank bill | 3,917 | - | 8,792 | - |
| Total borrowings | 18,230 | - | 15,969 | 19,472 |
| Amount repayable in one year or less, or on demand | 3,285 | - | 1,585 | - |
| Amount repayable after one year | 14,945 | - | 14,384 | 19,472 |

Details of collaterals

Finance leases:

- The Group leases motor vehicles and workshop equipment from non-related parties under finance leases. The Group will obtain the ownership of the leased assets from the lessor at no extra cost at the end of the lease term.
- The average lease term is between 4 and 5 years at interest rates ranging from 7.99% to 9.59% per annum.
- These leases are secured by the underlying leased assets and guarantees provided by the Executive Chairman and CEO.
- The Group is currently seeking release from the Guarantees provided by the Executive Chairman and CEO for the above leases

Bank bill:

- The Group has a commercial bank facility amounting to A\$6.715 million of which A\$3 million (S\$3.917 million) was utilised as at 31 March 2012.
- Repayment of the bank bill facility is on an interest only basis until 14 June 2016 and the terms of the bank bill will then be renegotiated.

Other financing facilities available:

- The Group has a Multi Option Facility available for a limit of A\$10.03 million (approximately S\$13.096 million). This is secured by:
 - A registered fixed and floating charge over the assets and undertakings of the Group.
 - A first registered real property mortgage over the leasehold interest in the Commercial property located at Lot 804 (16) Nautical Drive, Henderson Western Australia and a guarantee and indemnity given by the Executive Chairman and CEO.
 - The Group is currently seeking release from the Guarantees provided by the Executive Chairman and CEO for the above facility.

Convertible loans:

- As at 31 March 2012, a total of 113,562,000 ordinary shares were issued pursuant to the conversion of certain convertible loans at a consideration of A\$15 million (approximately S\$18.919 million). The convertible loans have been discharged.

1(c) **Statement of Cash Flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

| | Group | |
|---|-------------------------|-------------------------|
| | 9M FY2012 S\$'000 | 9M FY2011 S\$'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before income tax | 30,844 | 5,621 |
| <u>Adjustments for:</u> | | |
| Amortisation expenses | 425 | 246 |
| Depreciation of plant, property and equipment | 2,941 | 1,022 |
| Finance cost | 327 | 1,244 |
| (Gain) / loss on disposal of plant, property and equipment | (91) | (7) |
| Share of (profit) / loss of Joint Venture | 107 | - |
| Interest income | (377) | (254) |
| Operating cash flow before working capital changes | 34,176 | 7,872 |
| <u>Changes in working capital:</u> | | |
| Increase in trade and other receivables | (50,311) | (6,476) |
| Increase in other current assets | (2,012) | (652) |
| Increase/(decrease) in trade and other payables | 37,515 | (679) |
| Increase in payables to related parties | 62 | 21 |
| Increase in employee provisions | 1,719 | 398 |
| Cash generated from operations | 21,149 | 484 |
| Interest income received | 377 | 254 |
| Finance costs paid | (1,141) | (811) |
| Income tax paid | (3,832) | (130) |
| Net cash provided by /(used in) operating activities | 16,553 | (203) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sale of property, plant and equipment | 307 | 8 |
| Purchase of property, plant and equipment | (12,573) | (22,754) |
| Loan to related party | - | 1 |
| Investment in Joint Venture | (628) | - |
| Net cash used in investing activities | (12,894) | (22,745) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from borrowings | 9,415 | 25,775 |
| Repayment of borrowings – finance lease | (2,248) | (422) |
| Repayment of borrowings – director | (4,859) | (4,548) |
| Deposit pledged | (85) | (81) |
| Net cash provided by financing activities | 2,223 | 20,724 |



1(c) **Statement of Cash Flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)**

| | Group | |
|--|-------------------------|-------------------------|
| | 9M FY2012 S\$'000 | 9M FY2011 S\$'000 |
| Net cash movement | 5,882 | (3,419) |
| Effects of currency translation on cash and cash equivalents | (97) | 1,106 |
| Cash and cash equivalents at the beginning of the financial period | 5,598 | 10,321 |
| Cash and cash equivalents at the end of the financial period | 11,383 | 9,203 |
| <u>Analysis of cash and cash equivalents:</u> | | |
| Cash on hand and in banks | 12,402 | 10,219 |
| Less: Deposits pledged | (1,019) | (1,016) |
| | 11,383 | 9,203 |

1(d) A statement (for the issuer and the Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

| | Share Capital | Merger Reserve | Other reserves Option Premium on Convertible Loans | Translation Reserve | Retained Earnings | Total | Non-controlling interest | Total Equity |
|---|---------------|----------------|--|---------------------|-------------------|---------------|--------------------------|---------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Group | | | | | | | | |
| Balance at 01 July 2010 | 9,010 | - | 83 | (50) | 3,236 | 12,279 | - | 12,279 |
| Total comprehensive income for the period/year | - | - | - | 1,196 | 3,906 | 5,102 | (1) | 5,101 |
| Issuance of convertible loans – equity | - | - | 159 | - | - | 159 | - | 159 |
| Issuance of shares of the Company | - | - | - | - | - | - | - | - |
| Issuance of shares of the subsidiary | - | - | - | - | - | - | - | - |
| Adjustment pursuant to Restructuring Exercise | (9,010) | 9,010 | - | - | - | - | - | - |
| Balance as at 31 March 2011 | 0 | 9,010 | 242 | 1,146 | 7,142 | 17,540 | (1) | 17,539 |
| Balance as at 01 July 2011 | 0 | 9,010 | 242 | 1,284 | 10,760 | 21,296 | (1) | 21,295 |
| Total comprehensive income for the period/year | - | - | - | 573 | 21,889 | 22,462 | 0 | 22,462 |
| Reversal due to conversion of convertible loans | - | - | (242) | - | - | (242) | - | (242) |
| Issuance of shares of the Company | 19,044 | - | - | - | - | 19,044 | - | 19,044 |
| Issuance of shares of the subsidiary | - | - | - | - | - | - | - | - |
| Balance as at 31 March 2012 | 19,044 | 9,010 | - | 1,857 | 32,649 | 62,560 | (1) | 62,559 |

- 1(d) A statement (for the issuer and the Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd).

| | Share Capital | Merger Reserve | Other reserves Option Premium on Convertible Loans | Translation Reserve | Retained Earnings | Total | Non-controlling interest | Total Equity |
|--|---------------|----------------|---|---------------------|-------------------|---------------|--------------------------|---------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Company | | | | | | | | |
| Balance at 01 July 2010 | 0 | - | 83 | - | - | 83 | - | 83 |
| Total comprehensive income for the period/year | - | - | - | 22 | (98) | (76) | - | (76) |
| Issuance of convertible loans – equity | - | - | 159 | - | - | 159 | - | 159 |
| Issuance of shares of the Company | - | - | - | - | - | - | - | - |
| Issuance of shares of the subsidiary | - | - | - | - | - | - | - | - |
| Adjustment pursuant to Restructuring Exercise | - | - | - | - | - | - | - | - |
| Balance as at 31 March 2011 | 0 | - | 242 | 22 | (98) | 166 | - | 166 |
| Balance as at 01 July 2011 | 0 | - | 242 | 5 | (81) | 166 | - | 166 |
| Total comprehensive income for the period/year | - | - | - | 664 | 994 | 1,658 | - | 1,658 |
| Issuance of convertible loans – equity | - | - | - | - | - | - | - | - |
| Issuance of shares of the Company | 19,044 | - | - | - | - | 19,044 | - | 19,044 |
| Issuance of shares of the subsidiary | - | - | - | - | - | - | - | - |
| Adjustment pursuant to Restructuring Exercise | - | - | (242) | - | - | (242) | - | (242) |
| Balance as at 31 March 2012 | 19,044 | - | - | 669 | 913 | 20,626 | - | 20,626 |

- 1(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-back, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

| | Company As at 31 March 2012 | | Company As at 30 June 2011 | |
|---|--------------------------------|----------------------|-------------------------------|-----------------|
| | No. of Shares | S\$'000 | No. of Shares | S\$'000 |
| Issued and fully paid up Shares as at date of incorporation | 1 | 0 | 1 | 0 |
| Issue of 124,999 shares on 8 November 2011 pursuant to increase in capital contribution | 124,999 | 125 | - | - |
| | <u>125,000</u> | <u>125</u> | <u>1</u> | <u>-</u> |
| Sub-division of 125,000 Shares | 12,500,000 | 125 | - | - |
| Issue of Shares pursuant to the Share Swap Agreement | 323,938,000 | - | - | - |
| Issue of Shares pursuant to the Conversion of convertible loans on 27 March 2012 | 113,562,000 | 18,919 | - | - |
| Closing balance | <u>450,000,000</u> | <u>19,044</u> | <u>1</u> | <u>0</u> |

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

As at 31 March 2012, the total number of issued ordinary shares (excluding treasury shares) was 450,000,000 (30 June 2011: 1).

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- 2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors.

- 3. Whether the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed under item 5 below the Group has adopted the same accounting policies and methods of computation in the financial statements for the current financial period as those applied for the most recent audited financial statements for the year ended 30 June 2011.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group adopted the new/revised FRS that are effective for financial periods beginning on or after 1 July 2011. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS.

The following is the revised FRS that is relevant to the Group for the financial year ending 30 June 2012:

FRS 24 (Revised) Related Party Disclosures

FRS 107 (Amendments) Financial Instruments: Disclosures

The adoption of the above FRS did not result in any substantial changes to the Group's accounting policies nor any significant impact on the financial statements.

6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

| | Q3 FY2012 S\$'000 | Q3 FY2011 S\$'000 | 9M FY2012 S\$'000 | 9M FY2011 S\$'000 |
|--|----------------------|----------------------|----------------------|----------------------|
| Profit after taxation | 9,884 | 1,010 | 21,889 | 3,905 |
| Pre-invitation Share Capital | 450,000,000 | 450,000,000 | 450,000,000 | 450,000,000 |
| Earnings per ordinary share (S\$ cents) | | | | |
| • Basic | 2.20 | 0.22 | 4.86 | 0.87 |
| • Diluted | 2.20 | 0.22 | 4.86 | 0.87 |

Basic earnings per share is calculated by dividing the consolidated profit after tax attributable to the equity holders of the Company by the pre-invitation share capital of 450,000,000 ordinary shares which were assumed to be in issue throughout the entire period presented.

There was no dilution of shares for the period.

For illustrative purposes

| | Q3 FY2012 S\$'000 | Q3 FY2011 S\$'000 | 9M FY2012 S\$'000 | 9M FY2011 S\$'000 |
|--|----------------------|----------------------|----------------------|----------------------|
| Profit after taxation | 9,884 | 1,010 | 21,889 | 3,905 |
| Post invitation share capital | 501,000,000 | 501,000,000 | 501,000,000 | 501,000,000 |
| Earnings per ordinary share (S\$ cents) | | | | |
| • Basic | 1.97 | 0.20 | 4.37 | 0.78 |
| • Diluted | 1.97 | 0.20 | 4.37 | 0.78 |

7. **Net asset value (for the issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.**

| | GROUP | | COMPANY | |
|---|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
| | As at 31 March 2012 S\$'000 | As at 30 June 2011 S\$'000 | As at 31 March 2012 S\$'000 | As at 30 June 2011 S\$'000 |
| Net assets | 62,560 | 21,296 | 20,626 | 166 |
| Net asset value per ordinary share based on issued share capital at the end of the respective periods (S\$ cents) | 13.90 | 4.73 | 4.58 | N/M* |

Net asset value per share is calculated by dividing the net assets attributable to the equity holders of the Company by the pre-invitation share capital of 450,000,000 ordinary shares which were assumed to be in issue throughout the entire period presented.

* N/M – Not meaningful

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:**
- a) **any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - b) **any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

A. Statement of Comprehensive Income

(i) Revenue

Revenue for the third quarter of FY2012 increased by 764.6% to S\$97.1 million (Q3 FY2011: S\$11.2 million). This increase was due to higher revenue recognised as a result of higher activity levels in both the Oil & Gas and Mining and Other segments.

Revenue for the first nine months of FY2012 increased by 504.0% to S\$215.1 million (9M FY2011 : S\$35.6 million). This increase was due to the reasons stated above.

(ii) Cost of Sales and Gross Profit

Cost of Sales

The cost of sales for the third quarter increased by 940.1% to S\$79.2 million (Q3 FY2011: S\$7.6 million), which was consistent with the increased level of activities in Q3 FY2012. The cost of sales for the first nine months of FY2012 increased by 614.6% to S\$171.1 million (9M FY2011: S\$23.9 million), which was consistent with the increased level of activities in 9M FY2012.

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following (cont'd):

Gross Profit

Gross Profit margins decreased from 32.2% during the third quarter of FY2011 to 18.5% during the third quarter of FY2012. This was due to the nature of contracts undertaken in FY2012 which have higher averaging values and longer terms but with a lower gross profit margin than those carried out for the same period in FY2011. The contribution from such contracts with lower gross profit margin comprises a larger proportion of our total gross profit as compared to other contracts with higher gross profit margins. Gross margins decreased from 32.8% during the first nine months of FY2011 to 20.5% during the first nine months of FY2012. The decrease was due to the reasons stated above.

(iii) Administrative Expenses

Administration expenses for the third quarter of FY2012 increased by 210.2% to S\$5.4 million (Q3 FY2011: S\$1.7 million). IPO Expenses of S\$1.1 million were incurred in the Quarter (compared to Q3 FY2011: nil). The increase is mainly due to IPO expenses and increases in staff and staff related expenses in order to cope with the increased administrative demands in line with our revenue growth. Administration expenses for Q3 FY2012 represent 5.6% of revenue (compared to Q3 FY2011 of 15.5%).

Administration expenses for the first nine months of FY2012 increased by 160.7% to S\$13.2 million (9M FY2011: S\$5.1 million). IPO Expenses of S\$1.2 million were incurred in the first nine months of FY2012 (compared to 9M FY2011: nil). The increase is mainly due to IPO expenses and increases in staff and staff related expenses in order to cope with the increased administrative demands in line with our revenue growth. Administration expenses for the first nine months FY2012 represent 6.2% of revenue (compared to 9M FY2011 of 14.2%).

(iv) Other Income

Other income for the third quarter of FY2012 increased by 5.4% to S\$98,000 (Q3 FY2011: S\$93,000). The increase was mainly due to higher interest received as a result of higher cash balances held. Other income for the first nine months of FY2012 increased by 38.7% to S\$0.4 million (9M FY2011: S\$0.3 million). The increase was due to the reasons stated above.

(v) Finance Costs

Finance costs for the third quarter of FY2012 decreased by 301.0% to (S\$1.1 million) (Q3 FY2011: S\$0.5 million). This decrease was due to a one-off write back of S\$1.7 million of interest expense relating to convertible loans now converted to equity. Finance costs for the first nine months of FY2012 decreased by 73.7% to S\$0.3 million (9M FY2011: S\$1.2 million). This decrease was due to the reasons stated above.

(vi) Income Tax

Income tax for the third quarter of FY2012 increased by 772.4% to S\$3.8 million (Q3 FY2011: S\$0.4 million). This increase was due to higher taxable profits. Income tax for the first nine months of FY2012 increased by 421.8% to S\$9.0 million (Q3 FY2011: S\$1.7 million). This increase was due to the reason stated above.

Profit after tax

Profit after tax for the third quarter of FY2012 increased by 878.6% to S\$9.9 million (Q3 FY2011: S\$1.0 million). Profit after tax for the nine months of FY2012 increased by 460.5% to S\$21.9 million (9M FY2011: S\$3.9 million).

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following (cont'd):**

B Statement of Financial Position

(i) Shareholders' Equity

Total shareholders' equity at 31 March 2012 amounted to S\$62.6 million, an increase of 193.8% over the previous corresponding period (FY2011: S\$21.3 million). This was due to the increase in profit for the period and the conversion of convertible loans to equity (S\$18.9 million).

(ii) Non-current Assets

Total non-current assets amounted to S\$56.2 million at 31 March 2012, representing a 24.1% increase over the previous corresponding period (FY2011: S\$45.3 million). This was due mainly to the increase in property, plant and equipment.

(iii) Current Assets

Total current assets amounted to S\$85.2 million at 31 March 2012, representing a 209.6% increase compared with the previous corresponding period (FY2011: S\$27.5 million). This was due mainly to the increase in trade and other receivables (S\$50.3 million) and cash and cash equivalents (S\$5.8 million). The increase in trade and other receivables was in line with the increased revenue and the increase in cash and cash equivalents was mainly due to cash generated from operating activities.

(iv) Non-current Liabilities

Total non-current liabilities at 31 March 2012 decreased by 54.3% to S\$15.7 million as compared to the corresponding period (FY2011 S\$34.3million). The decrease was attributable to the convertible loans being converted to equity (S\$18.9 million), partially offset by an increase in employee benefit provisions of S\$0.3 million.

(v) Current Liabilities

Total current liabilities at 31 March 2012 increased by 267.5% to S\$63.1 million as compared with the previous corresponding period (FY2011 S\$17.2 million). The increase was mainly due to an increase in trade and other payables of S\$37.0 million and income tax liability of S\$5.8 million respectively, which was in line with the increase in cost of sales and net profit respectively.

C Statement of Cashflows

Operating activities generated cash inflow of S\$16.5 million for the 9M FY2012 (9M FY2011: -\$0.2 Million). This was due to profits before tax generated of S\$30.8 million (9M FY2011: S\$5.6 million) and increase in trade and other payables of S\$37.5 million which was partially offset by an increase of trade receivables of S\$50.3 million. As at 31 March 2012 the Group has S\$12.4 million in cash and cash equivalents including S\$ 1.0 million pledged as deposits. (9M FY2011: S\$10.2 million.) This excludes any proceeds received from the IPO exercise completed in April 2012.

- 9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not Applicable

- 10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting and the next 12 months.**

We are an Australian-based integrated multi-disciplinary heavy engineering services provider to the oil and gas, mining and other industries, such as the infrastructure, utilities, chemical and power industries. We provide heavy engineering and other services including metal and structural fabrication, site civil works, pre-cast concrete and maintenance services.

The outlook for the Oil & Gas and Mining sectors remains strong in Western Australia. With the market remaining buoyant, the Group believes that it will continue to benefit from the demand for its services. The order book for the Group amounted to S\$231 million as of the 31st of March 2012 which we expect to deliver approximately S\$85 million in revenue by the end of the current financial year ending 30 June 2012, with the balance in FY2013, barring any unforeseen circumstances.

As the company matures we will place greater emphasis on retention and attraction of experienced staff and skilled labour. Our current office space is near capacity and with the use of the IPO proceeds it will enable us to focus on the completion of the construction of the new office building that is expected to be completed in first quarter of Calendar Year 2013.

Administrative expenses are expected to increase in the next period due to additional administration costs associated with the listed entity, attraction and retention of staff, future expansion into SMP (structural, mechanical and piping) and organic growth of our operations.

Our 50% shareholding in CCIG (Cape Civmec Insulation Group) is expected to deliver benefits to the Group in the next quarter. CCIG delivers Sheet metal, light steel fabrication and industrial insulation to the Oil and Gas and Mining sectors.

Barring any unforeseen circumstances the Group expects to remain profitable for the financial year ending 30 June 2012.

- 11. Dividend**

- a) Any dividend declared for the current financial period reported on?**

Not applicable.

- b) Any dividend declared for the corresponding period of the immediately preceding financial year?**

Not applicable.

- c) Date payable**

Not applicable.

- d) Books closure date**

Not applicable.

- 12. If no dividend has been declared/recommendeded, a statement to that effect**

Not applicable.

- 13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to the effect.**

No general mandate has been obtained for interested persons transactions

| Name of interested persons | Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual | |
|--|---|----------------------|
| | Q3 FY2012 S\$'000 | 9M FY2012 S\$'000 |
| Ann Tallon and Tallon Investment trust | 60 | 133 |

The value of IPTs of the Group is below 3% of the Group's latest audited net tangible assets as at 30 June 2011.

- 14. Negative confirmation pursuant to Rule 705(5).**

To the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial results for the period ended 31 March 2012 to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD

James Finbarr Fitzgerald
Executive Chairman
11 May 2012