



CIVMEC LIMITED

(Company Registration No: 201011837H)

**FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE THIRD
QUARTER ENDED 31 MARCH 2014**



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

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

INCOME STATEMENT

| | Group | | | Group | | |
|---|-------------------------|-------------------------|--------------|-------------------------|-------------------------|---------------|
| | Q3 FY2014 S\$'000 | Q3 FY2013 S\$'000 | + / (-) % | 9M FY2014 S\$'000 | 9M FY2013 S\$'000 | + / (-) % |
| Sales revenue | 117,046 | 87,080 | 34.4 | 266,991 | 326,475 | (18.2) |
| Cost of sales | (100,982) | (69,266) | 45.8 | (222,810) | (271,379) | (17.9) |
| Gross profit | 16,064 | 17,814 | (9.8) | 44,181 | 55,096 | (19.8) |
| Other income | 1,233 | 287 | 329.6 | 2,056 | 820 | 150.7 |
| Administrative expenses | (4,495) | (5,519) | (18.6) | (13,502) | (16,796) | (19.6) |
| Finance costs | (436) | (349) | 24.9 | (1,249) | (1,141) | 9.5 |
| Profit before tax | 12,366 | 12,233 | (1.1) | 31,486 | 37,979 | (17.1) |
| Income tax expense | (3,131) | (3,704) | (15.5) | (7,993) | (11,167) | (28.4) |
| Profit for the period | 9,235 | 8,529 | 8.3 | 23,493 | 26,812 | (12.4) |
| <u>Profit attributable to:</u> | | | | | | |
| Owners of the Company | 9,235 | 8,529 | | 23,493 | 26,812 | |
| Non-controlling interest | - | - | | - | - | |
| | 9,235 | 8,529 | | 23,493 | 26,812 | |
| Earnings per share attributable to equity holders of the Company (cents per share): | | | | | | |
| • Basic | 1.85 | 1.70 | | 4.69 | 5.35 | |
| • Diluted | 1.82 | 1.70 | | 4.65 | 5.35 | |



- 1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd):

STATEMENT OF COMPREHENSIVE INCOME

| | Group | | | Group | | |
|--|-------------------------|-------------------------|--------------|-------------------------|-------------------------|--------------|
| | Q3 FY2014 S\$'000 | Q3 FY2013 S\$'000 | + / (-) % | 9M FY2014 S\$'000 | 9M FY2013 S\$'000 | + / (-) % |
| Profit for the period | 9,235 | 8,529 | | 23,493 | 26,812 | |
| <u>Other comprehensive income:</u> | | | | | | |
| Exchange differences on re-translation from functional currency to presentation currency | 4,059 | 2,570 | 57.9 | 660 | 843 | (21.7) |
| Total comprehensive income for the period | 13,295 | 11,099 | 19.8 | 24,153 | 27,655 | (12.7) |
| <u>Total comprehensive income attributable to:</u> | | | | | | |
| Owners of the Company | 13,295 | 11,099 | | 24,153 | 27,655 | |
| Non-controlling interest | - | - | | - | - | |
| | 13,295 | 11,099 | | 24,153 | 27,655 | |

- 1(a)(ii) Notes to the Income Statement and 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 FY2014 S\$'000 | Q3 FY2013 S\$'000 | + / (-) % | 9M FY2014 S\$'000 | 9M FY2013 S\$'000 | + / (-) % |
| (Loss)/Gain on disposal of property, plant and equipment | 9 | 25 | (64.0) | -178 | 32 | (656.3) |
| Interest income on bank balances | 201 | 191 | 5.24 | 536 | 540 | (0.8) |
| Share in profit of joint venture | - | (30) | (100.0) | 462 | 22 | 2,000.0 |
| Gain on acquisition of subsidiary* | 1,058 | - | | 1,058 | - | |
| Sundry revenue | - | - | | 11 | 69 | (84.1) |
| Net Foreign Exchange Gain/(Loss) | (32) | - | | (22) | - | |

* During the period, Civmec Construction & Engineering Pty Ltd acquired the remaining 50% of its joint venture CCIG Pty Ltd resulting in a gain on acquisition of S\$1,058,132.



1(a)(ii) Notes to Consolidated Statement of Comprehensive Income (cont'd).

B. Finance costs

| | Group | | | Group | | |
|----------------------------|-------------------------|-------------------------|--------------|-------------------------|-------------------------|--------------|
| | Q3 FY2014 S\$'000 | Q3 FY2013 S\$'000 | + / (-) % | 9M FY2014 S\$'000 | 9M FY2013 S\$'000 | + / (-) % |
| Bank bills | 63 | 52 | 21.2 | 207 | 255 | (18.8) |
| Finance leases | 363 | 288 | 26.0 | 1,008 | 838 | 20.3 |
| Others | 10 | 9 | 11.1 | 35 | 48 | (27.1) |
| Total Finance Costs | 436 | 349 | 24.9 | 1,250 | 1,141 | 9.6 |

C. Depreciation expenses

| | Group | | | Group | | |
|-------------------------------------|-------------------------|-------------------------|--------------|-------------------------|-------------------------|--------------|
| | Q3 FY2014 S\$'000 | Q3 FY2013 S\$'000 | + / (-) % | 9M FY2014 S\$'000 | 9M FY2013 S\$'000 | + / (-) % |
| Included in Cost of Sales | 1,535 | 1,156 | 32.8 | 4,191 | 3,418 | 22.6 |
| Included in Administrative Expenses | 122 | 112 | 8.9 | 317 | 338 | (6.2) |
| Total Depreciation | 1,657 | 1,268 | 30.7 | 4,508 | 3,756 | 20.0 |

D. Tax adjustments

| | Group | | | Group | | |
|--|-------------------------|-------------------------|--------------|-------------------------|-------------------------|--------------|
| | Q3 FY2014 S\$'000 | Q3 FY2013 S\$'000 | + / (-) % | 9M FY2014 S\$'000 | 9M FY2013 S\$'000 | + / (-) % |
| Under provision of prior year income tax ¹ | - | - | | 203 | - | |

¹The underprovision of prior year income tax is a consequence of an adjustment to the Provision for Workers Compensation liability.



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 2014 S\$'000 | As at 30 June 2013 S\$'000 | As at 31 March 2014 S\$'000 | As at 30 June 2013 S\$'000 |
| ASSETS | | | | |
| Current Assets | | | | |
| Trade and other receivables | 120,393 | 89,873 | 1,919 | 4,188 |
| Other current assets | 1,203 | 118 | 36 | 31 |
| Cash and cash equivalents | 30,747 | 23,108 | 308 | 403 |
| | <u>153,343</u> | <u>113,099</u> | <u>2,263</u> | <u>4,622</u> |
| Non-Current Assets | | | | |
| Investment in joint venture | - | 725 | - | - |
| Investment in subsidiaries | - | - | 8,813 | 8,769 |
| Loans receivable | - | - | 35,444 | 35,355 |
| Property, plant and equipment | 96,894 | 75,037 | - | - |
| Intangible assets | 12 | 12 | - | - |
| Deferred tax assets | 4,312 | 4,383 | 390 | - |
| | <u>101,218</u> | <u>80,157</u> | <u>44,647</u> | <u>44,124</u> |
| TOTAL ASSETS | <u>253,561</u> | <u>193,256</u> | <u>46,910</u> | <u>48,746</u> |
| LIABILITIES AND EQUITY | | | | |
| Current Liabilities | | | | |
| Trade and other payables | 87,790 | 48,016 | 2,307 | 180 |
| Borrowings | 11,520 | 9,521 | - | - |
| Payable to related parties | - | - | - | 1,001 |
| Current tax liabilities | 365 | 681 | 1,023 | - |
| Employee entitlements | 4,652 | 3,233 | - | - |
| | <u>104,327</u> | <u>61,451</u> | <u>3,330</u> | <u>1,181</u> |
| Non-Current Liabilities | | | | |
| Borrowings | 16,931 | 19,955 | - | - |
| Deferred tax liabilities | 683 | 342 | - | - |
| Employee entitlements | 1,742 | 1,330 | - | - |
| | <u>19,356</u> | <u>21,627</u> | <u>-</u> | <u>-</u> |
| TOTAL LIABILITIES | <u>123,683</u> | <u>83,078</u> | <u>3,330</u> | <u>1,181</u> |
| Capital and Reserves | | | | |
| Share capital | 37,864 | 37,864 | 37,864 | 37,864 |
| Treasury shares | (948) | - | (948) | - |
| Other reserves | (1,138) | (1,798) | 5,077 | 4,940 |
| Retained earnings | 94,100 | 74,113 | 1,587 | 4,761 |
| Total Equity Attributable to Owners | 129,879 | 110,179 | 43,580 | 47,565 |
| Non-controlling interest | -1 | -1 | - | - |
| TOTAL EQUITY | <u>129,878</u> | <u>110,178</u> | <u>43,580</u> | <u>47,565</u> |
| TOTAL LIABILITIES AND EQUITY | <u>253,561</u> | <u>193,256</u> | <u>46,910</u> | <u>48,746</u> |



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

| | Group | | Group | |
|--|---------------------|-----------|--------------------|-----------|
| | As at 31 March 2014 | | As at 30 June 2013 | |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| | Secured | Unsecured | Secured | Unsecured |
| Amount repayable in one year or less, or on demand | 11,520 | - | 9,521 | - |
| Amount repayable after one year | 16,931 | - | 19,955 | - |

Details of collaterals

Finance leases:

The Group has S\$24.34 million (FY2013: S\$17.6 million) of finance leases for motor vehicles, workshop equipment and office fit out from non-related parties. The Group will obtain the ownership of the leased assets from the lessor at no extra cost at the end of the lease term.

Bank bill:

As at 31 March 2014, the Group has drawn S\$4.07 million (FY2013: S\$11.9 million) of its commercial advance and bill facility.

Finance leases and Bank bills are secured by:

- First registered real property mortgage by Civmec Holdings Pty Ltd over the leasehold interest in the Commercial property located at 16 Nautical Drive, Henderson WA 6166.
- First registered fixed and floating charge over the assets and undertaking of Civmec Construction & Engineering Pty Ltd and Civmec Holdings Pty Ltd.
- Unlimited guarantee and indemnity given by Civmec Holdings Pty Ltd and Civmec Ltd.
- Consent to Mortgage of Lease over Commercial property located at Lot 804 (16) Nautical Drive, Henderson WA 6166 given by Western Australian Land Authority.
- Unlimited guarantee and indemnity given by the Company.

Total unutilised facilities amount to approximately S\$46.5 million.



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 FY2014 S\$'000 | Group 9M FY2013 S\$'000 |
|--|-------------------------------|-------------------------------|
| Cash Flows from Operating Activities | | |
| Profit before income tax | 31,486 | 37,979 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 4,722 | 3,759 |
| Loss/(Gain) on disposal of property, plant and equipment | 176 | (32) |
| Share of profit in joint venture | (462) | (22) |
| Gain on acquisition of subsidiary | (1,058) | - |
| Finance cost | 1,249 | 1,141 |
| Interest income | (536) | (540) |
| Foreign exchange differences | 22 | 42 |
| Exchange translation differences | 4 | - |
| Operating cash flow before working capital changes | <u>37,720</u> | <u>42,327</u> |
| Changes in working capital: | | |
| Increase in trade receivables | (30,159) | (7,292) |
| Increase in other current assets | (1,085) | (40) |
| Increase / (decrease) in trade and other payables | 39,752 | (9,747) |
| Increase in provisions | 1,830 | 577 |
| Cash generated from operations | <u>48,058</u> | <u>25,825</u> |
| Interest received | 536 | 540 |
| Finance cost paid | (1,249) | (1,141) |
| Income taxes paid | (7,751) | (23,480) |
| Net cash generated from operating activities | <u>39,594</u> | <u>1,744</u> |
| Cash Flows from Investing Activities | | |
| Proceeds from sale of property, plant and equipment | 188 | 86 |
| Purchase of property, plant and equipment | (26,355) | (24,053) |
| Net cash used in investing activities | <u>(26,167)</u> | <u>(23,967)</u> |
| Cash flows from financing activities | | |
| Proceeds from borrowings | 11,583 | 18,152 |
| Repayment of borrowings | (12,747) | (11,392) |
| Deposits pledged | - | (122) |
| Dividend paid | (3,507) | (2,402) |
| Shares purchased | (948) | - |
| Net cash (used in)/generated from financing activities | <u>(5,619)</u> | <u>4,236</u> |
| Net increase /(decrease) in cash and cash equivalents | 7,448 | (17,990) |
| Effects of currency translation on cash and cash equivalents | 191 | 300 |
| Cash and cash equivalents at the beginning of the year | 23,108 | 33,801 |
| Cash and cash equivalents at the end of the year | <u>30,747</u> | <u>16,111</u> |



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 S\$'000 | Treasury Shares S\$'000 | Other Reserves | | | Retained Earnings S\$'000 | Total S\$'000 | Non- Controlling interest S\$'000 | Total Equity S\$'000 |
|---|--------------------------|-------------------------------|------------------------------|-----------------------------------|---------------|---------------------------------|------------------|--|-------------------------|
| | | | Merger Reserve S\$'000 | Translation Reserve S\$'000 | | | | | |
| Group | | | | | | | | | |
| Balance as at 1 July 2012 | 37,864 | - | 9,010 | 1,469 | 41,070 | 89,413 | (1) | 89,412 | |
| Profit for the year | - | - | - | - | 36,049 | 36,049 | - | 36,049 | |
| Other comprehensive loss for the year | - | - | - | (12,277) | - | (12,277) | - | (12,277) | |
| Total comprehensive income for the year | - | - | - | (12,277) | 36,049 | 23,772 | - | 23,772 | |
| Dividends paid | - | - | - | - | (3,006) | (3,006) | - | (3,006) | |
| Balance as at 30 June 2013 | 37,864 | - | 9,010 | (10,808) | 74,113 | 110,179 | (1) | 110,178 | |
| | | | | | | | | | |
| Balance as at 1 July 2013 | 37,864 | - | 9,010 | (10,808) | 74,113 | 110,179 | (1) | 110,178 | |
| Profit for the period | - | - | - | - | 23,494 | 23,494 | - | 23,494 | |
| Other comprehensive income for the period | - | - | - | 660 | - | 660 | - | 660 | |
| Total comprehensive income for the period | - | - | - | 660 | 23,494 | 24,154 | - | 24,154 | |
| Share repurchase during the period | - | (948) | - | - | - | (948) | - | (948) | |
| Dividends paid | - | - | - | - | (3,507) | (3,507) | - | (3,507) | |
| Balance as at 31 March 2014 | 37,864 | (948) | 9,010 | (10,148) | 94,100 | 129,878 | (1) | 129,877 | |



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).

| Company | Other Reserves | | | | | | | Total Equity S\$'000 |
|---|--------------------------|-------------------------------|------------------------------|-----------------------------------|---------------------------------|--|---------------|-------------------------|
| | Share Capital S\$'000 | Treasury Shares S\$'000 | Merger Reserve S\$'000 | Translation Reserve S\$'000 | Retained Earnings S\$'000 | Non- Controlling interest S\$'000 | Total | |
| | | | | | | | | |
| Balance as at 1 July 2012 | 37,864 | - | 9,010 | 1,422 | 3,993 | - | 52,289 | 52,289 |
| Profit for the year | - | - | - | - | 3,774 | - | 3,774 | 3,774 |
| Other comprehensive loss for the year | - | - | - | (5,492) | - | - | (5,492) | (5,492) |
| Total comprehensive loss for the year | - | - | - | (5,492) | 3,774 | - | (1,718) | (1,718) |
| Dividends paid | - | - | - | - | (3,006) | - | (3,006) | (3,006) |
| Balance as at 30 June 2013 | 37,864 | - | 9,010 | (4,070) | 4,761 | - | 47,565 | 47,565 |
| Balance as at 1 July 2013 | 37,864 | - | 9,010 | (4,070) | 4,761 | - | 47,565 | 47,565 |
| Profit for the period | - | - | - | - | 333 | - | 333 | 333 |
| Other comprehensive income for the period | - | - | - | 136 | - | - | 136 | 136 |
| Total comprehensive income for the period | - | - | - | 136 | 333 | - | 469 | 469 |
| Share repurchase during the period | - | (948) | - | - | - | - | (948) | (948) |
| Dividends paid | - | - | - | - | (3,507) | - | (3,507) | (3,507) |
| Balance as at 31 March 2014 | 37,864 | (948) | 9,010 | (3,934) | 1,587 | - | 43,579 | 43,579 |

- 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.**

As at 31 March 2014, of the total 501,000,000 shares on issue, 1,214,000 shares are held as Treasury shares (Q3 FY2013: Nil).

The Company has no outstanding convertibles as at 31 March 2014 and 30 June 2013.

As at 31 March 2014 there were outstanding options for 6,000,000 (30 June 2013: Nil) unissued ordinary shares under the employee share option scheme. No options had vested or were exercisable during the Quarter ended 31 March 2014

- 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 2014, the total number of issued ordinary shares (excluding treasury shares) was 499,786,000 (30 June 2013: 501,000,000). There are 1,214,000 treasury shares as at 31 March 2014 (30 June 2013: Nil).

- 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.**

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the current financial period reported on. As at 31 March 2014, the Company holds 1,214,000 of its issued shares as treasury shares.

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

The figures have not been reviewed or audited 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.**

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 2013.

- 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.**

Not Applicable.



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 FY2014 | Q3 FY2013 | 9 Mths 2014 | 9 Mths 2013 |
|---|------------------|------------------|--------------------|--------------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Profit after taxation | 9,236 | 8,529 | 23,494 | 26,812 |
| Pre-invitation Share Capital | 501,000,000 | 501,000,000 | 501,000,000 | 501,000,000 |
| Weighted average number of shares | | | | |
| • Basic | 499,786,000 | 501,000,000 | 500,535,818 | 501,000,000 |
| • Diluted | 507,000,000 | 501,000,000 | 505,401,460 | 501,000,000 |
| Earnings per ordinary share (S\$ cents) | | | | |
| • Basic | 1.85 | 1.70 | 4.69 | 5.35 |
| • Diluted | 1.82 | 1.70 | 4.65 | 5.35 |

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 outstanding shares.

Diluted 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 shares and options.

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 Mar 2014 | As at 30 June 2014 | As at 31 Mar 2013 | As at 30 June 2013 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Net assets | 129,867 | 110,179 | 43,580 | 47,565 |
| Net asset value per ordinary share based on issued share capital at the end of the respective periods (S\$ cents) | 25.98 | 21.99 | 8.72 | 9.49 |

Net asset value per share is calculated by dividing the net assets attributable to the equity holders of the Company by the number of issued shares as at 31 December 2013 of 499,786,000 (30 June 2013: 501,000,000) and excludes treasury shares of 1,214,000 (30 June 2013: Nil).

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

Revenue in Q3 FY2014 increased 34.4% or S\$30.0 million to S\$117.0 million. (Q3 FY2013 : S\$87.1 million) The increase is primarily attributable to existing contracts gaining considerable momentum during this quarter.

Net Profit after Tax for Q3 FY2014 increased 8.3% to S\$9.2 million (Q3 FY2013 : S\$8.5 million). Increased NPAT is in line with increased revenue as well as some upside due to a reduction in the effective tax rate (Research and Development tax incentives) and the gain on acquisition of the remaining share of a subsidiary of S\$1.0 Million.

Gross profit margins for Q3 FY2014 of 13.7% reflect the increase in costs associated with the commencement of projects (Q3 FY2013 : 20.5% gross margin reflecting the increasing margins as contracts neared completion). For 9M FY2014, gross margin is 16.5% (9M FY2013 : 16.9%).

Finance costs have increased 9.5% over the previous year to date period, which is in line with the increase in scheduled capital expenditure financing. Administrative costs have been reduced and are in line with turnover. Year to date administration costs ratio is 5.06% of revenue and remains comparable to the previous year to date at 5.14%.

B Statement of Financial Position

The increase to Total Shareholder's equity of S\$13.3 million is a combination of profit after tax and the effects of a gain on currency translation S\$4.0 million due to the strengthening of the Australian dollar. Total shareholders' equity at 31 March 2014 is S\$129.9 million, an increase of 17.9% over the previous year end (FY2013: S\$110.2 million).

The considerable increase in Trade and Other receivables as well as Trade and other payables is commensurate with the increase in activity during the commencement phase of new contracts and is in line with our expectations. The current assets to liabilities ratio remains a steady 1.47 (FY2013 : 1.84). The net increase in capital equipment year to date of S\$21.8 million is in line with the preliminary and capital equipment costs to increase our SMP capacity, as well as project support facilities including a new Surface Treatment Facility in Henderson and expansion in Darwin.

As a consequence Total Assets have increased by S\$60.3 million to S\$253.6 million (FY2013 : S\$193.3 million), and Total Liabilities have increased S\$40.6 million to S\$123.7 million (FY2013 : S\$83.1 million)

C Statement of Cash Flows

Cash generated from operations for the nine months to 31 March 2014, amounted to S\$39.5 million (Q3 FY2013: S\$1.7 million). The higher net cash from operating activities is predominantly due to

- The net increase between current assets and liabilities having a positive impact on cashflow of S\$9.5 million whereas the prior year saw a negative impact to cashflow of S\$17.0 million , and
- Income taxes paid the previous year included S\$12.8 million of taxes relating to 2012.

The acquisition of property, plant and equipment of S\$26.4 million (Q3 FY2013: S\$12.6 million) was partly funded through the proceeds of financing of S\$11.6 million (Q3 FY 2013 : S\$9.4 million) while assets under construction were funded through cash.

As at 31 March 2014 the Group has cash on hand of S\$30.7 million (Q3 FY2013: S\$23.1 million).

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 and chemical industries. We provide heavy engineering and other services including metal and structural fabrication, site civil works, pre-cast concrete, maintenance services and offshore logistics.

The outlook for the Group remains positive. We are actively tendering on new construction projects, both new and upgraded plants, as well as maintenance services and offshore logistics in both Western Australia and the Northern Territory.

While we see a levelling in mining activity, investment remains at a very high level. Further opportunities continue through a number of large LNG projects as well as an increase in the maintenance sector for both new resource projects as well as investment, as clients target to increase production efficiencies within their current plants. We continue to broaden and diversify our client base which has also given rise to more tendering activities, as well as access to a broader market.

As at 31 March 2014, the order book remains strong at S\$323 million.

Beyond building up capabilities in core engineering services and increasing tender activities for a wider range of services, the Group continues to streamline internal efficiencies.

On 16 April 2014, the Group's new 6,500 square metre corporate headquarters within the Australian Marine Complex ("AMC") Perth, was officially declared open by the Premier of Western Australia, the Honourable Colin Barnett. Constructed in-house to a high quality standard with modern fixtures and equipment, it can accommodate over 450 personnel and provides a productive and conducive work environment. It will also be used to prepare employees for deployment to sites and to carry out off-site planning by the project teams.

The Group continues to house more business units and departments under one roof so as to build synergies and cohesion to better position Civmec as the leading and preferred heavy engineering specialist in Australia. As part of these efforts, the Group has constructed a new surface treatment facility within its own land area on the Australian Marine Complex. Utilising 'state of the art'

technologies, the investment demonstrates our confidence in the demand for specialised surface treatment as well as providing improved capabilities to our current projects. This will provide cost efficiencies in the future and will allow us to increase the volume of surface treatment in-house.

Our strategy is to continue to build up competencies in specialised engineering services and to bring these competencies to other regions of Australia and overseas. We remain alert to the possibility of potential mergers and acquisitions.

We do not envisage any circumstances that will hinder us from remaining profitable for the financial year 2014.

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/recommended, a statement to that effect

A dividend has not been declared nor recommended.

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
There were no IPT transactions for the period.

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 financial results for the period ended 31 March 2014 to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD

James Finbarr Fitzgerald
Executive Chairman
14 May 2014