



CIVMEC LIMITED

(Company Registration No: 201011837H)

**FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FIRST
QUARTER ENDED 30 SEPTEMBER 2013**



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		+ / (-) %
	Q1 FY2014 S\$'000	Q1 FY2013 S\$'000	
Sales revenue	70,869	139,281	(49.1)
Cost of sales	(54,344)	(120,913)	(55.1)
Gross profit	16,525	18,368	(10.0)
Other income	186	366	(49.2)
Administrative expenses	(5,019)	(5,955)	(15.7)
Finance costs	(383)	(323)	18.6
Profit before tax	11,309	12,456	(9.2)
Income tax expense	(3,277)	(3,753)	(12.7)
Profit for the period	8,032	8,703	(7.7)
 <u>Profit attributable to:</u>			
Owners of the Company	8,032	8,703	
Non-controlling interest	-	-	
	8,032	8,703	
 Earnings per share attributable to equity holders of the Company (cents per share):			
• Basic	1.60	1.74	
• Diluted	1.60	1.74	



- 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

	Q1 FY2014 S\$'000	Group Q1 FY2013 S\$'000	+/(-) %
Profit for the period	8,032	8,703	(7.7)
<u>Other comprehensive income:</u>			
Exchange differences on translation from functional currency to presentation currency	1,236	(1,432)	(186.3)
Total comprehensive income for the period	9,268	7,271	27.5
<u>Total comprehensive income attributable to:</u>			
Owners of the Company	9,268	7,271	
Non-controlling interest	-	-	
	9,268	7,271	

- 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:

	Q1 FY2014 S\$'000	Group Q1 FY2013 S\$'000	+/(-) %
(Loss)/Gain on disposal of property, plant and equipment	(337)	1	(33,800.0)
Interest income on bank balances	134	230	(41.7)
Share of profit in joint venture	41	31	32.3
Sundry revenue	11	69	(84.1)

B. Finance costs

	Q1 FY2014 S\$'000	Group Q1 FY2013 S\$'000	+/(-) %
Bank bill	65	35	85.7
Finance leases	306	272	12.5
Others	12	16	(25.0)
Total Finance Costs	383	323	18.6



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

C. Depreciation expenses

	Q1 FY2014 S\$'000	Group Q1 FY2013 S\$'000	+ / (-) %
Included in Cost of sales	1,395	1,132	23.2
Included in Administrative expenses	101	112	(9.8)
Total Depreciation	1,496	1,244	20.3

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 30 Sept 2013 S\$'000	As at 30 June 2013 S\$'000	As at 30 Sept 2013 S\$'000	As at 30 June 2013 S\$'000
ASSETS				
Current Assets				
Trade and other receivables	59,666	89,873	853	4,188
Other current assets	1,934	118	38	31
Cash and cash equivalents	47,390	23,108	4,197	403
	<u>108,990</u>	<u>113,099</u>	<u>5,088</u>	<u>4,622</u>
Non-Current Assets				
Investment in joint venture	774	725	-	-
Investment in subsidiary	-	-	8,861	8,769
Loans receivable	-	-	35,540	35,355
Property, plant and equipment	82,491	75,037	-	-
Intangible assets	12	12	-	-
Deferred tax assets	4,430	4,383	-	-
	<u>87,707</u>	<u>80,157</u>	<u>44,401</u>	<u>44,124</u>
TOTAL ASSETS	<u>196,697</u>	<u>193,256</u>	<u>49,489</u>	<u>48,746</u>
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	48,706	48,016	1,216	180
Borrowings	10,190	9,521	-	-
Payable to related parties	-	-	-	1,001
Current income tax liabilities	430	681	-	-
Employee benefit provisions	2,874	3,233	-	-
	<u>62,200</u>	<u>61,451</u>	<u>1,216</u>	<u>1,181</u>
Non-Current Liabilities				
Borrowings	13,137	19,955	-	-
Deferred tax liabilities	345	342	-	-
Employee benefit provisions	1,569	1,330	-	-
	<u>15,051</u>	<u>21,627</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>77,251</u>	<u>83,078</u>	<u>1,216</u>	<u>1,181</u>
Capital and Reserves				
Share capital	37,864	37,864	37,864	37,864
Other reserves	(562)	(1,798)	5,447	4,940
Retained earnings	82,145	74,113	4,962	4,761
Total Equity Attributable to Owners	<u>119,447</u>	<u>110,179</u>	<u>48,273</u>	<u>47,565</u>
Non-controlling interest	(1)	(1)	-	-
TOTAL EQUITY	<u>119,446</u>	<u>110,178</u>	<u>48,273</u>	<u>47,565</u>
TOTAL LIABILITIES AND EQUITY	<u>196,697</u>	<u>193,256</u>	<u>49,489</u>	<u>48,746</u>

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

	Group		Group	
	As at 30 September 2013		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	10,190	-	9,521	-
Amount repayable after one year	13,137	-	19,955	-

Details of collaterals

Finance leases:

The Group has S\$19.2 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 30 September 2013, the Group has drawn S\$4.13 million (FY2013: S\$11.9 million) of its commercial bank 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 Holdings Pty Ltd.
- Unlimited guarantee and indemnity given by Civmec Construction & Engineering Pty 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\$43.1 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 Q1 FY2014 S\$'000	Group Q1 FY2013 S\$'000
Cash Flows from Operating Activities		
Profit before income tax	11,309	12,456
Adjustments for:		
Depreciation of property, plant and equipment	1,496	1,244
(Gain)/Loss on disposal of property, plant and equipment	337	-
Share of profit in joint venture	(41)	(31)
Finance cost	383	323
Interest income	(134)	(230)
Other revenue	-	(69)
Foreign exchange differences	8	(21)
Exchange translation differences	162	-
Operating cash flow before working capital changes	13,520	13,672
Changes in working capital:		
Decrease/(increase) in trade receivables	30,207	(53,849)
Increase in other current assets	(1,816)	(1,290)
Increase in trade and other payables	682	19,197
(Decrease)/increase in provisions	(120)	2,010
Cash generated from operations	42,473	(20,260)
Interest received	134	230
Finance cost paid	(383)	(323)
Income taxes paid	(3,534)	(226)
Net cash generated by/ (used in) operating activities	38,690	(20,579)
Cash Flows from Investing Activities		
Proceeds from sale of property, plant and equipment	-	24
Purchase of property, plant and equipment	(8,437)	(9,470)
Recoupment from land purchase	-	70
Net cash used in investing activities	(8,437)	(9,376)
Cash flows from financing activities		
Proceeds from borrowings	2,767	6,479
Repayment of borrowings	(9,177)	(830)
Repayment to related parties	-	(123)
Net cash(used in)/ generated by financing activities	(6,410)	5,526



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 FY2014 S\$'000	Group FY2013 S\$'000
Net increase/(decrease) in cash and cash equivalents	23,843	(24,429)
Effects of currency translation on cash and cash equivalents	439	(989)
Cash and cash equivalents at the beginning of the year	23,108	33,801
Cash and cash equivalents at the end of the year	47,390	8,383

- 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 Translation Reserve	Retained Earnings	Total	Non-controlling interest	Total Equity
	S'\$000	S'\$000	S'\$000	S'\$000	S'\$000	S'\$000	S'\$000
Group							
Balance as at 01 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 01 July 2013	37,864	9,010	(10,808)	74,113	110,179	(1)	110,178
Profit for the year	-	-	-	8,032	8,032	-	8,032
Other comprehensive income for the year	-	-	1,236	-	1,236	-	1,236
Total comprehensive income for the year	-	-	1,236	8,032	9,268	-	9,268
Balance as at 30 September 2013	37,864	9,010	(9,572)	82,145	119,447	(1)	119,446

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 Translation Reserve	Retained Earnings	Total	Non-controlling interest	Total Equity
	S'\$000	S'\$000	S'\$000	S'\$000	S'\$000	S'\$000	S'\$000
Company							
Balance as at 01 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 income 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 01 July 2013	37,864	9,010	(4,070)	4,761	47,565	-	47,565
Profit for the year	-	-	-	201	201	-	201
Other comprehensive income for the year	-	-	507	-	507	-	507
Total comprehensive income for the year	-	-	507	201	708	-	708
Balance as at 30 September 2013	37,864	9,010	(3,563)	4,962	48,273	-	48,273

- 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.**

There was no change in the issued and paid-up share capital of the Company since the previous financial year ended 30 June 2013. The total number of issued shares excluding treasury shares of the Company was 501,000,000 ordinary shares as at 30 September 2013 and 30 June 2013. The Company has no outstanding convertibles and no treasury shares as at 30 September 2013 and 30 June 2013.

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

- 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 30 September 2013, the total number of issued ordinary shares (excluding treasury shares) was 501,000,000 (30 June 2013: 501,000,000). There were no treasury shares as at 30 September 2013 and 30 June 2013.

- 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 30 September 2013 and 30 June 2013, the Company did not hold any 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 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.**

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.**

	Q1 FY2014 S\$'000	Q1 FY2013 S\$'000	3 Mths 2014 S\$'000	3 Mths 2013 S\$'000
Profit after taxation	8,032	8,703	8,032	8,703
Pre-invitation Share Capital	501,000,000	501,000,000	501,000,000	501,000,000
Earnings per ordinary share (S\$ cents)				
• Basic	1.60	1.74	1.60	1.74
• Diluted	1.60	1.74	1.60	1.74

Basic earnings per share is calculated by dividing the consolidated profit after tax attributable to the equity holders of the Company by the share capital of 501,000,000 ordinary shares which were assumed to be in issue throughout the entire period presented.

Diluted EPS for the three months ended 30 September 2013 was computed by dividing the Group's net profit attributable to equity shareholders by the weighted average number of 501,868,421 (30.9.2012: 501,000,000) shares issued.

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 30 Sept 2013 S\$'000	As at 30 June 2013 S\$'000	As at 30 Sept 2013 S\$'000	As at 30 June 2013 S\$'000
Net assets	119,446	110,178	48,273	47,565
Net asset value per ordinary share based on issued share capital at the end of the respective periods (S\$ cents)	23.84	21.99	9.64	9.49

Net asset value per share is calculated by dividing the net assets attributable to the equity holders of the Company by the share capital of 501,000,000 ordinary shares which were assumed to be in issue throughout the entire period presented.

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

The Group's total revenue for the quarter ended 30 September 2013 was S\$70.9 million (Q1 FY2013: S\$139.3 million). Although there was a change in the overall level of activity, revenues were also impacted by the timing in recognising revenues as a consequence of a number of key contracts nearing completion while simultaneously new contracts are getting underway.

The gross margin however, increased by 76.5% to 23.3% (Q1 2013: 13.2%) for the quarter. The decrease in the cost of sales for the quarter was directly impacted by several efficiency and productivity improvements gained throughout the projects, but only financially materialising as contracts neared completion. Positive outcomes on close out of variations also contributed to the increase in gross margin.

The Group's administration costs for the quarter decreased 15.7% to S\$5.0 million (Q1 FY2013: S\$6.0 million). While there remains a fixed overhead cost, the general reduction in variable overheads is in line with the general decrease in activity for the quarter.

Other income decreased over the previous year to S\$186,000 (Q1 FY2013: S\$366,000) and was predominantly impacted by a reduction in interest income as a result of lower average cash balances held over the quarter and a decrease in sundry income.

Finance costs increased to S\$383,000 (Q1 FY2013: S\$323,000) for the quarter. The increase is in line with the increase in average borrowings over the period in review compared to the previous corresponding period.

The after tax profit margin for the quarter was 11.3%, a substantial increase over Q1 FY2013 at 6.2%. Despite a lower turnover, the resulting profit after tax reflected the positive impact of an increased gross margin combined with a reduction in administration costs, to report S\$8.0 million (Q1 FY2013: S\$8.7 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

Total shareholders' equity as at 30 September 2013 amounted to S\$119.4 million, an increase of 8.4% over the previous corresponding period (FY2013: S\$110.2 million). This was due to the profit for the period.

Total non-current assets amounted to S\$87.7 million as at 30 September 2013, representing a 9.4% increase over the previous corresponding period (FY2013: S\$80.2 million). This was due mainly to the increase in property, plant and equipment.

Total current assets amounted to S\$109 million as at 30 September 2013, representing a 3.6% decrease compared with the previous corresponding period (FY2013: S\$113.1 million). This was due mainly to the decrease in trade and other receivables (S\$30.2 million) partially offset by an increase in cash and cash equivalents (S\$24.3 million). The decrease in trade and other receivables was due to decreased revenue and a decrease in work-in-progress. The increase in cash and cash equivalents was mainly due to the inflow of cash generated from operating activities, partially offset by the purchase of property, plant and equipment and the repayment of borrowings.

Total non-current liabilities as at 30 September 2013 decreased by 30.4% to S\$15.0 million as compared to the corresponding period (FY2013 S\$21.6million). The decrease was mainly attributable to the reduction of long term borrowings (S\$6.8 million).

Total current liabilities as at 30 September 2013 increased by 1.2% to S\$62.2 million as compared with the previous corresponding period (FY2013 S\$61.5 million). The increase is not material.

C Statement of Cash Flows

Cash generated from operations for the quarter amounted to S\$42.5 million (Q1 FY2013: S\$(20.3) million) which was predominantly achieved through the collection of trade receivables of S\$30.2 million (Q1 FY 2013: S\$(53.8) million).

The increase in cash flow was applied to the acquisition of property, plant and equipment for S\$8.4 million (Q1 FY 2013: S\$9.5 million) and cash and cash equivalents increasing by S\$23.8 million to S\$47.4 million (Q1 FY 2013 S\$8.4 million). A further S\$9.2 million of cash receipts was applied to repaying debt resulting in a 7.0% reduction in total liabilities.

As at 30 September 2013 the Group has S\$47.4 million in cash and cash equivalents (Q1 FY2013: S\$8.4 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, chemical and power industries. We provide heavy engineering and other services including metal and structural fabrication, site civil works, pre-cast concrete, maintenance services and offshore logistics.

Capital expenditure in resource projects in Australia remains strong and the outlook remains positive. We are maintaining high levels of tendering activities which is realising positive results with the awarding of several new contracts. Tendering opportunities continue to remain buoyant.

With the expansion into Darwin, we have identified strong interest in our services and are well positioned to capitalise on upcoming projects in the region. The mining sector has maintained its investment momentum with a substantial pipeline of projects, and the Oil and Gas sector is expected to continue to strengthen in coming years.

As per our previous announcement on the 21st October 2013 our Order Book stood at S\$330 million. It is expected that the majority of the revenue will be realised in the current financial year.

The Group is confident regarding its outlook and believes our attitude towards innovation, waste minimisation and productivity improvements will hold us in good stead going forward.

Barring any unforeseen circumstances, the Group expects to remain profitable for the 2014 financial year.

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

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.

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 unaudited financial results for the period ended 30 September 2013 to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD

James Finbarr Fitzgerald
Executive Chairman
12 November 2013