



CIVMEC LIMITED

(Company Registration No: 201011837H)

**FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FIRST
QUARTER ENDED 30 SEPTEMBER 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		+/(-) %
	Q1 FY2015 S\$'000	Q1 FY2014 S\$'000	
Sales revenue	170,185	70,869	140.1
Cost of sales	(150,156)	(54,344)	176.3
Gross profit	20,029	16,525	21.1
Other income	267	186	32.5
Administrative expenses	(4,999)	(5,019)	(0.8)
Finance costs	(742)	(383)	93.7
Profit before tax	14,555	11,309	28.7
Income tax expense	(3,491)	(3,277)	6.5
Profit for the period	11,064	8,032	37.7
<u>Profit attributable to:</u>			
Owners of the Company	11,064	8,032	37.7
Non-controlling interest	0	0	
	11,064	8,032	37.7
Earnings per share attributable to equity holders of the Company (cents per share):			
• Basic	2.21	1.60	
• Diluted	2.19	1.60	

- 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 FY2015 S\$'000	Group Q1 FY2014 S\$'000	+/(-) %
Profit for the period	11,064	8,032	37.7
<u>Other comprehensive income:</u>			
Exchange differences on translation from functional currency to presentation currency	(8,296)	1,236	(771.2)
Total comprehensive income for the period	2,768	9,268	(70.1)
<u>Total comprehensive income attributable to:</u>			
Owners of the Company	2,768	9,268	(70.1)
Non-controlling interest	-	-	
	2,768	9,268	(70.1)

- 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 FY2015 S\$'000	Group Q1 FY2014 S\$'000	+/(-) %
(Loss)/Gain on disposal of property, plant and equipment	2	(337)	(100.6)
Interest income on bank balances	206	134	53.5
Share of profit in joint venture	-	41	(100.0)
Sundry revenue	-	11	(100.0)

B. Finance costs

	Q1 FY2015 S\$'000	Group Q1 FY2014 S\$'000	+/(-) %
Bank bill	284	65	336.5
Finance leases	408	306	33.3
Others	50	12	319.4
Total Finance Costs	742	383	93.7



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

C. Depreciation expenses

	Q1 FY2015 S\$'000	Group Q1 FY2014 S\$'000	+ / (-) %
Included in Cost of sales	1,844	1,395	32.2
Included in Administrative expenses	171	101	69.7
Total Depreciation	2,015	1,496	34.7

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 2014 S\$'000	As at 30 June 2014 S\$'000	As at 30 Sept 2014 S\$'000	As at 30 June 2014 S\$'000
ASSETS				
Current Assets				
Trade and other receivables	147,689	143,324	8,604	8,571
Other current assets	1,847	65	29	0
Cash and cash equivalents	22,714	32,557	102	186
	<u>172,250</u>	<u>175,946</u>	<u>8,735</u>	<u>8,757</u>
Non-Current Assets				
Investment in subsidiary			8,430	8,916
Loans receivable			34,685	35,648
Property, plant and equipment	102,745	108,312	-	-
Intangible assets	11	13	-	-
Deferred tax assets	5,014	5,303	17	18
	<u>107,770</u>	<u>113,628</u>	<u>43,132</u>	<u>44,582</u>
TOTAL ASSETS	<u>280,020</u>	<u>289,574</u>	<u>51,867</u>	<u>53,339</u>
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	81,628	82,446	196	156
Borrowings	19,247	30,584	-	-
Payable to related parties	-	-	2,411	2,492
Current income tax liabilities	4,048	2,485	158	106
Employee benefit provisions	7,828	6,713	-	-
	<u>112,751</u>	<u>122,228</u>	<u>2,765</u>	<u>2754</u>
Non-Current Liabilities				
Borrowings	17,503	20,459	-	-
Deferred tax liabilities	586	620	508	537
Employee benefit provisions	2,141	1,996	-	-
	<u>20,230</u>	<u>23,075</u>	<u>508</u>	<u>537</u>
TOTAL LIABILITIES	<u>132,981</u>	<u>145,303</u>	<u>3,273</u>	<u>3,291</u>
Capital and Reserves				
Share capital	37,864	37,864	37,864	37,864
Treasury Stock	(11)	(11)	(11)	(11)
Other reserves	(7,562)	734	3,103	5,879
Retained earnings	116,749	105,685	7,638	6,316
Total Equity Attributable to Owners	<u>147,040</u>	<u>144,272</u>	<u>48,594</u>	<u>50,048</u>
Non-controlling interest	(1)	(1)	-	-
TOTAL EQUITY	<u>147,039</u>	<u>144,271</u>	<u>48,594</u>	<u>50,048</u>
TOTAL LIABILITIES AND EQUITY	<u>280,020</u>	<u>289,574</u>	<u>51,867</u>	<u>53,339</u>

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



	Group		Group	
	As at 30 September 2014		As at 30 June 2014	
	S\$'000	S\$'000	S\$'000	S\$'000
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	19,247	-	30,584	-
Amount repayable after one year	17,503	-	20,459	-

Details of collaterals

Finance leases:

The Group has S\$25.6 million (FY2014: S\$29.2 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 2014, the Group has drawn S\$11.23 million (FY2014: S\$21.8 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 real property mortgage by Civmec Holdings Pty Ltd over the leasehold interest in the Commercial property located at 2 & 8 Stuart 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 Construction & Engineering 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\$56.6 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 FY2015 S\$'000	Group Q1 FY2014 S\$'000
Cash Flows from Operating Activities		
Profit before income tax	13,281	11,309
Adjustments for:		
Depreciation of property, plant and equipment	2,015	1,496
(Gain)/Loss on disposal of property, plant and equipment	(2)	337
Share of profit in joint venture	-	(41)
Finance cost	742	383
Interest income	(206)	(134)
Other revenue	-	-
Foreign exchange differences	(3,169)	170
Operating cash flow before working capital changes	12,661	13,520
Changes in working capital:		
(increase)/decrease in trade receivables	(3,664)	30,207
Increase in other current assets	(1,782)	(1,816)
Increase in trade and other payables	(259)	682
Increase/(decrease) in provisions	1,260	(120)
Cash generated from operations	8,216	42,473
Interest received	206	134
Finance cost paid	(742)	(383)
Income tax refund	3,085	-
Income taxes paid	(4,814)	(3,534)
Net cash generated by operating activities	5,951	38,690
Cash Flows from Investing Activities		
Proceeds from sale of property, plant and equipment	89	-
Purchase of property, plant and equipment	(2,460)	(8,437)
Recoupment from land purchase	-	-
Net cash used in investing activities	(2,371)	(8,437)
Cash flows from financing activities		
Proceeds from borrowings	204	2,767
Repayment of borrowings	(12,184)	(9,177)
Net cash generated by financing activities	(11,980)	(6,410)
Net (decrease)/increase in cash and cash equivalents	(8,400)	23,843
Effects of currency translation on cash and cash equivalents	(1,443)	439
Cash and cash equivalents at the beginning of the year	32,557	23,108
Cash and cash equivalents at the end of the year	22,714	47,390

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.

GROUP	Other reserves					Retained earnings S\$'000	Total S\$'000	Non-Controlling interest S\$'000	Total equity S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Merger reserve S\$'000	Translation reserve S\$'000	Option reserve S\$'000				
Balance as at 01 July 2013	37,864	-	9,010	(10,808)	-	74,113	110,179	(1)	110,178
Profit for the year	-	-	-	-	-	35,079	35,079	-	35,079
Other comprehensive income for the year:									
Exchange differences on re-translation from functional currency to presentation currency	-	-	-	2,305	-	-	2,305	-	2,305
Total comprehensive income for the year	-	-	-	2,305	-	35,079	37,384	-	37,384
Share repurchased during the year	-	(948)	-	-	-	-	(948)	-	(948)
Share granted via employee share scheme	-	937	-	-	-	-	937	-	937
Share based payment	-	-	-	-	227	-	227	-	227
Dividends paid	-	-	-	-	-	(3,507)	(3,507)	-	(3,507)
Balance as at 30 June 2014	37,864	(11)	9,010	(8,503)	227	105,685	144,272	(1)	144,271
Balance as at 01 July 2014	37,864	(11)	9,010	(8,503)	227	105,685	144,272	(1)	144,271
Profit for the period	-	-	-	-	-	11,064	11,064	-	11,064
Other comprehensive income for the period:									
Exchange differences on re-translation from functional currency to presentation currency	-	-	-	(8,296)	-	-	(8,296)	-	(8,296)
Total comprehensive income for the period	-	-	-	(8,296)	-	11,064	2,768	-	2,768
Balance as at 30 September 2014	37,864	(11)	9,010	(16,799)	227	116,749	147,040	(1)	147,039

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.

COMPANY	Other reserves					Option reserve S\$'000	Retained earnings S\$'000	Total S\$'000	Non-Controlling	
	Share capital S\$'000	Treasury shares S\$'000	Merger reserve S\$'000	Translation reserve S\$'000	interest				Total equity	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000				S\$'000	
Balance as at 01 July 2013	37,864	-	9,010	(4,070)	-	4,761	47,565	-	47,565	
Profit for the year	-	-	-	-	-	5,062	5,062	-	5,062	
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	
Exchange differences on re-translation from functional currency to presentation currency	-	-	-	712	-	-	712	-	712	
Total comprehensive income for the year	-	-	-	712	-	5,062	5,774	-	5,774	
Share repurchased during the year	-	(948)	-	-	-	-	(948)	-	(948)	
Share granted via employee share scheme	-	937	-	-	-	-	937	-	937	
Share based payment	-	-	-	-	227	-	227	-	227	
Dividends paid	-	-	-	-	-	(3,507)	(3,507)	-	(3,507)	
Balance as at 30 June 2014	37,864	(11)	9,010	(3,358)	227	6,316	50,048	-	50,048	
Balance as at 01 July 2014	37,864	(11)	9,010	(3,358)	227	6,316	50,048	-	144,271	
Profit for the period	-	-	-	-	-	1,322	1,322	-	10,172	
Other comprehensive income for the period:	-	-	-	-	-	-	-	-	-	
Exchange differences on re-translation from functional currency to presentation currency	-	-	-	(2,776)	-	-	(2,776)	-	(8,270)	
Total comprehensive income for the period	-	-	-	(2,776)	-	1,322	(1,454)	-	1,902	
Balance as at 30 September 2014	37,864	(11)	9,010	(6,134)	227	7,638	48,594	-	146,173	

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 June 30 2014.

As at 30 September 2014, of the total 501,000,000 shares on issue, 15,000 shares are held as Treasury shares (30 June 2014: 15,000).

The Company has no outstanding convertibles as at 30 September 2014 and 30 June 2014.

As at 30 September 2014 there were outstanding options for 6,000,000 (30 June 2014: 6,000,000) unissued ordinary shares under the employee share option scheme. These options were exercisable during the Quarter ended 30 September 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.

	30 September 2014	30 June 2014
	<u>No. of shares</u>	<u>No. of shares</u>
Balance of shares at beginning of period	501,000,000	501,000,000
Total number of shares as at end of the period	501,000,000	501,000,000
Total shares held as treasury shares	<u>15,000</u>	<u>15,000</u>
Total number of shares as at end of period, net of Treasury shares	<u>500,985,000</u>	<u>500,985,000</u>

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 2014, the Company held 15,000 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.

These figures have not been audited, nor 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 2014.

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 FY2015 S\$'000	Q1 FY2014 S\$'000	3 Mths 2015 S\$'000	3 Mths 2014 S\$'000
Profit after taxation	11,064	8,032	11,064	8,032
Pre-invitation Share Capital	501,000,000	501,000,000	501,000,000	501,000,000
Weighted average number of shares				
• Basic	500,352,162	501,000,000	500,352,162	501,000,000
• Diluted	505,800,000	501,868,421	505,800,000	501,868,421
Earnings per ordinary share (S\$ cents)				
• Basic	2.21	1.60	2.21	1.60
• Diluted	2.19	1.60	2.19	1.60

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 equity holders, 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 30 Sept 2014 S\$'000	As at 30 June 2014 S\$'000	As at 30 Sept 2014 S\$'000	As at 30 June 2014 S\$'000
Net assets	147,040	144,271	48,594	50,048
Net asset value per ordinary share based on issued share capital at the end of the respective periods (S\$ cents)	29.35	28.79	9.70	9.99

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 30 September 2014 of 500,985,000 (30 June 2014: 500,985,000) and excludes treasury shares of 15,000 (30 June 2014: 15,000).

- 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 first quarter FY2015 increased by 140% to S\$170.2 million (Q1 FY2014: S\$70.9 million) however on a sequential basis Q1 FY2015 revenue was in line with Q4 FY2014 revenue of S\$166.7 million.

Q1 FY2015 gross profit of \$20.0 million was higher than Q1 FY2014 of \$16.5 million resulting in a gross margin of 11.7%. This is significantly lower than the gross profit percentage recorded in Q1 FY2014 but in line with the gross margin achieved in Q4 FY2014 of 11.6%.

Gross margins in Q1 FY2014 were higher than normal levels due to a number of contracts being completed in the period whereby additional margin was recognised together with the Group's current project mix being predominantly made up of larger and longer term projects.

The Group's administration costs for the quarter remained steady at S\$4.9 million (Q1 FY2014: S\$5.0 million) highlighting that the current level of fixed costs supports a significantly higher revenue base.

Finance costs increased to S\$742,000 (Q1 FY2014: S\$383,000) for the quarter. The increase is a result of an increase in capital expenditure resulting in higher finance costs.

Net profit after tax ('NPAT') in Q1 FY2015 increased 37.7% to S\$11.1 million (Q1 FY2013: S\$8.0 million) with margin on a normalised basis being maintained in line with expectations.

B Statement of Financial Position

Total shareholders' equity at 30 September 2014 amounted to S\$147.0 million, slightly higher than the previous corresponding period at 30 June 2014 of S\$144.2 million. Shareholders equity didn't increase in line with Net Profit after tax due to currency fluctuations between June 2014 quarter and September 2014 quarter.

Trade and other receivables and trade and other payables remained steady on the previous period at S\$147.7 million and S\$81.6 million respectively and are in line with current revenue levels. The current assets to current liabilities ratio slightly increased to 1.53 (from FY2014 1.44). Cash and cash equivalents at the end of the quarter reduced to S\$22.7 million as a result of repayment of borrowings.

Total non-current assets were S\$107.7 million as at 30 September 2014 representing a 5.1% decrease compared with the corresponding period (FY2014: S\$113.6 million). This was predominantly due to a decrease in property plant & equipment of S\$5.5 million for which the value has been affected by the change in operating currency to reporting currency.

Overall borrowings decreased S\$12.1 million to S\$36.7 million from S\$51.0 million at June 2014 due to a repayment of a commercial bill.

C Statement of Cash Flows

Cash generated from operating activities for the quarter was S\$8.2 million (Q1 FY14 S\$42.5 million). The reduction can be attributed to significant receipts being received early in the FY15 second quarter from clients. On a normalised basis the cash inflow into the business was in line with previous periods.

Cash proceeds of S\$12.1 million were utilised during the quarter to repay debt resulting in a 28% decrease in total borrowings.

As at 30 September 2014 the Group has S\$22.7 million in cash and cash equivalents (Q1 FY2014: S\$47.4 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.

Civmec is an Australian based integrated multi-disciplinary construction and engineering services provider to the resources and infrastructure sectors.

We provide a diverse range of capabilities, with a suite of eight core disciplines including heavy engineering, modularisation, structural mechanical piping, precast concrete, civil works, painting & insulation, offshore logistics and asset maintenance.

Our strategy of offering a more holistic, cross disciplinary turnkey solution to our clients is now starting to place our business in a competitive position in the market. We continue to build momentum and are currently leveraging our expertise in both capital and operational expenditure in the sectors we service.

We are continuing to focus on geographical expansion both in Australia and internationally and are actively pursuing merger and acquisition opportunities that complement our service offering.

We have recently strengthened our Singapore and South East Asia presence with the appointment of a regional manager. This will be used as a platform for both organic growth and acquisition opportunities in South East Asia. We are confident that over the next twelve months we will have made significant in-roads in establishing our presence in Singapore and South East Asia.

We remain optimistic about our growth prospects for the future and will continue to look for cost efficiencies in our business, further develop and streamline our systems and processes in order to maximise shareholder returns.

Our order book at 30 September 2014 is S\$213 million with our tendering activity in the oil and gas sectors and infrastructure markets remaining high.

Looking forward we are confident that the Group's financial performance will continue to be positive and we are excited about our ability to undertake opportunities wherever they may emerge.

Barring any unforeseen circumstances, the Group expects to remain profitable for the 2015 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 2014 to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD

James Finbarr Fitzgerald
Executive Chairman
13 November 2014