



CIVMEC LIMITED

(Company Registration No: 201011837H)

**FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE
SECOND QUARTER ENDED 31 DECEMBER 2016**

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		
	Q2	Q2	+ / (-)	6M	6M	+ / (-)
	FY2017	FY2016	%	FY2017	FY2016	%
	S\$'000	S\$'000		S\$'000	S\$'000	
Sales revenue	69,448	91,527	(24.1)	174,094	235,367	(26.0)
Cost of sales	(63,010)	(79,736)	(21.0)	(152,292)	(206,070)	(26.1)
Gross profit	6,438	11,791	(45.4)	21,802	29,297	(25.6)
Other income	1,403	453	209.8	1,692	844	100.4
Share in profit/(loss) of a joint venture	398	1,109	(64.1)	(276)	1,109	(124.9)
Administrative expenses	(7,345)	(6,541)	12.3	(13,772)	(12,413)	11.0
Finance costs	(627)	(466)	34.5	(1,128)	(889)	26.9
Profit before tax	268	6,346	(95.8)	8,318	17,948	(53.7)
Income tax expense	117	(1,557)	(107.5)	(1,764)	(4,480)	(60.6)
Profit for the period	385	4,789	(92.0)	6,554	13,468	(51.3)
<u>Profit attributable to:</u>						
Owners of the Company	443	4,825	(90.8)	6,624	13,504	(51.0)
Non-controlling interest	(58)	(36)	62.0	(70)	(36)	91.3
	385	4,789	(92.0)	6,554	13,468	(51.3)
Earnings per share attributable to equity holders of the Company (cents per share):						
• Basic	0.08	0.96		1.31	2.69	
• Diluted	0.08	0.96		1.31	2.69	

- 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

	Q2 FY2017 S\$'000	Group Q2 FY2016 S\$'000	+ / (-) %	6M FY2017 S\$'000	Group 6M FY2016 S\$'000	+ / (-) %
Profit for the period	385	4,789	(92.0)	6,554	13,468	(51.3)
<u>Other comprehensive income:</u>						
<i>Item that may be reclassified subsequently to profit or loss:</i>						
Exchange differences on re-translation from functional currency to presentation currency	306	5,444	(94.4)	6,846	(5)	N.M
Total comprehensive income for the period	691	10,233	(93.2)	13,400	13,463	(0.5)
<u>Total comprehensive income attributable to:</u>						
Owners of the Company	749	10,269	(92.7)	13,470	13,499	(0.2)
Non-controlling interest	(58)	(36)	62.0	(70)	(36)	91.3
	691	10,233	(93.2)	13,400	13,463	(0.5)

*N.M: Not meaningful

Note

For the income statement the Australian dollar is translated at average rates as prescribed below:

	<u>December</u> <u>2016</u>	<u>December</u> <u>2015</u>
A\$	1.0302	1.0096

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:

	Q2 FY2017 S\$'000	Group Q2 FY2016 S\$'000	+ / (-) %	6M FY2017 S\$'000	Group 6M FY2016 S\$'000	+ / (-) %
(Loss)/gain on disposal of property, plant and equipment	(21)	51	(141.9)	2	67	(97.5)
Interest income	54	205	(73.8)	113	319	(64.7)
Sundry revenue	1,371	203	575.4	1,577	458	244.4
Share in profit/(loss) of a joint venture	398	1,109	(64.1)	(276)	1,109	(124.9)

B. Finance costs

	Q2 FY2017 S\$'000	Group Q2 FY2016 S\$'000	+ / (-) %	6M FY2017 S\$'000	Group 6M FY2016 S\$'000	+ / (-) %
Bank bills and bank guarantees	448	239	87.6	760	393	93.4
Finance leases	160	205	(22.0)	328	458	(28.3)
Others	19	22	(11.9)	41	38	7.9
Total Finance Costs	627	466	34.5	1,128	889	27.0

C. Depreciation expenses

	Q2 FY2017 S\$'000	Group Q2 FY2016 S\$'000	+ / (-) %	6M FY2017 S\$'000	Group 6M FY2016 S\$'000	+ / (-) %
Included in Cost of sales	2,557	1,936	32.1	5,041	3,688	36.7
Included in Administrative expenses	138	149	(7.5)	281	300	(6.4)
Total Depreciation	2,695	2,085	29.3	5,322	3,988	33.4

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 December 2016 S\$'000	As at 30 June 2016 S\$'000	As at 31 December 2016 S\$'000	As at 30 June 2016 S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	19,435	39,788	123	42
Trade and other receivables	99,539	80,007	24,972	27,707
Other current assets	2,596	882	3	12
Current tax recoverable	7,177	5,475	8,856	5,475
	<u>128,747</u>	<u>126,152</u>	<u>33,954</u>	<u>33,236</u>
Non-current assets				
Investments in subsidiaries	-	-	7,908	7,590
Investments in joint venture	-	5,641	-	-
Trade and other receivables	286	6,648	-	-
Property, plant and equipment	129,702	119,513	-	-
Intangible assets	10	10	-	-
Deferred tax assets	532	511	37	36
	<u>130,530</u>	<u>132,323</u>	<u>7,945</u>	<u>7,626</u>
TOTAL ASSETS	<u>259,277</u>	<u>258,475</u>	<u>41,899</u>	<u>40,862</u>
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	39,599	57,230	121	128
Advances from joint venture	734	-	-	-
Dividend payable	8	-	8	-
Borrowings	5,978	6,616	-	-
Provisions	4,468	5,940	-	-
	<u>50,787</u>	<u>69,786</u>	<u>129</u>	<u>128</u>
Non-current liabilities				
Borrowings	35,305	25,498	-	-
Provisions	2,595	2,494	-	-
Deferred tax liabilities	-	-	-	-
	<u>37,900</u>	<u>27,992</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>88,687</u>	<u>97,778</u>	<u>129</u>	<u>128</u>
Capital and Reserves				
Share capital	37,864	37,864	37,864	37,864
Treasury shares	(11)	(11)	(11)	(11)
Other reserves	(16,585)	(23,431)	(3,057)	(4,789)
Retained earnings	149,542	146,425	6,974	7,670
Total Equity Attributable to Owners	<u>170,810</u>	<u>160,847</u>	<u>41,770</u>	<u>40,734</u>
Non-controlling interest	(220)	(150)	-	-
TOTAL EQUITY	<u>170,590</u>	<u>160,697</u>	<u>41,770</u>	<u>40,734</u>
TOTAL LIABILITIES AND EQUITY	<u>259,277</u>	<u>258,475</u>	<u>41,899</u>	<u>40,862</u>

Note

In the balance sheets, the following closing rate was used to translate the Australian dollar:

	<u>December</u> <u>2016</u>	<u>June 2016</u>
A\$	1.0434	1.0015

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

	Group		Group	
	As at 31 December 2016		As at 30 June 2016	
	S\$'000	S\$'000	S\$'000	S\$'000
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	5,978	-	6,616	-
Amount repayable after one year	35,305	-	25,498	-
	<u>35,305</u>	<u>-</u>	<u>25,498</u>	<u>-</u>

Details of collaterals

Finance leases:

The Group has S\$13.8 million (June 2016: S\$14.6 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 bills:

As at 31 December 2016, the Group has drawn S\$27.4 million (June 2016: S\$16.3 million) of its commercial bill facility.

The banking facilities for the Civmec Group are secured by:

- Interlocking Guarantee & Indemnity supported by:
 - General Security Deed – Civmec Construction & Engineering Pty Ltd and Civmec Holdings Pty Ltd
 - General Security Deed – Civmec Limited
 - General Security Deed – Civmec Construction & Engineering Singapore Pte Ltd
- Interlocking Group Master Asset Finance Agreement
- International Swap Dealer Association ("ISDA") Agreement – Australian Entities
- International Swap Dealers Association ("ISDA") Agreement – Singapore Entities

Total unutilised facilities amount to approximately S\$90.6 million, including bond facilities.

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 6M FY2017 S\$'000	Group 6M FY2016 S\$'000
Cash Flows from Operating Activities		
Profit before income tax	8,318	17,948
Adjustment for:		
Depreciation of property, plant and equipment	5,322	3,988
Gain on disposal of property, plant and equipment	(2)	(67)
Share in loss/(profit) of a joint venture	276	(1,109)
Finance cost	1,128	889
Interest income	(113)	(319)
Foreign exchange differences	51	30
Operating cash flow before working capital changes	<u>14,980</u>	<u>21,360</u>
Changes in working capital:		
(Increase) / Decrease in trade and other receivables	(14,274)	28,059
Increase in other current assets	(1,656)	(1,117)
Decrease in trade and other payables	(14,976)	(13,536)
Decrease in provisions	(1,701)	(1,214)
Cash generated from operations	<u>(17,627)</u>	<u>33,552</u>
Interest received	113	319
Finance cost paid	(1,073)	(889)
Income tax refund	4	1,190
Income taxes paid	(3,228)	(7,590)
Net cash (used in)/generated from operating activities	<u>(21,811)</u>	<u>26,582</u>
Cash Flows from Investing Activities		
Proceeds from sale of property, plant and equipment	321	134
Purchase of property, plant and equipment	(10,710)	(6,179)
Investment in joint venture	(1,288)	(3,098)
Cash distribution from joint venture	7,523	-
Net cash used in investing activities	<u>(4,154)</u>	<u>(9,143)</u>
Cash Flows from Financing Activities		
Proceeds from borrowings	32,024	24,837
Repayment of borrowings	(24,299)	(24,645)
Capital contribution from non-controlling interest	2	-
Dividends paid	(3,499)	(3,507)
Net cash generated from/(used in) financing activities	<u>4,228</u>	<u>(3,315)</u>
Net (decrease)/increase in cash and cash equivalents	(21,737)	14,124
Effects of currency translation on cash and cash equivalents	1,384	275
Cash and cash equivalents at the beginning of the financial period	<u>39,788</u>	<u>37,643</u>
Cash and cash equivalents at the end of the financial period	<u><u>19,435</u></u>	<u><u>52,042</u></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.

GROUP	Other Reserves					Retained earnings	Total	Non-Controlling interest	Total equity
	Share capital	Treasury shares	Merger reserve	Translation reserve	Option reserve				
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 01 July 2015	37,864	(11)	9,010	(27,871)	284	132,491	151,767	(1)	151,766
Profit for the year	-	-	-	-	-	17,441	17,441	(149)	17,292
Other comprehensive income:									
<i>Items that may be reclassified subsequently to profit or loss</i>									
Exchange differences on re-translation from functional currency to presentation currency	-	-	-	(4,854)	-	-	(4,854)	-	(4,854)
Total comprehensive income for the year	-	-	-	(4,854)	-	17,441	12,587	(149)	12,438
Dividends paid	-	-	-	-	-	(3,507)	(3,507)	-	(3,507)
Balance as at 30 June 2016	37,864	(11)	9,010	(32,725)	284	146,425	160,847	(150)	160,697
Balance as at 01 July 2016	37,864	(11)	9,010	(32,725)	284	146,425	160,847	(150)	160,697
Profit for the period	-	-	-	-	-	6,624	6,624	(70)	6,554
Other comprehensive income:									
<i>Items that may be reclassified subsequently to profit or loss</i>									
Exchange differences on re-translation from functional currency to presentation currency	-	-	-	6,846	-	-	6,846	-	6,846
Total comprehensive income for the period	-	-	-	6,846	-	6,624	13,470	(70)	13,400
Dividends paid	-	-	-	-	-	(3,507)	(3,507)	-	(3,507)
Balance as at 31 December 2016	37,864	(11)	9,010	(25,878)	284	149,542	170,810	(220)	170,590



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						Retained earnings	Total	Non-Controlling interest	Total equity
	Share capital	Treasury shares	Merger reserve	Translation reserve	Option reserve	Other reserve				
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 01 July 2015	37,864	(11)	9,010	(9,478)	284	-	5,898	43,567	-	43,567
Profit for the year	-	-	-	-	-	-	5,279	5,279	-	5,279
Other comprehensive income:										
<i>Items that may be reclassified subsequently to profit or loss</i>										
Exchange differences on re-translation from functional currency to presentation currency	-	-	-	(1,264)	-	-	-	(1,264)	-	(1,264)
Total comprehensive income for the year	-	-	-	(1,264)	-	-	5,279	4,015	-	4,015
Dividends paid	-	-	-	-	-	-	(3,507)	(3,507)	-	(3,507)
Waiver of interest receivable from a subsidiary	-	-	-	-	-	(3,341)	-	(3,341)	-	(3,341)
Balance as at 30 June 2016	37,864	(11)	9,010	(10,742)	284	(3,341)	7,670	40,734	-	40,734
Balance as at 01 July 2016	37,864	(11)	9,010	(10,742)	284	(3,341)	7,670	40,734	-	40,734
Profit for the period	-	-	-	-	-	-	2,811	2,811	-	2,811
Other comprehensive income:										
<i>Items that may be reclassified subsequently to profit or loss</i>										
Exchange differences on re-translation from functional currency to presentation currency	-	-	-	1,732	-	-	-	1,732	-	1,732
Total comprehensive income for the period	-	-	-	1,732	-	-	2,811	4,543	-	4,543
Dividends paid	-	-	-	-	-	-	(3,507)	(3,507)	-	(3,507)
Balance as at 31 December 2016	37,864	(11)	9,010	(9,010)	284	(3,341)	6,974	41,770	-	41,770

- 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 capital of the Company since the previous quarter ended 31 December 2016.

As at 31 December 2016, of the total 501,000,000 shares on issue, 15,000 shares are held as Treasury shares (30 June 2016: 15,000).

The Company has no outstanding convertibles as at 31 December 2016 and 30 June 2016.

As at 31 December 2016 there were outstanding options for 4,500,000 (30 June 2016: 5,000,000) unissued ordinary shares under the employee share option scheme. During the quarter ended 31 December 2016, 500,000 options were cancelled.

- 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.**

	31 December 2016	30 June 2016
	No. of shares	No. of shares
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	15,000	15,000
Total number of shares as at end of period, net of Treasury shares	500,985,000	500,985,000

- 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 December 2016, 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.**

The figures have been reviewed by our auditors in accordance with the Singapore Standards on Review Engagements (SSREs).

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

The figures have been reviewed by the auditors without qualification or emphasis of any matter.

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 2016.

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.

	Q2 FY2017	Q2 FY2016	6 Mths 2017	6 Mths 2016
	S\$'000	S\$'000	S\$'000	S\$'000
Profit after taxation	385	4,789	6,554	13,468
Pre-invitation Share Capital	501,000,000	501,000,000	501,000,000	501,000,000
Weighted average number of shares				
• Basic	500,985,000	500,985,000	500,985,000	500,985,000
• Diluted	500,985,000	500,985,000	500,985,000	500,985,000
Earnings per ordinary share (S\$ cents)				
• Basic	0.08	0.96	1.31	2.69
• Diluted	0.08	0.96	1.31	2.69

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.

As at 31 December 2016, the diluted earnings per share is the same as basic earnings per share as it does not include the effect of 4,500,000 unissued ordinary shares granted under CESOS. The effect is anti-dilutive.

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 Dec 2016	As at 30 June 2016	As at 30 Dec 2016	As at 30 June 2016
	S\$'000	S\$'000	S\$'000	S\$'000
Net assets	170,809	160,847	41,771	40,734
Net asset value per ordinary share based on issued share capital at the end of the respective periods (S\$ cents)	34.09	32.11	8.34	8.13

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 2016 of 500,985,000 (30 June 2016: 500,985,000) and excludes treasury shares of 15,000 (30 June 2016: 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

Q2 FY2017 vs Q1 FY2017

Revenue for the three months ended 31 December 2016 ("Q2 FY2017") decreased 33.6% to S\$69.4 million from S\$104.6 million for the three months ended 30 September 2016 as a result of new projects awarded yet to ramp up.

As a consequence of the lower revenue gross profit declined 58.0% to S\$6.4 million from S\$15.4 million in Q1 FY2017.

Administrative expenses for Q2 FY2017 increased 14.3% to S\$7.3 million from S\$6.4 million in Q1 FY2017 due to an increase in tendering costs associated in tendering large projects.

Net profit attributable to shareholders in Q2 FY2017 decreased 93.7% to S\$385k from S\$6.2 million in Q1 FY2017 on the back of the lower revenue.

Q2 FY2017 vs Q2 FY2016

Compared to the three months ended 31 December 2015 ("Q2 FY2016") revenue for Q2 FY2017 fell 21.4% to S\$69.4 million from S\$91.5 million in Q2 FY2016. This led to a lower gross profit of S\$6.4 million from S\$11.8 million from a year earlier.

Administrative expenses for Q2 FY2017 increased to S\$7.3 million for the quarter up from S\$6.5 million in Q2 FY2016 due to increased tendering costs on a number of large projects which the Group was successful in securing.

Q2 FY2017 net profit attributable to shareholders declined 92.0% to S\$385k from S\$4.8 million in Q2 FY2016, impacted by lower revenue.

1H FY2017 Vs 1H FY2016

For the six months ended 31 December 2016 ("1H FY2017"), revenue declined 26.0% to S\$174.1 million from S\$235.4 million in 1H FY2016 as a result of projects completing and the delay in timing of new projects commencing.

Gross profit for 1H FY2017 was S\$21.8 million, down from S\$29.3 million in 1H FY2016 due to the decline in revenue however gross margin increased to 12.5% from 12.4% in 1H FY2016.

Net profit attributable to shareholders of 1H FY2017 was S\$6.5 million on the back of the lower revenue, down from S\$13.5 million in 1H FY2016.

Total comprehensive income for the period was S\$13.4 million compared to S\$13.5 million in 1H FY2016 due to the strengthening Australian dollar against the Singapore dollar.

B. Statement of Financial Position

Total shareholders' equity increased 6.2% to S\$170.6 million as at 31 December 2016 from S\$160.7 million as at 30 June 2016.

Trade and other receivables increased since 30 June 2016 to S\$99.5 million from S\$80.0 million despite the decline in turnover in Q2 FY2017. The increase is mainly attributable to the delay in finalisation of variations on a project nearing completion.

Trade and other payables decreased in the quarter under review to S\$39.6 million down from S\$57.2 million as at 30 June 2016 reflecting the winding down of projects as they reached completion.

The current assets to current liabilities ratio increased significantly to 2.54 in FY2017 from 1.80 in FY2016 due to the decrease in trade and other payables.

Cash and cash equivalents decreased to S\$19.4 million as at 31 December 2016 compared to S\$39.8 million as at 30 June 2016, predominantly impacted by the increase in trade and other receivables.

The current tax asset of S\$7.2 million (FY2016: S\$5.5 million) represents the amount of income tax to be recovered from taxation authorities in relation to the prior year.

The Group is due to receive income tax refunds following the (i) processing of the prior year income tax return and (ii) processing of prior year research and development tax incentive claims. It is anticipated that S\$4.6 million will be recovered by the end of Q3 FY2017.

Non-current assets were S\$130.5 million as at 31 December 2016 which was in line with the S\$132.3 million reported at 30 June 2016. The Group's investment in the Sedgman Civmec joint venture of S\$5.6 million as at the end of June 2016 was repaid during the quarter under review.

Overall borrowings increased to S\$41.2 million as at 31 December 2016 from S\$32.1 million as at 30 June 2016 as funds were utilised for capital expenditure associated with the development of the property in Newcastle.

C. Statement of Cash Flows

Operating cashflow before working capital changes for 1H FY2017 was S\$15.0 million compared to S\$21.4 million in 1H FY2016. Net cashflow generated from operations was negative, at S\$21.8 million, impacted by the lower revenue in the quarter and a delay in cash receipts.

The Group received S\$7.5 million in cash distribution from the Sedgman Civmec joint venture in Q2 FY2017 which represents repayment of the investment in the joint venture.

The Group used an additional S\$4.5 million in the quarter under review in relation to capital expenditure, plant and equipment. The total cash investment in capital expenditure in the 1H FY2017 is S\$10.7 million which is predominantly related to the development of the site and capabilities in Newcastle.

Cash proceeds of S\$24.3 million were used during the 1H FY2017 to repay bank borrowings. Proceeds from bank borrowings during the first half amounted to S\$32.0 million.

The FY2016 dividend of S\$0.07 cents per share, or a total of S\$3.5 million, was paid during the quarter ("FY2015 S\$3.5 million).

As at 31 December 2016, the Group has S\$19.4 million in cash and cash equivalents (S\$39.8 million as at 30 June 2016).

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 a provider of multi-disciplinary construction and engineering services to the oil and gas, metals and minerals, infrastructure and defence markets. The diversification of service offerings and the sectors in which we operate has placed the Group in a strong position to capitalise on growth opportunities.

During the period the Group was successful in securing a number of significant contracts. As announced on 7 November 2016 the Group, in joint venture with Black & Veatch (BCJV) was awarded an EPC alliance model contract with the Water Corporation of Western Australia for the design and construction of the Woodman Point Wastewater Treatment Plant Upgrade located in the south-east of Perth, Western Australia.

In addition, as announced on 12 December 2016, the Group secured two significant contracts totalling A\$160 million as part of the development of a processing facility for Rio Tinto's Amrun project near Weipa in North Queensland.

Tendering activity continues to be strong with tender opportunities being actively pursued across all sectors in which the Group operates with a number of tenders submitted pending award in the coming months.

The Group's order book (31 December 2016) stands at approximately S\$425.0 million which is a significant increase on our last quarterly report of S\$288.0 million. Based on current timing of projects commencing, a substantial amount of revenue from this order book will fall into FY2018 and beyond.

The Group has continued with its development plans of the facility in Newcastle and demand for our services remains high on the east coast of Australia particularly in precast concrete manufacture.

While the strategic initiative to diversify into infrastructure has been successful, the market is challenging and competitive.

Civmec remains committed to advancing the long-term growth strategy and diversification of revenue streams. The Group will continue to strengthen its position in growing its market share in the sectors it operates.

As announced in December 2016 the Group secured a long-term lease for an additional seven hectares of land adjoining its Henderson facility and under its wholly owned subsidiary Forgacs Marine & Defence Pty Ltd unveiled plans to build a state-of-the-art shipbuilding facility primarily targeted at Naval Defence projects. The facility will be able to house ship construction and on-going maintenance under cover in a conducive and efficient environment and will be the only facility with this capacity in Australia.

The development of this facility will strategically position the Group to participate in the upcoming Naval acquisition program and play a major role in the company's long term future.

To further enhance opportunities the Group has established a joint venture company Forgacs Valco Pty Ltd which will be principally engaged in providing valve servicing, storage, repairs and maintenance for the resources infrastructure and defence markets. This initiative will provide the opportunity to create a new range of Clients.

The Group remains positive about the medium to long-term outlook and is strategically positioned to capitalise on the S\$800 billion pipeline of capital spend in Australia and will continue to actively explore business opportunities abroad via the entities established in Uganda and Papua New Guinea.

Barring any unforeseen circumstances, the Group expects to be profitable in the current 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/recommendeded, 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 December 2016 to be false or misleading in any material aspect.

15. Confirmation pursuant to Rule 720 (1) of the Listing Manual

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7 pursuant to Rule 720(1) of the Listing Manual).

ON BEHALF OF THE BOARD

James Finbarr Fitzgerald
Executive Chairman

9 February 2017