



CIVMEC LIMITED

(Company Registration No: 201011837H)

**FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE
FIRST QUARTER ENDED 30 SEPTEMBER 2017**



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 FY2018 S\$'000	Q1 FY2017 S\$'000	
Sales revenue	140,342	104,646	34.1
Cost of sales	(130,306)	(89,281)	46.0
Gross profit	10,036	15,365	(34.7)
Other income	224	288	(22.3)
Share in loss in a joint venture	-	(675)	(100.0)
Administrative expenses	(3,949)	(6,427)	(38.6)
Finance costs	(1,003)	(502)	99.8
Profit before tax	5,308	8,049	(34.1)
Income tax expense	(1,611)	(1,881)	(14.3)
Profit for the period	3,697	6,168	(40.1)
<u>Profit attributable to:</u>			
Owners of the Company	3,792	6,179	(38.6)
Non-controlling interest	(95)	(11)	769.6
	3,697	6,168	(40.1)
Earnings per share attributable to equity holders of the Company (cents per share):			
• Basic	0.76	1.23	
• Diluted	0.76	1.23	



- 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		+ / (-) %
	Q1 FY2018 S\$'000	Q1 FY2017 S\$'000	
Profit for the period	3,697	6,168	(40.1)
<i>Other comprehensive income:</i>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on re-translation from functional currency to presentation currency	841	6,541	(87.1)
Total comprehensive income for the period	4,538	12,709	(64.3)
<u>Total comprehensive income attributable to:</u>			
Owners of the Company	4,633	12,720	(63.6)
Non-controlling interest	(95)	(11)	769.6
	4,538	12,709	(64.3)

Note

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

	<u>September 2017</u>	<u>September 2016</u>
A\$	1.0755	1.0286



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:

	Q1 FY2018 S\$'000	Group Q1 FY2017 S\$'000	+ / (-) %
Gain on disposal of property, plant and equipment	-	23	(100.0)
Interest income	80	59	35.5
Sundry revenue	144	206	(30.1)
Share in loss of a joint venture	-	(675)	(100.0)

B. Finance costs

	Q1 FY2018 S\$'000	Group Q1 FY2017 S\$'000	+ / (-) %
Bank bills & guarantees	847	312	171.6
Finance leases	122	168	(27.3)
Others	34	22	52.3
Total Finance Costs	1,003	502	99.8

C. Depreciation expenses

	Q1 FY2018 S\$'000	Group Q1 FY2017 S\$'000	+ / (-) %
Included in Cost of sales	2,622	2,483	5.6
Included in Administrative expenses	115	143	(19.9)
Total Depreciation	2,737	2,626	



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 2017 S\$'000	As at 30 June 2017 S\$'000	As at 30 Sept 2017 S\$'000	As at 30 June 2017 S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	23,412	24,044	28	25
Trade and other receivables	215,337	157,273	27,877	29,233
Other current assets	3,878	1,262	23	4
Current tax recoverable	4,154	4,470	5,854	4,498
	<u>246,781</u>	<u>187,049</u>	<u>33,782</u>	<u>33,760</u>
Non-current assets				
Investments in subsidiaries	-	-	8,064	8,023
Investments in joint venture	289	129	-	-
Trade and other receivables	252	162	-	-
Property, plant and equipment	144,198	136,063	-	-
Intangible assets	11	11	-	-
Deferred tax assets	1,247	1,162	12	12
	<u>145,997</u>	<u>137,527</u>	<u>8,076</u>	<u>8,035</u>
TOTAL ASSETS	<u>392,778</u>	<u>324,576</u>	<u>41,858</u>	<u>41,795</u>
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	152,685	79,643	140	155
Borrowings	5,117	5,275	-	-
Provisions	6,333	5,115	-	-
	<u>164,135</u>	<u>90,033</u>	<u>140</u>	<u>155</u>
Non-current liabilities				
Borrowings	45,858	56,696	-	-
Provisions	3,529	3,129	-	-
	<u>49,387</u>	<u>59,825</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>213,522</u>	<u>149,858</u>	<u>140</u>	<u>155</u>
Capital and Reserves				
Share capital	37,864	37,864	37,864	37,864
Treasury shares	(11)	(11)	(11)	(11)
Other reserves	(13,282)	(14,123)	(2,230)	(2,464)
Retained earnings	155,137	151,345	6,095	6,251
Total Equity Attributable to Owners	<u>179,708</u>	<u>175,075</u>	<u>41,718</u>	<u>41,640</u>
Non-controlling interest	(452)	(357)	-	-
TOTAL EQUITY	<u>179,256</u>	<u>174,718</u>	<u>41,718</u>	<u>41,640</u>
TOTAL LIABILITIES AND EQUITY	<u>392,778</u>	<u>324,576</u>	<u>41,858</u>	<u>41,795</u>

Note

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

	<u>Sept 2017</u>	<u>June 2017</u>
A\$	1.0640	1.0587



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

	Group As at 30 Sept 2017		Group As at 30 June 2017	
	S\$'000	S\$'000	S\$'000	S\$'000
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	5,117	-	5,275	-
Amount repayable after one year	45,858	-	56,696	-

Details of collaterals

Finance leases:

The Group has S\$10.5 million (June 2017: S\$11.4 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 30 Sept 2017, the Group has drawn S\$40.1 million (June 2017: S\$50.1 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\$155.5 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 3M FY2018 S\$'000	Group 3M FY2017 S\$'000
Cash Flows from Operating Activities		
Profit before income tax	5,308	8,049
Adjustment for:		
Depreciation of property, plant and equipment	2,737	2,626
Loss on disposal of property, plant and equipment	-	23
Share of loss in joint venture	-	675
Finance cost	1,003	502
Interest income	(80)	(59)
Foreign exchange differences	1	12
Operating cash flow before working capital changes	<u>8,969</u>	<u>11,827</u>
Changes in working capital:		
Increase in trade receivables	(57,980)	(25,034)
Increase in other current assets	(2,638)	(2,196)
Increase in trade and other payables	73,326	13,257
Decrease in provisions	1,595	(26)
Cash generated from operations	<u>23,272</u>	<u>(2,171)</u>
Interest received	80	59
Finance cost paid	(894)	(460)
Income tax refund	-	4
Income taxes paid	(1,347)	(1,964)
Net cash generated by / used in operating activities	<u>21,111</u>	<u>(4,532)</u>
Cash Flows from Investing Activities		
Proceeds from sale of property, plant and equipment	-	292
Purchase of property, plant and equipment	(10,275)	(6,418)
Investment in joint venture	(161)	-
Net cash used in investing activities	<u>(10,436)</u>	<u>(6,126)</u>
Cash Flows from Financing Activities		
Proceeds from borrowings	26,766	21,507
Repayment of borrowings	(38,201)	(17,339)
Capital contribution from minority interest	-	2
Net cash used in / generated by financing activities	<u>(11,435)</u>	<u>4,170</u>
Net decrease in cash and cash equivalents	(760)	(6,488)
Effects of currency translation on cash and cash equivalents	128	1,518
Cash and cash equivalents at the beginning of the financial period	<u>24,044</u>	<u>39,788</u>
Cash and cash equivalents at the end of the financial period	<u>23,412</u>	<u>34,818</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 2016	37,864	(11)	9,010	(32,725)	284	146,425	160,847	(150)	160,697
Profit for the year	-	-	-	-	-	8,427	8,427	(207)	8,220
Other comprehensive income for the year: <i>Items that may be reclassified subsequently to profit or loss</i>									
Exchange differences on re-translation from functional currency to presentation currency	-	-	-	9,308	-	-	9,308	-	9,308
Total comprehensive income for the year	-	-	-	9,308	-	8,427	17,735	(207)	17,528
Dividend paid	-	-	-	-	-	(3,507)	(3,507)	-	(3,507)
Balance as at 30 June 2017	37,864	(11)	9,010	(23,417)	284	151,345	175,075	(357)	174,718
Balance as at 01 July 2017	37,864	(11)	9,010	(23,417)	284	151,345	175,075	(357)	174,718
Profit for the period	-	-	-	-	-	3,792	3,792	(95)	3,697
Other comprehensive income for the period: <i>Items that may be reclassified subsequently to profit or loss</i>									
Exchange differences on re-translation from functional currency to presentation currency	-	-	-	841	-	-	841	-	841
Total comprehensive income for the period	-	-	-	841	-	3,792	4,633	(95)	4,538
Balance as at 30 September 2017	37,864	(11)	9,010	(22,576)	284	155,137	179,708	(452)	179,256

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 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	Other reserve S\$'000				
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 year	-	-	-	-	-	-	2,088	2,088	-	2,088
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	-	-	-	2,325	-	-	-	2,325	-	2,325
Total comprehensive income for the year	-	-	-	2,325	-	-	2,088	4,413	-	4,413
Dividends paid	-	-	-	-	-	-	(3,507)	(3,507)	-	(3,507)
Balance as at 30 June 2016	37,864	(11)	9,010	(8,417)	284	(3,341)	6,251	41,640	-	41,640
Balance as at 01 July 2017	37,864	(11)	9,010	(8,417)	284	(3,341)	6,251	41,640	-	41,640
Loss for the period	-	-	-	-	-	-	(156)	(156)	-	(156)
Other comprehensive income for the period <i>Items that may be reclassified subsequently to profit or loss</i>										
Exchange differences on re-translation from functional currency to presentation currency	-	-	-	234	-	-	234	234	-	234
Total comprehensive income for the period	-	-	-	-	-	-	78	78	-	78
Balance as at 30 September 2017	37,864	(11)	9,010	(8,183)	284	(3,341)	6,095	41,718	-	41,718



- 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 2017.

As at 30 September 2017, of the total 501,000,000 shares on issue, 15,000 shares are held as Treasury shares (30 June 2017: 15,000).

The Company has no outstanding convertibles as at 30 September 2017 and 30 June 2017.

As at 30 September 2017 there were outstanding options for 4,500,000 (30 June 2017: 4,500,000) unissued ordinary shares under the employee share option scheme.

- 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 Sept 2017	30 June 2017
	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	<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 2017, 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 not been audited and 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 2017.

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 FY2018 S\$'000	Q1 FY2017 S\$'000	3M FY2018 S\$'000	3M FY2017 S\$'000
Profit after taxation	3,697	6,168	3,697	6,168
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	0.76	1.23	0.76	1.23
• Diluted	0.76	1.23	0.76	1.23

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 30 September 2017, the diluted earnings per share is the same as the basic earnings per share as it does not include the effect of 4,500,000 unissued ordinary shares granted under the 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 Sept 2017 S\$'000	As at 30 June 2017 S\$'000	As at 30 Sept 2017 S\$'000	As at 30 June 2017 S\$'000
Net assets	179,708	175,075	41,718	41,640
Net asset value per ordinary share based on issued share capital at the end of the respective periods (S\$ cents)	35.87	34.95	8.33	8.31

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 2017 of 500,985,000 (30 June 2017: 500,985,000) and excludes treasury shares of 15,000 (30 June 2017: 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

Q1 FY2018 vs Q4 FY2017

Revenue for the three months ended 30 September 2017 ("Q1 FY2018") increased 43.6% to S\$140.3 million from S\$97.7 million for the three months ended 30 June 2017 ("Q4 FY2017") as the Group's projects ramped up during the period.

Gross profit for Q1 FY2018 rose 21.4% to S\$10.0 million from S\$8.3 million in Q4 FY2016 on the back of the increased revenue.

Administrative expenses for Q1 FY2018 decreased 47.3% to S\$3.9 million from S\$7.5 million in Q4 FY2017.

Net profit attributable to shareholders in Q1 FY2018 increased 328.8% to S\$3.7 million from S\$862k in Q4 FY2017 on the back of the higher revenue.

Q1 FY2018 vs Q1 FY2017

Revenue for Q1 FY2018 increased 34.1% to S\$140.3 million from S\$104.6 million for the three months ended 30 September 2016 ("Q1 FY2017").

Gross profit was S\$10.0 million for Q1 FY2018 down from S\$15.4 million in the comparative period due to lower gross margins. This is due in part to a reallocation of tendering and human resource costs to operational divisions. In the absence of this reallocation gross profit for Q1 FY2018 would have been approximately S\$12.1 million.

Administrative expenses for Q1 FY2018 decreased 38.6% to S\$3.9 million from S\$6.4 million in Q4 FY2017 due to the allocation of expenses to cost of goods sold.

Net profit attributable to shareholders declined 40.1% to S\$3.7 million in Q1 FY2018 from S\$6.2 million in Q1 FY2017.



B. Statement of Financial Position

Total shareholders' equity increased 26.0% to S\$179.3 million as at 30 September 2017 from S\$174.7 million as at 30 June 2017.

Trade and other receivables increased to S\$215.6 million as at 30 September 2017 from S\$157.4 million as at 30 June 2017. The increase can be attributed to higher work-in-progress as projects ramp up and to the ongoing finalisation of variations on projects.

Trade and other payables increased to S\$152.7 million from S\$79.6 million over the comparative periods, reflecting the increase in project activity.

Cash and cash equivalents decreased slightly to S\$23.4 million as at 30 September 2017 compared to S\$24.0 million as at 30 June 2017.

Non-current assets increased to S\$146.0 million as at 30 September 2017 from S\$137.5 million as at 30 June 2017, attributed to the Group's investment in its Henderson and Newcastle facilities.

The current tax asset of S\$4.2 million as at 30 September 2017 (as at 30 June 2017: S\$4.5 million) represents income tax in relation to prior income years which will be recovered from taxation authorities.

Overall borrowings decreased to S\$45.9 million as at 30 September 2017 from S\$56.7 million as at 30 June 2017 as cash was used to pay down debt.

C Statement of Cash Flows

Operating cashflow before working capital changes for Q FY2018 was S\$9.0 million compared to S\$11.8 million for Q1 FY2017. The Group cashflow was positive in Q1 FY2018, generating S\$21.1 million net cash, reflecting the increase in operational activities.

The Group used S\$10.3 million in capital expenditure which is predominantly related to the development of the facilities in Henderson and Newcastle.

Cash proceeds of S\$38.2 million were used during Q1 FY2018 to repay bank borrowings. Proceeds from bank borrowings during the quarter amounted to S\$26.8 million and these were predominantly used to assist in working capital fluctuations.

As at 30 September 2017 the Group's cash and cash equivalents decreased to S\$23.4 million from S\$24.0 million as at 30 June 2017.

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 Group's diversification of service offerings and business sectors in recent years has placed the Group in a strong position to capitalise on growth opportunities.

Tendering activity is buoyant with a number of contracts secured during the quarter including works on the Northern Gas Pipeline and additional work on the Altura Lithium mine civil works.

The Group's order book as at October 2017 stands at S\$627 million which is an increase on Q4FY2017 (S\$610 million). Based on current timing of projects commencing the majority of this order book should be realised in FY2018.

The Group has continued with its development plans of its facilities in Henderson and Newcastle. The new 60m high facility at Henderson will allow us to further our capacity with our expansion into shipbuilding and ship maintenance. This significant investment will play a major role in the Company's long-term future.

Civmec remains committed to advancing the long-term strategy and expansion of revenue sources. The Group will continue to strengthen its position in growing its market share in the sectors it operates. The Company continues to expand its innovative approaches to its business. The Group is ensuring long-term sustainability by developing its workforce and further growing its apprenticeships and training programs.

The Group remains positive about the outlook and is strategically positioned to capitalise on the S\$800 billion pipeline of capital spend in Australia over the next 10 years.

Barring unforeseen circumstances, the Group expects to be profitable in the current financial year ending 30 June 2018.

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 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
7 November 2018