RESOLUTE TODAY. FOCUSED ON TOMORROW.

ANNUAL REPORT 2017

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Some of the workforce at our West Coast Facilities, Henderson

OUR BUSINESS

01

OUR BUSINESS

WHAT WE DO

Civmec is an integrated multi-disciplinary heavy engineering and construction provider to the metals and minerals, oil and gas, infrastructure and marine and defence markets.

Commencing operations in 2009 with a vision to develop a leading multi-disciplinary organisation, Civmec has experienced tremendous growth and is now a turnkey solutions provider, completing some of Australia's most prestigious projects.

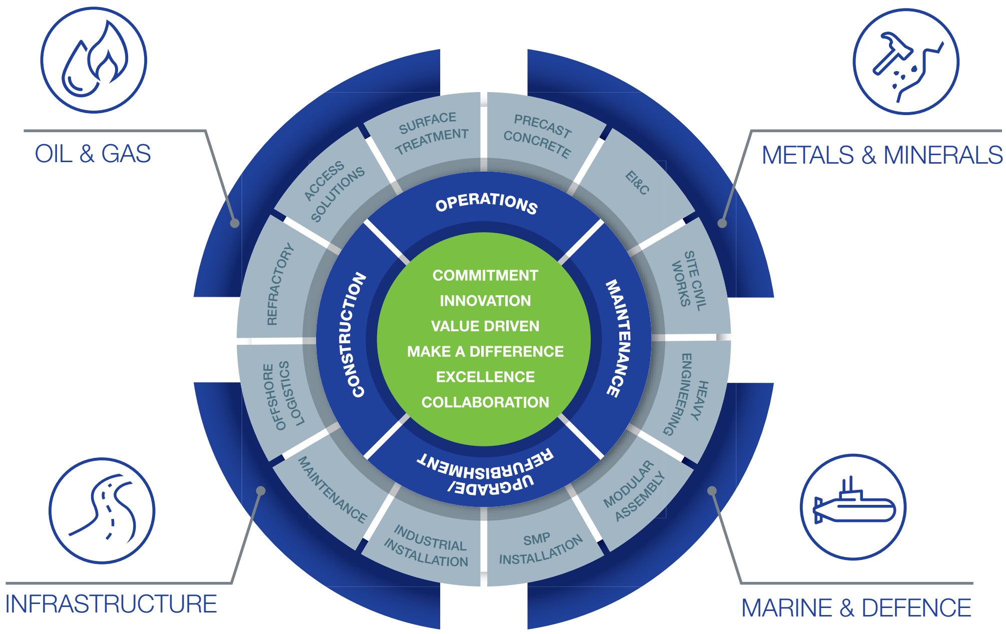
Fundamental to our strategy is our diverse range of capabilities that enables us to provide a large scale of complementary in-house core competencies and services including heavy engineering, modularisation, structural mechanical and piping, electrical instrumentation and control, site civil works, precast concrete, industrial insulation, access solutions, maintenance and minor works, refractory and offshore logistics.

We have a corporate culture programme that all employees adopt called 'Never Assume' – it describes our principles and values as well as underpinning the culture of our Company.

It drives the behaviour, attitude decisions and actions by all in the business to create a sustainable, successful Civmec. At Civmec we believe our high performing and experienced employees are a key factor in the success we have had to date.

Our west coast state-of-the-art facility in Perth has kept approximately 550 skilled people permanently employed. Set on 200,000m^2 of waterfront land, with access to a further 400,000m^2 within the Australian Marine Complex (AMC) the facility offers extensive undercover area (44,100m^2), deep water wharves and modern plant and equipment to ensure we remain globally competitive.

Our east coast facility in Newcastle, New South Wales has kept approximately 140 skilled people permanently employed. The facility is located on 227,000m^2 of land - just 12 kilometres from the port of Newcastle with riverfront access.



OUR VALUES

Amrun module within the Australian Marine Complex

COMMITMENT

Our individual commitment to contribute towards the company achieving its targets and objectives.

INNOVATION

Our innovative thought process develops our company's drive to continually improve.

VALUE DRIVEN

Our performance-driven attitude results in providing value.

MAKE A DIFFERENCE

Our motivation to influence and challenge means we ensure long-term sustainability.

EXCELLENCE

Our aspiration to be the best at what we do results in our company being a world-class service provider.

COLLABORATION

Our focus on working together means we will retain our team and our clients for now and the future.

FACILITIES & LOCATIONS

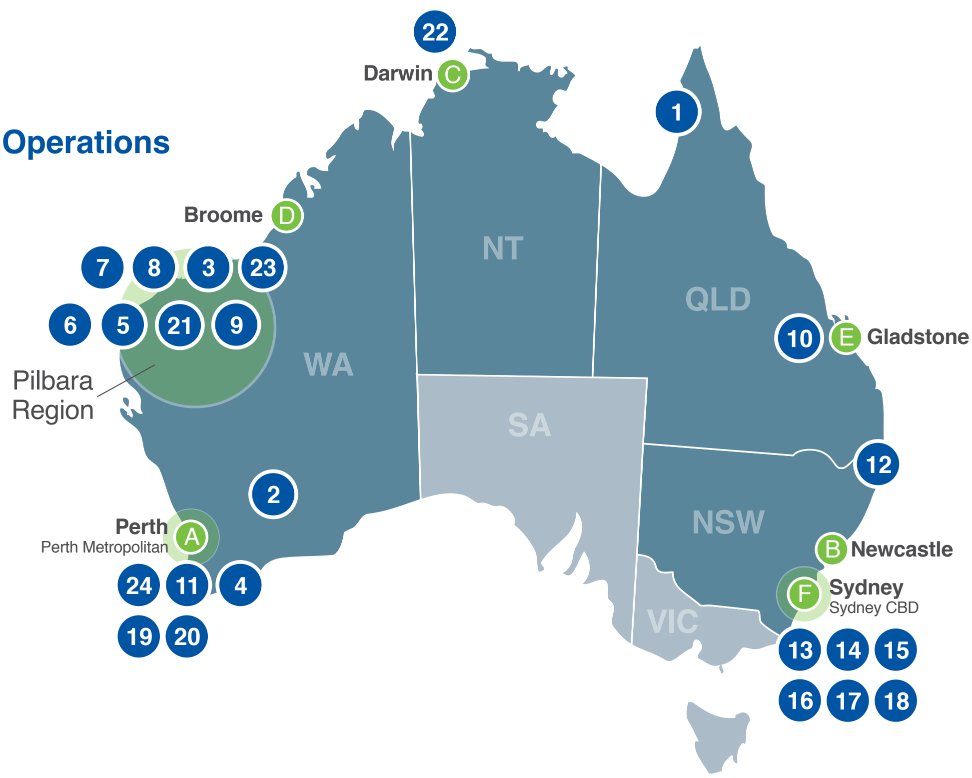
Civmec's facilities are in key Australian regions, all of which support on-site activities. By controlling the supply chain we ensure our on-site activities have the best opportunity for success.

PROJECT		MARKET	LOCATION
1	Amrun – Process Plant	Metals and Minerals	Weipa, QLD
2	Gruyere Gold Project	Metals and Minerals	Yamarna, WA
3	Altura – Pilgangoora Lithium	Metals and Minerals	Port Hedland, WA
4	Pinjarra Refinery Expansion	Metals and Minerals	Pinjarra, WA
5	Nammuldi Below Water Table	Metals and Minerals	Tom Price, WA
6	Orebody 18 Dump Pocket and TLO Modifications	Metals and Minerals	Pilbara, WA
7	Cloudbreak Shutdown Works	Metals and Minerals	Pilbara, WA
8	Anderson Point Shutdown Works	Metals and Minerals	Pilbara, WA
9	Roy Hill Iron Ore Project	Metals and Minerals	Roy Hill, WA
10	Yarwun Refractory Works	Metals and Minerals	Gladstone, QLD
11	Perth Stadium	Infrastructure	Perth CBD, WA
12	Pacific Highway Upgrade	Infrastructure	Macksville, NSW
13	Barangaroo Ferry Hub	Infrastructure	Sydney, NSW
14	Narellan Road Works	Infrastructure	Sydney, NSW
15	Sydney Light Rail – Moore Park Tunnel and Eastern Distributor Bridge	Infrastructure	Sydney, NSW
16	Nepean River Shared Path Bridge	Infrastructure	Sydney, NSW
17	Northwest Rail Link	Infrastructure	Sydney, NSW
18	Westconnex	Infrastructure	Sydney, NSW
19	Treendale Bridge	Infrastructure	Eaton, WA
20	Woodman Point Wastewater Treatment Plant	Infrastructure	Woodman Point, WA
21	Greater Western Flank Phase 2	Oil and Gas	Cape Lambert, WA
22	Ichthys LNG Project	Oil and Gas	Darwin, NT
23	Wheatstone LNG Project	Oil and Gas	Onslow, WA
24	Campbell Barracks	Marine and Defence	Perth, WA
25	OK Tedi Mining Mine	Metals and Minerals	PNG

LOCATIONS	
A	Perth
B	Newcastle
C	Darwin
D	Broome
E	Gladstone
F	Sydney
G	Papua New Guinea (Civmec-Mala)
H	Uganda (Civtec)
I	Singapore

Global Operations

Australian Operations



YEAR IN REVIEW 2016/2017

JUL16

- Awarded additional contract on the Roy Hill Iron Ore Project

AUG16

- Awarded 2016 Corporate Business of the Year at the Rockingham Kwinana Chamber of Commerce Business Awards

SEP16

- Employer of the Year at the Western Australia Training Awards
- Awarded Orebody18 Dump Pocket and TLO modifications contract for BHP Billiton

OCT16

- Substantially completed the Perth Stadium project
- Awarded additional contract on Nammuldi Below Water Table for Pilbara Iron
- Awarded 500 metres of tunnel works for the Sydney Light Rail

NOV16

- Secured Woodman Point Waste Water Treatment Plant Upgrade in an alliance with Black and Veatch and the Water Corporation
- Awarded first maintenance contract in Papua New Guinea for Barrick Niugini PJV
- ForgacsValco subsidiary established

DEC 16

- Secured significant contracts for the Amrun Project with Rio Tinto and Sandvik
- Held ground-breaking ceremony for new state-of-the-art modularisation facility

FEB 17

- Awarded contract for Treendale Bridge for Main Roads WA

MAR 17

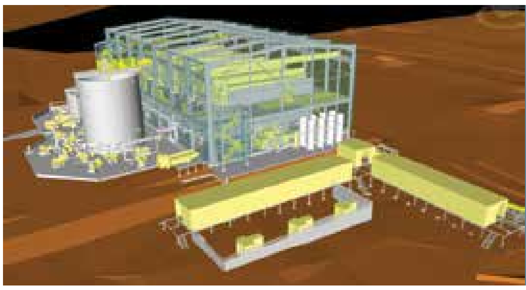
- Entered a Memorandum of Understanding with ASC Shipbuilding to bid on the $3 billion offshore patrol vessel contract with Luerssen and Damen

APR 17

- Awarded EPC contract – Gruyere Gold Project, in joint venture with Amec Foster Wheeler

MAY 17

- Awarded civils contract for Altura Mining Lithium Operations



JUN 17

- Awarded EPC contract for Alcoa's Pinjarra Alumina Refinery

FINANCIAL HIGHLIGHTS


East coast facility in Newcastle

The Group has continued to be profitable in challenging market conditions and recorded a positive result for the financial year ended 30 June 2017 (FY2017).

Revenue for FY2017 amounted to S$346.0 million compared to S$396.8 million a year ago ("FY2016"). The decline was a result of delays earlier in the year in securing and commencement of new project awards.

For FY2017 Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) was S$22.9 million while Net Profit After Tax (NPAT) was S$8.2 million.

Despite the lower revenue, gross margins remained steady at 10.7% in FY2017 compared to 10.9% in FY2016.

During the year, the Group made the decision to invest in its future and maintain a level of corporate overhead to support the growth expected in the coming financial years.

REPORTING CURRENCY S$'000	2017	2016	CHANGE
Sales revenue	345,955	396,752	(12.8%)
EBITDA	22,863	33,946	(32.6%)
Net profit after tax	8,220	17,292	(52.5%)
Operating cash flow	(26,758)	34,924	(176.6%)
Earnings per share (cents)	1.68	3.45	(51.3%)
Dividend per share (cents)	0.7	0.7	-
Return on equity (%)	4.70	10.8	(56.5%)

OPERATING CURRENCY A$'000	2017	2016	CHANGE
Sales revenue	330,266	392,393	(15.8%)
Net profit after tax	7,927	17,130	(53.7%)

Cashflow from operations was negative at S$26.8 million, impacted by the delay in cash receipts and extended payment terms from clients. Significant cash proceeds were used during the year in further improvements at the Newcastle and Henderson facilities. Despite this the Group recorded a cash balance of S$24.0 million at year-end.

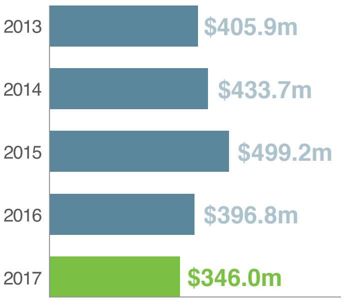
The Company was pleased to continue our relationship with the National Australia Bank during the year, with total facilities available to the Group including insurance bonds of approximately S$255.0 million.

The Group's Balance Sheet is underpinned by a high-quality asset base. As at 30 June 2017, the Group had Total Assets of S$324.6 million, Net Assets of S$174.7 million and Net Tangible Asset backing per share of 34.95 Singapore cents.

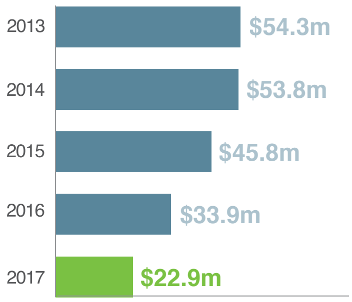
Total shareholders' equity increased 8.9% to S$175.1 million in FY2017 from S$160.8 million in FY2016.

The chart opposite outlines our comparative performance in our present operating currency (A$).

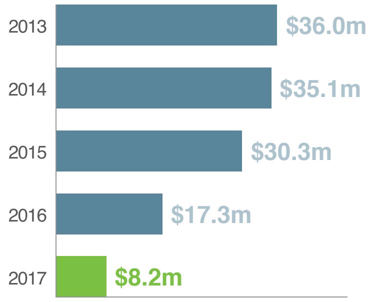
REPORTING CURRENCY (S$)



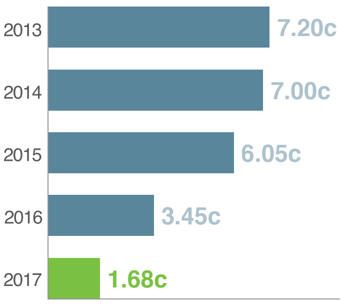
Revenue



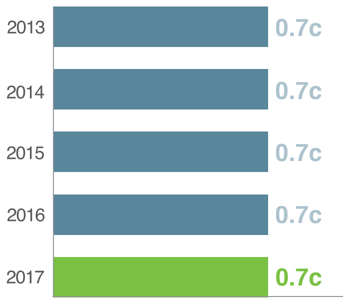
EBITDA



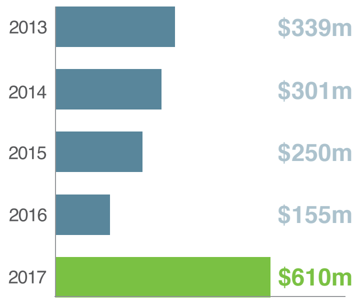
Net Profit After Tax



Earnings Per Share

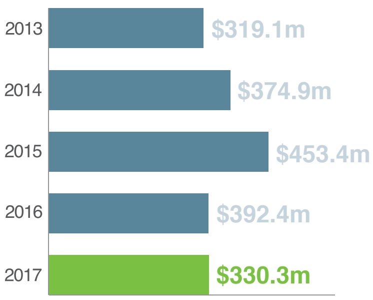


Dividends Per Share

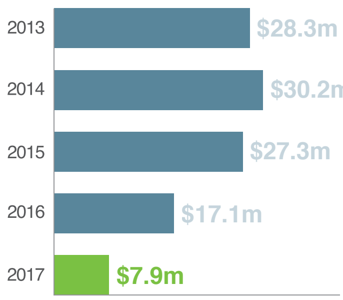


Order Book

OPERATING CURRENCY (A$)

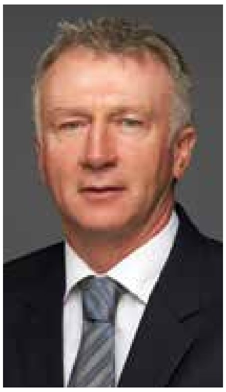


Revenue



Net Profit After Tax

EXECUTIVE CHAIRMAN'S STATEMENT



During the year, the Company has made solid progress on its market growth and diversification strategy, ending the year in a positive financial position.

It is with pleasure that I present the 2017 Civmec Limited Annual Report.

Whilst the 2017 financial year did not deliver revenue or profit growth the Company has performed well in a challenging business environment.

Civmec has continued with its development plans of its facilities on the east and west coast of Australia in line with our strategy to grow, gain greater market share and take advantage of the increased opportunities in the markets in which we operate.

We are committed to further advancing the long-term growth strategy and broadening of revenue sources. This will be achieved by leveraging our multi-disciplinary services and capabilities provided to our clients and entering new markets domestically with keeping a conscientious overview on international opportunities.

FINANCIAL PERFORMANCE

Sales revenue for FY2017 was S$345.9 million, down 13% compared to a year ago ("FY2016"), because of delays early in the year in the securing and commencement of new projects.

Net Profit after Tax for FY2017 amounted to S$8.2 million, down from S$17.3 million in FY2016.

The Company's Balance Sheet is strong with a net asset position of S$174.7 million underpinned by our significant investment in property, plant and equipment and cash balance of S$24.0 million at year-end.

DIVIDENDS

The Board of Directors has recommended a cash dividend of S$0.7 cents per share, subject to shareholders' approval at our Annual General Meeting on 26 October 2017.

The full year dividend payment represents a 43.0% payout ratio. Dividends paid will continue to be reviewed in line with trading conditions, requirements for cash and investment opportunities.

The dividend will be paid on 14 December 2017.

SAFETY PERFORMANCE

We continue our steadfast commitment to safety and to be recognised as an industry leader in health and safety management. Our focus for the coming year will be on further promoting our "Never Assume" safety initiative and developing a strong leadership and safety culture throughout the business.

PEOPLE

At Civmec, we recognise that our people are our greatest assets, and contribute a big role in the Company's journey towards long-term sustainability and success. It is the capability, innovation and commitment of our people who continually enables us to successfully deliver to our clients.

Employee numbers remained consistent with those of previous years with a total direct workforce of approximately 1,700 employees during the year. We as a company strive to maintain our competitive advantage by self-performing delivery and developing and retaining talent.

As a business, we are committed to being a good corporate citizen by taking responsibility for all our social, ethical and environmental actions.

EXECUTING OUR STRATEGY

During the year, Civmec successfully capitalised on several opportunities in core markets including establishing the business as a leading EPC contractor that has secured a number of significant contract awards.

The past year has seen an increase in investment activity in the metals and minerals sectors including the gold and lithium sectors. This combined with the well documented infrastructure boom on the east coast of Australia has resulted in strong tendering activity and future opportunities for the Company.

FY2017 has been a successful year and while we have not achieved financial growth we have been resolute in our commitment to execute our strategy and focused on tomorrow's future.

Our ability to innovate, adapt to market conditions and our clients' needs, while continually evolving as a business has enabled us to finish the financial year positively, with a strong order book and a strong pipeline of opportunities.

FUTURE FOCUS

Our FY2017 results demonstrate the Company's ability to be value-driven and our commitment to remain profitable, even in difficult market conditions. This highlights Civmec's resilience and adeptness in responding to challenges by creating new opportunities.

We will continue with our strategy to provide cost-effective, intelligent engineering solutions for our clients and maintain our disciplined approach to capital management.

The business has invested significant resources in establishing a solid platform for the coming year. We look forward to further growing and expanding our capabilities, as well as securing further work in the Defence and Energy markets.

We have strategically positioned the business as a strong contender to participate in the Australian government's projected defence investment and have commenced building a state-of-the-art modularisation facility at our Henderson facility which will be Australia's largest undercover construction and modularisation facility.

The 60-metre high facility will also allow us to carry out larger modular assemblies undercover for the oil and gas and metals and minerals markets, and further our capacity with our expansion in shipbuilding and ship maintenance which is another way of ensuring we are globally competitive. This significant investment will play a major role in the Company's long-term future.

The Company will continue to explore and extend core services to overseas markets with several potential opportunities identified in our current markets.

The strength of our Balance Sheet provides the Company with substantial capacity to pursue investment opportunities to advance our long-term growth strategies.

Our strategic position as a market leader in engineering and construction services and our strong order book provides us with confidence that Civmec will enjoy significant revenue and earnings growth over the coming years.

To assist in our chances of securing Australian defence and infrastructure projects, and to reinforce our strong presence in Australia, investigations are currently underway to explore options for a dual listing on the Australian Stock Exchange (ASX) in the near future. We will keep our shareholders updated on this as the investigations progress.

On behalf of the Board, I would like to extend my appreciation to all employees for their valuable contributions. To our loyal shareholders, thank you for your continued support as we forge ahead to achieve our vision.

Yours sincerely,

JAMES FINBARR FITZGERALD
Executive Chairman
Civmec Limited

CHIEF EXECUTIVE OFFICER'S REPORT

Following on from having already achieved creditability as a multi-disciplinary provider of turnkey solutions to our clients in our many markets, FY2017 was very much focused on elevating our capabilities and securing more projects as an EPC contractor. For the 12 months ended 30 June 2017, we placed emphasis on securing high-value contracts while maintaining operational efficiencies, enabling us to enter the new year with a very healthy order book and a strong platform for growth.

BUSINESS PERFORMANCE

During FY2017, we continued to focus on the future, including broadening our project base, and securing contracts with asset owners. We have expanded our horizons and developed our capabilities to now be able to complete EPC contracts as well as delivering as a sub-contractor.

New contracts valued at approximately S$821 million were secured throughout FY2017 across our four markets - oil and gas, metals and minerals, infrastructure and marine and defence.

Major contracts in our metals and minerals market were secured, including two contracts on the Amrun project in North Queensland for Rio Tinto and Sandvik, an EPC contract in joint venture with Amec Foster Wheeler for the construction of the Gruyere Gold project and a civils contract for Altura Mining on the Pilgangoora Lithium project. Continuing our relationship with Alcoa Australia, we were awarded an EPC contract for the Pinjarra Alumina Refinery.

We continue a hardworking approach with our clients to ensure they are getting the best overall solution for their exclusive projects and it is very satisfying to see our efforts being rewarded with these contracts.

Building on last year's infrastructure contracts – the majority in New South Wales for their public transport development – we secured additional contracts with our existing client base, working on the Sydney Light Rail and Westconnex M4 and M5 road infrastructure project as well as the manufacture of the Eastern Distributor Bridge, to name a few.

Meanwhile, we continue to reach target milestones in our alliance project with the Water Corporation and Black and Veatch for our Woodman Point wastewater treatment plant upgrade. This was a landmark win for Civmec as it opens us to further project opportunities in the water industry.

Over the year, we also secured long-term maintenance contracts across Australia. These contracts help to lay a foundation for future works.

STRATEGY

In order to provide a more sustainable foundation for the future, focus for FY2017 has been the continual development of our Henderson and Newcastle facilities. Our Henderson facilities will now stand at a total 200,000m^2. We are currently completing the earthworks and to make way for the paint and blast facility to be built first, followed by the modularisation facility.

At our Newcastle facility, we are nearing completion of our stage one development and will now focus on further development of the site.

We continued to strengthen our team during FY2017 with the appointment of a Business Systems Manager who will ensure our systems keep up with the growth of disciplinary diversification that the Company is undergoing. We also introduced an Aboriginal Affairs Coordinator, who will focus on implementing our first Reconciliation Action Plan (RAP) and broaden our Aboriginal engagement strategies.

Our overall strategy for the year was to secure high-value contracts, preserve our balance sheet and maximise our shareholders' returns. While always conscious of our overhead costs, our decision to retain key people to ensure success in securing future projects has paid off. We have subsequently reviewed the overhead and made suitable positive adjustments for the year ahead.

OUR PEOPLE

At Civmec, our high-performing employees drive our Company to success. They are dedicated and committed, ensuring a future for the Company.

The number of direct employees at the end of FY2017 was approximately 1,700, while during the year at least another 1,000 people were employed as a result of our activities.

Across our offices, facilities and sites, Civmec continues to support its people through learning and development opportunities that highlight their strengths and abilities.

Our vision is to ensure every person that comes to work at Civmec is proud of the company they work for, with a strong work ethic, and willing to adopt our principles and values to ensure we create a sustainable and successful Civmec.

OUTLOOK

As we look to the future, we will continue to engage with key stakeholders involved in the future Naval Defence Acquisition Programme. We will also further develop our Henderson and Newcastle facilities.

Our continuing strategy in the marine and defence market is to evaluate further opportunities in the water space, as well as understand what lies ahead in the energy market. We will also direct our infrastructure segment towards a focus on high-level specialised projects.

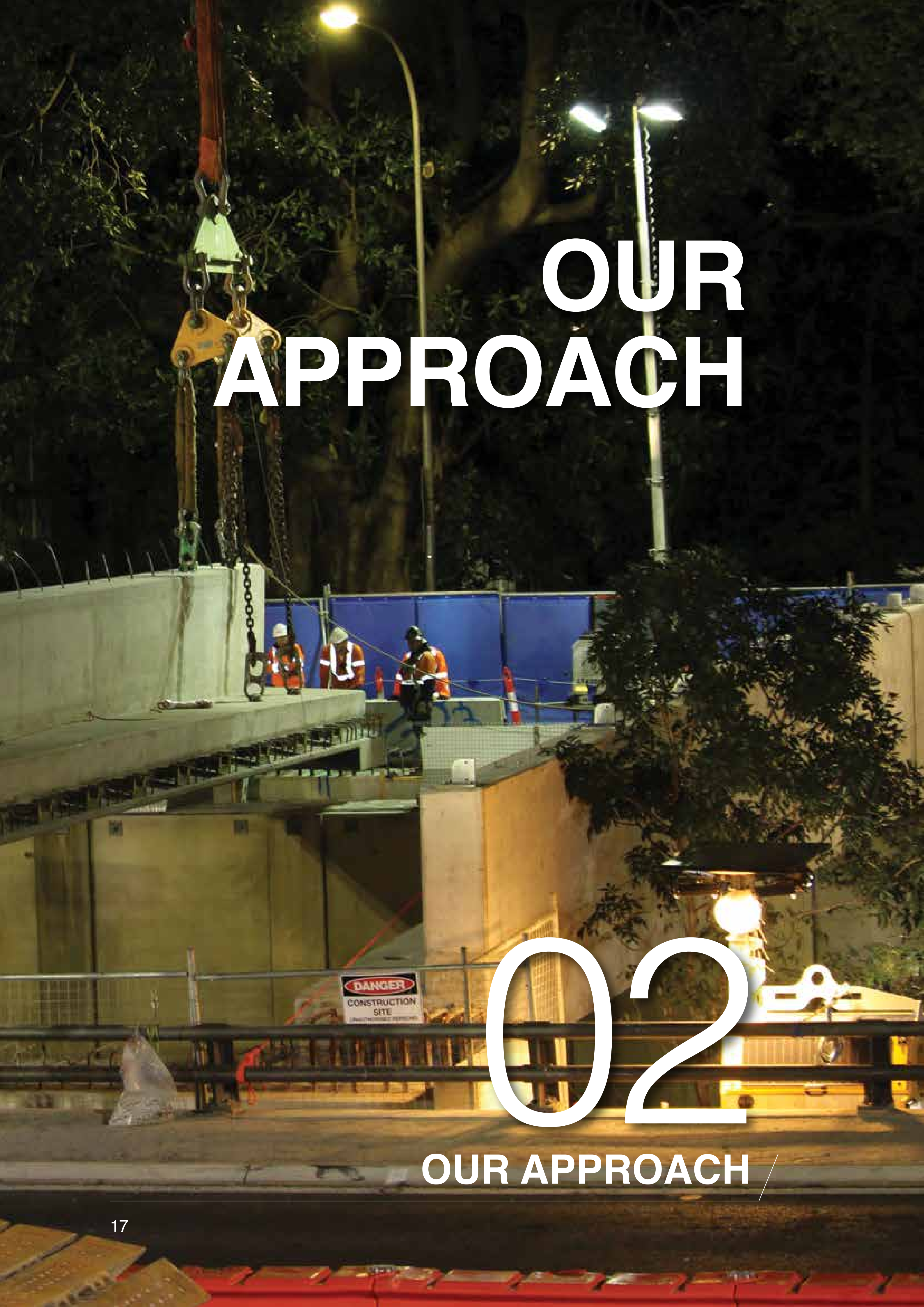
We see the outlook as positive and are looking forward to a successful future.

Yours sincerely,

Patrick Tallon
Chief Executive Officer
Civmec Limited

Light rail bridge structure being installed over Eastern Distributor, New South Wales

OUR APPROACH



02

OUR APPROACH

OUR MULTI-DISCIPLINED APPROACH

We have a self-performing model with the ability to be a turnkey solutions provider, offering an integrated, multi-disciplined service across the oil and gas, metals and minerals, infrastructure and marine and defence markets.

We offer flexibility and budget benefits through economies of scale, enabling us to meet the demands of our clients' critical time frames and individual project-specific requirements.

By continually refining our strategy over the years and focusing on diversifying, investing and always delivering, we have seen growth and returns from our key markets. During the year, we explored opportunities with the marine and defence market, as well as water and energy, and we see these as strong prospect areas for our future.

We are safety conscious with a dedicated and loyal workforce that 'Never Assumes'. We are growing, developing and constantly learning and improving.

We are passionate about playing our part in ensuring that Civmec and Australian manufacturing is recognised as a world leader in producing the highest quality assets for our clients.

Hence, we have the confidence to invest heavily in creating the world's most efficient systems, facilities, construction methods, with a skilled and passionate workforce that uses the most modern tools and equipment.

Successful turnkey solution provider

PEOPLE	CLIENTS	HSE	QUALITY	FINANCIAL	GOVERNANCE
Our success is achieved through our high-performing workforce.	Satisfied clients provide sustainment and key long-term relationships.	Our 'Never Assume' culture is aimed to ensure that all our people can operate in a safe work environment.	Embracing innovation and technology provides us with improved quality and efficiencies.	With a strong balance sheet and significant financial facilities, we can offer our clients assurance.	A strong understanding of governance provides us with strong decision-making skills.

Heavy Engineering	Modularisation	Site Civil Works	Precast Concrete	Structural mechanical piping	Electrical instru-mentation control	Mainten-ance and shutdown works	Insulation & Surface Treatment	Refractory and Associated services	Access Solutions

Oil & Gas	Metals & Minerals	Infrastructure	Marine & Defence

Commitment	Innovation	Value Driven	Make a Difference	Excellence	Collaboration

Some of our people at various locations across Australia

OIL & GAS

Despite market predictions, we managed to sustain a reasonable turnover and explored new opportunities, indicating improved prospects going forward.

HIGHLIGHTS

Annual turnover
S$54 million

S$45 million
in new contract awards and extensions

AWARDED
IMPORTANT CONTRACTS
for the Ichthys LNG and Varanus Island

We continue to build on our current relationships with major LNG developers, while developing new relationships with clients for future opportunities.

Through FMC Technologies, we continued to be awarded works for Woodside, involving complex piping and structural fabrication items. We also continued our scope of works on phase 2 of the Greater Western Flank (GWF) manifolds project, which is due for completion later this year.

After successfully carrying out works on the GWF, we were awarded the contract for supply, fabrication, surface treatment and testing of two jumper spools by Fugro. Clients have the confidence in us to deliver high-quality products, on time and on budget. This is a key factor when it comes to awarding extra scope of works.

New client Quadrant, an oil and natural gas provider, awarded us the brownfields structural, mechanical and piping tie-in works within the East Spar Gas Plant, including final connection to the existing process piping and vessels.

We have also been awarded extension packages for the Inpex Ichthy's LNG combined cycle power plant project for site civil, site logistics, pipe spooling, fabrication and mechanical rectification works.

Continuing our support for the onshore combined cycle power plant on the Ichthys LNG project, we secured a direct contract with JKC for the execution of civil works. We have worked on this project since 2014 and were delighted to continue, having established a strong relationship with the client.

OUTLOOK
Our focus is to continue to build strong relationships with our key clients for future opportunities. Tendering activity within the oil and gas market is moderate and we anticipate an increase in 2019.

Greater Western Flank - Subsea Modules

Ichthys LNG Project - Combined Cycle Power Plant

Some of our workers on the Ichthys LNG Project

METALS & MINERALS

Our Metals and Minerals division had another successful year of completing vertical package solutions for major clients on some of Australia's most prestigious projects. We have also secured additional resource and energy contracts with new clients.

HIGHLIGHTS

Annual turnover
S$191 million

S$642 million
in new contract award and extensions

AWARDED
SIGNIFICANT CONTRACTS
for the Amrun, Gruyere Gold, Pinjara Alumina and the Pilgangoora Lithium Plant Projects

Expanding on last year's focus of providing a full turnkey solution, we secured a significant construction contract on the Amrun project for Rio Tinto. This contract involves extensive off-site modularisation and the construction of the bauxite processing plant facilities on the Cape York Peninsula in North Queensland.

In addition to our contract with Rio Tinto, we were also awarded a contract with Sandvik for the supply, fabrication, surface treatment, mechanical and electrical installation and the modularisation of stacker, reclaimer and ship loader for bauxite material handling on the Amrun project.

We continued our relationship with Roy Hill, completing the fabrication and installation of steel arches for the five COS tunnels and the fabrication, installation and concrete works for the three primary crushing stations.

We continued our relationship with Rio Tinto Iron Ore with the award of works on the Nammuldi Below Water Table for the tyre change facility and the supply and installation of all structural, mechanical, piping and electrical works at the Cape Lambert and Mesa J sites.

Additionally, we strengthened our relationship with BHP with the award of modification works on Orebody 18 Dump Pocket and TLO facilities, and the supply and fabrication of new transfer load-out flow enhancers for their Newman Hub.

In April 2017, we were awarded another EPC contract as part of the Amec Foster Wheeler Civmec joint venture (ACJV) for the Gruyere Gold Project. This is one of the largest and most prestigious projects in Western Australia for 2017 and we are proud to play a major role.

Building on our successful track record of delivery on previous and current EPC projects, Civmec was awarded a significant EPC contract by Alcoa of Australia Ltd for the Pinjarra Alumina Refinery. We are responsible for the design and construction of the filter building and material handling system.

In May 2017, we were awarded civil construction works for a greenfields project, the Pilgangoora lithium plant in Port Hedland for Altura Mining. This is a significant award that represents our expanding client and knowledge base by delivering a lithium project, an emerging mineral base mined in Australia.

OUTLOOK

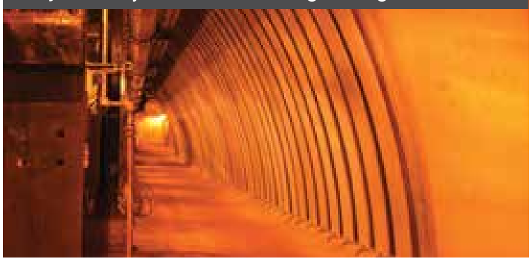
With the continued success of our Metals and Minerals division, we intend to capture new opportunities, proving our clients a turn-key solution.

Our tendering activity is high in this division, as there are a variety of projects across capex and sustaining capital and increasing opportunities in the gold and lithium operations.

During the last year we have increased our refractory, maintenance and minor works area of the business, with the strategy in place to build on this as we see many plants heading towards this requirement in their life cycle.

Port Kembla Coal Terminal - Stacker's and Reclaimer

Roy Hill Project - Tunnel Strengthening Works



Cape Lambert Maintenance Works

INFRASTRUCTURE

Our Infrastructure division continued to grow this year with the award of significant contracts throughout New South Wales, as well as the completion of the Perth Stadium. This year also saw the award of a major water contract with The Water Corporation.

HIGHLIGHTS

Annual turnover
S$101 million

S$134 million
in new contract award and extensions

AWARDED
SIGNIFICANT CONTRACTS
for the Sydney Light Rail and Woodman Point Wastewater Treatment Plant

Since commencing works on the Perth Stadium in 2015, we are proud to have been a major contributor supporting the West Australian Government on this iconic Western Australian project. In October 2016, having successfully completed both the structural frame and installation of the precast seating platforms, we achieved a significant milestone when we completed the installation of 50 roof trusses.

Further to our precast and concrete works on the Northwest Rail Link project, we were successfully awarded additional packages for the supply and installation of structural steel components for various train stations. These will all form part of the Sydney Metro Northwest, offering a reliable public transport service to the region.

As NSW is going through a development and expansion phase, we also secured works on the Sydney Light Rail, a new light rail network for Sydney extending from Circular Quay. For the first package of works, we supplied concrete elements that make up the light rail bridge. This was installed over five nights and sits over one of the busiest roads in New South Wales. The second package awarded was the structural and concrete works for the nine-metre deep Moore Park Tunnel, consisting of over 20,000m^2 of formwork and 7,000m^3 of concrete and stretching 500 metres.

In December 2016, in joint venture with Black & Veatch, we were 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 to 180ml/day. Securing this contract will help contribute to the water and wastewater infrastructure division as a long-term business opportunity.

Other contract awards include the Treendale Bridge for Main Roads Western Australia, with the supply, fabrication and delivery of structural steel beams for the new bridge.

OUTLOOK

Our outlook for the infrastructure market is strong, as we continue to involve ourselves with steel fabrication and precast concrete opportunities for public infrastructure works with a strong focus on high-level specialised projects.

With the further development of our Newcastle facility, we are able to offer our clients a high-end product for major infrastructure projects in New South Wales.


Woodman Point Wastewater Treatment Plant


Sydney Light Rail - Moore Park Tunnel


Perth Stadium Project - Fabrication and Concrete Works

Load-out of Stage One Narellan Road Bridge

OTHER ACTIVITIES AND FUTURE DEVELOPMENTS

Throughout the year, we have made progress in our efforts to broaden our capabilities with the addition of valve maintenance, pressure testing and electrical installation. In addition, we have also progressed with our planned expansion into the marine and defence market.

HIGHLIGHTS

Building the largest

undercover modularisation and maintenance facility in Australia.

Key partnerships

with prime shipbuilding companies.

Electrical licence

Licenced electrical contractor in WA, SA, NT, NSW and QLD

NEW FACILITIES

As we build and invest in the future of Civmec, we held a ground-breaking ceremony in December 2016 to announce plans for the expansion of our Henderson facilities. This facility will be large enough to house complete Air Warfare Destroyers or Frigates as well as large integrated modules for the Oil and Gas and Mining sectors.

NAVAL SHIPBUILDING

To further our opportunities in the Naval Defence Acquisition programme, in March 2017 we signed an MOU with Australia's largest naval steel shipbuilder, the Australian Government-owned ASC Shipbuilding, to work together for minor naval vessel construction in Western Australia, with our initial target being the Offshore Patrol Vessels (OPVs) programme.

The bid for the OPVs saw us work closely with OPV designers Leurssen Werft GmbH & Co. KG of Germany and B.V. Sheepswerf Damen Gorinchem of the Netherlands. Both these companies have generations of shipbuilding experience which they are bringing to Australia and sharing with Civmec.

ELECTRICAL WORKS

Civmec, through its wholly-owned company Civmec Electrical and Instrumentation Group, is now licenced to self perform electrical work throughout Western Australia, South Australia, New South Wales, Northern Territory and Queensland. This adds to our capabilities as a turnkey solution provider to our clients by enabling us to perform electrical works in-house.

Ground-breaking ceremony - commencing construction

ForgascsValco activities

FORGACSVALCO

In November 2016, Forgacs, a Civmec Company, signed an agreement with French Valve Company Valco to set up a valve servicing and maintenance centre in Western Australia under the name ForgacsValco. Its offerings include valve diagnostics and repair, spool hydraulic and pneumatic testing, and on-site maintenance engineering support.

OUTLOOK

Our continuing strategy is to broaden our scope of capabilities we can offer in-house to our clients with a greater suite of services fully under our control.

Planned development of the Henderson facilities

Workers at the West Coast Facility, Henderson

SUSTAINABILITY

03

OUR PEOPLE

Our high performing employees drive Civmec to success. They are dedicated and committed, ensuring a future for the Company.

We continue to support our people through learning and development opportunities, highlighting their strengths and abilities whilst identifying areas for further development. With our in-house Registered Training Organisation (RTO), we are able to offer our employees a range of training programmes.

Over the past 12 months, we set ourselves a target of employing and retaining more apprentices. We are happy to say we currently have 40 apprentices and trainees, up 42.4% from last year. Employing apprentices at Civmec is fundamental to the future of the Company and our industry, while providing individual learning and development opportunities.

In January 2017, we were delighted to welcome our first Aboriginal Electrical Apprentice. We intend to employ more apprentices, as this helps us provide a sustainable workforce for the future.

We continued to build our workforce across the country, employing local people in the regions to work on some of Australia's most prestigious projects.

By providing ongoing employment opportunities, we provide a framework for people to build their career with us. We recognise that the greatest thing we can instill in our people is pride in who they are, what they do and who they work for.

Some of our apprentices during an open day

Our people are proud of the growth we have achieved together and are genuinely excited about our future.

ABORIGINAL ENGAGEMENT

At Civmec, we continue to ensure we have an environment where Aboriginal and Torres Strait Islander (ATSI) peoples are valued and respected. Civmec's intention is to make a positive and lasting difference in the lives of ATSI peoples.

Our Reconciliation Action Plan (RAP) is in its final stages and will outline our commitment to making a difference through several key strategies, which has been ongoing since our establishment in 2009.

In November 2016, we employed a full-time Aboriginal Affairs Coordinator who will focus on ensuring Civmec is engaged in the right Aboriginal engagement strategies for the right reasons. He brings with him a wealth of knowledge and experience, and we look forward to increasing our Aboriginal engagement activities.

DIVERSITY

We are committed to an equal workforce, where we are dedicated to inclusion and diversity among all divisions. With this commitment in place, we believe we will be able to attract and retain the best talent within the market.

Civmec is proud of the number of women we have working within the Company, especially in executive and management positions including Chief Financial Officer, Group Manager – HR/IR, Group Manager - Strategy and Development, Business Systems Manager, Training and Development Manager, Senior HSE Superintendent and Recruitment Manager, just to name a few.

In addition, through our apprentice program, we welcomed various female apprentices in both our Henderson and Newcastle facilities, in the disciplines of mechanical fitting, boiler-making, and electrical and instrumentation.

Some of our people at various locations across Australia

HSEQ

We are proud of our equal focus on health and safety in addition to environment, quality and socio-economic targets. We have a driven workforce focused on sustainability, and are willing to be held accountable while measuring our performance.

Sustainability at Civmec is the over-arching element in our corporate culture programme – 'Never Assume'. It describes the principles and values adopted by all employees and underpins the culture of Civmec, driving the behaviour, attitude, decisions and actions by all in the business to create a sustainable, successful Company.

HEALTH AND SAFETY

We are a safety conscious company with a dedicated and loyal workforce. We are always aiming to develop new methods and striving to be a market leader.

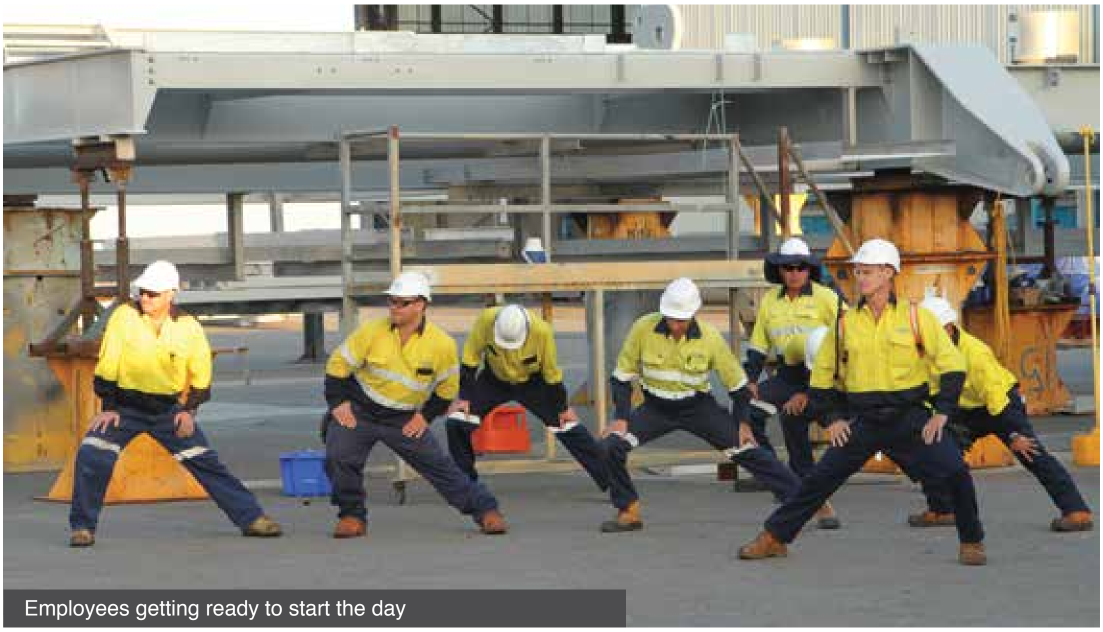
Our people are the cornerstone of the Health and Safety management plan, which empowers them to embrace robust safety practices and lead by example in the workplace.

The 'Never Assume' programme ensures everyone remains vigilant and focused on the task at hand, ensuring their safety and that of everyone around them.

Our increased focus on critical risk management and targeted audit protocols reduces our exposure to high risk activities and ensures our workforce is further protected whilst at work.

Civmec ensures it records the number of Lost Time Injuries (LTIs) which are industry recognised metrics, and the Lost Time Injury Frequency Rate (LTIFR) is used as a lag indicator of injury prevention performance. As at the end of FY2017, our LTIFR remained fixed at 0.33 and during 2016/2017 we reached a milestone of 600 days LTI free.

As the Company moves to strengthen our electronic based HSE platform in late 2017, we will further enhance our ability to support front-line management in understanding our critical risk controls and implementing key risk reduction strategies. Providing direct access to current Health and Safety requirements and initiatives will ensure no-one operates under any assumptions in the workplace. *In everything we do, we Never Assume!*



Employees getting ready to start the day

Employee partaking in Planet Ark Tree Planting Day

ENVIRONMENT

Civmec acknowledges the delicate surroundings in which many of our projects are located, and remain committed to minimising our impact on the environment. We have strengthened our compliance and auditing of all facilities and major projects since our ISO 1400 accreditation. By actively measuring and monitoring our performance across the business we have been able to recognise areas of success and those that require improving.

Civmec has also demonstrated success across key environment and sustainability programmes which are also reflected in our Corporate HSEQ Objectives. These programmes include:

- Communicating environmental requirements across all work groups through a training and awareness programme;
- Improving our resource efficiency by reducing unnecessary waste and reducing waste going to landfill; and
- Measuring and monitoring of all inputs (energy, water and materials) and outputs (waste and emissions), allowing Civmec to understand our impact on the environment.

In 2017 the integration of key environmental themes was introduced to the 'Never Assume' programme, which further advances the culture relating to our People, Safety, Quality and the Environment.

The coming 12 months will see the development of the Civmec Sustainability Policy and Agenda, including Environmental, Social and Governance factors. This information will be reported in late 2018 in the Company's first Sustainability Report.

Civmec is committed to continually improving its environmental performance and contributing to a more sustainable future.

QUALITY

Civmec is proud to be a market leader for complex fabrication in Australia, and succeeded in achieving certification to ISO 3834.2 Quality Requirements for Welding. Our Henderson workshop became certified for the ASI National Structural Steelwork Compliance Scheme (NSSCS), conforming to AS/NZS 5131.

Civmec is the first company in Australia to achieve compliance with the National Structural Steelwork Fabrication and Erection Code of Practice in accordance with the Construction Category 3. Both the NSSCS and ISO 3834 certifications provide the construction industry with assurance Civmec has achieved the quality benchmark required - a great achievement for the Company, as it broadens our capabilities.

Our internally developed, web-based integrated business management, quality and tracking system, Civtrac, continued to develop. We rolled out productivity tracking, quality control and completion management activities occurring in the field on tablets in real time.

This has enabled Civtrac to have a seamless flow from fabrication through to on-site installation and commissioning. As with all previous modules of Civtrac, our clients are provided access to ensure transparency and compliance functionality. This ensures a high level of service, product delivery and execution of projects - while maximising value.

The ongoing integration of the Health, Safety, Environment and Quality systems ensures effective controls in place to ensure our clients' needs are met on all fronts.

COMMUNITY ENGAGEMENT

At Civmec, community engagement is a key component to showing what is important to us, not only as a company but also as individuals. Many of our people are involved in various not-for-profit organisations where they participate in a variety of activities to help disadvantaged people. We are passionate about working with key charities, community groups and schools to create better opportunities for all people.

VARIETY CLUB

We have been working with the Variety Club for over a year, having donated $10,000 at Christmas toward the purchase of iPads for children with autism, which will assist them in overcoming learning challenges.

ANGLICARE

We donated $5,000 at Christmas to the Young Hearts programme, which assists many families affected by domestic violence.

ASSISTING OUR EMPLOYEES

We continue to invest in our personnel by assisting them with their events, sponsorships and activities. One of our employees was selected to represent Australia in the world arm-wrestling federation championship in Budapest, Hungary.

MORLEY GAELS FOOTBALL CLUB

During FY2017, we donated funds towards the Morley Gaels Football Club to assist them in the purchase of their guernseys for the season.

ASHFIELD PRIMARY SCHOOL

We collaborated with Mikayla King, a local Aboriginal artist, to create an Aboriginal painting that was raffled off to raise funds for Ashfield Primary School – a local school that aims to improve the attendance of Aboriginal and Torres Strait Islander (ATSI) students, as well as help minimise the numeracy and literacy gap.

TEAL SISTERS
One of our employees was diagnosed with Neuroendocrine Carcinoma of the Cervix (NCC) and has created a charity called the Teal Sisters, which aims to create awareness and raise research funds. Civmec has been involved in various fundraising activities for the Teal Sisters, including hosting a morning tea, a silent auction and selling raffle tickets. We have donated more than $7,000 to the Teal Sisters – with funds going to a great cause.

MSWA
MSWA is a charity that is close to our employees' hearts, with family members diagnosed with neurological diseases. Civmec has sold raffle tickets, chocolates and held various fundraising activities to help MSWA provide vital support and services to people living with neurological conditions in Western Australia; such as multiple sclerosis, stroke, Parkinson's Disease, Huntington's Disease, Motor Neurone Disease, and acquired Brain Injury, to name a few.

PROJECT BASED INITIATIVES
Throughout the year, our projects and employees around Australia were involved in fundraising activities for Movember, Cancer Councils Biggest Morning Tea, RUOK Day, NAIDOC Day, and various other events.

Civmec also supported Reconciliation Week, sponsoring the Department of Aboriginal Affairs Reconciliation Week Street Banner Project, which saw banners throughout Perth CBD and the Cockburn area.

We continued our relationship with the Wirrpanda Foundation throughout FY2017, providing free training for Aboriginal job seekers. In addition, our training department provided free consultancy services to help them set up their own training organisation.

KWINANA INDUSTRY COUNCIL IWOMEN PROGRAMME
Civmec delivered fire training to the Kwinana Industry Council (KIC) iWomen programme. iWomen is an annual programme that offers young high school women exposure to career opportunities within the local industry. This includes building self-esteem, leadership skills and professional development, such as preparing for interviews and how to write a resume. This year, 32 female students were invited from 19 high schools associated with the KIC Education Partnership. Civmec was delighted to be a part of the unique programme. On the awards night, Civmec sponsored the event and our CEO Pat Tallon presented the award for the trainee that demonstrated outstanding leadership and initiative during the iWomen programme.

LEEUWIN OCEAN ADVENTURE FOUNDATION
Civmec, in partnership with OneSteel, recently sponsored the steel piping for the STS Leeuwin mast replacement. This was a much-appreciated contribution by the Foundation to help them achieve refit plans for 2017. The Leeuwin Ocean Adventure Foundation is a not-for-profit organisation based in Fremantle with their primary programme being the Youth Explorer Voyages.

SPONSORSHIP OF CHILDREN'S EVENTS
Civmec - in collaboration with The Starlight Foundation, The Variety Club WA, Perth Children's Hospital Foundation, Anglicare WA and The Wirrpanda Foundation - has on many occasions sponsored events for children and their families by hosting them for sporting events and stage shows, including Disney of Ice and The Wiggles at Perth Arena.

BOARD OF DIRECTORS

James Finbarr Fitzgerald

Executive Chairman

Mr. James Finbarr Fitzgerald was appointed to our Board on 27 March 2012. He is responsible for the Company's corporate direction and implementing the company's vision and strategic directions. With more than 35 years' experience, Mr. Fitzgerald has a wealth of experience, with the ability to create solutions for complex tasks, he has a strong belief in training, strong corporate governance and with uncomplicated systems as a cornerstone to his and the Company's growth and success.

Patrick John Tallon

Chief Executive Officer

Mr. Patrick John Tallon was appointed to our Board on 27 March 2012. He is responsible for implementing the strategic decisions and policies of the Group, with a strong focus on safety culture, team building, leadership and the Group's financial performance. Over the past 29 years, Mr. Tallon has been refining his knowledge in the oil and gas, metals and minerals, infrastructure and defence markets, building an understanding of key stakeholder requirements at all levels. Never content to accept that we have reached full efficiency. He is a key driver in company innovation, productivity improvement and the waste elimination programs within the business.

Kevin James Deery

Chief Operating Officer

Mr. Kevin James Deery was appointed to our Board on 27 March 2012. He is responsible for ensuring a safety-focused workplace, delivering a high-quality product, while overseeing the ongoing business operations of the Group's quality-orientated culture, compliance and operational productivity. Mr. Deery has more than 21 years' experience, with extensive experience in the construction and engineering services industry throughout Australia.

Chong Teck Sin

Lead Independent Director

Mr. Chong Teck Sin was appointed to our Board on 27 March 2012. Mr. Chong is currently an independent Director of Changan Minsheng APLL Logistics Co. Ltd. and Audit Committee Chairman of AVIC International Maritime Holdings Limited, InnoTeck Limited and Accordia Golf Trust Management Pte. Ltd. Mr. Chong has a Bachelor of Engineering from the University of Tokyo and a Masters of Business Administration from the National University of Singapore.

Douglas Owen Chester

Independent Director

Mr. Douglas Owen Chester was appointed to our Board on 2 November 2012. He is Lead Independent Director of Kim Heng Offshore & Marine Holdings Limited. Prior to his appointment, he held the role of Australia's High Commissioner to Singapore. Mr. Chester holds a Bachelor of Science (Honours) from the Australian National University.

Wong Fook Choy Sunny

Independent Director

Mr. Sunny Wong Fook Choy was appointed to our Board on 27 March 2012. He is a practicing advocate and solicitor of the Supreme Court of Singapore and is currently the Managing Director of Wong Tan & Molly Lim LLC. He is also an Independent Director of China Medical (International) Group Limited, Excelpoint Technology Ltd., Mencast holdings Ltd., InnoTeck Ltd. and KTL Global Ltd. Mr. Wong holds a Bachelor of Law (Honours) from the National University of Singapore.

EXECUTIVE TEAM

Justine Campbell
Chief Financial Officer

Ms. Justine Campbell joined our Group in October 2014 and is responsible for all financial and risk management operations including the development of financial strategies, developing and monitoring of control systems and marketing of the Company. Ms. Campbell has more than 17 years' experience in finance, accounting, corporate transactions and commercial projects, with extensive experience in overseeing major acquisitions and implementing numerous systems.

Charles Sweeney
Executive General Manager - Construction

Mr. Charles Sweeney has grown within the Group since inception and is responsible for managing the Group's construction division. With a passion for effective leadership, Mr. Sweeney is focused on developing the operations department and client solutions. He has been fundamental in the completion of key projects, ensuring safety and quality of the highest standards, including Jimblebar Expansion Project, Roy Hill Iron Ore Project and Tropicana Optimisation Project.

Damian Kelliher
Executive General Manager – International

Mr. Damian Kelliher joined our Group in 2015 and is responsible for the management and strategic direction of our international division. FY2017 saw Mr. Kelliher transition from Group Manager - Support Services to Executive General Manager - International, which is forward looking focus for the Company as it investigates opportunities to expand outside Australia in the future. Mr. Kelliher has accumulated significant knowledge and experience in these international markets and is focused on improving our capability framework internationally.

Rodney John Bowes

Group Manager Proposals

Mr. Rod Bowes joined our group in 2010 and is responsible for managing the Group's business development and tendering activities. Mr. Bowes brings over 40 years of experience in the fabrication and construction industry with 23 years' experience across various entities, Mr. Bowes is focused on securing a strong and profitable order book for the group and played a significant part in securing several major projects during the year namely - WP180 - Woodman Point Alliance, Gold Roads - ACJV Gruyere Project, Alcoa - Pinjarra Filtration Project and Altura Mining Lithium Operations.

Terence Hemsworth

Commercial Manager

Mr. Terence Hemsworth joined our Group in 2010 and is responsible for the commercial management on the Woodman Point Wastewater Treatment Plant project, based in Western Australia. Mr. Hemsworth has held various roles within the Group, including Henderson Operations Manager and Support Services Manager. Mr. Hemsworth's career spans more than 40 years in the construction and fabrication industry, having worked on major projects for the oil and gas, mining, resource and infrastructure sectors in Australia the United Kingdom, South Africa, New Zealand, Singapore and Malaysia.


CIVMEC

FINANCIAL REPORT

04

FINANCIAL REPORT

DIRECTORS' STATEMENT

The Directors present their report to the members together with the audited consolidated financial statements of Civmec Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the financial year ended 30 June 2017 and the statement of financial position of the Company as at 30 June 2017.

In the opinion of the Directors:

(a) the statement of financial position of the Company and the consolidated financial statements of the Group set out on pages 71 to 129 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 30 June 2017 and the financial performance, changes in equity and cash flows of the Group for the financial year ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

1 DIRECTORS

The Directors of the Company in office at the date of this report are as follows:

Mr. James Finbarr Fitzgerald	Executive Chairman
Mr. Patrick John Tallon	Chief Executive Officer
Mr. Kevin James Deery	Chief Operating Officer
Mr. Chong Teck Sin	Independent Director
Mr. Wong Fook Choy Sunny	Independent Director
Mr. Douglas Owen Chester	Independent Director

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate, other than as disclosed under "Share Options" and "Shares" in this report on page 43.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The interests of the Directors holding office at the end of the financial year in the share capital of the Company and related corporations as recorded in the register of Directors' shareholdings were as follows:

	HOLDINGS REGISTERED IN THE NAME OF DIRECTORS		HOLDINGS IN WHICH A DIRECTOR IS DEEMED TO HAVE AN INTEREST	
	AT 1.7.16	AT 30.6.17	AT 1.7.16	AT 30.6.17
	NO. OF ORDINARY SHARES			
The Company				
Mr. James Finbarr Fitzgerald	-	-	97,720,806	97,720,806
Mr. Patrick John Tallon	54,000	54,000	97,566,806	97,566,806
Mr. Kevin James Deery	-	-	13,295,250	13,295,250

There was no change in any of the above-mentioned interests between the end of the financial year and 21 July 2017.

Except as disclosed in this report, no Director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment, if later or at the end of the financial year.

DIRECTORS' STATEMENT

4 SHARE OPTIONS

CIVMEC LIMITED EMPLOYEE SHARE OPTION SCHEME

The Civmec Limited Employee Share Option Scheme (the "CESOS") for key management personnel and employees of the Group formed part of the Civmec Limited prospectus dated 5 April 2012.

The Remuneration Committee (the "RC") administering the Scheme comprises Directors, Mr. Wong Fook Choy Sunny (Chairman of the Committee), Mr. Chong Teck Sin and Mr. Douglas Owen Chester.

The CESOS forms an integral and important component of the employee compensation plan, which is designed to primarily reward and retain key management and employees of the Company whose services are integral to the success and the continued growth of the Company.

Principal terms of the Scheme

(i) Participants

Under the rules of the Scheme, executive and non-executive Directors (including independent Directors) and employees of the Company, who are not Controlling Shareholders or their associates, are eligible to participate in the Scheme.

Persons who are Controlling Shareholders and their Associates shall not participate in the CESOS unless:

(a) written justification has been provided to Shareholders for their participation at the introduction of the CESOS or prior to the first grant of Options to them;

(b) the actual number and terms of any Options to be granted to them have been specifically approved by Shareholders who are not beneficiaries of the grant in a general meeting in separate resolutions for each such Controlling Shareholder; and

(c) all conditions for their participation in the CESOS as may be required by the regulation of the SGX-ST from time to time are satisfied.

(ii) Size of the Scheme

The aggregate number of new Shares in respect of which Options may be granted on any date under the CESOS, when added to (i) the number of new Shares issued and issuable in respect of all Options granted thereunder, and (ii) all new Shares issued and issuable pursuant to any other share-based incentive schemes of our Company, shall not exceed 15% of the number of issued Shares on the day immediately preceding the relevant Date of Grant (or such other limit as the SGX-ST may determine from time to time).

(iii) Options, Exercise Period and Exercise Price

The Options that are granted under the Scheme may have exercise prices that are, at the Committee's discretion, set at a price as quoted on the Singapore Exchange for five market days immediately preceding the date of grant (the "Market Price") equal to the weighted average share price of the shares for the last trading day immediately preceding the relevant date of grant of the option or at a discount to the Market Price (subject to a maximum discount of 20%). Options which are fixed at the Market Price ("Market Price Option") may be exercised after the first anniversary of the date of grant of that option while options exercisable at a discount to the Market Price ("Incentive Option") may only be exercised after the second anniversary from the date of grant of the option. The vesting of the options is conditional on the key management personnel or employees completing another two years of service to the Group and the Group achieving its targets of profitability and sales growth once the options are vested, they are exercisable for a period of three years.

DIRECTORS' STATEMENT

4 SHARE OPTIONS (Continued)

CIVMEC LIMITED EMPLOYEE SHARE OPTION SCHEME (CONTINUED)

Principal terms of the Scheme (Continued)

(iv) Grant of Options

Under the rules of the Scheme, there are no fixed periods for the grant of options. As such, offers for the grant of options may be made at any time, from time to time at the discretion of the Committee.

In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, offers may only be made after the second market day from the date on which the aforesaid announcement is made.

(v) Termination of Options

Special provisions in the rules of the Scheme deal with the lapse or earlier exercise of Options in circumstances which include the termination of the participant's employment in the Company, the bankruptcy of the participant, the death of the participant, a take-over of the Company and the winding-up of the Company.

(vi) Acceptance of Options

The grant of options shall be accepted within 30 days from the date of offer. Offers of options made to grantees, if not accepted by the closing date, will lapse. Upon acceptance of the offer, the grantee must pay the Company a consideration of S$1.

(vii) Duration of the Scheme

The Scheme shall continue in operation for a maximum duration of ten years and may be continued for any further period thereafter with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Options Granted under the Scheme

As at 30 June 2017, the following options to subscribe for ordinary shares of the Company pursuant to the CESOS were granted.

DATE OF GRANT	EXERCISE PERIOD	EXPIRY DATE	NUMBER OF OPTIONS
11 September 2013	12 September 2014 to 10 September 2023	11 September 2023	4,500,000

The options granted by the company do not entitle the holder of the options, by virtue of such holding, to any right to participate in any share issue of any other company.

Options Exercised

During the financial year, there were no shares of the Company or its subsidiaries issued by virtue of the exercise of options to take up unissued shares.

Options Outstanding

Details of all the options to subscribe for ordinary shares of the Company pursuant to the CESOS, outstanding as at 30 June 2017 are as follows:

EXPIRY DATE	EXERCISE PRICE	NUMBER OF OPTIONS
11 September 2023	$0.65	4,500,000

DIRECTORS' STATEMENT

5 PERFORMANCE SHARE PLAN

Civmec Limited Performance Share Plan

The Civmec Limited Performance Share Plan (the "CPSP") for key management personnel and employees of the Group was approved and adopted by shareholders at the Annual General meeting held on 25 October 2012.

The Remuneration Committee (the "RC") administering the Scheme comprises Directors, Mr. Wong Fook Choy Sunny (Chairman of the Committee), Mr. Chong Teck Sin and Mr. Douglas Owen Chester.

The CPSP forms an integral and important component of the employee compensation plan, which is designed to primarily reward and retain key management and employees of the Company whose services are integral to the success and the continued growth of the Company.

Principal terms of the Scheme

(i) Participants

Under the rules of the Scheme, employees including Executive Directors and Associated Company Employees, who are not Controlling Shareholders or their associates, are eligible to participate in the Scheme.

Persons who are Controlling Shareholders and their Associates shall be eligible to participate in the Civmec Performance Share Plan if:

(a) their participation in the Civmec Performance Share Plan, and;

(b) the actual number and terms of the Awards to be granted to them have been approved by independent Shareholders of the Company in separate resolutions for each such person.

(ii) Size of the Scheme

The aggregate number of new Shares in respect of which Awards may be granted on any date under the CPSP, when added to (i) the aggregate number of Shares issued and issuable in respect of options granted under the Civmec Employee Share Option Scheme, and (ii) any other share schemes to be implemented by the Company, shall not exceed 15% of the number of issued Shares on the day immediately preceding the relevant Date of the Award (or such other limit as the SGX-ST may determine from time to time).

(iii) Grant of Awards

Under the rules of the Plan, there are no fixed periods for the grant of Awards. As such, offers for the grant of Awards may be made at any time, from time to time at the discretion of the Committee.

In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, offers may only be made after the second market day from the date on which the aforesaid announcement is made.

(iv) Lapse of Awards

Special provisions in the rules of the Plan deal with the lapse of Awards in circumstances which include the termination of the participant's employment in the Company, the bankruptcy of the participant, a take-over of the Company and the winding-up of the Company.

(v) Release of Awards

After the end of each performance period, the Remuneration Committee (the "RC") will review the performance targets specified in respect of the Award and if they have been satisfied, will release Awards to Participants.

(vi) Duration of the Plan

The Plan shall continue in operation for a maximum duration of ten years and may be continued for any further period thereafter with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Awards Granted under the Scheme

The details of the awards granted under the Scheme during the financial year are as follows:

YEAR OF AWARD	NO. OF HOLDERS	NO. OF SHARES
Nil		

DIRECTORS' STATEMENT

6 AUDIT COMMITTEE

The members of the Audit Committee ("AC") at the end of the financial year are as follows:

Mr. Chong Teck Sin	Chairman
Mr. Wong Fook Choy Sunny	Member
Mr. Douglas Owen Chester	Member

All members of the Audit Committee are non-executive Directors. The Audit Committee performs the functions specified by the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Code of Corporate Governance.

The nature and extent of the functions performed by the Audit Committee are detailed in the Corporate Governance Report set out in the Annual Report of the Company.

7 INDEPENDENT AUDITORS

The independent auditors, Moore Stephens LLP, Public Accountants and Chartered Accountants, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

James Finbarr Fitzgerald
Chairman

Patrick John Tallon
Director

Singapore

31 August 2017

REPORT ON CORPORATE GOVERNANCE

INTRODUCTION

The Board of Directors (the "Board") and the Management of Civmec Limited ("Civmec" or the "Company") together with its subsidiaries (the "Group"), recognise the importance of good corporate governance in ensuring greater transparency, protecting the interests of its shareholders, as well as strengthening investors' confidence in its management and financial reporting and are, accordingly, committed to maintaining a high standard of corporate governance throughout the Group.

This corporate governance report ("Report") describes the Company's corporate governance practices that were in place during the financial year ended 30 June 2017 ("FY2017") with specific reference to the Principles of the Code of Corporate Governance 2012 (the "Code").

In line with the commitment of the Company to maintaining high standards of corporate governance, the Company will continually review its corporate governance processes to strive to fully comply with the Code.

The Board is pleased to report compliance of the Company with the Code and the Listing Manual of the Singapore Exchange Securities Limited (the "SGX-ST"), where applicable, except where otherwise stated.

BOARD'S CONDUCT OF AFFAIRS

Principle 1: Effective board to lead and control the Company. The Board is collectively responsible for the long-term success of the Company. The Board works with Management to achieve this objective and the Management remains accountable to the Board.

The primary role of the Board is to protect and enhance shareholders' value and to ensure that the Company is run in accordance with best international management and corporate governance practices, appropriate to the needs and development of the Company.

Apart from its statutory duties and responsibilities, the Board oversees the management and affairs of the Group and approves the Group's corporate strategy and directions. The Board is also responsible for implementing policies in relation to financial matters, which include risk management and internal control and compliance. In addition, the Board reviews the financial performance of the Group, approves investment proposals and sets values and standards, including ethical standards for the Company and the Group.

All Directors are aware of their fiduciary duties and exercise due diligence and independent judgement in ensuring that their decisions are objective and in the best interests of the Company.

The Board has delegated the day-to-day management of the Group to Management headed by the Executive Chairman, Mr. James Finbarr Fitzgerald, the Chief Executive Office, Mr. Patrick John Tallon and the Chief Operating Officer, Mr. Kevin James Deery. Matters that are specifically reserved for the approval of the Board include, among others:

- reviewing the adequacy and integrity of the Group's internal controls, risk management systems, compliance and financial reporting systems;
- approving the annual budgets and business plans;
- approving any major investment or expenditure;
- approving material acquisitions and disposal of assets;
- approving the Company's periodic and full-year results announcements for release to the SGX-ST;
- approving annual report and audited financial statements;
- monitoring Management's performance;
- recommending share issuance, dividend payments and other returns to shareholders;
- ensuring accurate, adequate and timely reporting to, and communication with Shareholders; and
- assuming responsibility for corporate governance.

REPORT ON CORPORATE GOVERNANCE

BOARD'S CONDUCT OF AFFAIRS (Continued)

Principle 1 (Continued)

The Company has adopted a policy on signing limits, setting out the level of authorisation required for specific transactions, including those that require Board approval.

All the Board members are actively engaged and play an important role in ensuring good corporate governance within the Company. Visits to the Company's business premises are arranged to acquaint the non-executive Directors with the Company's operations and ensure that all the Directors are familiar with the Company's business, policies and governance practices.

The profile of each Director is presented in the section headed "Board of Directors" of this Annual Report.

The Directors have access to the Company Secretary and Management. They may also seek independent professional advice concerning the Company's affairs when necessary. Prior to their respective appointments to the Board, each of the Directors was given an orientation and induction programme to familiarise them with the Company's business activities, strategic directions, policies and key new projects. In addition, newly appointed Directors are introduced to the senior management team. Upon appointment of each Director, the Company provides a letter to the Director setting out the Director's duties and obligations.

To assist in the execution of its responsibilities, the Board has established several Board Committees namely; Audit Committee ("AC"), Nominating Committee ("NC"), Remuneration Committee ("RC") and Risks and Conflicts Committee ("RCC"). These committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The effectiveness of these committees is also regularly monitored and reviewed by the Board. The roles and responsibilities of these committees are described in the following sections of this report.

The Board meets on a regular basis and when necessary, to address any specific significant matters that may arise. Board meetings are scheduled in advance. The Constitution of the Company provides for Directors to conduct meeting by teleconferencing or videoconferencing or other similar means of communication whereby all persons participating in the meeting are able to hear each other. The Board and Board Committees may also make decisions by way of circulating resolutions.

The number of Board and Board Committee meetings held and attended by each Board member during the financial year ended 30 June 2017 ("FY2017") is set out below:

	BOARD	BOARD COMMITTEES			
		AUDIT COMMITTEE	REMUNERATION COMMITTEE	NOMINATING COMMITTEE	RISKS AND CONFLICTS COMMITTEE
No. of Meetings Held	4	4	2	2	4
	No. of Meetings Attended				
James Finbarr Fitzgerald	4	4*	2*	2*	4*
Patrick John Tallon	4	4*	2*	2*	4*
Kevin James Deery	4	4*	2*	2*	4*
Chong Teck Sin	4	4	2	2	4
Wong Fook Choy Sunny	4	4	2	2	4
Douglas Owen Chester	4	4	2	2	4

**By Invitation*

REPORT ON CORPORATE GOVERNANCE

BOARD'S CONDUCT OF AFFAIRS (Continued)

Principle 1 (Continued)

All Directors are updated regularly on changes to the Company's policies and are kept updated on relevant new laws and regulations including Directors' duties and responsibilities, corporate governance and financial reporting standards. Newly appointed Directors are given briefings by the Management on the business activities of the Group.

The Company encourages the Directors to learn and develop as Directors. The Directors may attend training, conferences and seminars which may have a bearing on their duties and contribution to the Board, organised by professional bodies, regulatory institutions and corporations at the Company's expense, to keep themselves updated on the latest developments concerning the Group and to keep abreast of the latest regulatory changes.

During the year, the Board was briefed and/or updated on recent changes to the accounting standards and industry developments and business initiatives.

BOARD COMPOSITION AND GUIDANCE

Principle 2: Strong and independent element on the Board.

As at the date of this Report, the Board comprises six (6) Directors, three (3) of whom are Executive Directors and the remaining three (3) Directors being Independent Directors who make up half of the Board. The Company has adopted the Code's definition of "Independent Director" and its guidance in respect of relationships which would deem a Director to be regarded as non-independent.

No individual or group of individuals dominates the Board's decision-making as half of the Board consist of Independent Directors. Collectively, the Executive Directors and Independent Directors bring a wide range of experience and expertise as they all currently occupy or have occupied senior positions in industry and/or government, and as such, each contributes significant weight to Board decisions.

The Board in concurrence with the Nominating Committee ("NC") is of the view that the current Board and the board committees comprises an appropriate balance and diversity of skills, experience and knowledge of the Company, which provides broad diversity of expertise such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge who, as a group, provide core competencies necessary to meet the Company's requirements. Further details on the key information and the profile of the Directors including their academic and professional qualification, and other directorships in other listed companies is set out on pages 36 of this annual report.

The current Board composition provides a diversity of skill, experience, and knowledge to the Company as follows:

CORE COMPETENCIES	BALANCE AND DIVERSITY OF THE BOARD	
	NUMBER OF DIRECTORS	PROPORTION OF BOARD
Business Management	6	100%
Accounting or finance	1	17%
Legal or corporate governance	1	17%
Strategic planning experience	6	100%
Relevant industry knowledge or experience	3	50%
GENDER		
Male	6	100%
Female	0	0

REPORT ON CORPORATE GOVERNANCE

BOARD COMPOSITION AND GUIDANCE (Continued)

Principle 2 (Continued)

The Company valued diversity and equal opportunity and has adopted diversity policy to ensure that its workforce is made up of individuals with diverse skills, values, backgrounds and experience to the benefit of the Group. Diversity refers to characteristics such as age, gender, sexual orientation, race, religion, disability and ethnicity. All appointments and employment of employees including directors are based strictly on merit and equal opportunity and not driven by any gender bias. Management is responsible for achieving the diversity objectives and report the progress towards and achievement of diversity objectives to the Board of Directors.

The independence of each Director is reviewed annually by the NC in accordance with the Code's definition of independence. Each Independent Director is required to declare his independence by duly completing and submitting a "Confirmation of Independence" form. The declaration, which is drawn up based on the definitions and guidelines set forth in Guideline 2.1 in the Code, requires each Director to assess whether he considers himself independent and not having any of the relationships identified in the Code. Each Director is required to declare any circumstances in which he may be considered non-independent. The NC will then review the Confirmation of Independence to determine whether a Director is independent. As well, the NC considers the actions and conduct of the Independent Directors, including in formal Board meetings, to assess their independence. The NC has carefully reviewed and subsequently determined that the Independent Directors are independent. None of the Independent Directors has served on the Board beyond nine (9) years from the date of his first appointment. Guideline 2.4 of the Code is therefore not applicable to the Board. However, taking into account the need for Board refreshment, the Board will develop a policy on this at the appropriate time. The Board reviews the size of the Board on an annual basis, and considers the present Board size as appropriate for the current scope and nature of the Group's operations.

In order to strengthen the independence of the Board, the Company has appointed a Lead Independent Director, Mr. Chong Teck Sin, to co-ordinate and lead the Independent Directors and to provide a non-executive perspective and to bring about a balance of view-points.

The Independent Directors communicate regularly without the presence of the other Executive Directors and Management to discuss matters such as succession and leadership development planning, board processes and corporate governance initiatives matters. Feedback on the outcomes of these discussions is provided to the Executive Chairman.

The Lead Independent Director will represent the Independent Directors in responding to shareholders' questions and comments that are directed to the Independent Directors as a group.

The Non-Executive Directors provide constructive review and assist the Board to facilitate and develop proposals on strategy and monitor the performance of the Management in meeting agreed objectives. The Non-Executive Directors have full access to and co-operation from the Company's Management and officers. They have full discretion to have separate meetings without the presence of management and to invite any Directors or officers to the meetings as and when warranted.

To facilitate more effective check on management, the Non-Executive Directors meet as and when necessary and at least once a year with Auditors without the presence of the management.

The Board and management fully appreciate that a fundamental of good corporate governance is an effective and robust Board whose members engage in open and constructive debate and challenge management on its assumptions and proposal.

The Company has in place processes to ensure that the Non-Executive Directors are well supported by accurate, complete and timely information, have unrestricted access to management and have sufficient time and resources to discharge their oversight function effectively. These include informal meetings for management to brief the Directors on prospective deals and provide the Board with regular information on projects and initiatives. To keep the Board abreast of relevant business developments, the Company regularly circulates to the Board, analyst and media commentaries on matters in relation to the Company and the industries in which it operates.

REPORT ON CORPORATE GOVERNANCE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: Clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. Chairman and Chief Executive Officer to be separate persons to ensure appropriate balance of power, increased accountability and greater capacity of the Board for independent decision makings.

Mr. James Finbarr Fitzgerald is the Executive Chairman of the Company, while Mr. Patrick John Tallon is an Executive Director and Chief Executive Officer ("CEO").

The two roles are separated whereby the Executive Chairman bears responsibility for providing guidance on the corporate direction of the Group and leadership to the Board, and the CEO has executive responsibility for the Company's day-to-day business. The Executive Chairman and the Chief Executive Officer are not related.

The Executive Chairman ensures that Board meetings are held when necessary and approves the agenda in consultation with other Directors and ensures that Board members are provided with complete, accurate and timely information on a regular basis to enable them to be fully cognisant of the affairs of the Company.

The Executive Chairman monitors communications and relations between the Company and its shareholders, and between the Board and management to encourage constructive relations and dialogues amongst them. As well, the Executive Chairman works to facilitate the effective contribution of Directors and assists to ensure procedures are in place to comply with the Company's guidelines on corporate governance

At the annual general meeting and other shareholders' meeting, the Executive Chairman ensures constructive dialogue between Board, management and shareholders, and promotes high standards of corporate governance.

As mentioned earlier, the Company has appointed a Lead Independent Director, Mr. Chong Teck Sin. As well as representing the views of the Independent Directors, he is also available to shareholders and to facilitate a two-way flow of information between shareholders, the Executive Chairman and the Board.

REPORT ON CORPORATE GOVERNANCE

BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.

The Company had established a NC to make recommendations to the Board on all board appointments. The NC comprises of three members, all of whom including the NC Chairman are Independent Non-Executive Directors:

Mr. Douglas Owen Chester	Chairman
Mr. Chong Teck Sin	Member
Mr. Wong Fook Choy Sunny	Member

The formal terms of reference of the NC are to:

- nominate Directors (including Independent Directors) taking into consideration their competencies, contribution, performance and ability to commit sufficient time and attention to the affairs of the Group taking into account the Directors' respective commitments outside the Group;
- review and recommend to the Board the composition of the Audit Committee, Remuneration Committee and Risks and Conflicts Committee;
- re-nominate Directors for re-election in accordance with the Constitution at each annual general meeting and having regard to the Director's contribution and performance;
- determine annually whether or not a Director of the Company is independent;
- decide whether or not a Director is able to and has been adequately carrying out their duties as a Director;
- assess the performance of the Board as a whole and contribution of each Director to the effectiveness of the Board;
- review and recommend succession plans for Directors, in particular, the Chairman and the CEO; and
- review and recommend training and professional development programmes for the Board.

The process for the selection and appointment of new Board members is as follows:

- the NC evaluates the balance of skills, knowledge and experience of the Board and, in light of such evaluation and in consultation with Board, prepares a description of the role and the essential and desirable competencies for a particular appointment;
- If required, the NC may engage consultants to undertake research on, or assess, candidates for new positions on the Board;
- the NC meets with short-listed candidates to assess their suitability and ensure that the candidates are aware of the expectations; and
- the NC makes recommendations to the Board for approval.

Pursuant to Articles 118 of the Company's Constitution, all the Directors are required to retire from office at every Annual General Meeting ("AGM") of the Company.

After due review, the Board has accepted the recommendation of the NC and, accordingly, the below named directors will be offering themselves for re-election at the forthcoming AGM:

1. James Finbarr Fitzgerald
2. Patrick John Tallon
3. Kevin James Deery
4. Chong Teck Sin
5. Wong Fook Choy Sunny
6. Douglas Owen Chester

REPORT ON
CORPORATE GOVERNANCE

BOARD MEMBERSHIP (Continued)

Principle 4 (Continued)

For the year under review, the NC held two (2) meetings and evaluated the Board's performance as a whole and the contribution of each Director to the effectiveness of the Board. The NC has adopted a formal process and criteria to assess the effectiveness of the Board and each of the Directors. The evaluation is carried out annually.

The Board and the Management are of the view that the current Board structures in the principal subsidiaries are already well organised and constituted. The Board and Management will from time to time renew the Board structures of the principal subsidiaries and will make an appropriate decision to consider the appointment of the Independent Director into the principal subsidiaries, if necessary.

Mr. Chong Teck Sin was appointed a Director of the Group's subsidiary, Civmec Construction & Engineering, Singapore Pte. Ltd.

The Company does not have a practice of appointing alternate Directors.

The dates of Director's initial appointment, last re-election and their directorships are set out below:

NAME OF DIRECTOR	DATE OF INITIAL APPOINTMENT	DATE OF LAST RE-ELECTION	PRESENT DIRECTORSHIPS IN LISTED COMPANIES	PAST DIRECTORSHIPS IN LISTED COMPANIES*
James Finbarr Fitzgerald	27 Mar 2012	27 Oct 2016	-	-
Patrick John Tallon	27 Mar 2012	27 Oct 2016	-	-
Kevin James Deery	27 Mar 2012	27 Oct 2016	-	-
Chong Teck Sin	27 Mar 2012	27 Oct 2016	AVIC International Maritime Holdings Limited Changan Minsheng APLL Logistics Co., Ltd(1) InnoTeck Limited Accordia Golf Trust Management Pte Ltd.	Blackgold International Holdings Limited(2)
Wong Fook Choy Sunny	27 Mar 2012	27 Oct 2016	Mencast Holdings Ltd KTL Global Ltd Excelpoint Technology Ltd InnoTeck Limited	China Medical (International) Group Limited
Douglas Owen Chester	2 Nov 2012	27 Oct 2016	Kim Heng Offshore & Marine Holdings Limited	Stamford Land Corporation Limited

** Within the past three years*

Notes:
(1) Listed on Hong Kong Stock Exchange
(2) Listed on Australian Stock Exchange

REPORT ON CORPORATE GOVERNANCE

BOARD MEMBERSHIP (Continued)

Principle 4 (Continued)

The NC has considered and taken the view that it would not be appropriate, at this time to set a limit on the number of listed company directorships that a Director may hold. Directors have different capabilities, the nature of the organisations in which they hold appointments and the committees on which they serve are of different complexities, and accordingly, each Director would personally determine the demands of their competing directorships and obligations and assess the number of listed company directorships they could hold and serve effectively. Currently, none of the Directors hold more than five (5) directorships in other listed companies.

In addition, the NC also determines annually whether a Director with multiple board representations is able to and has been adequately carrying out their duties as a Director of the Company. The NC takes into account the results of the assessment of the effectiveness of the individual Director and the respective Directors' actual conduct on the Board. The NC is satisfied that for FY2017 sufficient time and attention have been devoted by the Directors to the affairs of the Company and the Group. As such, there is presently no need to implement internal guidelines to address their competing time commitments notwithstanding that some of the Directors have multiple board representations.

The NC will, however, continue to review, from time to time, the Board representations and other principal commitments to ensure that Directors continue to meet the demands of the Group and are able to discharge their duties adequately.

BOARD PERFORMANCE

Principle 5: Formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each Director to the effectiveness of the Board.

The NC undertakes an annual formal review and evaluation of both the Board's performance as a whole, as well as individual Director's performance, such as board commitment, standard of conduct, competency, training & development and interaction with other Directors, Management and stakeholders.

All Directors complete an evaluation questionnaire designed to seek their view on the various aspects of their individual and Board performance so as to assess the overall effectiveness of the Board.

The completed questionnaire is collated by the Company Secretary and the results of the evaluation exercise are subsequently considered by the NC, before making recommendations to the Board. The Chairman of the Board may take actions as may be appropriate according to the results of the performance evaluation, which will be based on objective performance criteria proposed by the NC and approved by the Board.

The performance of individual Directors is assessed based on factors which include their attendance, participation at Board and Board committee meetings and contributions to the Board in long range planning and the business strategies as well as their industry and business knowledge.

Each member of the NC abstains from voting on any resolutions and making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of their performance and re-nomination as a Director.

The NC conducted a performance evaluation of the Board and Board Committees for FY2017 consistent with this process and determined that all Directors has demonstrated full commitment to their roles and contributed effectively in the discharge their duties. Both the NC and the Board are of the view that the Board has met its performance objectives for FY2017.

REPORT ON CORPORATE GOVERNANCE

ACCESS TO INFORMATION

Principle 6: Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

The Board has separate and independent access to the senior Management of the Company and the Company Secretaries at all times. Request for information are dealt with promptly by Management. The Board is informed of all material events and transactions as and when they occur. The Management consults Board members as necessary and appropriate. Detailed board papers, agenda and related material, background or explanatory information relating to matters to be discussed are sent out to the Directors, usually at least a week prior to each meeting, so that all Directors may better understand the issues beforehand, allowing more time at meetings for discussion and deliberations.

Directors are provided with a copy of documents containing wide range of relevant information, including, quarterly and yearly financial results, progress reports of the Group's operations, corporate developments, business developments, management information, sector performance, budgets, forecast, capital expenditure and personnel statistics, reports from both external and internal auditors, significant project updates, business strategies, risk analysis and assessments and relevant regulatory updates.

Management's proposals to the Board for approval include background and explanatory information such as, resources needed, risk analysis and mitigation strategies, financial impact, regulatory implications, expected outcomes, conclusions and recommendations. Employees who can provide additional insight into matters to be discussed will be present at the relevant time during the Board and Board committee meetings. In order to keep Directors abreast of the Group's operations, the Directors are also updated on initiatives and developments on the Group's business as soon as practicable and/or possible and on an on-going basis.

The Company Secretaries administer and are available to attend Board meetings, and assist the Chairman in implementing appropriate Board procedures to facilitate compliance with the Company's Constitution. The Company Secretaries also ensures that the requirements of the Companies Act (Chapter 50), Listing Manual and other governance matters applicable to the Company are complied with. The Company Secretaries work together with the Company to ensure that the Company complies with all relevant rules and regulations. The appointment and removal of the Company Secretaries are subject to the approval of the Board.

The Board in fulfilling its responsibilities can, as a collective body or individually as Board members, when deemed fit, direct the Company and at the Company's expense, to appoint independent professionals to render advice.

REMUNERATION MATTERS

Principle 7: The policy on executive remuneration and for fixing remuneration packages of individual Directors should be formal and transparent. No Director should be involved in deciding his own remuneration.

The Company had established a Remuneration Committee (RC) to make recommendations to the Board on remuneration packages of individual Directors and key management personnel. The RC comprises of three (3) members, all of whom including the RC Chairman are Independent Non-Executive Directors:

Mr. Wong Fook Choy Sunny	Chairman
Mr. Chong Teck Sin	Member
Mr. Douglas Owen Chester	Member

The formal terms of reference of the RC, are to:

- recommend to the Board a framework of remuneration for the Directors and key management personnel;
- determine specific remuneration packages for each Executive Director;
- review annually the remuneration of employees related to the Directors and substantial shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities; and
- perform such other acts as may be required by the SGX-ST and the Code from time to time.

REPORT ON CORPORATE GOVERNANCE

REMUNERATION MATTERS (Continued)

Principle 7 (Continued)

The recommendations of the RC are submitted for endorsement by the entire Board. Each member of the RC abstains from voting on any resolutions in respect of their own remuneration package. Also, in the event that a member of the RC is related to the employee under review, they will abstain from participating in that review. Directors are not involved in the discussion and in deciding their own remuneration.

The RC has established a framework of remuneration for the Board and key management personnel covering all aspects of remuneration but not limited to Directors' fees, salaries, allowances, bonuses, incentive schemes and benefits-in-kind.

The RC also oversees the administration of the Civmec Employee Share Option Scheme ("Civmec ESOS") and Civmec Performance Share Plan (the "Civmec PSP") upon the terms of reference as defined in the Civmec ESOS and Civmec PSP. The Civmec ESOS and Civmec PSP were established on 27 March 2012 and 25 October 2012 respectively with a 10-year tenure commencing on the establishment date.

The RC has access to expert professional advice on human resource and remuneration matters whenever there is a need to consult externally.

During the financial year, the fixed remuneration of executives was benchmarked against peers based on the industry salary surveys sourced from AON Hewitt.

Th Reward Practice was also engaged to provide advice on the structure of longer term incentive plans and the comparison of the Company's plan to market trends.

The RC reviews the fairness and reasonableness of the termination clauses of the service agreements of Executive Directors to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with an aim to be fair and avoid rewarding poor performance.

The RC is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company and the Group. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors and key management personnel in the event of such exceptional circumstances of breach of fiduciary duty.

Principle 8: The level of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

In making its recommendations to the Board on the level and mix of remuneration, the RC strives to be competitive, linking rewards with performance. It takes into consideration the essential factors to attract, retain and motivate the Directors and senior management needed to run the Company successfully, linking rewards to corporate and individual performance, and aligning their interest with those of the shareholders.

Executive Directors and key management personnel remuneration comprises a fixed and a variable component, the latter of which is in the form of a bonus linked to the performance of the individual as well as the Company. In addition, short-term and long-term incentives, such as the Civmec ESOS and Civmec PSP, are in place to strengthen the pay-for-performance framework by rewarding and recognising the key executives' contributions to the growth of the Company. This is designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance so as to promote long-term sustainability of the Group.

REPORT ON CORPORATE GOVERNANCE

REMUNERATION MATTERS (Continued)

Principle 8 (Continued)

The Company has renewed the service agreements with the Executive Directors, Mr. James Finbarr Fitzgerald, Mr. Patrick John Tallon and Mr. Kevin James Deery. Each service agreement is valid for a period of three (3) years with effect from the date of expiry of the initial period. During the renewal period of three (3) years, either party may terminate the Service Agreement at any time by giving to the other party not less than six (6) months' notice in writing, or in lieu of notice, payment of amount equivalent to six (6) months' salary. The Executive Directors do not receive Directors fees.

The remuneration packages of the Executive Directors and the key senior management personnel are based on service contracts and their remuneration is determined having due regard to the performance of the individuals, the Group as well as market trends.

During FY 2017, no share option and performance rights have been granted to the Executive Directors and key management personnel.

The remuneration of the Independent Directors is in the form of a fixed fee which is subject to shareholders' approval at the AGM. Each member of the RC abstains from voting on any resolution, participating in any deliberation of the RC, and making any recommendation in respect of their remuneration.

The Independent Directors' fees were derived using the fee structure as follows:

	ANNUAL FEES (S$)
Independent Director who is the Chairman of Audit Committee	80,000
Other Independent Director	70,000

Principle 9: Clear disclosure on remuneration level and mix of remuneration, and the procedure for setting remuneration in the Company's annual report.

For competitive reasons, the Company does not disclose remuneration of each individual Director for the financial year ended 30 June 2017. Instead, the Company discloses the bands of remuneration as follows:

REMUNERATION BAND AND NAME OF DIRECTOR	SALARY	BONUS	DIRECTORS' FEES	ALLOWANCES AND OTHER BENEFITS	TOTAL
S$600,000 to S$849,999					
James Finbarr Fitzgerald	84%	4%	-	12%	100%
Patrick John Tallon	84%	4%	-	12%	100%
S$350,000 to S$599,999					
Kevin James Deery	84%	4%	-	12%	100%
Below S$349,999					
Chong Teck Sin	-	-	100%	-	100%
Douglas Owen Chester	-	-	100%	-	100%
Wong Fook Choy Sunny	-	-	100%	-	100%

REPORT ON CORPORATE GOVERNANCE

REMUNERATION MATTERS (Continued)

Principle 9 (Continued)

Details of remuneration paid to key management personnel (who are not Directors of the Company) of the Group for the financial year ended 30 June 2017 are set out below. For competitive reasons, the Company discloses only the band of remuneration of each management personnel as follows:

REMUNERATION BAND AND NAME OF KEY EXECUTIVE	DESIGNATION	SALARY	BONUS	ALLOWANCES AND OTHER BENEFITS	TOTAL
S$350,000 to S$599,999					
Justine Campbell	Chief Financial Officer	81%	5%	14%	100%
Terence Hemsworth	Commercial Manager WP180	83%	3%	14%	100%
Rodney John Bowes	Proposals Manager	83%	3%	14%	100%
Charles Sweeney	General Manager – Metals and Minerals	67%	22%	11%	100%
Damian Lee Kelliher	General Manager – Support Services	83%	3%	14%	100%

The annual aggregate remuneration paid to all the above mentioned Directors and key management personnel of the Group is S$4,284,000 in FY2017.

Apart from Thomas Tallon, being the brother of Patrick Tallon, the CEO, who holds the position of "Supervisor – Construction" with a remuneration of S$200,000 to S$250,000 for FY2017, the Company does not have any employees who are immediate family members of a Director or CEO during FY2017. The RC is of the view that the remuneration of Thomas Tallon is in line with the staff remuneration guidelines and commensurate with his job scope and level of responsibilities.

More details of each of the Civmec PSP and Civmec ESOS can be found on page 43, in the "Directors' Statement" in the "Financials" section of this Annual Report.

ACCOUNTABILITY AND AUDIT

Principle 10: The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.

The Management has provided all members of the Board, on a quarterly basis, with management accounts, operation review, sundry reports and any other information the Board may require together with such explanation and information as the Board may require to enable the Board to make a balanced and accurate assessment of the Company's performance, position and prospects.

The Board is mindful of its obligations to furnish timely information to its shareholders, the public and regulators and to ensure full disclosure of material information to its shareholders in compliance with the statutory requirements and the Listing Manual.

In this respect the Board is responsible for the release of quarterly and full year results, price sensitive information, the annual report and other material corporate developments in a timely manner and within the legally-prescribed period.

In addition, all price sensitive information was publicly released either before the Company met with any of the Company's investors or analysts or simultaneously with such meetings. Financial results and other corporate announcements of the Company are disseminated through announcements via SGXNET.

REPORT ON CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT (Continued)

Principle 11: Maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the Company's assets.

The Company has established a Risks and Conflicts Committee (RCC) to advise and make recommendations to the Board on risk and conflict matters.

The RCC comprises three (3) members, all of whom, including the RCC Chairman are Independent Non-Executive Directors:-

Mr. Chong Teck Sin	Chairman
Mr. Douglas Owen Chester	Member
Mr. Wong Fook Choy Sunny	Member

The RCC is guided by its Terms of Reference which highlights its primary responsibilities are to:
- review and monitor the Group's risk management framework and activities, including the Group's levels of risk tolerance and risk policies;
- report to the Board regarding the Group's risk exposures, including review risk assessment model used to monitor the risk exposures and Management's views on the acceptable and appropriate level of risk faced by Group's Business Units;
- recommend and adopt appropriate measures to control and mitigate the business risks of the Group, as and when these may arise; and
- perform any other functions as may be agreed by the Board.

During the year, the RCC has:
- reviewed the Risk Register and Risk Management Framework;
- revised the Risk Mitigation Plan presented by Management to mitigate and monitor the risk exposure;
- reviewed the Project Risk and Opportunity Reporting Improvements; and
- reviewed the Policies adopted by the Company such as Bribery & Corruption Policy and Procedures and the Code of Conduct.

The Group's internal controls and systems are designed to provide reasonable assurance on the integrity and reliability of the financial information and to safeguard and maintain accountability of its assets. Procedures are in place to identify major business risks and to evaluate potential financial effects, as well as for the authorisation of capital expenditure and investments.

The external auditors carry out, in the course of their statutory audit, an annual review of the effectiveness of the Group's key internal controls, including financial, operational, compliance, information technology controls as well as risk management systems to the extent of their scope as laid out in their audit plan. Any material weaknesses in internal controls, together with recommendation for improvement, are reported to the AC and RCC.

The Company's Internal Audit function prepares an annual internal audit plan, which takes account of the Company's key risks and other assurance activities performed, enabling internal audit resources to be targeted to areas of greatest value across the Company's operations, including group and subsidiary structures. Processes subject to internal audit include financial, administrative, operational and project specific activities and systems. The internal audit function provides advice on the effectiveness of risk management processes and material internal controls, recommends corrective actions and control improvements and follows up on the implementation of action plans designed by management to address any control deficiencies or improvement opportunities. Internal audit reports containing internal audit results, recommendations and agreed action plans are presented to the AC on a quarterly basis.

REPORT ON CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT (Continued)

Principle 11 (Continued)

The Group appoints internal auditors to carry out a review of the adequacy and effectiveness of the Group's key internal controls, including financial, operational, compliance and information technology controls as well as risk management systems to the extent of their scope as laid out in their audit plan.

It is the opinion of the Board that, in the absence of evidence to the contrary, the system of internal controls maintained by the Company and that was in place throughout the financial year and up to the date of this report provides reasonable, but not absolute, assurance against material financial misstatements or losses, and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practices, and the identification and containment of financial, operational and compliance risks. Based on the risk management and internal control systems established and implemented by the Group, and work conducted by the internal auditors, external auditors and our internal audit team, the Board, with the concurrence of the AC, is of the opinion that the Company's system of internal controls and risk management procedures maintained by the Group are adequate and effective to meet the needs of the Company in addressing the financial, operational, compliance, information technology controls and risk management systems in the Group's current business environment pursuant to Listing Rule 1207 (10) of the Listing Manual.

The Board has received assurances from the CEO and Chief Financial Officer:-

(i) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(ii) that the Company's risk management and internal control systems are adequate and effective.

The Board notes that all internal control systems are designed to manage rather than eliminate risks and no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error losses, fraud or other irregularities.

Principle 12: Establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The Audit Committee comprises the following three (3) members, all of whom, including the AC Chairman, are Non-Executive Independent Directors:

Mr. Chong Teck Sin	Chairman
Mr. Douglas Owen Chester	Member
Mr. Wong Fook Choy Sunny	Member

None of the AC members are previous partners or Directors of the Group's auditors, Moore Stephens LLP and none of the AC members hold any financial interest in Moore Stephens LLP.

The Board ensures that the members of the AC are appropriately qualified to discharge their responsibilities and they possess the requisite accounting and/or financial management expertise and experience.

The AC is governed by terms of reference with its primary responsibilities as follows:

- to assist the Board in discharging its responsibility to safeguard the Group's assets, maintain adequate accounting records, and develop and maintain effective systems of internal control with the overall objective of ensuring that our management creates and maintains an effective control environment in the Group;
- to provide a channel of communication between the Board, the management team, the external auditors & internal auditors on matters relating to audit;
- to monitor management's commitment to the establishment and maintenance of a satisfactory control environment and an effective system of internal control (including any arrangements for internal audit);
- to monitor and review the scope and results of external audit and its cost effectiveness and the independence and objectivity of the external auditors; and

REPORT ON CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT (Continued)

Principle 11 (Continued)

- to monitor and review the scope and results of internal audit and its cost effectiveness of the internal auditors.

In addition, the functions of the AC are to:

- review with the external auditors the audit plans, their evaluation of the system of internal controls, their management letter and the management's response thereto;
- review with the internal auditors the internal audit plans and their evaluation of the adequacy of the internal control and accounting system before submission of the results of such review to the Board for approval;
- review the quarterly, and annual financial statements and any formal announcements relating to our Group's financial performance before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual and any other relevant and statutory or regulatory requirements;
- review the internal control and procedures and ensure co-ordination between the external auditors and the management, review the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management where necessary);
- review and consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors;
- review and consider the appointment or re-appointment of the internal auditors and matters relating to resignation or dismissal of the auditors;
- review interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual;
- review the Groups' hedging policies, procedures and activities (if any) and monitor the implementation of the hedging procedure/policies, including reviewing the instruments, processes and practices in accordance with any hedging polices approved by the Board;
- review potential conflicts of interest, if any, and to set out a framework to resolve or mitigate such potential conflicts of interests;
- undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee;
- review and discuss with investigators, any suspected fraud, irregularity, or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position, and our management's response thereto;
- generally to undertake such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made thereto from time to time;
- review the effectiveness and adequacy of the administrative, operating, internal accounting and financial control procedures;
- review the findings of internal investigation into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have material impact on the Group's operating results and/or financial position;
- review key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNET; and
- review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Listing Manual, including such amendments made thereto from time to time.

REPORT ON CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT (Continued)

Principle 12 (Continued)

The AC has the power to conduct or authorise investigations into any matters within its scope of responsibility. The AC is authorised to obtain independent professional advice whenever deemed necessary for the discharge of its responsibilities. Such expenses will be borne by the Company.

The AC has the co-operation of and complete access to the Company's management. It has full discretion to invite any Director or executive officer to attend the meetings, and has been given reasonable resources to enable the discharge of its functions.

As at the Report date, the AC has:

- reviewed the scope of work of the external auditors;
- reviewed the scope of work of the internal auditors;
- reviewed audit plans and discussed the results of the respective findings and their evaluation of the Company's system of internal accounting controls;
- reviewed interested person transactions of the Company;
- met with the Company's external auditors and internal auditors without the presence of the management;
- reviewed the external auditors' independence and objectivity; and
- reviewed the Company's procedures for detecting fraud and whistle-blowing matters and to ensure that arrangements are in place by which any employee, may in confidence, raise concerns about improprieties in matters of financial reporting, financial control, or any other matters. A report is presented to the AC on the quarterly basis whenever there is a whistle-blowing issue.

The AC having reviewed the external auditors' non-audit services, is of the opinion that there were no non-audit services rendered that would affect the independence of the external auditors. The AC recognises the need to maintain a balance between the independence and objectivity of the external auditors and the work carried out by the external auditors based on monetary consideration.

The aggregate amount of agreed fees to be paid to the external auditors, Moore Stephens LLP for FY2017 is S$103,000 which comprises audit fee of S$75,000 and S$28,000 non-audit fees. The AC has recommended to the Board the re-appointment of Moore Stephens LLP as the Company's external auditors at the forthcoming AGM.

The Company confirms that Rules 712 and 715 of the Listing Manual have been complied with.

The AC is kept abreast by the external auditors of changes to accounting standards, SGX-ST Listing Rule and other regulations which could have an impact on the Group's business and financial statements.

The Company has established a whistle-blowing policy where staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting, fraudulent acts and other matters, and has ensured that arrangements are in place for independent investigations of such matters and for appropriate follow up actions. All whistle-blowing reports will be addressed to the AC Chairman, either directly or through STOPline, the whistle blowing service provider. Staff are regularly informed of the existence of the whistle-blowing mechanism and encouraged to report relevant matters.

There were no reports received through the whistle-blowing mechanism during FY2017.

REPORT ON CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT (Continued)

Principle 13: Establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Board recognises the importance of maintaining an internal audit function, independent of the activities it audits, to maintain a sound system of internal control within the Company to safeguard shareholders' investments and the Company's assets.

The Company's internal audit function is outsourced to Deloitte Touche Tohmatsu, which is independent of the Company's business activities. The internal auditors conduct audit based on the standards set by internationally recognised professional bodies. The annual internal audit plan is submitted to the AC for approval prior to the commencement of the internal audit work. The internal auditors review the effectiveness of key internal controls in accordance with the internal audit plan.

Staffed by suitably qualified and experienced executives, the Internal Auditors have unrestricted direct access to the AC and unfettered access to all the Company's documents, properties and personnel. The internal auditors have a direct and primary reporting line to the AC and assist AC in overseeing and monitoring the implementation and improvements required on internal control weaknesses identified. The AC reviews the adequacy and effectiveness of the internal audit function quarterly.

The role of the Internal Auditors is to support the AC in ensuring that the Group maintains a sound system of internal controls by monitoring and assessing the effectiveness of key controls and procedures, conducting in-depth auditors of high risk areas and undertaking investigations as directed by the AC and conducting regular in-depth audits of high risk areas.

The RCC reviews all significant control policies and procedures and highlights all significant risk matters to the Board for discussions and to take appropriate actions, if required.

The Company's external auditors also conduct annual reviews of the effectiveness of the Group's material internal controls for financial reporting in accordance with the scope as laid out in their audit plans.

The AC regularly reviews the performance of the internal auditors and determines their reappointment and level of remuneration.

The AC reviews the adequacy of the function of the internal audit annually and based on this review believes that the Internal Auditors have adequate resources to perform their function effectively and objectively.

The AC is satisfied with the effectiveness of the existing internal control systems put in place by the Management to meet the needs of the Group in its current business environment.

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

REPORT ON CORPORATE GOVERNANCE

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES (Continued)

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company recognises the importance of regular, timely and effective communication with the shareholders. The Company does not practise selective disclosure. In line with continuous disclosure obligations of the Company pursuant to the Listing Manual and the Companies Act of Singapore, it is the Board's policy that all the shareholders should be equally informed, on a timely basis via SGXNET of all major developments that will or expect to have an impact on the Company or the Group.

The Company ensures that shareholders have the opportunity to participate effectively and vote at shareholders' meetings. In this regard, shareholders are informed of shareholders' meetings through notices contained in annual reports or a circular sent to all shareholders. These notices are also published in the local newspaper and posted on the SGXNET.

In addition to SGXNET announcements and its annual report, the Company updates shareholders of its corporate developments thought its corporate website at www.civmec.com.au. Shareholders are invited and given the opportunity to voice their views, put forth any questions and seek clarification on questions they may have regarding the Company. The Directors, Management and the external auditors are normally available at the AGM to answer shareholders' queries. Shareholders are also informed of the rules and voting procedures governing such meetings.

Resolutions are, as far as possible, structured separately and may be voted on independently.

The Group fully supports the Code's principle to encourage shareholders' participation in and vote at all the general meetings. The Company's Constitution allows the appointment of not more than two proxies by shareholders to attend the AGM and vote on his/their behalf. Shareholders who hold shares through nominees are allowed, upon prior request through their nominees, to attend the general meetings as proxies without being constrained by the two-proxy requirement.

The Company, however, has not implemented measure to allow shareholders who are unable to vote in person at the Company's AGM the option to vote in absentia, such as via mail, electronic mail or facsimile transactions as the authentication of shareholder indemnity information and other related security issues still remain a concern.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meetings and responses from the Board and the Management, and to make these minutes available to shareholders at the registered office of the Company at 80 Robinson Road #02-00, Singapore 068898 during normal business hours upon written request.

For greater transparency, the Company has adopted the voting of all its resolutions by poll at the general meetings and an announcement of the detailed results of the number of votes cast for and against each resolution and the respective percentages are announced at the meeting and via announcements on SGXNET made on the same day.

The Company conducts regular investor and analyst briefings with institutional investors to update its business operations and to solicit feedback as well as hearing its investors' views and addresses their concern, if any, and where appropriate. All investors and analyst briefings presentation materials are uploaded onto SGXNET for all investors' information.

The Company has in place an investor relation policy which sets out the principles and practices that the Company applies in order to provide shareholders and prospective investors with information necessary to make well informed investment decision and to ensure the level playing field.

REPORT ON CORPORATE GOVERNANCE

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES (Continued)

Principle 16 (Continued)

In additional, the Group has engaged WeR1 Consultants as its media and investor relations team that communicates with its shareholders and analysts regularly and attends to their queries. The Investor Relation team helps the Company promote relations with, and acts as liaison for, institutional investors and public shareholders.

The Group's website also includes a tab labelled "Investor Relations" which provides investors with all the information they may require.

As at the date of this Report, the Company does not have a formal dividend policy in place as the Board intends to conserve cash for its operations. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate. Any pay-outs are clearly communicated to shareholders in public announcements and via announcements on SGXNET when the Company discloses its financial results. The Company has proposed a tax exempt (foreign source) First and Final Dividend of S$0.7 Singapore cents per ordinary share for the financial year ended 30 June 2017, payment of which is subject to shareholders' approval at the forthcoming AGM.

OTHER GOVERNANCE PRACTICES

MATERIAL CONTRACTS

There were no material contracts of the Company and its subsidiaries, including loans, involving the interests of any Director, the CEO or the controlling shareholders either still subsisting at the end of FY2017.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and these interested person's transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders. There were no material interested person transactions for FY2017.

DEALING IN SECURITIES

The Company has put in place a policy prohibiting share dealings by Directors and employees of the Company when they are in possession of price sensitive information and for the period of two (2) weeks before the release of quarterly results and one month before the release of the full-year results, with the restriction ending on the day after the announcement of the relevant results. Directors and employees are expected to observe the insider trading laws at all times even when dealing in securities during permitted trading periods. An officer should also not deal in the Company's securities on short-term consideration and/or possession of unpublished material price-sensitive information relating to the relevant securities.

The Company has complied with Rule 1207(19) of Listing Manual.

CORPORATE REGISTRY

BOARD OF DIRECTORS

Mr. James Finbarr Fitzgerald (Executive Chairman)
Mr. Patrick John Tallon (Chief Executive Officer)
Mr. Kevin James Deery (Chief Operating Officer)
Mr. Chong Teck Sin (Lead Independent Director)
Mr. Wong Fook Choy Sunny (Independent Director)
Mr. Douglas Owen Chester (Independent Director)

AUDIT COMMITTEE

Mr. Chong Teck Sin (Chairman)
Mr. Douglas Owen Chester
Mr. Wong Fook Choy Sunny

REMUNERATION COMMITTEE

Mr. Wong Fook Choy Sunny (Chairman)
Mr. Douglas Owen Chester
Mr. Chong Teck Sin

NOMINATING COMMITTEE

Mr. Douglas Owen Chester (Chairman)
Mr. Wong Fook Choy Sunny
Mr. Chong Teck Sin

RISKS & CONFLICTS COMMITTEE

Mr. Chong Teck Sin (Chairman)
Mr. Douglas Owen Chester
Mr. Wong Fook Choy Sunny

COMPANY SECRETARIES

Mr. Tan Wee Sin
Ms. Ang Siew Koon

REGISTERED OFFICE

80 Robinson Road, #02-00,
Singapore 068898
Tel: (65) 6236 333
Fax: (65) 6236 4399

PRINCIPAL OFFICE AND CONTACT DETAILS

16 Nautical Drive,
Henderson WA 6166
Australia
Tel: +61 8 9437 6288
Fax: +61 8 9437 6388

SHARE REGISTRAR AND SHARE TRANSFER AGENT

Tricor Barbinder Share Registration Services
(a division of Tricor Singapore Pte Ltd)
80 Robinson Road, #02-00,
Singapore 068898

AUDITORS

Moore Stephens LLP
10 Anson Road, #29-15 International Plaza
Singapore 079903

Partner in Charge: Ms Lao Mei Leng
(Appointed since the financial year ended 30 June 2016)

PRINCIPAL BANKER

National Australia Bank
Level 14
100 St Georges Terrace
Perth WA 6000
Australia

CORPORATE WEBSITE

http://www.civmec.com.au

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CIVMEC LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Civmec Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2017, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financials as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition on construction contracts

We refer to Note 3(a)(ii) under "Critical Accounting Judgements and Key Sources of Estimation Uncertainty" and Note 4 to the consolidated financial statements.

The Group's revenue arising from construction contracts amounted to S$346.0 million for the financial year ended 30 June 2017. Revenue is recognised by reference to the stage of completion of the contract activity at the balance sheet date. We have focused on this area because of the significant judgment involved in estimating the contract revenue, contracts costs, and the percentage of completion of each project.

Our response:

We performed procedures to understand, evaluate and validate relevant key controls put in place by the management over the revenue and costs recognition on construction contracts.

We assessed management's assumptions in determining the forecast contract revenue, percentage of completion of the projects and the total budgeted cost estimated for the project.

We have challenged the appropriateness of the variations and claims included in the computation of the construction revenue. In particular, we focused on whether there were subsequent approval of these variations and claims or where it is probable that these variations and claims will be thereafter approved.

We evaluated the appropriateness of inputs, amongst others, materials, subcontractor and labour costs used by management in their estimation of the total cost to complete and obtained supporting documentation on the major inputs.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CIVMEC LIMITED

KEY AUDIT MATTERS (CONTINUED)

Our response: (Continued)

We also examined key project documentation and discussed the progress of the significant projects with the Group's key project personnel and management for potential disputes, variation order claims or significant events that could impact the estimated contract revenue, estimated contractual costs and stage of completion. We then assessed the arithmetic accuracy of the revenue and profit recognised based on the percentage of completion computation for individually significant projects.

We have also checked that appropriateness of the carrying value of the work-in-progress by reviewing management's assessment of foreseeable losses on projects by focusing on projects with low or negative margins.

Our findings:

In determining the percentage of completion of projects, the Group has a structured process and takes into account variations and claims depending on the status of the variation and nature of the variation or claim. Management conducts regular meetings to review the status of the projects including the variations and claims and any potential foreseeable losses.

We found the Group's estimation process to be robust. Management's judgement used in the estimation of the percentage of completion and decision on whether to include emerging profits from variations and claims or to recognise foreseeable losses is balanced, reflective of their internal project discussions and external discussions with customers and appropriate.

Recoverability of trade and other receivables

We refer to Note 3(b)(i) under "Critical Accounting Judgements and Key Sources of Estimation Uncertainty" and Note 10 of the consolidated financial statements.

The carrying amount of trade and other receivables of the Group was S$157.4 million for the financial year ended 30 June 2017. We focused on this area because of its significance and the degree of judgement required in determining the carrying amount of trade and other receivables as at the reporting date.

The Group assesses at each financial year end where there is objective evidence that the receivables are impaired. When there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

Our response:

We obtained an understanding of the Group's credit policy and evaluated the processes for identifying impairment indicators. We selected sample transaction to test the accuracy of the ageing computation. We have also reviewed significant outstanding trade and other receivables for any known significant difficulties of debtors.

Our findings:

Based on our audit procedures, we found management's assessment of the recoverability of trade and other receivables to be reasonable and the disclosures to be appropriate.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the Annual Report, but does not include the financial statements and our auditor's report thereon.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CIVMEC LIMITED

OTHER INFORMATION (CONTINUED)

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CIVMEC LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditor have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lao Mei Leng.

Moore Stephens LLP
Public Accountants and Chartered Accountants

Singapore
31 August 2017

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2017

		GROUP	
	Note	2017 S$'000	2016 S$'000
Revenue	4	345,955	396,752
Cost of sales		(308,896)	(353,257)
Gross profit		37,059	43,495
Other income	4	2,215	1,181
Share in (loss)/profit of a joint venture	16	(260)	3,890
Administrative expenses		(26,774)	(23,439)
Finance costs	7	(2,575)	(1,945)
Other expenses		(119)	(133)
Profit before income tax	5	9,546	23,049
Income tax expense	8	(1,326)	(5,757)
Profit for the year		8,220	17,292
PROFIT ATTRIBUTABLE TO:			
Owners of the Company		8,427	17,441
Non-controlling interest		(207)	(149)
		8,220	17,292
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (CENTS PER SHARE):			
• Basic	9	1.68	3.45
• Diluted	9	1.68	3.45

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2017

	Note	GROUP	
		2017 S$'000	2016 S$'000
Profit for the year		8,220	17,292
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on re-translation from functional currency to presentation currency		9,308	(4,854)
Total comprehensive income for the year		17,528	12,438
Total comprehensive income attributable to:			
Owners of the Company		17,735	12,587
Non-controlling interest		(207)	(149)
		17,528	12,438

STATEMENTS OF **FINANCIAL POSITION**

As at 30 June 2017

	Note	GROUP		COMPANY	
		2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000
ASSETS					
Current assets					
Cash and cash equivalents	12	24,044	39,788	25	42
Trade and other receivables	10	157,273	80,007	29,233	27,707
Other current assets	11	1,262	882	4	12
Current tax recoverable	8	4,470	5,475	4,498	5,475
		187,049	126,152	33,760	33,236
Non-current assets					
Investment in subsidiaries	15	-	-	8,023	7,590
Investment in joint venture	16	129	5,641	-	-
Trade and other receivables	10	162	6,648	-	-
Property, plant and equipment	13	136,063	119,513	-	-
Intangible assets	14	11	10	-	-
Deferred tax assets	8	1,162	511	12	36
		137,527	132,323	8,035	7,626
TOTAL ASSETS		324,576	258,475	41,795	40,862
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	18	79,643	57,230	155	128
Borrowings	19	5,275	6,616	-	-
Provisions	20	5,115	5,940	-	-
		90,033	69,786	155	128
Non-current liabilities					
Borrowings	19	56,696	25,498	-	-
Provisions	20	3,129	2,494	-	-
		59,825	27,992	-	-
TOTAL LIABILITIES		149,858	97,778	155	128

STATEMENTS OF **FINANCIAL POSITION**

As at 30 June 2017

	Note	GROUP 2017 S$'000	GROUP 2016 S$'000	COMPANY 2017 S$'000	COMPANY 2016 S$'000
Capital and Reserves					
Share capital	21	37,864	37,864	37,864	37,864
Treasury shares	21	(11)	(11)	(11)	(11)
Other reserves	23	(14,123)	(23,431)	(2,464)	(4,789)
Retained earnings		151,345	146,425	6,251	7,670
Total equity attributable to the Owners of the Company		175,075	160,847	41,640	40,734
Non-controlling interest		(357)	(150)	-	-
TOTAL EQUITY		174,718	160,697	41,640	40,734
TOTAL LIABILITIES AND EQUITY		324,576	258,475	41,795	40,862

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

For the year ended 30 June 2017

			OTHER RESERVES						
	SHARE CAPITAL S$'000	TREASURY SHARES S$'000	MERGER RESERVE S$'000	FOREIGN CURRENCY TRANSLATION RESERVE S$'000	SHARE OPTION RESERVE S$'000	RETAINED EARNINGS S$'000	TOTAL S$'000	NON-CONTROLLING INTEREST S$'000	TOTAL S$'000
Group									
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:									
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
Dividends paid (Note 21)	-	-	-	-	-	(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

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY** (continued)

For the year ended 30 June 2017

			OTHER RESERVES						
	SHARE CAPITAL S$'000	TREASURY SHARES S$'000	MERGER RESERVE S$'000	FOREIGN CURRENCY TRANSLATION RESERVE S$'000	SHARE OPTION RESERVE S$'000	RETAINED EARNINGS S$'000	TOTAL S$'000	NON-CONTROLLING INTEREST S$'000	TOTAL S$'000
Group									
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 for the year: 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 (Note 21)	-	-	-	-	-	(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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2017

	Note	GROUP 2017 S$'000	GROUP 2016 S$'000
Cash Flows from Operating Activities			
Profit before income tax		9,546	23,049
Adjustment for:			
Depreciation of property, plant and equipment	13	10,742	8,952
Loss on disposal of property, plant and equipment	5	119	128
Share in loss/(profit) of a joint venture	16	260	(3,890)
Finance cost	7	2,575	1,945
Interest income	4	(280)	(516)
Foreign exchange differences		(30)	10
Bad debts written-off	5	-	3
Operating cash flow before working capital changes		22,932	29,681
Changes in working capital:			
(Increase)/Decrease in trade and other receivables		(69,378)	18,551
Increase in other current assets		(323)	(730)
Increase/(Decrease) in trade and other payables		23,524	(11,613)
(Decrease)/Increase in provisions		(658)	725
Cash (used in)/generated from operations		(23,903)	36,614
Interest received		280	516
Finance cost paid		(2,474)	(1,937)
Income tax refund		4,550	10,574
Income taxes paid		(5,211)	(10,841)
Net cash (used in)/generated from operating activities		(26,758)	34,926
Cash Flows from Investing Activities			
Proceeds from sale of property, plant and equipment		377	499
Purchase of property, plant and equipment	13	(20,642)	(34,316)
Investment in joint venture		(3,631)	(9,893)
Cash distribution from joint venture		9,070	8,076
Net cash used in investing activities		(14,826)	(35,634)

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the year ended 30 June 2017

	Note	GROUP	
		2017 S$'000	2016 S$'000
Cash Flows from Financing Activities			
Proceeds from borrowings		58,314	58,731
Repayment of borrowings		(30,847)	(51,161)
Dividends paid	21	(3,507)	(3,507)
Net cash generated from financing activities		23,960	4,063
Net (decrease)/increase in cash and cash equivalents		(17,624)	3,355
Effects of currency translation on cash and cash equivalents		1,880	(1,210)
Cash and cash equivalents at the beginning of the financial year		39,788	37,643
Cash and cash equivalents at the end of the financial year	12	24,044	39,788

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

THESE NOTES FORM AN INTEGRAL PART OF AND SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING FINANCIAL STATEMENTS.

1 GENERAL INFORMATION

Civmec Limited (the "Company") was incorporated in the Republic of Singapore on 3 June 2010 under the Singapore Companies Act, Chapter 50 (the "Act") as an investment holding company for the purpose of acquiring the subsidiary companies pursuant to the Restructuring Exercise. On the 29 March 2012 the company changed its name to Civmec Limited. The Company was listed on the Singapore Exchange Securities Ltd (SGX-ST) since 13 April 2012.

The registered office and principal place of business of the Company is at 80 Robinson Road #02-00, Singapore 068898.

The principal activity of the Company is that of an investment holding company. The principal activities of its subsidiaries, joint venture and joint operations are set out in Note 15, 16 and 17.

The financial statements for the financial year ended 30 June 2017 were authorised for issue on the date of the statement by the Directors.

2 SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF PREPARATION

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") and have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise judgement in the process of applying the Group's critical accounting policies and requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the reporting dates, and the reported amounts of revenue and expenses during the relevant periods. Although these estimates are based on management's best knowledge of historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Critical accounting judgements and key sources of estimation uncertainty used that are significant to the financial statements are disclosed in Note 3 to the financial statements.

(B) ADOPTION OF NEW/REVISED SINGAPORE FINANCIAL REPORTING STANDARDS

(i) New or Revised FRS Effective in the Current Year

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 July 2016. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

(ii) New or Revised FRS issued but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised FRS that have been issued and which are relevant to the Group but will only be effective for the Group for annual periods beginning 1 July 2017 onwards.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(B) ADOPTION OF NEW/REVISED SINGAPORE FINANCIAL REPORTING STANDARDS (CONTINUED)

(ii) New or Revised FRS issued but not yet effective (continued)

Amendments to FRS 7 *Statement of Cash Flows*

The amendments require new disclosure about changes in liabilities arising from financing activities in respect of:

(a) changes from financing cash flows;

(b) changes arising from obtaining or losing control of subsidiaries or other businesses;

(c) the effect of changes in foreign exchange rates;

(d) changes in fair values; and

(e) other changes.

The above disclosure also applies to changes in financial assets if cash flows from those financial assets are included in cash flows from financing activities. The amendments are effective for annual periods beginning on or after 1 January 2017. As this is a disclosure standard, it will not have any impact on the financial performance or financial position of the Group upon implementation.

Amendments to FRS 12 *Income taxes – Recognition of deferred tax assets for unrealised losses*

The amendments clarify the application of FRS 12 to unrealised losses on debt investments, and the assessment of future taxable profits against which deferred tax assets can be recognised.

1. Deductible temporary differences will result from unrealised losses on debt investments measured at fair value in financial statements, but measured at cost for tax purposes. This is regardless of how the entity intends to realise the investment.

2. Estimates of future taxable profits used to assess recoverability of deferred tax assets resulting from deductible temporary differences:

   (a) includes profits on the recovery of assets for more than their carrying amount if such recovery is probable;

   (b) includes only income types against which those temporary differences qualify to be deducted under tax legislation; and

   (c) excludes tax deductions resulting from the reversal of those temporary differences.

Amendments to FRS 12 is effective for annual periods beginning on or after 1 January 2017. Early application is permitted.

The Group is currently evaluating the impact of the changes and assessing whether the adoption of FRS 12 will have an impact on the Group.

FRS 109 *Financial Instruments*

FRS 109 prescribes the accounting requirements for financial instruments and replaces the existing guidance in FRS 39 Financial Instruments: Recognition and Measurement. FRS 109 prescribes a new classification and measurement framework for financial instruments, requires financial assets to be impaired based on a new expected credit loss model, changes the hedge accounting requirements, and carries forward the recognition and de-recognition requirements for financial instruments from FRS 39. These amendments are effective for annual periods beginning on or after 1 January 2018.

The Group is currently evaluating the impact of the changes and assessing whether the adoption of FRS 109 will have an impact on the Group.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(B) ADOPTION OF NEW/REVISED SINGAPORE FINANCIAL REPORTING STANDARDS (CONTINUED)

(ii) New or Revised FRS issued but not yet effective (Continued)

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a revised framework for revenue recognition based on the following five-step approach:

- Identification of the contracts ;
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations
- Recognition of revenue when (or as) an entity satisfies a performance obligation

FRS 115 will replace the existing revenue recognition guidance including FRS 18 Revenue, FRS 11 Construction Contracts and INT FRS 113 Customer Loyalty Programs. These amendments are effective for annual periods beginning on or after 1 January 2018.

The Group is currently evaluating the impact of the changes and assessing whether the adoption of FRS 115 will have an impact on the Group.

FRS 116 *Lease*

FRS 116 requires lessees to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, except where the underlying asset is of low value. The right-of-use asset is depreciated and interest expense is recognised on the lease liability. The accounting requirements for lessors have not been changed substantially, and continue to be based on classification as operating and finance leases. Disclosure requirements have been enhanced for both lessors and lessees. The standard is effective for accounting periods beginning on or after 1 January 2019.

The Group is currently evaluating the impact of the changes and assessing whether the adoption of FRS 116 will have an impact on the Group.

(C) BASIS OF CONSOLIDATION

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(C) BASIS OF CONSOLIDATION (CONTINUED)

(i) Subsidiaries (Continued)

- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual agreements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Change in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(C) BASIS OF CONSOLIDATION (CONTINUED)

(ii) Joint Arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

The Group reassesses whether the type of joint arrangement in which it is involved has changed when facts and circumstances change.

Joint Ventures

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method.

Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

Joint Operations

The Group's joint operations are joint arrangements whereby the parties (the joint operators) that have joint control of the arrangement have rights to the assets, and obligations to the liabilities, relating to the arrangement.

The Group recognises, in relation to its interest in the joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

When the Group sells or contribute assets to a joint operation, the Group recognises gains or losses on the sale or contribution of assets that is attributable to the interest of the other joint operations. The Group recognises the full amount of any loss when the sale or contribution of assets provides evidence of a reduction in the net realisable value, or an impairment loss, of those assets.

When the Group purchases assets from a joint operation, it does not recognise it share of the gains and losses until it resells the assets to an independent party, However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of the assets to be purchased or and impairment loss.

The accounting policies of the assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(D) INVESTMENT IN SUBSIDIARY COMPANIES

Investments in subsidiary companies are carried at cost less accumulated impairment losses in the statement of financial position of the Company.

On disposal of investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments are recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(E) REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Dividend income is recognised when the right to receive a dividend has been established.

Interest income is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Rental income is recognised on a straight-line basis over the lease term as set out in specific rental agreements.

Revenue from construction contracts is recognised in accordance with the Group's accounting policy on construction contract (see Note 2(h) Construction Contracts and Work in Progress below).

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

All revenue is stated net of goods and services tax ("GST").

(F) INCOME TAX

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax liabilities are recognised on all temporary differences except for taxable temporary differences associated with investments in subsidiaries and joint venture, where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. In respect of deductible temporary differences associated with investments in subsidiaries and interest in joint venture, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured:

(i) at the tax rates that are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(F) INCOME TAX (CONTINUED)

(ii) based on the tax consequence that would follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Current income taxes are recognised in profit and loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax relating to items recognised outside profit and loss is recognised outside profit and loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sale tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

(G) FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to each entity (the "functional currency"). The functional currency of the Company is Australian dollar ("A$").

The consolidated financial statements are presented in Singapore dollar ("SGD" or S$), which is considered to be more relevant to investors as the equity securities of the Company are traded in the Singapore Exchange Securities Ltd (SGX-ST).

Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss, unless they arise from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to profit or loss as part of the gain or loss on disposal of the foreign operation.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(G) FOREIGN CURRENCY TRANSLATION (CONTINUED)

Group companies

The consolidated results and financial position of foreign operations whose functional currency is different from the Group's presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement;
- Income or expense for each statements presenting profit or loss and other comprehensive income (i.e. including comparatives) are translated at exchange rates at the dates of the transactions; and
- All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in other comprehensive income in the period in which they are incurred.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or loss of joint control over a jointly controlled entity that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

(H) CONSTRUCTION CONTRACT AND WORK IN PROGRESS

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion method")

The outcome of a construction contract can be estimated reliably when:

(i) total contract revenue can be measured reliably;

(ii) it is probable that the economic benefits associated with the contract will flow to the enterprise;

(iii) both the contract cost to complete the contract and the stage of contract completion at the balance sheet date can be measured reliably; and

(iv) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

When the outcome of a construction contract cannot be estimated reliably, contract revenue should be recognised only to the extent of contract costs incurred that it is probable, will be recoverable and contract costs should be recognised as an expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss should be recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(H) CONSTRUCTION CONTRACT AND WORK IN PROGRESS (CONTINUED)

The stage of completion is measured by reference to the proportion of contract costs incurred to date to the estimated total contract costs for the contract. Costs incurred during the financial year in connection with future activities on a contract are excluded from costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction contract work-in-progress on the balance sheet unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

At the balance sheet date, the aggregated costs incurred to date plus recognised profit (less recognised loss) on each contract is compared against the progress billings. Where costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on construction contracts within "trade and other receivables". Where progress billings exceed costs incurred to date plus recognised profits (less recognised losses), the balance is presented as due to customers on construction contracts within "trade and other payables".

Progress billings for work performed but not yet paid by customers and retentions are included within "trade and other receivables". Amounts received before the related work is performed are included within "trade and other payables".

(I) FINANCIAL ASSETS

(i) Classification

Financial assets are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables are non-derivatives financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except those maturing later than twelve months after the balance sheet date which are classified as non-current assets. Loans and receivables are presented as "trade and other receivables", "loans receivable" and "cash and cash equivalents" at the balance sheet date.

(ii) Recognition and derecognition

Regular way purchase and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised in profit or loss.

(iii) Initial and subsequent measurement

Loans and receivables are initially recognised at fair value plus transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(iv) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) FINANCIAL ASSETS (CONTINUED)

(iv) Impairment (Continued)

Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(J) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(K) PROPERTY, PLANT AND EQUIPMENT

Each class of property, plant and equipment is initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Property

Land and leasehold building are stated on the cost basis and are therefore carried at cost. Leasehold building includes the construction costs and borrowing costs that are eligible for capitalization.

Plant and equipment

Plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 3 for details of critical judgements of impairment of property, plant and equipment).

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Assets under construction are not depreciated.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(K) PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation (Continued)

The depreciation rates used for each class of depreciable assets are:

CLASS OF FIXED ASSET	DEPRECIATION RATE
Buildings	3%
Plant and equipment	5 – 15%
Leased plant and equipment	5 – 15%
Small tools	5 – 33.33%
Motor vehicles	6.67% - 33.33%
Office and IT equipment	5 – 33.33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in profit or loss.

(L) IMPAIRMENT OF NON-FINANCIAL ASSETS

Non-financial assets are tested for impairment whenever there is any indication that these assets may be impaired.

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any), on an individual asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(M) PROVISIONS

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, for which it is more likely than not that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(N) FINANCIAL LIABILITY AND EQUITY INSTRUMENTS ISSUED BY THE GROUP

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities

An entity shall recognise a financial liability on its statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument.

Financial liability is recognised initially at fair value plus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue.

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit and loss when the liabilities are derecognised, and through amortisation process.

Borrowings

Borrowings are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired.

(O) BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of these assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(P) LEASES

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership which are transferred to entities in the Group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(Q) EMPLOYEE BENEFITS

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed. The Group has no further payment obligations once the contributions have been paid.

Provision for employee benefits

Provisions are made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash flows are discounted using the market yields on high quality corporate bonds with terms to maturity that match the expected timing of cash flows.

Share-based payments

The Group operates an equity-settled share-based compensation plan. The fair value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period.

The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date.

At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(Q) EMPLOYEE BENEFITS (CONTINUED)

Share-based payments (Continued)

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, the unidentified goods or services received (or to be received) are measured as the difference between the fair value of the share-based payment and the fair value of any identifiable goods or services received at the grant date. This is then capitalised or expensed as appropriate.

(R) SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

(S) SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Treasury shares

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the consideration paid including any directly attributable incremental cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or re-issued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company if the shares are purchased out of the earnings of the Company.

When treasury shares are subsequently sold or re-issued pursuant to the employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or re-issue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

(T) RELATED PARTIES

A related party is defined as follows:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to as the 'reporting entity').

a. A person or a close member of that person's family is related to a reporting entity if that person:
    i. has control or joint control over the reporting entity;
    ii. has significant influence over the reporting entity; or
    iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(T) RELATED PARTIES (CONTINUED)

b. An entity is related to a reporting entity if any of the following conditions applies:

   i. the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

   ii. one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

   iii. both entities are joint ventures of the same third party;

   iv. one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

   v. the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;

   vi. the entity is controlled or jointly controlled by a person identified in (a);

   vii. a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

   viii. the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates, assumptions and judgements are made in the preparation of the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, income and expenses, and disclosures made. They are assessed continually based on historical experience and on other various factors that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(A) CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

(i) Useful lives of property, plant and equipment

The useful lives of assets have been based on historical experience, lease terms and best available information for similar items in the industry. These estimations will affect the depreciation expense recognised in the financial year. There is no change in the estimated useful lives of plant and equipment during the year.

The carrying amount of the Group's property, plant and equipment as at 30 June 2017 was S$136,063,000 (2016: S$119,513,000) (Note 13). A 10% difference in the expected useful lives of these assets from management's estimate would result in an approximately S$1,074,200 (2016: S$895,200) variance in the Group's profit before tax.

(ii) Determination of percentage of completion on construction contracts

Contract revenue is recognised as revenue in profit or loss using the percentage of completion method in the reporting periods in which the work is performed. The stage of completion is measured by reference to the contract costs incurred to date compared to the estimated total costs for the contract or on the basis of value of work completed. In making the judgment, the Group evaluates this by relying on past experience and knowledge of the project specialist.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(A) CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (Continued)

(ii) Determination of percentage of completion on construction contracts (Continued)

Construction contract accounting requires that variations, claims and incentive payments only be recognised as contract revenue to the extent that it is probable that they will be accepted by the customer. As the approval process takes some time, judgement is required to be made of its probability and revenue recognised accordingly. The aggregate costs incurred plus recognised profit less recognised losses to date, progress billings, retentions on construction contracts and due from/to the customers are disclosed in Notes 10 and 18.

(iii) Income taxes

The Group has exposure to income taxes of which a portion of these taxes arose from certain transactions and computations for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognises receivables or liabilities on expected tax issues based on their best estimates of the likely taxes recoverable or due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax positions in the period in which such determination is made. The carrying amounts of the Group's and Company's current income tax positions as at 30 June 2017 were current tax recoverable of S$4,470,000 (2016: S$5,475,000) and current tax recoverable of S$4,498,000 (2016: S$5,475,000) respectively. The carrying amounts of the Group's and Company's deferred tax assets and liabilities as at 30 June 2017 are disclosed in Note 8.

(B) CRITICAL JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which have a significant effect on the amounts recognised in the financial statements:

(i) Impairment of receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in the payment. The Directors exercise their judgement in making allowances for receivables.

A specific allowance for impairment of receivables is made if the receivables are not collectible. The factors considered in making allowances are payment history, past due status and trading terms.

No impairment loss on trade receivables were recorded for the financial year ended 30 June 2017 (2016: S$3,000).

The carrying value of the Group's and the Company's trade and other receivable as at 30 June 2017 is S$157,435,000 (2016: S$86,655,000) and S$29,233,000 (2016: $27,707,000).

(ii) Impairment of property, plant and equipment

The Group assesses impairment of property, plant and equipment at each year end by evaluating conditions specific to the Group that may lead to impairment of assets. Adjustments will be made when considered necessary.

Impairment assessment of property, plant and equipment includes considering certain indications such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant under performance relative to the expected historical or future operating results and significant negative industry or economic trends.

No impairment loss on property, plant and equipment were recorded for the financial years ended 30 June 2017 and 2016.

The carrying amount of property, plant and equipment at 30 June 2017 is S$136,063,000 (2016: S$119,513,000).

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

4 REVENUE AND OTHER INCOME

	GROUP	
	2017 S$'000	2016 S$'000
Revenue		
Construction contract revenue	338,751	392,824
Revenue from the rendering of services	6,419	3,543
Revenue from sales of goods	785	385
	345,955	396,752
Other Income		
Benefits from fringe benefits and payroll tax	1,298	-
Fuel tax rebate	386	584
Interest income:		
- Bank balances	198	392
- Late payment from clients	-	71
- Tax authorities	82	53
Rental from warehouse storage	65	-
Recovery of bad debts and costs	144	-
Miscellaneous income	42	81
	2,215	1,181

The benefits from fringe benefits and payroll tax pertain to reimbursement from Australian Taxation Office for the Living-away-from-home allowance relating to prior years.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

5 PROFIT BEFORE INCOME TAX

The following items have been included in arriving at profit before income tax:

		GROUP	
	Note	2017 S$'000	2016 S$'000
Included in cost of sales:			
Direct materials		52,449	68,806
Employee benefits	6	157,046	172,159
Subcontract works		44,206	56,935
Workshop and other overheads		44,975	47,015
Depreciation of property, plant and equipment	13	10,220	8,342
Included in administrative expenses:			
Audit fees:			
• Auditors of the Company		75	90
• Other auditors		79	73
Non-audit fees:			
• Auditors of the Company		28	28
• Other auditors		72	92
Business development		1,196	840
Communications		1,615	1,485
Depreciation of property, plant and equipment	13	522	610
Directors' fees		220	222
Employee benefits	6	18,797	14,894
Occupancy expenses		719	585
Office costs		464	633
Other administrative expenses		736	629
Other professional fees		1,488	1,960
Tax fees		730	1,181
Net foreign exchange loss		29	117
Included in other expenses:			
Bad debts written-off		-	3
Loss on disposal of property, plant and equipment		119	128

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

6 EMPLOYEE BENEFITS EXPENSES

	GROUP	
	2017 S$'000	2016 S$'000
Wages and salaries	167,079	175,569
Contributions to defined contribution plans	7,100	9,199
Other employee benefits	1,664	2,285
	175,843	187,053

7 FINANCE COSTS

	GROUP	
	2017 S$'000	2016 S$'000
Bank bills and bank guarantees	1,852	947
Finance leases	613	855
Premium funding	43	61
Other finance costs	67	82
	2,575	1,945

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

8 INCOME TAX EXPENSE

	GROUP	
	2017 S$'000	2016 S$'000
Current income tax	2,103	5,555
Deferred income tax	784	1,641
	2,887	7,196
Under/(Over) provision in prior years		
• Current income tax	(139)	575
• Deferred income tax	(1,422)	(2,014)
	(1,561)	(1,439)
	1,326	5,757

The Group's tax on profit before income tax differs from the amount that would arise using the Australian standard rate of income tax as follows:

	GROUP	
	2017 S$'000	2016 S$'000
Profit before income tax	9,546	23,049
Income tax at 30% (2016: 30%)	2,864	6,915
Add/(Deduct) tax effect of:		
Under/(Over) provision of income tax in respect of prior years*	(139)	575
Over provision of deferred tax expense	(1,422)	(2,014)
Unrecognised deferred tax asset on foreign operation	60	246
Non-allowable items	-	35
Non-taxable items	(37)	-
	1,326	5,757
Weighted average effective tax rates are as follows:	14.0%	25.0%

* The under/(over) provision in prior years resulted from the final tax outcome difference from the amounts that were originally estimated on the Group' tax incentive.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

8 INCOME TAX EXPENSE (Continued)

As at 30 June 2017, the Group has tax losses of approximately S$9,648,000 (2016: S$9,202,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The deferred tax assets arising from these tax losses amounted to S$2,801,000 (2016: S$2,663,000) are not recognised as there is no reasonable certainty that future taxable profits will be available to utilise the tax losses.

The tax rate used for the 2017 and 2016 reconciliations above is the corporate tax rate of 30% payable by corporate entities in Australia on taxable profits under the tax law in that jurisdiction. The Group's operations are located in Australia.

The following shows the details of the deferred tax assets:

	OPENING BALANCE S$'000	CHARGED TO PROFIT OR LOSS S$'000	CURRENCY TRANSLATION S$'000	CLOSING S$'000
Group deferred tax assets:				
Property, plant and equipment	(4,247)	959	126	(3,162)
Fringe benefits tax instalments	(29)	28	1	-
Receivables	(1,204)	1,192	29	17
Trade and other payables	2,022	(1,058)	(56)	908
Other current assets	2	(2)	-	-
Provisions	2,389	254	(77)	2,566
Carried forward tax losses	2	40	-	42
Unrealised foreign exchange losses	1,163	(1,126)	(27)	10
Others	93	86	(49)	130
Balance at 30 June 2016	191	373	(53)	511

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

8 INCOME TAX EXPENSE (Continued)

	OPENING BALANCE S$'000	CHARGED TO PROFIT OR LOSS S$'000	CURRENCY TRANSLATION S$'000	CLOSING S$'000
Group deferred tax assets:				
Property, plant and equipment	(3,162)	1,021	(24)	(2,165)
Receivables	17	(18)	-	1
Trade and other payables	908	(41)	10	877
Provisions	2,566	(306)	25	2,285
Carried forward tax losses	42	25	1	68
Unrealised foreign exchange losses	10	(11)	-	(1)
Others	130	(32)	1	99
Balance at 30 June 2017	511	638	13	1,162
Company deferred tax assets:				
Loan receivables	(1,157)	1,150	23	16
Trade and other payables	29	(9)	-	20
Balance at 30 June 2016	(1,128)	1,141	23	36
Cast at bank	-	4	-	4
Loan receivables	16	(16)	-	-
Trade and other payables	20	(14)	2	8
Balance at 30 June 2017	36	(26)	2	12

Aggregate amount of temporary differences associated with investment in subsidiaries and goodwill amounted to S$6,103,404 (2016: S$3,868,779) and S$71,142,107 (2016: S$67,300,947) respectively, for which deferred tax assets have not been recognised.

Current tax recoverable

Current tax recoverable mainly arose from Group's overprovision of income taxes in respect of the current year and is expected to be recovered in the 2017/18 financial year.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

9 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the Group's net profit attributable to ordinary equity holders for the financial year by the weighted average number of ordinary shares issued.

	GROUP	
	2017	2016
Profit attributable to the owners of the Company (S$'000)	8,427	17,441
Share capital	501,000,000	501,000,000
Weighted average number of ordinary shares issued		
• Basic	500,985,000	500,985,000
• Diluted	500,985,000	500,985,000
Earnings per ordinary share (S$ cents)		
• Basic	1.68	3.45
• Diluted	1.68	3.45

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 ordinary shares outstanding during the financial year.

As at 30 June 2017 and 2016, 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 (2016: 5,000,000) unissued ordinary shares granted under the CESOS (Note 22(b)). The effect of the inclusion is anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

10 TRADE AND OTHER RECEIVABLES

	Note	GROUP 2017 S$'000	GROUP 2016 S$'000	COMPANY 2017 S$'000	COMPANY 2016 S$'000
Current:					
Trade receivables					
• Third party		59,567	34,036	-	-
• Retention on construction claims		5,460	881	-	-
		65,027	34,917	-	-
Amount due from customers for contract in progress	(a)	91,315	42,345	-	-
Receivables from subsidiaries		-	-	29,233	27,707
Advances to joint venture		-	2,485	-	-
Other receivables		931	260	-	-
		157,273	80,007	29,233	27,707
Non-current:					
Trade receivables					
• Retention on construction claims		162	6,648	-	-
Total trade and other receivables		157,435	86,655	29,233	27,707
(a) Contracts in progress:					
Contract costs incurred		388,692	387,023	-	-
Recognised profits		33,185	43,790	-	-
		421,877	430,813	-	-
Less: Progress billings		(336,604)	(392,824)	-	-
Currency translation		1,739	(361)	-	-
Amount due from customers for construction contracts		87,012	37,628	-	-
Presented as:					
Due from customers		91,315	42,345	-	-
Due to customers	18	(4,303)	(4,717)	-	-
		87,012	37,628	-	

Receivable from subsidiaries are non-trade, unsecured, interest-free and repayable on demand in cash.

Advances to joint venture are reimbursable cost incurred on behalf of the joint venture. The amount is non-trade, unsecured, interest-free and repayable on demand in cash.

NOTES TO THE FINANCIAL STATEMENTS

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11 OTHER CURRENT ASSETS

	GROUP		COMPANY	
	2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000
Prepayments	824	579	4	12
Consumables inventory	438	303	-	-
	1,262	882	4	12

12 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000
Cash at bank and in hand	24,044	39,788	25	42

Cash at banks earns interest at floating rates ranging from 0.01% to 1.5% (2016: 0.01% to 1.75%) per annum.

A floating charge over cash and cash equivalents has been provided for certain debt.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

13 PROPERTY, PLANT AND EQUIPMENT

	LAND S$'000	BUILD-INGS S$'000	PLANT AND EQUIP-MENT S$'000	SMALL TOOLS S$'000	MOTOR VEHICLES S$'000	OFFICE EQUIP-MENT S$'000	IT EQUIP-MENT S$'000	ASSETS UNDER CON-STRUC-TION S$'000	TOTAL S$'000
2017									
Cost									
At 01 July 2016	16,277	55,605	46,576	12,602	6,900	1,374	2,044	4,850	146,228
Additions	-	-	1,702	1,438	62	-	-	17,440	20,642
Transfer	-	-	2,061	-	-	-	-	(2,061)	-
Disposals	-	-	(670)	(567)	(363)	(1)	-	-	(1,601)
Currency translation	930	3,173	2,721	737	387	79	117	588	8,732
At 30 June 2017	17,207	58,778	52,390	14,210	6,986	1,452	2,161	20,817	174,001
Accumulated depreciation									
At 01 July 2016	-	(5,817)	(12,456)	(3,682)	(2,885)	(631)	(1,244)	-	(26,715)
Depreciation for the year	-	(2,552)	(4,248)	(2,468)	(884)	(172)	(418)	-	(10,742)
Disposals	-	-	433	426	245	1	-	-	1,105
Currency translation	-	(352)	(739)	(219)	(166)	(39)	(71)	-	(1,586)
At 30 June 2017	-	(8,721)	(17,010)	(5,943)	(3,690)	(841)	(1,733)	-	(37,938)
Net carrying amount									
At 30 June 2017	17,207	50,057	35,380	8,267	3,296	611	428	20,817	136,063
2016									
Cost									
At 01 July 2015	5,475	46,174	43,374	7,318	6,092	1,312	2,384	6,188	118,317
Additions	11,062	7,055	4,728	5,052	1,187	127	217	4,888	34,316
Transfer	-	3,914	934	1,192	-	-	-	(6,040)	-
Disposals	-	-	(1,060)	(686)	(180)	(23)	(484)	-	(2,433)
Currency translation	(260)	(1,538)	(1,400)	(274)	(199)	(42)	(73)	(186)	(3,972)
At 30 June 2016	16,277	55,605	46,576	12,602	6,900	1,374	2,044	4,850	146,228
Accumulated depreciation									
At 01 July 2015	-	(4,090)	(9,757)	(2,419)	(2,298)	(462)	(1,274)	-	(20,300)
Depreciation for the year	-	(1,877)	(3,800)	(1,790)	(783)	(206)	(496)	-	(8,952)
Disposals	-	-	752	434	116	20	484	-	1,806
Currency translation	-	150	349	93	80	17	42	-	731
At 30 June 2016	-	(5,817)	(12,456)	(3,682)	(2,885)	(631)	(1,244)	-	(26,715)
Net carrying amount									
At 30 June 2016	16,277	49,788	34,120	8,920	4,015	743	800	4,850	119,513

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) As at the balance sheet date, the net book value of property, plant and equipment that were under finance leases was S$20,901,000 (2016: S$24,744,000) (Note 19).

(b) The carrying amount of property, plant and equipment that are pledged for security are as follows:

PROPERTY, PLANT AND EQUIPMENT	BORROWINGS	GROUP	
		2017 S$'000	2016 S$'000
Leased plant and equipment	Finance lease	20,901	24,744
Remaining property, plant and equipment	Bank bills	115,162	94,769
		136,063	119,513

Refer to Note 19 for further information on Borrowings.

14 INTANGIBLE ASSETS

	GROUP	
	2017 S$'000	2016 S$'000
Goodwill	11	10

Goodwill arose from the excess of the consideration paid for a business acquired from a third party. Goodwill has been allocated to the cash-generating unit, Metals and Minerals division.

Management is of the opinion that the recoverable amount will exceed the carrying amount on the basis that this cash generating unit has been generating profit since acquisition and management forecasts the results of this subsidiary to be in a net profit position for the financial year ended 30 June 2017. In arriving at this assessment, management has determined the recoverable amount using a two (2016: two) year forecasting process based on the current order book, projected orders and a consumer price index ("CPI") factor of 1.9% (2016: 1.2%) per annum on direct costs and overhead costs.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

14 INTANGIBLE ASSETS (Continued)

	GROUP	
	2017 S$'000	2016 S$'000
Balance at the beginning of the year	10	10
Currency translation	1	-
Balance at the end of the year	11	10

15 INVESTMENT IN SUBSIDIARIES

	GROUP	
	2017 S$'000	2016 S$'000
At cost:		
Balance at the beginning of the year	7,590	7,836
Currency translation	433	(246)
Balance at the end of the year	8,023	7,590

Details of the Company's subsidiaries at 30 June 2017 are as follows:

NAME OF ENTITY	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	% OF EQUITY HELD BY THE GROUP	
			2017	2016
Held by the Company				
Civmec Construction & Engineering Pty Ltd*	Engineering and construction services	Australia	100	100
Civmec Construction & Engineering Singapore Pte Ltd**	Engineering and construction services	Singapore	100	100
Held by Civmec Construction & Engineering Singapore Pte Ltd				
Civmec-Mala PNG**(a)	Engineering and construction services	Papua New Guinea	88	-

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

15 INVESTMENT IN SUBSIDIARIES (Continued)

Details of the Company's subsidiaries at 30 June are as follows (Continued):

NAME OF ENTITY	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	% OF EQUITY HELD BY THE GROUP	
			2017	2016
Held by Civmec Construction & Engineering Pty Ltd				
Civmec Holdings Pty Ltd*	Asset holding company	Australia	100	100
Multidiscipline Solutions Pty Ltd*	Asset holding company Labour supply	Australia	100	100
Civmec Pipe Products Pty Ltd*	Asset holding company	Australia	83.5	83.5
Civmec Electrical and Instrumentation Pty Ltd*	Electrical services	Australia	100	100
Civmec DLG Pty Ltd*(b)	Engineering and construction services	Australia	50	50
Forgacs Marine and Defence Pty Ltd*	Marine and defence services	Australia	100	100
Civmec Construction & Engineering Africa Ltd*	Asset holding company	Mauritius	100	100
Held by Forgacs Marine and Defence Pty Ltd				
Forgacs Valco Pty Ltd*(a)(b)	Valve services	Australia	50	-
Held by Civmec Construction & Engineering Africa Ltd				
Civmec Construction & Engineering Uganda Ltd*	Asset holding company	Uganda	100	100
Held by Civmec Construction & Engineering Uganda Ltd				
Civtec Africa Ltd*(b)	Engineering and construction services	Uganda	50	50

* *Audited by Moore Stephens (WA) Pty Ltd*
** *Audited by Moore Stephens LLP Singapore*
(a) *Newly incorporated during the current financial year*
(b) *Deemed to be a subsidiary as the Group controls the entity via substantive rights*

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

16 INVESTMENT IN JOINT VENTURE

Details of the Group's joint venture that is accounted for using the equity method at the end of the reporting period are as follows:

NAME OF ENTITY	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	% OF EQUITY HELD BY THE GROUP	
			2017	2016
Held by Civmec Construction & Engineering Pty Ltd				
Sedgman Civmec Joint Venture	Engineering and construction services	Australia	50	50

The summarised financial information below represents amounts shown in the joint venture's financial statements.

Summarised statement of financial position

	2017 S$'000	2016 S$'000
Cash and cash equivalents	72	8,295
Trade receivables	1,530	21,560
Other assets	4,295	1,362
Total current assets	5,897	31,217
Trade and other payables - current	5,640	19,935
Net assets	257	11,282

Summarised statement of comprehensive income

	2017 S$'000	2016 S$'000
Revenue	20,002	126,723
Operating expenses	(20,610)	(118,997)
Interest income	95	81
Administrative expenses	(7)	(27)
Profit before tax	(520)	7,780
Other comprehensive income	-	-
Total comprehensive income	(520)	7,780

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

16 INVESTMENT IN JOINT VENTURE (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2017 S$'000	2016 S$'000
Net assets of the joint venture	257	11,282
Proportion of the Group's ownership interest in the joint venture	50.0%	50.0%
Carrying amount of the Group's interest in the joint venture	129	5,641

17 JOINT OPERATIONS

The Group has interests in the following joint operations which are proportionately consolidated:

NAME OF JOINT OPERATION	PRINCIPAL ACTIVITIES	PRINCIPAL PLACE OF BUSINESS/COUNTRY OF INCORPORATION	PROPORTION (%) OF OWNERSHIP INTEREST HELD BY THE GROUP	
			2017	2016
Black & Veatch Civmec JV ("BCJV")	Engineering and Construction Services	Australia	50	-
Amec Foster Wheeler Civmec JV ("ACJV")	Engineering and Construction Services	Australia	50	-

BCJV project is for the design and construction of the wastewater treatment plant upgrade and ACJV is for the design, procurement and installation of process plant, administration office and warehouse. The Group is entitled to a proportionate share of the construction contract revenue earned and bears a proportionate share of the joint operations' expenses.

NOTES TO THE FINANCIAL STATEMENTS

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18 TRADE AND OTHER PAYABLES

	Note	GROUP 2017 S$'000	GROUP 2016 S$'000	COMPANY 2017 S$'000	COMPANY 2016 S$'000
Trade creditors		34,406	32,776	-	-
Sundry payables and accrued expenses:					
Accrued expenses		21,700	13,767	155	128
Amount due to customers for contracts in progress	10	4,303	4,717	-	-
Goods and services tax payable		3,179	2,156	-	-
Advanced billings		12,635	-	-	-
Other taxes payable		3,420	3,814	-	-
		79,643	57,230	155	128

Trade and other payables are usually paid within 45 days.

The advanced billings pertain to advances from the customer of the joint operation of the Group to assist with its cash flow and shall be repaid through deductions to future progress claims to the customer.

19 BORROWINGS

	Note	GROUP 2017 S$'000	GROUP 2016 S$'000	COMPANY 2017 S$'000	COMPANY 2016 S$'000
Current:					
Finance lease liabilities - secured	19(a)	5,179	5,538	-	-
Bank bills – secured	19(b)	96	1,078	-	-
		5,275	6,616	-	-
Non-current:					
Finance lease liabilities - secured	19(a)	6,234	9,108	-	-
Bank bills – secured	19(b)	50,107	16,309	-	-
Loan from related parties – unsecured		355	81	-	-
		56,696	25,498	-	-
Total borrowings		61,971	32,114	-	-

(a) Finance Lease Liabilities

The Group (the lessee) leases motor vehicles, workshop equipment and office fitout from non-related parties under finance leases. The Group will obtain the ownership of the leased assets from the lessor at no extra cost at the end of the lease term. The average lease term is between 4 and 5 years at interest rates ranging from 3.52% to 7.77% per annum (2016: 3.52% to 9.59%).

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

19 BORROWINGS (Continued)

(a) Finance Lease Liabilities (Continued)

The finance lease liabilities are secured by the underlying leased assets:

	Note	2017 S$'000	2016 S$'000
Property, plant and equipment	13	20,901	24,744

The present values of finance lease liabilities are analysed as follows:

	MINIMUM LEASE PAYMENTS S$'000	FUTURE FINANCE CHARGES S$'000	NET PRESENT VALUE OF MINIMUM LEASE PAYMENTS S$'000
2017			
Less than one year	5,562	(383)	5,179
Between one and five years	6,489	(255)	6,234
	12,051	(638)	11,413
2016			
Less than one year	6,080	(542)	5,538
Between one and five years	9,567	(459)	9,108
	15,647	(1,001)	14,646

(b) Bank Bills

Banking Covenants

The Group is required by the banks to maintain certain financial ratios such as loan value ratio and interest cover ratio. As at 30 June 2017, the Group did meet all of these financial covenants.

As at 30 June 2017, the Group has a commercial bank facility amounting to S$55,897,000 (2016: S$26,339,450) which was utilised 90% (2016: 62%). Interest rates are variable and ranged between 2.72% to 3.08% (2016: 2.94% to 3.38%) per annum during the financial year.

The bank bills are secured by certain property, plant and equipment as disclosed in Note 13 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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20 PROVISIONS

	GROUP	
	2017 S$'000	2016 S$'000
Current		
Provision for employee benefits	5,115	5,940
Non-current		
Provision for employee benefits	3,129	2,494
	8,244	8,434

Movements in provisions are as follows:

	Note	GROUP	
		2017 S$'000	2016 S$'000
Current			
Opening balance at the beginning of the year		5,940	5,972
Provisions made during the year - Included in employee benefits	6	8,684	9,872
Provisions utilised during the year		(9,824)	(9,715)
Currency translation		315	(189)
Closing balance at the end of the year		5,115	5,940
Non-current			
Opening balance at the beginning of the year		2,494	1,993
Provisions made during the year - Included in employee benefits	6	503	568
Provisions utilised during the year		(21)	-
Currency translation		153	(67)
Closing balance at the end of the year		3,129	2,494

Provisions pertain to employee benefits relating to long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data and the discount rate used range from 2.28% to 4.00% (2016: 2.52% to 3.32%).

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

21 SHARE CAPITAL

(a) Fully Paid Ordinary Shares

	2017		2016	
	NO. OF SHARES	S$'000	NO. OF SHARES	S$'000
Ordinary shares issued and fully paid	501,000,000	37,864	501,000,000	37,864
Shares held as treasury shares	(15,000)	(11)	(15,000)	(11)
	500,985,000	37,853	500,985,000	37,853

The ordinary shares of the Company have no par value. All issued ordinary shares are fully paid. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share without restrictions at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

The Company approved the payment of First and Final dividend of 0.7 Singapore cents per ordinary share (2016: 0.7 Singapore cents) amounting to S$3,507,000 (2016: S$3,507,000) for the financial year ended 30 June 2016. The dividend payment was made on 09 December 2016.

The Board has recommended a first and final dividend of 0.7 Singapore cents per ordinary share for the financial year ended 30 June 2017, subject to shareholders' approval at the forthcoming Annual General Meeting.

(b) Treasury Shares

	2017		2016	
	NO. OF SHARES	S$'000	NO. OF SHARES	S$'000
Balance at the beginning and end of the year	15,000	11	15,000	11

Treasury shares relate to ordinary shares of the Company that are held by the Company.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

21 SHARE CAPITAL (Continued)

(c) Share Options

	2017		2016	
	NO. OF SHARES	EXERCISE $	NO. OF SHARES	EXERCISE $
Balance at the beginning of the year	5,000,000	0.65	6,000,000	0.65
Options cancelled during the year	(500,000)		(1,000,000)	-
Balance at the end of the year	4,500,000	0.65	5,000,000	0.65

These options vested but were not exercised during the reporting period. Share options granted under the Civmec Employee Share Option plan carry no rights to dividends and no voting rights. Further details of the employee option plan are contained in Note 22.

22 SHARE-BASED PAYMENTS

(a) Performance Share Plan

The Civmec Performance Share Plan (the "CPSP") for key management personnel and employees of the Group was approved and adopted by shareholders at the Extraordinary General Meeting held on 25 October 2012.

Under the CPSP, 1,199,000 ordinary shares with a market value of S$0.70 per share were fully allotted out of treasury shares issued by the company on 13 June 2014.

No issuance of share-based payment transactions in the current financial year.

(b) Employee Share Option Scheme

The Civmec Employee Share Option Scheme (the "CESOS") was established on 27 March 2012 and formed part of the Civmec Limited prospectus dated 5 April 2012. The CESOS is a long term incentive scheme to reward and retain key management and employees of the Group whose service are integral to the success and the continued growth of the Group. Executive and non-executive Directors (including independent Directors) and employees of the Company, who are not controlling shareholders or their associates, are eligible to participate in the scheme. Controlling shareholders or their associates cannot participate in the scheme unless certain conditions are satisfied and shareholder approval is obtained.

NOTES TO THE FINANCIAL STATEMENTS

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22 SHARE-BASED PAYMENTS (Continued)

(b) Employee Share Option Scheme (Continued)

The options are issued for no consideration and carry no entitlements to voting rights or dividends of the Group and are not transferable. The number of options granted is subject to approval by the Remuneration Committee and is based on a performance framework which incorporates financial and/or non-financial performance measurement criteria.

Options are forfeited immediately after the holder ceases to be employed by the Group (except in the case of ill health, retirement, redundancy or bankruptcy), unless the committee determines otherwise.

The options are issued with a strike price that is at the Remuneration Committee's discretion, set at a price as quoted on the Singapore Exchange for three market days immediately preceding the relevant date of grant of the option or at a discount to the market price (subject to a maximum discount of 20%).

The vesting period for options issued with no discount to market price is over one year.

On 11 September 2013, 6,000,000 options were granted to employees under the CESOS to take up ordinary shares at an exercise price of S$0.65 per share. The options are exercisable on or before 11 September 2023.

Options granted to employees are as follows:

GRANT DATE	TOTAL NUMBER GRANTED	VESTING PERIOD
11 September 2013	6,000,000	1 year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in share options during the year:

	2017		2016	
	NO.	WAEP $	NO.	WAEP $
Outstanding at the beginning of the year	5,000,000	0.65	6,000,000	0.65
Cancelled during the year	(500,000)	-	(1,000,000)	-
Outstanding at the end of the year	4,500,000	0.65	5,000,000	0.65
Exercisable at the end of the year	4,500,000		5,000,000	

The weighted average remaining contractual life of options outstanding as at 30 June 2017 is 6 years (2016: 7 years). The exercise price of outstanding shares was S$0.65 (2016: $0.65).

The fair value of the options granted to employees is deemed to represent the value of the employee services received over the vesting period.

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30 June 2017

22 SHARE-BASED PAYMENTS (Continued)

(b) Employee Share Option Scheme (Continued)

The weighted average fair value of options granted was $0.0472 (2016: $0.0472). These values were calculated using the Binomial option pricing model applying the following inputs:

GRANT DATE:	11 SEPTEMBER 2013
Vesting period	1 year
Dividend yield	11%
Weighted average exercise price	S$0.65
Share price	S$0.65
Expected average life of the option	5.9 years
Expected share price volatility	26%
Risk-free interest rate	2.68%

The expected volatility of the Company has been determined having regard to the historical volatility of the market price of the Company's shares and the mean reversion tendency of volatilities.

The life of the options is based on the expected exercise patterns, which may not eventuate in the future.

A liquidity discount has also been applied to the value of the options to account for historically low trading volume of the shares.

23 OTHER RESERVES

	GROUP		COMPANY	
	2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000
Foreign currency translation reserve	(23,417)	(32,725)	(8,417)	(10,742)
Merger reserve	9,010	9,010	9,010	9,010
Waiver of interest receivable from a subsidiary	-	-	(3,341)	(3,341)
Share option reserve	284	284	284	284
	(14,123)	(23,431)	(2,464)	(4,789)

(a) Foreign Currency Translation Reserve

Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currency to the Group's presentation currency (i.e., S$) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

Exchange differences previously accumulated in the foreign currency translation reserve (in respect of translating the net assets of foreign operations) are reclassified to profit or loss on the disposal or partial disposal of the foreign operation. The movement in the foreign currency translation reserve is shown in the consolidated statement of changes in equity.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

23 OTHER RESERVES (Continued)

(b) Merger Reserve

Pursuant to the completion of the Restructuring Exercise, the share capital of Civmec Construction & Engineering Pty Ltd and Controlled Entities is adjusted to merger reserve based on the “pooling of interest method”.

(c) Share Option Reserve

The share option reserve relates to share options granted to employees under the employee share option plan. Further information about share-based payments to employees is set out in Note 22 Share-based payments.

24 COMMITMENTS

(a) Operating Lease

The future minimum lease payable under non-cancellable operating leases contracted for where the Group is a lessee at the reporting date but not capitalised in the financial statements are as follows:

	GROUP	
	2017 S$'000	2016 S$'000
Not later than 12 months	2,579	2,586
Between 12 months and five years	14,410	8,919
More than five years	57,009	36,082
	73,998	47,587

The Group has below commercial operating leases:

- The Henderson land lease at Lot 804 (16) Nautical Drive, Henderson, Western Australia is for a 35-year period from July 2009 with an option to renew for a further 35 years. Rent increases as per the CPI Index. Since March 2016, the Group has increased the area of land leased.
- The Darwin property lease at 56 Pruen Road, Northern Territory is for a 2-year period from July 2017. Rent increases as per the CPI index.
- The Broome property lease at 266-268 Port Drive, Minyirr is for a 5-year period from August 2014. Rent increases as per CPI index.
- The New South Wales land leases at 42 Kylie Street and Lot 07 Central Park Drive, Macksville for a 2-year period from August 2016.
- The Group has entered an additional 7 hectares of land adjoining its Henderson facility in Western Australia for a 28-year period from December 2016 with an option to renew for another 45 years.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

24 COMMITMENTS (Continued)

(b) Capital Expenditure Commitments

The Group has contracted capital expenditure commitments at the reporting date but not recognised in the financial statement as follows:

	GROUP	
	2017 S$'000	2016 S$'000
Plant and equipment purchases	1,734	1,258
Capital projects	22,132	1,640
	23,866	2,898
Not later than 12 months	23,866	2,898

25 GUARANTEES

The Group is, in the normal course of business, required to provide guarantees in respect of their contractual performance related obligations. These guarantees and indemnities only give rise to a liability where it fails to perform its contractual obligations.

During the course of business, the Company also provides letters of credit for international trading when required.

As at 30 June 2017, the Group has provided the following:

	GROUP	
	2017 S$'000	2016 S$'000
Bank guarantee	10,484	32,390
Surety bond facility	105,258	47,729
	115,742	80,119

The surety bond facility is provided for the provision of performance bonds to customers of the Group. It has a limit of A$125 million (equivalent to S$132.33 million) as at 30 June 2017 (2016: A$125 million (equivalent to S$125.19 million).

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

26 RELATED PARTY TRANSACTIONS

The Group's main related parties are as follows:

Entities Exercising Control over the Group

The largest shareholders are James Finbarr Fitzgerald and Olive Theresa Fitzgerald (acting as trustees for the JF & OT Fitzgerald Family Trust) (19.47%) and Goldfirm Pty Ltd (acting as trustee for the Kariong Investment Trust) (19.47%).

Key Management Personnel

Any person having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity is considered key management personnel.

Remuneration paid to key management personnel is as follows:

	GROUP	
	2017 S$'000	2016 S$'000
Directors' remuneration		
- Salaries and other related costs	1,569	1,449
- Directors' fees	220	222
- Benefits including defined contribution plans	211	200
Other key management personnel		
- Salaries and other related costs	1,981	1,732
- Benefits including defined contribution plans	303	292
	4,284	3,895

Directors' interest in Employee Share Benefit Plans

At the end of the reporting date, the total number of outstanding share options that were issued/allocated to the Directors and key management personnel under existing employee benefit schemes is given below:

	GROUP	
	2017 S$'000	2016 S$'000
Directors	-	-
Key management personnel	3,000,000	3,000,000

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

26 RELATED PARTY TRANSACTIONS (Continued)

Other Related Parties

Other related parties include immediate family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel, individually or collectively with their immediate family members.

Transactions with Related Parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	GROUP	
	2017 S$'000	2016 S$'000
Purchase of goods and services		
Other Related Parties:		
- Consultant fee paid to a related party (who is a Director of the Company)	(8)	(8)

27 FINANCIAL INFORMATION BY SEGMENTS

Management has determined the operating segments based on the internal reports which are regularly reviewed by the Operations Management that are used to make strategic decisions.

The Operations Management comprises of the Executive Chairman, Chief Executive Officer, Chief Operations Officer, Chief Financial Officer and the department heads of each operating segment.

The business is managed primarily on the basis of different products and services as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment;
- the manufacturing process;
- the type or class of customer for the products or services;
- the distribution method; and
- any external regulatory requirements

Although the Operations Management receives separate reports for each project in the Oil and Gas, Metals and Minerals, and Infrastructure businesses, these have been aggregated into the respective reportable segments as they have similar long-term average gross margins.

The three main reportable segments for the Group are: (1) Oil and Gas (2) Metals and Minerals and (3) Infrastructure. The business activities include civil construction, fabrication, precast concrete, SMP (Structural, Mechanical and Piping Erection), insulation, maintenance and plant hire.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

27 FINANCIAL INFORMATION BY SEGMENTS (Continued)

Basis of Accounting for Purpose of Reporting by Operating Segments

(a) Accounting Policies Adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the consolidated financial statements of the Group.

(b) Inter-Segment Transactions

An internally determined transfer price is set for all inter-segment sales. This price is reviewed quarterly and is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation of the Group's financial statements.

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs.

(c) Segment Assets and Liabilities

The Group does not identify nor segregate its assets and liabilities in operating segments as these are managed on a "group basis".

Geographical Segments (Secondary Reporting)

The Group currently operates in three geographical areas – Australia (main operations), Papua New Guinea and Uganda.

Major Customers

The Group has a number of customers to whom it provides both products and services. For the year ended 30 June 2017, the Group supplies to a single external customer in Metals and Minerals segment who accounts for 15.2% of external revenue (2016: Infrastructure 24.8%). The next most significant client accounts for 7.8% and 7.4% (2016: 15.7% and 11.4%) of external revenue.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

27 FINANCIAL INFORMATION BY SEGMENTS (Continued)

	2017				2016			
	OIL AND GAS S$'000	METALS AND MINERALS S$'000	INFRASTRUCTURE S$'000	TOTAL S$'000	OIL AND GAS S$'000	METALS AND MINERALS S$'000	INFRASTRUCTURE S$'000	TOTAL S$'000
Revenue – external sales	54,016	191,356	100,583	345,955	90,670	170,040	136,042	396,752
Cost of sales (excluding depreciation)	(38,929)	(161,373)	(98,374)	(298,676)	(81,164)	(140,545)	(123,206)	(344,915)
Depreciation expense	(2,121)	(5,688)	(2,411)	(10,220)	(1,908)	(3,597)	(2,837)	(8,342)
Segment results	12,966	24,295	(202)	37,059	7,598	25,898	9,999	43,495
Unallocated costs				(26,774)				(23,439)
Bad debt				-	(3)	-	-	(3)
Other income: recovery of bad debt	65	-	-	65				-
Other income: others				2,150				1,181
Share in (loss)/profit of a joint venture	-	(260)	-	(260)	-	3,890	-	3,890
Finance costs				(2,575)				(1,945)
Other expenses				(119)				(130)
Profit before income tax				9,546				23,049
Income tax expense				(1,326)				(5,757)
Net profit for the year				8,220				17,292
Segment assets:								
Intangible assets	-	11	-	11	-	10	-	10
Unallocated assets:								
Assets				322,142				257,072
Other current assets				1,261				882
Deferred tax assets				1,162				511
Total assets				324,576				258,475
Segment liabilities:								
Unallocated liabilities								
Liabilities				79,643				57,230
Borrowings				61,971				32,114
Provisions				8,244				8,434
Total liabilities				149,858				97,778
Other segment information								
Capital expenditures during the year				20,642				34,316

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

28 FINANCIAL RISK MANAGEMENT

The Group's and the Company's financial instruments consist mainly of cash and cash equivalents, accounts receivable and payable, borrowings and finance lease liabilities. The key financial risks include interest rate risk, foreign currency risk, credit risk and liquidity risk.

(a) Market Risk

(i) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

Interest rate risk is managed using a mix of fixed and floating rate debt. At 30 June 2017, approximately 19% (2016: 51%) of the Group's debt is fixed. The Group's borrowings at variable rates are denominated mainly in AUD. If the AUD interest rates increase/decrease by 1% (2016: 1%) with all other variables remain constant, the Group's profit before tax will be approximately lower/higher by S$264,000 (2016: S$153,000) as a result of higher/lower interest expenses on these borrowings.

The Group and the Company has cash balances placed with reputable banks and financial institutions. Such balances are placed on varying maturities and generate interest income for the Group and the Company.

The Group obtains additional financing through bank borrowings and leasing arrangements. Information relating to the Group's interest rate exposure is also disclosed in the notes on the Group's borrowings and leasing obligations. They are both fixed and floating rates of interest. The policy is to retain flexibility in selecting borrowings at both fixed and floating rates interest.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

28 FINANCIAL RISK MANAGEMENT (Continued)

(a) Market Risk (Continued)

(i) Interest rate risk (Continued)

	VARIABLE RATES		FIXED RATES			
	WITHIN 1 YEAR S$'000	BETWEEN 2 TO 5 YEARS S$'000	WITHIN 1 YEAR S$'000	BETWEEN 2 TO 5 YEARS S$'000	NON-INTEREST BEARINGS S$'000	TOTAL S$'000
Group						
2017						
Financial Assets						
Cash and cash equivalents	24,044	-	-	-	-	24,044
Trade and other receivables	-	-	-	-	157,435	157,435
	24,044	-	-	-	157,435	181,479
Financial Liabilities						
Trade and other payables	-	-	-	-	56,106	56,106
Borrowings – finance lease	-	-	5,179	6,234	-	11,413
Borrowings – bank bills	96	50,107	-	-	-	50,203
Borrowings – related parties	-	355	-	-	-	355
	96	50,462	5,179	6,234	56,106	118,077
2016						
Financial Assets						
Cash and cash equivalents	39,788	-	-	-	-	39,788
Trade and other receivables	-	-	-	-	86,655	86,655
	39,788	-	-	-	86,655	126,443
Financial Liabilities						
Trade and other payables	-	-	-	-	46,543	46,543
Borrowings – finance lease	-	-	5,538	9,108	-	14,646
Borrowings – bank bills	-	16,309	1,078	-	-	17,387
Borrowings – related parties	-	81	-	-	-	81
	-	16,390	6,616	9,108	46,543	78,657
Company						
2017						
Financial Assets						
Cash and cash equivalents	-	-	-	-	25	25
Trade and other receivables	-	-	-	-	29,233	29,233
	-	-	-	-	29,258	29,258
Financial Liabilities						
Trade and other payables	-	-	-	-	155	155
	-	-	-	-	155	155
2016						
Financial Assets						
Cash and cash equivalents	-	-	-	-	42	42
Trade and other receivables	-	-	-	-	27,707	27,707
	-	-	-	-	27,749	27,749
Financial Liabilities						
Trade and other payables	-	-	-	-	128	128
	-	-	-	-	128	128

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

28 FINANCIAL RISK MANAGEMENT (Continued)

(a) Market Risk (Continued)

(ii) Foreign currency risk

There is no significant exchange rate risk as substantially all financial assets and financial liabilities are denominated in Australian Dollar, which is the functional currency of the Company and of each entity in the Group. Accordingly, the sensitivity analysis to currency risk exposure is not disclosed as management is of the view that this is not significant.

(b) Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contractual obligations that could lead to a financial loss to the Group and the Company.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that customers and counterparties to transactions are of sound credit worthiness and includes the utilisation of systems for the approval, granting and renewal of credit limits, the regular monitoring of exposures against such limits and the monitoring of the financial stability of significant customers and counterparties. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Group and the Company, credit terms are generally 30 days from the date of invoice.

The main source of credit risk to the Group and Company is considered to relate to the class of assets described as "Trade and other receivables".

The Group has a concentration of credit risk with one counterparty accounting for 17% (2016: 21%) of trade receivables as at 30 June 2017.

The following table details the Group's and Company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled within the terms and conditions agreed between the Group and the Company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully paid to the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

28 FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit Risk (Continued)

			PAST DUE BUT NOT IMPAIRED			
	GROSS AMOUNT S$'000	WITHIN INITIAL TRADE TERMS S$'000	31 – 60 DAYS S$'000	61 – 90 DAYS S$'000	> 90 DAYS S$'000	PAST DUE AND IMPAIRED S$'000
Group						
2017						
Trade receivables	65,189	41,595	21,399	1,033	1,162	-
Other receivables	92,246	92,246	-	-	-	-
Total	157,435	133,841	21,399	1,033	1,162	-
2016						
Trade receivables	41,565	31,117	9,979	309	160	-
Other receivables	45,090	45,090	-	-	-	-
Total	86,655	76,207	9,979	309	160	-
Company						
2017						
Receivables from subsidiaries	29,233	29,233	-	-	-	
Total	29,233	29,233	-	-	-	
2016						
Receivables from subsidiaries	27,707	27,707	-	-	-	-
Total	27,707	27,707	-	-	-	-

The Group and the Company did not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible based on historic payment behaviour and extensive analyses of customer credit risk, including underlying customers' credit ratings, when available. Based on the Group's monitoring of customer credit risk, the Group believes that, apart from the above, no impairment allowance is necessary in respect of receivables not past due or past due by 30 days and above.

Credit risk related to balances with banks and other financial institutions is managed by investing surplus funds with counterparties that are at a Standard and Poor's rating of at least AA. The following table provides information regarding the credit risk relating to cash and cash equivalents based on Standard and Poor's counterparty credit ratings.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

28 FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit Risk (Continued)

	GROUP		COMPANY	
	2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000
Cash and cash equivalents:				
AA Rated	24,044	39,788	25	42

(c) Liquidity Risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting its commitments concerning its financial liabilities. The Group and the Company manages this risk through the following mechanism:

- Preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;
- Monitoring undrawn credit facilities;
- Maintaining credit risk related to financial assets;
- Obtaining funding from a variety of sources;
- Only investing surplus cash with major financial institutions; and
- Comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and do not reflect management's expectations that banking facilities will be rolled forward. Balances due within 12 months equal their carrying amount as the impact of discounting is not significant.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

28 FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity Risk (Continued)

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

		CONTRACTUAL UNDISCOUNTED CASH FLOWS		
	CARRYING AMOUNT S$'000	WITHIN 1 YEAR S$'000	BETWEEN 2 TO 5 YEARS S$'000	TOTAL S$'000
Group				
2017				
Financial Liabilities				
Trade and other payables	56,106	56,106	-	56,106
Borrowings:				
- Finance lease	11,413	5,562	6,489	12,051
- Bank bills	50,203	96	53,203	53,299
- Related parties	355	-	388	388
Total financial liabilities	118,077	61,764	60,080	121,844
2016				
Financial Liabilities				
Trade and other payables	46,543	46,543	-	46,543
Borrowings:				
- Finance lease	14,646	6,080	9,567	15,647
- Bank bills	17,387	1,100	17,581	18,681
- Related parties	81	-	86	86
Total financial liabilities	78,657	53,723	27,234	80,957
Company				
2017				
Financial Liabilities				
Trade and other payables	155	155	-	155
Total financial liabilities	155	155	-	155
2016				
Financial Liabilities				
Trade and other payables	128	128	-	128
Total financial liabilities	128	128	-	128

The Group's undrawn borrowings and guarantee facilities are disclosed in Note 25 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

28 FINANCIAL RISK MANAGEMENT (Continued)

(d) Capital Management

Management controls the capital of the Group in order to maintain a good debt-to-equity ratio, provide the shareholders with adequate returns and to ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

The Group and the Company have no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distribution to shareholders and share issues.

The net debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as total financial liabilities less cash and cash equivalents.

	GROUP	
	2017 S$'000	2016 S$'000
Net debt	94,033	38,869
Total equity	175,075	160,847
Net debt-to-equity ratio	0.54	0.24

There were no changes in the Group's approach to capital management during the current financial year.

(e) Fair Value Estimation

The fair values of financial assets and financial liabilities can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated.

The fair value of current financial assets and financial liabilities approximate the carrying value due to the liquid nature of these assets and / or the short term nature of these financial rights and obligations.

The fair value of non-current receivables and borrowings are calculated based on discounted expected future principal and interest cash flows. The discount rates used are based on market rates for similar instruments at the reporting date. The carrying amounts of financial assets and financial liabilities are assumed to approximate their respective fair values. The Group does not anticipate that the carrying amounts recorded at the balance sheet date would be significantly different from the values that would eventually be received or settled.

STATISTICS OF SHAREHOLDERS

SHAREHOLDERS' STATISTICS AND DISTRIBUTION AS AT 15 SEPTEMBER 2017

Class of Shares	:	Ordinary Shares
Voting Rights (excluding treasury shares)	:	One vote per Ordinary Share
No. of issued shares	:	501,000,000 shares
No. of issued shares excluding treasury shares	:	500,985,000 shares
No. of treasury shares	:	15,000

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHARE-HOLDINGS	NO. OF SHARE-HOLDERS	%	NO. OF SHARES	%
1 - 99	3	0.33	82	0.00
100 - 1,000	41	4.55	31,119	0.01
1,001 – 10,000	374	41.51	2,369,967	0.47
10,001 – 1,000,000	451	50.06	44,822,253	8.95
1,000,001 and Above	32	3.55	453,761,579	90.57
TOTAL	901	100.00	500,985,000	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 15 SEPTEMBER 2017

	SHAREHOLDER'S NAME	NO OF SHARES	%
1	CIMB SECURITIES (SINGAPORE) PTE LTD	170,266,466	33.99
2	JAMES FINBARR FITZGERALD OR OLIVE TERESA FITZGERALD	97,720,806	19.51
3	DBS NOMINEES PTE LTD	43,668,945	8.72
4	RAFFLES NOMINEES (PTE) LTD	29,287,300	5.85
5	CLARENDON PACIFIC VENTURES PTE LTD	23,812,000	4.75
6	CITIBANK NOMINEES SINGAPORE PTE LTD	9,419,621	1.88
7	MAYBANK KIM ENG SECURITIES PTE LTD	9,271,073	1.85
8	FOO SIANG GUAN	7,415,249	1.48
9	LEE TECK LENG	5,700,200	1.14
10	VAZ LORRAIN MICHAEL	4,877,000	0.97
11	ANG KONG HUA	4,628,677	0.92
12	POH ENG CHOO	4,622,006	0.92
13	UNITED OVERSEAS BANK NOMINEES PTE LTD	4,537,700	0.91
14	NG KEE CHOE	3,700,134	0.74
15	GOH GEOK LING	3,425,134	0.68
16	LAI VOON NEE	3,300,000	0.66
17	LEYAU LAY HOON	3,260,399	0.65
18	HENG KHENG LONG	3,255,845	0.65
19	OCBC SECURITIES PRIVATE LTD	3,205,200	0.64
20	PANG CHIN FATT	2,273,000	0.45
	Total	437,646,755	87.36

STATISTICS OF SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

	DIRECT INTEREST		DEEMED INTEREST	
NAME	NO. OF SHARES	%	NO. OF SHARES	%
JT & OT Fitzgerald Family Trust(1)	97,720,806	19.51	-	-
Kariong Investment Trust (2)	97,566,806	19.47	-	-
Michael Lorrain Vaz (3)	14,888,000	2.97	23,812,000	4.75
James Finbarr Fitzgerald (and Olive Teresa Fitzgerald)(1)	-	-	97,720,806	19.51
Goldfirm Pty Ltd (2)	-	-	97,566,806	19.47
Patrick John Tallon(2)	54,000	0.01	97,566,806	19.47

Note:

1. *Mr. James Finbarr Fitzgerald and his spouse (Olive Teresa Fitzgerald) are the trustees of the JF & OT Fitzgerald Family Trust. Pursuant to Section 4(3) of the Securities and Futures Act ("SFA"), Mr. James Finbarr Fitzgerald and his spouse (Olive Teresa Fitzgerald), their children (Sean Fitzgerald, Claire Fitzgerald and Sarah Fitzgerald) and Parglade Holdings Pty Ltd (which equally held by Mr. James Finbarr Fitzgerald and his spouse) are deemed to have an interest in the Shares owned by JF & OT Fitzgerald Family Trust, which are legally held in the names of Mr. James Finbarr Fitzgerald and his spouse, Olive Teresa Fitzgerald, as trustees.*
2. *Goldfirm Pty Ltd is the trustee of the Kariong Investment Trust. Mr. Patrick John Tallon has a deemed interest in the Shares which are held by Goldfirm Pty Ltd as trustee. Pursuant to Section 4(3) of the SFA, Mr. Patrick John Tallon is also deemed to have interest in the Shares owned by the Kariong Investment Trust, which are legally held in the name of Goldfirm Pty Ltd, as trustee.*
3. *Michael Lorrain Vaz is deemed interested in 23,812,000 shares which are held by Clarendon Pacific Venture Pte. Ltd.*

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on Shareholders' Information as at 15 September 2017 and to the best knowledge of the Directors, approximately 50.63% of the issued ordinary shares of the Company is held in the hands of the public (on basis of information available to the Company). Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Novotel Singapore Clarke Quay, The Clove Room, Level 5, 177A River Valley Road, Singapore 179031 on Thursday, 26 October 2017 at 2.30 p.m, to transact the following businesses:

AS ORDINARY BUSINESS:

1.	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 30 June 2017 together with the Directors' Statement and Independent Auditors' Report thereon.	Ordinary Resolution 1
2.	To approve the payment of a tax exempt (foreign sourced) First and Final Dividend of 0.7 Singapore cents per ordinary share for the financial year ended 30 June 2017.	Ordinary Resolution 2
3.	To approve the payment of Directors' fees of S$220,000 for the financial year ending 30 June 2018, to be paid quarterly in arrears. (FY2017: S$220,000)	Ordinary Resolution 3
4.	To re-elect the following Directors retiring pursuant to Article 118 of the Company's Constitution:-	
	(a) Mr James Finbarr Fitzgerald	Ordinary Resolution 4
	(b) Mr Patrick John Tallon	Ordinary Resolution 5
	(c) Mr Kevin James Deery	Ordinary Resolution 6
	(d) Mr Chong Teck Sin *[See Explanatory Note (i)]*	Ordinary Resolution 7
	(e) Mr Wong Fook Choy Sunny *[See Explanatory Note (ii)]*	Ordinary Resolution 8
	(f) Mr Douglas Owen Chester *[See Explanatory Note (iii)]*	Ordinary Resolution 9
5.	To re-appoint Messrs Moore Stephens LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary Resolution 10

AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass with or without modifications the following resolutions:

6.	**Authority to allot and issue shares** THAT pursuant to Section 161 of the Companies Act, Chapter 50, and the Listing Rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given for the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:	Ordinary Resolution 11
	(i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;	
	(ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;	
	(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues;	
	and (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuant to any Instrument made or granted by the Directors while the authority was in force, provided always that:	

NOTICE OF ANNUAL GENERAL MEETING (continued)

(a) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per centum (50%) of the Company's total number of issued shares (excluding treasury shares and shares (if any) held by a subsidiary), of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a pro-rata basis to shareholders of the Company does not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and shares (if any) held by a subsidiary), and for the purpose of this Resolution, the total number of issued shares (excluding treasury shares and shares (if any) held by a subsidiary) shall be the Company's total number of issued shares (excluding treasury shares and shares (if any) held by a subsidiary) at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of convertible securities, or

(ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, and

(iii) any subsequent bonus issue, consolidation or subdivision of the Company's shares;

(b) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier." *[See Explanatory Note (iv)]*

7. **Authority to allot and issue shares under the Civmec Employee Share Option Scheme and the Civmec Performance Share Plan** — Ordinary Resolution 12

"THAT authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of Shares in the capital of the Company as may be required to be allotted and issued pursuant to the exercise of the options under the Civmec Employee Share Option Scheme (the "CESOS") and/or the vesting of awards under Civmec Performance Share Plan (the "Share Plan"), provided always that the aggregate number of additional Shares to be allotted and issued pursuant to the CESOS and the Share Plan shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier." *[See Explanatory Note (v)]*

8. **Proposed Renewal of the Share Purchase Mandate** — Ordinary Resolution 13

That:

for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), and such other laws and regulations as may for the time being be applicable, the exercise by the Directors of the Company ("**Directors**") of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the share capital of the Company ("**Shares**") not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

NOTICE OF ANNUAL GENERAL MEETING (continued)

(i) on-market purchases ("**On-Market Share Purchase**") transacted on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and/or

(ii) off-market purchases ("**Off-Market Share Purchase**") (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the SGX-ST Listing Manual,

(the "**Share Purchase Mandate**");

(b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Purchase Mandate shall, at the discretion of the Directors of the Company, either be cancelled or held in treasury and dealt with in accordance with the Companies Act;

(c) the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and the expiring on the earliest of:

(i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;

(ii) the date on which the share purchases are carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked;

(d) in this Ordinary Resolution:

"Prescribed Limit" means 10% of the total number of Shares as at the date of passing of this Resolution (excluding any treasury shares and subsidiary holdings that may be held by the Company from time to time), unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of Shares of the Company shall be taken to be the total number of Shares of the Company as altered;

"Relevant Period" means the period commencing from the date the last annual general meeting of the Company was held before the date of passing of this Resolution, and expiring on the date the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier, after the date of passing of this Resolution;

"Maximum Price" in relation to a Share to be purchased, means an amount (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) not exceeding 105% of the Average Closing Price, excluding related expenses of the share purchases, and where:

"Average Closing Price" means the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded, immediately preceding the date of making the On-Market Share Purchase or, as the case may be, the day of the making of an offer pursuant to the Off-Market Share Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action that occurs after the relevant five (5) Market Days;

NOTICE OF ANNUAL GENERAL MEETING (continued)

"Day of the making of the offer" means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Share Purchase; and

"Market Day" means a day on which the SGX-ST is open for trading in securities; and

(e) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including without limitation, executing such documents as may be required) as they may consider desirable, expedient or necessary to give effect to the transactions contemplated by this Ordinary Resolution.

[See Explanatory Note (vi)]

9. To transact any other business which may properly be transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

James Finbarr Fitzgerald
Executive Chairman
11 October 2017

NOTICE OF ANNUAL GENERAL MEETING (continued)

EXPLANATORY NOTES:-

(i) Mr Chong Teck Sin, will, upon re-election as Director of the Company, remain as Chairman of Audit Committee and Risks and Conflicts Committee and a member of Nominating and Remuneration Committees. Mr Chong will be considered independent for the purpose of Rule 704(8) of the Listing Manual of Singapore Exchange Securities Trading Limited. Key information on Mr Chong can be found on page 37 of the Annual Report 2017. There are no relationships (including family relationship) between Mr Chong and the other Director or the Company or its 10% shareholders.

(ii) Mr Wong Fook Choy Sunny, will, upon re-election as Director of the Company, remain as Chairman of Remuneration Committee and a member of Audit, Risks and Conflicts and Nominating Committees. Mr Wong will be considered independent for the purpose of Rule 704(8) of the Listing Manual of Singapore Exchange Securities Trading Limited. Key information on Mr Wong can be found on page 37 of the Annual Report 2017. There are no relationships (including family relationship) between Mr Wong and the other Director or the Company or its 10% shareholders.

(iii) Mr Douglas Owen Chester, will, upon re-election as Director of the Company, remain as Chairman of Nominating Committee and a member of Audit, Risks and Conflicts and Remuneration Committees. Mr Douglas Chester will be considered independent for the purpose of Rule 704(8) of the Listing Manual of Singapore Exchange Securities Trading Limited. Key information on Mr Douglas Chester can be found on page 37 of the Annual Report 2017. There are no relationships (including family relationship) between Mr Douglas Chester and the other Director or the Company or its 10% shareholders.

(iv) Resolution No. 11, if passed, will empower the Directors of the Company from the date of the passing of Ordinary Resolution No. 11 to the date of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to an amount not exceeding in total 50% of the issued shares (excluding treasury shares and shares (if any) held by a subsidiary) in the capital of the Company, with a sub-limit of 20% of the issued shares (excluding treasury shares and shares (if any) held by a subsidiary) for issues other than on a pro-rata basis to shareholders.

(v) Resolution No. 12, if passed, will empower the Directors of the Company to allot and issue shares in the Company of up to a number not exceeding in total fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time pursuant to the exercise of the options under the CESOS and vesting of the share awards under the Share Plan.

(vi) Resolution no. 13, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, to repurchase ordinary shares of the Company by way of on-market purchases or off-market purchases of up to ten per centum (10%) of the total number of issued shares in the capital of the Company at the Maximum Price as defined in the Company's Letter to Shareholders dated 11 October 2017.

NOTICE OF ANNUAL GENERAL MEETING (continued)

NOTES:

(a) Save for members which are nominee companies, a member of the Company shall not be entitled to appoint more than two proxies to attend and vote at the general meeting of the Company. A proxy need not be a member of the Company.

(b) Where a member appoints two proxies, he shall specify the proportion of his shares (expressed as a percentage of the whole) to be represented by each proxy.

(c) Pursuant to Section 181 of the Companies Act, Cap. 50 of Singapore, any member (who is a Relevant Intermediary*) may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

*RELEVANT INTERMEDIARY IS:

(i) a banking corporation licensed under the Banking Act (Cap.19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who hold shares in that capacity; or

(ii) a person holding a capital markets services license to provide a custodial services for securities under the Securities and Futures Act (Cap.289) and who holds shares in that capacity; or

(iii) the Central Provident Fund Board established by the Central Provident Fund Act (Cap.36), in respect of shares purchased on behalf of CPF investors.

(d) A corporation which is a member may appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore to attend and vote for and on behalf of such corporation.

(e) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an officer or attorney duly authorised in writing.

(f) Where an instrument appointing a proxy is signed on behalf of the appointor by the attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

(g) The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 80 Robinson Road, #02-00, Singapore 068898, not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.

(h) In the case of joint shareholders, all shareholders must sign the instrument appointment a proxy or proxies.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agent or service providers) for the purpose of the processing, administration and analysis of the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PROXY FORM
ANNUAL GENERAL MEETING

CIVMEC LIMITED
(Company No. : 201011837H)

(Incorporated in the Republic of Singapore)

Important

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF/SRS investors who hold ordinary shares through their CPF/SRS funds. CPF/SRS Investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

*I/We, (Name) (NRIC/Passport/Co Reg. No.)

of (Address)

being *a member/members of Civmec Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings to be represented by proxy	
		No. of Shares	%
Address:			

* and/or

Name	NRIC/Passport No.	Proportion of Shareholdings to be represented by proxy	
		No. of Shares	%
Address:			

or failing him/her, the Chairman of the Annual General Meeting of the Company (the "Annual General Meeting") as *my/our *proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the Annual General Meeting to be held at Novotel Singapore Clarke Quay, The Clove Room, Level 5, 177A River Valley Road, Singapore 179031 on Thursday, 26 October 2017 at 2:30 p.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as *he/she/they will on any other matter arising at the Annual General Meeting and at any adjournment thereof.

Voting will be conducted by poll.

PROXY FORM
ANNUAL GENERAL MEETING (continued)

No.	Ordinary Resolutions	For#	Against#
1.	Adoption of the Audited Financial Statements of the Company for the financial year ended 30 June 2017 together with the Directors' Statement and Independent Auditors' Report thereon.		
2.	Approval of payment of a tax exempt (foreign sourced) First and Final Dividend of 0.7 Singapore cents per ordinary share for the financial year ended 30 June 2017.		
3.	Approval of the payment of Directors' fees of S$220,000 for the financial year ending 30 June 2018 to be paid quarterly in arrears.		
4.	Re-election of Mr James Finbarr Fitzgerald as a Director of the Company.		
5.	Re-election of Mr Patrick John Tallon as a Director of the Company.		
6.	Re-election of Mr Kevin James Deery as a Director of the Company.		
7.	Re-election of Mr Chong Teck Sin as a Director of the Company.		
8.	Re-election of Mr Wong Fook Choy Sunny as a Director of the Company.		
9.	Re-election of Mr Douglas Owen Chester as a Director of the Company.		
10.	Re-appointment of Messrs Moore Stephens LLP as the Auditors.		
SPECIAL BUSINESS			
11.	Authority to allot and issue shares.		
12.	Authority to allot and issue shares under the Civmec Employee Share Option Scheme and the Civmec Performance Share Plan.		
13.	Renewal of Share Purchase Mandate.		

Dated this ________day of ____________________ 2017

Total number of shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature(s) of Member(s)/Common Seal

* Delete accordingly

\# If you wish to exercise all your votes "For" or "Against" the relevant resolution, please indicate with an "X" within the box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please insert the relevant number of shares in the box provided.

IMPORTANT. PLEASE READ NOTES OVERLEAF.

PROXY FORM
ANNUAL GENERAL MEETING (continued)

Notes :

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of shares. If you have shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

3. A proxy need not be a member of the Company.
4. A corporation which is a member may also authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore to attend and vote for and on behalf of such corporation.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an officer or attorney duly authorised in writing.
6. Where an instrument appointing a proxy is signed on behalf of the appointor by the attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 80 Robinson Road #02-00, Singapore 068898, not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting. The appointment of a proxy or proxies shall not preclude a member from attending and voting in person at the Annual General Meeting. If a member attends the Annual General Meeting in person, the appointment of a proxy or proxies shall be deemed to be revoked, and the Company reserves the right to refuse to admit such proxy or proxies to the Annual General Meeting.
8. In the case of joint shareholders, all shareholders must sign the instrument appointing a proxy or proxies.
9. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Annual General Meeting in person. CPF and SRS Investors who are unable to attend the Annual General Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Annual General Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Annual General Meeting.

PROXY FORM
ANNUAL GENERAL MEETING (continued)

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

RESOLUTE TODAY. FOCUSED ON TOMORROW.

2017 ANNUAL REPORT

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Company Registration No. 201011837H

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