



ANNUAL REPORT

2016

OUR STRATEGIC
INVESTMENTS WILL
STEER OUR FUTURE



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ABOUT US

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

Our diverse capabilities enable us to provide our clients with a wide range 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, refractory and offshore logistics.

Our strategically located facilities are positioned in key Australian energy, resources and urban regions.

The headquarters and west coast facility are based in Henderson, Western Australia, 30 kilometres south of Perth's CBD. Our 120,000m² site is strategically located within the Australia Marine Complex (AMC) with our heavy engineering workshop covering an area of 29,300m² under one roof, making it one of the largest undercover waterfront workshops of its kind in Australia.



Our east coast facility is based in Newcastle, New South Wales, just 14 kilometres from the port of Newcastle. Our 227,000m² site is strategically located with 535 metres of riverfront access and offers our clients a range of integrated services in line with those provided at the west coast facility.

In addition to this, we operate specialist facilities in Darwin (NT), Broome (WA), along with an office in Sydney (NSW) and a presence in Singapore.

Civmec Limited has been listed on the Singapore Exchange (SGX) since April 2012.

GOALS AND VALUES

Our goal is to grow a sustainable company that will deliver mutually beneficial outcomes to all stakeholders for today and into the future.

We are focused on enhancing our future growth by embracing sound work ethics, innovation and technology while providing outstanding service to all our customers.

Our core values drive us in every decision we make as a Company, enabling us to enhance our service delivery and financial performance.



COMMITMENT

Our individual commitment to safety and the environment means our company targets are achieved



INNOVATION

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



VALUE DRIVEN

Our sustainable growth drives our company to deliver value



MAKE A DIFFERENCE

Our desire to care for our community means our company can make long term sustainable change



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

YEAR IN REVIEW



JULY 2015

- Awarded additional contract on the Perth Stadium for precast concrete
- Completion of operational readiness facility in Henderson
- Formed Civmec DLG Pty Ltd

AUGUST 2015

- Received certification for Main Roads Western Australia



SEPTEMBER 2015

- Launched new Defence division and appointed Mike Deeks CSC as General Manager
- Awarded first EPC contract in JV with Sedgman for BHP's Jimblebar Expansion Project



FEBRUARY 2016

- Acquisition of Forgacs - Newcastle
- National RTO accreditation



MARCH 2016

- Appointment of two new executives - Damian Kelliher and Charles Sweeney
- Awarded first fabrication contract in New South Wales for Port Kembla Coal Terminal Reclaimer Project



APRIL 2016

- Civmec Electrical & Instrumentation Pty Ltd certified as an electrical contractor

OCTOBER 2015

- Awarded further contract for Prelude FLNG Project involving the fabrication of rigid jumper spools and spreader bar



NOVEMBER 2015

- Formed Civmec Construction & Engineering Africa Limited
- Formed Civmec Construction & Engineering Uganda Limited
- Awarded further contracts on the South Hedland Power Station involving SMPEI&C works

MAY 2016

- Received certification by Transport Roads & Maritime Services - NSW



JUNE 2016

- Accredited under the Australian Government Building and Construction WHS Accreditation Scheme
- Awarded A\$29 million North West Rail Link contracts involving FRP and precast concrete
- Awarded first pre-stressed contract for the Pacific Highway Upgrade Project
- Established Forgacs Marine and Defence Pty Ltd

LOCATIONS AND FACILITIES

Our facilities are located in key Australian regions to meet our clients' demands.

We further expanded our presence to New South Wales, through the acquisition of a facility in Newcastle.

The establishment of the Newcastle facility, now means we have an east coast office and facility as well as our headquarters on the west coast of Australia.

This sets a platform for continuous success while positioning ourselves as a sustainable organisation.

Our expansion included further international growth - including Uganda, Africa where we set up an office for our subsidiaries Civmec Construction & Engineering Africa Limited and Civmec Construction & Engineering Uganda Limited, and we are working towards securing works in the infrastructure and water industry.





East Coast Facility - Newcastle



West Coast Facility - Henderson

CAPABILITIES OVERVIEW

We provide a complete turnkey solution, offering a range of capabilities across the oil and gas, metal and minerals, infrastructure, marine and defence markets. With our state-of-the-art facilities, highly experienced people, strong focus on safety and quality, we are able to offer our clients the best service.



Heavy Engineering

We undertake both large and small fabrication projects including structural steel, plate work, tanks, vessels, pipe spooling, specialist welding of exotic materials, beam manufacturing and plate rolling.



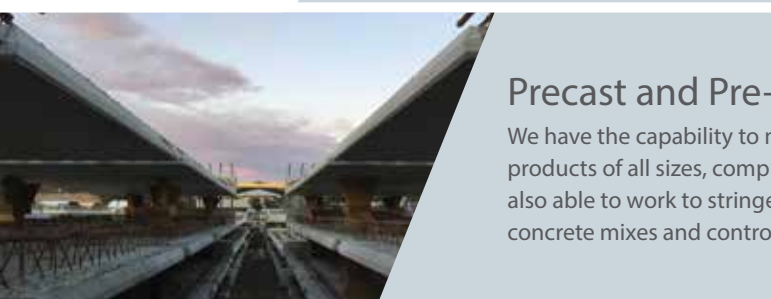
Modularisation

We offer our clients efficient construction and enhanced design and fabrication process through our large custom-built manufacturing facility which enables large modular assemblies to be fabricated and assembled offsite into single units.



Site Civil Works

We provide a full range of civil services and are at the forefront of creating innovative construction techniques, with our dedicated on-site teams delivering the highest level of workmanship and safety.



Precast and Pre-Stressed Concrete

We have the capability to manufacture reinforced concrete products of all sizes, complexities and tight tolerances. We are also able to work to stringent specifications associated with concrete mixes and controlled curing temperatures.



Structural Mechanical and Piping

We can undertake complex site structural, mechanical and piping projects, with the capacity to mobilise quickly to undertake site installation projects locally and at remote locations.





Industrial Insulation, Surface Treatment and Fireproofing

We provide integrated insulation, surface treatment and fireproofing, all of which are supported from our technologically-advanced engineering facilities.



Electrical Instrumentation and Control

We are a licensed electrical contractor who provides comprehensive turnkey electrical instrumentation solutions to clients.



Offshore Logistics

We provide comprehensive integrated supply chain solutions to the onshore and offshore industries, with our strategic locations we ensure our offshore logistics bases are ideally placed to provide complete support to our clients.



Maintenance

We provide a single source solution for brownfield industrial maintenance - including delivering shutdowns, modifications and repair works across the entire life cycle of the facilities.



Refractory

We have a team of experienced refractory specialists who execute complex refractory projects, performing works to international best practice standards of engineering.



Access Solutions

We provide in-house scaffolding capabilities which supports our business across projects, maintenance and shutdown services providing full project management throughout delivery.

FINANCIAL HIGHLIGHTS

Revenue for the financial year ended 30 June 2016 ("FY2016") amounted to S\$396.8 million compared to S\$499.2 million a year ago ("FY2015"), impacted by the weaker market conditions in the resources and energy sector, as well as the Australian dollar's decline against the Singapore dollar.

For FY2016 Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") was S\$33.9 million while Earnings Before Interest and Tax ("EBIT") was S\$23.0 million.

Due to the change in the Group's project mix, which included more infrastructure projects, and the tighter margins in the resources and energy sectors, gross profit margins slipped slightly as compared to the previous year.

Despite the decline, margins achieved in FY2016 are still in

line with industry standards with margins at 8.5% for EBITDA, 5.8% for EBIT and 4.4% for NPAT.

This resulted in a return on equity of 10.8% and earnings per share of 3.45 cents.

Our prudent cash flow management allowed the Group to register a cash balance at year end of S\$39.8 million.

Total shareholders' equity increased 6.0% to S\$160.8 million as at 30 June 2016, despite the weaker Australian dollar which impacted reserves by S\$4.8 million.

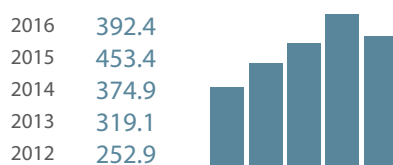
The chart below outlines our comparative performance in our present operating currency (A\$).

REPORTING CURRENCY S\$'000	2016	2015	CHANGE
Sales revenue	396,752	499,153	(20.5%)
EBITDA	33,946	45,802	(25.9%)
Net profit after tax	17,292	30,308	(42.9%)
Operating cash flow	34,924	44,957	(22.3%)
Earnings per share (cents)	3.45	6.05	(43.0%)
Dividend per share (cents)	0.7	0.7	-
Return on equity (%)	10.8	20.0	(46.0%)

OPERATING CURRENCY A\$'000	2016	2015	CHANGE
Sales revenue	392,393	453,381	(13.4%)
Net profit after tax	17,130	27,338	(37.3%)

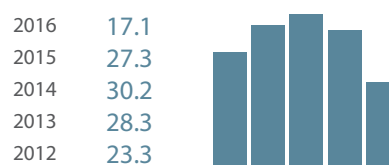
OPERATING CURRENCY (A\$)

REVENUE



A\$392.4m

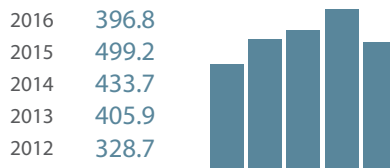
NET PROFIT AFTER TAX



A\$17.1m

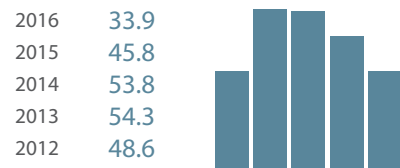
REPORTING CURRENCY (S\$)

REVENUE



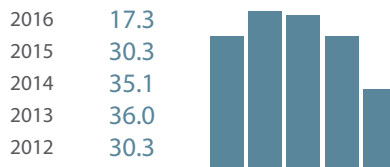
S\$396m

EBITDA



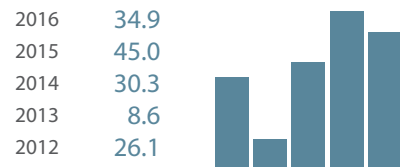
S\$33.9m

NET PROFIT AFTER TAX



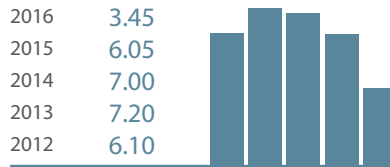
S\$17.3m

OPERATING CASH FLOW



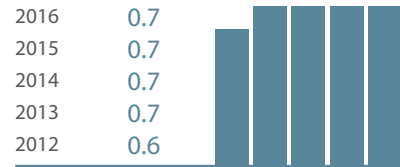
S\$34.9m

EARNINGS PER SHARE



3.45 cents

DIVIDENDS PER SHARE



0.70 cents



Trial lift of subsea jumper spool for the Wheatstone LNG Project

EXECUTIVE CHAIRMAN'S STATEMENT



On behalf of the Board of Directors, I am pleased to present the Annual Report of Civmec Limited for the year ending 30 June 2016 ("FY2016"). Despite tighter market conditions, it's pleasing to see that our Balance Sheet had reasonable growth again this year.

Civmec maintained its disciplined approach to capital management in FY2016 while continuing to invest in strategic initiatives to broaden its services in core markets and further expand into infrastructure.

As at 30 June 2016, the Balance Sheet remained in a strong position with significant cash on hand and substantially undrawn debt facilities.

This outcome ensures that the Company is well placed to continue to pursue investment options and other initiatives while still having due regard to market conditions.

Financial Performance

Sales revenue for the year was S\$396.7 million down 20% and Net Profit after Tax (NPAT) was S\$17.3 million down 43% compared to the result in FY2015. This was mainly due to the weakening Australian Dollar against the Singapore Dollar and the drop of revenue from major projects.

Our disciplined approach to working capital management ensured the maintenance of a healthy Balance Sheet. This approach helped the Company achieve a cash position of S\$39.8 million and cash flow from operations of S\$34.9 million for the year.

Dividends

The Board of Directors has recommended a cash dividend of S\$0.07 cents per share, subject to shareholders' approval at our Annual General Meeting on 27 October 2016.

The full year dividend payout represents a 20.6% payout ratio. Dividends paid will continue to be reviewed in line with trading conditions, requirements for significant cash and investment opportunities.

The dividend will be paid on 15 December 2016.

“ THE BOARD IS VERY MUCH FOCUSED ON THE LONG TERM SUSTAINABILITY AND SUCCESS OF THE BUSINESS ”

Safety Performance

The Company continued to focus on our "Never Assume" safety program and achieved an improved safety performance. As at 30 June 2016, our Total Injury Frequency Rate (TRIFR) was 3.71, a 2% improvement on the previous year. A continuing focus on safety leadership and the progressive development of processes and systems underlies the Company improvement in safety performance.

People

While some market conditions have changed, the achievements of FY2015/16, were only made possible by the dedication and efforts of our people. We as a company remain committed to attracting, developing and retaining highly competent people, who live our values and actively contribute to our long-term overall success.

We retained a workforce in the region of 1,600 employees during the year, which was reasonably consistent and somewhat in line with the number of employees in the previous year.

Executing Our Strategy

Our strategy continues to adapt to the market and our clients' needs; as conditions fluctuate, we adjust our cost base where possible, always with the aim to protect margins and to ensure overheads remain aligned with business activity levels.

FY2016 has been a successful year and while we haven't experienced financial growth, we

have had a year of consolidation while still growing into new regions and securing work from new clients and gaining revenue from a wider customer base

It is our team's ability to think broadly and innovatively that has allowed us to move forward and finish the financial year positively with our strategic investments steering our future growth.

Future Focus

Our FY2016 results demonstrate the success of the Group's ability to diversify through a broadening of services and extending reach into new markets.

During the year, we successfully grew our capability with new work in the Defence sector, first projects on the East Coast and performing large scale EPC work for BHP Billiton.

It is these new sectors and capabilities that will present new and different opportunities for the Group over the coming years.

We are looking forward to FY2017 where we will continue to seek ways to strengthen the business. The Board is very much focused on the long term sustainability and success of the business, building on the achievements of the past seven years.

Basic principles we will continue to follow include:

- Focus on innovation with the aim of constantly improving productivity
- Preserve our balance sheet strength and cash position
- Continue sustainable diversification

- Sensible investment in people and capability
- Focus on costs at every level in the business

Our strategy is simple and is based on our ambition to build a diverse and strong engineering and construction business where we are innovative and capable of delivering significant projects in Australia and abroad in the metals and minerals, oil and gas, infrastructure and defence markets.

Civmec's ability to deliver on its diversification strategy has and will continue to be one of its key strengths and will assist in generating significant future shareholder value.

I would like to take this opportunity to thank you our shareholders for your support and look forward to your ongoing support on what will be an exciting journey in FY2017 and beyond.

Finally, on behalf of the Board I wish to thank every member of the Civmec team for the contribution they have made over the past 12 months. We are very fortunate to have a highly committed, talented hardworking team, and this is a critical factor in our ongoing growth and success as a business.

Yours sincerely



James Finbarr Fitzgerald
Executive Chairman
Civmec Limited

CEO'S REPORT



In the 12 months ended 30 June 2016 ("FY2016"), Civmec focused on building capabilities, tapping strategic opportunities, expanding our geographical footprint, improving productivity and reducing costs.

We have delivered a strong performance amid the ongoing challenges of the current economic conditions, which demonstrates how our strategic thinking has helped us capitalise on opportunities in various markets. Throughout FY2016, we maintained a solid reputation within markets such as oil and gas, metals and minerals, and infrastructure. We also commenced operations in the marine and defence sector.

We at Civmec owe our continued success to our valued partners and employees. We will continue to expand our service offerings to add even greater value for clients in the future.

Business Performance

Despite the slide in oil prices, we delivered strong results in the oil and gas market. We received large orders for projects such as Prelude FLNG and Greater Western Flank 2, as well as the Persephone project. Our reputation and ability to produce works of both value and quality keep us at the forefront of the industry.

FY2016 was another successful year for our metals and minerals division. We completed major projects for blue chip clients, increased our service offerings, and won our first major engineering, procurement, construction and commissioning contract.

Since our announcement in FY2015 that we would establish a standalone division for infrastructure, we have shown strong growth in this division. We secured several contracts for supply, delivery and installation on many of New South Wales multi-billion dollar public transport projects.

This year also marked the beginning of a strategic diversification into marine and defence, with the appointment of former Royal Australian Navy Commodore, Mr. Mike Deeks CSC, as General Manager. Our increased focus in this sector has already reaped rewards, with some new contracts in defence and infrastructure.

“ WE HAVE INVESTED IN PLANT AND EQUIPMENT, INNOVATIVE METHODS, FACILITIES, SERVICE OFFERINGS AND OUR PEOPLE FOR THE LONGEVITY OF THE COMPANY ”

In February 2016, we completed the strategic acquisition of Forgacs shipyard facilities and assets located at Tomago, New South Wales. The Hunter Region, with its river access and close proximity to the port of Newcastle, is a hub of economic activity.

We plan to capitalise on Forgacs' rich history to develop our Newcastle site as a multi-disciplinary facility, which will eventually replicate our current headquarters and flagship facility in Henderson, Western Australia. We believe our presence in Newcastle will provide significant benefit to the Group in the long term.

Strategy

Civmec's success depends on investments in our plant and equipment, innovative production methods, facilities, service offerings and our workforce.

This year, we added bulk earthworks, shutdown and maintenance works and electrical instrumentation and control into our suite of service offerings.

We are confident that these strategic investments will deliver substantial rewards in the coming years. Going forward, we will continue to develop our capabilities to offer clients end-to-end vertically integrated, turn-key project solutions.

Our aim is to be the major heavy engineering provider on Australia's east coast. This will position us as leaders in the region and create a variety of opportunities not only for us, but for potential employees and local service providers.

Our People

Our workforce remained consistent with approximately 1,600 people during FY2016 - our in-house recruitment team were able to source quality people who are experts in their field for key positions in the corporate office and project teams.

Our people are instilled with the right culture throughout the Company, who live the Civmec values. We believe in the continuous investment in our people, offering them further training to encourage them to reach their full potential and grow as individuals.

The commitment of our people ensures we have the right people delivering the right projects, providing our clients with smart solutions, best technical knowledge, and high performance across our diverse services and markets which underpins our offering and success.

We pride ourselves on our ability to treat all parties—whether client, subcontractor, supplier or employee—as key stakeholders. This “stakeholder involvement” state of mind extends to Civmec operating with a policy of transparency and honesty, ensuring that our clients' project expectations are exceeded and our employees are developed and mentored by senior management.

Outlook

In past financial years, we have invested in our facilities, technology, people and service offerings. We are now well-positioned for future growth and will continue to tap into

opportunities to deliver sustainable earnings across our businesses.

By drawing on our skilled workforce and multi-disciplinary capabilities, we will continue to provide innovative solutions to our clients and gain recognition as a company that delivers on its promises. On behalf of the management, I would like to thank the entire Civmec team for all their hard work.

Yours sincerely



Patrick Tallon
Chief Executive Officer
Civmec Limited

OIL AND GAS

HIGHLIGHTS

- Turnover of S\$90 million
- Continued to be awarded large packages for Technip Oceania on the Prelude FLNG project
- Continued work for CKJV Gorgon LNG project

We continued to deliver strong results in the oil and gas market, despite the slide in oil prices and a large number of projects reaching completion and either deferred or canceled due to uncertainty.

We continued to be awarded large packages thanks to our reputation and ability to deliver both value and quality. Our approach in this business unit is to keep our overheads down while preparing for medium term opportunities in maintenance and brownfield work.

We completed the Wheatstone jumper spools and spreader beams for Technip Oceania during the final quarter of 2015. Work is now underway for Technip Oceania on the Prelude Floating Liquefied Natural Gas (FLNG) rigid jumper spools due for completion

late 2016.

Since the completion of the suction piles for the Prelude FLNG project early 2016, we have further strengthened our relationship with Technip Oceania and were subsequently awarded the fabrication of the riser heel anchors and chain tensioners. We are positioned for sustainment in the oil and gas market through our relationships with major oil and gas providers and contractors.

Other work completed includes supporting Wesfarmers LPG with both labour and fabrication on a brownfield project based at their Kwinana facility. We continue to provide piping and structural fabrication items for Woodside to support the Karratha Life Extension Project through both WorleyParsons and WoodGroup.

We also completed the fabrication of Woodside's Persephone

subsea manifold for FMC in December 2015 and have since been awarded the Woodside Greater Western Flank 2 Manifolds project from FMC, with fabrication starting in September 2016. We are delighted to strengthen our relationship with FMC and with Woodside. The work we have carried out on the Persephone project demonstrates our ability to win repeat work in the market from our existing client base. This is a good indication that the client is satisfied with our service.

Analysts expect oil and gas prices to stay low during 2016-2017. However, the long-term outlook for Australia is generally good, and we are strategically positioning ourselves with a positive outlook in mind while investing in the future.



Assembly of spools for the Prelude FLNG Project



Suction piles for the Prelude FLNG Project



Load out of jumper spools for the Wheatstone LNG Project



Cladding works for the Ichthys LNG Project

METALS AND MINERALS

HIGHLIGHTS

- Turnover of S\$170 million
- S\$68 million in new contract awards and extensions
- Additional in-house service offering to include electrical, instrumentation and control
- Awarded first major Engineering, Procurement, Construction and Commissioning contract

Our Metals and Minerals division has had another successful year completing major projects for blue chip clients and increasing our service offering.

Even with the key mining customers significantly reducing capital expenditure, we have been able to secure packages with current and new clients.

During FY2016, we focused on growing our capabilities to ensure we can provide a full turnkey solution, expanding to include bulk earthworks and electrical instrumentation and control into our service offering.

We completed a contract for Samsung C&T at the Roy Hill

Iron Ore project - proving our capabilities through execution. We successfully completed scopes including site civil works, trenching and underground services, installation of a rotary car dumper - which tips two ore cars at a time - along with associated structural, mechanical, piping, electrical and commissioning works.

Continuing our long standing relationship with Rio Tinto we completed a contract for the Fuel Infrastructure project at Parker Point and the Brockman Fuel Hub Construction. The scope of work involved the site civil works, structural mechanical and piping erection works and the electrical and instrumentation erection works within the existing Rio Tinto operations.

Our relationship with Sedgman

Ltd saw us deliver the civil and structural, mechanical, platework and pipework installation works at Alcoa's Kwinana Filtration Facility. The works were located at the existing filtration plant in Kwinana, Western Australia and involved the provision of offsite fabrication and assembly services, onsite structural and mechanical installation, onsite piping fabrication and installation, onsite platework assembly installation and onsite Bondek and concrete works.

In September 2015 we were awarded our first major Engineering, Procurement, Construction and Commissioning (EPCC) contract for A\$145 million with joint venture partner Sedgman Limited to deliver civil, structural, mechanical, piping, electrical and commissioning works on the



Civil and structural, mechanical platework and pipework installation works at Kwinana Filtration Facility

Jimblebar Expansion project for BHP Billiton.

Building on our relationship with IHI Engineering, we were able to secure further packages on the South Hedland Gas Turbine Power Station to deliver a vertical package solution. We completed the earthworks and site civil works packages in 2015 and were then awarded fabrication and SMPEI&C packages, which is currently underway and due for completion late 2016.



Fabrication for the Port Kembla Coal Terminal

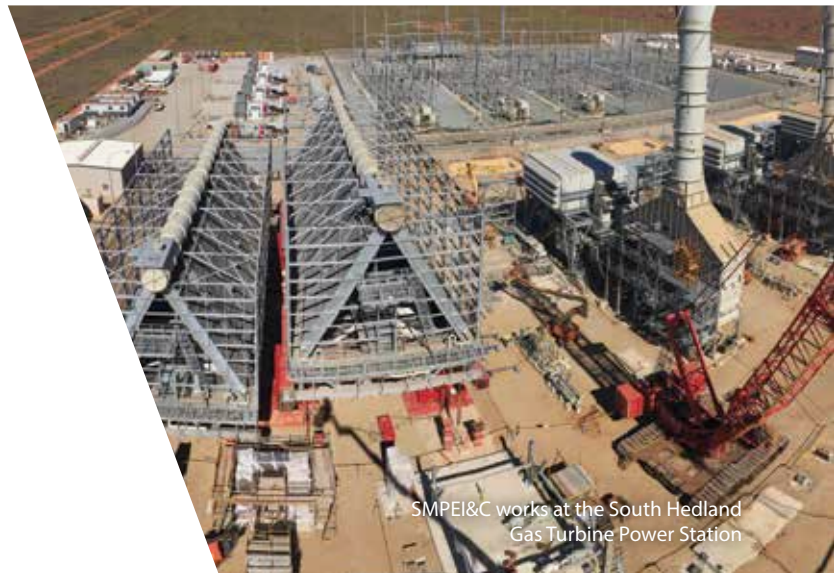
We have also been awarded two projects by AngloGold Ashanti at the Tropicana Gold Mine Optimisation project north-east of Kalgoorlie, Western Australia.

The scope of works included delivering a vertical package solution involving fabrication, site civil works, onsite tank erection, structural mechanical piping erection works and the electrical instrumentation and control within the operations area of the existing gold mine.

In March 2016, we were awarded our first fabrication contract for New South Wales. This contract included supply, fabrication, surface treatment and assembly of primary structures at the Port Kembla Coal Terminal for ThyssenKrupp.

As many plants are entering the maintenance lifecycle, we have created a team within our metals and minerals division that focuses solely on minor works and maintenance. As a result we have secured minor maintenance works with Fortescue Metals Group (FMG) at some of their mine sites in the Pilbara region of WA.

The continuing success of the metals and minerals division is complemented by our multidisciplinary service offering and the dedication of senior management and key personnel throughout the tendering and execution phases.



SMPEI&C works at the South Hedland Gas Turbine Power Station



Vertical package solution at the Tropicana Gold Mine Optimisation Project

INFRASTRUCTURE

HIGHLIGHTS

- Annual turnover S\$136 million
- S\$79.3 million in new contract awards and extensions
- Awarded significant contracts on major infrastructure projects in New South Wales





Structural steelwork and precast elements at Perth Stadium

Since establishing our infrastructure division last year, we have continued to grow in the infrastructure market during the 2016 financial year and we added additional service offerings - including bulk earthworks and electrical instrumentation and control to expand our multidisciplinary construction and engineering solutions.

We have continued work on the Perth Stadium, an iconic Western Australian infrastructure project that will be home to future sporting and entertainment events in Perth, carrying out the supply and installation of the structural steelworks and precast elements packages. This has been an exciting operation, and we are thrilled to be a part of this local project. Completion of this project is expected to be December 2016.

We continue to win work in a tight market in Western Australia. In July 2015, we were delighted to be awarded the contract to repair concrete defects related to the precast concrete works for York Marine and Civil JV on the Fremantle traffic and rail bridge pier protection project.

With the majority of the infrastructure investment occurring on the east coast of Australia, we have established ourselves

there and have successfully secured work during the year. The first infrastructure project in NSW was awarded by Pacifico (ACCIONA Ferrovial JV) on the Pacific Highway project. We set up a precast facility in Macksville to accommodate the supply of precast bridge barriers and transfloor panels for the projects. Since the original award of this project, we have subsequently been awarded a further package for pre-stressed planks.

In August 2015, we achieved roads and bridges certification for Main Roads Western Australia. Following this we also obtained certification as Road Bridge Specialists by Roads, Maritime and Marine in New South Wales.

Since obtaining these certifications, we were awarded two east coast fabrication contracts, the first for the Narellan Road Stage B works for the supply, delivery and site assembly of bridge girders and supply of a bridge support tower and traffic sign frame. The second for the Nepean River shared path bridge for the fabrication, off-site trial assembly, delivery and site assembly of a 300-metre-long bridge. Both contracts were awarded by Seymour Whyte.

Major awards for Sydney CBD projects were secured in May 2016 for the manufacturing and delivering of precast planks, beams and onsite precast concrete arrestor tubs for McConnell Dowell at the Barangaroo Ferry Hub which will connect people to the

Sydney CBD, and the supply and delivery of precast bridge parapets for the WestConnex M4 Widening project between Parramatta and Homebush NSW for Rizzani CPB Joint Venture.

In June 2016, we secured two packages on the Northwest Rail Link project, for NRT Infrastructure JV (NRTIJV). This is the first stage of Sydney's A\$8.9 billion public transport infrastructure project. The first package of works to be carried out will supply critical precast components to the site. The second package awarded to us is to carry out site concrete works as well as precast installation for certain individual stations.

Since acquiring the Newcastle site in NSW we have commenced redevelopment of the site. With a dedicated pre-stressing concrete workshop equipped with state-of-the-art plant and equipment, we offer the state a service that is in high demand for various high profile public transport infrastructure projects.

Our outlook for the infrastructure market is positive. Combined with our recent success on the east coast of Australia and our strategic investment in the Newcastle area, we see this region as a key contributor to the future growth of our business. We are building strong relationships with long-established companies that are highly successful and key players in the infrastructure market.

MARINE AND DEFENCE

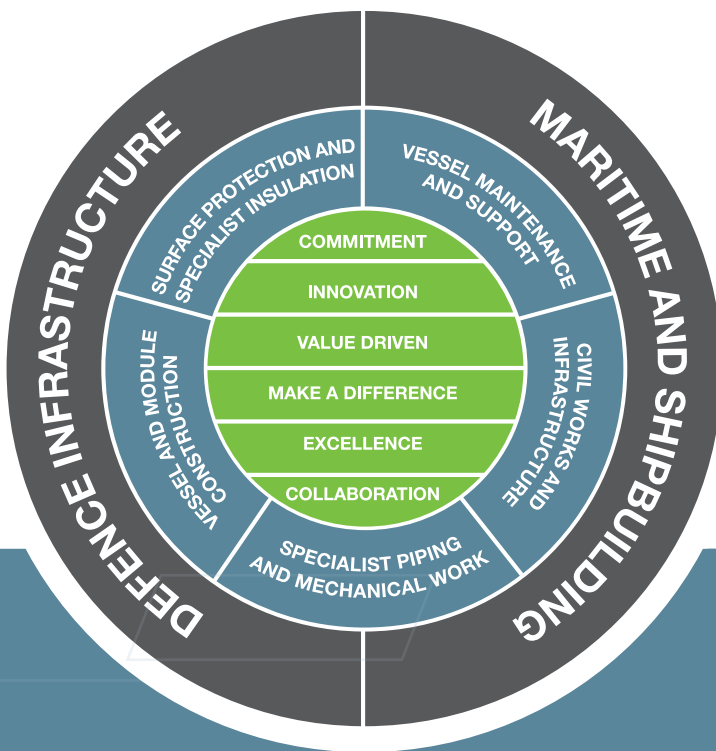


HIGHLIGHTS

- Marine and Defence established as a standalone business market
- Acquisition of major marine and defence company Forgacs

We made the strategic decision to expand our market focus to include a dedicated Marine and Defence division in September 2015, where we appointed a former Royal Australian Navy Commodore, Mr. Mike Deeks CSC, as General Manager - Marine and Defence to head the division.

Late 2015, we demonstrated how our skills and capabilities apply to the defence market through the construction of a submarine hull section. This was completed to show the Defence Industry that our people can design the production apparatus, build processes and produce a quality product meeting the exact requirements of modern submarine designers for dimensional accuracy and weld quality.



With the announcement of AUD\$200 billion spending over the next 10 years, we have identified a number of significant opportunities in the defence market, including maintenance and in-service support of Australian frigates, building of future submarines, building of future ships, and defence infrastructure construction.

Therefore, building on Cvmec's inherent expertise and history in civil construction projects, we are pursuing a number of opportunities in Defence Infrastructure. The 2015 Defence White Paper identified a significant investment in facilities and infrastructure to support new equipment and the overall growth of the Australian Defence Force in the coming years. We are aiming to compete for work packages in a range of projects on airbases, maritime facilities and barracks across Australia.

As a part of this strategy, we have secured works on projects

around Australia. Including work on the Helicopter Aircrew Training System (HATS) at HMAS Albatross near Nowra, New South Wales, carrying out the civil works package for earthworks, excavation, demolition, roadworks and landscaping services. A further precast and prestressed concrete package has recently been awarded at the SAS headquarters at the Campbell Barracks in Western Australia.

In line with our strategic growth plans, we acquired the name of the well-known marine and defence company Forgacs, along with their shipyard facilities and assets located at Tomago, New South Wales.

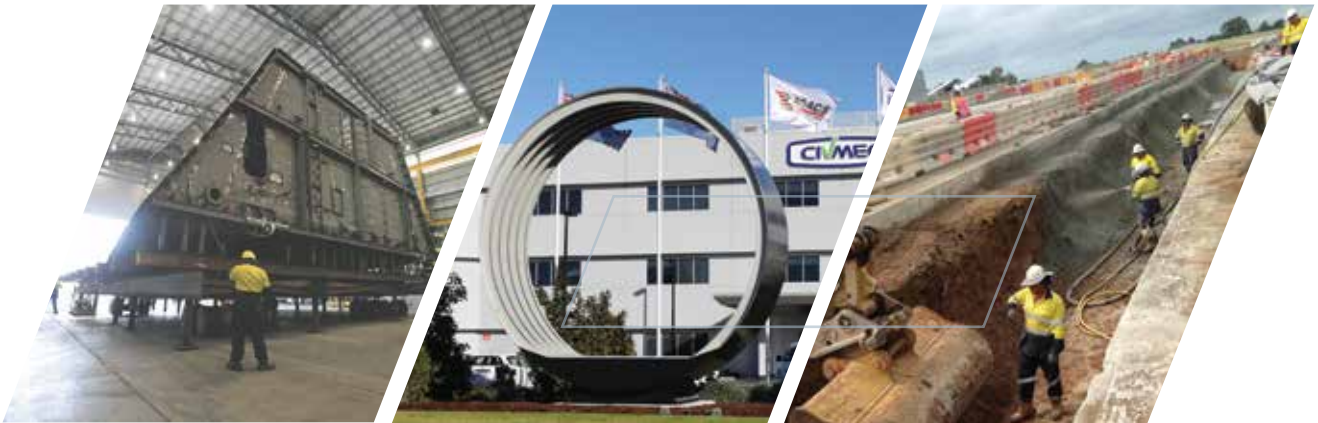
We saw the Newcastle region as a potential hub of activity. This helped solidify our decision to establish a presence in the area. Over the next three years, we plan to capitalise on the rich history and name of Forgacs and further develop the Newcastle site

to operate as a multi-disciplinary facility which will in future replicate our flagship operations at Henderson, Western Australia.

The recent rebranding of wholly owned Forgacs Marine and Defence is part of our initiative to become the vehicle through which our Marine and Defence business is pursued.

The acquisition of Forgacs allows us to combine the rich history of Forgacs - a successful ship and module builder and vessel maintenance company - with our experience as an integrated, multi-disciplined heavy engineering and construction services provider to offer a range of capabilities and services to the marine, defence and infrastructure sectors.

Our strategy is to have a long standing future in the defence industry - working on prestigious projects and re-energising the Forgacs name within the industry.



HEALTH, SAFETY, ENVIRONMENT AND QUALITY



Safety

It is vital for us to have commitment from our personnel to achieve zero harm across the Company so that each day at Civmec is a 'Safe Day Good Day'.

Our goal of zero harm requires continuous improvement throughout our business. Our emphasis is to achieve this by allowing our employees to take more responsibility for their own safety as they carry out their roles.

A team effort from every individual in conducting our activities in the safest manner possible is the cornerstone of our business.

Environment

Since our accreditation to ISO14001 last financial year, we have significantly improved our facility and site-based environmental management strategies. Key focus areas are: integrating environmental management into safety and health management systems, improving our resource efficiency through waste minimisation, recycling and diverting waste to landfills and to continue to improve on our environmental performance across the business.

Quality

With the move into Marine and Defence we continue to set high quality standards across the business. We pride ourselves on our high standards, a level achieved through our work of some of the most complex fabrication and construction projects. We are a strong believer that this pride plays a big part in the ongoing production of a quality product and our culture is based around achieving continuous excellence.

With our continuous high standards, we acquired accreditation to the ISO9001:2015 standard early 2016 to keep us current and relevant in the marketplace. This new standard sets a structure making it easier to use in conjunction with other management system standards.





Never Assume Program

In FY2016, we implemented a program called 'Never Assume', which was developed to further advance the culture of our organisation across key business areas of Safety, Environment, Quality and the Community. The program is underpinned by our values and guiding behaviours which defines:

- The way we conduct our operations;
- The way we treat our employees;
- The way we treat our customers; and
- The way we treat the wider community.

WHS Accreditation Scheme

We continue to increase our accreditations which assists in broadening our opportunities and capabilities. We achieved Australian Government Building and Construction WHS Accreditation Scheme from the Office of the Federal Safety Commissioner, which entitles us to enter into head contracts for building work that is funded directly or indirectly by the Australian Government.

PEOPLE



Essential to our continual growth and success are our high performing personnel who are committed, dedicated and enthusiastic about the future of the Company. We have been able to attract and retain loyal personnel who live our core values and add to the success of our business.

We are committed to investing in our personnel and the future of our business. As a part of our Registered Training Organisation (RTO) we have the opportunity to assist our people in learning and development programmes.

We continued to welcome apprentices into the business as a part of our ongoing Apprenticeship Program. Over the last 12 months we have trained personnel who are on their way to becoming qualified boilermakers, carpenters, riggers and welders. Our RTO delivered more than 1,658 nationally accredited courses, 3,290 VOCs and 330 non-accredited courses, all of which we have received feedback from our clients' surveys saying they are 100% satisfied.

With our newly acquired facility in Newcastle, our goal is to be the new major heavy engineering provider on the east coast. This involves an expansion of our workforce. We will be involved within the region to create a variety of opportunities for potential employees of the Company - offering them employment, apprenticeships and training opportunities.

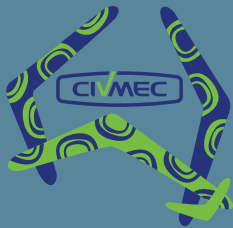
Investing in the future of the Company is apparent in our people. We continue to build a diverse workforce to suit varied services that meet the demands of the oil and gas, metals and minerals, infrastructure and marine and defence markets.

Indigenous Engagement

We have a diverse workforce which consists of people from various cultures and backgrounds. At Civmec our vision is to make a positive difference in the lives of Aboriginal and Torres Strait Islander people.

In July 2015, we formed a joint venture with David Liddiard Group (DLG) - our subsidiary is called Civmec DLG - which aims to provide Indigenous Australians with more opportunities to participate in the economy through employment and career transition, and has a vision to create a nation in which Indigenous and non-Indigenous Australians share social and financial equality.

We continue to finalise our Reconciliation Action Plan (RAP), which will cover the 2016-2018 period. The purpose of our RAP is to build on our commitment towards making a difference and ensure that our commitment to provide Aboriginal and Torres Strait Islanders employment, training opportunities and cultural diversity awareness within our organisation, is authentic.



CORPORATE SOCIAL RESPONSIBILITY

We are committed to sustainable development of our business by contributing to the welfare of people, our community and the environment.

Fundamental to this commitment is our contribution to the community which is underpinned by our values and actions of both the Company and each of our staff. This financial year, we have seen an increase in staff and project team participation in philanthropic activities across the business.



Sun Valley Elementary School, Philippines



Civmec donated Christmas hampers to the St Patricks Community Centre



Children and Education

We support a number of charities focused around children and education throughout the year, including Princess Margaret Hospital Foundation, Starlight Foundation, David Wirrpanda Foundation and the Dreamfit Foundation.

These charities offer children opportunities that they would not usually have access to, be it therapy, activities, education or to just put a smile on their face.

Health

Through ongoing fundraising efforts by Civmec staff we have raised critical funds for the Breast Cancer Foundation WA, Autism Association of WA, The Teal Sisters Foundation, Melanoma WA and Multiple Sclerosis Society of WA. These funds will assist with further research into these diseases to hopefully finding a cure one day.

Sporting and Community

We have made significant contributions to the St Patrick Community Centre, WA GAA Minor Football Committee, Morley Gaels Ladies GFC, Claddagh Charity Golf Day, Cockburn Billycart Festival, Cockburn Basketball Association. These funds will assist in contributing to emergency relief, housing crisis, sponsoring of sporting groups to attend competitions and participate in sporting events.

Project Based Initiatives

Our projects around Australia have come together to raise vital funds for charities and communities of all kinds including:

- Waroona Fire Appeal (Perth Stadium)
- The Care for Hedland Environmental Association (South Hedland Power Station)
- Sun Valley Elementary School, Philippines (South Hedland Power Station)
- Gold Diggers Social Club (Tropicana Gold Mine Project)

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 corporate direction and implementing the company's vision and strategic direction. With more than 34 years' experience, he has extensive knowledge in civil, structural, mechanical and piping works, as well as insulation and modularisation of structures onshore and offshore.

Patrick John Tallon Chief Executive Officer

Mr. Patrick John Tallon was appointed to our Board on 27 March 2012. He is responsible for the development and performance of the Group, including building culture and leadership. Over the past 28 years, Mr. Tallon has accumulated significant knowledge and experience in all aspects of the construction industry and has been involved in many major oil and gas, mining and infrastructure projects.

Kevin James Deery Chief Operating Officer

Mr. Kevin James Deery was appointed to our Board on 27 March 2012. He is responsible for overseeing the ongoing business operations of the Group's quality-orientated culture, compliance and operational productivity. Mr. Deery has more than 20 years' experience having previously managed structural, mechanical and process piping construction works for major clients.



(Left to right: Douglas Owen Chester, Kevin James Deery, James Finbarr Fitzgerald, Patrick John Tallon, Wong Fook Choy Sunny, Chong Teck Sin)

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, InnoTek 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 an Independent Director and Audit Chairman of Stamford Land Corporation Limited and Lead Independent Director of Kim Heng Offshore & Marine Holdings Limited. Prior to this 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 practising 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., InnoTek Ltd. and KTL Global Ltd. Mr. Wong holds a Bachelor of Law (Honours) from the National University of Singapore.

EXECUTIVE TEAM



Terence Hemsworth
Henderson Operations Manager

Mr. Terence Hemsworth joined our Group in 2010 and is responsible for the management and coordination of our Henderson facility, which encompasses fabrication, modular assembly and surface treatment operations of the Group. Mr. Hemsworth's career spans more than 41 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.

Rodney John Bowes
Group Manager Proposals

Mr. Rodney John Bowes joined our Group in 2010 and is responsible for managing the Group's business development and tendering activities. Mr. Bowes brings more than 21 years' experience and knowledge to this role. Prior to joining our Group, Mr. Bowes was General Manager (Marketing and Proposals) at Ausclad Group of Companies (AGC) for eight years, where he was in charge of the management of the Business Development, and the Marketing and Estimating departments.

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. Having previously held positions of CFO and Company Secretary with an ASX200 Listed Company, she has spent more than 16 years overseeing major acquisitions and implementing numerous systems. A highlight during 2015/16 for Ms. Campbell was the acquisition of Forgacs Engineering.



Charles Sweeney

General Manager
Metals and Minerals

Mr. Charles Sweeney joined our Group in 2010 and is responsible for managing the Group's metals and minerals division. With a passion for effective leadership, Mr. Sweeney is focused on developing the metals and minerals department and client solutions. He has been fundamental in the completion of key projects including Hope Downs 4, Yandi Sustaining Project, Nammuldi Below Water Table Project and Roy Hill Iron Ore.



Damian Kelliher

Group Manager
Support Services

Mr. Damian Kelliher joined our Group in 2015 and is responsible for the management and coordination of our support services department which encompasses the functions of human resources management, recruitment, industrial relations, commercial, procurement, legal and business systems. Having previously held various senior positions in CPB Contractors (formally Leighton Contractors Pty Ltd) including Commercial Director on the Gorgon LNG Project, Civil and Underground Services package.



Load out of spools for the Prelude FLNG project

FINANCIAL REPORT

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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 2016 and the statement of financial position of the Company as at 30 June 2016.

IN THE OPINION OF THE DIRECTORS:

- the statement of financial position of the Company and the consolidated financial statements of the Group set out on pages 59 to 105 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 2016 and the financial performance, changes in equity and cash flows of the Group for the financial year ended; and
- 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 Tek 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 37.

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 1.7.15	At 30.6.16	At 1.7.15	At 30.6.16
THE COMPANY	NO. OF ORDINARY SHARES			
Mr. James Finbarr Fitzgerald	-	-	97,620,806	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 2016.

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 (cont'd)

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 Tek 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.

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.

DIRECTORS' STATEMENT (cont'd)

4. SHARE OPTIONS (cont'd)

CIVMEC LIMITED EMPLOYEE SHARE OPTION SCHEME (cont'd)

Principal terms of the Scheme (cont'd)

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 2016, 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	10 September 2023	5,000,000

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 2016 are as follows:

EXPIRY DATE	EXERCISE PRICE	NUMBER OF OPTIONS
11 September 2023	\$0.65	5,000,000

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 Tek 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.

DIRECTORS' STATEMENT (cont'd)

5. PERFORMANCE SHARE PLAN (cont'd)

CIVMEC LIMITED PERFORMANCE SHARE PLAN (cont'd)

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 (cont'd)

6. AUDIT COMMITTEE

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

Mr. Chong Tek 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 2016

REPORT ON CORPORATE GOVERNANCE

30 June 2016

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 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 2016 (“FY2016”) 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 long-term 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.

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 Officer, 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 major investments 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 the 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.

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.

REPORT ON CORPORATE GOVERNANCE (cont'd)

30 June 2016

BOARD'S CONDUCT OF AFFAIRS (cont'd)

PRINCIPLE 1 (cont'd)

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 constantly 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 as 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 2016 ("FY2016") 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	N/A	N/A	N/A	N/A
Patrick John Tallon	4	N/A	N/A	N/A	N/A
Kevin James Deery	4	N/A	N/A	N/A	N/A
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

* N/A = Not Applicable

All Directors are updated regularly on changes to the Company's policies and are provided with briefings from time to time 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.

REPORT ON CORPORATE GOVERNANCE (cont'd)

30 June 2016

BOARD'S CONDUCT OF AFFAIRS (cont'd)

PRINCIPLE 1 (cont'd)

The briefing, updates and training programmes undertaken by individual Directors in FY2016 included:

- i. ACRA-SGX-SID Audit Committee Seminar - Raising the Bar for Financial Reporting and Audit
- ii. AICD - Boardroom Financial Acumen
- iii. AICD - Directors' Workshop: The new silk road
- iv. AICD - The Essential Director Update 15

BOARD COMPOSITION AND GUIDANCE

PRINCIPLE 2

Strong and independent element on the Board.

The Board comprises six (6) Directors, three (3) of whom are Executive Directors and the remaining three (3) directors being Independent Directors. 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. This composition exceeds the Code's requirement of at least one-third of the Board of Directors to comprise independent Directors.

No individual or group of individuals dominates the Board's decision-making. 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 public life, and as such, each contributes significant weight to Board decisions. The Board, collectively, possess an appropriate balance and diversity of skills, experience and knowledge of the Company, which provides core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge.

The Board is of the view that the current Board comprises persons who, as a group, provide core competencies necessary to meet the Company's requirements. The profile of the Directors is set out on pages 46 of this annual report.

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. 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. The Board will, however, consider developing 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 healthy balance of view-points.

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.

REPORT ON CORPORATE GOVERNANCE (cont'd)

30 June 2016

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 Chairman will bear responsibility for providing guidance on the corporate direction of the Group and leadership to the Board, and the CEO will have executive responsibility for the Company's day-to-day business. The Executive Chairman and the Chief Executive Officer are not related.

The Chairman ensures that Board meetings are held when necessary and approves the agenda in consultation with other Directors. The Chairman 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.

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 facilitate a two-way flow of information between shareholders, the Chairman and the Board.

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 Nominations Committee (NC) to make recommendations to the Board on all board appointments. The NC comprises 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:

- v. nominate Directors (including Independent Directors) taking into consideration their competencies, contribution, performance and ability to commit sufficient time and attention to the affairs of our Group taking into account the Directors' respective commitments outside the Group;
- vi. review and recommend to the Board the composition of the Audit Committee, Remuneration Committee and Risks and Conflicts Committee;
- vii. 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;
- viii. determine annually whether or not a Director of the Company is independent;
- ix. decide whether or not a Director is able to and has been adequately carrying out his duties as a Director;
- x. assess the performance of the Board as a whole and contribution of each Director to the effectiveness of the Board;
- xi. review and recommend succession plans for Directors, in particular, the Chairman and the CEO; and

REPORT ON CORPORATE GOVERNANCE (cont'd)

30 June 2016

BOARD'S MEMBERSHIP (cont'd)

PRINCIPLE 4 (cont'd)

xii. review and recommend training and professional development programs 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 Article 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 (cont'd)

30 June 2016

BOARD MEMBERSHIP (cont'd)

PRINCIPLE 4 (cont'd)

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 Pte. Ltd.

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

The date 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	29 Oct 2015	-	-
Patrick John Tallon	27 Mar 2012	29 Oct 2015	-	-
Kevin James Deery	27 Mar 2012	29 Oct 2015	-	-
Chong Teck Sin	27 Mar 2012	29 Oct 2015	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	29 Oct 2015	Mencast Holdings Ltd KTL Global Ltd Albedo Limited Excelpoint Technology Ltd InnoTeck Limited	-
Douglas Owen Chester	2 Nov 2012	29 Oct 2015	Stamford Land Corporation Limited Kim Heng Offshore & Marine Holdings Limited	-

* Within the past three years

Notes:

(1) Listed on Hong Kong Stock Exchange

(2) Listed on Australian Stock Exchange

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 his 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. The NC is satisfied that sufficient time and attention have been devoted by the Directors to the affairs of the Company and the Group, notwithstanding that some of the Directors have multiple board representations. The NC will 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.

REPORT ON CORPORATE GOVERNANCE (cont'd)

30 June 2016

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 are 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 Board holds the view that there is a direct relationship between the performance of the Group and that of the Board. The NC is satisfied that despite some of the Directors having board representations in other non-Group companies, all Directors are able to and have adequately carried out their duties as Directors of the Company.

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 FY2016 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 FY2016.

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 a week prior to each meeting, so that all Directors may better understand the issues beforehand, allowing more time at such meetings for discussion and deliberations.

Directors are provided with a wide range of relevant information, including, 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.

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 ensure 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.

REPORT ON CORPORATE GOVERNANCE (cont'd)

30 June 2016

ACCESS TO INFORMATION (cont'd)

PRINCIPLE 6 (cont'd)

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:

- i. recommend to the Board a framework of remuneration for the Directors and key management personnel;
- ii. determine specific remuneration packages for each Executive Director;
- iii. 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
- iv. perform such other acts as may be required by the SGX-ST and the Code from time to time

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, incentives 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. Both 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.

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.

REPORT ON CORPORATE GOVERNANCE (cont'd)

30 June 2016

REMUNERATION MATTERS (cont'd)

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.

The Executive Directors and key management personnel remuneration comprises a fixed and a variable component, the latter of which is in the form of 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.

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 has been reviewed by the RC and 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 Executive Directors and the key senior management personnel's remuneration packages 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.

The remuneration of the Independent Directors is in the form of a fixed fee which will be 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.

REPORT ON CORPORATE GOVERNANCE (cont'd)

30 June 2016

REMUNERATION MATTERS (cont'd)

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 2016. 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\$500,000 TO S\$749,999					
James Finbarr Fitzgerald	88%	-	-	12%	100%
Patrick John Tallon	88%	-	-	12%	100%
Kevin James Deery	88%	-	-	12%	100%
BELOW S\$250,000					
Chong Teck Sin	-	-	100%	-	100%
Douglas Owen Chester	-	-	100%	-	100%
Wong Fook Choy Sunny	-	-	100%	-	100%

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 2016 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\$500,000 TO S\$749,999					
-	-	-	-	-	-
S\$250,000 TO S\$499,999					
Justine Campbell	Chief Financial Officer	85%	-	15%	100%
Terence Hemsworth	Henderson Operations Manager	85%	-	15%	100%
Rodney John Bowes	Proposals Manager	86%	-	14%	100%
Charles Sweeney ⁽¹⁾	General Manager - Metals and Minerals	74%	12%	14%	100%
Damian Lee Kelliher ⁽¹⁾	General Manager - Support Services	70%	14%	16%	100%

(1) Mr Charles Sweeney and Mr Damian Lee Kelliher were appointed as Executives of the Company on 23 March 2016.

The annual aggregate remuneration paid to all the above mentioned Directors and key management personnel of the Group is S\$3,673,824 in FY2016.

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 FY2016, the Company does not have any employees who are immediate family members of a Director or CEO during FY2016. 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 37, in the "Report by the Board of Directors" in the "Financials" section of this Annual Report.

REPORT ON CORPORATE GOVERNANCE (cont'd)

30 June 2016

ACCOUNTABILITY AND AUDIT

PRINCIPLE 10

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

The Management provides all members of the Board, on a quarterly basis, with management accounts, and sundry reports together with such explanation and information as the Board may require to enable the Board to make a balanced and understandable 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.

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 as to:

- i. review and monitor Group's risk management framework and activities;
- ii. report to Board regarding 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;
- iii. recommend and adopt appropriate measures to control and mitigate the business risks of the Group, as and when these may arise; and
- iv. perform any other functions as may be agreed by the Board.

During the year, the RCC has:

- i. reviewed the Risk Register and Risk Management Framework;
- ii. revised the Risk Mitigation Plan presented by the Management to mitigate and monitor the risk exposure;
- iii. reviewed the Project Risk and Opportunity Reporting Improvements; and
- iv. reviewed the Policies adopted by the Company such as Bribery & Corruption Policy and Procedures and the Code of Conduct.

REPORT ON CORPORATE GOVERNANCE (cont'd)

30 June 2016

ACCOUNTABILITY AND AUDIT (cont'd)

PRINCIPLE 11 (cont'd)

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.

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 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

REPORT ON CORPORATE GOVERNANCE (cont'd)

30 June 2016

ACCOUNTABILITY AND AUDIT (cont'd)

PRINCIPLE 12 (cont'd)

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 the terms of reference with its primary responsibilities highlighted as follows:

- i. 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;
- ii. to provide a channel of communication between the Board, the Management team, the external auditors & internal auditors on matters relating to audit;
- iii. 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);
- iv. 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
- v. 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:

- i. 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;
- ii. 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;
- iii. 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;
- iv. 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);
- v. review and consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors;
- vi. review and consider the appointment or re-appointment of the internal auditors and matters relating to resignation or dismissal of the auditors;
- vii. review interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual;
- viii. 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 policies approved by the Board;
- ix. review potential conflicts of interest, if any, and to set out a framework to resolve or mitigate such potential conflicts of interests;
- x. 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;
- xi. 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;
- xii. 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;
- xiii. review the effectiveness and adequacy of the administrative, operating, internal accounting and financial control procedures;

REPORT ON CORPORATE GOVERNANCE (cont'd)

30 June 2016

ACCOUNTABILITY AND AUDIT (cont'd)

PRINCIPLE 12 (cont'd)

- xiv. 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;
- xv. 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
- xvi. 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.

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:

- i. reviewed the scope of work of the external auditors;
- ii. reviewed the scope of work of the internal auditors;
- iii. reviewed audit plans and discussed the results of the respective findings and their evaluation of the Company's system of internal accounting controls;
- iv. reviewed interested person transactions of the Company;
- v. met with the Company's external auditors and internal auditors without the presence of the management;
- vi. reviewed the external auditors' independence and objectivity; and
- vii. 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, was 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 FY2016 is S\$214,000 which comprises audit fee of S\$163,000 and S\$51,000 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 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 ensure that arrangements are in place for independent investigations of such matters and for appropriate follow up actions. 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 FY2016.

REPORT ON CORPORATE GOVERNANCE (cont'd)

30 June 2016

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, who 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. 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 audits of high risk areas and undertaking investigations as directed by the AC.

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 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.

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.

REPORT ON CORPORATE GOVERNANCE (cont'd)

30 June 2016

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES (cont'd)

PRINCIPLE 16 (cont'd)

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.

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 onto the SGXNET.

In addition to SGXNET announcements and its annual report, the Company updates shareholders of its corporate developments through its corporate website at www.civmec.com

At the AGM, shareholders are given the opportunity to voice their views and seek clarification on questions regarding the Company. The Directors, Management and the external auditors are normally available at the AGM to answer shareholders' queries.

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. 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 measures 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.

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 to update its business operations and to solicit feedback as well as hearing its investors' views and addresses their concerns, if any, and where appropriate.

As at the date of this Report, the Company does not have a formal dividend policy in place. 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 payouts 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 2016, 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 FY2016 or if not, then subsisting entered into since the end of the previous financial year.

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 interested person transactions for FY2016.

REPORT ON CORPORATE GOVERNANCE (cont'd)

30 June 2016

OTHER GOVERNMENT PRACTICES (cont'd)

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 3333
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 AUDITORS' REPORT

We have audited the accompanying financial statements of Civmec Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as set out on pages 59 to 105, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2016, 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 a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, (Chapter 50) (the "Act") and Singapore Financial Reporting Standards, 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the 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 Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2016 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

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 subsidiary corporation incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Moore Stephens LLP
Public Accountants and Chartered Accountants

Singapore
31 August 2016

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2016

	Note	GROUP	
		2016 S\$'000	2015 S\$'000
Revenue	4	396,752	499,153
Cost of sales		(353,257)	(437,046)
Gross profit		43,495	62,107
Other income	4	1,181	933
Share in profit of a joint venture	17	3,890	-
Administrative expenses		(23,439)	(22,114)
Finance costs	7	(1,945)	(2,122)
Other expenses		(133)	(3,133)
Profit before income tax	5	23,049	35,671
Income tax expense	8	(5,757)	(5,363)
Profit for the year		17,292	30,308
PROFIT ATTRIBUTABLE TO:			
Owners of the Company		17,441	30,308
Non-controlling interest		(149)	-
		17,292	30,308
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (CENTS PER SHARE):			
• Basic	9	3.45	6.05
• Diluted	9	3.45	6.05

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2016

	Note	GROUP	
		<u>2016</u> S\$'000	<u>2015</u> S\$'000
Profit for the year		17,292	30,308
OTHER COMPREHENSIVE INCOME:			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on re-translation from functional currency to presentation currency		(4,854)	(19,368)
Total comprehensive income for the year		<u>12,438</u>	<u>10,940</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the Company		12,587	10,940
Non-controlling interest		(149)	-
		<u>12,438</u>	<u>10,940</u>

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2016

	Note	GROUP		COMPANY	
		2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
ASSETS					
Current assets					
Cash and cash equivalents	12	39,788	37,643	42	104
Trade and other receivables	10	80,007	108,466	27,707	4,446
Other current assets	11	882	162	12	13
Current tax recoverable	8	5,475	11,610	5,475	2,591
		126,152	157,881	33,236	7,154
Non-current assets					
Investment in subsidiaries	16	-	-	7,590	7,836
Investment in joint venture	17	5,641	-	-	-
Trade and other receivables	10	6,648	-	-	-
Loans receivable	13	-	-	-	33,510
Property, plant and equipment	14	119,513	98,017	-	-
Intangible assets	15	10	10	-	-
Deferred tax assets	8	511	191	36	-
		132,323	98,218	7,626	41,346
TOTAL ASSETS		258,475	256,099	40,862	48,500
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	18	57,230	70,967	128	186
Borrowings	19	6,616	12,683	-	-
Payable to related parties	26	-	-	-	3,619
Provisions	20	5,940	5,972	-	-
		69,786	89,622	128	3,805
Non-current liabilities					
Borrowings	19	25,498	12,718	-	-
Provisions	20	2,494	1,993	-	-
Deferred tax liabilities	8	-	-	-	1,128
		27,992	14,711	-	1,128
TOTAL LIABILITIES		97,778	104,333	128	4,933
CAPITAL AND RESERVES					
Share capital	21	37,864	37,864	37,864	37,864
Treasury shares	21	(11)	(11)	(11)	(11)
Other reserves	23	(23,431)	(18,577)	(4,789)	(184)
Retained earnings		146,425	132,491	7,670	5,898
Total equity attributable to the Owners of the Company		160,847	151,767	40,734	43,567
Non-controlling interest		(150)	(1)	-	-
TOTAL EQUITY		160,697	151,766	40,734	43,567
TOTAL LIABILITIES AND EQUITY		258,475	256,099	40,862	48,500

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2016

	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
Balance as at 01 July 2014	37,864	(11)	9,010	(8,503)	227	105,685	144,272	(1)	144,271
Profit for the year	-	-	-	-	-	30,308	30,308	-	30,308
Other comprehensive income for the year:									
Exchange differences on re-translation from functional currency to presentation currency	-	-	-	(19,368)	-	-	(19,368)	-	(19,368)
Total comprehensive income for the year	-	-	-	(19,368)	-	30,308	10,940	-	10,940
Share based payment	-	-	-	-	57	-	57	-	57
Dividends paid (Note 21)	-	-	-	-	-	(3,502)	(3,502)	-	(3,502)
Balance as at 30 June 2015	37,864	(11)	9,010	(27,871)	284	132,491	151,767	(1)	151,766

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2016

	Note	GROUP	
		2016 S\$'000	2015 S\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		23,049	35,671
Adjustment for:			
Depreciation of property, plant and equipment	14	8,952	8,020
Loss on disposal of property, plant and equipment		128	162
Share in profit of a joint venture	17	(3,890)	-
Expense recognised in respect of equity-settled share-based payments	6	-	57
Finance cost	7	1,945	2,122
Interest income	4	(516)	(400)
Foreign exchange differences		10	57
Bad debts written-off	5	3	2,971
Operating cash flow before working capital changes		29,681	48,660
Changes in working capital:			
Decrease in trade and other receivables		18,551	15,180
Increase in other current assets		(730)	(69)
Decrease in trade and other payables		(11,613)	(1,589)
Increase in provisions		725	331
Cash generated from operations		36,614	62,513
Interest received		516	400
Finance cost paid		(1,937)	(2,122)
Income tax refund		10,574	3,014
Income taxes paid		(10,841)	(18,848)
Net cash generated from operating activities		34,926	44,957
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		499	1,239
Purchase of property, plant and equipment	14	(34,316)	(12,302)
Investment in joint venture		(9,893)	-
Cash distribution from joint venture		8,076	-
Net cash used in investing activities		(35,634)	(11,063)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		58,731	13,112
Repayment of borrowings		(51,161)	(33,833)
Dividends paid		(3,507)	(3,502)
Net cash generated from/(used in) financing activities		4,063	(24,223)
Net increase in cash and cash equivalents		3,355	9,671
Effects of currency translation on cash and cash equivalents		(1,210)	(4,585)
Cash and cash equivalents at the beginning of the financial year		37,643	32,557
Cash and cash equivalents at the end of the financial year	12	39,788	37,643

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

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 are set out in Note 16.

The financial statements for the financial year ended 30 June 2016 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

For the financial year ended 30 June 2016, the Group and the Company has adopted the following new or revised FRS that are mandatory for application in the said year and which are relevant to the Group as follows:

Amendments to FRS 24

Related Party Disclosures - Key Management Personnel

The amendments clarify that an entity is a related party of the reporting entity if the said entity, or any member of a group for which it is a part of, provides key management personnel services to the reporting entity or the parent company of the reporting entity. The amendments also clarify that the reporting entity that obtains the management personnel services from another entity (also referred to as the management entity) is not required to disclose the compensation paid or payable by the management entity to its employees or directors. The reporting entity is required to disclose the amounts incurred for the key management personnel services provided by a separate management entity. The amendments are effective for the annual periods beginning on or after 1 July 2015 and are applied retrospectively.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

B. ADOPTION OF NEW/REVISED SINGAPORE FINANCIAL REPORTING STANDARDS (cont'd)

i. New or Revised FRS Effective in the Current Year (cont'd)

Amendments to FRS 108 Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total Reportable Segments' Assets to the Entity's Assets

Amendments to FRS 108 require entities to disclose the judgement made by management by aggregating two or more operating segments. This disclosure should include a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share economic characteristics. The amendment also clarifies that an entity shall provide reconciliations of the total reportable segments' assets to the entity's assets if such amounts are regularly provided to the chief operating decision maker. These amendments are effective for annual periods beginning on or after 1 July 2015 and are applied retrospectively.

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 2016 onwards.

Amendments to FRS 1 Disclosure Initiative

These amendments to FRS 1 are designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements. The standard is effective for accounting periods beginning on or after 1 January 2016. 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 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 27 Equity Method in Separate Financial Statements

The amendment will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in the entities' separate financial statements. This is in addition to the accounting policy choice to account for such investments at cost less impairment, or fair value (in accordance with FRS 39), which currently exists and will continue to be available. The standard is effective for accounting periods beginning on or after 1 January 2016.

The adoption of this standard will not have any material impact on the financial performance or financial position of the Group.

Amendments to FRS 107 Financial Instruments Disclosures

The amendments to FRS 107 provide additional guidance to clarify whether an entity has continuing involvement in a transferred financial asset as a result of a servicing contract for the purpose of the disclosures requirements. The standard is effective for accounting periods beginning on or after 1 January 2016. As this is a disclosure standard, it does not have any impact on the financial performance or financial position of the Group upon implementation.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

B. ADOPTION OF NEW/REVISED SINGAPORE FINANCIAL REPORTING STANDARDS (cont'd)

ii. New or Revised FRS issued but not yet effective (cont'd)

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.

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:

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

C. BASIS OF CONSOLIDATION (cont'd)

i. Subsidiaries (cont'd)

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

For the year ended 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

C. BASIS OF CONSOLIDATION (cont'd)

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.

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.

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(g) 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").

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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
- 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

I. FINANCIAL ASSETS (cont'd)

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.

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 capitalisation.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

K. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Plant and equipment (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

L. IMPAIRMENT OF NON-FINANCIAL ASSETS (cont'd)

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.

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 (cont'd)

For the year ended 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

- 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 30 June 2016

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

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 2016 was S\$119,513,000 (2015: S\$98,017,000) (Note 14). A 10% difference in the expected useful lives of these assets from management's estimate would result in an approximately S\$895,200 (2015: S\$802,000) variance in the Group's profit before tax.

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.

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.

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 2016 were current tax recoverable of S\$5,475,000 (2015: S\$11,610,000) and current tax recoverable of S\$5,475,000 (2015: S\$2,591,000) respectively. The carrying amounts of the Group's and Company's deferred tax assets and liabilities as at 30 June 2016 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:

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.

During the year, the Group has written off trade receivables of S\$3,000 (2015: S\$2,971,000) to profit or loss as disclosed in Note 5.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 30 June 2016

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

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

Impairment of receivables (cont'd)

The carrying value of the Group's and the Company's trade and other receivable as at 30 June 2016 is S\$86,655,000 (2015: S\$108,466,000) and S\$27,707,000 (2015: S\$4,446,000).

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 2016 and 2015.

The carrying amount of property, plant and equipment at 30 June 2016 is S\$119,513,000 (2015: S\$98,017,000).

Impairment of investment in subsidiaries

The Company assesses annually whether its unquoted equity investments have any indication of impairment in accordance with the accounting policy. The carrying amount of the unquoted equity investments has been determined based on the estimated future profitability and the financial health of the investees and near-term business outlook for the investees, including factors such as industry and sector performance, and operational and financing cash flow which requires the use of judgement.

No impairment loss was recorded for the financial years ended 30 June 2016 and 2015.

The carrying amount of the Company's investment in subsidiaries as at 30 June 2016 is S\$7,590,000 (2015: S\$7,836,000).

4. REVENUE AND OTHER INCOME

	GROUP	
	2016 S\$'000	2015 S\$'000
REVENUE		
Construction contract revenue	392,824	494,878
Revenue from sales of goods	385	608
Revenue from the rendering of services	3,543	3,667
	396,752	499,153
OTHER INCOME		
Interest income:		
• Bank balances	392	400
• Late payment from clients	71	-
• Tax authorities	53	-
Rental income	-	12
Net foreign exchange gain	-	25
Fuel tax rebate	584	496
Miscellaneous income	81	-
	1,181	933

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 30 June 2016

5. PROFIT BEFORE INCOME TAX

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

	Note	GROUP	
		2016 S\$'000	2015 S\$'000
INCLUDED IN COST OF SALES:			
Direct materials		68,806	76,026
Employee benefits	6	172,159	216,812
Subcontract works		56,935	64,677
Workshop and other overheads		47,015	72,200
Depreciation of property, plant and equipment		8,342	7,331
INCLUDED IN ADMINISTRATIVE EXPENSES:			
Audit fees:			
• Auditors of the Company		90	98
• Other auditors		73	131
Non-audit fees:			
• Auditors of the Company		28	15
• Other auditors		92	29
Business development		840	621
Communications		1,485	981
Depreciation of property, plant and equipment		610	689
Directors' fees		222	192
Employee benefits	6	14,894	16,543
Occupancy expenses		585	558
Office costs		633	420
Other administrative expenses		629	665
Other professional fees		1,960	556
Tax fees		1,181	570
Net foreign exchange loss		117	-
INCLUDED IN OTHER EXPENSES:			
Bad debts written-off		3	2,971
Loss on disposal of property, plant and equipment		128	162

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 30 June 2016

6. EMPLOYEE BENEFITS EXPENSES

	Note	GROUP	
		2016 S\$'000	2015 S\$'000
Wages and salaries		175,569	220,151
Contributions to defined contribution plans		9,199	10,059
Other employee benefits		2,285	3,088
Share-based expense ⁽¹⁾	22	-	57
		<u>187,053</u>	<u>233,355</u>

(1) Employee share option scheme.

7. FINANCE COSTS

	GROUP	
	2016 S\$'000	2015 S\$'000
Bank bills and bank guarantees	947	706
Finance leases	855	1,361
Premium funding	61	50
Other finance costs	82	5
	<u>1,945</u>	<u>2,122</u>

8. INCOME TAX EXPENSE

	GROUP	
	2016 S\$'000	2015 S\$'000
Current income tax	5,555	5,985
Deferred income tax	1,641	2,999
	<u>7,196</u>	<u>8,984</u>
UNDER/(OVER) PROVISION IN PRIOR YEARS		
• Current income tax	575	(5,281)
• Deferred income tax	(2,014)	1,660
	<u>(1,439)</u>	<u>(3,621)</u>
	<u>5,757</u>	<u>5,363</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 30 June 2016

8. INCOME TAX EXPENSE (cont'd)

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	
	2016 S\$'000	2015 S\$'000
Profit before income tax	23,049	35,671
Income tax at 30% (2015: 30%)	6,915	10,701
ADD/(DEDUCT) TAX EFFECT OF:		
Under/(Over) provision of income tax in respect of prior years*	575	(5,281)
(Over)/Under provision of deferred tax expense	(2,014)	1,660
Effect of tax consolidation in Australia jurisdiction **	-	(1,420)
Deferred tax assets not recognised	246	-
Non-assessable items	-	(416)
Unrecognised deferred tax asset on foreign operation	-	45
Non-allowable items	35	41
Difference in tax rates between Australian and foreign operations	-	33
	5,757	5,363
Weighted average effective tax rates are as follows:	25.0%	15.0%

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

** Civmec Limited and its 100% owned Australian subsidiaries formed an Australian income tax consolidated group effective from 1 July 2014.

As at 30 June 2016, the Group has tax losses of approximately S\$815,000 (2015: Nil) 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\$246,000 (2015: Nil) 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 2016 and 2015 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 liabilities and assets:

	OPENING BALANCE S\$'000	RECLASSIFI- CATION DUE TO CHANGE IN TAX JURISDICTION S\$'000	CHARGED TO PROFIT OR LOSS S\$'000	ACQUI- SITIONS S\$'000	CURRENCY TRANSLA- TION S\$'000	CLOSING S\$'000
DEFERRED TAX LIABILITIES:						
Property, plant and equipment	50	(50)	-	-	-	-
Fringe benefits tax instalments	33	(33)	-	-	-	-
Interest bearing borrowings	293	(293)	-	-	-	-
Unrealised foreign exchange gain	244	(244)	-	-	-	-
Balance at 30 June 2015	620	(620)	-	-	-	-
Balance at 30 June 2016	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 30 June 2016

8. INCOME TAX EXPENSE (cont'd)

	OPENING BALANCE S\$'000	RECLASSIFI- CATION DUE TO CHANGE IN TAX JURISDICTION S\$'000	CHARGED TO PROFIT OR LOSS S\$'000	CURRENCY TRANSLA- TION S\$'000	CLOSING S\$'000
DEFERRED TAX ASSETS:					
Property, plant and equipment	99	(50)	(5,047)	751	(4,247)
Interest bearing borrowings	548	(293)	(238)	(17)	-
Fringe benefits tax instalments	-	(33)	-	4	(29)
Receivables	-	-	(1,282)	78	(1,204)
Trade and other payables	1,506	-	742	(226)	2,022
Other current assets	-	-	2	-	2
Provision	2,613	-	99	(323)	2,389
Carried forward tax losses	1	-	-	1	2
Unrealised foreign exchange losses	496	-	774	(107)	1,163
Unrealised foreign exchange gain	-	(244)	229	15	-
Contract in progress	39	-	(36)	(3)	-
Intangibles	1	-	(1)	-	-
Others	-	-	99	(6)	93
Balance at 30 June 2015	5,303	(620)	(4,659)	167	191
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

Aggregate amount of temporary differences associated with investment in subsidiaries, goodwill and capital losses amounted to S\$3,868,779 (2015: S\$4,309,803), S\$67,300,947 (2015: S\$70,246,765) and Nil (2015: S\$2,623,937) 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 2016/17 financial year.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 30 June 2016

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	
	2016	2015
Profit attributable to the owners of the Company (S\$'000)	17,441	30,308
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	3.45	6.05
• Diluted	3.45	6.05

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 2016 and 2015, the diluted earnings per share is the same as the basic earnings per share as it does not include the effect of 5,000,000 (2015: 6,000,000) unissued ordinary shares granted under the CESOS (Note 22(b)). The effect of the inclusion is anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 30 June 2016

10. TRADE AND OTHER RECEIVABLES

	Note	GROUP		COMPANY	
		2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
CURRENT:					
Trade receivables					
• Third party		34,036	64,098	-	-
• Retention on construction claims		881	2,085	-	-
		34,917	66,183	-	-
Amount due from customers for contract in progress	(a)	42,345	42,114	-	-
Receivables from subsidiaries		-	-	27,707	4,417
Advances to joint venture		2,485	-	-	-
Other receivables		260	169	-	29
		80,007	108,466	27,707	4,446
NON-CURRENT:					
Trade receivables					
• Retention on construction claims		6,648	-	-	-
Total trade and other receivables		86,655	108,466	27,707	4,446
(a) CONTRACTS IN PROGRESS:					
Contract costs incurred		387,023	470,613	-	-
Recognised profits		43,790	63,392	-	-
		430,813	534,005	-	-
Less: Progress billings		(392,824)	(494,878)	-	-
Currency translation		(361)	(3,292)	-	-
Amount due from customers for construction contracts		37,628	35,835	-	-
PRESENTED AS:					
Due from customers		42,345	42,114	-	-
Due to customers	18	(4,717)	(6,279)	-	-
		37,628	35,835	-	-

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 (cont'd)

For the year ended 30 June 2016

11. OTHER CURRENT ASSETS

	GROUP		COMPANY	
	<u>2016</u> <u>S\$'000</u>	<u>2015</u> <u>S\$'000</u>	<u>2016</u> <u>S\$'000</u>	<u>2015</u> <u>S\$'000</u>
Prepayments	579	162	12	13
Consumables inventory	303	-	-	-
	882	162	12	13

12. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	<u>2016</u> <u>S\$'000</u>	<u>2015</u> <u>S\$'000</u>	<u>2016</u> <u>S\$'000</u>	<u>2015</u> <u>S\$'000</u>
Cash at bank and in hand	39,788	37,643	42	104

Cash at banks earns interest at floating rates ranging from 0.01% to 1.75% (2015: 0.01% to 2.50%) per annum.

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

13. LOANS RECEIVABLE

The loans granted to a subsidiary are unsecured and interest bearing at 6% per annum (2015: 6%). Interest income recognised for the year amounted to S\$1,183,000 (2015: S\$2,073,000).

The repayment terms are reviewed at the end of each financial year. The loans have been settled during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 30 June 2016

14. PROPERTY, PLANT AND EQUIPMENT

	LAND S\$'000	BUILDINGS S\$'000	PLANT AND EQUIPMENT S\$'000	SMALL TOOLS S\$'000	MOTOR VEHICLES S\$'000	OFFICE EQUIPMENT S\$'000	IT EQUIPMENT S\$'000	ASSETS UNDER CON- STRUCTION S\$'000	TOTAL S\$'000
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
Disposals	-	-	(1,060)	(686)	(180)	(23)	(484)	-	(2,433)
Transfer	-	3,914	934	1,192	-	-	-	(6,040)	-
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
2015									
COST									
At 01 July 2014	6,230	48,339	49,562	5,726	7,031	1,446	2,078	5,004	125,416
Additions	-	3,929	3,006	2,712	215	48	614	1,778	12,302
Disposals	-	-	(3,249)	(279)	(308)	(4)	(20)	-	(3,860)
Currency translation	(755)	(6,094)	(5,945)	(841)	(846)	(178)	(288)	(594)	(15,541)
At 30 June 2015	5,475	46,174	43,374	7,318	6,092	1,312	2,384	6,188	118,317
ACCUMULATED DEPRECIATION									
At 01 July 2014	-	(2,916)	(9,255)	(1,679)	(2,070)	(299)	(885)	-	(17,104)
Depreciation for the year	-	(1,626)	(3,676)	(1,223)	(730)	(215)	(550)	-	(8,020)
Disposals	-	-	1,996	219	221	3	20	-	2,459
Currency translation	-	452	1,178	264	281	49	141	-	2,365
At 30 June 2015	-	(4,090)	(9,757)	(2,419)	(2,298)	(462)	(1,274)	-	(20,300)
NET CARRYING AMOUNT									
At 30 June 2015	5,475	42,084	33,617	4,899	3,794	850	1,110	6,188	98,017

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 30 June 2016

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

- As at the balance sheet date, the net book value of property, plant and equipment that were under finance leases was S\$24,744,000 (2015: S\$24,933,000) (Note 19).
- The carrying amount of property, plant and equipment that are pledged for security are as follows:

		GROUP	
		2016 S\$'000	2015 S\$'000
PROPERTY, PLANT AND EQUIPMENT	BORROWINGS		
Leased plant and equipment	Finance lease	24,744	24,933
Remaining property, plant and equipment	Bank bills	94,769	73,084
		119,513	98,017

Refer to Note 19 for further information on Borrowings.

15. INTANGIBLE ASSETS

	GROUP	
	2016 S\$'000	2015 S\$'000
Goodwill	10	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, Mining and Others 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 ending 30 June 2017. In arriving at this assessment, management has determined the recoverable amount using a two year forecasting process based on the current order book, projected orders and a consumer price index ("CPI") factor of 1.2% per annum on direct costs and overhead costs.

	GROUP	
	2016 S\$'000	2015 S\$'000
Balance at the beginning of the year	10	13
Currency translation	-	(3)
Balance at the end of the year	10	10

16. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2016 S\$'000	2015 S\$'000
AT COST:		
Balance at the beginning of the year	7,836	8,916
Incorporation of a wholly-owned subsidiary	-	-*
Currency translation	(246)	(1,080)
Balance at the end of the year	7,590	7,836

* Issued and paid-up capital less than 1,000

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 30 June 2016

16. INVESTMENT IN SUBSIDIARIES (cont'd)

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

NAME OF SUBSIDIARY/ COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	% OF EQUITY HELD BY THE GROUP	
		2016 %	2015 %
HELD BY THE COMPANY			
Civmec Construction & Engineering Pty Ltd* Australia	Civil construction Structural Mechanical Process piping (SMP)	100	100
Civmec Construction & Engineering Singapore Pte Ltd** Singapore	Engineering and Construction Services	100	100
HELD BY CIVMEC CONSTRUCTION & ENGINEERING PTY LTD			
Civmec Holdings Pty Ltd* Australia	Asset holding company	100	100
Multidiscipline Solutions Pty Ltd*(a) Australia	Asset holding company	100	100
Civmec Pipe Products Pty Ltd* Australia	Asset holding company	83.5	83.5
Civmec Electrical and Instrumentation Pty Ltd*(b) Australia	Electrical services	100	100
Civmec DLG Pty Ltd* Australia (c)	Engineering and Construction Services	50	-
Forgacs Marine and Defence Pty Ltd* (c) Australia	Engineering and Construction Services	100	-
Civmec Construction & Engineering Africa Ltd* (c) Mauritius	Asset holding company	100	-
HELD BY CIVMEC CONSTRUCTION & ENGINEERING AFRICA LTD			
Civmec Construction & Engineering Uganda Ltd* (c) Uganda	Asset holding company	100	-
HELD BY CIVMEC CONSTRUCTION & ENGINEERING UGANDA LTD			
Civtec Africa Ltd* (c) Uganda	Engineering and Construction Services	50	-

* Audited by Moore Stephens (WA) Pty Ltd

** Audited by Moore Stephens LLP Singapore

(a) Name changed from Ballymount Holdings Pty Ltd

(b) Name changed from Civmec Coatings & Insulation Group Pty Ltd

(c) Newly incorporated during the current financial year

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 30 June 2016

17. INVESTMENT IN JOINT VENTURE

Details of the Group's material joint venture at the end of the reporting period are as follows:

NAME OF JOINT VENTURE / COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	% OF EQUITY HELD BY THE GROUP	
		2016 %	2015 %
HELD BY CIVMEC CONSTRUCTION & ENGINEERING PTY LTD			
Sedgman Civmec Joint Venture* Australia	Engineering and Construction Services	50	-

* Audited by KPMG Brisbane, Australia

The above joint venture is accounted for using the equity method in these consolidated financial statements.

Summarised financial information in respect of the Group's material joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements.

SEDGMAN CIVMEC JOINT VENTURE

Summarised statement of financial position

	2016 S\$'000	2015 S\$'000
Cash and cash equivalents	8,295	-
Trade receivables	21,560	-
Other assets	1,362	-
Total current assets	31,217	-
		-
Trade and other payables - current	19,935	-
Net assets	11,282	-

Summarised statement of comprehensive income

	2016 S\$'000	2015 S\$'000
Revenue	126,723	-
Operating expenses	(118,997)	-
Interest income	81	-
Administrative expenses	(27)	-
Profit before tax	7,780	-
Other comprehensive income	-	-
Total comprehensive income	7,780	-

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

	2016 S\$'000	2015 S\$'000
Net assets of the joint venture	11,282	-
Proportion of the Group's ownership interest in the joint venture	50.0%	-
Carrying amount of the Group's interest in the joint venture	5,641	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 30 June 2016

18. TRADE AND OTHER PAYABLES

	Note	GROUP		COMPANY	
		2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Trade creditors		32,776	32,687	-	-
SUNDRY PAYABLES AND ACCRUED EXPENSES:					
Accrued expenses		13,767	25,518	128	186
Amount due to customers for contracts in progress	10	4,717	6,279	-	-
Goods and services tax payable		2,156	3,176	-	-
Other taxes payable		3,814	3,307	-	-
		57,230	70,967	128	186

Trade and other payables are usually paid within 45 days.

19. BORROWINGS

	Note	GROUP		COMPANY	
		2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
CURRENT:					
Finance lease liabilities - secured	19(a)	5,538	7,513	-	-
Bank bills - secured	19(b)	1,078	5,170	-	-
		6,616	12,683	-	-
NON-CURRENT:					
Finance lease liabilities - secured	19(a)	9,108	12,718	-	-
Bank bills - secured	19(b)	16,309	-	-	-
Loan from related parties - unsecured		81	-	-	-
		25,498	12,718	-	-
Total borrowings		32,114	25,401	-	-

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 9.59% per annum (2015: 3.94% to 9.59%).

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

	Note	2016 S\$'000	2015 S\$'000
Property, plant and equipment	14	24,744	24,933

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 30 June 2016

19. BORROWINGS (cont'd)

A. FINANCE LEASE LIABILITIES (cont'd)

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
2016			
Less than one year	6,080	(542)	5,538
Between one and five years	9,567	(459)	9,108
	<u>15,647</u>	<u>(1,001)</u>	<u>14,646</u>
2015			
Less than one year	8,387	(874)	7,513
Between one and five years	13,494	(776)	12,718
	<u>21,881</u>	<u>(1,650)</u>	<u>20,231</u>

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 2016, the Group did meet all of these financial covenants.

As at 30 June 2016, the Group has a commercial bank facility amounting to S\$26,339,450 which was utilised 62% (2015: 16%). Interest rates are variable and ranged between 2.94% to 3.38% per annum during the financial year (2015: 3.0% to 3.63% per annum).

The bank bills are secured by certain property, plant and equipment as disclosed in Note 14 to the financial statements.

20. PROVISIONS

	GROUP	
	2016 S\$'000	2015 S\$'000
CURRENT		
Provision for employee benefits	5,940	5,972
NON-CURRENT		
Provision for employee benefits	2,494	1,993
	<u>8,434</u>	<u>7,965</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 30 June 2016

20. PROVISIONS (cont'd)

Movements in provisions are as follows:

	Note	GROUP	
		2016 S\$'000	2015 S\$'000
CURRENT			
Opening balance at the beginning of the year		5,972	6,713
Provisions made during the year - Included in employee benefits		9,872	16,366
Provisions utilised during the year	6	(9,715)	(16,290)
Currency translation		(189)	(817)
Closing balance at the end of the year		5,940	5,972
NON-CURRENT			
Opening balance at the beginning of the year		1,993	1,996
Provisions made during the year - Included in employee benefits	6	568	254
Currency translation		(67)	(257)
Closing balance at the end of the year		2,494	1,993

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 2.52% to 3.32% (2015: 2.75% to 4.75%).

21. SHARE CAPITAL

A. FULLY PAID ORDINARY SHARES

	2016		2015	
	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.

At the Annual Meeting held on 29 October 2015, the Company approved the payment of First and Final dividend of 0.7 Singapore cents per ordinary share (2015: 0.7 Singapore cents) amounting to S\$3,507,000 for the financial year ended 30 June 2015. The dividend payment was made on 21 December 2015.

The Board has recommended a first and final dividend of 0.7 Singapore cents per ordinary share for the financial year ended 30 June 2016, subject to shareholders' approval at the forthcoming Annual General Meeting.

B. TREASURY SHARES

	2016		2015	
	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 (cont'd)

For the year ended 30 June 2016

21. SHARE CAPITAL (cont'd)

C. SHARE OPTIONS

	2016		2015	
	NO. OF SHARES	EXERCISE \$	NO. OF SHARES	EXERCISE \$
Balance at the beginning of the year	6,000,000	0.65	6,000,000	0.65
Options cancelled during the year	(1,000,000)	-	-	-
Balance at the end of the year	5,000,000	0.65	6,000,000	0.65

These options vested but were not exercised during the reporting period. Share options granted under the Civec 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 Civec 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 Civec Employee Share Option Scheme (the "CESOS") was established on 27 March 2012 and formed part of the Civec 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.

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 30 June 2016

22. SHARE-BASED PAYMENTS (cont'd)

B. EMPLOYEE SHARE OPTION SCHEME (cont'd)

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

	2016		2015	
	NO.	WAEP \$	NO.	WAEP \$
Outstanding at the beginning of the year	6,000,000	0.65	6,000,000	0.65
Cancelled during the year	(1,000,000)	-	-	-
Outstanding at the end of the year	<u>5,000,000</u>	0.65	<u>6,000,000</u>	0.65
Exercisable at the end of the year	<u>5,000,000</u>		<u>6,000,000</u>	

The weighted average remaining contractual life of options outstanding as at 30 June 2016 is 7 years (2015: 8 years). The exercise price of outstanding shares was S\$0.65 (2015: \$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.

The weighted average fair value of options granted was \$0.0472 (2015: \$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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 30 June 2016

23. OTHER RESERVE

	GROUP		COMPANY	
	<u>2016</u> S\$'000	<u>2015</u> S\$'000	<u>2016</u> S\$'000	<u>2015</u> S\$'000
Foreign currency translation reserve	(32,725)	(27,871)	(10,742)	(9,478)
Merger reserve	9,010	9,010	9,010	9,010
Waiver of interest receivable from a subsidiary	-	-	(3,341)	-
Share option reserve	284	284	284	284
	(23,431)	(18,577)	(4,789)	(184)

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.

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	
	<u>2016</u> S\$'000	<u>2015</u> S\$'000
Not later than 12 months	2,586	2,747
Between 12 months and five years	8,919	9,817
More than five years	36,082	57,883
	47,587	70,447

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 2015, 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 2016. 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 Centra Park Drive, Macksville for a 2-year period from August 2015.
- The Group also has entered into short term operating leases in New South Wales during the year.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 30 June 2016

24. COMMITMENTS (cont'd)

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	
	2016 S\$'000	2015 S\$'000
Plant and equipment purchases	1,258	950
Capital projects	1,640	368
	2,898	1,318
Not later than 12 months	2,898	1,318

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 2016, the Group has provided the following:

	GROUP	
	2016 S\$'000	2015 S\$'000
Bank guarantee	32,390	9,461
Surety bond facility	47,729	63,037
Letter of credit	-	360
	80,119	72,858

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\$125.19 million) as at 30 June 2016 (2015: A\$95 million (equivalent to S\$98.23 million)).

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%).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 30 June 2016

26. RELATED PARTY TRANSACTIONS (cont'd)

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	
	2016 S\$'000	2015 S\$'000
DIRECTORS' REMUNERATION		
Salaries and other related costs	1,449	1,590
Directors' fees	222	192
Benefits including defined contribution plans	200	243
KEY MANAGEMENT PERSONNEL		
Salaries and other related costs	1,732	1,260
Benefits including defined contribution plans	292	237
	3,895	3,522

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	
	2016 S\$'000	2015 S\$'000
Directors	-	-
Key management personnel	3,000,000	2,000,000

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	
	2016 S\$'000	2015 S\$'000
PURCHASE OF GOODS AND SERVICES		
Other Related Parties:		
Consultant fee paid to a related party (who is a shareholder of the Company)	(8)	(8)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 30 June 2016

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.

During the year, the Group has diversified and included a new reportable segment. The three main reportable segments for the Group are: (1) Oil and Gas (2) Metals & Minerals (previously known as Mining and Others), and (3) Infrastructure. The business activities include civil construction, fabrication, precast concrete, SMP (Structural, Mechanical and Piping Erection), insulation, maintenance and plant hire.

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 operates within Australia.

MAJOR CUSTOMERS

The Group has a number of customers to whom it provides both products and services. For the year ended 30 June 2016, the Group supplies to a single external customer in Infrastructure segment who accounts for 24.8% of external revenue (2015: Metals & Minerals 41.6%). The next most significant client accounts for 15.7% and 11.4% (2015: 14.9% and 10.7%) respectively of external revenue.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 30 June 2016

27. FINANCIAL INFORMATION BY SEGMENTS (cont'd)

	2016				2015			
	OIL AND GAS S\$'000	METALS & MINERALS S\$'000	INFRA-STRUCTURE S\$'000	TOTAL S\$'000	OIL AND GAS S\$'000	METALS & MINERALS S\$'000	INFRA-STRUCTURE S\$'000	TOTAL S\$'000
Revenue - external sales	90,670	170,040	136,042	396,752	146,819	352,334	-	499,153
Cost of sales (excluding depreciation)	(81,164)	(140,545)	(123,206)	(344,915)	(134,686)	(295,029)	-	(429,715)
Depreciation expense	(1,908)	(3,597)	(2,837)	(8,342)	(2,292)	(5,039)	-	(7,331)
Segment results	7,598	25,898	9,999	43,495	9,841	52,266	-	62,107
Unallocated costs				(23,439)				(22,114)
Bad debt	(3)	-	-	(3)	(2,971)	-	-	(2,971)
Other income				1,181				933
Share in profit of a joint venture	-	3,890	-	3,890	-	-		-
Finance costs				(1,945)				(2,122)
Other expenses				(130)				(162)
Profit before income tax				23,049				35,671
Income tax expense				(5,757)				(5,363)
Net profit for the year				17,292				30,308
SEGMENT ASSETS:								
Intangible assets	-	10	-	10	-	10	-	10
Unallocated assets:								
Assets				257,072				255,736
Other current assets				882				162
Deferred tax assets				511				191
Total assets				258,475				256,099
SEGMENT LIABILITIES:								
Unallocated liabilities:								
Liabilities				57,230				70,967
Borrowings				32,114				25,401
Provisions				8,434				7,965
Total liabilities				97,778				104,333
OTHER SEGMENT INFORMATION								
Capital expenditures during the year				34,316				12,302

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 30 June 2016

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 2016, approximately 51% (2015: 80%) 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 % (2015: 1%) with all other variables remain constant, the Group's profit before tax will be approximately lower/higher by S\$153,000 (2015: S\$51,700) 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 (cont'd)

For the year ended 30 June 2016

28. FINANCIAL RISK MANAGEMENT (cont'd)

A. MARKET RISK (cont'd)

i. Interest rate risk (cont'd)

	VARIABLE RATES		FIXED RATES		NON-INTEREST BEARINGS S\$'000	TOTAL S\$'000
	WITHIN 1 YEAR S\$'000	BETWEEN 2 TO 5 YEARS S\$'000	WITHIN 1 YEAR S\$'000	BETWEEN 2 TO 5 YEARS S\$'000		
GROUP						
2016						
Financial Assets						
Cash and cash equivalents	39,788	-	-	-	-	39,788
Trade and other receivables	-	-	-	-	86,655	86,655
	<u>39,788</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,655</u>	<u>126,443</u>
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
	<u>-</u>	<u>16,390</u>	<u>6,616</u>	<u>9,108</u>	<u>46,543</u>	<u>78,657</u>
2015						
Financial Assets						
Cash and cash equivalents	37,643	-	-	-	-	37,643
Trade and other receivables	-	-	-	-	108,466	108,466
	<u>37,643</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,466</u>	<u>146,109</u>
Financial Liabilities						
Trade and other payables	-	-	-	-	58,205	58,205
Borrowings - finance lease	-	-	7,513	12,718	-	20,231
Borrowings - bank bills	5,170	-	-	-	-	5,170
	<u>5,170</u>	<u>-</u>	<u>7,513</u>	<u>12,718</u>	<u>58,205</u>	<u>83,606</u>
COMPANY						
2016						
Financial Assets						
Cash and cash equivalents	-	-	-	-	42	42
Trade and other receivables	-	-	-	-	27,707	27,707
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,749</u>	<u>27,749</u>
Financial Liabilities						
Trade and other payables	-	-	-	-	128	128
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>128</u>	<u>128</u>
2015						
Financial Assets						
Cash and cash equivalents	-	-	-	-	104	104
Trade and other receivables	-	-	-	-	4,446	4,446
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,550</u>	<u>4,550</u>
Financial Liabilities						
Trade and other payables	-	-	-	-	186	186
Payable to related parties	-	-	-	-	3,619	3,619
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,805</u>	<u>3,805</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 30 June 2016

28. FINANCIAL RISK MANAGEMENT (cont'd)

A. MARKET RISK (cont'd)

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 counter-parties 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 21% of trade receivables as at 30 June 2016 (2015: 38%).

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 (cont'd)

For the year ended 30 June 2016

28. FINANCIAL RISK MANAGEMENT (cont'd)

B. CREDIT RISK (cont'd)

	GROSS AMOUNT S\$'000	WITHIN INITIAL TRADE TERMS S\$'000	PAST DUE BUT NOT IMPAIRED			PAST DUE AND IMPAIRED S\$'000
			31 – 60 DAYS S\$'000	61 – 90 DAYS S\$'000	> 90 DAYS S\$'000	
GROUP						
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	-
2015						
Trade receivables	66,183	53,485	11,023	1,485	190	-
Other receivables	42,283	42,283	-	-	-	-
Total	108,466	95,768	11,023	1,485	190	-
COMPANY						
2016						
Receivables from subsidiaries	27,707	27,707	-	-	-	-
Total	27,707	27,707	-	-	-	-
2015						
Receivables from subsidiaries	4,417	4,417	-	-	-	-
Other receivables	29	29	-	-	-	-
Total	4,446	4,446	-	-	-	-

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.

	GROUP		COMPANY	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Cash and cash equivalents: AA Rated	39,788	37,643	42	104

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 30 June 2016

28. FINANCIAL RISK MANAGEMENT (cont'd)

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.

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				
2016				
Financial Liabilities				
Trade and other payables	46,543	46,543	-	46,543
Borrowings:				
• Finance lease	14,646	7,180	9,567	16,747
• Bank bills	17,387	1,100	17,581	18,681
• Related parties	81	-	86	86
Total financial liabilities	78,657	54,823	27,234	82,057
2015				
Financial Liabilities				
Trade and other payables	58,205	58,205	-	58,205
Borrowings:				
• Finance lease	20,231	8,387	13,494	21,881
• Bank bills	5,170	5,325	-	5,325
Total financial liabilities	83,606	71,917	13,494	85,411
COMPANY				
2016				
Financial Liabilities				
Trade and other payables	128	128	-	128
Total financial liabilities	128	128	-	128
2015				
Financial Liabilities				
Trade and other payables	186	186	-	186
Payable to related parties	3,619	3,619	-	3,619
Total financial liabilities	3,805	3,805	-	3,805

The Group's undrawn borrowings and guarantee facilities are disclosed in Note 25 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 30 June 2016

28. FINANCIAL RISK MANAGEMENT (cont'd)

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	
	2016 S\$'000	2015 S\$'000
Net debt	38,869	45,963
Total equity	160,847	151,767
Net debt-to-equity ratio	0.24	0.30

There were no changes in the Group's approach to capital management during the 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 loans 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 16 September 2016

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 Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	3	0.32	82	0.00
100 - 1,000	42	4.50	33,919	0.01
10,001 - 10,000	383	41.05	2,366,467	0.47
10,001 - 1,000,000	475	50.91	46,510,142	9.28
1,000,001 and Above	30	3.22	452,089,390	90.24
TOTAL	933	100.00	501,000,000	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Shareholders' Name	No. of Shares	%
1.	CIMB SECURITIES (SINGAPORE) PTE LTD	182,482,755	36.42
2.	JAMES FINBARR FITZGERALD OR OLIVE TERESA FITZGERALD	97,720,806	19.51
3.	DBS NOMINEES PTE LTD	42,625,545	8.51
4.	RAFFLES NOMINEES (PTE) LTD	29,330,923	5.85
5.	CLARENDON PACIFIC VENTURES PTE LTD	23,812,000	4.75
6.	CITIBANK NOMINEES SINGAPORE PTE LTD	9,853,598	1.97
7.	FOO SIANG GUAN	6,781,849	1.35
8.	VAZ LORRAIN MICHAEL	5,877,000	1.17
9.	LEE TECK LENG	5,700,200	1.14
10.	MAYBANK KIM ENG SECURITIES PTE LTD	4,898,401	0.98
11.	ANG KONG HUA	4,628,677	0.92
12.	LEYAU LAY HOON	4,237,899	0.85
13.	NG KEE CHOE	3,700,134	0.74
14.	GOH GEOK LING	3,425,134	0.68
15.	LAI VOON NEE	3,300,000	0.66
16.	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	2,412,300	0.48
17.	PANG CHIN FATT	2,273,000	0.45
18.	HENG KHENG LONG	2,255,845	0.45
19.	HONG LEONG FINANCE NOMINEES PTE LTD	1,857,000	0.37
20.	WONG YEW MENG	1,683,000	0.34
	Total	438,856,066	87.59

STATISTICS OF SHAREHOLDERS (cont'd)

Shareholders' Statistics and Distribution as at 16 September 2016

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest		Deemed interest	
	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⁾	15,888,000	3.17	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 16 September 2016 and to the best knowledge of the Directors, approximately 50.43% 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 Amara Hotel Singapore, Level 3, Connection Room 1, 165 Tanjong Pagar Road, Singapore 088539 on Thursday, 27 October 2016 at 2.30 pm, to transact the following businesses:

AS ORDINARY BUSINESSES:

1.	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 30 June 2016 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 2016.	Ordinary Resolution 2
3.	To approve the payment of Directors' fees of S\$220,000 for the financial year ending 30 June 2017, to be paid quarterly in arrears. (FY2016: 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 BUSINESSES:

To consider and, if thought fit, to pass with or without modifications the following resolutions:

6.	Authority to allot and issue shares	Ordinary Resolution 11
	"THAT pursuant to Section 161 of the Companies Act, Chapter 50 (the "Act") and the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to:	
	(a) issue shares in the capital of the Company whether by way of bonus issue, rights issue or otherwise; and/or	
	(b) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and/or	
	(c) issue additional Instruments convertible into shares arising from adjustments made to the number of Instruments at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:	
	(i) the aggregate number of shares and convertible securities that may be issued shall not be more than 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company or such other limit as may be prescribed by the SGX-ST as at the date the general mandate is passed;	
	(ii) the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to existing shareholders shall not be more than 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company or such other limit as may be prescribed by the SGX-ST as at the date the general mandate is passed;	

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

AS SPECIAL BUSINESSES (CONT'D)

6.	Authority to allot and issue shares (cont'd)	Ordinary Resolution 11
	(iii) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraphs (i) and (ii) above, the total number of issued shares (excluding treasury shares) shall be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company as at the date the general mandate is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting as at the date the general mandate is passed and any subsequent bonus issue, consolidation or subdivision of the Company's shares; and	
	(iv) unless earlier revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting 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:	
	(a) for the purposes of Sections 76C and 76E of the Act and such other laws and regulations as may for the time being be applicable, the exercise by the Directors of the company ('Director') 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 from time to time up to the Maximum Price (as hereafter defined), whether by way of:	
	(i) on-market purchases ("On-Market Share Purchase") transacted on the 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 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, either be cancelled or held in treasury and dealt with in accordance with the Act;	
	(c) Unless varied or revoked by the company in general meeting, the authority conferred on the Directors 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;	

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

AS ORDINARY BUSINESSES (CONT'D)

8. Proposed Renewal of the Share Purchase Mandate (cont'd) Ordinary Resolution 13

(d) in this Ordinary Resolution:

"Prescribed Limit" means 10% of the total number of Shares as at the date of the last annual general meeting of the Company held before this Resolution is passed or as at the date of passing of this Resolution, whichever is the higher (excluding any treasury shares 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 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;

"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 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

12 October 2016

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

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 [31] of the Annual Report 2015/2016. 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 31 of the Annual Report 2015/2016. 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 31 of the Annual Report 2015/2016. There are no relationships (including family relationship) between Mr Douglas Chester and the other Director or the Company or its 10% shareholders.
- (iv) The Ordinary Resolution No. 11 proposed above, if passed, will empower the Directors of the Company to issue shares and convertible securities in the Company up to a maximum of fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to existing shareholders shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company for such purposes as they consider would be in the interests of the Company. This authority will continue in force until the conclusion of the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier, unless the authority is previously revoked or varied at a general meeting.
- (v) The Ordinary Resolution No. 12 proposed above, 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) The Ordinary Resolution no. 13 proposed above, 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 Appendix to the Company's Letter to Shareholders dated 12 October 2016.

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

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

- (ii) a person holding a capital markets services license to provide a custodial service 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. For investors who have used their CPF monies to buy Civmec Limited's shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. A Relevant Intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see Note 4) for the definition of "Relevant Intermediary").
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

*I/We, _____ (Name) _____ (NRIC/Passport 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 Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting of the Company to be held at Amara Hotel Singapore, Level 3, Connection Room 1, 165 Tanjong Pagar Road, Singapore 088539 on Thursday, 27 October 2016 at 2.30pm 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/their discretion.

PROXY FORM

ANNUAL GENERAL MEETING

No.	Ordinary Resolutions	For [#]	Against [#]
1.	Adoption of the Audited Financial Statements of the Company for the financial year ended 30 June 2016 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 2016.		
3.	Approval of the payment of Directors' fees of S\$220,000 for the financial year ending 30 June 2017 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.		
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 _____ 2016

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 use all your votes "For" or "Against", please indicate with an "X" within the box provided. Otherwise, please indicate number of votes "For" or "Against" for each resolution within the box provided

PROXY FORM

ANNUAL GENERAL MEETING

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members 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. 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.
3. 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.
4. A 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:

- (a) 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
 - (b) 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
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap.36), in respect of shares purchased on behalf of CPF investors.
5. 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.
 6. 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.
 7. 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.
 8. 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.
 9. In case of joint shareholders, all shareholders must sign the instrument appointing a proxy or proxies.
 10. 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 Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

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 deposited with The Central Depository (Pte) Limited, 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), the members accept and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 October 2016.



2016 ANNUAL REPORT

CIVMEC Limited

Company Registration No. 201011837H

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