CIVMEC

2018 Annual Report

STRATEGIC ENGAGEMENT, UNLOCKING OUR POTENTIAL.

Cover Image: Matagarup Bridge, Western Australia

Below: Pilgangoora Lithium Project, Port Hedland, Western Australia

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East Coast Facility, Newcastle, New South Wales

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SITE CIVIL WORKS

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WHAT WE DO

Civmec is an integrated multi-disciplinary heavy engineering and construction provider to the Oil & Gas, Metals & Minerals, Infrastructure and Marine & Defence sectors.

Established in 2009, Civmec is now one of Australia's leading providers of turnkey solutions across a range of core capabilities.

During FY2018, the company had more than 2,500 direct employees, and over 3,400 people working across our sites at any one time. Our vast self-performance capability enables us to respond agilely to our clients' needs and our commitment to innovation and technology enables us to work smarter, providing value-driven solutions. Focused on establishing long-term partnerships and working collaboratively with clients and delivery partners, we have played a significant role in the delivery of some of Australia's most complex projects, including in remote, logistically challenging environments.

Our strategically located facilities in Western Australia and New South Wales support our vertically integrated model. Our state-of-the-art west coast facility in Henderson is set on 200,000 sqm of land in the Australian Marine Complex precinct, with direct waterfront access. It is the largest modern fabrication facility of its kind in Australia and will be further enhanced by the addition of a 53,000 sqm (gross) shipbuilding facility currently under construction. When complete, this will be one of the most efficient and innovative shipbuilding facilities in the world and the largest undercover modularisation and maintenance facility in Australia. On the east coast, Civmec's facility in New South Wales is located on 227,000 sqm of land, with riverfront access, just 14 kilometres from the port of Newcastle. Other operations around Australia include Darwin, Broome, Gladstone and Sydney, with projects located across the country.

OUR VALUES

COMMITMENT
Our individual commitment facilitates our success

INNOVATION
Our commitment to innovation drives continuous improvement

VALUE DRIVEN
Our performance-driven culture delivers value

MAKE A DIFFERENCE
Our ability to influence and challenge drives sustainability

EXCELLENCE
Our commitment to excellence makes us a world-class service provider

COLLABORATION
Our focus on working together drives sustainable partnerships

LOCATION OF FACILITIES AND PROJECTS

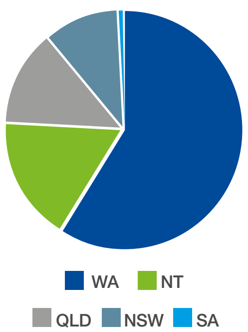
Civmec's facilities are strategically located around Australia to support our vertically integrated delivery model and drive efficiencies in our onsite activities.

$
2018
Total value of projects in delivery
S$1.8b

	PROJECT	CLIENT	LOCATION
1	Phillip Creek Gas Treatment and Compressor Station (Northern Gas Pipeline)	Jemena	Tennant Creek, NT
2	Ichthys Onshore Combined Cycle Power Plant (Ichthys LNG Project)	JKC	Darwin, NT
3	Varanus Island Sustaining Capital Works	Quadrant Energy	Varanus Island, WA
4	Greater East Spar Offshore Installation Works	Fugro – TSM Pty Ltd	Northwest, WA
5	Amrun Project	Rio Tinto Amrun (RTA) and Sandvik Mining and Construction	Weipa, QLD
6	Gruyere Gold Project	Gold Roads Resources Limited & Gold Fields Limited	Yamarna, WA
7	Pinjarra Alumina Refinery Expansion	Alcoa Australia Ltd	Pinjarra, WA
8	Pilgangoora Lithium Project	Altura Mining	Port Hedland, WA
9	Tianqi Lithium Processing Plant	MSP Engineering	Kwinana, WA
10	Plant & Equipment Shutdowns and Maintenance	Liberty OneSteel	Whyalla, SA
11	Plant & Equipment Shutdowns and Maintenance	CBH	Regional WA (various)
12	Plant & Equipment Shutdowns and Maintenance	Queensland Alumina Limited	Gladstone, QLD
13	Plant & Equipment Shutdowns and Maintenance	Alcoa Australia Ltd	Regional WA (various)
14	Plant & Equipment Shutdowns and Maintenance	Rio Tinto	Yarwun, QLD
15	Plant & Equipment Shutdowns and Maintenance	FMG	Regional WA (various)
16	Sydney Metro Northwest	Northwest Rapid Transit	Sydney, NSW
17	Sydney Light Rail	Acciona Infrastructure	Sydney, NSW
18	WestConnex	CPB Contractors Dragados Samsung Joint Venture	Sydney, NSW
19	Grafton Correctional Centre	John Holland	Grafton, NSW
20	Matagarup Bridge	Government of Western Australia	Perth, WA
21	Nepean River Bridge	Seymour Whyte	Sydney, NSW
22	Woodman Point Wastewater Treatment Plant Upgrade	Water Corporation	Woodman Point, WA
23	Ashton Avenue Bridge	Coleman Rail	Perth, WA

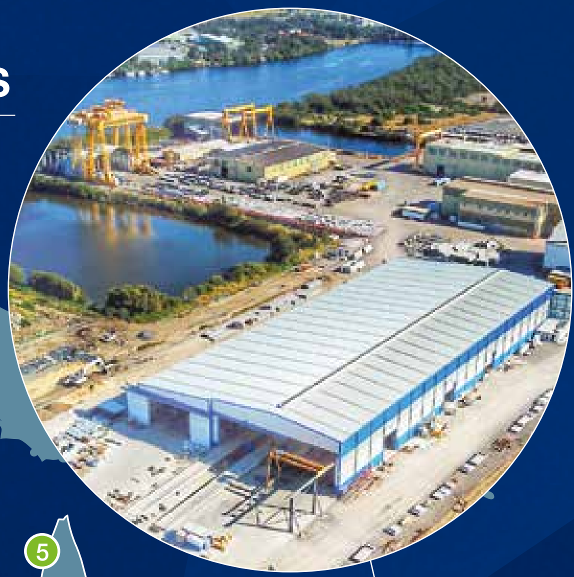
OIL & GAS | METALS & MINERALS | INFRASTRUCTURE

FY2018
Revenue by Location



OPERATIONAL LOCATIONS AND OFFICES

Newcastle NSW



Henderson WA

LOCATIONS	
A	Perth
B	Newcastle
C	Darwin
D	Broome
E	Gladstone
F	Sydney
G	Singapore

YEAR IN REVIEW 2017-2018

S$800m VALUE
of contracts awarded and extended in FY2018

2018 REVENUE S$739m

114% INCREASE
FY2018 revenue compared to FY2017

JULY 2017

Further extended our partnership with INPEX and JKC Australia, with the award of the civil works for the Ichthys Onshore Combined Cycle Power Plant component of the Ichthys LNG project in the Northern Territory.

AUGUST 2017

Awarded the contract to construct the Phillip Creek Gas Treatment and Compressor Station in remote Central Australia, an integral element of the Northern Gas Pipeline project traversing Tennant Creek in the Northern Territory and Mount Isa in Queensland.

SEPTEMBER 2017

First steel gets processed for the Matagarup Bridge, with Civmec undertaking the complex steel fabrication, painting and transportation of the bridge's arches and decks, as a member of the Swan River Bridge Alliance.

Awarded the manufacture, supply and delivery of 22,450 tonnes of precast concrete panels for the new M5 motorway, part of Sydney's WestConnex project.

OCTOBER 2017

Further strengthened our partnership with Altura Mining, with the award of a contract extension for Structural, Mechanical & Piping (SMP) and Electrical & Instrumentation (E&I) works on the Pilgangoora Lithium project in the Pilbara.

Awarded the supply of precast prison cells for the new Grafton Correctional Centre, requiring the re-utilisation of our transportable precast operation in New South Wales.

NOVEMBER 2017

Launched our inaugural Reconciliation Action Plan (RAP), developed in partnership with Reconciliation Australia.

Recognised at the Master Builders awards as Skill Hire Host Trainer of the Year, for our work with apprentices.

DECEMBER 2017

Candace Smith, a third-year boilermaker apprentice based at our east coast facility, receives the MIGAS Woman in Trades Scholarship.

JANUARY 2018

Joined Supply Nation to further develop our supplier diversity footprint and incorporate Aboriginal and Torres Strait Islander businesses into our supply chain.

FEBRUARY 2018

Appointment of Adam Goldsmith to the position of Executive General Manager, Commercial and Risk.

MARCH 2018

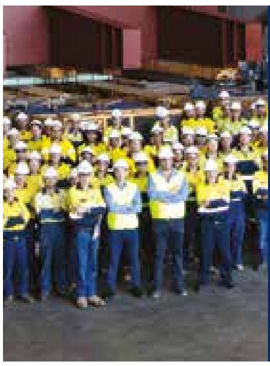
CEO Pat Tallon presents at the Australasian Oil & Gas Exhibition & Conference, alongside Premier of Western Australia, Mark McGowan and Nigel Hearne, Managing Director of Chevron Australia.

APRIL 2018

Awarded the contract for the Royal Australian Navy's SEA1180 Offshore Patrol Vessel (OPV) program by Luerssen Australia.

MAY 2018

Civmec partners with Luerssen to form a new company, Australian Maritime Shipbuilding and Export Group (AMSEG), focused on concept to completion in the shipbuilding sector and investing in skills and transfer of knowledge to local subcontractors and suppliers, to build a competitive Australian shipbuilding industry and supply chain that can export to the global market.



JUNE 2018

Achieve strong financial result, with revenue more than double that of FY2017.

Achieved an employment milestone, our biggest workforce ever, with 2,500 people employed directly and an additional 900 people employed as a result of our activities.

Achieved dual listing status, with our acceptance to the Australian Securities Exchange (ASX) along with our existing status on the Singapore Exchange (SGX).

3,400 PEOPLE employed on our projects

230 PROJECTS IN DELIVERY during FY2018

45,000 TONNES OF STEEL through our workshops

FINANCIAL HIGHLIGHTS

$
2018
NPAT
S$25.5m

210%
INCREASE
FY2018 NPAT
compared to FY2017

211%
INCREASE
in EPS
FY2018
compared
to FY2017

The Group achieved a strong result for the financial year ended 30 June 2018 (FY2018), with revenue of S$738.7 million, more than double that of FY2017 (S$345.9 million).

FY2018 Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) was S$49.0 million while Net Profit After Tax (NPAT) was S$25.5 million, representing more than a 200% increase on the S$8.2 million returned in FY2017.

Cashflow from operations improved, supplemented by net cash proceeds from borrowings of S$50.7 million, used to support working capital fluctuations and further capital investment at the Newcastle and Henderson facilities, including commencement of the new state-of-the-art shipbuilding facility. Cashflow through the year was impacted by upfront procurement on EPC contracts and milestone payment terms on some projects.

Our ongoing relationship with the National Australia Bank saw total facilities available to the Group, including insurance bonds, increase to S$294.5 million, which continued to support the business and its expansion plans.

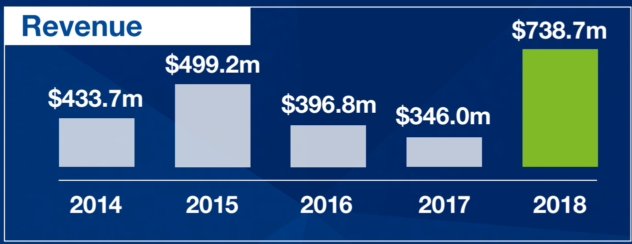
The Group's Balance Sheet is reinforced by a high-quality asset base, including property, plant and equipment. As at 30 June 2018, the Group had Total Assets of S$463.8 million, Net Assets of S$188.2 million and Net Tangible Asset backing per share of 37.77 Singapore cents. Total shareholders' equity increased 8.1% to S$189.2 million in FY2018 from S$175.1 million in FY2017.

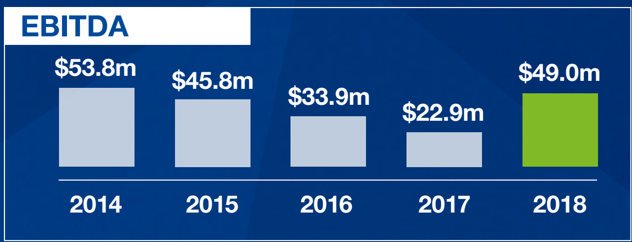
The chart opposite outlines our comparative performance in our present operating currency (A$).

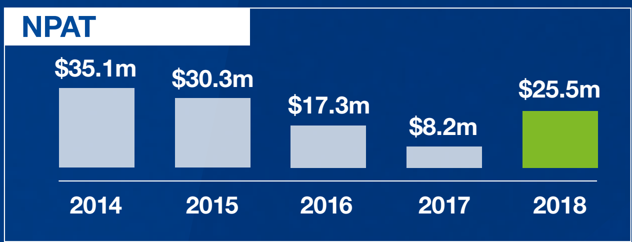
REPORTING CURRENCY S$'000	2018	2017	CHANGE %
Sales revenue	738,741	345,955	114
EBITDA	48,995	22,863	114
Net profit after tax	25,504	8,220	210
Operating cash flow	(20,633)	(26,758)	23
Earnings per share (cents)	5.23	1.68	211
Dividend per share (cents)	0.7	0.7	-
Return on equity (%)	13.6	4.7	189

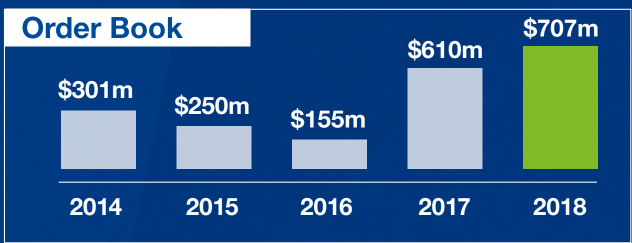
OPERATING CURRENCY A$'000	2018	2017	CHANGE %
Sales revenue	712,850	330,266	116
Net profit after tax	24,723	7,927	212

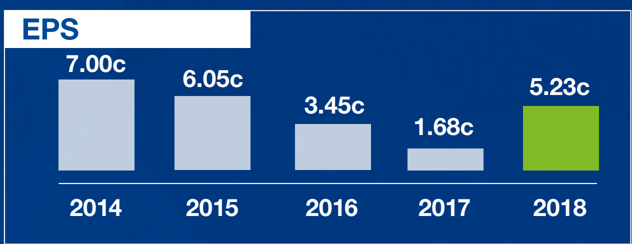
REPORTING CURRENCY (S$)



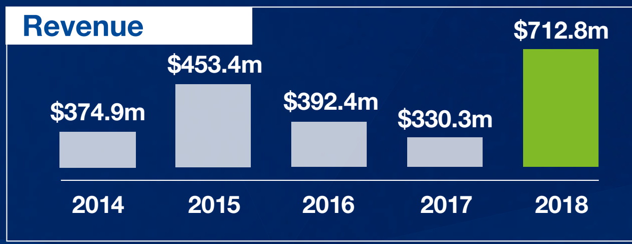


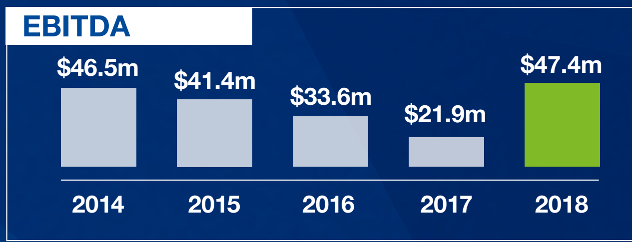


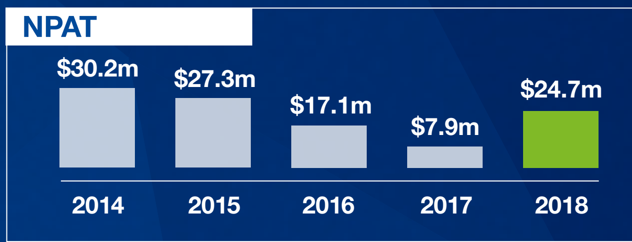


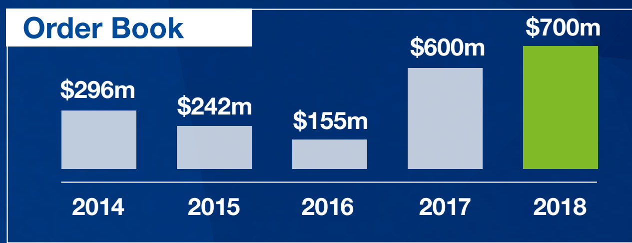


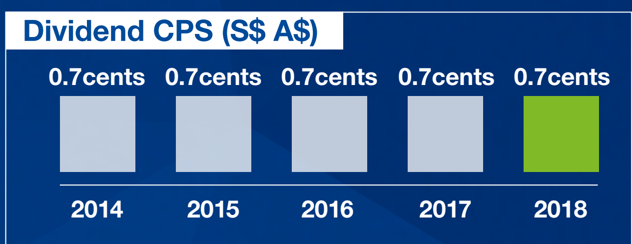
OPERATING CURRENCY (A$)











EBITDA: Earnings Before Interest, Tax, Depreciation and Amortisation
NPAT: Net Profit After Tax
Dividend CPS: Dividend - Cents Per Share
EPS: Earnings Per Share

EXECUTIVE CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the 2018 Civmec Limited Annual Report.

Having finished FY2017 positively, with a strong order book and significant pipeline of opportunities, this set the foundation for success in the 2018 financial year (FY2018), delivering our biggest revenue to-date, more than double that of the previous year. This result is a testament to the commitment of our people in strategically pursuing and winning new work, particularly Engineering, Procurement and Construction (EPC) contracts, and the specialist capability of our people in delivering these works.

Given we are an Australian company, with all of our operating activities and current primary growth prospects in Australia, the decision was made by the Board to seek dual listing on both the Singapore Exchange (SGX), on which we have been listed since 2012, and the Australian Securities Exchange (ASX). This dual listing was achieved in June 2018 and we believe it will provide a number of material benefits, including:

- increasing Civmec's profile in the Australian market, with the potential for greater analyst coverage and media opportunities;
- exposing Civmec to the substantial pool of funds available for investment in Australia; and
- facilitating investment and significantly broadening Civmec's shareholder base, whilst also building on the foundations and strong support we have received from investors in Singapore.

The Board endorses the dual listing as a positive step for our current Singaporean and future Australian investors. We value our existing shareholders, whose support has been instrumental in building the company to where it is today, and believe that the dual listing provides us with an additional platform to further grow market profile and investment opportunities.

FINANCIAL PERFORMANCE

Sales revenue for FY2018 was S$738.7 million, more than double the FY2017 result (S$345.9 million), reflecting the transition from winning substantial new work in FY2017 to delivery in FY2018. Net Profit after Tax for FY2018 amounted to S$25.5 million, again substantially up from the S$8.2 million in 2017 (an increase of more than 200%). The company's Balance Sheet remains strong, with a net asset position of S$188.2 million, underpinned by our significant investment in property, plant and equipment and cash balance of S$23.6 million at year-end.

DIVIDENDS

The Board of Directors has recommended a cash dividend of S$0.7 cents per share, subject to shareholders' approval at our Annual General Meeting on 25 October 2018. The full year dividend payment represents a 13.7% payout ratio. Future dividends paid will continue to be reviewed in line with trading conditions, requirements for cash and investment opportunities. The dividend will be paid on 13 December 2018.

OUR PEOPLE

We are proud to be a significant employer of talented people across Australia. Our number of direct employees grew by nearly 1,000 people over the year, taking us to a record high of more than 2,500. The growth of our business and size and complexity of the projects we are now delivering has enabled us to provide sustainable careers for our people, developing and retaining a vast pool of specialist capability.

The launch of our inaugural Reconciliation Action Plan (RAP) in November 2017 represents a significant step towards building positive, sustainable relationships with Aboriginal and Torres Strait Islander (ATSI) people and their communities. In the coming year we will continue to deliver on the actions outlined in the RAP to facilitate employment, training and commercial partnership opportunities for ATSI people and organisations.

Our *Never Assume* initiative continues to drive our safety culture, built on the premise that we all look out for ourselves and those around us.

STRATEGY & FUTURE FOCUS

Going forward, our focus will continue to be on securing direct contracts, including under EPC, Design & Construct (D&C), Alliance and other delivery models, in addition to further developing our vertically integrated model and self-performance capability to support the delivery of major projects across Australia, within the Oil & Gas, Metals & Minerals and Infrastructure sectors. We will continue to provide cost-effective, intelligent engineering solutions for our clients, whilst maintaining a disciplined approach to capital and overhead management to maximise our shareholders' returns.

Our substantial investment in the construction of the state-of-the-art shipbuilding and maintenance facility in Henderson will deliver a new world-class resource to the Australian maritime landscape and significantly enhance the capability available at the Australian Marine Complex in Western Australia. The Australian Government has identified Henderson as one of two suitable locations in Australia for the continuous build of naval ships and vessel maintenance, and it is on this basis, along with increasing capacity to support our traditional operating sectors, that we are investing in the new facility. This investment therefore plays a major role in the company's long-term future, enabling us to align with and support the Australian Government's Defence Integrated Investment Program, which considers the investment requirement to the mid-2020's to build Australia's future Defence capabilities.

We will continue to expand the reach of our core capabilities in the fabrication, supply and installation of steel and precast concrete, particularly focusing on the opportunity presented by the significant investment in transport infrastructure (road and rail) over the next decade on the east coast, leveraging the local capability we have now established with our Newcastle facility.

The strength of our Balance Sheet continues to facilitate growth, and our focus on winning the right work and delivering well, will continue to drive shareholder returns in the coming years.

On behalf of the Board, I would like to congratulate all employees on the excellent results achieved over the past 12 months. It is your commitment, passion, energy and determination that has made this possible. To our loyal shareholders, your confidence in our business and faith in our vision has enabled us to realise success and continue to grow.

Yours sincerely

James Fitzgerald
Executive Chairman
Civmec Limited

CHIEF EXECUTIVE OFFICER'S REPORT

With significant new contracts awarded and extended in FY2017, the emphasis for FY2018 has been on delivery, focusing on the fundamental metrics of safety, quality, time and cost.

Working with our clients and delivery partners to drive sustainable, long-term partnerships, we have been agile and innovative, showcasing our broad expertise and self-performance capability. On the strength of these partnerships and our performance, we were awarded significant contract extensions during the year.

BUSINESS PERFORMANCE

The value of new projects and contract extensions awarded in FY2018 was S$800 million. This included award of the contract for the Royal Australian Navy's SEA 1180 Offshore Patrol Vessel (OPV) program and new contracts and additional scope in Oil & Gas (S$135m), Metals & Minerals, including maintenance and specialist refractory works (S$174m), and Infrastructure, including in the Water & Energy segment (S$85m). This translated to S$716m secured on the west coast of Australia and S$83m secured on the east coast.

Our capacity to deliver projects as an Engineering, Procurement and Construction (EPC) contractor is now firmly established with the ongoing delivery of the process plant and non-process infrastructure for the Gruyere Gold project, in joint venture with Wood Group; the expansion of the Pinjarra Alumina Refinery for Alcoa Australia; and the Woodman Point Wastewater Treatment Plant Upgrade, under an alliance with Water Corporation and Black & Veatch.

The design and construction of this upgrade project positions us well to pursue future opportunities to deliver specialised infrastructure projects in the Water & Energy segment.

Our east coast operations have matured over the past 12 months, with our local capability supporting the delivery of a number of significant road and rail projects that are transforming transport connections in and around Sydney, including the fabrication, supply and installation of steel and precast concrete for the Sydney Metro Northwest, Sydney Light Rail and WestConnex projects. Our specialist precast capability is an integral element in the delivery of the new Grafton Correctional Centre in Grafton, New South Wales, with the establishment of our transportable precast facility onsite supporting the production of more than 600 precast cells from purpose-made moulds.

In Western Australia, we were thrilled to be given the opportunity to extend our relationship with the new Perth Stadium precinct. In an alliance with Main Roads WA, the York-Rizzani JV and Civmec, we were given the task to deliver the complex steel fabrication, painting and transportation of the arches and decks for the Matagarup Bridge, which provides an essential pedestrian link between the stadium and East Perth. This is an iconic structure for Perth and demonstrates the capability, quality and overall value of local fabrication in Australia.

Our long-term maintenance contracts continue to build solid client relationships, and with an ever increasing client and resource base, we see many future opportunities for this area of the business.

Our delivery performance has been supported by a number of system and process improvements initiated in the past year, including the further integration of Civtrac, our operational management system, to include our new customer relationship management (CRM) platform, our primary business development tool for identifying and tracking opportunities, managing stakeholder relationships and winning new work. The next iteration of the integrated Civtrac system will be the inclusion later in 2018 of Civtrac People, our new HR system that will facilitate the management and development of our people and support project launch through streamlined mobilisation.

OUR PEOPLE

Our business is built on people. The diverse skillset of our talented employees enables us to provide our clients and partners with specialist capability across our key operating sectors. We are committed to providing our people with sustainable career pathways that enable them to grow a career with Civmec. Often, this starts from the very beginning, with more than 50 apprentices and trainees working in our business today, demonstrating our commitment to developing the industry's next generation. During FY2018 we directly employed some 2,500 people, with an additional 900 people employed as a result of our activities. This represents the biggest workforce we have ever had and reflects the significant growth we have achieved in terms of complexity and scale of projects now in delivery.

In April, while working on the previously referenced Woodman Point Wastewater Treatment Plant alliance project, we were devastated by the loss of one of the team members through an industrial accident. This fatality has further reinforced our absolute commitment to managing critical risks in the workplace and further developing our strong leadership and safety culture through our *Never Assume* initiative.

STRATEGY & FUTURE FOCUS

Our diversification strategy will see us develop capability to support the Marine & Defence sector, having made a significant commitment and investment in the development of our Henderson facility, with the construction of a state-of-the-art shipbuilding and maintenance facility designed to be one of the most efficient and innovative in the world. Our entry into this new sector will enable us to unlock the value of local steel shipbuilding, whilst focusing on building a sustainable, competitive export industry over time. Award of the Royal Australian Navy's Offshore Patrol Vessel (OPV) program, in contract with Luerssen Australia, represents a significant step forward in establishing our capability in this sector. Importantly, when in full production, this sector will provide jobs for an additional 1,000 West Australians, including 100 new apprentices and trainees.

We will continue to seek and evaluate new opportunities across our key sectors, predominately in Australia, but also keeping an open view on international opportunities that may fit our business, and consider further opportunities to diversify into new sectors where there is a symbiotic connection with our capacity and capability.

Our culture, the way we think and operate, is underpinned by our principles and values. Our commitment to achieving our targets; our focus on continual improvement and innovation; our performance driven attitude and pursuit of excellence; our confidence to influence and challenge; and our commitment to working together collaboratively with our people, partners and clients, guides our future success.

Yours sincerely

Patrick Tallon
Chief Executive Officer
Civmec Limited


JUMBO JUBILEE
ROTTERDAM

Amrun Project reclaimer leaving Henderson WA for Weipa, QLD

02 OUR OPERATING SECTORS

OIL & GAS

METALS & MINERALS

INFRASTRUCTURE

MARINE & DEFENCE

OIL & GAS

Annual revenue
S$144 million

S$135 million
in new contract awards and extensions


Gorgon LNG Project, Greater Gorgon Gas Fields, Western Australia

Our success in the Oil & Gas sector has been built on the establishment of sustainable relationships with key partners.

An example of this is our ongoing contribution to the Ichthys LNG Project, for which we have undertaken various scopes since 2014, resulting in a direct contract with JKC Australia (Ichthys LNG Onshore Plant Construction Contractor) for delivery of the civil works for the project's onshore Combined Cycle Power Plant (CCPP). Our association with the Gorgon LNG Project over the past few years is continuing, in the ongoing fabrication of piping and structural steel for the plant.

As major Oil & Gas projects in the north-west, including Chevron's Gorgon and Wheatstone LNG projects, have moved from construction to production, the opportunity for new major capex construction work of the scale of the preceding years in this sector is limited. The market suggests that there is however an appetite for the further development and expansion of existing plants and associated infrastructure in the short-to-medium term. Our current client relationships and proven ability to deliver in remote, highly challenging environments, providing innovative logistical solutions to enable the fundamental project metrics of time and cost to be achieved, ensures we are well positioned to capitalise on these new opportunities with established partners as they come to market.

48
SECTOR PROJECTS IN DELIVERY
during FY2018

167%
INCREASE
in sector revenue FY2018 compared to FY2017

PHILLIP CREEK GAS TREATMENT AND COMPRESSOR STATION (NORTHERN GAS PIPELINE)

CLIENT	Jemena
LOCATION	Tennant Creek, NT
DURATION	August 2017 – October 2018
OVERVIEW	Construction of the Phillip Creek Gas Treatment and Compressor Station, as part of the Northern Gas Pipeline project in the Northern Territory. The scope of work includes construction of the 240-bed camp; site civil and earthworks; fabrication; Structural, Mechanical, Piping, Electrical and Instrumentation (SMPEI) installation works; and insulation. The remote location of this project has provided significant logistical challenges in delivery. When complete, the 622 kilometre gas pipeline will link Tennant Creek in the Northern Territory with Mount Isa in Queensland, unlocking the next phase of economic growth for the NT.

GORGON LNG PROJECT

CLIENT	Chevron
LOCATION	Barrow Island, WA
DURATION	January 2011 – current
OVERVIEW	Following the delivery of site civil works, precast and structural steel fabrication for the construction of the Gorgon LNG Project commencing in 2011, Civmec has continued to service the project with the ongoing fabrication of piping and structural steel for the plant. Gorgon is one of the world's largest LNG projects and the largest single resource project in Australia's history.

METALS & MINERALS

Annual revenue

S$451 million

S$174 million

in new contract awards and extensions

Gruyere Gold Project, Western Australia

Our vertically integrated model continues to support the delivery of projects for key clients in the Metals & Minerals sector.

The ability to provide a full turnkey solution for clients has seen us engaged in ongoing works for Rio Tinto's Amrun project and the delivery of Engineering, Procurement and Construction (EPC) contracts for the Gruyere Gold project with joint venture partner Wood Group and the expansion of the Pinjarra Alumina Refinery for Alcoa Australia.

With Western Australia expected to soon produce more than half of the world's lithium supply, the delivery of infrastructure to support lithium mining is an emerging opportunity that we have capitalised on over the past 12 months. This includes the delivery of Altura Mining's new 'fast track' lithium processing facility at Pilgangoora in the Pilbara. Further leveraging the capability of our team of experienced refractory specialists, we have also been awarded the full refractory supply package for the design, supply and installation of over 750 tonnes of refractory materials for the new Lithium Hydroxide Processing Plant (LHPP) project to be constructed in Kwinana, Western Australia for Tianqi Lithium Australia.

Our ability to provide reliable and competitive maintenance and shutdown support as a single, multi-disciplinary solution across the spectrum of services is continuing to grow. Working with our clients to optimise operations, whilst minimising the impact of maintenance works on ongoing operations, our capability extends to major and modular shutdowns; sustaining capital works; optimisation and equipment upgrade projects; minor works; emergency repair and replacement; and routine maintenance. We will continue to cultivate this area of the business going forward, as we further develop partnerships with our resource clients. Our long-standing, collaborative relationships in the planning and delivery of construction projects for key partners has led to opportunities to provide ongoing maintenance services for these clients, such as Alcoa, Roy Hill, BHP, Rio Tinto and FMG.

AMRUN PROJECT	
CLIENT	Rio Tinto and Sandvik Mining and Construction (separate contracts)
LOCATION	Weipa, North Queensland
DURATION	January 2017 – October 2018
OVERVIEW	Civmec was awarded two significant contracts for the development of a processing facility for Rio Tinto's Amrun project. The Amrun project involves the construction of a bauxite mine and associated processing and port facilities on the Cape York Peninsula in North Queensland. The contract awarded by Rio Tinto is for the construction of the process facility, including a bauxite beneficiation plant and associated water, electrical and lighting systems, and the supply of a combined total of 11,800 tonnes of Australian steel and precast concrete. The fabrication, precast manufacture and modular assembly was undertaken at our west coast facility in Henderson. The second contract for Sandvik, completed in June 2018, included the supply, fabrication, surface treatment, mechanical and electrical install and modularisation of a stacker, reclaimer and shiploader for bauxite material handling. This included the fabrication of 2,200 tonnes of steel at our Henderson facility.

136% INCREASE
in sector revenue FY2018 compared to FY2017

138 SECTOR PROJECTS IN DELIVERY
during FY2018

METALS & MINERALS

(CONTINUED)

PINJARRA RESIDUE FILTRATION FACILITY

CLIENT	Alcoa Australia Ltd
LOCATION	Pinjarra, WA
DURATION	October 2017 – January 2019
OVERVIEW	Our EPC contract at Alcoa's Pinjarra alumina refinery includes the engineering, procurement, fabrication & modularisation, delivery, construction, integration, commissioning and performance testing of a filter facility, materials handling system and associated supporting infrastructure. Our innovative solution includes integrating the world's largest plate and frame filters with the materials handling system.

PILGANGOORA LITHIUM PROJECT

CLIENT	Altura Mining
LOCATION	Port Hedland, WA
DURATION	April 2017 – August 2018
OVERVIEW	Contracted to deliver the concrete, civils, fabrication, structural, mechanical & piping, and electrical & instrumentation packages for this new 1.5mtpa lithium processing facility in the Pilbara.

GRUYERE GOLD PROJECT	
CLIENT	Gold Roads Resources Limited & Gold Fields Limited
LOCATION	Yamarna Greenstone Belt, WA
DURATION	July 2017 – May 2019
OVERVIEW	In a joint venture with Wood Group (formerly Amec Foster Wheeler), the EPC contract includes the detailed design, procurement and installation of the process plant and other non-process infrastructure, including administration office, workshop and warehouse. Works also include installation of the main water pipeline and borefield powerlines. Engineering, procurement, fabrication & modularisation, delivery, construction, integration, commissioning and performance testing will all be self-performed.

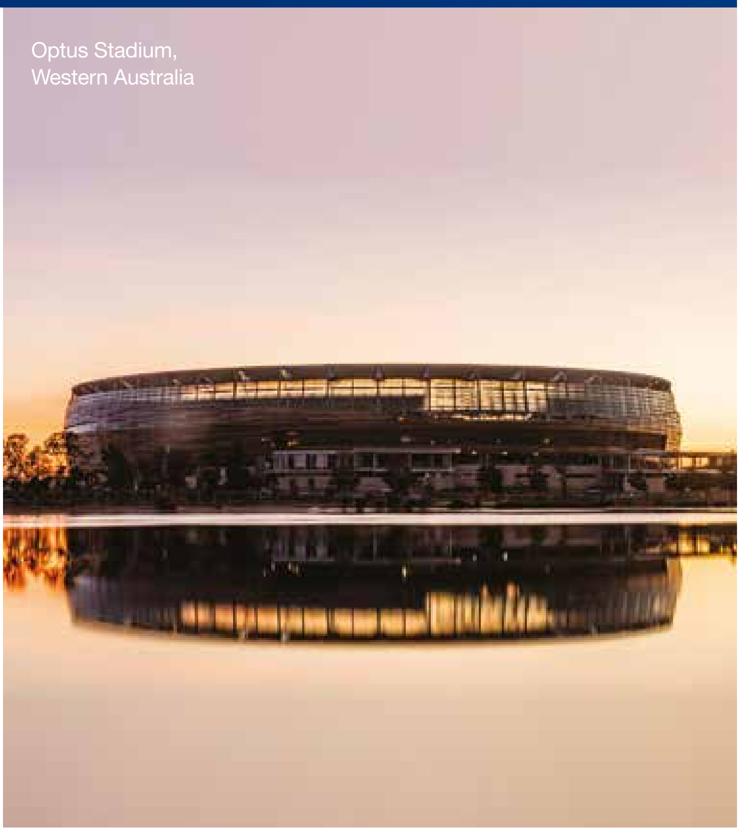
INFRASTRUCTURE

Annual revenue

S$144 million

S$85 million

in new contract awards and extensions



Optus Stadium, Western Australia

Opportunities in the infrastructure sector continue to grow.

Capitalising on the opportunities presented by the significant investment in road and rail infrastructure projects on the east coast, Civmec has played an integral role in the successful delivery of key components for projects that are transforming transport connectivity around Australia's biggest city, including the Sydney Metro Northwest, Sydney Light Rail and WestConnex projects. Supported by our Newcastle facility, we provided these highly complex projects with specialist capability in the fabrication, supply and installation of steel and precast concrete.

Our work at the new Grafton Correctional Centre has seen us establish an onsite precast facility to enable the efficient production of more than 600 precast cells from purpose-made precast moulds.

These projects have enabled us to develop significant local capability on the east coast, and with our Newcastle facility now well established, we are in a strong position to leverage this experience to secure ongoing opportunities in the supply of fabricated steel and precast concrete to the major infrastructure projects planned and in delivery in New South Wales.

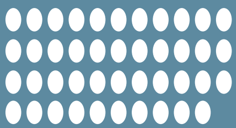
In Western Australia, subsequent to our role in the successful supply and erection of key elements for the iconic new stadium, including the structural frame and roof trusses and various precast elements including the installation of the precast seating platforms, Civmec was awarded the fabrication of Matagarup Bridge, linking the stadium with East Perth. We were also an integral partner in the delivery of the Narellan Road Bridge in Campbelltown and the Nepean River Bridge between Penrith and Emu Plains, in Sydney. The Nepean River Bridge is a highly complex structure consisting of over 820 tonnes of tubular truss sections and has the largest uninterrupted span of any pedestrian bridge in Australia, at 200m long.

Going forward in the Infrastructure sector, in addition to supplying fabricated steel and precast concrete to major projects, we will focus on the specific opportunities to deliver complex, specialised projects in the Water & Energy segment, capitalising on our experience in the delivery of the Woodman Point Wastewater Treatment Plant Upgrade.

MATAGARUP BRIDGE	
CLIENT	Government of Western Australia
LOCATION	Perth, WA
DURATION	September 2017 – March 2018 (fabrication completed)
OVERVIEW	As a member of the Swan River Bridge Alliance, Civmec's significant specialist expertise was employed to undertake the steel fabrication, painting and transportation of the bridge's arches and decks, working collaboratively to enable the bridge to be completed within an extremely challenging delivery timeframe.

NEPEAN RIVER BRIDGE	
CLIENT	Seymour Whyte
LOCATION	Penrith, NSW
DURATION	June 2016 – February 2018
OVERVIEW	The largest uninterrupted single span pedestrian bridge in Australia, the Nepean River Bridge provided us with the opportunity to showcase our ingenuity and ability to deliver innovative solutions. Our scope of work included the fabrication, off-site trial assembly, delivery and site assembly of the 200 metre long bridge. We undertook the assembly of the final bridge structure in a purpose-built 65 metre long workshop on site, complete with two 20 tonne gantry cranes. The complexity of the onsite assembly also required the fabrication and installation of engineered temporary collapsible access platforms. The bridge provides a safe crossing for pedestrians and cyclists over the Nepean River and improves connections to existing and future shared paths, including the Great River Walk.

43% INCREASE
in sector revenue FY2018 compared to FY2017



43 SECTOR PROJECTS IN DELIVERY
during FY2018

INFRASTRUCTURE

(CONTINUED)

GRAFTON CORRECTIONAL CENTRE

CLIENT	John Holland
LOCATION	Grafton, NSW
DURATION	July 2017 – April 2019
OVERVIEW	Civmec has established an onsite precast facility to facilitate the supply of volumetric precast prison cells for the new Grafton Correctional Centre. The scope includes the development and procurement of 10 purpose-built precast moulds, production of 630 precast cell modules weighing between 20 and 85 tonnes and the production of 800 precast panels.

NARELLAN ROAD BRIDGE

CLIENT	Seymour Whyte
LOCATION	Campbelltown, NSW
DURATION	June 2016 – April 2018
OVERVIEW	Supply, delivery and site assembly of bridge girders, including safety screens and traffic barriers. The scope also included the supply of a bridge support tower and traffic sign frames, with a combined tonnage of over 250 tonnes of steel.

SYDNEY METRO NORTHWEST	
CLIENT	Northwest Rapid Transit (NRT)
LOCATION	Sydney, NSW
DURATION	May 2016 – August 2018
OVERVIEW	Sydney Metro Northwest is the first stage of Sydney Metro and will be the first fully-automated metro rail system in Australia. The project is delivering eight new railway stations and 4,000 commuter car parking spaces to Sydney's growing north west. Civmec provided formwork, reinforcement and concrete and precast placement services and supplied precast beams and structural steel for several stations, including Rouse Hill, Kellyville, Bella Vista and Cherrybrook. We also completed the construction of Norwest Station, a complex and challenging project constructed over five levels, consisting of the platform, over track exhaust level, mezzanine, plant level and concourse.

WESTCONNEX	
CLIENT	Rizzani CPB Joint Venture (M4) and CPB Contractors Dragados Samsung Joint Venture (M5)
LOCATION	Sydney, NSW
DURATION	June 2016 – March 2019
OVERVIEW	Our involvement in the complex WestConnex project has included the M4 widening, increasing from three lanes to four in both directions between Parramatta and Homebush. For this section of works, Civmec supplied and delivered 4,235 linear metres of precast bridge parapets totalling 5,850 tonnes. Following this, we were awarded the manufacture, supply and delivery of precast concrete panels for the M5 works, including the supply of 2,200 precast units totalling approximately 22,450 tonnes.

SYDNEY LIGHT RAIL	
CLIENT	Acciona Infrastructure
LOCATION	Sydney, NSW
DURATION	June 2016 – July 2018
OVERVIEW	Providing structural, concrete works and construction of SLR track slab and the Moore Park Tunnel, from the subgrade level and above, our scope of works included formwork reinforcement and placement of concrete for base slab and walls, track slab, erection and placement of precast planks and waterproofing.

MARINE & DEFENCE

Luerssen Offshore Patrol Vessel

STRATEGY

The opportunity to diversify into the Marine & Defence sector aligns with our strategy to further develop and expand our core capabilities. Having strategically positioned the business to participate in the Australian Government's Defence Integrated Investment Program, we committed to the construction of a state-of-the-art shipbuilding and maintenance facility using the increased land area secured at the Henderson waterfront precinct. Our entry into this new sector will enable us to unlock the value of local steel shipbuilding whilst building a competitive export industry. We will also target Defence estate development opportunities aligned with our capabilities as they come to market.

NEW FACILITY

Designed to be one of the most efficient and innovative in the world, the new facility is a significant piece of industrial infrastructure, adding a new world-class resource to the Australian maritime landscape and significantly enhancing the capability available at the Australian Marine Complex in Western Australia. Our investment in the new facility aligns with the Australian Government's identification of Henderson as one of two suitable locations in Australia for the continuous build of naval ships and vessel maintenance.

The 53,000 sqm (gross), 18-storey high, purpose-built ship and module construction, ship repair and maintenance facility will be the largest undercover modularisation and maintenance facility in Australia.
It will be large enough to house complete Air Warfare Destroyers or Frigates and Offshore Patrol Vessels (OPV), for construction or maintenance, as well as large integrated modules for the Oil & Gas and Metals & Minerals sectors.

We commenced construction in April 2017, with completion expected during Q4 2019. When fully operational, the facility will provide employment opportunities for up to an additional 1,000 West Australians, including 100 new apprentices and trainees.

Blast and Paint Facility currently under construction, Henderson, Western Australia

AWARD OF OPV PROGRAM

In April 2018, Luerssen Australia awarded Civmec the contract for the Royal Australian Navy's SEA 1180 Offshore Patrol Vessel program. The project includes the supply and processing of steel for 12 vessels. Following the build of the first two vessels in South Australia, we will undertake specific fabrication and construction activities for the following 10 vessels. Final consolidation of these vessels will be undertaken in our new shipbuilding facility.

FORMATION OF AMSEG

Civmec has partnered with Luerssen to form a new company, Australian Maritime Shipbuilding and Export Group (AMSEG). It will combine our specialist steel manufacturing capability and infrastructure with the shipbuilding and design expertise of Luerssen, to develop a new world-class sovereign shipbuilding capability for Australia.

The intention is for AMSEG to serve as a subcontractor to Luerssen in the delivery of the OPV program, ultimately enabling Civmec to perform a larger scope of work. Leveraging the OPV contract as a catalyst, AMSEG will invest in skills and transfer of knowledge to local subcontractors and suppliers, contributing to building a competitive Australian shipbuilding industry and supply chain that can export to the global market.

The new company, 49% owned by Civmec and 51% owned by Luerssen Australia, will be chaired by former Chief of the Royal Australian Navy and former Chairman of major shipbuilder ASC Shipbuilding, Vice Admiral (retired) Chris Ritchie.

Henderson facility –
current and future (showing development in green outline for completion in Q4 2019)

53,000 sqm

SHIPBUILDING FACILITY

The size of an 18-storey skyscraper

STEEL for 12 OPVs

1,000 NEW

EMPLOYMENT OPPORTUNITIES

when in full production

Amrun Project, Weipa, North Queensland

03 OUR SUSTAINABILITY

OUR PEOPLE

HSEQ

COMMUNITY ENGAGEMENT

BOARD OF DIRECTORS

EXECUTIVE TEAM

OUR PEOPLE

3,400 PEOPLE
employed on our projects

60+ APPRENTICES and TRAINEES

Our people underpin our success. Offering sustainable career pathways enables us to retain and grow capability across our specialised disciplines.

Continuing to build expertise in our key areas of operation and diversifying into new markets provides ongoing opportunities to attract and retain the best available talent.

Our core value of *Collaboration* means we work in partnership with our people to identify their individual training and development needs, delivered through our in-house Registered Training Organisation (RTO). Launch of our new HR system, Civtrac People, later in 2018 will further facilitate our ability to manage our people and their careers. This innovative system will enable us to match current capability with business opportunities, ensuring our people are in the best place to add the most value, and guiding their career development and training requirements. From a project delivery perspective, it will enable us to efficiently mobilise resources to facilitate effective project launch. Civtrac People will integrate with our overarching Civtrac operational management system.

Our commitment to supporting the future of our industry is reflected in our engagement of more than 50 apprentices across the spectrum of our operations, including fabrication (boilermakers and welders), carpenters, and electrical. This focus on apprenticeships is facilitating the organic growth of our self-performance capability. Additionally, we have a number of trainees working across the business, providing functional support in business administration, human resources and logistics.

Over the past 12 months, Civmec has created employment opportunities for almost 3,500 people, including direct employment for more than 2,500. This includes in regional areas where our projects are delivered, with local employment providing direct economic benefits to these regional communities.

With new opportunities on the horizon, we are confident we will continue to create jobs for talented people across Australia in the coming years.

OUR PEOPLE

(CONTINUED)

ABORIGINAL ENGAGEMENT

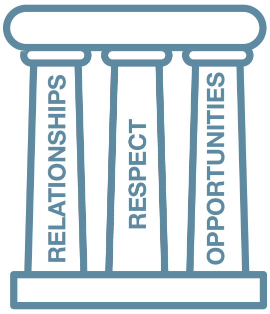
In November 2017, we launched our inaugural Reconciliation Action Plan (RAP), ‘Reflect’, developed in partnership with Reconciliation Australia. Endorsement of the RAP represents a significant step towards building positive, sustainable relationships with Aboriginal and Torres Strait Islander people and their communities.

The RAP, driven by our RAP Working Group, identifies practical actions based on the three pillars of Relationships, Respect and Opportunities. Its intent is to provide employment, training and commercial partnership opportunities for Aboriginal and Torres Strait Islander people, businesses and community organisations and to develop a better understanding of cross-cultural sensitivities to improve relationships across the organisation, through participation in events including National Reconciliation Week and NAIDOC Week.

As a testament to our commitment to the RAP, approximately 15% of our current apprentices, including two females, are of Aboriginal and Torres Strait Islander descent. Furthermore, we have engaged Aboriginal subcontractors during the year on projects in Western Australia, including the Pilgangoora Lithium project in the Pilbara and the Gruyere Gold project in the Goldfields.

Civmec became a member of Supply Nation during the year, to further develop our supplier diversity footprint and incorporate Aboriginal and Torres Strait Islander businesses into our supply chain. Supply Nation connects Australian buyers with verified Indigenous businesses to build a prosperous, vibrant and sustainable Indigenous enterprise sector.

RAP PILLARS



Artist Mikayla King presenting CEO Pat Tallon with a painting representing our RAP commitment

DIVERSITY

As is typical of organisations in our industry, the ability to achieve a diverse workforce in the corporate environment is much easier than achieving this balance in operations and project delivery. Therefore, our focus over the past 12 months has been at the grass-roots level, encouraging female apprentices to grow their career with us. This strategy has been successful, with three female apprentices now in the business. Going forward, we will continue to identify and support suitable candidates to join us in trade and operations roles onsite and in our fabrication facilities.

We are committed to driving gender diversity in the workplace and facilitating an environment that is fair and inclusive for all employees. We believe the benefits provided by a balanced workforce, including in relation to culture and management style, make us a more attractive place to work for all employees.

Diversity enhances culture

Diversity fosters innovation

BELOW: Gruyere Gold Project, Western Australia

HSEQ

PLAN

EXECUTE

MONITOR

The integration of our Health, Safety, Environment and Quality systems ensures effective controls are in place to provide our clients with surety of delivery.

Our values of *Commitment, Innovation, Value Driven, Make a Difference, Excellence* and *Collaboration* are at the core of every decision we make and how we operate. Our commitment to innovation and continuous improvement, our ability to influence and challenge and our quest for excellence, underpins our sustainability.

HEALTH & SAFETY

The commitment to health and safety starts with the workforce and runs through all levels of supervision and management. All Civmec employees have the right and responsibility to stop work and intervene if they see an unsafe act, condition or behaviour. They are also then encouraged to be part of the decision and action team to ensure the works can be carried out in a safe environment using improved methodology and equipment as required.

Our commitment to health and safety is built on robust systems and a strong culture. Our health and safety systems are certified to OHSAS 18001, and are clearly communicated to the workforce. Our culture is built on the *Never Assume* program, ensuring everyone looks out for themselves and others around them. Our commitment to continual improvement means we are always seeking opportunities to innovate and learn from our experience.

Our focus on safely delivering projects at our facilities and on our construction sites, both locally and in remote locations, requires meticulous planning and thorough risk management, bringing world-class health and safety processes to construction projects in some of the most remote locations on the planet.

We will continue to drive our safety culture, systems, planning and risk management to deliver improved health and safety outcomes for our people, clients and delivery partners. Our people are the key to success, committed and focused on improving our performance and ensuring that in everything we do, we *Never Assume*.

Early morning prestart on site

ENVIRONMENT

Over the past year, we have operated across a diverse range of locations, both in remote regional areas and dense urban environments, including the inner city of Sydney to the remote Pilbara, Central Australia and Far North Queensland. It is this diversity that has challenged us to adapt, innovate and implement the appropriate environmental management controls to meet relevant industry requirements, our planned activities and each project's unique environmental compliance requirements, with the common goal of mitigating environmental harm.

In addition to our project sites, we continue to implement environmental best-practice at our two main fabrication and assembly facilities in Perth and Newcastle. Along with our traditional and established controls, we continue to seek new opportunities to improve our environmental performance, focused on resource and energy efficiency through:

- reducing supplier packaging and improving recycling rates, in turn reducing waste going to landfill;
- investigating the feasibility of investing in renewable energy; and
- continuing to measure and monitor our inputs (energy, water and materials) and outputs (waste and emissions), allowing us to understand our current impacts on the environment and monitor performance over time.

The past year has seen further success in strengthening our Environmental Management System (EMS) through internal compliance and auditing, and our environmental training and awareness programs. Further to this, we have successfully transitioned to the latest ISO 1400:2015 EMS accreditation with Lloyd's Register, also achieving platinum status with the Australian Steel Institute Environmental Sustainability Charter.

With the upcoming release of our inaugural Sustainability Report in late 2018, we look forward to the next 12 months of continuous improvement in our environmental management performance and compliance.

Planet Ark Tree Planting Day

QUALITY

Providing quality products and project outcomes for our clients continues to be a fundamental metric of success. Our continued commitment and focus has seen both our west coast facility in Henderson and our east coast facility in Newcastle achieve CC3 certification to the requirements of AS/NZS 5131-2016 Structural Steelwork – Fabrication and Erection.

During the year, our Quality team ensured our processes and procedures continue to meet accreditation requirements and industry best-practice, with an extensive review of procedures including Hazard Identification & Risk, Change Management and Procurement, and our Subcontract Major Supplier and Consultant Administration process.

An independent surveillance audit of our quality management system was successfully undertaken during the year, facilitating our ongoing accreditation.

REDUCE INPUTS
Energy
Water
Materials

REDUCE OUTPUTS
Waste
Emissions

COMMUNITY ENGAGEMENT

Our value of *Make a Difference* empowers our people to positively impact the communities in which we live and work. Our support over the past year has seen us work with numerous charities and community groups.

CANCER COUNCIL

Sadly, in 2017, we lost one of our own to a rare form of cervical cancer. During October, we hosted a morning tea fundraiser across the company, to donate funds on behalf of our employee and her family. We presented a cheque for $10,000 to the Cancer Council in support of their mission to work with the community to reduce the incidence and impact of cancer.

2018 PCNT BLUEWATER CLASSIC

Civmec sponsored several employees from the Ichthys CCPP project to participate in the 2018 Petroleum Club, Northern Territory (PCNT) Bluewater Classic in March. The Bluewater Classic provides a unique opportunity to enjoy some friendly competition among colleagues and peers and is a significant community event on the Oil & Gas calendar in the Territory.

CEO SLEEPOUT

In June 2018, our CEO Pat Tallon braved the cold to help the homeless, raising over $16,000 as part of the Vinnies CEO Sleepout, providing much needed funds for those around the nation finding themselves without a home. According to St Vincent de Paul, the $16,000 raised is equivalent to providing 52 individual support programs, 138 beds and 553 meals.

VARIETY CLUB

We continued our support of Variety Club during the year, providing funding for their 2018 Variety Heart Scholarships, designed to help special needs children with unique talent to reach their full potential in their chosen field of sport, the arts or education.

NEWCASTLE CONNECTIONS

Committed to engaging with the local Newcastle community, partnerships initiated during the year included sponsorship of the University of Newcastle Rugby Union Club and working with the Hunter Mountain Bike Association (HMBA). Civmec supplied a new shipping container at the finish line of the Awaba Mountain Bike Park as a storage facility for biking and emergency equipment for the HMBA.

COMMUNITY ENGAGEMENT

(CONTINUED)

GETTING INVOLVED

The enthusiasm of our people in supporting numerous community events over the year was fantastic.

PROJECT INITIATIVES

Throughout the year, our projects and staff around Australia participated in fundraising events for a variety of charities, including Movember and RUOK Day.

ATSI ENGAGEMENT

Our commitment to building positive, sustainable relationships with Aboriginal and Torres Strait Islander (ATSI) people and their communities continued during the year, with our participation in National Reconciliation Week and NAIDOC Week and our ongoing relationship with the Wirrpanda Foundation, offering free training for Aboriginal job seekers. This commitment was further strengthened with the launch of our Reconciliation Action Plan (RAP) in November.

MORNING TEA FOR A CAUSE

Our participation in the International Women's Day Morning Tea in March raised funds for the Women's Council for Domestic & Family Violence Services and our support of Australia's Biggest Morning Tea in May raised funds for the Cancer Council.

CLEAN UP AUSTRALIA DAY

In February 2018, teams of Civmec staff took to the streets near their facility or site to help clean up the nation, as part of Clean Up Australia Day.

SPONSORED CONCERTS AND EVENTS

We regularly make a corporate suite at Perth Arena available for charities to host families and children that benefit from them, for events including the basketball and netball, Disney on Ice, The Wiggles and other stage shows. Recipient charities during the year included the PMH and Perth Children's Hospital Foundations, Wirrpanda Foundation, Variety Club, Anglicare, Success Blazers Netball and Friends of the Cancer Council.

2018 SHADFORTH FINANCIAL GROUP STEP UP FOR MSWA

Continuing our ongoing support of MSWA, on a Sunday morning in June, some of our people took to one of Perth's tallest buildings, Central Park, to climb the 1,103 steps to the building's peak. The team raised much needed funds for Western Australians living with neurological conditions.

BOARD OF DIRECTORS

JAMES FINBARR FITZGERALD

EXECUTIVE CHAIRMAN

Mr James Finbarr Fitzgerald was appointed to the Board on 27 March 2012.
He is responsible for providing guidance on the company's corporate direction, leadership to the Board, and works to facilitate the effective contribution of the Directors and assists to ensure procedures are in place to comply with the company's guidelines on corporate governance. With more than 35 years' experience, Mr Fitzgerald has a wealth of experience, with a natural ability to create solutions for complex tasks.
He has a strong belief in the training and development of people which has been a key aspect of the company's growth and success.

PATRICK JOHN TALLON

CHIEF EXECUTIVE OFFICER

Mr Patrick John Tallon was appointed to the Board on 27 March 2012.
He is responsible for implementing the strategic decisions and policies of the company, with a strong focus on safety culture, team building, leadership and the group's financial performance. Over the past 30 years, Mr Tallon has developed his knowledge in the Oil & Gas, Metals & Minerals, Infrastructure and Defence sectors, building an understanding of key stakeholder requirements at all levels. He is a key driver in company innovation, productivity improvement, and the waste elimination programs within the business.

KEVIN JAMES DEERY

CHIEF OPERATING OFFICER

Mr Kevin James Deery was appointed to the Board on 27 March 2012.
He is responsible for ensuring a safety focused workplace, delivering a high-quality product, while overseeing the ongoing business operations of the group's quality-oriented culture, compliance and operational productivity. Mr Deery has more than 20 years' experience, including significant time spent within the construction and engineering services industry throughout Australia.

CHONG TECK SIN

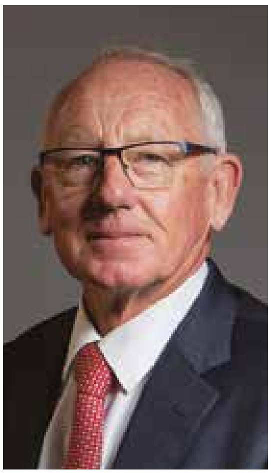
LEAD INDEPENDENT DIRECTOR

Mr Chong Teck Sin was appointed to the Board on 27 March 2012.
Mr Chong is currently an independent Director of HKSE-listed Changan Minsheng APLL Logistics Co Ltd and SGX-listed InnoTek Limited, and Accordia Golf Trust Management Pte Ltd. He has a Bachelor of Engineering from the University of Tokyo, and a Masters of Business Administration from the National University of Singapore.

WONG FOOK CHOY SUNNY

INDEPENDENT DIRECTOR

Mr Sunny Wong Fook Choy was appointed to the Board on 27 March 2012.
He is a practicing advocate and solicitor of the Supreme Court of Singapore, and is currently the Managing Director of Wong Tan & Molly Lim LLC. He is also an Independent Director of Excelpoint Technology Ltd, Mencast Holdings Ltd, InnoTek Limited and KTL Global Ltd and a Director and shareholder of WTL Management Services Pte Ltd. Mr Wong holds a Bachelor of Law (Honours) from the National University of Singapore.



DOUGLAS OWEN CHESTER

INDEPENDENT DIRECTOR

Mr Douglas Owen Chester was appointed to the Board on 2 November 2012.
He was previously a senior Australian government official and diplomat. He was Lead Independent Director of Kim Heng Offshore & Marine Holdings Limited, and an Independent Director and Chair of the Audit Committee of Stamford Land Corporation. Prior to his appointment, he held the role of Australia's High Commissioner to Singapore. Mr Chester holds a Bachelor of Science (Honours) from the Australian National University.

EXECUTIVE TEAM

JUSTINE CAMPBELL

CHIEF FINANCIAL OFFICER

Ms Justine Campbell joined our Group in October 2014, and is responsible for all financial management operations, including the development of financial strategies, developing and monitoring control systems and marketing of the company. Ms Campbell has more than 20 years' experience in finance, accounting, corporate transactions and commercial projects, with extensive experience in acquisitions and implementing numerous systems. Prior to joining Civmec, Ms Campbell spent seven years as Chief Financial Officer and Company Secretary for another ASX listed company operating in similar markets. Following the company's ASX listing, Ms Campbell was appointed as an additional, Australian-based, Company Secretary.

CHARLES SWEENEY

EXECUTIVE GENERAL MANAGER – CONSTRUCTION

Mr Charles Sweeney has grown within the Group since inception, and is responsible for managing the Group's construction division. With a passion for effective leadership, Mr Sweeney is focused on developing the operations department and offering client solutions. He has been fundamental in the completion of key projects, ensuring safety and quality of the highest standards, meeting schedule and budget expectations.

ADAM GOLDSMITH

EXECUTIVE GENERAL MANAGER – COMMERCIAL AND RISK

Mr Adam Goldsmith joined the Group in 2017, and has made a significant contribution to the company. He is a Fellow of the Royal Institute of Chartered Surveyors, with quantity surveying and construction law qualifications. He brings a wealth of knowledge and experience to the executive team, with over 25 years' commercial and risk management experience gained previously with major UK and Australian companies.

RODNEY BOWES

EXECUTIVE GENERAL MANAGER – PROPOSALS

Mr Rod Bowes joined the Group in 2010 and is responsible for managing the Group's proposals division. Mr Bowes brings over 40 years' experience in the fabrication and construction industry. He is focused on securing a strong and profitable order book for the Group.

Chairman, James Fitzgerald and CEO, Pat Tallon,
at the Henderson facility, Western Australia

Aerial view of the West Coast Facility, Henderson, Western Australia

04

FINANCIAL REPORT

DIRECTORS' STATEMENT

30 June 2018

The Directors present to the members their report, 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 2018 and the statement of financial position of the Company as at 30 June 2018.

In the opinion of the Directors:

(a) the statement of financial position of the Company and the consolidated financial statements of the Group 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 2018 and the financial performance, changes in equity and cash flows of the Group for the financial year ended; and

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

1. DIRECTORS

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

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

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

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 1.7.17	AT 30.6.18	AT 1.7.17	AT 30.6.18
	NO. OF ORDINARY SHARES			
The Company				
Mr James Finbarr Fitzgerald	-	-	97,720,806	97,720,806
Mr Patrick John Tallon	54,000	54,000	97,566,806	97,566,806
Mr Kevin James Deery	-	-	13,295,250	13,295,250

DIRECTORS' **STATEMENT**

30 June 2018

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (Continued)

There was no change in any of the above-mentioned interests between the end of the financial year and 21 July 2018.

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.

4. SHARE OPTIONS

CIVMEC LIMITED EMPLOYEE SHARE OPTION SCHEME

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

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

As part of Civmec's dual listing on the ASX, no further grants will be made under the CESOS.

Options Granted under the Scheme
As at 30 June 2018, the following options to subscribe for ordinary shares of the Company pursuant to the CESOS were granted.

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

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 2018 are as follows:

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

DIRECTORS' STATEMENT

30 June 2018

5. PERFORMANCE SHARE PLAN

CIVMEC LIMITED PERFORMANCE SHARE PLAN

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

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

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

Principal Terms of the Scheme

(i) Participants

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

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

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

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

(ii) Size of the Scheme

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

(iii) Grant of Awards

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

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

(iv) Lapse of Awards

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

(v) Release of Awards

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

DIRECTORS' STATEMENT

30 June 2018

5. PERFORMANCE SHARE PLAN (Continued)
CIVMEC LIMITED PERFORMANCE SHARE PLAN (Continued)
Principal Terms of the Scheme (Continued)

(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		

6. AUDIT COMMITTEE

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

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

All members of the Audit Committee are non-executive Directors. The Audit Committee performs the functions specified by the Listing Manual of the Singapore Exchange Securities Trading Limited ('SGX-ST'), the Listing Rules of the Australian Securities Exchange ('ASX'), the Code of Corporate Governance and Section 201B(5) of the Singapore Companies Act, Chapter 50.

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, have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of Directors

James Finbarr Fitzgerald
Executive Chairman

Patrick John Tallon
Executive Director

Singapore
28 August 2018

REPORT ON CORPORATE GOVERNANCE

30 June 2018

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 and protecting the interests of shareholders, as well as strengthening investors' confidence in 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 2018 ('FY2018') 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, the Listing Manual of the Singapore Exchange Securities Limited ('SGX-ST'), and the Listing Rules of the Australian Securities Exchange ('ASX'), where applicable, except where otherwise stated.

BOARD'S CONDUCT OF AFFAIRS

PRINCIPLE 1: EFFECTIVE BOARD TO LEAD AND CONTROL THE COMPANY. THE BOARD IS COLLECTIVELY RESPONSIBLE FOR THE LONG-TERM SUCCESS OF THE COMPANY. THE BOARD WORKS WITH MANAGEMENT TO ACHIEVE THIS OBJECTIVE AND THE MANAGEMENT REMAINS ACCOUNTABLE TO THE BOARD.

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

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

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

The Board has delegated the day-to-day management of the Group to Management, headed by the Executive Chairman, Mr James Finbarr Fitzgerald, the Chief Executive 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 any major investment or expenditure;
- approving material acquisitions and disposal of assets;
- approving the Company's periodic and full-year results announcements for release to the SGX-ST and ASX;
- approving annual report and audited financial statements;
- monitoring Management's performance;
- recommending share issuance, dividend payments and other returns to shareholders;
- ensuring accurate, adequate and timely reporting to, and communication with Shareholders; and
- assuming responsibility for corporate governance.

REPORT ON
CORPORATE GOVERNANCE

30 June 2018

BOARD'S CONDUCT OF AFFAIRS (Continued)
PRINCIPLE 1 (Continued)

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

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

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

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

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

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

The number of Board and Board Committee meetings held and attended by each Board member during the financial year ended 30 June 2018 ('FY2018') is set out below:

		BOARD COMMITTEES			
	BOARD	AUDIT COMMITTEE	REMUNERATION COMMITTEE	NOMINATING COMMITTEE	RISKS AND CONFLICTS COMMITTEE
Number of Meetings Held	4	4	2	2	4
Number of Meetings Attended					
James Finbarr Fitzgerald	4	4*	2*	2*	4*
Patrick John Tallon	4	4*	2*	2*	4*
Kevin James Deery	4	4*	2*	2*	4*
Chong Teck Sin	4	4	2	2	4
Wong Fook Choy Sunny	4	4	2	2	4
Douglas Owen Chester	4	4	2	2	4

**By invitation*

REPORT ON CORPORATE GOVERNANCE

30 June 2018

BOARD'S CONDUCT OF AFFAIRS (Continued)
PRINCIPLE 1 (Continued)

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

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

BOARD COMPOSITION AND GUIDANCE

PRINCIPLE 2: STRONG AND INDEPENDENT ELEMENT ON THE BOARD.

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

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

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

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

CORE COMPETENCIES	BALANCE AND DIVERSITY OF THE BOARD	
	NUMBER OF DIRECTORS	PROPORTION OF BOARD
Business Management	6	100%
Accounting or finance	6	100%
Legal or corporate governance	6	100%
Strategic planning experience	6	100%
Relevant industry knowledge or experience	4	67%
GENDER		
Male	6	100%
Female	0	0

REPORT ON
CORPORATE GOVERNANCE
30 June 2018

BOARD COMPOSITION AND GUIDANCE (Continued)
PRINCIPLE 2 (Continued)

The Company values diversity and equal opportunity and has in place a diversity policy to ensure that its workforce is comprised of individuals with diverse skills, values, backgrounds and experience to the benefit of the Group. Diversity refers to characteristics such as age, gender, sexual orientation, race, religion, disability and ethnicity. All appointments and employment of employees including directors are based strictly on merit and equal opportunity and not driven by any gender bias. Formal gender diversity targets were not set for FY2018 but will be set by the Company for FY2019. Management is responsible for achieving the diversity objectives and reporting the progress towards and achievement of these objectives to the Board of Directors.

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

In order to strengthen the independence of the Board, the Company has appointed a Lead Independent Director, Mr. Chong Teck Sin, to co-ordinate and lead the Independent Directors, providing a non-executive perspective and balanced viewpoint.

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

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

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

To facilitate an effective review of Management, the Non-Executive Directors meet as and when necessary and at least once a year with Auditors without the presence of the Management.

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

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

REPORT ON
CORPORATE GOVERNANCE

30 June 2018

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 MAKING.

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

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

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

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

At the Annual General Meeting ('AGM') and other shareholders' meeting, the Executive Chairman ensures constructive dialogue between Board, Management and shareholders, and upholds high standards of corporate governance.

Whilst the Board does not have an independent Chairman, the roles of the Executive Chairman and that of the CEO are clearly delineated. The Board believes that while the Chairman is not independent, the current composition of the Board with its combined skills and capability, and its mix of experience, best serve the interests of shareholders. In addition, the Company has appointed a Lead Independent Director, Mr Chong Teck Sin. As well as representing the views of the Independent Directors, he is also available to shareholders and to facilitate a two-way flow of information between shareholders, the Executive Chairman and the Board. All the Board Committees are led and solely comprise of Independent Directors.

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

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

The formal terms of reference of the NC are to:

- nominate Directors (including Independent Directors) taking into consideration their competencies, contribution, performance and ability to commit sufficient time and attention to the affairs of the Group and considering their respective commitments outside the Group;
- review and recommend to the Board the composition of the Audit Committee, Remuneration Committee and Risks and Conflicts Committee;
- re-nominate Directors for re-election in accordance with the Constitution at each AGM and having regard to the Director's contribution and performance;
- determine annually whether or not a Director of the Company is independent;
- decide whether or not a Director is able to and has been adequately carrying out their duties as a Director;

REPORT ON
CORPORATE GOVERNANCE
30 June 2018

BOARD MEMBERSHIP (Continued)
PRINCIPLE 4 (Continued)

- assess the performance of the Board as a whole and contribution of each Director to the effectiveness of the Board;
- review and recommend succession plans for Directors, in particular, the Executive Chairman and the CEO; and
- review and recommend training and professional development programmes for the Board.

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

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

Pursuant to Article 118 of the Company's Constitution, all the directors are required to retire from office at every 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

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

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

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

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

REPORT ON CORPORATE GOVERNANCE

30 June 2018

BOARD MEMBERSHIP (Continued)
PRINCIPLE 4 (Continued)

The dates of Directors' 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 Finnbar Fitzgerald	27 Mar 2012	26 Oct 2017	-	-
Patrick John Tallon	27 Mar 2012	26 Oct 2017	-	-
Kevin James Deery	27 Mar 2012	26 Oct 2017	-	-
Chong Teck Sin	27 Mar 2012	26 Oct 2017	Changan Minsheng APLL Logistics Co. Ltd (1) InnoTek Limited	AVIC International Maritime Holdings Limited
Wong Fook Choy Sunny	27 Mar 2012	26 Oct 2017	Mencast Holdings Ltd KTL Global Ltd Excelpoint Technology Ltd InnoTek Limited	China Medical (International) Group Limited
Douglas Owen Chester	2 Nov 2012	26 Oct 2017		Kim Heng Offshore & Marine Holdings Limited Stamford Land Corporation Limited

** Within the past three years*
Notes:
(1) Listed on Hong Kong 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 their competing directorships and obligations and assess the number of listed company directorships they could hold and serve effectively. Currently, none of the directors hold more than five (5) directorships in other listed companies.

In addition, the NC also determines annually whether a Director with multiple board representations is able to and has been adequately carrying out their duties as a Director of the Company. The NC takes into account the results of the assessment of the effectiveness of the individual Director and the respective Directors' actual conduct on the Board. The NC is satisfied that for FY2018 sufficient time and attention have been devoted by the Directors to the affairs of the Company and the Group. As such, there is presently no need to implement internal guidelines to address their competing time commitments notwithstanding that some of the Directors have multiple board representations.

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

REPORT ON
CORPORATE GOVERNANCE
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BOARD PERFORMANCE

PRINCIPLE 5: FORMAL ANNUAL ASSESSMENT OF THE EFFECTIVENESS OF THE BOARD AS A WHOLE AND ITS BOARD COMMITTEES AND THE CONTRIBUTION BY EACH DIRECTOR TO THE EFFECTIVENESS OF THE BOARD.

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

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

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

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

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

The NC conducted a performance evaluation of the Board and Board Committees for FY2018 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 FY2018.

ACCESS TO INFORMATION

PRINCIPLE 6: BOARD MEMBERS SHOULD BE PROVIDED WITH COMPLETE, ADEQUATE AND TIMELY INFORMATION PRIOR TO BOARD MEETINGS AND ON AN ONGOING BASIS.

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

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

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

The Company Secretaries administer and are available to attend Board meetings, and assist the Chairman in implementing appropriate Board procedures to facilitate compliance with the Company's Constitution. The Company Secretaries also ensures that the requirements of the Companies Act (Chapter 50), SGX-ST Listing Manual, ASX Listing Rules and other governance matters applicable to the Company are complied with. The Company Secretaries work together with the

REPORT ON CORPORATE GOVERNANCE
30 June 2018

ACCESS TO INFORMATION (Continued)
PRINCIPLE 6 (Continued)

Company to ensure that the Company complies with all relevant rules and regulations. The appointment and removal of the Company Secretaries are subject to the approval of the Board.

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

REMUNERATION MATTERS

PRINCIPLE 7: THE POLICY ON EXECUTIVE REMUNERATION AND FOR FIXING REMUNERATION PACKAGES OF INDIVIDUAL DIRECTORS SHOULD BE FORMAL AND TRANSPARENT. NO DIRECTOR SHOULD BE INVOLVED IN DECIDING HIS OWN REMUNERATION.

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

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

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

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

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

The Company does not have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the Share Plan scheme.

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

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

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.

REPORT ON
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REMUNERATION MATTERS (Continued)
PRINCIPLE 7 (Continued)

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

PRINCIPLE 8: THE LEVEL OF REMUNERATION SHOULD BE ALIGNED WITH THE LONG-TERM INTEREST AND RISK POLICIES OF THE COMPANY, AND SHOULD BE APPROPRIATE TO ATTRACT, RETAIN AND MOTIVATE (A) THE DIRECTORS TO PROVIDE GOOD STEWARDSHIP OF THE COMPANY, AND (B) KEY MANAGEMENT PERSONNEL TO SUCCESSFULLY MANAGE THE COMPANY. HOWEVER, COMPANIES SHOULD AVOID PAYING MORE THAN IS NECESSARY FOR THIS PURPOSE.

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

Executive Directors and key Management personnel remuneration comprises a fixed and a variable component, the latter of which is in the form of a bonus linked to the performance of the individual as well as the Company. In addition, short-term and long-term incentives, such as the CESOS and CPSP, 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 is valid for a period of three (3) years with effect from the date of expiry of the previous 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 Director's fees.

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

During FY2018, no Share Option and performance rights have been granted to the Executive Directors and key management personnel.

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

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

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

REPORT ON
CORPORATE GOVERNANCE

30 June 2018

REMUNERATION MATTERS (Continued)

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 year ended 30 June 2018. Instead, the Company discloses the bands of remuneration as follows:

FOR THE YEAR ENDED 30 JUNE 2018					
NAME OF DIRECTOR	SALARY	BONUS	DIRECTORS' FEES	ALLOWANCES AND OTHER BENEFITS	TOTAL S$
S$600,000 to S$849,999					
James Finbarr Fitzgerald	94%	-	-	6%	100%
Patrick John Tallon	94%	-	-	6%	100%
S$350,000 to S$599,999					
Kevin James Deery	93%	-	-	7%	100%
Below S$349,999					
Chong Teck Sin	-	-	100%	-	100%
Douglas Owen Chester	-	-	100%	-	100%
Wong Fook Choy Sunny	-	-	100%	-	100%

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

FOR THE YEAR ENDED 30 JUNE 2017					
NAME OF DIRECTOR	SALARY	BONUS	DIRECTORS' FEES	ALLOWANCES AND OTHER BENEFITS	TOTAL S$
S$600,000 to S$849,999					
James Finbarr Fitzgerald	84%	4%	-	12%	100%
Patrick John Tallon	84%	4%	-	12%	100%
S$350,000 to S$599,999					
Kevin James Deery	84%	4%	-	12%	100%
Below S$349,999					
Chong Teck Sin	-	-	100%	-	100%
Douglas Owen Chester	-	-	100%	-	100%
Wong Fook Choy Sunny	-	-	100%	-	100%

REPORT ON
CORPORATE GOVERNANCE

30 June 2018

REMUNERATION MATTERS (Continued)
PRINCIPLE 9 (Continued)

Details of remuneration paid to key management personnel (who are not Directors of the Company) of the Group for the financial year ended 30 June 2018 are set out below. For competitive reasons, the Company discloses only the band of remuneration of each management personnel as follows:

FOR THE YEAR ENDED 30 JUNE 2018					
NAME OF KEY EXECUTIVE	DESIGNATION	SALARY	BONUS	ALLOWANCES AND OTHER BENEFITS	TOTAL S$
S$300,000 to S$599,999					
Justine Campbell	Chief Financial Officer	90%	-	10%	100%
Terence Hemsworth*	Commercial Manager WP180	90%	-	10%	100%
Rodney Bowes	Group Manager Proposals	88%	-	12%	100%
Charles Sweeney	Executive General Manager – Metals and Minerals	77%	14%	9%	100%
Adam Goldsmith	Executive General Manager – Commercial & Risk	94%	-	6%	100%
Damian Kelliher*	General Manager – Support Services	94%	-	6%	100%

** Resigned as key management personnel in March 2018*

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

FOR THE YEAR ENDED 30 JUNE 2017					
NAME OF KEY EXECUTIVE	DESIGNATION	SALARY	BONUS	ALLOWANCES AND OTHER BENEFITS	TOTAL S$
S$300,000 to S$599,999					
Justine Campbell	Chief Financial Officer	81%	5%	14%	100%
Terence Hemsworth	Commercial Manager WP180	83%	3%	14%	100%
Rodney Bowes	Proposals Manager	83%	3%	14%	100%
Charles Sweeney	General Manager – Metals and Minerals	67%	22%	11%	100%
Damian Kelliher	General Manager – Support Services	83%	3%	14%	100%

The annual aggregate remuneration paid to all the above-mentioned directors and key management personnel of the Group is S$4,629,000 (2017: S$4,284,000) in FY2018.

Thomas Tallon, being the brother of Patrick Tallon, the CEO who holds the position of 'Supervisor – Construction' with a remuneration of S$208,000 (2017: S$208,000) for FY2018 was employed by the Company during year ended 30 June 2018. During the year, children of James Fitzgerald, being Clare Fitzgerald and Sean Fitzgerald, worked for the company, earning S$17,000 and S$34,000 respectively. Apart from those disclosed above, the Company does not have any employees who are immediate family members of a Director or CEO during FY2018. 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 in the 'Report by the Board of Directors' in the 'Financials' section of the Annual Report.

REPORT ON CORPORATE GOVERNANCE

30 June 2018

ACCOUNTABILITY AND AUDIT

PRINCIPLE 10: THE BOARD SHOULD PRESENT A BALANCED AND UNDERSTANDABLE ASSESSMENT OF THE COMPANY'S PERFORMANCE, POSITION AND PROSPECTS.

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

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

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 and ASX Online

PRINCIPLE 11: MAINTAINS A SOUND SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROLS TO SAFEGUARD THE SHAREHOLDERS' INTERESTS AND THE COMPANY'S ASSETS.

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

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

Mr. Chong Teck Sin – Chairman

Mr. Douglas Owen Chester – Member

Mr. Wong Fook Choy Sunny – Member

The RCC is guided by its terms of reference which highlights its primary responsibilities are to:

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

During the year, the RCC has:

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

REPORT ON
CORPORATE GOVERNANCE
30 June 2018

ACCOUNTABILITY AND AUDIT (Continued)
PRINCIPLE 11 (Continued)

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.

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.

The Company will publish its inaugural Sustainability Report in November 2018, which will further consider the management of any material economic, environmental and social sustainability risks faced by the Group.

REPORT ON
CORPORATE GOVERNANCE
30 June 2018

ACCOUNTABILITY AND AUDIT (Continued)

PRINCIPLE 12: ESTABLISH AN AUDIT COMMITTEE WITH WRITTEN TERMS OF REFERENCE WHICH CLEARLY SET OUT ITS AUTHORITY AND DUTIES.

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

Mr. Chong Teck Sin - Chairman

Mr. Douglas Owen Chester – Member

Mr. Wong Fook Choy Sunny – Member

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

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

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

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

In addition, the functions of the AC are to:

- review with the external auditors the audit plans, their evaluation of the system of internal controls, their management letter and the Management's response thereto;
- review with the internal auditors the internal audit plans and their evaluation of the adequacy of the internal control and accounting system before submission of the results of such review to the Board for approval;
- review the quarterly and annual financial statements and any formal announcements relating to our Group's financial performance before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the SGX-ST Listing Manual, ASX Listing Rules and any other relevant and statutory or regulatory requirements;
- review the internal control and procedures and ensure coordination 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 Management where necessary);
- review and consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors;
- review and consider the appointment or re-appointment of the internal auditors and matters relating to resignation or dismissal of the auditors;
- review interested person transactions (if any);

REPORT ON
CORPORATE GOVERNANCE
30 June 2018

ACCOUNTABILITY AND AUDIT (Continued)
PRINCIPLE 12 (Continued)

- review the Groups' hedging policies, procedures and activities (if any) and monitor the implementation of the hedging procedure/policies, including reviewing the instruments, processes and practices in accordance with any hedging polices approved by the Board;
- review potential conflicts of interest, if any, and set out a framework to resolve or mitigate such potential conflicts of interests;
- undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee;
- review and discuss with investigators, any suspected fraud, irregularity, or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response thereto;
- generally to undertake such other functions and duties as may be required by statute or the SGX-ST Listing Manual and ASX Listing Rules, and by such amendments made thereto from time to time;
- review the effectiveness and adequacy of the administrative, operating, internal accounting and financial control procedures;
- review the findings of internal investigation into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have material impact on the Group's operating results and/or financial position;
- review key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNET and ASX Online; and
- review the Group's compliance with such functions and duties as may be required under the relevant statutes or the SGX-ST Listing Manual and ASX Listing Rules, 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 cooperation of and complete access to the Company's Management. It has full discretion to invite any Director or Executive Officer to attend the meetings, and has been given reasonable resources to enable the discharge of its functions.

As at the Report date, the AC has:

- reviewed the scope of work of the external auditors;
- reviewed the scope of work of the internal auditors;
- reviewed audit plans and discussed the results of the respective findings and their evaluation of the Company's system of internal accounting controls;
- reviewed interested person transactions of the Company;
- met with the Company's external auditors and internal auditors without the presence of the Management;
- reviewed the external auditors' independence and objectivity; and
- reviewed the Company's procedures for detecting fraud and whistle-blowing matters and to ensure that arrangements are in place by which any employee may, in confidence, raise concerns about improprieties in matters of financial

REPORT ON
CORPORATE GOVERNANCE
30 June 2018

ACCOUNTABILITY AND AUDIT (Continued)
PRINCIPLE 12 (Continued)

reporting, financial control, or any other matters. A report is presented to the AC on a quarterly basis whenever there is a whistle-blowing issue.

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

The aggregate amount of agreed fees to be paid to the external auditors, Moore Stephens LLP for FY2018 is S$240,000 which comprises audit fee of S$173,000 and S$67,000 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 AC is kept abreast by the external auditors of changes to accounting standards, SGX-ST Listing Rules and ASX Listing Rules, and other regulations which could have an impact on the Group's business and financial statements.

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

There were no reports received through the whistle-blowing system during FY2018.

PRINCIPLE 13: ESTABLISH AN EFFECTIVE INTERNAL AUDIT FUNCTION THAT IS ADEQUATELY RESOURCED AND INDEPENDENT OF THE ACTIVITIES IT AUDITS.

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

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

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

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

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

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

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

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

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

REPORT ON
CORPORATE GOVERNANCE
30 June 2018

ACCOUNTABILITY AND AUDIT (Continued)

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.

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 SGX-ST Listing Manual, the Companies Act of Singapore and the ASX Listing Rules, it is the Board's policy that all the shareholders should be equally informed, on a timely basis via SGXNET and ASX Online, of all major developments that will or expect to have an impact on the Company or the Group.

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

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

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

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

The Company, however, has not implemented 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, as the authentication of shareholder indemnity information and other related security issues still remain a concern.

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

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

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

REPORT ON
CORPORATE GOVERNANCE

30 June 2018

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES (Continued)
PRINCIPLE 14, 15, 16 (Continued)

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

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

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

Civmec Limited is committed to providing excellent returns to its shareholders through a combination of longer term capital growth and regular dividend payments. The Board considers a range of factors in determining the dividend payable in any year, including the business environment, balance sheet, working capital requirements of the business and potential investment opportunities. 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 and ASX Online when the Company discloses its financial results. The Company has proposed a tax exempt (foreign source) First and Final Dividend of 0.7 Singapore cents per ordinary share for the financial year ended 30 June 2018, 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 FY2018.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and these interested person's transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders. There were no material interested person transactions for FY2018.

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 and price-sensitive information relating to the relevant securities.

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

Ms Chan Lai Yin

Ms Lee Pay Lee

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

Computershare
Level 11
172 St Georges Terrace
Perth WA 6000
Australia

AUDITORS

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

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

PRINCIPAL BANKER

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

CORPORATE WEBSITE

http://www.civmec.com.au

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CIVMEC LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Civmec Limited (the 'Company') and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2018, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the 'Act') and Financial Reporting Standards in Singapore ('FRSs') so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Revenue recognition on construction contracts We refer to Note 3(a)(ii) under 'Critical Accounting Judgements and Key Sources of Estimation Uncertainty' and Note 4 to the consolidated financial statements. The Group's revenue arising from construction contracts amounted to S$738.7 million for the financial year ended 30 June 2018. Revenue is recognised by reference to the stage of completion of the contract activity at the balance sheet date. We have focused on this area because of the significant judgment involved in estimating the contract revenue, contracts costs, and the percentage of completion of each project.	**Our response** We performed procedures to understand, evaluate and validate relevant key controls put in place by the management over the revenue and costs recognition on construction contracts. We assessed management's assumptions in determining the forecast contract revenue, percentage of completion of the projects and the total budgeted cost estimated for the project. We have challenged the appropriateness of the variations and claims included in the computation of the construction revenue. In particular, we focused on whether there were subsequent approval of these variations and claims or where it is probable that these variations and claims will be thereafter approved. We evaluated the appropriateness of inputs, amongst others, materials, subcontractor and labour costs used by management in their estimation of the total cost to complete and obtained supporting documentation on the major inputs.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CIVMEC LIMITED

KEY AUDIT MATTERS (Continued)

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Revenue recognition on construction contracts (Continued)	**Our response (Continued)** We also examined key project documentation and discussed the progress of the significant projects with the Group's key project personnel and management for potential disputes, variation order claims or significant events that could impact the estimated contract revenue, estimated contractual costs and stage of completion. We then assessed the arithmetic accuracy of the revenue and profit recognised based on the percentage of completion computation for individually significant projects. We have also checked that appropriateness of the carrying value of the work-in-progress by reviewing management's assessment of foreseeable losses on projects by focusing on projects with low or negative margins. **Our findings** In determining the percentage of completion of projects, the Group has a structured process and takes into account variations and claims depending on the status of the variation and nature of the variation or claim. Management conducts regular meetings to review the status of the projects including the variations and claims and any potential foreseeable losses. Management's judgement used in the estimation of the percentage of completion and decision on whether to include emerging profits from variations and claims or to recognise foreseeable losses is balanced and a fair reflection of their internal project discussions and external discussions with customers.
Recoverability of trade and other receivables We refer to Note 3(b)(i) under 'Critical Accounting Judgements and Key Sources of Estimation Uncertainty' and Note 10 of the consolidated financial statements. The carrying amount of trade and other receivables of the Group was S$290.8 million as at 30 June 2018. We focused on this area because of its significance and the degree of judgement required in determining the carrying amount of trade and other receivables as at the reporting date. The Group assesses at each financial year end where there is objective evidence that the receivables are impaired. When there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.	**Our response** We obtained an understanding of the Group's credit policy and evaluated the processes for identifying impairment indicators. We selected sample transactions to test the accuracy of the ageing computation. We have also reviewed significant outstanding trade and other receivables for any known significant difficulties of debtors. **Our findings** Based on our audit procedures, we found management's assessment of the recoverability of trade and other receivables to be reasonable and the disclosures to be appropriate.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CIVMEC LIMITED

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CIVMEC LIMITED

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

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

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

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

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

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

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

Moore Stephens LLP
Public Accountants and Chartered Accountants

Singapore
28 August 2018

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2018

	NOTE	GROUP 2018 S$'000	GROUP 2017 S$'000
Revenue	4	738,741	345,955
Cost of sales		(691,017)	(308,896)
Gross profit		47,724	37,059
Other income	4	8,708	2,215
Share in profit/(loss) of a joint venture	16	263	(260)
Administrative expenses		(18,537)	(26,774)
Finance costs	7	(4,272)	(2,575)
Other expenses		-	(119)
Profit before income tax	5	33,886	9,546
Income tax expense	8	(8,382)	(1,326)
Profit for the year		25,504	8,220
Profit attributable to:			
Owners of the Company		26,225	8,427
Non-controlling interest		(721)	(207)
		25,504	8,220
Earnings per share attributable to equity holders of the Company (cents per share):			
- Basic	9	5.23	1.68
- Diluted	9	5.23	1.68

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2018

	NOTE	GROUP 2018 S$'000	GROUP 2017 S$'000
Profit for the year		25,504	8,220
Other comprehensive (loss)/income:			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on re-translation from functional currency to presentation currency		(8,547)	9,308
Total comprehensive income for the year		16,957	17,528
Total comprehensive income attributable to:			
Owners of the Company		17,678	17,735
Non-controlling interest		(721)	(207)
		16,957	17,528

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2018

	NOTE	GROUP 30 JUNE 2018 S$'000	GROUP 30 JUNE 2017 S$'000	COMPANY 30 JUNE 2018 S$'000	COMPANY 30 JUNE 2017 S$'000
ASSETS					
Current assets					
Cash and cash equivalents	12	23,590	24,044	5	25
Trade and other receivables	10	290,846	157,273	34,610	29,233
Other current assets	11	1,764	1,262	-	4
Current tax recoverable	8	-	4,470	-	4,498
		316,200	187,049	34,615	33,760
Non-current assets					
Investment in subsidiaries	15	-	-	7,650	8,023
Investment in joint venture	16	-	129	-	-
Trade and other receivables	10	-	162	-	-
Property, plant and equipment	13	145,072	136,063	-	-
Intangible assets	14	11	11	-	-
Deferred tax assets	8	2,543	1,162	16	12
		147,626	137,527	7,666	8,035
TOTAL ASSETS		463,826	324,576	42,281	41,795
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	18	152,297	79,643	136	155
Borrowings	19	43,685	5,275	-	-
Provisions	20	9,284	5,115	-	-
Income tax payable		1,376	-	1,369	-
		206,642	90,033	1,505	155
Non-current liabilities					
Borrowings	19	65,044	56,696	-	-
Provisions	20	3,972	3,129	-	-
		69,016	59,825	-	-
TOTAL LIABILITIES		275,658	149,858	1,505	155

STATEMENTS OF FINANCIAL POSITION (Continued)

As at 30 June 2018

	NOTE	GROUP 30 JUNE 2018 S$'000	GROUP 30 JUNE 2017 S$'000	COMPANY 30 JUNE 2018 S$'000	COMPANY 30 JUNE 2017 S$'000
Capital and Reserves					
Share capital	21	37,864	37,864	37,864	37,864
Treasury shares	21	(11)	(11)	(11)	(11)
Other reserves	23	(22,670)	(14,123)	(3,250)	(2,464)
Retained earnings		174,063	151,345	6,173	6,251
Total equity attributable to the Owners of the Company		189,246	175,075	40,776	41,640
Non-controlling interest		(1,078)	(357)	-	-
TOTAL EQUITY		188,168	174,718	40,776	41,640
TOTAL LIABILITIES AND EQUITY		463,826	324,576	42,281	41,795

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

For the year ended 30 June 2018

GROUP	SHARE CAPITAL S$'000	TREASURY SHARES S$'000	OTHER RESERVES: MERGER RESERVE S$'000	OTHER RESERVES: FOREIGN CURRENCY TRANSLATION RESERVE S$'000	OTHER RESERVES: SHARE OPTION RESERVE S$'000	RETAINED EARNINGS S$'000	TOTAL S$'000	NON-CONT-ROLLING INTEREST S$'000	TOTAL S$'000
Balance as at 01 July 2017	37,864	(11)	9,010	(23,417)	284	151,345	175,075	(357)	174,718
Profit for the year	-	-	-	-	-	26,225	26,225	(721)	25,504
Other comprehensive income for the year:									
Exchange differences on re-translation from functional currency to presentation currency	-	-	-	(8,547)	-	-	(8,547)	-	(8,547)
Total comprehensive income for the year	-	-	-	(8,547)	-	26,225	17,678	(721)	16,957
Dividends paid (Note 21)	-	-	-	-	-	(3,507)	(3,507)	-	(3,507)
Balance as at 30 June 2018	37,864	(11)	9,010	(31,964)	284	174,063	189,246	(1,078)	188,168

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the year ended 30 June 2018

			OTHER RESERVES						
GROUP	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$'000	NON-CONT-ROLLING INTEREST S$'000	TOTAL S$'000
Balance as at 01 July 2016	37,864	(11)	9,010	(32,725)	284	146,425	160,847	(150)	160,697
Profit for the year	-	-	-	-	-	8,427	8,427	(207)	8,220
Other comprehensive income for the year:									
Exchange differences on re-translation from functional currency to presentation currency	-	-	-	9,308	-	-	9,308	-	9,308
Total comprehensive income for the year	-	-	-	9,308	-	8,427	17,735	(207)	17,528
Dividends paid (Note 21)	-	-	-	-	-	(3,507)	(3,507)	-	(3,507)
Balance as at 30 June 2017	37,864	(11)	9,010	(23,417)	284	151,345	175,075	(357)	174,718

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year ended 30 June 2018

	NOTE	GROUP 2018 S$'000	GROUP 2017 S$'000
Cash Flows from Operating Activities			
Profit before income tax		33,886	9,546
Adjustment for:			
Depreciation of property, plant and equipment	13	10,838	10,742
(Gain)/Loss on disposal of property, plant and equipment	4, 5	(276)	119
Share in (Profit)/Loss of a joint venture	16	(263)	260
Finance cost	7	4,272	2,575
Interest income	4	(366)	(280)
Foreign exchange differences		173	(30)
Operating cash flow before working capital changes		48,264	22,932
Changes in working capital:			
(Increase) in trade and other receivables		(145,087)	(69,378)
Increase in other current assets		(578)	(323)
Increase in trade and other payables		78,695	23,524
Increase/(Decrease) in provisions		5,562	(658)
Cash used in operations		(13,144)	(23,903)
Interest received		366	280
Finance cost paid		(3,750)	(2,474)
Income tax refund		-	4,550
Income taxes paid		(4,105)	(5,211)
Net cash (used in)/generated from operating activities		(20,633)	(26,758)
Cash Flows from Investing Activities			
Proceeds from disposal of property, plant and equipment		1,670	377
Purchase of property, plant and equipment	13	(28,046)	(20,642)
Investment in joint venture		-	(3,631)
Cash distribution from joint venture		450	9,070
Net cash used in investing activities		(25,926)	(14,826)
Cash Flows from Financing Activities			
Proceeds from borrowings		413,458	58,314
Repayment of borrowings		(362,729)	(30,847)
Dividends paid	21	(3,507)	(3,507)
Net cash generated from financing activities		47,222	23,960
Net increase/(decrease) in cash and cash equivalents		663	(17,624)
Effects of currency translation on cash and cash equivalents		(1,117)	1,880
Cash and cash equivalents at the beginning of the financial year		24,044	39,788
Cash and cash equivalents at the end of the financial year	12	23,590	24,044

The reconciliation of movements of liabilities to cash flows arising from financing activities is presented below:

	1 JULY 2017 S$'000	CASH FLOW: PROCEEDS S$'000	CASH FLOW: REPAYMENT S$'000	CASH FLOW: EXCHANGE S$'000	30 JUNE 2018 S$'000
Borrowings	61,971	413,458	(362,729)	(3,971)	108,729

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

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

1. GENERAL INFORMATION

Civmec Limited (the 'Company') was incorporated in the Republic of Singapore on 3 June 2010 under the Singapore Companies Act, Chapter 50 (the 'Act') as an investment holding company for the purpose of acquiring the subsidiary companies pursuant to the Restructuring Exercise. On the 29 March 2012 the company changed its name to Civmec Limited. The Company was listed on the Singapore Exchange Securities Ltd (SGX-ST) since 13 April 2012. On 22 June 2018, the Company was listed on the Australian Securities Exchange (ASX). The Company is now holding dual listing status. The Company has provided an option to shareholders to convert their shares with SGX-ST for shares with ASX, at the ratio of 1:1.

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

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

The financial statements for the financial year ended 30 June 2018 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 Financial Reporting Standards

(i) Application of New/Revised Financial Reporting Standards ('FRSs') effective for annual period beginning on or after 1 July 2017

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 July 2017. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

- Amendments to FRS 7 *Statement of Cash Flows*

The amendments require new disclosures that enable users of financial statements to evaluate 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)
(b) Adoption of New/Revised Financial Reporting Standards (Continued)
(i) Application of New/Revised Financial Reporting Standards ('FRSs') effective for annual period beginning on or after 1 July 2017 (Continued)

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. Comparatives are not required in the first year of adoption.

As this is a disclosure requirement, the application of this amendment has had no impact on the Group's consolidated financial statements. The above information is provided under consolidated statement of cash flows.

- Amendments to FRS 12 *Recognition of Deferred Tax Assets for Unrecognised Losses*

The amendments to FRS 12 *Recognition of Deferred Tax Assets for Unrecognised Losses* clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. The amendments to FRS 12 is effective for annual periods beginning on or after 1 July 2017. Management has reassessed all unrealised losses on debt instruments measured at fair value and there is no material impact.

(ii) New or Revised standards issued but not yet effective
At the date of authorisation of these financial statements, the relevant amended standards that has been issued but not yet effective is as follows:

DESCRIPTION		EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER
FRS 109	*Financial Instruments*	1 January 2018
FRS 115	*Revenue from Contracts with Customers*	1 January 2018
Amendments to FRS 102	*Classification and Measurement of Share-based Payment Transactions*	1 January 2018
INT FRS 122	*Foreign Currency Transactions and Advance Consideration*	1 January 2018
Improvements to FRSs (December 2016)		1 January 2018
- FRS 101	*First-time Adoption of International Financial Reporting Standards*	
- FRS 28	*Investments in Associates and Joint Ventures*	
FRS 116	*Leases*	1 January 2019
INT FRS 123	*Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to FRS 110 and FRS 28	*Investments in Associates and Joint Ventures - Sale or contribution of assets between an investor and its associate or joint venture*	Deferred indefinitely, early application is still permitted

Except for FRS 109, FRS 115 and FRS 116 described below, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application.

- FRS 109 *Financial Instruments*
  FRS 109 was introduced to replace FRS 39 *Financial Instruments: Recognition and Measurement*. FRS 109 changes the classification and measurement requirements for financial assets and liabilities, and also introduces a three-stage impairment model that will impair financial assets based on expected losses regardless of whether objective indicators of impairment have occurred. FRS 109 also provides a simplified hedge accounting model that will align more closely with companies' risk management strategies. FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is generally required, except that hedge accounting requirements are, with limited exemptions, applied prospectively. Comparative information need not be restated.

  The Group does not expect to reclassify any of their financial assets and liabilities as a result of the application of FRS 109.

NOTES TO THE
FINANCIAL STATEMENTS

For the year ended 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)
(b) Adoption of New/Revised Financial Reporting Standards (Continued)
(ii) New or Revised standards issued but not yet effective (Continued)

Trade, contract and lease receivables
The Group plans to apply the simplified impairment approach to recognise only lifetime expected credit losses ('ECL') impairment charges on all trade receivables and other contract assets that arise from FRS 115, as well as lease receivables. The Group does not expect a resulting significant change in aggregate impairment allowance on these receivables.

- FRS 115 *Revenue from Contracts with Customers*
  FRS 115 *Revenue from Contracts with Customers* sets out the requirements for recognising revenue that apply to all contracts with customers (except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments). FRS 115 replaces the previous revenue standards, FRS 18 *Revenue* and FRS 11 *Construction Contracts*, and the related interpretations on revenue recognition, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers*, and INT FRS 31 *Revenue - Barter Transactions Involving Advertising Services*.

  FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied. Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted.

  Significant judgments and estimates are used in determining the impact, such as the assessment of the probability of customer acceptance of claims, estimation of project completion date and assumed levels of project execution productivity.

  The contractual terms and the way in which the Group operates its construction contracts is predominantly derived from projects containing one performance obligation. Contract revenue will continue to be recognised over time, however the new standard provides new requirements for variable consideration, as well as accounting for claims and variations as contract modifications which all impart a higher threshold of probability for recognition. Revenue is currently recognised when it is probable that work performed will result in revenue whereas under the new standard, revenue is recognised when it is highly probable that a significant reversal of revenue will not occur for these modifications.

  Management is of the view that the adoption of FRS 115 is not expected to have a significant financial impact on the financial performance or the financial position of the Group, but will have necessary disclosures to be present in the financial statements.

- FRS 116 *Leases*
  FRS 116 *Leases* sets out a revised framework for the recognition, measurement, presentation and disclosure of leases, and replaces FRS 17 *Leases*, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases - Incentives*; and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a 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.

  FRS 116 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted for companies but only if it also apply FRS 115 *Revenue from Contracts with Customers* at or before the date of initial application of FRS 116.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)
(b) Adoption of New/Revised Financial Reporting Standards (Continued)
(ii) New or Revised standards issued but not yet effective (Continued)

At this stage, the Group is of the view that the expected impact of the Standard cannot be estimated reliably due to the number of lease contracts of the Group. The Group will make a more detailed assessment of the impact over the next twelve months.

- Convergence with International Financial Reporting Standards (IFRS)

  Singapore-incorporated companies listed on the Singapore Exchange (SGX) are required to apply a new financial reporting framework identical to the International Financial Reporting Standards (referred to as SG-IFRS in these financial statements) for the financial year ending 31 December 2018 onwards.

  The Group has performed a preliminary assessment of the impact of SG-IFRS 1 *First-time adoption of International Financial Reporting Standards* for the transition to the new reporting framework. Based on the Group's preliminary assessment, the Group expects that the impact on adoption of SG-IFRS 15 *Revenue from Contracts with Customers* and SG-IFRS 9 *Financial Instruments* will be similar to adopting FRS 115 and FRS 109 as described in this note.

  Other than the adoption of new and revised standards, the Group does not expect to change its existing accounting policies on adoption of the new framework. The Group will reassess the accounting policies adopted by the Group in accordance with FRS and SG-IFRS. Based on the Group's preliminary assessment, there are no material textual differences between these accounting standards.

  The Group has assessed the available accounting policy choices, transitional optional exemptions and transitional mandatory exceptions under SG-IFRS 1 and does not expect significant changes to the first SG-IFRS financial statements for the financial year ending 30 June 2019.

(c) Basis of Consolidation

(i) Subsidiaries

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

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

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

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

NOTES TO THE
FINANCIAL STATEMENTS
For the year ended 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)
(c) Basis of Consolidation (Continued)
(i) Subsidiaries (Continued)

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.

(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 Venture
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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)
(c) Basis of Consolidation (Continued)
(ii) Joint Arrangements (Continued)

Joint Operations

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

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

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

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

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

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

(d) Investment in Subsidiary Companies

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

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

(e) Revenue recognition

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

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

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

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

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

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the contract costs incurred to date as a percentage of the estimated total costs for the contract or on the basis of value of work completed. 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
For the year ended 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 ssets 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

For the year ended 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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

For the year ended 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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'.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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' and 'cash and cash equivalents' at the balance sheet date.

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

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Impairment of Non-Financial Assets

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

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

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

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

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

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

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

(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.

NOTES TO THE
FINANCIAL STATEMENTS
For the year ended 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)
(n) Financial Liability and Equity Instruments Issued by the Group (Continued)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)
(q) Employee Benefits (Continued)

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.

(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').

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)
(t) Related Parties (Continued)

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.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

(a) Critical Accounting Estimates and Assumptions

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

The carrying amount of the Group's property, plant and equipment as at 30 June 2018 was S$145,072,000 (2017: S$136,063,000) (Note 13). A 10% difference in the expected useful lives of these assets from management's estimate would result in an approximately S$1,084,000 (2017: S$1,074,000) variance in the Group's profit before tax.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)
(a) Critical Accounting Estimates and Assumptions (Continued)
(ii) Determination of percentage of completion on construction contracts (Continued)

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

(iii) Income taxes

The Group has exposure to income taxes of which a portion of these taxes arose from certain transactions and computations for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognises receivables or liabilities on expected tax issues based on their best estimates of the likely taxes recoverable or due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax positions in the period in which such determination is made. The carrying amounts of the Group's and Company's current income tax positions as at 30 June 2018 were current tax payable of S$1,376,000 (2017: tax recoverable of S$4,470,000) and S$1,369,000 (2017: tax recoverable of S$4,498,000) respectively. The carrying amounts of the Group's and Company's deferred tax assets and liabilities as at 30 June 2018 are disclosed in Note 8.

(b) Critical Judgements in Applying the Group's Accounting Policies

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

(i) Impairment of receivables

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

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

No impairment loss on trade receivables were recorded for the financial years ended 30 June 2018 and 2017.

The carrying value of the Group's and the Company's trade and other receivable as at 30 June 2018 is S$290,846,000 (2017: S$157,435,000) and S$34,610,000 (2017: $29,233,000).

(ii) Impairment of property, plant and equipment

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

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

No impairment loss on property, plant and equipment were recorded for the financial years ended 30 June 2018 and 2017.

The carrying amount of property, plant and equipment at 30 June 2018 is S$145,072,000 (2017: S$136,063,000).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

4. REVENUE AND OTHER INCOME

	GROUP	
	2018 S$'000	2017 S$'000
Revenue		
Construction contract revenue	715,506	338,751
Revenue from the rendering of services	22,294	6,419
Revenue from sales of goods	941	785
	738,741	345,955
Other Income		
Insurance recovery	7,432	-
Benefits from fringe benefits and payroll tax	-	1,298
Fuel tax rebate	617	386
Interest income:		
- Bank balances	366	198
- Tax authorities	-	82
Gain on disposal of property, plant and equipment	276	-
Rental from warehouse storage	-	65
Recovery of bad debts and costs	-	144
Miscellaneous income	17	42
	8,708	2,215

Insurance recovery relates to proceeds received relating to a fire in a shot blast machine.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

5. PROFIT BEFORE INCOME TAX

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

		GROUP	
	NOTE	2018 S$'000	2017 S$'000
Included in cost of sales:			
Direct materials		116,221	52,449
Employee benefits	6	308,037	157,046
Subcontract works		173,871	44,206
Workshop and other overheads		82,511	44,975
Depreciation of property, plant and equipment	13	10,377	10,220
Included in administrative expenses:			
Audit fees:			
• Auditors of the Company		82	75
• Other auditors		91	79
Non-audit fees:			
• Auditors of the Company		20	28
• Other auditors		47	72
Business development		1,004	1,196
Communications		2,557	1,615
Depreciation of property, plant and equipment	13	461	522
Directors' fees		220	220
Employee benefits	6	9,390	18,797
Occupancy expenses		468	719
Office costs		493	464
Other administrative expenses		753	736
Other professional fees		1,608	1,488
Tax fees		1,225	730
Net foreign exchange loss		89	29
Included in other expenses:			
Loss on disposal of property, plant and equipment		-	119

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

6. EMPLOYEE BENEFITS EXPENSES

	GROUP	
	2018 S$'000	2017 S$'000
Wages and salaries	242,511	167,079
Contributions to defined contribution plans	15,054	7,100
Other employee benefits	59,862	1,664
	317,427	175,843

7. FINANCE COSTS

	GROUP	
	2018 S$'000	2017 S$'000
Bank bills and bank guarantees	3,799	1,852
Finance leases	465	613
Premium funding	8	43
Other finance costs	-	67
	4,272	2,575

8. INCOME TAX EXPENSE

	GROUP	
	2018 S$'000	2017 S$'000
Current income tax	12,075	2,103
Deferred income tax	(1,830)	784
	10,245	2,887
(Over)/Under provision in prior years		
- Current income tax	(2,251)	(139)
- Deferred income tax	388	(1,422)
	(1,863)	(1,561)
	8,382	1,326

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

8. INCOME TAX EXPENSE (Continued)

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	
	2018 S$'000	2017 S$'000
Profit before income tax	33,886	9,546
Income tax at 30% (2017: 30%)	10,166	2,864
Add/(Deduct) tax effect of:		
Over provision of income tax in respect of prior years*	(2,251)	(139)
Under/(Over) provision of deferred tax expense	388	(1,422)
Unrecognised deferred tax asset on foreign operation	-	60
Non-taxable items	-	(37)
Non-deductible expenses	79	-
	8,382	1,326
Weighted average effective tax rates are as follows:	24.7%	14.0%

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

As at 30 June 2018, the Group has capital tax losses of approximately S$9,233,000 (2017: S$9,648,000) that are available for offset against future capital gains 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 capital 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 capital losses amounted to S$2,677,000 (2017: S$2,801,000) and are not recognised as there is no reasonable certainty that future capital gains will be available to utilise the capital tax losses.

The tax rate used for the 2018 and 2017 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.

NOTES TO THE
FINANCIAL STATEMENTS

For the year ended 30 June 2018

8. INCOME TAX EXPENSE (Continued)

The following shows the details of the deferred tax assets:

	OPENING BALANCE S$'000	CHARGED TO PROFIT OR LOSS S$'000	CURRENCY TRANSLATION S$'000	CLOSING S$'000
Group				
Deferred tax assets:				
Property, plant and equipment	(3,162)	1,021	(24)	(2,165)
Receivables	17	(18)	-	(1)
Trade and other payables	908	(41)	10	877
Provisions	2,566	(306)	25	2,285
Carried forward tax losses	42	25	1	68
Unrealised foreign exchange losses	10	(11)	-	(1)
Others	130	(32)	1	99
Balance at 30 June 2017	511	638	13	1,162
Property, plant and equipment	(2,165)	(1,345)	57	(3,453)
Receivables	(2)	2	-	-
Trade and other payables	877	780	(33)	1,624
Provisions	2,286	2,037	(86)	4,237
Carried forward tax losses	68	(3)	0	65
Unrealised foreign exchange losses	(1)	1	-	-
Others	99	(30)	1	70
Balance at 30 June 2018	1,162	1,442	(61)	2,543
Company				
Deferred tax assets:				
Cast at bank	-	4	-	4
Loan receivables	16	(16)	-	-
Trade and other payables	20	(14)	2	8
Balance at 30 June 2017	36	(26)	2	12
Cast at bank	4	(17)	-	(13)
Loan receivables	-	5	-	5
Trade and other payables	8	16	-	24
Balance at 30 June 2018	12	4	-	16

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

8. INCOME TAX EXPENSE (Continued)

Aggregate amount of temporary differences associated with goodwill amounted to S$67,837,000 (2017: S$71,142,000), for which deferred tax assets have not been recognised.

Current tax recoverable

Current tax recoverable mainly arose from the Group's overprovision of income taxes in respect of the prior year and is recovered in the current financial year.

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	
	2018 S$'000	2017 S$'000
Profit attributable to the owners of the Company (S$'000)	26,225	8,427
Share capital	501,000,000	501,000,000
Weighted average number of ordinary shares issued		
• Basic	500,985,000	500,985,000
• Diluted	500,985,000	500,985,000
Earnings per ordinary share (S$ cents)		
• Basic	5.23	1.68
• Diluted	5.23	1.68

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 2018 and 2017, the diluted earnings per share is the same as the basic earnings per share as it does not include the effect of 4,000,000 (2017: 4,500,000) unissued ordinary shares granted under the CESOS (Note 22(b)). The effect of the inclusion is anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

10. TRADE AND OTHER RECEIVABLES

	NOTE	GROUP 2018 S$'000	GROUP 2017 S$'000	COMPANY 2018 S$'000	COMPANY 2017 S$'000
Current:					
Trade receivables					
- Third party		131,637	59,567	-	-
- Retention on construction claims		6,205	5,460	-	-
		137,842	65,027	-	-
Amount due from customers for contracts in progress	(a)	152,786	91,315	-	-
Receivables from subsidiaries		-	-	34,587	29,233
Other receivables		218	931	23	-
		290,846	157,273	34,610	29,233
Non-current:					
Trade receivables					
- Retention on construction claims		-	162	-	-
Total trade and other receivables		290,846	157,435	34,610	29,233
(a) Contracts in progress:					
Contract costs incurred		1,262,148	388,692	-	-
Recognised profits		53,372	33,185	-	-
		1.315,520	421,877	-	-
Less: Progress billings		(1,182,153)	(336,604)	-	-
Currency translation		(3,979)	1,739	-	-
Amount due from customers for construction contracts		129,388	87,012	-	-
Presented as:					
Due from customers		152,786	91,315	-	-
Due to customers	18	(23,398)	(4,303)	-	-
		129,388	87,012	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

11. OTHER CURRENT ASSETS

	GROUP		COMPANY	
	2018 S$'000	2017 S$'000	2018 S$'000	2017 S$'000
Prepayments	1,126	824	-	4
Consumables inventory	638	438	-	-
	1,764	1,262	-	4

12. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2018 S$'000	2017 S$'000	2018 S$'000	2017 S$'000
Cash at bank and in hand	23,590	24,044	5	25

Cash at banks earns interest at floating rates ranging from 0.01% to 1.5% (2017: 0.01% to 1.5%) per annum.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

13. 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$'000	ASSETS UNDER CONSTRUCTION S$'000	TOTAL S$'000
2018									
Cost									
At 01 July 2017	17,207	58,778	52,390	14,210	6,986	1,452	2,161	20,817	174,001
Additions	-	56	-	4,479	1,010	152	384	21,965	28,046
Transfer	-	-	6,962	-	-	-	-	(6,962)	-
Disposals	-	-	(1,605)	(1,039)	(448)	(116)	(39)	-	(3,247)
Currency translation	(800)	(2,732)	(2,593)	(763)	(341)	(69)	(111)	(1,415)	(8,824)
At 30 June 2018	16,407	56,102	55,154	16,887	7,207	1,419	2,395	34,405	189,976
Accumulated depreciation									
At 01 July 2017	-	(8,721)	(17,010)	(5,943)	(3,690)	(841)	(1,733)	-	(37,938)
Depreciation for the year	-	(2,520)	(4,575)	(2,389)	(837)	(177)	(340)	-	(10,838)
Disposals	-	-	534	737	427	116	39	-	1,853
Currency translation	-	478	906	323	183	41	88	-	2,019
At 30 June 2018	-	(10,763)	(20,145)	(7,272)	(3,917)	(861)	(1,946)	-	(44,904)
Net carrying amount									
At 30 June 2018	16,407	45,339	35,009	9,615	3,290	558	449	34,405	145,072
2017									
Cost									
At 01 July 2016	16,277	55,605	46,576	12,602	6,900	1,374	2,044	4,850	146,228
Additions	-	-	1,702	1,438	62	-	-	17,440	20,642
Transfer	-	-	2,061	-	-	-	-	(2,061)	-
Disposals	-	-	(670)	(567)	(363)	(1)	-	-	(1,601)
Currency translation	930	3,173	2,721	737	387	79	117	588	8,732
At 30 June 2017	17,207	58,778	52,390	14,210	6,986	1,452	2,161	20,817	174,001
Accumulated depreciation									
At 01 July 2016	-	(5,817)	(12,456)	(3,682)	(2,885)	(631)	(1,244)	-	(26,715)
Depreciation for the year	-	(2,552)	(4,248)	(2,468)	(884)	(172)	(418)	-	(10,742)
Disposals	-	-	433	426	245	1	-	-	1,105
Currency translation	-	(352)	(739)	(219)	(166)	(39)	(71)	-	(1,586)
At 30 June 2017	-	(8,721)	(17,010)	(5,943)	(3,690)	(841)	(1,733)	-	(37,938)
Net carrying amount									
At 30 June 2017	17,207	50,057	35,380	8,267	3,296	611	428	20,817	136,063

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) As at the balance sheet date the net book value of property, plant and equipment that were under finance leases was S$24,145,000 (2017: S$20,901,000) (Note 19).

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

		GROUP	
PROPERTY, PLANT AND EQUIPMENT	BORROWINGS	2018 S$'000	2017 S$'000
Leased plant and equipment	Finance lease	24,145	20,901
Remaining property, plant and equipment	Bank bills	120,927	115,162
		145,072	136,063

Refer to Note 19 for further information on Borrowings.

14. INTANGIBLE ASSETS

	GROUP	
	2018 S$'000	2017 S$'000
Goodwill	11	11

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

Management is of the opinion that the recoverable amount will exceed the carrying amount on the basis that this cash generating unit has been generating profit since acquisition and management forecasts the results of this subsidiary to be in a net profit position for the financial year ended 30 June 2018. In arriving at this assessment, management has determined the recoverable amount using a two (2017: two) year forecasting process based on the current order book, projected orders and consumer price index ('CPI') factor of 1.2% (2017: 1.9%) per annum on direct costs and overhead costs.

	GROUP	
	2018 S$'000	2017 S$'000
Balance at the beginning of the year	11	10
Currency translation	-	1
Balance at the end of the year	11	11

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

15. INVESTMENT IN SUBSIDIARIES

	GROUP	
	2018 S$'000	2017 S$'000
At cost:		
Balance at the beginning of the year	8,023	7,590
Currency translation	(373)	433
Balance at the end of the year	7,650	8,023

There is no material non-controlling interest to be disclosed for the financial year ended 30 June 2018.

Details of the Company's subsidiaries at 30 June 2018 are as follows:

NAME OF ENTITY	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	% OF EQUITY HELD BY THE GROUP 2018	2017
Held by the Company				
Civmec Construction & Engineering Pty Ltd*	Engineering and construction services	Australia	100	100
Civmec Construction & Engineering, Singapore Pte Ltd**	Engineering and construction services	Singapore	100	100
Held by Civmec Construction & Engineering, Singapore Pte Ltd				
Civmec-Mala PNG**	Engineering and construction services	Papua New Guinea	88	88
Held by Civmec Construction & Engineering Pty Ltd				
Civmec Holdings Pty Ltd*	Asset holding company	Australia	100	100
Multidiscipline Solutions Pty Ltd*	Asset holding company Labour supply	Australia	100	100
Civmec Pipe Products Pty Ltd*	Asset holding company	Australia	83.5	83.5
Civmec Electrical and Instrumentation Pty Ltd*	Electrical services	Australia	100	100
Civmec DLG Pty Ltd*	Engineering and construction services	Australia	100	50
Forgacs Marine and Defence Pty Ltd*	Marine and defence services	Australia	100	100
Civmec Construction & Engineering Africa Ltd*	Asset holding company	Mauritius	100	100
Australian Maritime Shipbuilding and Export Group Ltd (AMSEG)*(a)	Shipbuilding	Australia	49	-
Held by Forgacs Marine and Defence Pty Ltd				
Forgacs Valco Pty Ltd*(b)	Valve services	Australia	50	50
Held by Civmec Construction & Engineering Africa Ltd				
Civmec Construction & Engineering Uganda Ltd*	Asset holding company	Uganda	100	100
Held by Civmec Construction & Engineering Uganda Ltd				
Civtec Africa Ltd*(b)	Engineering and construction services	Uganda	50	50

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

16. INVESTMENT IN JOINT VENTURE

Summarised statement of financial position

	GROUP	
	2018 S$'000	2017 S$'000
Cost of investment	129	389
Share of profit/(loss)	263	(260)
	392	129
Cash distribution to shareholders	(450)	-
Other reconciling items	58	-
As at 30 June	-	129

The joint venture distributed cash dividends of S$450,000 (2017: Nil) to the Group during the financial year ended 30 June 2018. Accordingly, the investment in joint venture has been reduced to Nil on the basis that the joint venture reported a net liability position as at 30 June 2018.

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

NAME OF ENTITY	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	% OF EQUITY HELD BY THE GROUP 2018	% OF EQUITY HELD BY THE GROUP 2017
Held by Civmec Construction & Engineering Pty Ltd				
Sedgman Civmec Joint Venture	Engineering and construction services	Australia	50	50

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

16. INVESTMENT IN JOINT VENTURE (Continued)

Summarised statement of financial position

	GROUP	
	2018 S$'000	2017 S$'000
Cash and cash equivalents	78	72
Trade receivables	78	1,530
Other assets	2,580	4,295
Total current assets	2,736	5,897
Trade and other payables - current	2,838	5,640
Net (liabilities)/assets	(102)	257

Summarised statement of comprehensive income

	GROUP	
	2018 S$'000	2017 S$'000
Revenue	1,164	20,002
Operating expenses	(629)	(20,610)
Interest income	6	95
Administrative expenses	-	(7)
Profit/(Loss) before tax	541	(520)
Other comprehensive income	(16)	-
Total comprehensive income/(loss)	525	(520)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

16. INVESTMENT IN JOINT VENTURE (Continued)

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

	GROUP	
	2018 S$'000	2017 S$'000
Net (liabilities)/assets of the joint venture	(102)	257
Proportion of the Group's ownership interest in the joint venture	50.0%	50.0%
Carrying amount of the Group's interest in the joint venture	(51)*	129

** Reported as Nil as at 30 June 2018*

17. JOINT OPERATIONS

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

NAME OF JOINT OPERATION	PRINCIPAL ACTIVITIES	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	PROPORTION (%) OF OWNERSHIP INTEREST HELD BY THE GROUP	
			2018	2017
Black & Veatch Civmec JV ('BCJV')	Engineering and Construction Services	Australia	50	50
Amec Foster Wheeler Civmec JV ('ACJV')	Engineering and Construction Services	Australia	50	50
Swan River Bridge Alliance Civmec JV ('SRBA')	Engineering and Construction Services	Australia	33	-

BCJV project is for the design and construction of the wastewater treatment plant upgrade.

ACJV is for the design, procurement and installation of a process plant, administration office and warehouse.

SRBA project is for the fabrication of the pedestrian footbridge over the Swan River.

The Group is entitled to a proportionate share of the construction contract revenue earned and bears a proportionate share of the joint operations' expenses.

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FINANCIAL STATEMENTS

For the year ended 30 June 2018

18. TRADE AND OTHER PAYABLES

	NOTE	GROUP 2018 S$'000	GROUP 2017 S$'000	COMPANY 2018 S$'000	COMPANY 2017 S$'000
Trade creditors		46,176	34,406	-	-
Sundry payables and accrued expenses:					
Accrued expenses		62,826	21,700	136	155
Amount due to customers for contracts in progress	10	23,398	4,303	-	-
Goods and services tax payable		6,693	3,179	-	-
Advanced billings		7,886	12,635	-	-
Other taxes payable		5,318	3,420	-	-
		152,297	79,643	136	155

Trade and other payables are usually paid within 45 days.

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

19. BORROWINGS

	NOTE	GROUP 2018 S$'000	GROUP 2017 S$'000	COMPANY 2018 S$'000	COMPANY 2017 S$'000
Current:					
Finance lease liabilities					
- secured	19(a)	5,006	5,179	-	-
Bank bills – secured	19(b)	38,679	96	-	-
		43,685	5,275	-	-
Non-current:					
Finance lease liabilities					
- secured	19(a)	8,502	6,234	-	-
Bank bills – secured	19(b)	56,221	50,107	-	-
Loan from related parties – unsecured	19(c)	321	355	-	-
		65,044	56,696	-	-
Total borrowings		108,729	61,971	-	-

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19. BORROWINGS (Continued)

(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 6.30% per annum (2017: 3.52% to 7.77%).

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

	NOTE	GROUP 2018 S$'000	GROUP 2017 S$'000
Property, plant and equipment	13	24,145	20,901

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
2018			
Less than one year	5,489	(483)	5,006
Between one and five years	9,118	(616)	8,502
	14,607	(1,099)	13,508
2017			
Less than one year	5,562	(383)	5,179
Between one and five years	6,489	(255)	6,234
	12,051	(638)	11,413

(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 2018, the Group met all of these financial covenants.

As at 30 June 2018, the Group has a commercial bank facility amounting to S$100,947,000 (2017: S$55,897,000) which was 94% (2017: 90%) utilised. Interest rates are variable and ranged between 2.65% to 4.16% (2017: 2.72% to 3.08%) per annum during the current financial year.

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

(c) Loans From Related Parties

Loans from related parties are non-trade, unsecured, interest-free and repayable on demand.

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For the year ended 30 June 2018

20. PROVISIONS

	GROUP	
	2018 S$'000	2017 S$'000
Current		
Provision for employee benefits	9,284	5,115
Non-current		
Provision for employee benefits	3,972	3,129
	13,256	8,244

Movements in provisions are as follows:

	GROUP	
	2018 S$'000	2017 S$'000
Current		
Opening balance at the beginning of the year	5,115	5,940
Provisions made during the year		
- Included in employee benefits	17,382	8,684
Provisions utilised during the year	(12,839)	(9,824)
Currency translation	(374)	315
Closing balance at the end of the year	9,284	5,115
Non-current		
Opening balance at the beginning of the year	3,129	2,494
Provisions made during the year		
- Included in employee benefits	1,053	503
Provisions utilised during the year	(33)	(21)
Currency translation	(177)	153
Closing balance at the end of the year	3,972	3,129

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 2.51% to 3.94% (2017: 2.28% to 4.00%).

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FINANCIAL STATEMENTS

For the year ended 30 June 2018

21. SHARE CAPITAL

(a) Fully Paid Ordinary Shares

	2018		2017	
	NO. OF SHARES	S$'000	NO. OF SHARES	S$'000
Ordinary shares issued and fully paid	501,000,000	37,864	501,000,000	37,864
Shares held as treasury shares	(15,000)	(11)	(15,000)	(11)
	500,985,000	37,853	500,985,000	37,853

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

The Company approved the payment of First and Final dividend of 0.7 Singapore cents per ordinary share (2017: 0.7 Singapore cents) amounting to S$3,507,000 (2017: S$3,507,000) for the financial year ended 30 June 2017. The dividend payment was made on 07 December 2017.

The Board has recommended a first and final dividend of 0.7 Singapore cents per ordinary share for the financial year ended 30 June 2018, subject to shareholders' approval at the forthcoming Annual General Meeting.

(b) Treasury Shares

	2018		2017	
	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.

(c) Share Options

	2018		2017	
	NO. OF SHARES	S$'000	NO. OF SHARES	S$'000
Balance at the beginning of the year	4,500,000	0.65	5,000,000	0.65
Options cancelled during the year	(500,000)	-	(500,000)	-
Balance at the end of the year	4,000,000	0.65	4,500,000	0.65

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

22. SHARE-BASED PAYMENTS

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

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

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

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

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

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For the year ended 30 June 2018

22. SHARE-BASED PAYMENTS (Continued)
(b) Employee Share Option Scheme (Continued)

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

	2018		2017	
	NO.	WAEP $	NO.	WAEP $
Outstanding at the beginning of the year	4,500,000	0.65	5,000,000	0.65
Cancelled during the year	(500,000)	-	(500,000)	-
Outstanding at the end of the year	4,000,000	0.65	4,500,000	0.65
Exercisable at the end of the year	4,000,000		4,500,000	

The weighted average remaining contractual life of options outstanding as at 30 June 2018 is 5 years (2017: 6 years). The exercise price of outstanding shares was S$0.65 (2017: $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 (2017: $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.

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For the year ended 30 June 2018

23. OTHER RESERVES

	GROUP		COMPANY	
	2018 S$'000	2017 S$'000	2018 S$'000	2017 S$'000
Foreign currency translation reserve	(31,964)	(23,417)	(9,203)	(8,417)
Merger reserve	9,010	9,010	9,010	9,010
Waiver of interest receivable from a subsidiary	-	-	(3,341)	(3,341)
Share option reserve	284	284	284	284
	(22,670)	(14,123)	(3,250)	(2,464)

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

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	
	2018 S$'000	2017 S$'000
Not later than 12 months	3,296	2,579
Between 12 months and five years	13,661	14,410
More than five years	54,696	57,009
	71,653	73,998

The Group has below commercial operating leases:

- The Henderson land lease at Lot 804 (16) Nautical Drive & 2 Sepia Close, 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.
- The Broome property lease at 266-268 Port Drive, Minyirr is for a 5-year period from August 2014. Rent increases as per the CPI index.
- The New South Wales leases at Suite 4.02, level 4, 657 Pacific Highway Street Leonards and 48 Villiers Street, Grafton, New South Wales are for a 3-year period and 1-year period respectively.
- The Gladstone lease at 5 Dalrympie Drive, Toolooa, Queensland is for a 1-year period.
- The Group entered into two short-term leases in Western Australia: 21/43 Rockingham Beach Road and Unit 8 Stockton Bend, Cockburn Central, for a period of less than 12 months.

(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	
	2018 S$'000	2017 S$'000
Plant and equipment purchases	4,809	1,734
Capital projects	20,162	22,132
	24,971	23,866
Not later than 12 months	21,632	23,866

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For the year ended 30 June 2018

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 2018, the Group has given the following:

	GROUP	
	2018 S$'000	2017 S$'000
Bank guarantee	3,736	10,484
Surety bond facility	128,055	105,258
	131,791	115,742

The surety bond facility is provided for the provision of performance bonds to customers of the Group. It has a limit of A$175 million (equivalent to S$176.66 million) as at 30 June 2018 (2017: A$125 million equivalent to S$125.19 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%).

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	
	2018 S$'000	2017 S$'000
Directors' remuneration		
- Salaries and other related costs	1,793	1,569
- Directors' fees	220	220
- Benefits including defined contribution plans	125	211
Other key management personnel		
- Salaries and other related costs	2,262	1,981
- Benefits including defined contribution plans	229	303
	4,629	4,284

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For the year ended 30 June 2018

26. RELATED PARTY TRANSACTIONS (Continued)

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	
	2018 No.	2017 No.
Directors	-	-
Key management personnel	2,000,000	3,000,000

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	
	2018 S$'000	2017 S$'000
Purchase of goods and services		
Other Related Parties:		
- Consultant fee paid to a related party (who is a director of the Company)	(8)	(8)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

27. FINANCIAL INFORMATION BY SEGMENTS (Continued)

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

- the products sold and/or services provided by the segment;

- the manufacturing process;

- the type or class of customer for the products or services;

- the distribution method; and

- any external regulatory requirements

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

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

Basis of Accounting for Purpose of Reporting by Operating Segments

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

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

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

(c) Segment Assets and Liabilities
The Group does not identify nor segregate its assets and liabilities in operating segments as these are managed on a 'group basis'.

Geographical Segments (Secondary Reporting)

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

Major Customers

The Group has a number of customers to whom it provides both products and services. For the year ended 30 June 2018, the Group supplies to a single external customer in Metals and Minerals segment who accounts for 18.5% of external revenue (2017: Metals and Minerals 15.2%). The next most significant client accounts for 8.9% and 8.7% (2017: 7.8% and 7.4%) of external revenue.

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27. FINANCIAL INFORMATION BY SEGMENTS (Continued)

	2018				2017			
	OIL & GAS S$'000	METALS AND MINERALS S$'000	INFRA-STRUCTURE S$'000	TOTAL S$'000	OIL & GAS S$'000	METALS AND MINERALS S$'000	INFRA-STRUCTURE S$'000	TOTAL S$'000
Revenue – external sales	144,252	450,865	143,624	738,741	54,016	191,356	100,583	345,955
Cost of sales (excluding depreciation)	(128,209)	(415,225)	(137,206)	(680,640)	(38,929)	(161,373)	(98,374)	(298,676)
Depreciation expense	(1,955)	(6,330)	(2,092)	(10,377)	(2,121)	(5,688)	(2,411)	(10,220)
Segment results	14,088	29,310	4,326	47,724	12,966	24,295	(202)	37,059
Other income:								
Recovery of bad debt	-	-	-	-	65	-	-	65
Other income	-	-	-	8,708	-	-	-	2,150
Share in profit/(loss) of a joint venture	-	263	-	263	-	(260)	-	(260)
Finance costs	-	-	-	(4,272)	-	-	-	(2,575)
Administrative expenses				(18,076)		-	-	(26,252)
Depreciation expense	-	-	-	(461)	-	-	-	(522)
Other expenses	-	-	-	-	-	-	-	(119)
Profit before income tax	-	-	-	33,886	-	-	-	9,546
Income tax expense	-	-	-	(8,382)	-	-	-	(1,326)
Net profit for the year	-	-	-	25,504	-	-	-	8,220
Segment assets:								
Intangible assets	-	11	-	11	-	11	-	11
Unallocated assets:	-	-	-	-	-	-	-	-
Assets	-	-	-	459,508	-	-	-	322,142
Other current assets	-	-	-	1,764	-	-	-	1,261
Deferred tax assets	-	-	-	2,543	-	-	-	1,162
Total assets	-	-	-	463,826	-	-	-	324,576
Segment liabilities:								
Unallocated liabilities	-	-	-	-	-	-	-	
Liabilities	-	-	-	152,297	-	-	-	79,643
Borrowings	-	-	-	108,729	-	-	-	61,971
Provisions	-	-	-	13,256	-	-	-	8,244
Income tax payable	-	-	-	1,376	-	-	-	-
Total liabilities	-	-	-	275,658	-	-	-	149,858
Other segment information								
Capital expenditures during the year	-	-	-	28,046	-	-	-	20,642

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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 2018, approximately 12% (2017: 19%) 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% (2017: 1%) with all other variables remain constant, the Group's profit before tax will be approximately lower/higher by S$949,000 (2017: S$506,000) as a result of higher/lower interest expenses on these borrowings.

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

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

	VARIABLE RATES		FIXED RATES			
	WITHIN 1 YEAR S$'000	BETWEEN 2 AND 5 YEARS S$'000	WITHIN 1 YEAR S$'000	BETWEEN 2 AND 5 YEARS S$'000	NON-INTEREST BEARINGS S$'000	TOTAL S$'000
Group						
2018						
Financial Assets						
Cash and cash equivalents	23,590	-	-	-	-	23,590
Trade and other receivables	-	-	-	-	290,846	290,846
	23,590	-	-	-	290,846	314,436
Financial Liabilities						
Trade and other payables	-	-	-	-	109,002	109,002
Borrowings – finance lease	-	-	5,006	8,502	-	13,508
Borrowings – bank bills	38,679	56,221	-	-	-	94,900
Borrowings – related parties	-	321	-	-	-	321
	38,679	56,542	5,006	8,502	109,002	217,731

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28. FINANCIAL RISK MANAGEMENT Continued)
(a) Market Risk (Continued)

	VARIABLE RATES		FIXED RATES			
	WITHIN 1 YEAR S$'000	BETWEEN 2 AND 5 YEARS S$'000	WITHIN 1 YEAR S$'000	BETWEEN 2 AND 5 YEARS S$'000	NON-INTEREST BEARINGS S$'000	TOTAL S$'000
Group						
2017						
Financial Assets						
Cash and cash equivalents	24,044	-	-	-	-	24,044
Trade and other receivables	-	-	-	-	157,435	157,435
	24,044	-	-	-	157,435	181,479
Financial Liabilities						
Trade and other payables	-	-	-	-	56,106	56,106
Borrowings – finance lease	-	-	5,179	6,234	-	11,413
Borrowings – bank bills	96	50,107	-	-	-	50,203
Borrowings – related parties	-	355	-	-	-	355
	96	50,462	5,179	6,234	56,106	118,077
Company						
2018						
Financial Assets						
Cash and cash equivalents	-	-	-	-	5	5
Trade and other receivables	-	-	-	-	34,610	34,610
	-	-	-	-	34,615	34,615
Financial Liabilities						
Trade and other payables	-	-	-	-	136	136
	-	-	-	-	136	136
2018						
Financial Assets						
Cash and cash equivalents	-	-	-	-	25	25
Trade and other receivables	-	-	-	-	29,233	29,233
	-	-	-	-	29,258	29,258
Financial Liabilities						
Trade and other payables	-	-	-	-	155	155
	-	-	-	-	155	155

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28. FINANCIAL RISK MANAGEMENT Continued)
(a) Market Risk (Continued)

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

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

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

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

The Group has a concentration of credit risk with one counterparty accounting for 20% (2017: 17%) of trade receivables as at 30 June 2018.

The following table details the Group's and the Company's trade and other receivables, excluding retention sums, 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.

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28. FINANCIAL RISK MANAGEMENT (Continued)
(b) Credit Risk (Continued)

			PAST DUE BUT NOT IMPAIRED			
	GROSS AMOUNT S$'000	WITHIN INITIAL TRADE TERMS S$'000	31-60 DAYS S$'000	61-90 DAYS S$'000	>90 DAYS S$'000	PAST DUE AND IMPAIRED S$'000
Group						
2018						
Trade receivables	137,842	69,116	60,356	7,283	1,087	-
Other receivables	153,004	153,004	-	-	-	-
Total	290,846	222,120	60,356	7,283	1,087	-
2017						
Trade receivables	65,189	41,595	21,399	1,033	1,162	-
Other receivables	92,246	92,246	-	-	-	-
Total	157,435	133,841	21,399	1,033	1,162	-
Company						
2018						
Receivables from subsidiaries	34,587	34,587	-	-	-	-
Other receivables	23	23				
Total	34,610	34,610	-	-	-	-
2017						
Receivables from subsidiaries	29,233	29,233	-	-	-	-
Total	29,233	29,233	-	-	-	-

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	
	2018 S$'000	2017 S$'000	2018 S$'000	2017 S$'000
Cash and cash equivalents:				
AA Rated	23,590	24,044	5	25

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

28. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity Risk
Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting its commitments concerning its financial liabilities. The Group and the Company manages this risk through the following mechanism:

- Preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;

- Monitoring undrawn credit facilities;

- Maintaining credit risk related to financial assets;

- Obtaining funding from a variety of sources;

- Only investing surplus cash with major financial institutions; and

- Comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and do not reflect management's expectations that banking facilities will be rolled forward. Balances due within 12 months equal their carrying amount as the impact of discounting is not significant.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

28. FINANCIAL RISK MANAGEMENT (Continued)
(c) Liquidity Risk (Continued)

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

		CONTRACTUAL UNDISCOUNTED CASH FLOWS		
	CARRYING AMOUNT S$'000	WITHIN 1 YEAR S$'000	BETWEEN 2-5 YEARS S$'000	TOTAL S$'000
Group				
2018				
Financial Liabilities				
Trade and other payables	109,002	109,002	-	109,002
Borrowings:				
- Finance lease	13,508	5,498	9,118	14,616
- Bank bills	94,900	39,839	59,645	99,484
- Related parties	321	-	351	351
Total financial liabilities	217,731	154,339	69,114	223,453
2017				
Financial Liabilities				
Trade and other payables	56,106	56,106	-	56,106
Borrowings:				
- Finance lease	11,413	5,562	6,489	12,051
- Bank bills	50,203	96	53,203	53,299
- Related parties	355	-	388	388
Total financial liabilities	118,077	61,764	60,080	121,844
Company				
2018				
Financial Liabilities				
Trade and other payables	136	136	-	136
Total financial liabilities	136	136	-	136
2017				
Financial Liabilities				
Trade and other payables	155	155	-	155
Total financial liabilities	155	155	-	155

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

28. FINANCIAL RISK MANAGEMENT (Continued)

(d) Capital Management
Management controls the capital of the Group in order to maintain a good debt-to-equity ratio, provide the shareholders with adequate returns and to ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

The Group and the Company have no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distribution to shareholders and share issues.

The net debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as total financial liabilities less cash and cash equivalents.

	GROUP	
	2018 S$'000	2017 S$'000
Net debt	194,141	94,033
Total equity	189,246	175,075
Net debt-to-equity ratio	1.03	0.54

There were no changes in the Group's approach to capital management during the current financial year.

(e) Fair Value Estimation
The fair values of financial assets and financial liabilities can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated.

The fair value of current financial assets and financial liabilities approximate the carrying value due to the liquid nature of these assets and / or the short term nature of these financial rights and obligations.

The fair value of non-current receivables and borrowings are calculated based on discounted expected future principal and interest cash flows. The discount rates used are based on market rates for similar instruments at the reporting date. The carrying amounts of financial assets and financial liabilities are assumed to approximate their respective fair values. The Group does not anticipate that the carrying amounts recorded at the balance sheet date would be significantly different from the values that would eventually be received or settled.

29. SUBSEQUENT EVENT

Subsequent to the financial year end, the Group has proposed to change its presentation currency from SGD to AUD. Following the Group's listing on the ASX on 22 June 2018, this change will help to provide a clearer understanding of the Group's financial results and improve comparability of the Group's performance.

STATISTICS OF SHAREHOLDERS

SHAREHOLDERS' STATISTICS AND DISTRIBUTION AS AT 12 SEPTEMBER 2018

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	0.35	82	0.00
100 - 1,000	33	3.88	23,719	0.00
1,001 – 10,000	354	41.60	2,168,567	0.43
10,001 – 1,000,000	428	50.29	42,670,253	8.52
1,000,001 and Above	33	3.88	456,122,379	91.05
TOTAL	851	100.00	500,985,000	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 12 SEPTEMBER 2018

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHARES
1	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	170,068,271	33.95
2	JAMES FINBARR FITZGERALD OR OLIVE TERESA FITZGERALD	97,720,806	19.51
3	DBS NOMINEES PTE LTD	46,196,195	9.22
4	RAFFLES NOMINEES (PTE) LTD	28,122,900	5.61
5	CLARENDON PACIFIC VENTURES PTE LTD	23,812,000	4.75
6	CITIBANK NOMINEES SINGAPORE PTE LTD	10,803,171	2.16
7	MAYBANK KIM ENG SECURITIES PTE LTD	8,786,874	1.75
8	FOO SIANG GUAN	7,415,249	1.48
9	LEE TECK LENG	5,700,200	1.14
10	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	4,644,400	0.93
11	VAZ LORRAIN MICHAEL	4,002,000	0.80
12	NG KEE CHOE	3,700,134	0.74
13	GOH GEOK LING	3,425,134	0.68
14	LAI VOON NEE	3,300,000	0.66
15	POH ENG CHOO MARY	3,297,300	0.66
16	LEYAU LAY HOON	3,260,399	0.65
17	HENG KHENG LONG	3,255,845	0.65
18	CHESS DEPOSITORY NOMINEES PTY LIMITED	2,985,000	0.60
19	OCBC SECURITIES PRIVATE LTD	2,797,300	0.56
20	PHILLIP SECURITIES PTE LTD	2,757,900	0.55
	TOTAL	**436,051,078**	**87.05**

The percentage is based on 500,985,000 Shares (excluding 15,000 shares held as Treasury Shares) as at 12 September 2018.

STATISTICS OF SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

	DIRECT INTEREST		DEEMED INTEREST	
NAME	NO. OF SHARES	%	NO. OF SHARES	%
JT & OT Fitzgerald Family Trust(1)	97,720,806	19.51	-	-
Kariong Investment Trust (2)	97,566,806	19.47	-	-
Michael Lorrain Vaz (3)	15,013,000	3.00	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 is 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 12 September 2018 and to the best knowledge of the Directors, approximately 50.6% 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.

Company Registration No. 201011837H
(Incorporated in the Republic of Singapore)

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Novotel Singapore, Clarke Quay, Nutmeg Room, Level 5, 177A River Valley Road, Singapore 179031 on Thursday, 25 October 2018 at 1:30 p.m., to transact the following businesses:

AS ORDINARY BUSINESS:

1	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 30 June 2018 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 2018.	**Ordinary Resolution 2**
3	To approve the payment of Directors' fees of S$220,000 for the financial year ending 30 June 2019, to be paid quarterly in arrears. (FY2018: S$220,000)	**Ordinary Resolution 3**
4	To re-elect the following Directors retiring pursuant to Article 118 of the Company's Constitution and for the purpose of ASX Listing Rule 14.5:	
	(a) Mr James Finbarr Fitzgerald [See Explanatory Note (iv)]	**Ordinary Resolution 4**
	(b) Mr Patrick John Tallon [See Explanatory Note (iv)]	**Ordinary Resolution 5**
	(c) Mr Kevin James Deery [See Explanatory Note (iv)]	**Ordinary Resolution 6**
	(d) Mr Chong Teck Sin [See Explanatory Notes (i) and (iv)]	**Ordinary Resolution 7**
	(e) Mr Wong Fook Choy Sunny [See Explanatory Notes (ii) and (iv)]	**Ordinary Resolution 8**
	(f) Mr Douglas Owen Chester [See Explanatory Notes (iii) and (iv)]	**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**

NOTICE OF
ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass with or without modifications the following resolutions, of which Resolutions 11, 12, 13, 14 and 15 will be proposed as Ordinary Resolutions and Resolution 16 will be proposed as a Special Resolution:

6	**Authority to allot and issue shares** "That pursuant to Section 161 of the Companies Act, Chapter 50, and the Listing Rules of the Singapore Exchange Securities Trading Limited ('SGX-ST'), and subject to the Company's compliance with the requirements of the ASX Listing Rules, authority be and is hereby given for the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:	**Ordinary Resolution 11**
	(i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;	
	(ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, 'Instruments') including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;	
	(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues;	
	and (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuant to any Instrument made or granted by the Directors while the authority was in force, provided always that:	
	(a) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per centum (50%) of the Company's total number of issued shares (excluding treasury shares and shares (if any) held by a subsidiary), of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a pro-rata basis to shareholders of the Company does not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and shares (if any) held by a subsidiary), and for the purpose of this Resolution, the total number of issued shares (excluding treasury shares and shares (if any) held by a subsidiary) shall be the Company's total number of issued shares (excluding treasury shares and shares (if any) held by a subsidiary) at the time this Resolution is passed, after adjusting for:	
	(i) new shares arising from the conversion or exercise of convertible securities, or	
	(ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, and	
	(iii) any subsequent bonus issue, consolidation or subdivision of the Company's shares;	
	(b) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier." [See Explanatory Note (v)]	

NOTICE OF
ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS: (CONTINUED)

7	**Proposed Renewal of the Share Purchase Mandate** "That: (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the 'Companies Act'), and such other laws and regulations as may for the time being be applicable, the exercise by the Directors of the Company ('Directors') of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the share capital of the Company ('Shares') not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:	**Ordinary Resolution 12**
	(i) on-market purchases ('On-Market Share Purchase') transacted on the Singapore Exchange Securities Trading Limited ('SGX-ST'); and/or	
	(ii) off-market purchases ('Off-Market Share Purchase') (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the SGX-ST Listing Manual, (the **'Share Purchase Mandate'**);	
	(b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Purchase Mandate shall, at the discretion of the Directors of the Company, either be cancelled or held in treasury and dealt with in accordance with the Companies Act;	
	(c) the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and the expiring on the earliest of:	
	(i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;	
	(ii) the date on which the share purchases are carried out to the full extent mandated; or	
	(iii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked;	

NOTICE OF
ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS: (CONTINUED)

7	**Proposed Renewal of the Share Purchase Mandate (continued)** (d) in this Ordinary Resolution:	**Ordinary Resolution 12**
	'Prescribed Limit' means 10% of the total number of Shares as at the date of passing of this Resolution (excluding any treasury shares and subsidiary holdings that may be held by the Company from time to time), unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of Shares of the Company shall be taken to be the total number of Shares of the Company as altered;	
	'Relevant Period' means the period commencing from the date the last annual general meeting of the Company was held before the date of passing of this Resolution, and expiring on the date the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier, after the date of passing of this Resolution;	
	'Maximum Price' in relation to a Share to be purchased, means an amount (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) not exceeding 105% of the Average Closing Price, excluding related expenses of the share purchases, and where:	
	'Average Closing Price' means the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded, immediately preceding the date of making the On-Market Share Purchase or, as the case may be, the day of the making of an offer pursuant to the Off-Market Share Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action that occurs after the relevant five (5) Market Days;	
	'day of the making of the offer' means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Share Purchase; and	
	'Market Day' means a day on which the SGX-ST is open for trading in securities; and	
	(e) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including without limitation, executing such documents as may be required) as they may consider desirable, expedient or necessary to give effect to the transactions contemplated by this Ordinary Resolution." [See Explanatory Note (vi)]	

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS: (CONTINUED)

8	**The Proposed Adoption of the Civmec Key Senior Executives Performance Rights Plan** "That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for:	**Ordinary Resolution 13**
	(a) a new performance rights plan to be known as the 'Civmec Key Senior Executives Performance Rights Plan' (the 'Civmec PRP'), the rules of which, for the purpose of identification, have been subscribed to by the Chairman of the Meeting, under which performance rights ('Performance Rights') comprising of fully-paid ordinary shares of the Company ('Shares') will be granted, free of payment, to selected employees (including Executive Directors) of the Group, details of which are set out in the Company's circular to Shareholders dated 3 October 2018, be and is hereby approved and adopted;	
	(b) the Directors of the Company be and are hereby authorised to:	
	(i) establish and administer the Civmec PRP; and	
	(ii) modify and/or alter the Civmec PRP at any time and from time to time, provided that such modification and/or alteration is effected in accordance with the rules of the Civmec PRP, and to do all such acts and to enter into all such transactions and arrangements as may be necessary or expedient in order to give full effect to the Civmec PRP;	
	(c) the Directors of the Company be and are hereby authorised to:	
	(i) grant Performance Rights in accordance with the rules of the Civmec PRP; and	
	(ii) allot and issue from time to time such number of fully-paid Shares as may be required to be delivered pursuant to the vesting of Performance Rights under the Civmec PRP,	
	provided that the aggregate number of new Shares allotted and issued and/or to be allotted and issued and existing Shares (including treasury shares) delivered and/or to be delivered pursuant to (1) Performance Rights granted under the Civmec PRP, (2) options granted under the Civmec Employee Share Option Scheme and (3) awards granted under the Civmec Performance Share Plan, shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time,	
	and in this Resolution, 'subsidiary holdings' has the meaning given to it in the Listing Manual of the Singapore Exchange Securities Trading Limited ('**SGX-ST**').' **Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by:	
	(a) any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors; and	
	(b) any shareholder who is a Key Senior Executive and who is eligible to participate in the Civmec PRP.	
	However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides." [See Explanatory Note (vi)]	

NOTICE OF
ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS: (CONTINUED)

9	**Proposed Participation by Mr James Finbarr Fitzgerald, a Controlling Shareholder of the Company Pursuant to the Civmec Key Senior Executives Performance Rights Plan** "That, subject to the passing of Resolution 13 as an Ordinary Resolution, the participation by Mr James Finbarr Fitzgerald, who is a Controlling Shareholder (as defined in the Listing Manual of the SGX-ST) of the Company, in the Civmec PRP be and is hereby approved." [See Explanatory Note (viii)]	**Ordinary Resolution 14**
10	**Proposed Participation by Mr Patrick John Tallon, a Controlling Shareholder of the Company Pursuant to the Civmec Key Senior Executives Performance Rights Plan** "That, subject to the passing of Resolution 13 as an Ordinary Resolution, the participation by Mr Patrick John Tallon, who is a Controlling Shareholder (as defined in the Listing Manual of the SGX-ST) of the Company, in the Civmec PRP be and is hereby approved." [See Explanatory Note (viii)]	**Ordinary Resolution 15**
11	**Approval of 10% Placement Capacity under ASX Listing Rule 7.1A** "That subject to and conditional upon the Company being an Eligible Entity for the purposes of ASX Listing Rule 7.1A on the date of this Meeting, for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Notes." **Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides. [See Explanatory Note (ix)]	**Special Resolution 16**
12	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

3 October 2018

NOTICE OF
ANNUAL GENERAL MEETING

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 43 of the Annual Report 2018. There are no relationships (including family relationship) between Mr Chong and the other Directors 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 43 of the Annual Report 2018. There are no relationships (including family relationship) between Mr Wong and the other Directors 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 43 of the Annual Report 2018. There are no relationships (including family relationship) between Mr Douglas Chester and the other Directors or the Company or its 10% shareholders.

(iv) Each of Resolution Nos 4 to 9 are also included for the purpose of ASX Listing Rule 14.5, which provides that an entity which has directors must hold an election of directors at each annual general meeting.

(v) Resolution No. 11, if passed, will empower the Directors of the Company from the date of the passing of Ordinary Resolution No. 11 to the date of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to an amount not exceeding in total 50% of the issued shares (excluding treasury shares and shares (if any) held by a subsidiary) in the capital of the Company, with a sub-limit of 20% of the issued shares (excluding treasury shares and shares (if any) held by a subsidiary) for issues other than on a pro-rata basis to shareholders.

Any issue of securities pursuant to Resolution No. 11 will be made subject to the Company's compliance with ASX Listing Rule requirements including, but not limited to, the Company's ability to issue securities under ASX Listing Rule 7.1 at any given time. Resolution No. 11 is not a prior approval for the issue of securities pursuant to ASX Listing Rule 7.1.

(vi) Resolution No. 12, 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 3 October 2018.

(vii) Resolution No. 13 seeks shareholder approval for the adoption of the Civmec PRP in accordance with ASX Listing Rule 7.2 (Exception 9(b)), and for all other purposes.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period. ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution No. 13 is passed, the Company will be able to issue Performance Rights under the Civmec PRP to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without shareholder approval in any 12-month period.

A summary of the Civmec PRP is set out in the Schedule. Shareholders should note that no Performance Rights have previously been issued under the Civmec PRP.

The objectives of the Civmec PRP are to (i) align the interest of participants with the long-term interests of the shareholders of the Company; (ii) retain key employees of whose contributions are essential to the long-term growth and profitability

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of the Company and its subsidiaries (iii) instil loyalty to, and a stronger identification by participants with the long-term prosperity of, the Company and its subsidiaries; (iv) attract potential employees with relevant skills to contribute to the Company and its subsidiaries to create value for shareholders; and (v) to deliver compensation in a manner that drives the long-term performance of the Company and its subsidiaries.

Any future issues of Performance Rights under the Civmec PRP or to a related party or a person whose relationship with the Company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting.

Further details of the Civmec PRP are set out in the Circular to Shareholders dated 3 October 2018.

(viii) Mr James Finbarr Fitzgerald is a Controlling Shareholder and Executive Chairman. He is responsible for the development and performance of the Group including the areas of safety, strategy and financial performance. Mr Fitzgerald and the Chief Executive Officer were amongst the founders of the Group.

Mr Patrick John Tallon is a Controlling Shareholder and Chief Executive Officer. He is responsible for the safety, budgets, management and development of the Group's operations, setting all Group policies such as those relating to safety, quality and the environment and the improvement of productivity. Mr Tallon and the Executive Chairman were amongst the founders of the Group.

The Directors (not including Mr James Finbarr Fitzgerald and Mr Patrick John Tallon, who are eligible to participate in, and are therefore interested in the Civmec PRP and have abstained from making any recommendation on the Civmec PRP) believe that both Mr Fitzgerald and Mr Tallon will continue to contribute substantially to the growth of the Group and allowing them to participate in the Civmec PRP will serve to reward as well as to instil in them a commitment to continue to contribute to the growth of the Group. As full time employees of the Group, Mr Fitzgerald and Mr Tallon should also be eligible to participate in the Civmec PRP alongside other Key Senior Executives, and benefit from the Company's fair and equitable system of remuneration.

The Company will seek shareholders' approval for the actual number of Award Shares and the terms of Performance Rights proposed to be granted to Mr James Finbarr Fitzgerald or Mr Patrick John Tallon or any controlling shareholder or their respective Associates pursuant to the Civmec PRP, in compliance with the requirements of the Listing Manual and the ASX Listing Rules.

Further details of the Civmec PRP are set out in the Circular to Shareholders dated 3 October 2018.

(ix) ASX Listing Rule 7.1A provides that an Eligible Entity (as defined below) may seek shareholder approval by special resolution passed at an annual general meeting to have the capacity to issue up to that number of Equity Securities (as defined below) equal to 10% of its issued capital (**10% Placement Capacity**) without using that company's existing 15% annual placement capacity granted under ASX Listing Rule 7.1.

An **Eligible Entity** is one that, as at the date of the relevant annual general meeting:

(a) is not included in the S&P/ASX 300 Index; and

(b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of $300,000,000.

As outlined above, ASX Listing Rule 7.1A can only be utilised by a company that is an Eligible Entity on the date of the company's annual general meeting. In the event that on the date of the Annual General Meeting the Company:

(a) is not included in the S&P/ASX 300 Index; and

(b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of $300,000,000.

then Resolution 16 will not be considered or voted on at the Meeting. A resolution to approve a 10% Placement Capacity cannot then be proposed at any Shareholders meeting held before the Company's next annual general meeting. However, at each subsequent annual general meeting, the Company may consider whether it is an Eligible Entity and whether it will seek approval under ASX Listing Rule 7.1A for the following 12-month period.

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An Equity Security is a share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or, any security that ASX decides to classify as an equity security.

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities.

As at the date of this Notice of Annual General Meeting, the Company currently has one class of quoted Equity Securities on issue, being the Shares (ASX Code: CVL).

If Shareholders approve Resolution 16, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2. In exercising the authority conferred by this Resolution, the Company must also comply with the applicable provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST).

Resolution 16 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 16 for it to be passed.

Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 16:

(a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

(i) the date on which the price at which the Equity Securities are to be issued is agreed; or

(ii) if the Equity Securities are not issued within 5 ASX trading days of the date in section (a)(i), the date on which the Equity Securities are issued.

(b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

(i) 12 months after the date of this Meeting; and

(ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

(10% Placement Capacity Period).

(c) Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 16 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table following.

The table following shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the market price of Shares and the number of Equity Securities on issue as at 18 September 2018.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

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		DILUTION		
	ISSUE PRICE (PER SHARE)	**$0.295 50% DECREASE IN ISSUE PRICE**	**$0.59**	**$0.885 50% INCREASE IN ISSUE PRICE**
501,000,000 (Current Variable A)	**Shares issued - 10% voting dilution**	50,100,000 Shares	50,100,000 Shares	50,100,000 Shares
	Funds raised	$14,795,500	$295,590,000	$44,338,500
751,500,000 (50% increase in Variable A)	**Shares issued - 10% voting dilution**	75,150,000 Shares	75,150,000 Shares	75,150,000 Shares
	Funds raised	$22,169,250	$44,338,500	$66,507,750
1,002,000,000 (100% increase in Variable A)	**Shares issued - 10% voting dilution**	100,200,000 Shares	100,200,000 Shares	100,200,000 Shares
	Funds raised	$29,559,000	$59,118,000	$88,677,000

**The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.*

The table above uses the following assumptions:

1. *There are currently 501,000,000 Shares on issue:*
2. *The issue price set out above is the closing price of the Shares on the ASX on 18 September 2018.*
3. *The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.*
4. *The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.*
5. *The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.*
6. *The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.*
7. *This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.*
8. *The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.*
9. *The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.*

Shareholders should note that there is a risk that:

(i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and

(ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) Purpose of Issue under 10% Placement Capacity

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

(i) as cash consideration in which case the Company intends to use funds raised for the acquisition of new assets and investments (including expenses associated with such an acquisition), continued capital expenditure on the Company's current assets, general working capital; or

(ii) as non-cash consideration for the acquisition of new assets and investments in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

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(e) Allocation policy under the 10% Placement Capacity

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

(i) the purpose of the issue;

(ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;

(iii) the effect of the issue of the Equity Securities on the control of the Company;

(iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;

(v) prevailing market conditions; and

(vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(f) No previous approval under ASX Listing Rule 7.1A

As the Company was admitted to the official list of ASX on 20 June 2018, the Company has not previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A.

(g) Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

(i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and

(ii) the information required by Listing Rule 3.10.5A for release to the market.

Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 16.

<u>For the purpose of Resolution 16 and explanatory note (ix), the following terms apply:</u>

Equity Securities includes a share, a right to a share or option to acquire a share (Option), an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Variable A means ‘A’ as set out in the formula in ASX Listing Rule 7.1A(2).

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Notes:

(a) Save for members which are nominee companies, a member of the Company shall not be entitled to appoint more than two proxies to attend and vote at the general meeting of the Company. A proxy need not be a member of the Company.

(b) Where a member appoints two proxies, he shall specify the proportion of his shares (expressed as a percentage of the whole) to be represented by each proxy.

(c) Pursuant to Section 181 of the Companies Act, Cap. 50 of Singapore, any member (who is a **Relevant Intermediary***) may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

***Relevant Intermediary** is:

(i) a banking corporation licensed under the Banking Act (Cap.19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who hold shares in that capacity; or

(ii) a person holding a capital markets services license to provide a custodial services for securities under the Securities and Futures Act (Cap.289) and who holds shares in that capacity; or

(iii) the Central Provident Fund Board established by the Central Provident Fund Act (Cap.36), in respect of shares purchased on behalf of CPF investors.

(d) A corporation which is a member may appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore to attend and vote for and on behalf of such corporation.

(e) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an officer or attorney duly authorised in writing.

(f) Where an instrument appointing a proxy is signed on behalf of the appointor by the attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

(g) The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 80 Robinson Road, #02-00, Singapore 068898, not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.

(h) In the case of joint shareholders, all shareholders must sign the instrument for appointment of proxy or proxies.

(i) Voting by holders of CDIs: Holders of CHESS Depository Interests over Shares (CDIs) are entitled to attend the Annual General Meeting, provided that they cannot vote at the meeting, and if they wish to vote they must direct CHESS Depository Nominees Pty Ltd (CDN), the holder of legal title of the CDIs, how to vote in advance of the meeting pursuant to the instructions set out in the accompanying voting instruction form. If you are a holder of CDIs, please sign and date the enclosed voting instruction form and return it in accordance with the instructions on your voting instruction form.

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.

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SCHEDULE – SUMMARY OF THE CIVMEC PRP

The key terms of the Civmec PRP are as follows:

(a) Eligibility

Key Senior Executives (including Controlling Shareholders and Associates of such Controlling Shareholders, each as defined in the Listing Manual) who have attained the age of 21 years and hold such rank as may be designated by the Committee from time to time, will be eligible to participate in the Civmec PRP.

Subject to the absolute discretion of the Committee, Controlling Shareholders and their Associates who meet the criteria as set out above are eligible to participate in the Civmec PRP, provided that (i) the participation of each Controlling Shareholder or his Associate, and (ii) the actual number and terms of the Performance Rights to be granted to them have been approved by independent Shareholders in separate resolutions for each such person.

Non-Executive Directors shall not be eligible to participate in the Civmec PRP.

(b) Performance Rights

Performance Rights represent the right of a Participant to receive fully paid Shares free of charge, provided that certain prescribed performance targets are met and/or after expiry of the prescribed vesting period(s) (where applicable), in accordance with the rules of the Civmec PRP.

A Performance Right shall be personal to the Participant to whom it is granted and, prior to the delivery to the Participant of the Award Shares, shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of the Committee.

(c) Participants

The selection of a Participant and the number of Award Shares to be granted to a Participant in accordance with the Civmec PRP shall be determined at the discretion of the Committee, which may take into account such criteria as it considers fit, including (but not limited to) rank, job performance, creativity, innovativeness, entrepreneurship, resourcefulness, years of service and potential for future development, contribution to the success and development of the Group and the degree of difficulty of fulfilling the performance condition(s) within the performance period.

(d) Details of Performance Rights

The Committee shall decide, in relation to each Performance Right to be granted to a Participant:

(i) the Award Date;

(ii) the performance condition(s) and relevant performance period;

(iii) the number of Performance Rights which shall vest on the performance condition(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period;

(iv) the vesting date(s);

(v) the vesting period(s), if any; and

(vi) whether:

(1) the Award Shares shall be delivered within the prescribed automatic timeline stipulated in the Civmec PRP; or

(2) the Participant has the ability to elect to choose a deferred timeline whereby the Company shall deliver the Award Shares to the Participant, subject to the following:

(a) such election must be made by the Participant and notified to the Company prior to expiration of the Relevant Period; and

(b) in the event that no election is made by the Participant in respect of a vested Performance Right prior to the expiration of the Relevant Period, the Company shall deliver the aggregate number of Award Shares underlying the aggregate corresponding number of vested Performance Rights within [14] calendar days from the expiration of the Relevant Period;

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(vii) the time and circumstances when Performance Rights lapse, provided that once vested, the Performance Rights shall not lapse; and

(viii) any other condition which the Committee may determine in relation to that Performance Right.

(e) Timing

The Committee may grant Performance Rights at any time during the period when the Civmec PRP is in force. An Award Letter confirming the Performance Right and specifying, *inter alia*, the Award Date, the number of Award Shares, the prescribed performance condition(s), the performance period during which the prescribed performance condition(s) is/are to be attained or fulfilled, the extent to which the Award Shares will vest on satisfaction of the prescribed performance condition(s), the vesting date(s) and the vesting period(s) (if any) will be sent to each Participant as soon as is reasonably practicable after the grant of a Performance Right.

(f) Events Prior to Vesting

Special provisions for the vesting and lapsing of Performance Rights apply in certain circumstances including the following:

(i) the Participant ceasing to be in the employment of the Group for any reason whatsoever (other than as specified in paragraphs (vi), (vii) and (viii) below);

(ii) the bankruptcy of a Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of the Performance Right;

(iii) the misconduct on the part of a Participant as determined by the Committee in its discretion;

(iv) an order being made or a resolution passed for the winding-up of the Company on the basis, or by reason, of its insolvency;

(v) any breach of the rules of the Civmec PRP by the Participant;

(vi) the retirement of the Participant;

(vii) the Participant ceasing to be in the employment of the Group by reason of retirement, or ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee) or death, or redundancy, or any other reason approved in writing by the Committee; or

(viii) the Participant ceasing to be in the employment of the Group by reason of:

(1) the company by which he is employed ceasing to be a company within the Group or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group;

(2) (where applicable) the Participant's transfer of employment between members of the Group; or

(3) any other event approved by the Committee.

Upon the occurrence of any of the events specified in paragraphs (i), (ii), (iii), (iv) and (v) above, a Performance Right then held by a Participant shall, as provided in the rules of the Civmec PRP and to the extent not yet vested, lapse without any claim whatsoever against the Company.

Upon the occurrence of any of the events specified in paragraphs (vi), (vii) and (viii) above, the Committee may, in its discretion, determine whether a Performance Right then held by such Participant, to the extent not yet vested, shall lapse or that all or any part of such Performance Right shall be vested. If the Committee determines that a Performance Right (to the extent not yet vested) shall lapse, then such Performance Right shall lapse without any claim whatsoever against the Company. If the Committee determines that a certain number of, or all Performance Rights shall be vested, the aggregate number of Award Shares underlying that aggregate number of vested Performance Rights shall be delivered to the Participant within the prescribed automatic timeline stipulated in the Civmec PRP.

In exercising its discretion, the Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant and the extent to which the prescribed performance condition(s) has/have been satisfied.

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(g) Size and Duration

The total number of Award Shares which may be delivered pursuant to Performance Rights granted under the Civmec PRP on any date, when added to:

(i) the total number of new Shares allotted and issued and/or to be allotted and issued and issued Shares delivered and/or to be delivered, pursuant to Performance Rights granted under the Civmec PRP; and

(ii) the number of new Shares allotted and issued and/or to be allotted and issued and issued Shares delivered and/or to be delivered, in respect of any other options or grants under share option schemes or share schemes adopted by the Company for the time being in force, as the case may be,

shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (or such other limit as may be prescribed by the SGX-ST) of the Company on the date preceding the date of grant of the relevant Performance Right.

The maximum limit of 15% will provide for sufficient Shares to support the use of Performance Rights in the Company's overall long-term incentive and compensation strategy. In addition, it will provide the Company with the means and flexibility to grant Performance Rights as incentive tools in a meaningful and effective manner to encourage staff retention and to align Participants' interests more closely with those of Shareholders.

Furthermore, the aggregate number of Award Shares available to Controlling Shareholders and their Associates shall not exceed 25% of all Award Shares available under the Civmec PRP, and the number of Award Shares available to each Controlling Shareholder or his Associate shall not exceed 10% of all Awards Shares available under the Civmec PRP.

The Civmec PRP shall continue in force at the absolute discretion of the Committee, subject to a maximum of 10 years commencing from the date it is adopted by the Company in general meeting, provided always that the Civmec PRP may continue beyond this stipulated period with the approval of Shareholders in general meeting and relevant authorities which may then be required.

Notwithstanding the expiry or termination of the Civmec PRP, any Performance Rights granted to Participants prior to such expiry or termination, whether such Performance Rights have been vested (whether fully or partially) or not, will continue to remain valid.

(h) Operation

Subject to the prevailing legislation and the Listing Manual, the Company will have the flexibility to deliver Award Shares to Participants by way of:

(a) an issue of new Shares; and/or

(b) the delivery of existing Shares (including treasury shares).

New Shares allotted and issued, and existing Shares procured by the Company for transfer, pursuant to the vesting of a Performance Right, shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the relevant vesting date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

The Committee shall have the discretion to determine whether the performance condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the Committee may make reference to the audited results of the Company or the Group (as the case may be), taking into account such factors as the Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the Committee shall have the right to amend the performance condition if the Committee decides that a changed performance target would be a fairer measure of performance from the Company's perspective.

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In this Schedule, the following definitions apply unless otherwise stated:

'Associate'	Associate shall bear the same meaning as set out in the Listing Manual.
'Award Date'	The date on which the Performance Right is granted pursuant to the Civmec PRP.
'Award Letter'	A letter in such form as the Committee shall approve confirming a Performance Right granted to a Participant.
'Award Shares'	Means a fully paid Ordinary Share in the capital of the Company.
'Board'	The board of Directors of the Company from time to time.
'CDP'	The Central Depository (Pte) Limited.
'Companies Act'	The Companies Act, Chapter 50 of Singapore.
'Controlling Shareholder'	A person who: (a) holds directly or indirectly 15% or more of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the Company. The SGX-ST may determine that a person who satisfies the aforesaid is not a Controlling Shareholder; or (b) in fact exercises control over the Company.
'Civmec PRP'	The Civmec Key Senior Executives Performance Rights Plan.
'Committee'	A committee comprising Directors duly authorised and appointed by the Board of Directors to administer the Civmec PRP.
'Directors'	The directors of the Company for the time being.
'Executive Director'	A Director who performs an executive function.
'Group'	The Company and its subsidiaries.
'Key Senior Executive'	Means: (a) the Executive Chairman; (b) the Chief Executive Officer ('**CEO**'); (c) Executives who report directly to the CEO; and (d) selected other individuals, being employees of any member of the Group holding the rank of senior manager (or such other equivalent rank which may from time to time be determined by the Committee) and above, who do not fall within the ambit of paragraphs (a) to (c) above, who have been selected to participate in the Civmec PRP.
'Listing Manual'	The listing manual of the SGX-ST.
'Non-Executive Director'	A Director, other than an Executive Director, and '**Non-Executive Directors**' shall be construed accordingly.
'Participant'	A Key Senior Executive who has been granted a Performance Right or Performance Rights.
'Performance Right'	A right to one Share granted under, and which shall be subject to the satisfaction of performance conditions in accordance with, the rules of the Civmec PRP and '**Performance Rights**' shall be construed accordingly.
'Relevant Period'	In relation to a Performance Right, a period of ten (10) years from the Award Date.
'Shareholders'	Registered holders of Shares except that where the registered holder is CDP, the term '**Shareholders**' shall, in relation to such Shares and where the context admits, mean the Depositors whose securities accounts are credited with Shares.
'Shares'	Issued ordinary shares of the Company.
'Subsidiary holdings'	Shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act.
'%' or 'per cent'	Per centum or percentage.

Company Registration No. 201011837H
(Incorporated in the Republic of Singapore)

PROXY FORM
ANNUAL GENERAL MEETING

DETACH HERE

CIVMEC LIMITED

Company Registration No. 201011837H
(Incorporated in the Republic of Singapore)

IMPORTANT:
1. Relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy the Company's shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 3 October 2018.

*I/We (name):

NRIC/Passport/Company Reg Number:

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	
Address:		Number of Shares	%

* and/or

Name:	NRIC/Passport No:	Proportion of Shareholdings to be represented by proxy	
Address:		Number of Shares	%

or failing him/her, the Chairman of the Annual General Meeting of the Company (the 'Annual General 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 Novotel Singapore, Clarke Quay, Nutmeg Room, Level 5, 177A River Valley Road, Singapore 179031 on Thursday, 25 October 2018 at 1:30 p.m. and at any adjournment thereof.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX and SGX-T announcement will be made immediately disclosing the reasons for the change.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific directions as to voting are given, the proxy/proxies will vote or abstain from voting at *his/her/their discretion, as *he/she/they will on any other matter arising at the Annual General Meeting and at any adjournment thereof.

Voting will be conducted by poll.

DETACH HERE

PROXY FORM
ANNUAL GENERAL MEETING

No.	Ordinary Resolutions	For#	Against#	Abstain
1	Adoption of the Audited Financial Statements of the Company for the financial year ended 30 June 2018 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 2018.			
3	Approval of the payment of Directors' fees of S$220,000 for the financial year ending 30 June 2019 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	Proposed Renewal of the Renewal of Share Purchase Mandate.			
13	The Proposed Adoption of the Civmec Key Senior Executives Performance Rights Plan.			
14	Proposed Participation by Mr James Finbarr Fitzgerald, a Controlling Shareholder of the Company Pursuant to the Civmec Key Senior Executives Performance Rights Plan.			
15	Proposed Participation by Mr Patrick John Tallon, a Controlling Shareholder of the Company Pursuant to the Civmec Key Senior Executives Performance Rights Plan.			
Special Resolution		**For#**	**Against#**	**Abstain**
16	Approval of 10% Placement Capacity under ASX Listing Rule 7.1A.			

Dated this day of 2018

Total number of shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature(s) of Member(s)/Common Seal

* *Delete accordingly*

\# *If you wish to exercise all your votes 'For' or 'Against' the relevant resolution, please indicate with an 'X' within the box provided. Alternatively, if you wish to exercise your votes both 'For' and 'Against' the relevant resolution, please insert the relevant number of shares in the box provided.*

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT. PLEASE READ NOTES BELOW.

Notes:

1. *Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. 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. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.*

2. *(a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.*

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   *'**Relevant intermediary**' has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.*

3. *A proxy need not be a member of the Company.*

4. *The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 80 Robinson Road #02-00 Singapore 068898 not less than forty eight (48) hours before the time appointed for the Annual General Meeting.*

5. *The instrument appointing a proxy or proxies must be under the hand of the appointor or 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 under the hand of its attorney or a duly authorized officer.*

6. *Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.*

7. *A corporation that is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act (Chapter 50) of Singapore.*

8. *The submission of an instrument or form appointing a proxy by a shareholder does not preclude him/her from attending and voting in person at the Annual General Meeting if he/she so wishes.*

9. *An investor who buys shares using CPF monies ('CPF Investor') and/or SRS monies ('SRS Investor') (as may be applicable) may attend and cast his/her vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Annual General Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Annual General Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Annual General Meeting.*

10. *The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares 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.*

11. *Holders of CHESS Depositary Interests over Shares (CDIs) are entitled to attend the Annual General Meeting, provided that they cannot vote at the meeting, and if they wish to vote they must direct CHESS Depositary Nominees Pty Ltd (CDN), the holder of legal title of the CDIs, how to vote in advance of the meeting pursuant to the instructions set out in the accompanying voting instruction form. If you are a holder of CDIs, please sign and date the enclosed voting instruction form and return it in accordance with the instructions on your voting instruction form.*

Personal Data Privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, 'Purposes'), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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