



CIVMEC LIMITED

(Incorporated in Singapore on 3 June 2010)
(Company Registration Number 201011837H)

PROPOSED ACQUISITION OF ASSETS OF FORGACS

1. INTRODUCTION

The Board of Directors of Civmec Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Company’s announcement dated 17 November 2015 in relation to the target acquisition of defence business on East Coast of Australia wishes to announce that Civmec Holdings Pty Ltd, (“**Buyer**”), a wholly owned subsidiary of the Company has executed a Land and Asset Sale Agreement (“**LASA**”) with Donau Pty Limited (“**Seller**”) for the acquisition of certain assets of Forgacs Engineering Pty Limited (“**Forgacs**”) including Plant & Equipment, Business IP and freehold property described as follows (“**Proposed Acquisition**”):-

- (a) Lot 2 in DP 46729 known as 35A Old Punt Road, Tomago;
- (b) Lot 141 in DP 605461 known as 40A Old Punt Road, Tomago;
- (c) Lot 142 in DP 605461 known as 44 Old Punt Road, Tomago; and
- (d) Lot 80 in DP 538678 known as 39 Old Punt Road, Tomago,

2. INFORMATION ON FORGACS

Forgacs, incorporated in Australia, is Australia’s largest privately owned engineering and shipbuilding company, principally engaged in major project engineering, construction and maintenance for both defence and commercial markets. It has grown its naval involvement progressively, undertaking major naval programs including the conversion of HMAS Manoora and HMAS Kanimbla into Amphibious Helicopter support ships; hull modules for the ANZAC frigates and most recently the AWD program.

3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

3.1 Consideration

The aggregate consideration for the Acquired Assets shall be A\$20.75 million (equivalent to approximately S\$20.87 million) (“**Consideration**”) is payable to the Seller upon signing of the LASA.

The Consideration was arrived at after arm’s length negotiations between the Company and the Seller, and on a willing-buyer and willing-seller basis.

The Proposed Acquisition will be financed using internal resources and bank borrowings.

3.2 Condition Precedent to Completion

The completion of the Proposed Acquisition is conditional upon:-

- (i) the National Australia Bank (“**NAB**”) Deed of Release being duly executed by NAB and provided to the Buyer;
- (ii) the NAB Discharge of Mortgage being duly executed by NAB and provided to the Buyer in registrable form;
- (iii) the ASC Deed of Release being duly executed by ASC and the Seller;
- (iv) a letter from the caveator under dealing AB744345 (Macquarie Generation), consenting to the transfer of the Owned Premises to the Buyer;
- (v) the Seller providing evidence to the Buyer that all other Encumbrances over the Owned Premises and each Asset (except the Registered Dealings) have been released and discharged, such evidence to be satisfactory to the Buyer (acting reasonably and promptly).

4. RATIONALE OF THE PROPOSED ACQUISITION

The Proposed Acquisition gives the Group a strong presence on the East Coast of Australia, enabling the Group to provide national and regional clients with a range of services in line with those currently provided by the Company on the West Coast of Australia. It also ensures that Group is well-positioned immediately to capitalise on the significant ongoing infrastructure expenditure on the East Coast. Also, the Group intends to combine the credibility of both the Tomago purpose built ship building facilities and the Group’s heavy engineering expertise to further strengthen its defence service offering.

5. FINANCIAL EFFECT OF THE PROPOSED ACQUISITION

5.1 No Material Impact

The Proposed Acquisition is not expected to have a material impact on the earnings per share and net tangible asset per share of the Group for the current financial year ending 30 June 2016.

5.2 Share Capital

The Proposed Acquisition will not have any impact on the issued share capital of the Company.

6. RELATIVE FIGURES OF THE PROPOSED ACQUISITION UNDER CHAPTER 10 OF THE LISTING MANUAL

6.1 Relative Figures Pursuant to Rule 1006 of the Listing Manual

The relative figures in respect of the Proposed Acquisition, as computed on the bases set out in rule 1006 of the Listing Manual and based on the latest announced consolidated financial statements of the Group for the period ended 30 September 2015.

Basis of Calculation		Relative Figure
(a)	Net asset value of the assets to be disposed of compared with the Group's net asset value.	Not Applicable ⁽¹⁾
(b)	The net profits ⁽²⁾ attributable to the assets acquired compared with the Group's net profits.	Not Applicable ⁽³⁾
(c)	The aggregate value of the consideration given compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	11.26% ⁽⁴⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not Applicable ⁽⁵⁾
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves ⁽⁶⁾	Not Applicable ⁽⁶⁾

Notes:-

- (1) This base is not applicable to an acquisition of assets
- (2) Net profit is defined as profit or loss before income tax, non-controlling interests and extraordinary items.
- (3) Not applicable.
- (4) The market capitalisation of the Company was determined by multiplying the number of issued shares, being 500,985,000 shares, by the weighted average price of such shares transacted on 1 February 2016, being the market day immediately preceding the date of the LASA, of S\$0.37, per share.
- (5) Not applicable as no equity securities were issued for the acquisition.
- (6) This is only applicable to a disposal of mineral, oil and gas assets by mineral, oil and gas company.

The Proposed Acquisition is in the ordinary course of business of the Company and does not constitute a "transaction" for the purposes of Chapter 10 of the Listing Manual.

7. SERVICE CONTRACTS

There are no Directors proposed to be appointed to the Company in connection with the Proposed Acquisition. Accordingly, no service contract is to be entered into between the Company and any Director.

8. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Director, and to the best knowledge of the Directors, none of the controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition.

9. INSPECTION OF DOCUMENTS

The Constitution of the Company and the Land and Asset Sale Agreement are available for inspection at the registered office of the Company at 80 Robinson Road, #02-00, Singapore 068898 during normal business hours for a period of 3 months from the date of this announcement.

BY ORDER OF THE BOARD

James Finbarr Fitzgerald
Executive Chairman

2 February 2016