

Supporting Australian Industry

# ASX INFORMATION MEMORANDUM

ARBN 604 316 690  
9 May 2018



# CORPORATE DIRECTORY

## Directors

James Finbarr Fitzgerald  
Executive Chairman

Patrick John Tallon  
Chief Executive Officer

Kevin James Deery  
Chief Operating Officer

Chong Teck Sin  
Lead Independent Director

Douglas Owen Chester  
Independent Director

Wong Fook Choy Sunny  
Independent Director

## Company Secretaries

Mr Tan Wee Sin  
Ms Ang Siew Koon

## Proposed Additional Company Secretary

Justine Campbell\*

## Proposed ASX Code

CVL

## Share Registry

Computershare Investor Services Pty Limited  
Level 11, 172 St Georges Terrace  
Perth WA 6000

Telephone: + 61 8 9323 2000  
Facsimile: + 61 8 9323 2033

\*It is proposed as part of the Company's ASX-listing that Justine Campbell be appointed as an additional Company Secretary.

## Registered Office

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Singapore 0668898

Telephone: + 65 6236 3333  
Facsimile: + 65 6236 4399  
Email: [civmec@civmec.com.au](mailto:civmec@civmec.com.au)  
Website: [www.civmec.com.au](http://www.civmec.com.au)

## Principal Office and Contact Details

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Telephone: + 61 8 9437 6288  
Facsimile: + 61 8 9437 6388

## Australian Solicitors

Steinepreis Paganin  
Level 4, The Read Buildings  
16 Milligan Street  
Perth WA 6000

## Singaporean Solicitors

Dentons Rodyk & Davidson LLP  
80 Raffles Place, #33-00 UOB Plaza 1  
Singapore 048624

## Auditor

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

## Principal Banker

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

# COMPANY OVERVIEW

## FRONT COVER IMAGES

1. Henderson facility (*showing current development in white outline*)
2. Optus Stadium (*Infrastructure Sector*)
3. Luerksen Offshore Patrol Vessels (*Marine and Defence Sector*)
4. Yandicoogina Sustaining Project (*Metals and Minerals Sector*)
5. Coniston Manifold Project (*Oil and Gas Sector*)
6. Newcastle facility

## THE MARKETS WE OPERATE IN COMPANY OVERVIEW

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## BOARD OF DIRECTORS



**Left to Right:** Chong Teck Sin (Lead Independent Director), Douglas Chester (Independent Director), James Fitzgerald (Executive Chairman), Patrick Tallon (Chief Executive Officer), Kevin Deery (Chief Operating Officer), Wong Fook Choy Sunny (Independent Director)

## EXECUTIVE TEAM



**Justine Campbell**  
Chief Financial Officer



**Charles Sweeney**  
EGM - Construction



**Rodney Bowes**  
EGM - Proposals



**Adam Goldsmith**  
EGM-Commercial  
and Risk

# THE MARKETS WE OPERATE IN

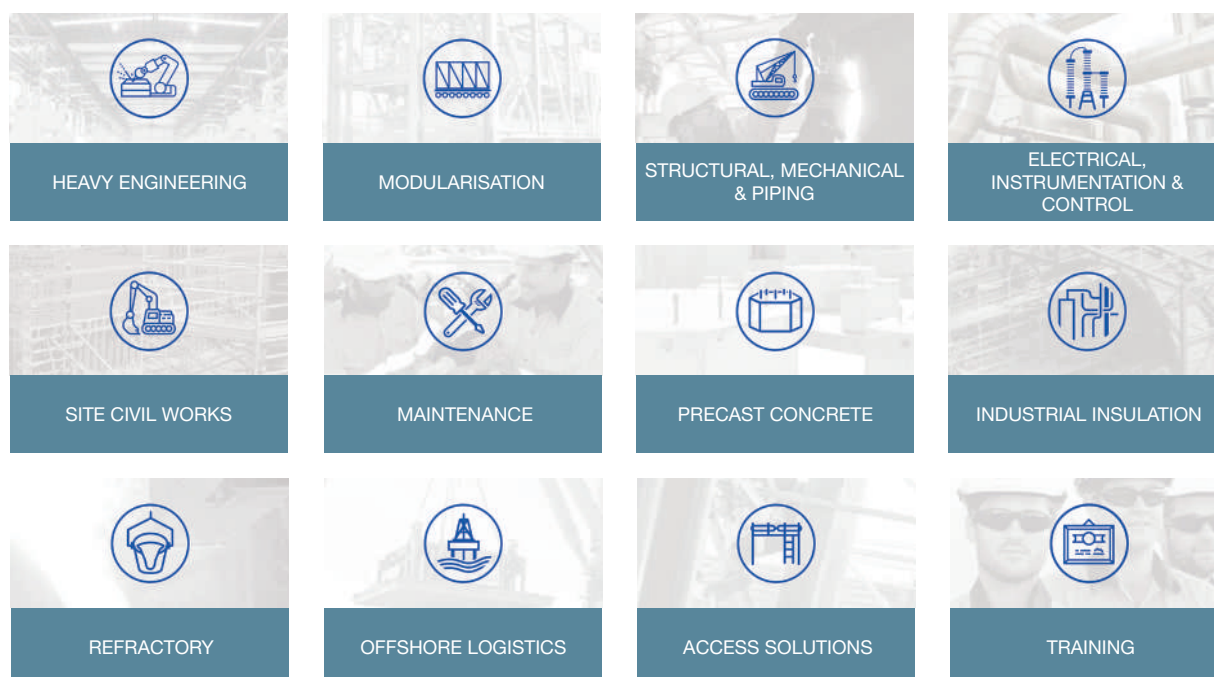


## COMPANY OVERVIEW

**We are an Australian based multi-disciplinary construction and heavy engineering provider, with major facilities in Henderson, WA and Newcastle, NSW and satellite offices in Broome, Darwin, Gladstone and Sydney, offering an integrated turnkey solution to the oil and gas, metals and minerals, infrastructure, marine and defence, water and energy markets.**

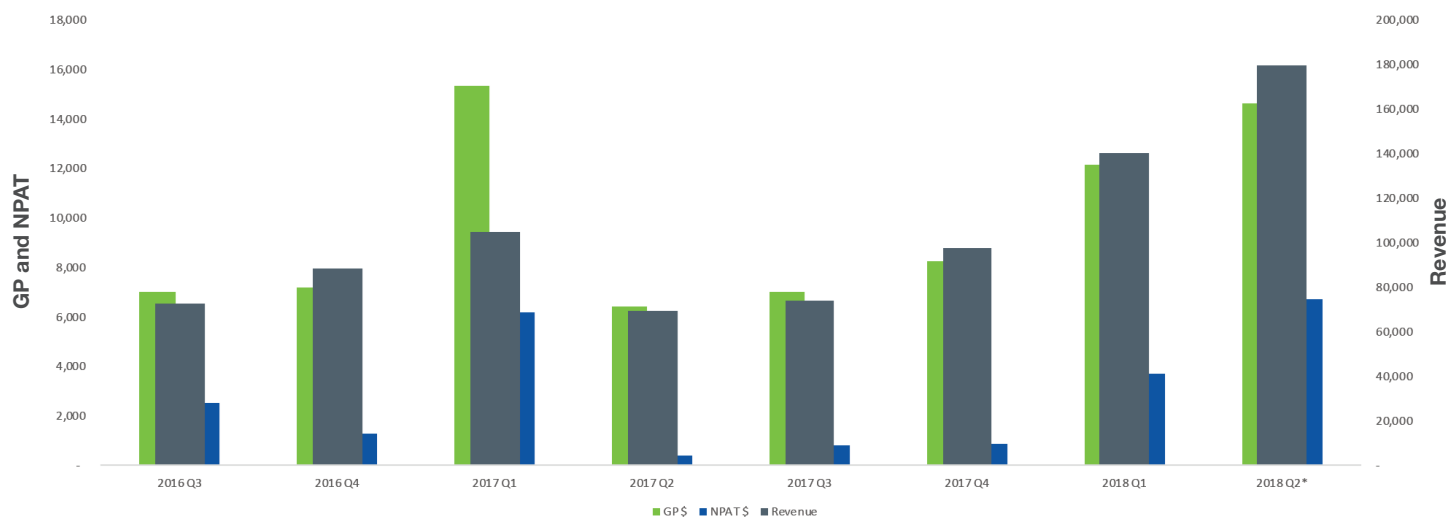
Fundamental to our strategy is our diverse range of capabilities that enables us to provide complementary in-house core competencies and services.

We are focused on enhancing our future growth by embracing sound work ethics, innovation and technology, whilst at the same time providing outstanding service to all our clients.

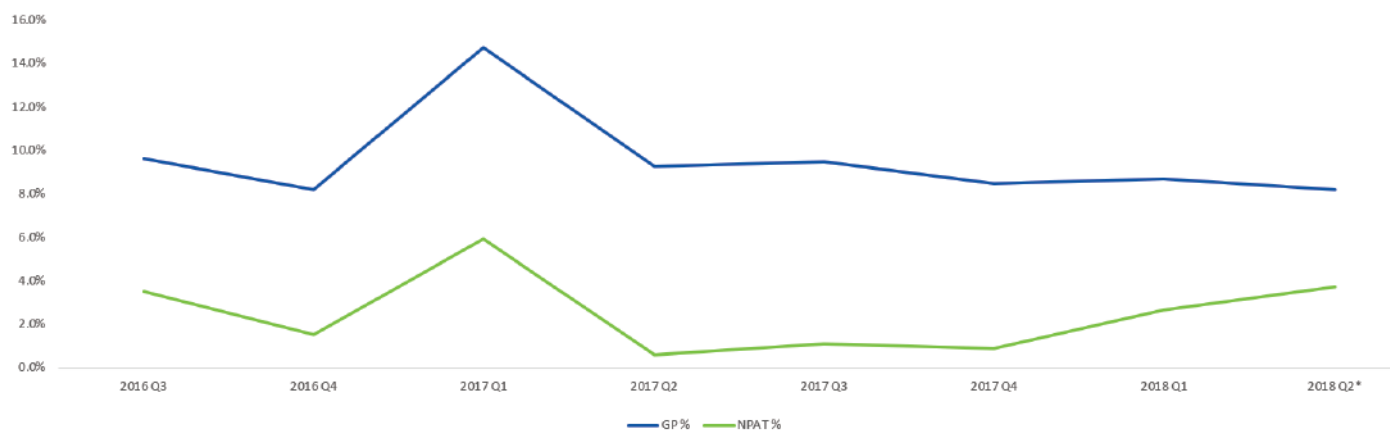


# COMPANY HIGHLIGHTS

## Revenue, GP and NPAT (last 8 quarters)



## Margin % (last 8 quarters)



\*Normalised for re-allocation of costs and include insurance claim proceeds.

## Revenue, GP and NPAT per year (since listing in 2012)

SGD	FY 2012 (S\$'000M)	FY 2013 (S\$'000M)	FY 2014 (S\$'000M)	FY 2015 (S\$'000M)	FY 2016 (S\$'000M)	FY 2017 (S\$'000M)	HY 2018 (S\$'000M)
Revenue	\$329m	\$406m	\$434m	\$499m	\$397Mm	\$346m	\$320m
Gross Profit	\$61m	\$70m	\$64m	\$62m	\$43m	\$37m	\$29m
NPAT	\$30m	\$36m	\$35m	\$30m	\$17m	\$8m	\$10m

AUD	FY 2012 (A\$'000M)	FY 2013 (A\$'000M)	FY 2014 (A\$'000M)	FY 2015 (A\$'000M)	FY 2016 (A\$'000M)	FY 2017 (A\$'000M)	HY 2018 (A\$'000M)
Revenue	\$253m	\$319m	\$375m	\$453m	\$392m	\$330m	\$303m
Gross Profit	\$47m	\$55m	\$55m	\$56m	\$43m	\$35m	\$17m
NPAT	\$23m	\$28m	\$30m	\$27m	\$17m	\$8m	\$10m

# COMPETITIVE STRENGTHS

- **Delivering small and key projects for our large client base** - established relationships with an extensive client base, many major blue chip companies in the markets we operate.
- **Experienced Management Team** - the board and executive team collectively have decades of experience in the heavy engineering and construction industry - with a proven track record of delivering, sustainable growth and profitability.
- **State-of-the-Art Facilities** - strategically located facilities are positioned in key Australian regions, all of which support on-site activities. The Henderson facility is the largest modern fabrication facility of its kind in Australia.
- **Innovative** - success to date can be attributed to its creative leadership, ability to embrace new ideas and challenging existing processes and practices.
- **Quality of Work** - priding ourselves on producing a quality product, with a culture based on achieving excellence.
- **Diversity** - a diversified service offering with multi-disciplinary capabilities offering a turn-key solution to our clients.
- **Balance Sheet** - a disciplined approach to capital management with a solid balance sheet underpinned by our significant investment in property plant and equipment.

## CURRENT MAJOR PROJECTS

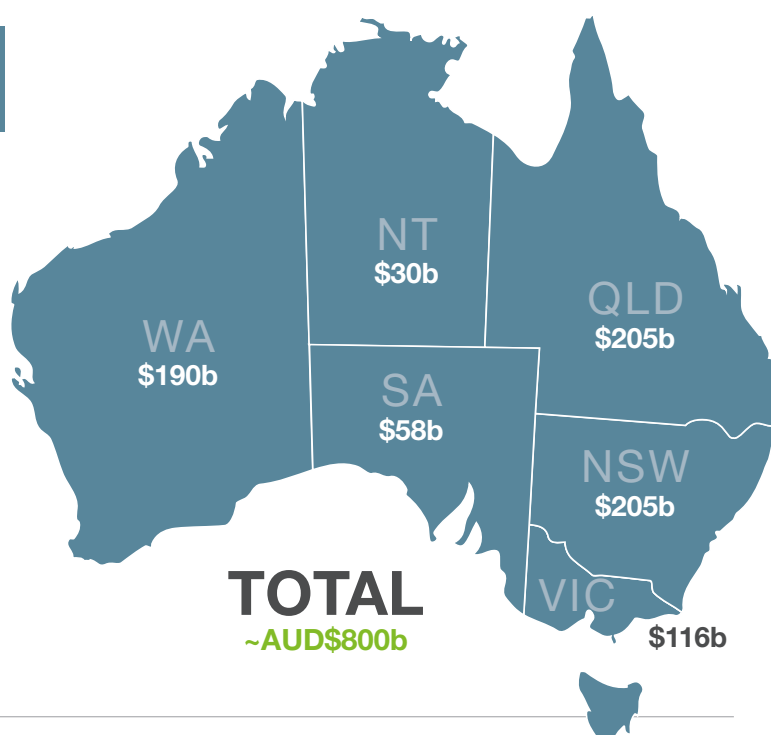
PROJECT	MARKET	LOCATION
Gruyere Gold Project*	Metals & Minerals	Kalgoorlie, WA
Amrun Project	Metals & Minerals	Weipa, QLD
Pinjarra Refinery Expansion	Metals & Minerals	Pinjarra, WA
Pilgangoora Lithium Plant	Metals & Minerals	Pilgangoora, WA
Jemena Northern Gas Pipeline	Oil & Gas	Tennant Creek, NT
Ichthys CAPP	Oil & Gas	Darwin, NT
Woodman Point Wastewater Treatment Plant*	Water & Energy	Henderson, WA
Northwest Rapid Transit	Infrastructure	Sydney, NSW
Offshore Patrol Vessels	Marine & Defence	Perth, WA

\*50 percent Joint Venture project

## OUTLOOK

- Forecast capital spend in metals and minerals, oil and gas and infrastructure over the next 10 years is very strong in Australia (A\$800b).
- Targeting further involvement in future Naval Defence Acquisition Program.
- Tendering activity is strong across the sectors.
- Positive order book providing solid platform - in excess of A\$800M (as at March 2018).
- Positive about the medium to long-term outlook for the group.

NOTE: Opportunities in regions across the markets we operate. According to the Australia Defence White Paper a further \$195bn will be allocated over the following decade. Source: BIS Sharpnel 2017



# FUTURE STRATEGY

**We have established a comprehensive strategy to diversify through a broadening of services and extending reach into new markets.**

- Continue to provide cost-effective, intelligent engineering solutions for our clients.
- Maintain disciplined approach to capital management.
- Further grow and expand our capabilities and secure work in the defence and water and energy markets.
- Complete construction of state-of-the-art shipbuilding and maintenance facility which will play a major role in the company's long-term future, align with the Australian Government's Defence Integrated Investment Program.

Pursue other initiatives to advance long-term growth strategies that deliver sustainable earnings.

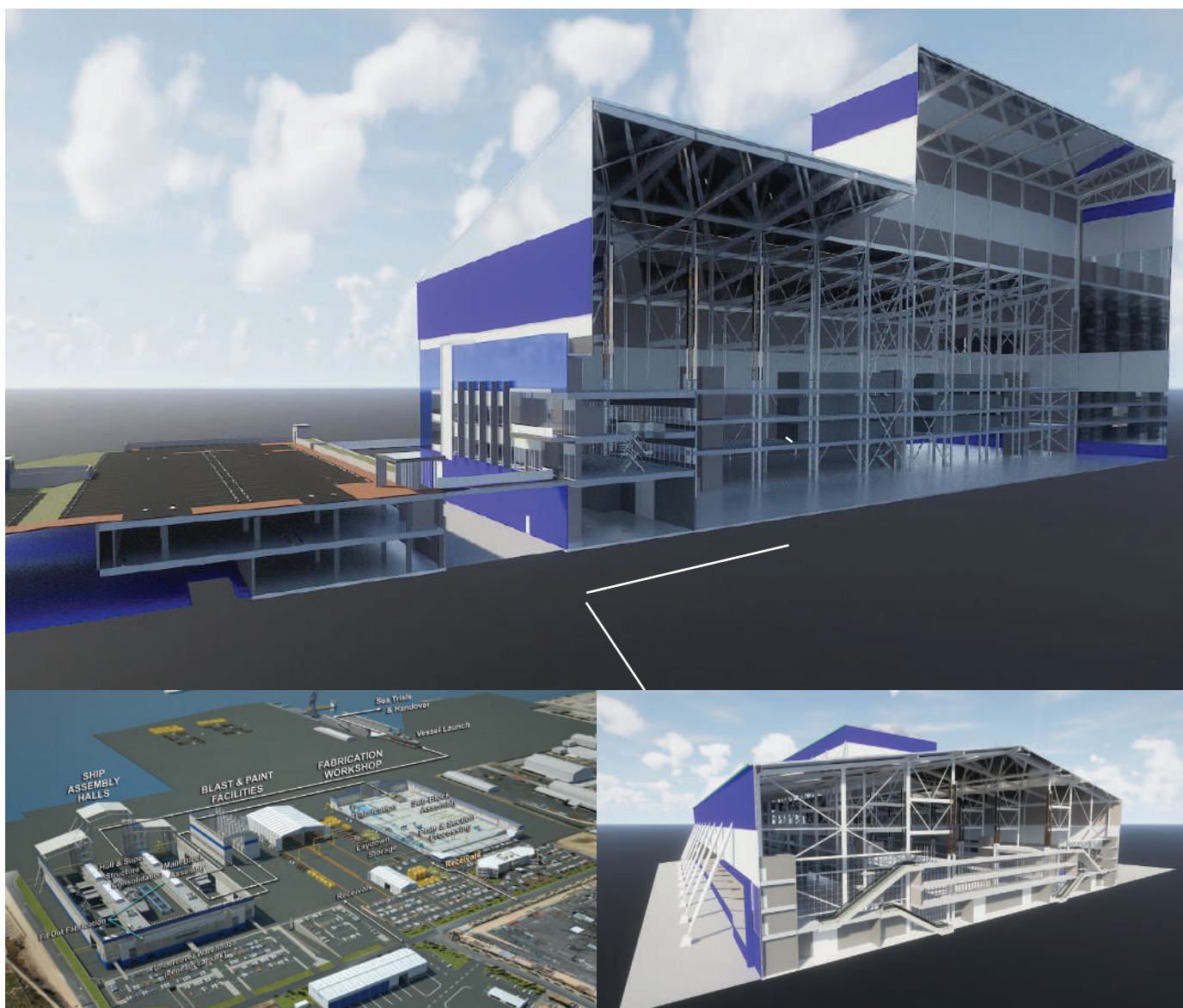


Photo: Internal view of new \$80million shipbuilding and maintenance facility - due for completion Q2, FY2019

This Information Memorandum has been prepared in connection with Civmec Limited's application for admission to the Official List of the ASX. No offer of securities is being made pursuant to this Information Memorandum and this document is not a prospectus, investment statement, product disclosure statement or offer information statement.

# IMPORTANT INFORMATION

<b>ABOUT THIS INFORMATION MEMORANDUM</b>	<p>This Information Memorandum has been prepared for the purposes of the listing of Civmec Limited (ARBN 604 316 690) (Civmec or the Company) on ASX Limited (ASX) and the quotation of CHESS Depository Interests (CDIs) over its shares, on the financial market operated by ASX (Listing). Each CDI will represent one underlying share. This document is not a prospectus, product disclosure statement or offer information statement, and does not constitute an offer of securities or an invitation to apply for the issue of securities, either expressly or by implication, in any jurisdiction. However, this Information Memorandum contains the information that would be required under section 710 of the Corporations Act, if it were a prospectus offering for subscription the same number of CDIs for which quotation is sought.</p>
<b>COMPLIANCE LISTING</b>	<p>The Company will apply for admission of the Company to the official list of ASX, and for quotation of CDIs on ASX. Listing is at the discretion of the ASX and Civmec gives no representation or warranty that listing will occur. The fact that ASX may admit the Company to its official list is not an indication of the merits of the Company. ASX takes no responsibility for the contents of this Information Memorandum, or the merits of the investment to which this Information Memorandum relates.</p> <p>If the Company is listed, its ASX ticker will be 'CVL'. The Company will also be subject to the ASX Listing Rules (subject to any waivers or rulings given from time to time by ASX).</p>
<b>NO NEW CAPITAL</b>	<p>The Company has not raised any capital during the three months before the date of issue of this Information Memorandum, and will not need to raise any capital for three months after the date of this Information Memorandum.</p>
<b>NOT INVESTMENT ADVICE</b>	<p>This Information Memorandum does not contain an offer for securities in the Company. This Information Memorandum does not take into account the investment objectives, financial situation and particular needs of individual investors.</p> <p>No person named in this Information Memorandum, nor any other person, guarantees the performance of the Company, the repayment of capital or the payment of a return on the shares.</p> <p>This Information Memorandum is not financial product advice, and should not be relied upon as the sole basis for any investment decision, in relation to securities of the Company.</p>
<b>FINANCIAL INFORMATION PRESENTATION</b>	<p>The historical financial information for FY2015, FY2016 and FY2017 included in this Information Memorandum has been prepared and presented in accordance with Singapore Financial Reporting Standards (FRS) accounting standards, except where otherwise stated.</p> <p>The historical financial information in this Information Memorandum should be read in conjunction with, and is qualified by reference to, the information contained in Section 3. Section 3 sets out in detail, the financial information referred to in this Information Memorandum, and the basis of preparation of that information. All financial amounts contained in this Information Memorandum are expressed in Singapore dollars unless otherwise stated. Any discrepancies between totals and sums of components in tables contained in this Information Memorandum are due to rounding.</p> <p>Investors should be aware that certain financial data included in this Information Memorandum is 'non-IFRS financial information' as defined under Regulatory Guide 230 Disclosing non-IFRS financial information, published by ASIC. The Company believes this non-IFRS financial information provides useful information to users in measuring the financial performance and conditions of the Company. The non-IFRS measures do not have standardised meanings prescribed by Australian Accounting Standards and therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures, determined in accordance with Australian Accounting Standards. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial information and ratios included in this Information Memorandum.</p> <p>ASX has confirmed that the Company may, for the purposes of ASX Listing Rule 19.11A, prepare its financial accounts in Singapore dollars in accordance with standards acceptable to ASX, including Financial Reporting Standards in Singapore.</p>



# IMPORTANT INFORMATION (Continued)

<b>FORWARD LOOKING STATEMENTS</b>	<p>This Information Memorandum contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'expects', 'intends', and other similar words that involve risks and uncertainties.</p> <p>These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that; at the date, this Information Memorandum was prepared, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company. The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Information Memorandum will actually occur, and investors are cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements should be read in conjunction with the risk factors set out in Section 4, and other information in this Information Memorandum.</p> <p>Other than as required by law, none of the Company or its directors, officers, employees or advisers, or any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Information Memorandum will actually occur. You are cautioned not to place undue reliance on those statements. Subject to the Corporations Act, and any other applicable law, each of the Company and its officers, employees and advisers disclaims any duty to disseminate any updates or revisions to any such statements after the Information Memorandum is first circulated to reflect any change in expectations in relation to such statements or any change in events, conditions, or circumstances on which any such statement is based</p>
<b>DEFINED TERMS AND TIME</b>	<p>Certain terms and abbreviations used in this Information Memorandum have defined meanings which are explained in Section 8 (Glossary).</p> <p>Unless otherwise stated or implied, a reference to a time is a reference to Australian Western Standard Time (AWST).</p>
<b>PHOTOGRAPHS AND DIAGRAMS</b>	<p>Photographs used in this Information Memorandum which do not have descriptions are for illustration only, and should not be interpreted to mean that any person shown endorses the Information Memorandum or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Information Memorandum are illustrative only, and may not be drawn to scale.</p>
<b>SUPPLEMENTARY DISCLOSURE</b>	<p>The Company will issue a supplementary Information Memorandum, if it becomes aware of any of the following between the date of this Information Memorandum, and the date on which the Company's securities are officially quoted on ASX:</p> <ul style="list-style-type: none"><li>(a) A material statement in this Information Memorandum is misleading or deceptive;</li><li>(b) there is a material omission from this Information Memorandum;</li><li>(c) there has been a significant change affecting a matter included in this Information Memorandum; or</li><li>(d) a significant new circumstance has arisen, and it would have been required to be included in this Information Memorandum.</li></ul>

# LETTER FROM THE CHAIRMAN



**Since inception in 2009, we at Civmec have remained focused on developing the company to be a major force within the markets we operate. We are well on the way to achieving our goals but still feel we have so much to complete and we now embark on our next phase of our evolution.**

Initially we targeted the Oil & Gas and Minerals and Metals sectors, then expanding into Infrastructure and more recently pursued opportunities in the Water & Energy area and Marine & Defence sectors. This has been facilitated by the focus on the development of our workforce, currently in excess of 2,400 direct employees. As a multi-disciplined construction and engineering service provider we consistently increase our capability pool, to give our clients the best project delivery outcomes through our turn key solution capacity. We take a very strategic look at opportunities for growth geographically and presently have extensive support bases and waterfront workshop facilities at Henderson in Western Australia and Newcastle in New South Wales, as well as various other locations across Australia. We maintain a watchful eye over upcoming opportunities internationally as they arise to assess their suitability.

We are an Australian company with all our operating activities and primary growth prospects in Australia. We have successfully played a major role in many of Australia's prestigious projects in the sectors we operate. We are here to support the Australian defence industry as the Australian government embarks on a significant investment program to enhance national security.

With all the above considered, the Board considers the timing is now right for the company to apply to list on the Australian Securities Exchange (ASX) as a dual listing with our current listing on the Singapore Exchange (SGX). We feel the most prudent way forward to achieve this is to pursue a compliance listing on the ASX.

On behalf of the Board, I am pleased to present this Information Memorandum which sets out the information required for the Company to apply for admission to the official list of the ASX.

It is the Board's view that the dual listing will:

- increase Civmec's profile in the Australian market with increased analyst coverage and media;
- expose Civmec to the large pool of funds available for investment in Australia; and
- facilitate investment, and significantly broaden Civmec's shareholder base, while also building on the strong support we have received from investors in Singapore.

The Board believes this is a strong and positive move for our current Singaporean and future Australian investors.

Civmec has been listed on the Singapore Exchange since April 2012. This listing has been very important to us, and the support of our SGX investors has been vital in terms of achieving the tremendous growth the Company has delivered to date. We greatly value our existing shareholders, and believe that the dual listing will provide us with an additional platform to achieve further growth and development.

The dual listing is a very exciting development for the Company and its shareholders, and the Board is looking forward to this next phase of growth.

Yours sincerely



**James Finbarr Fitzgerald**  
Executive Chairman  
Civmec Limited

# ASX INFORMATION MEMORANDUM

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# 1. INVESTMENT OVERVIEW

TOPIC	SUMMARY	FOR MORE INFORMATION
<b>1.1 KEY FEATURES OF BUSINESS MODEL</b>		
<b>WHAT IS CIVMEC'S BUSINESS?</b>	Civmec is an integrated multi-disciplinary heavy engineering and construction provider to the oil and gas, metals and minerals, infrastructure, marine and defence as well as the water and energy markets.	Section 2
<b>HOW AND WHERE DOES CIVMEC GENERATE ITS REVENUE?</b>	Civmec derives the majority of its revenue from companies in the oil and gas, metals and minerals, infrastructure, marine and defence as well as the water and energy industries. Civmec is a project-based organisation and perform engineering & construction services. Revenue is generated Australia wide.	Section 2
<b>WHAT IS CIVMEC'S STRATEGY?</b>	<p>Civmec has established a comprehensive strategy to diversify through a broadening of services, extending reach within existing markets, and constantly review opportunities in new markets.</p> <p>The Company intends to further invest in developing our facilities and acquire additional plant and equipment to further improve productivity and efficiencies.</p>	Sections 2.7
<b>1.2 KEY STRENGTHS</b>		
<b>ESTABLISHED RELATIONSHIPS</b>	Civmec has established relationships with leading companies in the sectors it operates in.	Section 2.2
<b>EXPERIENCED MANAGEMENT TEAM</b>	Civmec's Board and executive team collectively have decades of experience in the heavy engineering and construction industry and a proven track record of sustainable growth and profitability.	Sections 2.5 and 5.1
<b>STATE-OF THE ART FACILITIES</b>	Civmec's strategically located facilities are positioned in key Australian energy, resources and urban regions. We have the largest undercover water front fabrication and modular assembly facilities in Australia, located in both Henderson and Newcastle. These facilities are equipped with high capacity automated equipment and extensive craneage.	Section 2.2
<b>INNOVATIVE</b>	Civmec's success to date can be attributed to its creative leadership, ability to embrace new ideas, and challenging existing processes and practices.	Sections 2.6 and 2.7
<b>QUALITY OF WORK</b>	Civmec produces a quality product, and has a culture based on achieving excellence. A quality that is amongst the best in the world.	Section 2.6
<b>DIVERSITY</b>	Civmec has a diversified service offering with multi-disciplinary capabilities, offering a turn-key solution to our clients.	Section 2.3
<b>BALANCE SHEET</b>	A disciplined approach to capital management with a solid balance sheet underpinned by Civmec's significant investment in property and equipment.	Sections 2.8 and 3

# 1. INVESTMENT OVERVIEW (Continued)

TOPIC	SUMMARY	FOR MORE INFORMATION
<b>1.3 SUMMARY OF KEY RISKS</b>		
<p>The business, assets and operations of Civmec are subject to certain risk factors that have the potential to influence operating and financial performance in the future. These risks can have an impact on Civmec's business, financial position and the results of its operations.</p> <p>The Company manages these risks by carefully planning its activities and implementing mitigating risk control measures. As with any business of a similar nature to Civmec, some risks are unforeseen. However, the Board carries out regular and diligent business risk reviews to identify and mitigate ongoing risks that do arise. It is through this strategy, combined with risk control measures, that the Board can manage risk in a highly competent manner. Specific risks to which Civmec is exposed, and general risks associated with an investment in Civmec are outlined in Section 4. Key risks specific to Civmec are summarised below.</p>		
<b>CUSTOMER RELIANCE</b>	<p>We derive a significant portion of our revenue from companies in the oil and gas, mining and other industries, such as the infrastructure, utilities, chemical and power industries. The operations of our customers involve potential operating hazards such as leaks, explosions and environmental contaminations. Civmec works in close unison with our clients, to mitigate these risks and risk management of both employees and the operations.</p>	Section 4.2(a)
<b>CONTRACT RISKS</b>	<p>Civmec undertake works in accordance with strict contractual provisions and obligations. The management of these is an area of focus for the Civmec Board to ensure that contractual provisions are complied with in all regards, therefore safeguarding both reputational and financial compliance.</p>	Section 4.2(b)
<b>FACILITIES ARE AFFECTED BY POWER AND WATER SUPPLY SHORTAGES, INTERRUPTIONS AND/OR DISRUPTIONS</b>	<p>We utilise substantial amounts of power and water as part of our fabrication processes. Supply shortages, interruptions and/or disruptions in this regard, whether arising from controlled or uncontrolled elements, such as natural forces or governmental rations, will substantially affect the Company's operations, including timely completion of its projects. The Company maintains and works closely with suppliers to ensure it is aware of any potential planned shutdowns, and to ensure unplanned shutdowns are promptly rectified in the rare event of occurrence.</p>	Section 4.2(c)
<b>FINANCIAL CAPACITY OF CUSTOMERS</b>	<p>As with any business of a similar nature to Civmec, a large portion of Civmec's works are carried out with payment in arrears i.e. works are undertaken and costs incurred at least 30 days before payment is made by clients for this work. If clients are suffering financial distress then this can cause to delays in payments to Civmec, and have an adverse effect on Civmec cashflow. The Company, where possible, manages this by securing advance payments and/or security of payment bonds from clients.</p>	Section 4.2(d)
<b>WE ARE DEPENDENT ON OBTAINING FINANCING TO FUND OUR LARGER SCALE PROJECTS</b>	<p>For most of the Company's projects, we are paid according to work done on a progressive basis. As such, Civmec requires financing to fund the initial costs of the project, such as costs relating to labour, material and the performance securities, bonds and/or guarantees required under the project contracts.</p> <p>This risk is mitigated by advance and/or mobilisation payments from Clients, which provide initial cashflow and minimise risk exposure in this regard.</p>	Section 4.2(e)
<b>WE FACE THE RISK OF SIGNIFICANT INCREASE IN THE PRICE OR SHORTAGE OF OUR DIRECT MATERIALS</b>	<p>There is no assurance that Civmec will continue to be able to obtain direct materials from our suppliers at acceptable prices or that our suppliers would be able to meet our requirements in a timely manner. The risk is mitigated by entering into supply memorandums of understanding and longer-term supply agreements to 'lock' in pricing and supplier certainty</p>	Section 4.2(f)

# 1. INVESTMENT OVERVIEW (Continued)

TOPIC	SUMMARY	FOR MORE INFORMATION
<b>SENIOR MANAGEMENT &amp; KEY PERSONNEL</b>	Whilst no one person is irreplaceable, Civmec's business and ability to win and deliver work is reliant upon a key number of senior managers and key personnel. In order to mitigate this risk, Civmec identifies key persons within the business and develops these people, so that they can be exposed to leadership functions, and ensure that the continuity of work winning is maintained.	Section 4.2(g)
<b>WE MAY INCUR ADDITIONAL COSTS OR LIQUIDATED DAMAGES IN THE EVENT OF DISPUTES, CLAIMS, DEFECTS OR DELAYS</b>	We may encounter disputes with our customers in relation to non-compliance with contract specifications, defects in workmanship and materials used. There is no assurance that any future disputes and claims will not result in protracted litigation, which may have a material and adverse impact on our financial performance. Civmec has a history of managing and mitigating this risk extremely well and through both relationships with our customers and Civmec's project compliance we ensure that this risk is managed and mitigated accordingly.	Section 4.2(h)
<b>WE MAY NOT BE ABLE TO SECURE NEW CONTRACTS AND/OR CUSTOMERS</b>	As with any business of a similar nature to Civmec, a substantial part of Civmec's business is project-based and non-recurring. We therefore have to continuously and consistently secure new customers and projects.	Section 4.2(i)
<b>INCREASED AUSTRALIAN AND OVERSEAS COMPETITION</b>	The industries in which the Company operates are competitive, both from local (Australian) and overseas. The Australian market in which Civmec operates has seen a significant number of entries of overseas companies.	Section 4.3(a)
<b>CONSTRUCTION SAFETY RISKS</b>	<p>The industries in which Civmec operative contain a number of low, medium and high-risk activities from a safety perspective. These can include working at heights, in confined spaces, with combustible materials and around live operating plant. These works contain inherent safety risks.</p> <p>Civmec follows strict procedures and processes in regard to safety management, and employs experienced safety personnel on sites, and at a corporate level, to ensure safety governance. Safety management training is provided to employees.</p>	Section 4.3(b)
<b>1.4 DIRECTORS AND KEY MANAGEMENT</b>		
<b>WHO ARE THE DIRECTORS AND KEY EXECUTIVES OF CIVMEC?</b>	<p><b>Board</b></p> <ul style="list-style-type: none"> <li>• James Finbarr Fitzgerald - Executive Chairman</li> <li>• Patrick John Tallon - Chief Executive Officer</li> <li>• Kevin James Deery - Chief Operating Officer</li> <li>• Chong Teck Sin - Lead Independent Director</li> <li>• Wong Fook Choy Sunny - Independent Director</li> <li>• Douglas Owen Chester - Independent Director</li> </ul> <p><b>Executive Team</b></p> <ul style="list-style-type: none"> <li>• Justine Campbell - Chief Financial Officer and proposed additional Company Secretary</li> <li>• Charles Sweeney - Executive General Manager - Construction</li> <li>• Rodney John Bowes – Executive General Manager - Proposals</li> <li>• Adam Goldsmith - Executive General Manager - Commercial and Risk</li> </ul>	See Section 5.1

# 1. INVESTMENT OVERVIEW (Continued)

TOPIC	SUMMARY				FOR MORE INFORMATION
<b>1.5 INTERESTS, BENEFITS AND RELATED PARTY TRANSACTIONS</b>					
<b>WHAT SIGNIFICANT BENEFITS AND INTERESTS ARE PAYABLE TO DIRECTORS?</b>	<b>PERSON</b>	<b>ROLE</b>	<b>SECURITIES</b>	<b>OTHER INTERESTS/ BENEFITS</b>	See Section 5
	James Finbarr Fitzgerald	Executive Chairman	97,720,806 Shares (indirect interest)	<p>A\$650,737.07 (TFR)</p> <p>Mr Fitzgerald is eligible to participate in the Employee Share Option Scheme and Performance Share Plan.</p> <p>Mr Fitzgerald is entitled to be reimbursed for travel and other expenses reasonably incurred in attending to Civmec's affairs.</p>	
	Patrick John Tallon	Chief Executive Officer	97,620,806 Shares (54,000 direct interest, 97,566,806 indirect interest)	<p>A\$650,737.07 (TFR)</p> <p>Mr Tallon is eligible to participate in the Employee Share Option Scheme and Performance Share Plan.</p> <p>Mr Tallon is entitled to be reimbursed for travel and other expenses reasonably incurred in attending to Civmec's affairs.</p>	
	Kevin James Deery	Chief Operating Officer	13,295,250 Shares (indirect interest)	<p>A\$521,732.50 (TFR)</p> <p>Mr Deery is eligible to participate in the Employee Share Option Scheme and Performance Share Plan.</p> <p>Mr Deery is entitled to be reimbursed for travel and other expenses reasonably incurred in attending to Civmec's affairs.</p>	
	Chong Teck Sin	Lead Independent Director	Nil	<p>S\$80,000 (TFR)</p> <p>Mr Chong is eligible to participate in the Employee Share Option Scheme and Performance Share Plan.</p> <p>Mr Chong is entitled to be reimbursed for travel and other expenses reasonably incurred in attending to Civmec's affairs.</p>	

# 1. INVESTMENT OVERVIEW (Continued)

TOPIC	SUMMARY				FOR MORE INFORMATION
<b>1.5 INTERESTS, BENEFITS AND RELATED PARTY TRANSACTIONS (continued)</b>					
<b>WHAT SIGNIFICANT BENEFITS AND INTERESTS ARE PAYABLE TO DIRECTORS?</b>	<b>PERSON</b>	<b>ROLE</b>	<b>SECURITIES</b>	<b>OTHER INTERESTS/ BENEFITS</b>	See Section 5
	Wong Fook Choy Sunny	Independent Director	Nil	<p>S\$70,000 (TFR)</p> <p>Mr Wong is eligible to participate in the Employee Share Option Scheme and Performance Share Plan.</p> <p>Mr Wong is entitled to be reimbursed for travel and other expenses reasonably incurred in attending to Civmec's affairs.</p>	
	Douglas Owen Chester	Independent Director	Nil	<p>S\$70,000 (TFR)</p> <p>Mr Chester is eligible to participate in the Employee Share Option Scheme and Performance Share Plan.</p> <p>Mr Chester is entitled to be reimbursed for travel and other expenses reasonably incurred in attending to Civmec's affairs.</p>	
<b>1.6 CDIS</b>					
<b>WHAT ARE CDIS?</b>	<p>ASX uses an electronic system called CHESS for the clearance and settlement of trades on ASX.</p> <p>The Company is incorporated in Singapore, and the requirements of Singapore laws and the Constitution that registered shareholders have the right to receive a share certificate does not permit the CHESS system of holding uncertificated securities on behalf of shareholders. Accordingly, to enable companies such as the Company to have their securities cleared and settled electronically through CHESS, depositary instruments called CDIs are issued.</p> <p>CDIs represent the beneficial interest in the underlying shares in a foreign company such as the Company and are traded in a manner similar to shares of Australian companies listed on ASX.</p> <p>Each CDI will be equivalent to one Share.</p>				Sections 7.11 and 7.12
<b>WHAT RIGHTS AND LIABILITIES ATTACH TO THE CDIS BEING OFFERED AND UNDERLYING SHARES?</b>	<p>A description of the Company's shares, including the rights and liabilities attaching to them, is set out in Section 7.9.</p> <p>A description of the CDIs is set out in Sections 7.11 and 7.12.</p>				Sections 7.9, 7.11 and 7.12



## 2. BUSINESS OVERVIEW

### 2.1 Overview of Civmec

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

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

On 3 June 2010, Civmec was incorporated in Singapore under the Companies Act as a private company limited by shares, with the name 'Civmec Pte. Ltd.' Subsequently, on 29 March 2012, Civmec was converted into a public limited company, and its name changed to 'Civmec Limited'.

### 2.2 Operations

Civmec's strategically located facilities are positioned in key Australian energy, resources and urban regions, all of which support their on-site activities.

#### West Coast Facilities

Civmec's headquarters on the west coast of Australia, in Henderson, is spread over 200,000m<sup>2</sup> and features the modern fabrication and future shipbuilding facilities as well as waterfront access. It is the largest heavy engineering facility of its kind in Australia. Situated just 30 kilometres from the Western Australian capital of Perth, the facility has access to a further 400,000m<sup>2</sup> of Australian Marine Complex (AMC) Common User Facility land.



Figure 1. Aerial view of Henderson facility – current and future (showing current development in white outline for completion in Q2 FY2019)

## 2. BUSINESS OVERVIEW (Continued)

### East Coast Facilities

On the east coast of Australia, Civmec's facilities in Newcastle, New South Wales, are located on 227,000m<sup>2</sup> of land, boasting riverfront access just 14-kilometres from the port of Newcastle.

Other operations around Australia include Darwin, Broome, Gladstone and Sydney, with projects located across Australia.



Figure 2. Aerial view of Newcastle facility – current

### 2.3 Services

Fundamental to Civmec's strategy is the Company's diverse range of capabilities enabling Civmec to provide a large scale of complementary in-house core competencies and services, including the following:

#### Heavy Engineering

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



Figure 3. Subsea suction piles



Figure 4. Fabrication of car dumper

## 2. BUSINESS OVERVIEW (Continued)

### Modularisation

Civmec offers its clients efficient construction and enhanced design and fabrication process through its large custom-built manufacturing facility, which enables large module assemblies to be fabricated and assembled offsite into single units.



Figure 5. Wharf topside module



Figure 6. Modules departing for site

### Structural, Mechanical and Piping

Civmec undertakes complex site structural, mechanical and piping projects, with the capacity to mobilise quickly undertaking site installation projects locally and at remote locations.



Figure 7. Structural, mechanical and piping works



Figure 8. Conveyor belt modules

## 2. BUSINESS OVERVIEW (Continued)

### Electrical, Instrumentation and Control

Civmec is a licensed electrical contractor delivering comprehensive turnkey electrical instrumentation solutions to its clients.

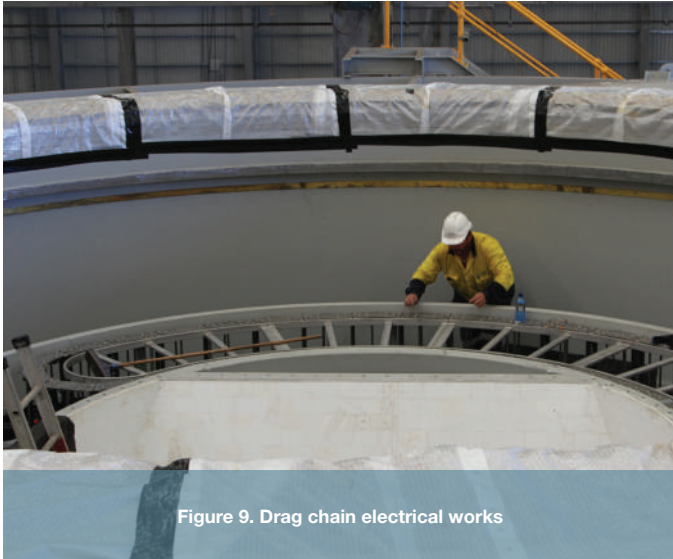


Figure 9. Drag chain electrical works



Figure 10. Electrical works onsite

### Site Civil Works

Civmec provides a full range of civil construction services, and is at the forefront of creating innovative construction techniques, with the Company's dedicated on-site teams offering the highest level of workmanship and quality.



Figure 11. Concrete and civil services



Figure 12. Concrete MOF Wharf

## 2. BUSINESS OVERVIEW (Continued)

### Shipbuilding

Civmec embraces new ideas, with a focus on unlocking the value of local steel shipbuilding while building a competitive export industry.



Figure 13. Inside view of shipbuilding facility (under construction)



Figure 14. Luerssen Offshore Patrol Vessel

### Precast and Pre-Stressed Concrete

Civmec has the capability to manufacture reinforced concrete products of all sizes, complexities and to tight tolerances, including pre-stressed elements. With the ability to work to stringent specifications associated with concrete mixes and controlled curing temperatures from both fixed location at Henderson, Newcastle and remote sites. export industry.



Figure 15. Precast concrete bridge elements



Figure 16. Precast concrete beam out of Newcastle, NSW

## 2. BUSINESS OVERVIEW (Continued)

### Industrial Insulation and Surface Treatment

Civmec provides integrated insulation, surface treatment and fireproofing, all of which are supported from its technologically-advanced engineering facilities in Henderson and Newcastle, as well as our remote sites.



Figure 17. Insulation works



Figure 18. Surface treatment at Henderson facilities, WA

### Access Solutions

Civmec provides in-house scaffolding capabilities which supports its business across projects, maintenance and shutdown services providing full project management throughout delivery.

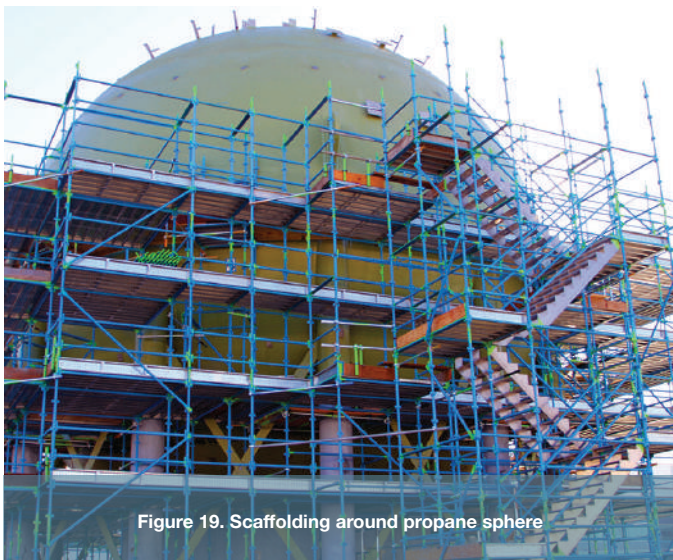


Figure 19. Scaffolding around propane sphere



Figure 20. Scaffold around pipe racks

## 2. BUSINESS OVERVIEW (Continued)

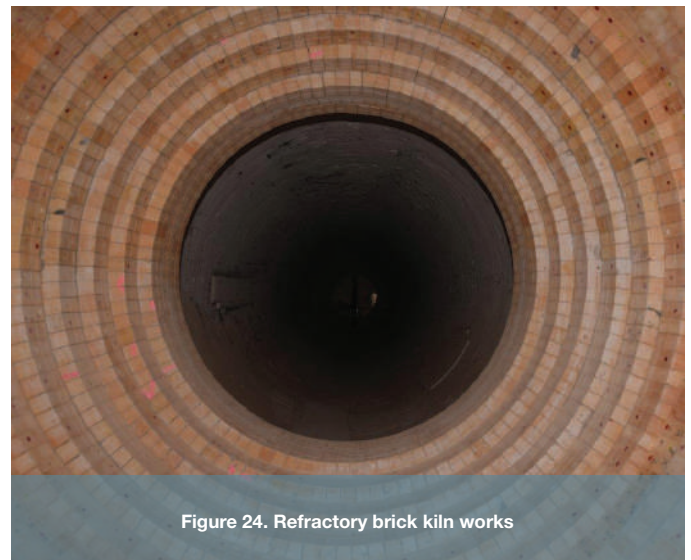
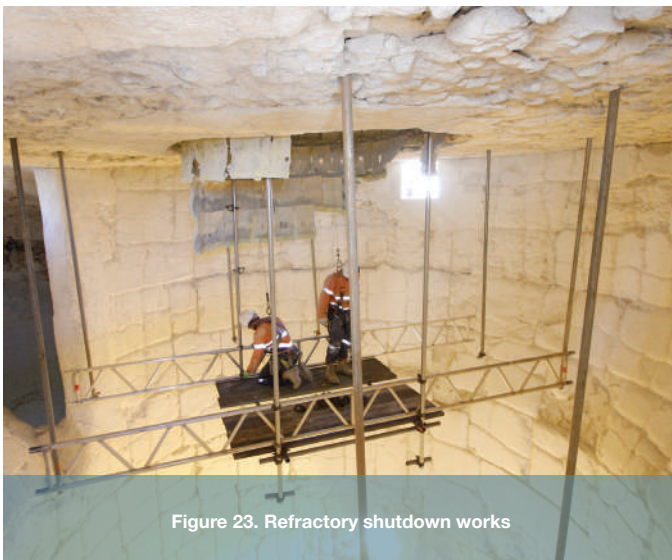
### Maintenance and Minor Works

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



### Refractory

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



## 2. BUSINESS OVERVIEW (Continued)

### Offshore Logistics

Civmec provides comprehensive integrated supply chain solutions to the onshore and offshore industries. With its strategic locations, the Company ensures its offshore logistics bases are ideally placed to provide complete support to its clients.



Figure 25. Offshore logistics yard



Figure 26. Pipe loadout

### 2.4 Projects

Civmec's facilities support its project activities across Australia, helping to control the supply chain, ensuring on-site activities have the best opportunity for success. The Company's current projects and scope of work (SOW), includes:



#### Offshore Patrol Vessels

**Client:** Luerssen Australia

**SOW:** Supply and processing of steel for all 12 OPV's. Fabrication and construction activities for 10 OPV's.

**Completion:** 2029



#### Northern Gas Pipeline

**Client:** Jemena

**SOW:** Contracted to carry out site civil works, earthworks, structural mechanical and piping, electrical and instrumentation work for the Phillip Creek Compressor Station.

**Completion:** August 2018



#### The Amrun Project

**Client:** Rio Tinto Amrun (RTA)

**SOW:** Contracted to carry out the earthworks, fabrication, precast concrete, site civil works, structural mechanical and piping, electrical instrumentation and control for the new process plant at Weipa, North Queensland.

**Completion:** September 2018



## 2. BUSINESS OVERVIEW (Continued)

### 2.4 Projects (Continued)



#### The Amrun Project

**Client:** Sandvik Mining and Construction

**SOW:** Contracted to carry out the supply, fabrication, surface treatment and modular assembly of one stacker and tripper, one reclaimer and one shiploader, to be shipped to the Rio Tinto process facility at Weipa, North Queensland.

**Completion:** June 2018

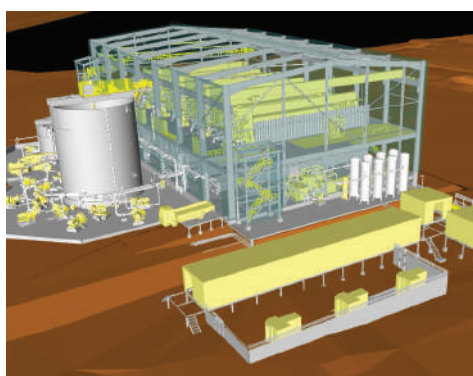


#### Gruyere Gold Project

**Client:** Gruyere Project Joint Venture (Gold Roads Resources Limited and Gruyere Mining Company Pty Ltd, a wholly owned subsidiary of Gold Fields Limited)

**SOW:** In a joint venture with Wood (formally Amec Foster Wheeler), an engineering, procurement, construction (EPC) contract was awarded, involving the design and procurement, installation of the process plant and other facilities, structural mechanical piping, electrical instrumentation control, civil works, fabrication, cladding and commissioning.

**Completion:** April 2019



#### Pinjarra Alcoa Refinery Expansion Project

**Client:** Alcoa of Australia Ltd

**SOW:** An EPC contract was awarded to undertake the engineering, procurement, fabrication, modularisation, delivery, construction, integration, commissioning and performance testing of a filter facility, materials handling system, and associated supporting infrastructure for the project.

**Completion:** January 2019



#### Pilgangoora Lithium Project

**Client:** Altura Mining

**SOW:** Contracted for the concrete, civils, fabrication, structural, mechanical and piping, electrical and instrumentation packages for the new 1.5Mtpa lithium processing facility.

**Completion:** August 2018

## 2. BUSINESS OVERVIEW (Continued)

### 2.4 Projects (Continued)



#### Ichthys LNG Project – Onshore CCPP

**Client:** JKC

**SOW:** Contracted to complete various packages including trenching and inground services, formwork reinforcement and placement of in-situ concrete, civil works, onsite painting, industrial insulation/cladding, erosion and sediment control and grouting.

**Completion:** September 2018



#### Woodman Point Wastewater Treatment Plant

**Client:** Water Corporation

**SOW:** An EPC alliance model contract with Water Corporation, Black and Veatch and Civmec, for the design and construction of the plant to increase the capacity to 180ml/day. The scope of works includes earthworks, civils, concrete, structural mechanical piping and commissioning.

**Completion:** July 2019



#### Sydney Light Rail Project

**Client:** Acciona Infrastructure

**SOW:** Contracted to carry out structural, concrete works and construction of the Moore Park Tunnel, from the subgrade level and above. Scope of works includes formwork reinforcement and placement of concrete for, base slab and walls, track slab, erection and placement of precast planks and waterproofing.

**Completion:** July 2018



#### Northwest Rail Link

**Client:** Northwest Rapid Transit

**SOW:** Contracted for formwork, reinforcement and placement services consisting of 20,00m<sup>2</sup> of formwork, fixing 1,400 tonnes of reinforcing, placement of 9,300m<sup>3</sup> of concrete, installation of 1,700 precast elements, supply of precast beams and structural steel for several stations across NSW.

**Completion:** July 2018

## 2. BUSINESS OVERVIEW (Continued)

Civmec has extensive experience across the markets of oil and gas, metals and minerals, and infrastructure, undertaking major works on some of the most prestigious projects in Australia, some of these include:

PROJECT	CLIENT	SOW	COMPLETION (FY)
<b>PERTH STADIUM</b>	Brookfield Multiplex	Fabrication Surface Treatment Precast Concrete Site Installation	Q3 2014 - Q3 2017
<b>GORGON LNG PROJECT</b>	Various Contractors (now Chevron direct)	Fabrication Modularisation Precast Concrete Site Civil Works	Q3 2010 - current
<b>JIMBLEBAR EXPANSION PROJECT</b>	BHP Billiton	Fabrication Site Civil Works SMP E&I	Q2 2015 - Q3 2016
<b>ELIZABETH QUAY</b>	LeightonBroad	Fabrication Site Civil Works Precast Concrete	Q1 2014 - Q2 2015
<b>NAMMULDI BELOW WATER TABLE PROJECT</b>	Rio Tinto Iron Ore	Site Civil Works Concrete SMP	Q1 2013 - Q4 2014
<b>PORT KEMBLA COAL TERMINAL</b>	ThyssenKrupp	Fabrication Surface Treatment Assembly	Q2 2016 - Q3 2017
<b>SOUTH HEDLAND POWER STATION</b>	IHI Engineering	Bulk Earthworks Fabrication Site Civil Works Modularisation SMP E&I	Q2 2015 - Q3 2017
<b>ROY HILL IRON ORE PROJECT</b>	Samsung C&T	Fabrication SMP E&I	Q3 2014 - Q2 2015
<b>YANDICOOGINA SUSTAINING PROJECT</b>	Rio Tinto Iron Ore	Earthworks Fabrication Concrete Site Civil Works SMP	Q1 2013 - Q2 2014
<b>PRELUDE FLNG PROJECT</b>	Technip (for Shell)	Fabrication Surface Treatment Modularisation	Q1 2014 - Q1 2016
<b>WHEATSTONE LNG PROJECT</b>	BEST JV	Precast Concrete	Q4 2013 - Q1 2015

## 2. BUSINESS OVERVIEW (Continued)

### 2.5 People

Civmec's Board consists of:

- James Fitzgerald – Executive Chairman
- Patrick Tallon – Chief Executive Officer
- Kevin Deery – Chief Operating Officer
- Chong Teck Sin – Lead Independent Director
- Douglas Chester – Independent Director
- Wong Fook Choy Sunny – Independent Director

The biographies and experience of the Directors are set out below.

#### **Mr 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 to the Company's growth and success.

#### **Mr 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 and gas, metals and minerals, infrastructure and defence markets, 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.

#### **Mr 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-orientated culture, compliance and operational productivity. Mr. Deery has more than 21 years' experience, including significant time spent within the construction and engineering services industry throughout Australia.

#### **Mr 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.

## 2. BUSINESS OVERVIEW (Continued)

### **Mr 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 Ltd. and KTL Global Ltd. Mr. Wong holds a Bachelor of Law (Honours) from the National University of Singapore.

### **Mr 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.

Civmec also has a highly experienced executive management team as follows:

### **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. It is proposed as part of the Company's ASX-listing, that Ms Campbell be appointed as an additional 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 requirements.

### **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.

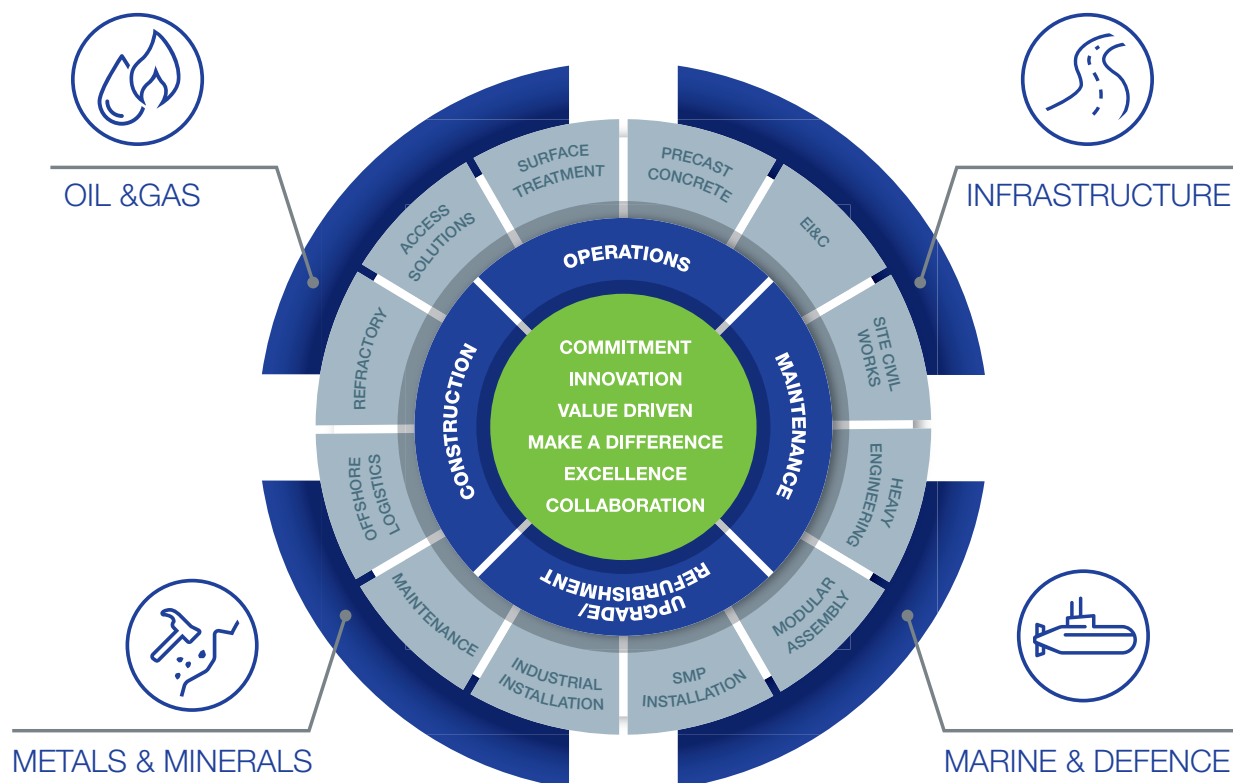
### **Rodney Bowes**

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 of experience in the fabrication and construction industry. He is focused on securing a strong and profitable order book for the group.

## 2. BUSINESS OVERVIEW (Continued)

### 2.6 Business and Operating Model



The Company's operations are focused on four major markets:

- oil and gas;
- metals and minerals
- infrastructure; and
- marine and defence.

Each market is underpinned by an extensive and diverse suite of service offerings.

### 2.7 Investment in Our People

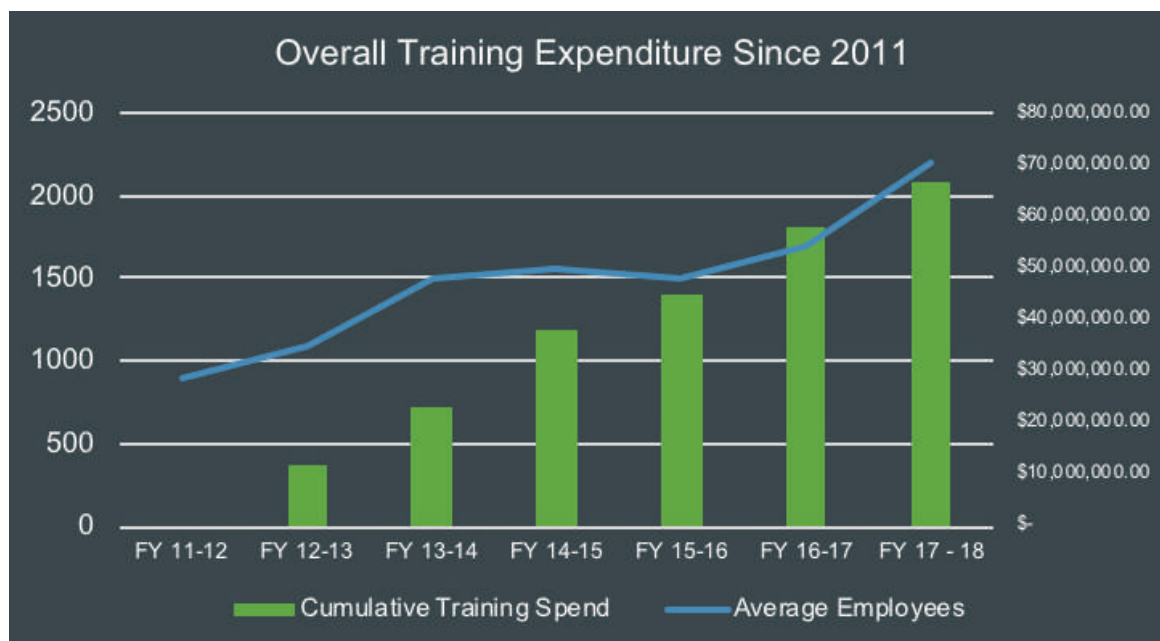
Through the Company's underlying culture of inclusiveness and continuous improvement, Civmec constantly challenges traditional methods ensuring it remains highly competitive whilst providing its clients with innovative solutions that deliver the best project outcomes. We are proud of our achievements to date, having built a reputation of collaboratively working with clients as the Company strives to improve its capability framework, taking a strategic and long-term approach to the development of its business for the future.



## 2. BUSINESS OVERVIEW (Continued)

Civmec continually invests in its people, and believes its training programs enable its people to reach their potential. Civmec is committed to staying at the forefront of its industry, which includes ensuring its employees receive the best training and professional development available.

Civmec is a Nationally Accredited Registered Training Organisation (RTO), that runs Nationally Accredited training as well as non-accredited training such as Verifications of Competencies (VOCs). The RTO works closely with operational areas and health and safety to develop courses where training needs are identified. Currently Civmec offers 29 units of competency through the RTO.



The RTO works closely with Civmec employees to develop training and assessing expertise internally. Rather than employ trainers from outside of the organisation, the ethos of the RTO is to identify, coach and mentor employees to take leading roles within the training organisation. The role of the RTO is to create a skilled and diverse workforce, that is vital to Civmec's business plan, high performance business culture, and to the personal growth and retention of our employees.

### 2.8 Corporate Strategy

Civmec has successfully capitalised on several opportunities in core markets, including establishing itself as a leading Engineering, Procurement and Construction (EPC) contractor that has secured several significant contract awards.

The Group has established a comprehensive strategy diversifying through a broadening of services and extending reach into new markets and geographies. The Company will continue with its strategy to provide cost-effective, intelligent engineering solutions for its clients, and maintain its disciplined approach to capital management.

The Group has invested significant resources into establishing a solid platform for the years to come. The Company is constantly focused on identifying opportunities to further grow and expand Civmec's capabilities, as well as securing further work in the defence and water and energy markets.

Having strategically positioned itself to participate in the Australian government's projected defence investment program, Civmec has commenced building a state-of-the-art shipbuilding and maintenance facility at its increased land area at the Henderson facility, Australia's largest undercover construction and modularisation facility.

The Company will continually review new opportunities in the markets we operate, and in new markets, as they arise both nationally and internationally.

# 3. FINANCIAL INFORMATION

## 3.1 Introduction

This Section contains a summary of the statutory historical financial information prepared by the management of Civmec. The historical financial information comprises of:

- The audited consolidated statements of profit or loss and other comprehensive income for the financial years ended 30 June 2015, 2016 and 2017, and the reviewed consolidated statements of profit or loss, and other comprehensive income for the half year ended 31 December 2017.
- The audited consolidated statements of cash flows for the financial years ended 30 June 2015, 2016 and 2017, and the reviewed consolidated statements of cash flows for the half year ended 31 December 2017.
- The reviewed consolidated statement of financial position of the Company, and its controlled entities as at 31 December 2017.

All amounts disclosed in the tables are presented in Singapore Dollars (“S\$”) and, unless otherwise noted, are rounded to the nearest S\$0.1 million.

The Company’s significant accounting policies have been consistently applied throughout the respective financial periods, as detailed in Section 3.7.

The information in this Section should also be read in conjunction with the risk factors as detailed in Section 4, and other information included in this Information Memorandum.

## 3.2 Basis of Preparation and Presentation of the Financial Information

### (a) Overview

The Financial Information included in this Information Memorandum is intended to present potential investors with information to assist them in understanding the underlying historical financial performance, cash flows and financial position of Civmec. The Directors are responsible for the preparation and presentation of the Financial Information.

The Financial Information is presented in an abbreviated form, in so far as it does not include all the disclosures, statements or comparative information as required by the Australian Accounting Standards, applicable to annual financial reports prepared in accordance with the Corporations Act 2001.

### (b) Application of Accounting Standards

The audited financial statements of Civmec for the years ended 30 June 2015, 2016 and 2017, and the reviewed half year report for the half year ended 31 December 2017 have been prepared in accordance with Singapore Financial Reporting Standards (‘FRS’). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies in Section 3.7.

During the years ended 30 June 2015, 2016 and 2017 and the half year ended 31 December 2017, there have been no material differences between Australian Accounting Standards (Australian Equivalents to International Financial Reporting Standards - ‘AIFRS’) and Singapore Financial Reporting Standards (‘FRS’), with both countries closely modelling their accounting standards on the International Financial Reporting Standards (‘IFRS’) issued by the International Accounting Standards Board.

As of November 2008, the Singapore Accounting Standards Council (‘ASC’) issued a set of accounting standards and interpretations that were almost identical to the IFRS with minor differences remaining, including some differences in the effective dates of adopting some of the IFRS standards and transitional requirements. The ASC has recently introduced a new financial reporting framework identical to IFRS for Singapore listed companies for annual periods beginning on or after 1 January 2018.

Accordingly, there are no material differences between the financial statements of Civmec for the years ended 30 June 2015, 2016 and 2017 and for the half year ended 31 December 2017, as prepared in compliance with Singapore FRS in comparison to their preparation under AIFRS.

Civmec’s key accounting policies relevant to the Financial Information are set out in Section 3.7. In preparing the Financial Information, the accounting policies of Civmec have been applied consistently throughout the periods presented. Subsequent to listing on the ASX, the accounting policies of Civmec are expected to remain unchanged and compliant with AIFRS.



## 3. FINANCIAL INFORMATION (Continued)

### (c) Historical Financial Information

The Historical Financial Information has been extracted from the audited financial statements of the Company and its controlled entities for the years ended 30 June 2015, 2016 and 2017, and the reviewed financial statements for the half year ended 31 December 2017.

Moore Stephens LLP in Singapore audited the financial statements of the Company, and its controlled entities, for the years ended 30 June 2015, 2016 and 2017 and reviewed the financial statements of the Company and its controlled entities for the half year ended 31 December 2017. Moore Stephens LLP issued unmodified opinions on the financial statements for the years ended 30 June 2015, 2016 and 2017, and an unmodified conclusion on the financial statements for the half year ended 31 December 2017.

The financial statements of the Company and its controlled entities for the years ended 30 June 2015, 2016 and 2017 were audited in accordance with Singapore Standards on Auditing ('SSAs'). The financial statements of the Company and its controlled entities for the half year ended 31 December 2017 were reviewed in accordance with the Singapore Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. The SSAs are fully equivalent to the International Standards on Auditing ('ISAs'). Subsequent to listing on the ASX, the auditing standards applicable to Civmec are expected to remain unchanged (ie. in accordance with ISAs).

### (d) Pro Forma Financial Information

Pro forma Financial Information is usually provided as an illustration of what the statement of financial position of the Company, and its controlled entities would look like as at 31 December 2017, adjusted on the basis of funds to be raised (if applicable), pursuant to the Information Memorandum and related transactions associated with the proposed listing of the Company on ASX, as if the listing occurred as at 31 December 2017. As the Company is not raising capital pursuant to the Information Memorandum, the pro forma adjustments associated with the listing of the Company on ASX are considered to be immaterial. As such, the pro forma statement of financial position of the Company and its controlled entities as at 31 December 2017 is the same as the historical statement of financial position of the Company and its controlled entities as at 31 December 2017 (Section 3.5). For this reason, we do not consider it necessary to present a separate pro form statement of financial position in the Information Memorandum.

## 3. FINANCIAL INFORMATION (Continued)

### 3.3 Consolidated Historical Statement of Profit or Loss and Other Comprehensive Income

The following table sets out the Company's historical statements of profit or loss for the years ended 30 June 2015, 2016 and 2017, and the six months ended 31 December 2017.

	Audited Year ended 30 June 2015 S\$'000	Audited Year ended 30 June 2016 S\$'000	Audited Year ended 30 June 2017 S\$'000	Reviewed Half Year ended 31 December 2017 S\$'000
Revenue	499,153	396,752	345,955	319,995
Cost of sales	(437,046)	(353,257)	(308,896)	(301,384)
<b>Gross Profit</b>	<b>62,107</b>	<b>43,495</b>	<b>37,059</b>	<b>18,611</b>
Other income	933	1,181	2,215	6,391
Share in profit of joint venture	-	3,890	(260)	220
Administrative expenses	(22,114)	(23,439)	(26,774)	(9,152)
Finance costs	(2,122)	(1,945)	(2,575)	(1,908)
Other expenses	(3,133)	(133)	(119)	-
<b>Profit before income tax</b>	<b>35,671</b>	<b>23,049</b>	<b>9,546</b>	<b>14,162</b>
Income tax expense	(5,363)	(5,757)	(1,326)	(3,764)
<b>Profit after income tax</b>	<b>30,308</b>	<b>17,292</b>	<b>8,220</b>	<b>10,398</b>
<b>Other comprehensive income</b>				
Exchange differences on re-translation from functional to presentation currency	(19,368)	(4,854)	9,308	(2,627)
<b>Total comprehensive income for the period</b>	<b>10,940</b>	<b>12,438</b>	<b>17,528</b>	<b>7,771</b>

## 3. FINANCIAL INFORMATION (Continued)

### 3.4 Consolidated Historical Statements of Cash Flows

The following table sets out the Company's historical statements of cash flows for the years ended 30 June 2015, 2016 and 2017, and the six months ended 31 December 2017.

	Audited Year ended 30 June 2015 S\$'000	Audited Year ended 30 June 2016 S\$'000	Audited Year ended 30 June 2017 S\$'000	Reviewed Half Year ended 31 December 2017 S\$'000
<b>Cash flows from operating activities</b>				
Profit before income tax	35,671	23,049	9,546	14,162
Adjustment for:				
Depreciation of property, plant & equipment	8,020	8,952	10,742	5,410
(Gain)/loss on disposal of property, plant & equipment	162	128	119	(20)
Share in (profit)/loss of joint venture	-	(3,890)	260	(220)
Expense recognised in respect of share based payments	57	-	-	-
Finance costs	2,122	1,945	2,575	1,908
Interest income	(400)	(516)	(280)	(185)
Foreign exchange differences	(57)	10	(30)	(183)
Bad debts written off	2,971	3	-	-
Operating cash flow before working capital changes	48,660	29,681	22,932	20,872
<b>Changes in working capital</b>				
(Increase) in trade and other receivables	15,180	18,551	(69,378)	(95,960)
(Increase)/decrease in other current assets	(69)	(730)	(323)	(1,799)
(Decrease)/increase in trade and other payables	(1,589)	(11,613)	23,524	76,384
(Decrease)/increase in provisions	331	725	(658)	1,800
Cash generated from/ (used in) operations	62,513	36,614	(23,903)	1,297
Interest received	400	516	280	185
Finance costs paid	(2,122)	(1,937)	(2,474)	(1,797)
Income tax refund	3,014	10,574	4,550	2,895
Income tax paid	(18,848)	(10,841)	(5,211)	(3,408)
Net cash provided by/ (used in) operating activities	44,957	34,926	(26,758)	(828)
<b>Cash flows from investing activities</b>				
Payments for property, plant & equipment	(12,302)	(34,316)	(20,642)	(15,136)
Proceeds from disposal of property, plant & equipment	1,239	499	377	67
Investment in joint venture	-	(9,893)	(3,631)	(262)
Cash distribution from joint venture	-	8,076	9,070	-
Net cash used in investing activities	(11,063)	(35,634)	(14,826)	(15,331)
<b>Cash flows from financing activities</b>				
Dividends paid	(3,502)	(3,507)	(3,507)	(3,507)
Repayment of borrowings	(33,833)	(51,161)	(30,847)	(139,669)
Proceeds from borrowings	13,112	58,731	58,314	188,366
Net cash provided by/ (used in) financing activities	(24,223)	4,063	23,960	45,190
Net increase/(decrease) in cash held	9,671	3,355	(17,624)	29,031
Cash and cash equivalents at the beginning of the period	32,557	37,643	39,788	24,044
Effect of changes in exchange rate on cash balances held in foreign currencies	(4,585)	(1,210)	1,880	(462)
<b>Cash and cash equivalents at the end of the period</b>	<b>37,643</b>	<b>39,788</b>	<b>24,044</b>	<b>52,613</b>

## 3. FINANCIAL INFORMATION (Continued)

### 3.5 Consolidated Historical Statement of Financial Position

The following table sets out the Company's historical consolidated statement of financial position as at 31 December 2017.

	Note	Reviewed 31 December 2017 S\$'000
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents		52,613
Trade and other receivables	i	250,190
Income tax recoverable		1,062
Other current assets	ii	3,035
<b>Total current assets</b>		<b>306,900</b>
<b>Non-current Assets</b>		
Trade and other receivables	i	519
Property, plant & equipment	iii	143,784
Intangible asset		10
Deferred tax assets		1,274
Investment in joint venture	iv	611
<b>Total non-current assets</b>		<b>146,198</b>
<b>TOTAL ASSETS</b>		<b>453,098</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	v	154,617
Borrowings	vi	46,069
Provisions for employee benefits		6,460
Total current liabilities		207,146
<b>Non-current Liabilities</b>		
Borrowings	vi	63,513
Provisions for employee benefits		3,457
<b>Total non-current liabilities</b>		<b>66,970</b>
<b>TOTAL LIABILITIES</b>		<b>274,116</b>
<b>NET ASSETS</b>		<b>178,982</b>
<b>EQUITY</b>		
Issued capital		37,853
Other reserves	vii	(16,750)
Retained earnings		158,525
Non-controlling interest		(646)
<b>TOTAL EQUITY</b>		<b>178,982</b>

## 3. FINANCIAL INFORMATION (Continued)

Notes to the consolidated statement of financial position as at 31 December 2017 were as follows:

### (i) Trade and Other Receivables

	Reviewed 31 December 2017 S\$'000
<b>Current</b>	
<b>Trade receivables</b>	
- Third party	101,180
- Retention on construction claims	6,098
	107,278
<b>Amount due from customers for contract in progress</b>	137,817
- Advances to joint venture <sup>1</sup>	1,211
- Other receivables	3,884
	250,190
<b>Non-current</b>	
Trade receivables	
- Retention on construction claims	519

1. Advances Sedgman Civmec Joint Venture are reimbursable costs incurred on behalf of the joint venture. The amount is non-trade, unsecured, interest-free and repayable on demand.

### (ii) Other Current Assets

	Reviewed 31 December 2017 S\$'000
Prepayments	2,486
Consumables inventory	549
	3,035

## 3. FINANCIAL INFORMATION (Continued)

### (iii) Property, Plant & Equipment

	Land S\$'000	Buildings S\$'000	Plant & Equipment S\$'000	Small tools S\$'000	Motor vehicles S\$'000	Office equipment S\$'000	IT equipment S\$'000	Assets under con- struction S\$'000	Total S\$'000
<b>Cost</b>									
At 1 July 2017	17,207	58,778	52,390	14,210	6,986	1,452	2,161	20,817	174,001
Additions	-	-	462	560	707	9	-	13,398	15,136
Transfer	-	-	-749	1,083	23	-	-	-357	-
Disposals	-	-	-267	-	-	-	-	-	-267
Currency Transaction	-247	-847	-753	-212	-104	-21	-31	-353	-2,568
At 31 Dec 2017	16,960	57,931	51,083	15,641	7,612	1,440	2,130	33,505	186,302
<b>Accumulated depreciation</b>									
At 1 July 2017	-	-8,721	-17,010	-5,943	-3,690	-841	-1,733	-	-37,938
Depreciation charge	-	-1,279	-2,012	-1,434	-434	-77	-174	-	-5,410
Disposals	-	-	220	-	-	-	-	-	220
Currency translation	-	141	268	103	58	13	27	-	610
At 31 Dec 2017	-	-9,859	-18,534	-7,274	-4,056	-905	-1,880	-	-42,518
<b>Net carrying amount</b>									
At 31 Dec 2017	16,960	48,072	32,549	8,367	3,546	535	250	33,505	143,784

### (iv) Investment in Joint Venture

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

	Reviewed 31 December 2017 S\$'000
Net assets of Sedgman Civmec Joint Venture as at 31 December 2017	1,222
Proportion of the Group's ownership interest in the joint venture	50%
Carrying amount of the Group's interest in the Joint Venture	611

### 3. FINANCIAL INFORMATION (Continued)

#### (v) Trade and Other Payables

	Reviewed 31 December 2017 S\$'000
Trade creditors	47,271
Sundry payables and accrued expenses:	
Accrued expenses	65,270
Amount due to customers for contracts in progress	15,605
Goods and services tax payable	5,394
Advanced billings <sup>1</sup>	12,800
Other taxes payable	8,277
	154,617

1. The advanced billings pertain to advances from the customer of Sedgman Civec Joint Venture to assist with its cash flow and shall be repaid through deductions against future progress claims to the customer.

#### (vi) Borrowings

	Reviewed 31 December 2017 S\$'000
<b>Current</b>	
Finance lease liabilities – secured <sup>1</sup>	4,920
Trade finances – secured	41,149
	46,069
<b>Non-current</b>	
Finance lease liabilities – secured <sup>1</sup>	4,997
Bank bills – secured <sup>2</sup>	58,110
Loans from related parties – unsecured	406
	63,513

1. The Group (the lessee) leases motor vehicles, workshop equipment and office fit out 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 finance leases are secured by the underlying leased assets included in property, plant and equipment.

2. As at 31 December 2017, the Group had a commercial bank facility which was fully utilised. The bank bills are secured by certain property, plant and equipment.

### 3. FINANCIAL INFORMATION (Continued)

The Group is required by the banks to maintain certain financial ratios such as loan to value ratio and interest cover ratio. As at 31 December 2017, the Group met all of its financial covenants.

#### (vii) Other Reserves

		Reviewed 31 December 2017 S\$'000
Foreign currency translation reserve	(a)	(26,044)
Merger reserve	(b)	9,010
Share option reserve	(c)	284
		(16,750)

#### 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 (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 a Restructuring Exercise, the share capital of Civmec Construction & Engineering Pty Ltd and Controlled Entities was adjusted to a 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.

#### (viii) Commitments and Guarantees

#### 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:

		Reviewed 31 December 2017 S\$'000
Not later than 12 months		2,857
Between 12 months and five years		18,169
More than five years		59,770
		80,796



### 3. FINANCIAL INFORMATION (Continued)

The Group has below commercial operating leases:

- The Henderson land lease in Western Australia is for a 35-year period from July 2009, with an option to renew for a further 35 years. Rent increases are as per the CPI Index.
- The Group has entered into a lease for an additional 7 hectares of land adjoining its Henderson facility in Western Australia for a 28-year period from December 2016 with an option to renew for another 45 years.
- The Darwin property lease in the Northern Territory is for a 2-year period from July 2017. Rent increases are as per the CPI index.
- The Broome property lease in Western Australia is for a 5-year period from August 2014. Rent increases are as per CPI index.

#### b) Capital expenditure commitments

The Group has contracted capital expenditure commitments as at 31 December 2017 but not recognised in the Financial Statement as follows:

	Reviewed 31 December 2017 S\$'000
Plant and equipment purchases	1,014
Capital projects	8,383
	<u>9,397</u>
Not later than 12 months	<u>9,397</u>

#### c) Guarantees

The Company 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 31 December 2017, the Group provided the following:

	Reviewed 31 December 2017 S\$'000
Bank guarantee	7,222
Surety bond facility <sup>1</sup>	96,411
Letter of credits	2,848
	<u>106,481</u>

1. The surety bond facility is provided for the provision of performance bonds to customers of the Group. It has a limit of A\$125 million (equivalent to S\$130.42 million) as at 31 December 2017.

## 3. FINANCIAL INFORMATION (Continued)

### 3.6 Subsequent Event Adjustments

The Statement of Financial Position presented in Section 3.5 does not reflect any events that have occurred subsequent to 31 December 2017. Other than publicly available announcements, via SGX releases relating to new client contracts, there have been no matters or events that have arisen since 31 December 2017 which significantly affected or may significantly affect the Group's results or its financial position in future years.

### 3.7 Significant Accounting Policies

#### (a) New or Revised FRS issued but not yet effective

At the date of authorisation of the Financial Statements for the half year ended 31 December 2017, the Group had not applied the following new and revised FRS that have been issued and which are relevant to the Group but will only be effective for the Group subsequent to 31 December 2017.

##### *FRS 109 Financial Instruments*

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

The Directors have assessed the expected impact of this standard and, at present, do not anticipate that the adoption of FRS 109 will have a significant impact on the Group.

##### *FRS 115 Revenue from Contracts with Customers*

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

1. Identification of the contracts.
2. Identification of the performance obligations in the contract.
3. Determination of the transaction price.
4. Allocation of the transaction price to the performance obligations.
5. Recognition of revenue when (or as) an entity satisfies a performance obligation.

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

The Directors have assessed the expected impact of this standard and, at present, do not anticipate that the adoption of FRS 115 will have a significant impact on the Group.

##### *FRS 116 Leases*

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

The Directors have assessed the expected impact of this standard and as a result anticipate that the adoption of FRS 116 will have a significant impact on the Group. Whilst the Directors have not quantified this impact, note 3.5 (viii(a)) above includes a summary of the value of the Group's operating lease commitments as at 31 December 2017. At the time of adoption of FRS 116 (expected to be 1 July 2019), each of these operating leases will need to be reviewed and the value of the right to use asset and associated lease liability measured and recognised in the financial statements. This will result in a material asset, and a corresponding material liability being recognised in the statement of financial position.

## 3. FINANCIAL INFORMATION (Continued)

The operating lease expense (i.e. lease payments) that is currently recognised in the profit or loss account will be replaced by two expenses comprising the amortisation of the right to use asset, and the finance lease (interest) charge in respect of the lease liability. Over the period of the lease the total expense recognised in the profit or loss account will be the same, however the timing of the expense year to year is likely to differ post adoption of FRS 116.

### *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 IFRS for periods beginning on or after 1 January 2018.

Other than the adoption of the new and revised standards referred to above the Group does not expect to change its existing accounting policies on adoption of the new framework.

### **(b) Basis of Consolidation**

#### **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 can 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 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.
- Any additional facts and circumstances that indicate that the Company has, or does not have the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date. Any gains or losses arising from such remeasurement 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.

## 3. FINANCIAL INFORMATION (Continued)

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 the 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.

### (c) Joint Arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture. The Group reassesses whether the type of joint arrangement in which it is involved has changed when facts and circumstances change.

#### Joint Ventures

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

#### Joint Operations

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

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

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

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

When the Group purchases assets from a joint operation, it does not recognise its 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 an 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) Revenue Recognition

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

### 3. FINANCIAL INFORMATION (Continued)

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 contracts (see Note (g) Construction Contracts and Work in Progress below).

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

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

#### (e) Income Tax

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

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

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

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

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

Deferred tax assets and liabilities are measured:

- (i) at the tax rates that are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that would follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

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

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

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

## 3. FINANCIAL INFORMATION (Continued)

### 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.

### (f) 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 ("S\$"), 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 statement presenting profit or loss and other comprehensive income (i.e. including comparatives) are translated at exchange rates at the dates of the transactions.
- 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 to 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.

### (g) Construction Contracts 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').

## 3. FINANCIAL INFORMATION (Continued)

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 expense 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 connected 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 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'.

### (h) Financial Assets

#### Classification

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

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

#### Recognition and derecognition

Regular purchase and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchasing or sale of 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.

#### 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.

## 3. FINANCIAL INFORMATION (Continued)

### Impairment

At each balance sheet date, the Group assesses 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 use of an impairment allowance account 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.

### (i) 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.

### (j) Property, Plant & 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 (r) 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:

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%



### 3. FINANCIAL INFORMATION (Continued)

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 disposal are determined by comparing proceeds with the carrying amount. These gains or losses are included in profit or loss.

#### (k) 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.

#### (l) 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.

#### (m) Financial Liabilities 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. A financial liability is recognised initially at fair value plus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue. After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit and loss when the liabilities are derecognised, and through amortisation process.

##### Borrowings

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

## 3. FINANCIAL INFORMATION (Continued)

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.

### (n) 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.

### (o) 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.

### (p) Employee Benefits

#### Defined contribution plans

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

#### Provision for employee benefits

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

#### Share-based payments

The Group operates an equity-settled share-based compensation plan. The fair value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date.

At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

## 3. FINANCIAL INFORMATION (Continued)

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

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

### (q) 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.

#### *Critical Accounting Estimates and Assumptions*

##### **Useful lives of property, plant and equipment**

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

##### **Determination of percentage of completion on construction contracts**

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

Construction contract accounting requires that variations, claims and incentive payments only be recognised as contract revenue to the extent that it is probable that they will be accepted by the customer. As the approval process takes some time, judgement is required to be made of its probability and revenue recognised accordingly.

##### **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.

##### **Critical Judgements in Applying the Group's Accounting Policies**

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

##### **Impairment of receivables**

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in the payment. The Directors exercise their judgement in making allowances for receivables. A specific allowance for impairment of receivables is made if the receivables are not collectible. The factors considered in making allowances are payment history, past due status and trading terms.

## 3. FINANCIAL INFORMATION (Continued)

### Impairment of property, plant and equipment

The Group assesses impairment of property, plant and equipment at each period 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.

# 4. KEY RISKS

## 4.1 Introduction

This Section 4 describes some of the potential risks associated with Civmec's business and the industry in which it operates, and the risks associated with an investment in CDIs.

Civmec is subject to a number of risks both specific to Civmec and of a general nature, which may either individually or in combination materially affect the financial performance of Civmec and the market price of the CDIs.

The following is not intended to be an exhaustive list of the risk factors to which Civmec is exposed.

## 4.2 Risks Specific to Civmec

### (a) Customer Reliance

Civmec derives its revenue from companies in the oil and gas, mining and other industries, such as the infrastructure, utilities, chemical and power industries. The operations of the Company's customers involve potential operating hazards such as leaks, explosions and environmental contaminations. The operations of some of Civmec's customers may be located in areas where natural disasters such as earthquakes, floods and cyclones can occur. Process and procedures are always in place to manage these events if/when they do occur to minimise impact upon persons, plant, materials and the project as a whole. Such operating hazards or natural disasters may cause substantial disruptions to customers' operations. As the Company's contracts may involve on-site implementation and supervision, any operating hazards and natural disasters experienced by customers may also cause disruptions to Civmec's operations.

The Company's customers comprise mainly companies which export their products and commodities globally. Civmec's business and financial performance will be adversely affected if there are any operating hazards, natural disasters or financial impacts which adversely affect the global demand for the oil and gas, mining and other industries, such as the infrastructure, utilities, chemical and power industries.

### (b) Contract Risks

As with all businesses of a similar nature to Civmec, Civmec undertakes works in accordance with strict contractual provisions and obligations. Management of these contractual provisions is critical, with significant reputational and financial risk associated with non-compliance. It is recognised by the Board the criticality to Civmec's continuing financial performance in ensuring that contractual provisions are complied with in all regards. Civmec has and continues to work diligently to ensure that compliance with contractual provisions and obligations are met.

Civmec is and will in the future be a party to numerous contracts and agreements. These contracts and agreements relate directly or indirectly to the provision of services by Civmec (often over a material term) and therefore Civmec is subject to contract execution risk and pricing risk, and risks of counterparty default or insolvency. A number of these contracts also include provisions which may impose financial and/or other claims on Civmec for non-performance of Civmec's obligations under the contract/agreement. Such provisions may include, amongst other things, liquidated damages, latent defects/damages and warranties and indemnities. A material claim under such provisions could adversely impact on Civmec's operating and financial performance. The Board of Civmec ensure the mitigation of these risks through robust project management and training and development of employees. Contractual compliance together with programme management, timely delivery of services ensures that whilst this risk is a known risk the mitigation measures implemented are robust.

Civmec is not different from its competitors and all other businesses in that if Civmec fails to ensure correct management of contractual provisions, its revenue and profitability will be materially and adversely affected. This is why the Board of Civmec has strict risk mitigation measures in place in regard to this risk item.

### (c) Facilities are affected by power and water supply shortages, interruptions and/or disruptions

The Company utilises substantial amounts of power and water as part of its fabrication processes. Supply shortages, interruptions and/or disruptions in this regard, whether arising from controlled or uncontrolled elements, such as natural forces or governmental rations, will substantially affect Civmec's operations, including timely completion of its projects.

## 4. KEY RISKS (Continued)

### (d) Financial Capacity of Customers

The Company maintains industrial special risks insurance for such incidents the coverage of which is reviewed and assessed on a regular periodic basis. There is however a risk that the insured amount may not be sufficient to cover losses, damages and liabilities arising therefrom, and any such incidents may thereby materially and adversely affect Civmec's business operations and financial performance. It is to be noted that the Company has not experienced any such power and water supply shortages, interruptions and/or disruptions since it began operations in 2009 and the Company will work closely with utility providers to ensure continuity of supply.

A large portion of Civmec's works are carried out with payment in arrears i.e. works are undertaken and costs incurred at least 30 days before payment is made by clients for this work. If clients are suffering financial distress then this can cause to delays in payments to Civmec and adverse effect on Civmec's cashflow.

Whilst most of the Company's customers are companies with significant balance sheets and financial capacity, Civmec's customers comprise mainly companies which export their products and commodities globally. They are therefore susceptible to fluctuations in market pricing and global economies. Civmec's business and financial performance would be adversely affected if its customers are impacted by other factors which adversely influence the global demand for the oil and gas and mining

Civmec endeavours to source 'up front' or advance payments for works from its customers but this is not always possible. In these scenarios, the Company uses its working capital to finance the initial stages of a project. This would normally constitute credit terms of 30 days to our customers for projects which involve progressive billing, the Company is subjected to the risk of bad debts should any of its customers face financial difficulties.

### (e) We are dependent on obtaining financing to fund our larger scale projects

For most of its projects, Civmec is paid according to work completed on a progressive basis. As per item (d) above, Civmec seeks to mitigate this through securing advance or mobilisation payments. However, there are instances whereby this is not attainable from the client and as such, the Company requires financing to fund the initial costs of a project, such as costs relating to labour, material and the performance securities, bonds and/or guarantees required under the project contracts. For larger scale projects which we intend to tender for in the future, Civmec may require financing from banks or other financial institutions to fund the initial costs of such projects. We are therefore subject to fluctuations of interest rates for our financing. If Civmec is unable to secure financing at favourable rates for this purpose, its ability to secure larger scale projects will be impeded as the cost will form part of the tender and its growth and expansion plans will be materially and adversely affected impacting the Company's future financial performance

### (f) We face the risk of significant increase in the price or shortage of our direct materials

Civmec generally does not keep large inventories of its direct materials, but relies on its suppliers to deliver such supplies based on our prevailing requirements. Although Civmec has established good working relationships with its suppliers, there is no assurance that we will continue to obtain direct materials from suppliers at acceptable prices or that suppliers would be able to meet the Company's requirements in a timely manner. In the event that Civmec's suppliers cannot meet its requirements for direct materials on terms which are favourable to the Company, Civmec's profit margins and financial performance may be materially and adversely affected. Mitigation of this risk is implemented through a strategic partnership with key suppliers, memoranda of understanding and longer-term supply agreements. To date, and since 2009, Civmec has never encountered an issue in obtaining material supplies at competitive prices.

### (g) Senior Management & Key Personnel

Whilst no one person is irreplaceable, Civmec's business and ability to win and deliver work is reliant upon a key number of senior managers and key personnel.

The continued success of the Group is dependent to a large extent on our ability to retain key management personnel, in particular, Executive Directors and key management. There is no guarantee for several reasons that the Company will be able to retain these members of the Civmec team. In addition, there is no assurance that Civmec will be able to recruit and retain suitable replacements for Executive Directors and key management should they leave. The loss of Executive Directors and key management without suitable replacements may have a material and adverse impact on the Company's operations and ability to achieve its objectives.

Civmec has continually developed key persons within the business to ensure continuity of knowledge and skills. People are the key to mitigating the risk and Civmec invests in people management and development. This ensures that numerous persons are exposed to various parts of the business and therefore enabling the Company to grow from within.

## 4. KEY RISKS (Continued)

### **(h) We may incur additional costs or liquidated damages in the event of disputes, claims, defects or delays**

We may encounter disputes with customers in relation to contract specifications, workmanship and materials used. There is no assurance that any future disputes and claims will not result in protracted litigation, which may have a material and adverse impact on the Company's financial performance.

As per contractual requirement we usually provide warranty periods for 12 months from the contractual delivery date. During this period, the Company is required to rectify defects for which it is responsible free of charge. If Civmec is required to rectify defects during the warranty period which result in substantial additional costs being borne by the Company, the profitability of the project will be reduced. In the event a customer suffers loss and damage due to the defects, they may also claim against the Company, which may materially and adversely affect Civmec's financial performance. Quality of workmanship and timely delivery of services ensure that this risk is a highly managed and mitigated risk.

Contracts for Civmec's projects usually contain provisions for payment of liquidated damages by the Company should the hand-over of a project be delayed. In the event a project is delayed, whether due to the Company's fault or the fault of suppliers or sub-contractors, we may be liable to pay liquidated damages, which may be substantial as they are calculated based on the period of delay. If such liquidated damages are significant, Civmec's financial performance may be materially and adversely affected.

It is to be noted that Civmec has not incurred additional costs or liquidated damages which materially affect the business operations and financial performance of the Group since it began operations in 2009.

### **(i) We may not be able to secure new contracts and/or customers**

A substantial part of Civmec's business is project-based and non-recurring. The Company therefore has to continuously and consistently secure new customers and projects. There is no assurance that Civmec will be able to continue to secure new customers and projects. As such, the Company's profitability and financial performance will depend on its ability to secure new projects that are profitable on a regular basis. If Civmec is unable to do so for any reason, its profitability and financial performance will be materially and adversely affected.

### **(j) Government Policy**

Industry profitability can be affected by changes in government, both within Australia and externally, which are not within the control of the Company. Civmec's activities (and those of its customers) are subject to extensive laws and regulations controlling not only the activities of Civmec, but also the possible effects of such activities upon the environment and upon interests of native and/or indigenous peoples, among other things. Civmec ensures that policy and processes are implemented and followed to ensure compliance with laws and regulations. Additionally, typical provisions in the contracts that Civmec enter into contain provisions for recovery of time and cost impacts associated with introduction of new laws and regulations.

### **(k) We may be exposed to losses from natural disasters or other unforeseen events which may not be sufficiently covered by our insurance**

The occurrence of natural or other catastrophes or other acts of God such as severe weather conditions in our areas of operation may materially and adversely disrupt Civmec's operations.

The Company's operations, or the operations of suppliers or utilities providers, may be disrupted by explosions, acts of terrorism, power outages, system failures or other unforeseen events. These factors, which are not within Civmec's control, may potentially have significant effects on its operations and production facilities, and the operations of its customers and suppliers. The Company maintains insurance coverage for industrial special risks including floods and tsunamis, and will also through being a co-insured on a client's policy or through its own policies maintain contract works insurances. The combination of these together with contractual provisions for recovery of time, cost or both ensure that whilst this risk is a known risk the mitigation measures in place are substantial in nature.

### **(l) Foreign currency exchange rate risks**

Revenue and expenditure of Civmec may be domiciled in currencies other than Australian dollars and as such expose the Company to foreign exchange movements, which may have a positive or negative influence on the Australian dollar equivalent of such revenue and expenditure.

Civmec may invest in projects, contracts and businesses in countries outside Australia in which case movements in the currency of the relevant country against the Australian dollar may increase or decrease the Australian dollar equivalent value

## 4. KEY RISKS (Continued)

of the investment. Civmec will appropriately monitor and assess such risks and may from time to time implement measures, such as foreign currency hedging, to assist in managing these risks.

However, hedging may not be implemented in all cases and the measures themselves may expose Civmec to related risks.

### (m) Financial Capacity and performance of Key Suppliers and Subcontractors

Civmec relies on key suppliers and subcontractors. The financial stability, capacity and performance of these is a risk as any issues or delays in Civmec's supply chain would have a large detrimental effect on the upstream performance of Civmec.

On a regular basis, Civmec reviews sub-contractors' performance and conducts due diligence assessments on the sub-contractors' previous projects and available manpower. The Company also places management supervision on-site to manage the sub-contractor and to ensure the sub-contractor performs at the level required by the Company. Although Civmec holds retention monies for certain sub-contractors and other forms of security such as performance bonds and bank guarantees, should its sub-contractors fail to adhere to its specifications or default on their contractual obligations, Civmec's ability to deliver a project on time will be compromised, and we may be exposed to liabilities under the main contracts with customers.

In addition, the Company may not be able to find alternative sub-contractors to complete the work in a timely fashion and may therefore be subject to higher costs from alternative sub-contractors, which may materially and adversely affect Civmec's financial performance.

It is to be noted that the performance and quality of sub-contracted works have not materially affected the business operations and financial performance of the Group since we began operations in 2009, and the Company has robust mitigation measures such as those detailed above in place to ensure the continued and ongoing mitigation of this risk.

## 4.3 Industry Specific

### (a) Increased Australian and Overseas Competition

The industries in which Civmec operates are competitive both from local (Australian) and overseas competitors. The Australian market in which the Company operates has seen a number of entries of overseas companies.

New market entrants could result in increased competition, or our competitors may be able to price their products and services more attractively, or may utilise equipment more advanced than Civmec's. In addition to local competitors, the Company also faces competition from foreign companies, which may have access to better financial, equipment and other resources than we do.

There is no assurance that Civmec will be able to successfully compete in the future. Any failure by the Company to remain competitive would materially and adversely affecting its financial performance.

While Civmec will undertake all reasonable due diligence in its business investment decisions and controls, Civmec will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of Civmec's projects, contracts and businesses.

### (b) Construction Safety Risks

The industries in which Civmec operative contain a number of low, medium and high-risk activities from a safety perspective. These can include working at heights, in confined spaces, with combustible materials and around live operating plant. These works contain inherent safety risks. A major safety incident or a combination of a number of safety incidents could lead to temporary site closures which could result in loss of revenue and/or reputational damage for the Company.

Civmec follows strict procedures and processes in regard to safety management and employs experienced safety personnel on sites and at a corporate level to ensure safety governance. Safety management training is provided to employees.



## 4. KEY RISKS (Continued)

### (c) Shortage of skilled and semi-skilled employees

Civmec's continued growth is reliant on its ability to attract and retain skilled employees. There is a shortage of skilled and semi-skilled employees in the engineering construction sector generally, and particularly in Australia where unemployment rates are currently low. Civmec's growth may be constrained if it is unable to source appropriate personnel on appropriate terms. Civmec has and continues to implement robust training schemes for employees which ensures promotion and growth from within and maintaining a strong workforce to deliver Company growth.

## 4.4 General Risks

### (a) Market conditions

If Civmec is admitted to the Official List, the price at which CDIs are quoted on ASX may increase or decrease due to factors outside Civmec's control, which are not explained by the fundamental operations and activities of Civmec. These factors may cause the CDIs to trade at prices above or below the price at which the shares were initially acquired. There is no assurance that the price of the CDIs will increase if they are quoted on ASX. Some of the factors which may affect the price of the CDIs include:

- fluctuations in the domestic and international market for listed stocks;
- general economic conditions in both Australia and internationally, including interest rates, inflation rates, exchange rates, commodity and oil prices;
- inclusion in or removal from market indices;
- changes to government fiscal, monetary or regulatory policy, legislation or regulation;
- the nature of competition in the markets and industries in which Civmec operates;
- the introduction of taxation reform; and
- general operational and business risks.

### (b) Additional requirements for capital

The future capital requirements of Civmec will depend on many factors including its business development activities. However, Civmec will not raise capital for three months from the date of issue of this Information Memorandum. Should Civmec seek to raise further funds after three months from the date of issue of this Information Memorandum, there can be no assurance that additional financing will be available when needed or, if available, on terms acceptable to Civmec. Any inability to obtain additional finance, if required, may have a material adverse effect on Civmec's business and its financial condition and performance. Further, any additional capital raised may dilute Shareholders' interests in Civmec.

### (c) Insurance

Civmec insures its business and operations. However, Civmec's insurance may not be of a nature or level to provide adequate insurance cover to insure against the occurrence of all events that may impact the operations of Civmec. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial conditions and results of Civmec.

### (d) Taxation

The acquisition and disposal of CDIs will have tax consequences, which will differ depending on the individual financial affairs of each investor. Independent financial advice about the consequences of acquiring CDIs from a taxation viewpoint and generally should be obtained by potential investors in Civmec.

### (e) Government policy changes

Adverse changes in government policies or legislation may affect the activities of Civmec.

# 5. BOARD, MANAGEMENT & INTERESTS

## 5.1 Board of Directors and Key Personnel

The Board of the Company consists of:

- (a) Mr James Finbarr Fitzgerald (Australian Tradesman's Certificate (Sheet Metal Worker))
  - Executive Chairman;
- (b) Mr Patrick John Tallon (Tradesman's Certificate in Carpentry and Joinery for the Training and Employment Authority of Ireland)
  - Chief Executive Officer;
- (c) Mr Kevin James Deery (Bachelor of Engineering (Mechanical – Curtin University))
  - Chief Operating Officer;
- (d) Mr Chong Teck Sin (Bachelor of Engineering – University of Tokyo and a Masters of Business Administration – National University of Singapore)
  - Lead Independent Director;
- (e) Mr Wong Fook Choy Sunny (Bachelor of Law (Honours) – National University of Singapore)
  - Independent Director; and
- (f) Mr Douglas Owen Chester (Bachelor of Science (Honours) – Australian National University)
  - Independent Director.

It is proposed as part of the Company's ASX-listing that Justine Campbell be appointed as an additional Company Secretary.

## 5.2 Directors' Interests & Remuneration

### (a) Executive Chairman

Civmec has entered into an employment agreement with James Fitzgerald to govern the terms of his employment with Civmec. Under the agreement, Mr Fitzgerald receives a base salary and the minimum statutory contributions which amounts to A\$650,737.07 in total. He is also eligible to participate in the Employee Share Option Scheme and Performance Share Plan.

Mr Fitzgerald may resign by providing six months' notice to Civmec. Civmec may terminate Mr Fitzgerald's employment without cause by providing him with six months' notice or immediately by payment of six months' salary in lieu of such notice. Civmec may terminate Mr Fitzgerald's employment agreement without notice in certain circumstances, including:

- commits any material or persistent breach of any of the provisions contained herein;
- be guilty of any grave misconduct or wilful neglect in the discharge of his duties hereunder;
- becomes bankrupt or make any arrangement or composition with his creditors;
- be guilty of conduct tending to bring himself or the Company into disrepute;
- becomes of unsound mind;
- by reason of ill health or injury caused by his own default becomes unable to perform any of his duties under this Agreement for a continuous period of more than 120 days;
- be disqualified from being a Director; or
- is convicted of any criminal offence (save for an offence under any road traffic legislation for which he is not sentenced to any term of immediate or suspended imprisonment) and sentenced to any term of immediate or suspended imprisonment.

Mr Fitzgerald's employment agreement includes a restraint of trade period of 12 months post termination of his employment.

### (b) Chief Executive Officer

Civmec has entered into an employment agreement with Patrick Tallon to govern the terms of his employment with Civmec. Under the agreement, Mr Tallon receives a base salary and the minimum statutory contributions which amounts to A\$650,737.07 in total. He is also eligible to participate in the Employee Share Option Scheme and Performance Share Plan.

Mr Tallon may resign by providing six months' notice to Civmec. Civmec may terminate Mr Tallon's employment without cause by providing him with six months' notice or immediately by payment of six months' salary in lieu of such notice.

## 5. BOARD, MANAGEMENT & INTERESTS (Continued)

Civmec may terminate Mr Tallon's employment agreement without notice in certain circumstances, including those circumstances set out in Section 5.2(a) above.

Mr Tallon's employment agreement includes a restraint of trade period of 12 months post termination of his employment.

### (c) Chief Operating Officer

Civmec has entered into an employment agreement with Kevin Deery to govern the terms of his employment with Civmec. Under the agreement, Mr Deery receives a base salary and the minimum statutory contributions which amounts to A\$521,732.50 in total. He is also eligible to participate in the Employee Share Option Scheme and Performance Share Plan.

Mr Deery may resign by providing six months' notice to Civmec. Civmec may terminate Mr Deery's employment without cause by providing him with six months' notice or immediately by payment of six months' salary in lieu of such notice. Civmec may terminate Mr Deery's employment agreement without notice in certain circumstances, including those circumstances set out in Section 5.2(a) above.

Mr Deery's employment agreement includes a restraint of trade period of 12 months post termination of his employment.

### (d) Independent Director Remuneration

Each Independent Director of Civmec has entered into a board appointment letter with Civmec which set out the key terms of their employment. Mr Chester and Mr Wong are paid fees of S\$70,000 per annum. Mr Chong is paid fees of S\$80,000 per annum.

The key terms of the Independent Directors' appointment letters are as follows:

- (i) Each Independent Directors' appointment is in accordance with the constitution and the Company's charters and policies.
- (ii) Each Independent Directors' appointment is subject to the provisions of the constitution relating to retirement and re-election of directors and will cease at the end of any meeting where they are not re-elected as a director, at any time they resign by written notice or otherwise in accordance with the constitution.
- (iii) The Independent Directors' fees may be adjusted at any time by the Board.

### (e) Directors' interests in Shares

The following Directors have interests in shares:

	Shares Registered in the Name of Directors	Shares in Which a Director is Deemed to Have an Interest
Mr James Finbarr Fitzgerald	-	97,720,806 <sup>1</sup>
Mr Patrick Tallon	54,000	97,566,806 <sup>2</sup>
Mr Kevin Deery	-	13,295,250 <sup>3</sup>

Notes

1. Held by the JF & OT Fitzgerald Family Trust, of which Mr James Finbarr Fitzgerald and his spouse, Olivia Teresa Fitzgerald, are the trustees.

2. Held by Kariong Investment Trust, Goldfirm Pty Ltd is the trustee of the Kariong Investment Trust and Mr Patrick Tallon has an interest in the shares held by Goldfirm Pty Ltd as trustee.

3. Held by the Deery Family Trust.

### (f) Deeds of Indemnity, Insurance and Access

The Company proposes to enter into a deed of indemnity, insurance and access with each of its Directors.

Under these deeds, the Company will agree to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Company currently maintains insurance policies for the benefit of the relevant officer and allow the officers to inspect board papers in certain circumstances.

## 5. BOARD, MANAGEMENT & INTERESTS (Continued)

### (g) Other information

Directors may also be reimbursed for travel and other expenses reasonably incurred in attending to Civmec's affairs.

Directors may be paid such additional or special remuneration if they, at the request of the Board, and for the purposes of Civmec, perform any extra services or make special exertions.

### 5.3 Management Interests and Remuneration

#### (a) Other key management

Civmec has employment agreements with each member of executive team. The employment agreements include confidentiality obligations, intellectual property provisions and restrictive covenants applying to a period post-employment. The Directors believe the employment agreements are on standard commercial terms for employees of this level in the industry in which Civmec operates.

The total remuneration currently paid to Civmec's executive management team is approximately A\$1,500,000, excluding superannuation. Each member of the executive team receives a base salary as well as superannuation contributions. They are also reimbursed for business expenses. Civmec's executive team are eligible to participate in short term incentive plans and the Employee Share Option Scheme and Performance Share Plan.

### 5.4 Corporate Governance

This Section explains how the Board intends to oversee the management of Civmec. The Board is responsible for the overall corporate governance of Civmec. The Board monitors the operational and financial position and performance of Civmec and oversees the development of Civmec's corporate strategy. The Board is also responsible for ensuring the integrity of Civmec's financial reporting and monitors Civmec's financial results on a regular basis.

Civmec is seeking to list on ASX. The ASX Corporate Governance Council has developed and released its The Corporate Governance Principles and Recommendations (3rd Edition) as published by ASX Corporate Governance Council (Recommendations) for Australian listed entities to promote investor confidence and to assist companies in meeting stakeholder expectations.

The Recommendations are not prescriptions, but guidelines. However, under the ASX Listing Rules, Civmec will be required to provide a statement in either its annual report or on its website, and in the Appendix 4G that it must lodge with ASX at the same time as it lodges its annual report, disclosing the extent to which it has followed the Recommendations in the reporting period. If Civmec does not follow a Recommendation, Civmec must identify the relevant recommendation or principle that has not been followed and give reasons for not following it.

The main policies and practices adopted by Civmec are summarised below. Copies of the policies which Civmec has adopted are available at [www.civmec.com.au](http://www.civmec.com.au)

### 5.5 Board Composition

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto:

- (a) membership of the Board of Directors will be reviewed regularly to ensure the mix of skills and expertise is appropriate; and
- (b) the composition of the Board has been structured so as to provide the Company with an adequate mix of directors with industry knowledge, technical, commercial and financial skills together with integrity and judgment considered necessary to represent shareholders and fulfil the business objectives of the Company.

The Board consists of six directors of whom three are considered independent, being Mr Chong Teck Sin, Mr Douglas Owen Chester and Mr Wong Fook Choy Sunny. The Board considers the proposed balance of skills and expertise is appropriate for the Company for its currently planned level of activity.

The Board undertakes appropriate checks before appointing a person as a Director or putting forward to Shareholders a candidate for election as a Director.

The Board ensures that Shareholders are provided with all material information in the Board's possession relevant to a decision on whether to elect or re-elect a Director.

## 5. BOARD, MANAGEMENT & INTERESTS (Continued)

### 5.6 Board Charter

The Board Charter adopted by the Board sets out the roles and responsibilities of the Board. It envisages that the Board should comprise Directors with a range of skills, expertise, experience and diversity which are relevant to Civmec's business and the Board's responsibilities. The Board Charter allows the Board to delegate powers and responsibilities to committees established by the Board. The Board retains ultimate accountability to Shareholders in discharging its duties. The Board has responsibility for providing overall strategic guidance for Civmec and effective oversight of management. The Board ensures that the activities of Civmec comply with its Constitution, from which the Board derives its authority to act, and with the relevant legal and regulatory requirements.

The Board has delegated day-to-day management of the business and affairs of Civmec to the Chief Executive Officer, who may in turn delegate to senior management. The Board is responsible for appointing, removing and managing the performance of the Chief Executive Officer.

In accordance with the Corporations Act, each Director must bring an independent view and judgment to the Board. In determining whether a Director is independent, the Board will have regard to the ASX Corporate Governance Recommendations 3rd Edition and any information or circumstances deemed relevant.

The Board has adopted a performance evaluation process in relation to the Board, the Board committees, individual Directors and senior management. The Board has delegated some of its functions to committees, although ultimate responsibility for those functions remains with the Board.

### 5.7 Board Committees

To assist in carrying out its responsibilities, the Board has established an Audit Committee, Remuneration Committee, Nominating Committee and Risks and Conflicts Committee (together, the Committees).

Each of the Committees (and any other committee established by the Board from time to time) has terms of reference which set out the roles, responsibility, composition and processes of that Committee.

The Audit Committee consists of three members, all of whom are Non-Executive Independent Directors. The Chairman of the Audit Committee must be an independent Director and not the Chair of the Board.

The Remuneration Committee consists of three members, all of whom are Non-Executive Independent Directors. The Chairman of the Remuneration Committee must be an independent Director and not the Chair of the Board.

The Nominating Committee consists of three members, all of whom are Non-Executive Independent Directors. The Chairman of the Nominating Committee must be an independent Director and not the Chair of the Board.

The Risks and Conflicts Committee consists of three members, all of whom are Non-Executive Independent Directors. The Chairman of the Risk and Conflicts Committee must be an independent Director and not the Chair of the Board.

Other committees may be established by the Board as and when required. Membership of Board committees will be based on the needs of Civmec, relevant legislative and other requirements and the skills and experience of individual Directors.

#### (a) Audit Committee

The Audit Committee (AC) is responsible for assisting the Board to fulfil its corporate governance and oversight responsibilities in relation to the Company's financial reporting and disclosure requirements. The primary responsibilities of the AC are:

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

## 5. BOARD, MANAGEMENT & INTERESTS (Continued)

The AC comprises:

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

### (b) Remuneration Committee

The Remuneration Committee (RC) is responsible for making recommendations to the Board on remuneration packages of individual Directors and key management personnel. The primary responsibilities 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.
- Annually review annually the remuneration of employees related to the Directors and substantial shareholders to ensure their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities.
- Perform such other acts as may be required by the SGX-ST and the Code from time to time.

The RC comprises:

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

### (c) Nominating Committee

The Nominating Committee (NC) is responsible for making recommendations to the Board on all board appointments. The primary responsibilities of the NC are to:

- Nominate Directors (including Independent Directors) taking into consideration their competencies, contribution, performance and ability to commit sufficient time and attention to the affairs of the Group taking in account the Directors' respective commitments outside the Group.
- Review and recommend to the Board the composition of sub-committees.
- Re-nominate Directors for re-election in accordance with the Constitution at each annual general meeting and having regards to the Directors contribution and performance.
- Determine annually whether or not a Director of the Company is independent.
- Decide whether a Director is able to and has been adequately carrying out their duties as a Director.
- Assess the performance of the Board as a whole and contribution of each Director to the effectiveness of the Board.
- Review and recommend succession plans for Directors, in particular, the Chairman and the Chief Executive Officer.
- Review and recommend training and professional development programmes for the Board.

The NC comprises:

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

### (d) Risks and Conflicts Committee

The Risks and Conflicts Committee (RCC) is responsible for advising the Board on risk and conflict matters. The primary responsibilities of the RCC are to:

- Review and monitor the Group's risk management framework and activities, including the Group's level of risk tolerance and risk policies.
- Report to the Board regarding the Group's risk exposures, including review of the risk assessment model used to monitor the risk exposures and management's views on 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.
- Perform any other functions as may be agreed by the Board.

## 5. BOARD, MANAGEMENT & INTERESTS (Continued)

The RCC comprises;

- |                           |          |
|---------------------------|----------|
| • Mr Chong Teck Sin       | Chairman |
| • Mr Wong Fook Choy Sunny | Member   |
| • Mr Douglas Chester      | Member   |

### 5.8 Diversity Policy

Civmec has adopted a diversity policy outlining its commitment to diversity and inclusion in the workplace. Under the policy, 'diversity' encompasses (without limitation) diversity of gender, age, ethnicity and cultural background. In its annual report, Civmec will disclose the measurable objectives for achieving gender diversity and its progress towards achieving them, and will also disclose the proportions of men and women on the Board, in senior executive positions and across the Company.

### 5.9 Trading Policy

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its directors, officers, employees and contractors. The policy generally indicates that for directors and senior executives, the written acknowledgement of the Chair (or the Board in the case of the Chairman) must be obtained prior to trading.

### 5.10 Remuneration Arrangements

The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision-making process.

The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed S\$220,000 per annum.

In addition, a Director may be paid fees or other amounts (i.e. subject to any necessary Shareholder approval, non-cash performance incentives such as Options) as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility.

The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

### 5.11 External Audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company. The Board will occasionally review the scope, performance and fees of those external auditors.

### 5.12 Departures from Recommendations

Under the ASX Listing Rules the Company will be required to provide a statement in its annual financial report or on its website disclosing the extent to which it has followed the Recommendations during each reporting period. Where the Company has not followed a Recommendation, it must identify the Recommendation that has not been followed and give reasons for not following it.

The Company's departures from the Recommendations will also be announced prior to admission to the Official List.

## 6. MATERIAL CONTRACTS

Outlined below is a summary of certain contracts to which the Company or its relevant subsidiary is a party and which the Directors have identified as material to the Company. To fully understand all rights and obligations of a material agreement, it would be necessary to review it in full and these summaries should be read in this light.

### 6.1 SEA1180 – Offshore Patrol Vessels

Civmec has entered into an agreement with Luerssen Australia Pty Ltd (Luerssen) in relation to the SEA1180 offshore patrol vessel (OPV) project. The awarded scope includes the supply and processing of steel for all twelve vessels. Following the build of the first two vessels in South Australia, Civmec will undertake specific fabrication and construction activities for the following ten vessels.

Key terms of the agreement are as follows:

- (a) The contract commenced on 13 April 2018.
- (b) The agreement contains provisions for termination for default, insolvency and for convenience (on ninety days' notice) on terms considered reasonable for an agreement of this nature.
- (c) In the event that Luerssen terminates the contract for convenience, Civmec is entitled to payments in respect of work performed before the date the termination takes effect, any reasonable costs incurred that are directly attributable to the termination, the costs of all materials and consumables ordered to perform the agreement including all storage and transport costs, all termination and break fees under subcontracts and the cost of authorisations and export authorities obtained for the agreement, on the basis that Civmec substantiates these amounts to the satisfaction of Luerssen.

### 6.2 Swan River Bridge Alliance (SRBA)

This is an alliance agreement between the Commissioner of Main Road Western Australia, York Civil Pty Ltd and Rizzani de Eccher Australia Pty Ltd (the Rizzani York Joint Venture) and Civmec C&E, a wholly-owned subsidiary of the Company, pursuant to which the parties agreed to form a sub-alliance for the purpose of undertaking the fabrication, trail fitting, finishing, packaging, loading and transportation to site of the steel arch and deck elements of the Swan River pedestrian bridge (Alliance Agreement).

Key terms of the Alliance Agreement are as follows:

- (a) The Alliance Agreement commenced in August 2017.
- (b) Practical completion is planned to occur in HY2 FY2018.
- (c) The Alliance Agreement contains provisions for termination for wilful default, material breach of the Alliance Agreement, insolvency and no-fault termination on terms considered reasonable for an agreement of this nature. In the event that the Alliance Agreement is terminated for no fault, costs payable for works carried out prior to the date of termination, costs of materials reasonably ordered for the works and reasonable costs of demobilisation must be considered by the parties in agreeing to an amount payable.

### 6.3 Northern Gas Pipeline Project – Phillip Creek Civils and SMPEI Construction Contract

This is a contract between Jemena Northern Gas Pipeline Pty Ltd (Jemena) and Civmec C&E. The scope of works includes establishment of camp facilities, site civil works, mechanical, piping, electrical and instrumentation works.

Key terms of the contract are as follows:

- (a) The contract commenced on 20 September 2017.
- (b) The date for practical completion of the contract is 13 August 2018.
- (c) The contract contains provisions for termination for default, insolvency, breach of health and safety laws and for convenience on terms considered reasonable for an agreement of this nature.
- (d) In the event that Jemena terminates the contract for convenience, Civmec C&E is entitled to the value of that proportion of the works completed but not paid for by Jemena when the contract is terminated, the cost of materials and equipment properly ordered for the works for which Civmec C&E has paid or is legally bound to pay and the reasonable costs of demobilising from the site provided that Civmec C&E has done all things reasonably necessary to mitigate its loss arising from such termination.



## 6. MATERIAL CONTRACTS (Continued)

### 6.4 Amrun Process Facility

This is a contract between Rio Tinto (via RTA Weipa Pty Ltd (RTA Weipa)) and Cimec C&E. The scope of works comprises the fabrication, supply, delivery, limited design, construction, installation and pre-commissioning support of the Amrun Project process facility.

Key terms of the contract are as follows:

- (a) The contract commenced on 30 November 2016.
- (b) The date for practical completion of the last contract milestone is 30 October 2018.
- (c) The contract contains provisions for termination for default, insolvency, health and safety reasons, force majeure and for convenience on terms considered reasonable for an agreement of this nature.
- (d) In the event that RTA Weipa terminates the contract for convenience, Cimec C&E is entitled to the termination value (being the monetary value of the relevant part of the works performed) of the works performed in accordance with the contract at the date of termination, the reasonable costs of Cimec C&E removing its personnel and property from the site, the reasonable costs of complying with any directions of RTA Weipa's representative or RTA Weipa on termination and any other costs reasonably incurred by Cimec C&E prior to the date of termination in the expectation of completing the whole of the works under the contract and not included in any other payment by the RTA Weipa.

### 6.5 Gold Road - Gruyere EPC Process Plant & Associated Infrastructure Project

This is a joint venture between Wood (formally Amec Foster Wheeler Australia Pty Ltd) and Cimec C&E contracting with Gruyere Management Pty Ltd for the engineering, procurement and construction of the process plant and associated infrastructure for the Gruyere Gold Project (**Joint Venture Agreement**).

Key terms of the Joint Venture Agreement are as follows:

- (a) The financial interests of the parties are split equally 50/50.
- (b) The contract commenced in June 2017.
- (c) The date for practical completion is 2 March 2019.
- (d) The Joint Venture Agreement contains provisions for termination for default, termination for convenience and termination for force majeure. In the event of termination for convenience Gold Road (Gruyere) Pty Ltd is obliged to pay the joint venture for the total of work executed prior to the date of termination and for which the contractor has not been paid, the amount which would have been payable for that work if the Joint Venture Agreement had not been terminated and the contractor had made a payment claim on the date of termination.

### 6.6 Pinjarra Alcoa Refinery Expansion Project

This is a contract between Alcoa of Australia Limited (Alcoa) and Cimec C&E. The scope of works comprises design and engineering, completion, verification and optimisation of engineering design, material, administration of subcontracts, project management, fabrication, on-site construction, supervision of all subcontractors and inspection, supervision of commissioning, and start-up and testing of plant.

Key terms of the contract are as follows:

- (a) The contract commenced on 17 May 2017.
- (b) The estimated date for completion of the contract is February 2019.
- (c) The contract contains provisions for termination for material breach of the contract, insolvency, and for convenience by Alcoa on terms considered reasonable for an agreement of this nature.
- (d) In the event that Alcoa terminates the contract for convenience, Cimec C&E is entitled to reasonable payment for contract works executed up to the date of termination and reasonable costs of demobilisation and terminating any contracts with subcontractors and vendors (including break costs).

### 6.7 Pilgangoora Lithium Project - Process Plant Construction

This is a contract between Altura Lithium Operations Pty Ltd (Altura) and Cimec C&E in relation to process plant construction and installation works. The scope of works includes completion of concrete, fabrication, site civil works,

## 6. MATERIAL CONTRACTS (Continued)

structural, mechanical and piping, electrical and instrumentation packages for a new lithium processing facility.

Key terms of the contract are as follows:

- (a) The contract commenced on 21 September 2017.
- (b) The date for practical completion of works under the contract is 31 May 2018.
- (c) The contract contains provisions for termination for default, insolvency, prolonged force majeure and for convenience on terms considered reasonable for an agreement of this nature.
- (d) In the event that Altura terminates the contract for convenience, Civmec C&E is entitled to be paid for work executed prior to the date of termination, the cost of materials reasonably ordered by Civmec C&E prior to the notice of termination, others cost reasonably necessarily and reasonably committed by Civmec C&E for the works prior to the notice of termination and the reasonable costs of removal of construction plant.

### 6.8 Ichthys LNG Project – Onshore CCPP

This is a contract between JKC Australia LNG Pty Ltd (JKC) and Civmec C&E. The scope of works comprises completion of various packages including road and paving works, trenching and in-ground services, form, reinforcement and placement of in-situ concrete, civil works, painting, insulation, cladding, erosion and sediment control and grouting.

Key terms of the contract are as follows:

- (a) The contract was executed on 19 June 2017.
- (b) The estimated date for completion of the contracts is July 2018.
- (c) The contract contains provisions for termination for default, deficiency, insolvency, force majeure and for convenience by JKC on terms considered reasonable for an agreement of this nature.
- (d) In the event that JKC terminates the contract for convenience, JKC must pay Civmec C&E for all works completed up to the date of termination, the cost of items ordered by Civmec C&E for the performance of works which have been delivered to Civmec C&E or for which it is liable to accept delivery, and any other direct costs or expenses unavoidably incurred and properly documented by Civmec C&E including cancellation fees payable to sub-contractors, transportation and demobilisation costs.

### 6.9 Woodman Point Wastewater Treatment Plant

This is an alliance agreement between the Water Corporation, Black & Veatch Australia Pty Ltd and Civmec C&E (together, trading as an unincorporated joint venture known as the Black & Veatch Civmec Joint Venture) to perform all design, planning, scheduling, procurement, cost control, construction, construction management, commissioning, performance testing, occupation health and safety management, environmental management, quality management and administration of the Woodman Point Wastewater Treatment Plant upgrade (Alliance Agreement).

Key terms of the Alliance Agreement are as follows:

- (a) The Alliance Agreement commenced on 18 November 2016.
- (b) The date for completion is 30 August 2019.
- (c) The Alliance Agreement contains provisions for termination for wilful default, insolvency and termination for convenience on terms considered reasonable for an agreement of this nature. In the event that the Water Corporation terminates the Alliance Agreement for convenience, it must pay Black & Veatch Australia Pty Ltd and Civmec C&E direct costs, margin or risk/rewards payments payable for the performance of the work under the agreement prior to the date of termination, direct costs actually, reasonably and properly incurred by Black & Veatch Australia Pty Ltd and Civmec C&E, actual and reasonable direct costs and margin of Black & Veatch Australia Pty Ltd and Civmec C&E for complying with directions given by the Water Corporation upon or subsequent to termination and actual demobilisation costs (after mitigation of these costs as reasonably possible).

### 6.10 Lease of Henderson Property

The Company's wholly-owned subsidiary, Civmec Holdings Pty Ltd, leases the Company's Henderson property from the Western Australian Land Authority (Landcorp) pursuant to three lease agreements.

- (a) The first lease, which commenced on 1 August 2010 and expires on 13 July 2044, is for a term of 34 years. An option term for a further 35 years, commencing on 14 July 2044 and expiring on 13 July 2079, is also included in the lease

## 6. MATERIAL CONTRACTS (Continued)

agreement. The permitted use for the lease is engineering, manufacture and service of equipment utilised in the marine, defence and resource industries. CPI rent reviews have been conducted annually from 1 August 2010, other than on market rent review dates, which was conducted on 14 July 2012 and every three years thereafter (including during the option term).

- (b) The second lease, which commenced on 1 March 2014 and expires on 13 July 2044, is for a term of 30 years. An option term for a further 35 years, commencing on 14 July 2044 and expiring on 12 July 2079, is also included in the lease agreement. The permitted use for the lease is engineering, manufacture and service of equipment utilised in the marine, defence and resource industries. CPI rent reviews have been conducted annually from 14 July 2016, other than on market rent review dates, which was conducted on 14 July 2015 and every three years thereafter (including during the option term).
- (c) The third lease, which commenced on 16 December 2016 and expires on 15 December 2044, is for a term of 28 years. An option to renew the term for a further 45 years, commencing on 16 December 2044 and expiring on 15 July 2089, is also included in the lease agreement. The permitted use for the lease is construction, repair, service and maintenance of ships and submarines including for any Commonwealth Naval Defence Acquisition Programs, and otherwise for engineering, manufacture and service of equipment utilised in the marine, defence and resource industries. CPI rent reviews have been conducted annually from 16 December 2017, other than on market rent review dates, which will be conducted on 16 December 2019 and every three years thereafter (including during any option term).

### 6.11 Banking Facilities

	FACILITY SIZE	BANK
<b>Multi Option Facility</b>	\$100 million	National Australia Bank
<b>Revolving Lease Facility</b>	\$7.5 million	National Australia Bank
<b>Corporate Credit Facility</b>	\$500,000	National Australia Bank
<b>Commercial Advance</b>	\$16.8 million	Bankwest
<b>Master Asset Finance Facility (Goods Mortgage)</b>	\$9 million	Bankwest

The Group's banking facilities (as outlined in the table above) have been provided by National Australia Bank (NAB) and Bankwest as set out in the table above and have been used to fund Company operations and for working capital purposes.

The Multi Option Facility comprises a bank guarantee sub-facility, letter of credit sub-facility, trade loan sub-facility and term debt sub-facility (capped at \$50 million).

The Multi Option Facility, Revolving Lease Facility and Corporate Credit Facility expire on 30 September 2018.

The Multi Option Facility, Revolving Lease Facility and Corporate Credit Facility are supported by an interlocking guarantee and indemnity and first ranking general security agreement over the Group.

The Commercial Advance expires on 30 June 2021. Security held by Bankwest is a first-ranking registered mortgage over 2 and 8 Stuart Drive Henderson, WA and 39 Old Punt Road, Tomago, NSW, a second ranking general security interest from Civmec Holdings Pty Ltd, a third ranking general security interest from Civmec Construction & Engineering Pty Ltd, an unlimited guarantee from Civmec Limited and an unlimited guarantee from Civmec Construction & Engineering Pty Ltd.

The Master Asset Finance Facility (Goods Mortgage) is a rolling 12-month facility. Security held by Bankwest is over the relevant asset only.

# 7. ADDITIONAL INFORMATION

## 7.1 Incorporation

On 3 June 2010 Civmec was incorporated in Singapore under the Companies Act as a private company limited by shares, with the name 'Civmec Pte. Ltd.' Subsequently, on 29 March 2012, Civmec was converted into a public limited company and its name changed to 'Civmec Limited' (Registration No.201011837H).

Civmec Limited listed on the Singapore Exchange on 13 April 2012.

Civmec was registered as an Australian foreign company, with ARBN 604 316 690, on 19 February 2015.

## 7.2 Company Tax Status

Civmec Limited is an Australian tax resident. Civmec Limited and its 100% owned Australian tax resident subsidiaries elected to form a tax consolidated group with effect from 1 July 2014.

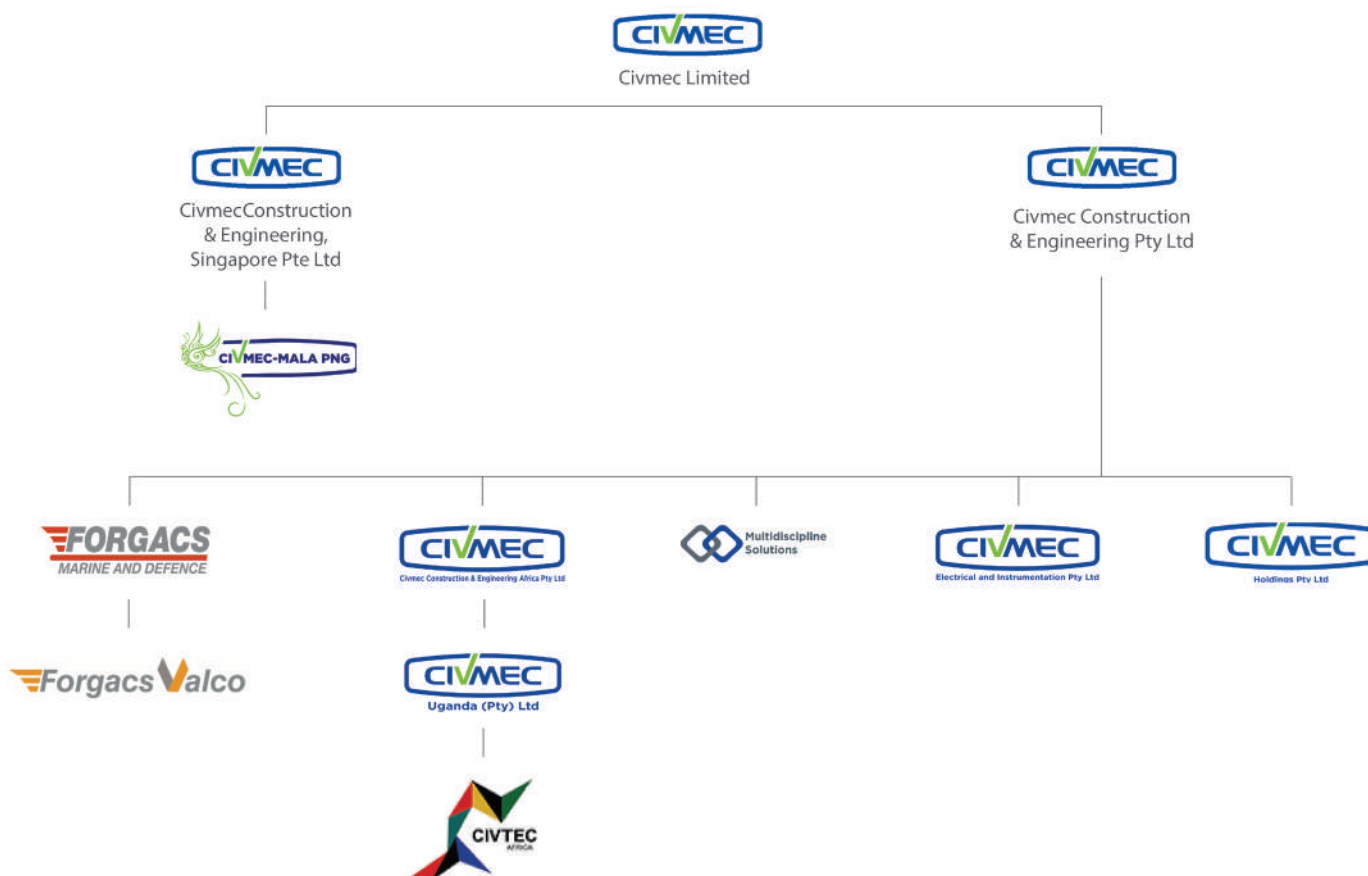
The members of the tax consolidated group have entered into a tax sharing agreement which limits the joint and several liabilities of the wholly owned entities in the case of a default by the head entity, Civmec Limited.

The members of the tax consolidated group have entered into a tax funding agreement under which the wholly owned entities fully compensate Civmec Limited for any assumed current tax liability and are compensated by Civmec for any current tax loss, deferred tax assets and tax credits that are transferred to Civmec Limited under the tax consolidation legislation.

Civmec Limited (inclusive of its Australian tax resident subsidiaries) is subject to tax at the Australian corporate tax rate on its taxable income. Civmec may also be subject to tax in other jurisdictions in which it operates.

## 7.3 Corporate Structure

The following diagram shows the entities in the corporate structure of Civmec at the date of this Information Memorandum:



## 7. ADDITIONAL INFORMATION (Continued)

NAME OF ENTITY	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	% OF EQUITY HELD BY THE GROUP
<b>Held by Civmec Construction &amp; Engineering Pty Ltd</b>			
Civmec Holdings Pty Ltd*	Asset holding company	Australia	100
Multidiscipline Solutions Pty Ltd*	Labour supply	Australia	100
Civmec Pipe Products Pty Ltd*	Asset holding company	Australia	83.5
Civmec Electrical and Instrumentation Pty Ltd*	Electrical services	Australia	100
Civmec DLG Pty Ltd*	Engineering & Construction services	Australia	100
Forgacs Marine & Defence Pty Ltd*	Marine & Defence services	Australia	100
Civmec Construction & Engineering Africa Ltd*	Engineering & Construction services	Mauritius	100
<b>Held by Forgacs Marine &amp; Defence Pty Ltd</b>			
Forgacs Valco Pty Ltd*	Value services	Australia	50
<b>Held by Civmec Construction &amp; Engineering Africa Ltd</b>			
Civmec Construction & Engineering Uganda Ltd	Asset holding company	Uganda	100
<b>Held by Civmec Construction &amp; Engineering Uganda Ltd</b>			
Civmec Africa Ltd	Engineering & Construction services	Uganda	50

### 7.4 Capital Structure

The issued capital of the Company as at the date of this Information Memorandum is set out below.

#### Shares

	NUMBER
Ordinary shares issued and fully paid <sup>1</sup>	501,000,000
Shares held as treasury shares <sup>2</sup>	(15,000)
<b>Total</b>	<b>500,985,000</b>

Notes:

- 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, entitled to one vote per share without restrictions at meetings of the Company. All shares rank equally in relation to the Company's residual assets.
- Treasury shares relate to ordinary shares of the Company that are held by the Company. When any entity within the Company 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 reissued 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.

There have been no changes to the issued and paid up capital of the Company for the last three years.

## 7. ADDITIONAL INFORMATION (Continued)

### Options

	NUMBER
Options with an exercise price of \$0.65 per Option, an expiry date of 11 September 2023, and which have been granted under the Employee Share Option Scheme	4,500,000
<b>Total</b>	4,500,000

The Company confirms that its 'free float' at the time of Listing will be not less than 20% in compliance with ASX Listing Rule 1.1 condition 7.

### 7.5 Litigation and Claims

As at the date of this Information Memorandum, the Company is not involved in any material legal proceedings and the Directors are not aware of any material legal proceedings pending or threatened against the Company.

### 7.6 Key Differences Between Australian and Singaporean Company Law

The Company is a company incorporated under the laws of in Singapore on 3 June 2010, and is listed on the mainboard of the SGX-ST. As the Company is not incorporated in Australia, its general corporate activities (apart from any offering of Shares in Australia) are not regulated by the Corporations Act or by the Australian Securities and Investments Commission, but instead regulated by the laws of Singapore, including:

- (a) the Companies Act;
- (b) the SFA;
- (c) the Listing Manual; and
- (d) all other applicable securities legislation in Singapore.

The relevant regulatory authorities include the SGX-ST, the MAS, and the Accounting and Corporate Regulatory Authority of Singapore.

The general company law structure of Singapore and Australia is reasonably similar, being based on legislation with a common law background of directors' duties. The following summary of rights and obligations of shareholders under Singapore law is provided as a general guide only and is not, and does not purport to be, a comprehensive analysis of all the consequences resulting from acquiring, holding or disposing of shares or interest in shares of the Company, and is not a substitute for specific advice relating to particular circumstances.

#### (a) Corporate procedures

In Singapore, the regulation of companies is generally governed by the Companies Act.

#### (b) Transactions requiring shareholder approval

Under the Constitution and the Companies Act, the actions or transactions which require the approval of Shareholders include the following:

- (i) in an ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast:
  - (A) appointment of directors;
  - (B) removal of directors;
  - (C) remuneration of directors;
  - (D) alteration of share capital of the Company;
  - (E) actions relation to disposals of the whole or substantially the whole of the Company's undertaking or property;
  - (F) declaration and payment of dividends;
  - (G) issue of bonus shares;

## 7. ADDITIONAL INFORMATION (Continued)

- (H) receipt and adoption of financial statements and directors' statement, auditor's report and other accompanying documents; and
- (I) appointment of auditors.

and

- (ii) in a special resolution, requiring the affirmative vote of at least 75% of the votes cast:
  - (A) voluntary winding-up of the Company;
  - (B) amendments or additions to the constitution of the Company;
  - (C) change of name of the Company;
  - (D) conversion of one class of shares into another class of shares;
  - (E) reduction of the share capital of the Company;
  - (F) conversion of the Company from a public to private company; and
  - (G) distribution of assets in specie in the case of winding-up.

Generally, approval of Shareholders is also required under the Listing Manual for transactions or actions by the Company relating to, amongst others:

- (i) a change in the auditors of the Company;
- (ii) an issue of Shares to transfer a controlling interest;
- (iii) participation of a director of the Company (or such director's associate) in an issue of Shares, company warrants or convertible securities, or the grant of options carrying rights to subscribe for Shares of the Company;
- (iv) issue of shares to:
  - (A) a director of the Company and Substantial Shareholders;
  - (B) immediate family members of directors and Substantial Shareholders;
  - (C) Substantial Shareholders, related companies, associated companies and sister companies of the Company's Substantial Shareholders;
  - (D) corporations in whose shares the Company's directors and Substantial Shareholders have an aggregate interest of at least 10%; and
  - (E) any person who, in the opinion of the SGX-ST, falls within the abovementioned categories.
- (v) implementation of share option schemes or share schemes by the Company;
- (vi) a purchase of its own Shares;
- (vii) interested person transactions (as defined in the Listing Manual) of a value exceeding certain financial thresholds prescribed under the Listing Manual;
- (viii) transactions, being acquisitions of disposals of assets which are not in, or in connection with, the ordinary course of the Company's business or of a revenue nature, and which are classified as major transactions, very substantial acquisitions, or reverse takeovers under the Listing Manual; and
- (ix) de-listing of the Company from the SGX-ST.

### (c) Shareholders' right to convene meeting

Under the constitution of the Company and the Companies Act, directors of the Company must convene an extraordinary general meeting if such a meeting is requisitioned by Shareholders representing not less than 10% of the total voting rights of all Shareholders.

### (d) Right to appoint proxies

Under the constitution of the Company and the Companies Act, Shareholders have a right to appoint proxies to attend, speak and vote at general meetings of the Company on their behalf, provided that:

- (i) save for Shareholders who are relevant intermediaries (as defined in section 181(6) of the Companies Act) who may appoint more than two (2) proxies, Shareholders shall not appoint more than two (2) proxies to attend, speak and vote at the same general meeting; and
- (ii) the instrument appointing the proxy shall be in writing in the common form approved by the directors and delivered in accordance with the constitution of the Company.

## 7. ADDITIONAL INFORMATION (Continued)

### (e) Changes to rights attaching to securities

The constitution of the Company provides for the rights attaching to Shares, for example, the right to vote and the right to receive dividends. Such rights may be amended by amending the constitution of the Company, which pursuant to the Companies Act will require the passing of a special resolution. Any such amendments to such rights will however be subject to restrictions imposed by the Companies Act - this includes requirements for Shareholders to have rights to attend any general meeting of the Company and to speak on any resolution before the meeting, notwithstanding any provision in the constitution of the Company.

### (f) Takeovers

In Australia, the Corporations Act governs a takeover. The Corporations Act contains a general rule that a person must not acquire a Relevant Interest in issued voting shares of a company if, because of the transaction, a person's voting power in the company:

- (i) increases from 20% or below to more than 20%; or
- (ii) increases from a starting point, which is above 20% but less than 90%.

Certain exceptions apply, such as acquisitions of Relevant Interests in voting shares made under takeover bids or made with shareholder approval, or creeping acquisitions of 3% per six months.

Australian law permits compulsory acquisition by 90% holders.

In Singapore, the SFA and the Take-over Code issued pursuant to section 321 of the SFA set out requirements relating to take-over offers for the Shares of the Company. The Take-over Code regulates take-overs and mergers of corporations with a primary listing of their equity securities, business trusts with a primary listing of their units in Singapore and REITs<sup>1</sup>. Unlisted public companies and unlisted registered business trusts of more than 50 shareholders or unitholders, as the case may be, and net tangible assets of S\$5 million or more must also observe the letter and spirit of the General Principles and Rules (both as defined in the Take-over Code). The Take-over Code contains certain provisions that may delay, deter or prevent a take-over or change in control of such a public company.

Under the Take-over Code, except with the consent of the SIC, where:

- (i) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert<sup>2</sup> with him) carrying 30% or more of the voting rights in the Company; or
- (ii) any person who together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights in the Company and such person, or any person acting in concert with him, acquires in any period of 6 months additional Shares carrying more than 1% of the voting rights.

such person must extend a mandatory general offer immediately to the holders of any class of share capital of the Company which carries votes and in which such person, or persons acting in concert with him, hold Shares in accordance with the provisions of the Take-over Code. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

Subject to certain exceptions a mandatory take-over offer must be in cash or be accompanied by a cash alternative at not less than the highest price by the offeror or parties acting in concert with the offeror during the offer period and within the 6 months preceding the acquisition of shares that triggered the take-over offer obligation.

Under the Take-over Code, where effective control of a public company incorporated in Singapore is acquired or consolidated by a person, or persons acting in concert, a general offer to all other shareholders of the company is normally required. An offeror must treat all shareholders of the same class in an offeree company equally. A fundamental requirement is that shareholders subject to the take-over offer must be given sufficient information, advice and time to consider and decide on the offer.



## 7. ADDITIONAL INFORMATION (Continued)

### Notes:

1. Under the Take-over Code, a "REIT" refers to a real estate investment trust under the SFA.
2. Under the Take-over Code, "parties acting in concert" comprise individuals or companies who, pursuant to an arrangement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. The following persons are presumed to be acting in concert with each other unless the contrary is established:
  - (a) the following companies:
    - (i) a company;
    - (ii) the parent company of (i);
    - (iii) the subsidiaries of (i);
    - (iv) the fellow subsidiaries of (i);
    - (v) the associated companies of (i), (ii), (iii) or (iv);
    - (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and
    - (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights;
  - (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
  - (c) a company with any of its pension funds and employee share schemes;
  - (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
  - (e) a financial or other professional adviser, including a stockbroker, with its customer in respect of the shareholdings of:
    - (i) the adviser and persons controlling, controlled by or under the same control as the adviser; and
    - (ii) all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the customer total 10% or more of the customer's equity share capital;
  - (f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;
  - (g) partners; and
  - (h) the following persons and entities:
    - (i) an individual;
    - (ii) the close relatives of (i);
    - (iii) the related trusts of (i);
    - (iv) any person who is accustomed to act in accordance with the instructions of (i);
    - (v) companies controlled by any of (i), (ii), (iii) or (iv); and
    - (vi) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

### (g) Substantial shareholders reporting

Under Australian law, a shareholder who begins to or ceases to have a 'substantial holding' in an ASX listed company, or has a substantial holding in such a listed company and there is a movement of at least 1% in their holding, must give notice to the company and to the ASX. A person has a substantial holding if that person and that person's associates have a relevant interest in 5% or more of the voting shares in the company.

In Singapore, the SFA requires Substantial Shareholders, or if they cease to be Substantial Shareholders, to give notice in writing of particulars of the voting Shares in the Company in which they have or had an interest<sup>3</sup> (or interests) and the nature and extent of that interest (or those interests), and of any change in the percentage level of their interest.

In addition, the deadline for a Substantial Shareholder to make disclosure to the Company under the SFA is two business days after he becomes aware:

- (i) that he is or (if he had ceased to be one) had been a Substantial Shareholder;
- (ii) of any change in percentage level<sup>4</sup> in his interest; or
- (iii) that he had ceased to be a Substantial Shareholder.

there being a conclusive presumption of a person being 'aware' of a fact or occurrence at the time at which he would, if he had acted with reasonable diligence in the conduct of his affairs, have been aware. Any person who contravenes such requirements may be guilty of an offence and shall be liable on conviction to a fine and/or imprisonment.

Where the Company has been so notified by a Substantial Shareholder, it is required to make an announcement of such information on SGXNET or otherwise disseminate such information to the SGX-ST as soon as practicable and in any case no later than the end of the business day following the day on which the Company received such notice, failing which it shall be guilty of an offence and liable on conviction to a fine.

The Company is also required to keep a register of Substantial Shareholders in which it shall enter the information provided in such notices provided by such Substantial Shareholders, failing which it shall be guilty of an offence and shall be liable on conviction to a fine. Pursuant to the Listing Manual, the Company is required to include in its annual report the names of the Substantial Shareholders of the Company and a breakdown of their direct and deemed interests as shown in the Company's register of Substantial Shareholders, and disclose how any deemed interests of Substantial Shareholders are held or derived.

## 7. ADDITIONAL INFORMATION (Continued)

### (h) Related party transactions

In Australia, related party transactions (that is, transactions between a public company and a director, an entity controlled by a director, or a parent company of the public company) are regulated under the Corporations Act by a requirement for disinterested shareholder approval, unless the transaction is on 'arm's length terms', represents no more than reasonable remuneration, or complies with other limited exemptions.

In Singapore, under the Listing Manual of the SGX-ST ('Listing Manual'), 'interested person transactions' refer to transactions between:

- (i) a company currently admitted to the official list of the SGX-ST ('Listed Company') or any of its subsidiaries or associated companies (as defined in the Listing Manual); and
- (j) a party who is an interested person of the Listed Company,

and such transactions are governed by the chapter 9 of the Listing Manual.

An 'interested person' means a director, chief executive officer or controlling shareholder of a Listed Company or their respective associates (each of the foregoing terms as defined in the Listing Manual).

Pursuant to the Listing Manual, an immediate announcement and/or shareholders' approval would be required in respect of interested person transactions if the value of the transaction is equal to or exceeds certain prescribed financial thresholds. Listed Companies are also required to disclose the aggregate value of interested person transactions entered into during the financial year under review in its annual report.

Under the Listing Manual, a Listed Company may seek a general mandate from its shareholders for recurrent transactions with interested persons where such transactions are of a revenue or trading nature or necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate granted by shareholders is subject to annual renewal. Transactions conducted under a general mandate approved by shareholders will not be subject to the requirements for immediate announcement and shareholders' approval.

Notes:

3. Under the SFA, a person who has authority (whether formal or informal, or express or implied) to dispose of, or to exercise control over the disposal of, a share is regarded as having an interest in such share, even if such authority is, or is capable of being made, subject to restraint or restriction in respect of particular shares.

4. 'Percentage level', in relation to a Substantial Shareholder in the Company, means the percentage figure ascertained by expressing the total votes attached to all the voting Shares in the Company in which the Substantial Shareholder has an interest (or interests) immediately before or (as the case may be) immediately after the relevant time as a percentage of the total votes attached to all the voting Shares (excluding treasury shares) in the Company, and, if it is not a whole number, rounding that figure down to the next whole number.

### (k) Protection of minority shareholders – oppressive conduct

In Australia, a shareholder may apply to the court under the Corporations Act to bring an action in cases of conduct which is either contrary to the interests of shareholders as a whole, or oppressive to, unfairly prejudicial to, or unfairly discriminatory against, any shareholders in their capacity as shareholder, or themselves in capacity other than as a shareholder.

In Singapore, the Companies Act provides two statutory remedies to deal with oppressive conduct in a Company.

#### Section 216

Section 216 of the Companies Act gives the Court upon application by any Shareholder, a general power to make any order as it thinks fit<sup>5</sup>, with a view to bringing to an end or remedying any of the following situations where:

- (i) the Company's affairs are conducted or the directors' powers are exercised in a manner oppressive to, or in disregard of the interests of, one or more Shareholders; or
- (ii) an act is done or threatened by the Company, or a Shareholders' resolution is passed or proposed, which unfairly discriminates against, or is otherwise prejudicial to, one or more Shareholders.

#### Section 254 (1)(i)

Certain Shareholders<sup>6</sup> may make an application to the Court to wind up the Company, on the grounds that it is just and equitable that the Company be wound up. In considering whether to order the winding up of the Company on such

## 7. ADDITIONAL INFORMATION (Continued)

grounds, the Court will have regard to whether there is sufficient cause to order a 'just and equitable' winding up, as well as whether such winding up order which would result in the destruction of the Company is just and equitable. However, section 254(2A) provides that the Court has the power to order a buy-out of interests in such Shareholder's shares instead of ordering a winding up of the Company.

5. The order granted by the Court under this section may include, but is not limited to, an order to:
- (i) direct or prohibit any act or cancel or vary any transaction or resolution;
  - (ii) regulate the conduct of affairs of the Company in future;
  - (iii) authorise civil proceedings to be brought in the name of or on behalf of the Company, by a person or persons and on such terms as the Court may direct;
  - (iv) provide for the purchase of a minority Shareholder's Shares by other Shareholders or by the Company;
  - (v) in the case of a purchase of Shares by the Company, provide for a reduction accordingly of the Company's capital; or
  - (vi) provide that the Company be wound up.
6. Only Shareholders who are holders of fully-paid Shares and who have held such Shares for at least 6 months during the 18 months prior to the application may make such an application, unless such Shares were originally allotted to such Shareholder or had devolved on such Shareholder through the death or bankruptcy of a former Shareholder.

### (l) Rights of shareholders to bring or intervene in legal proceedings

Section 216A of the Companies Act provides a statutory procedure by which a Shareholder and other appropriate persons may apply to the Court for leave to bring an action or arbitration in the name and on behalf of the Company or intervene in an action or arbitration to which the Company is a party for the purpose of prosecuting, defending or discontinuing the action or arbitration on behalf of the Company. Such leave may be granted subject to certain conditions, including the Court's satisfaction that the Shareholder is acting in good faith and that it appears to be prima facie in the interests of the Company that the action or arbitration be brought, prosecuted, defended or discontinued.

### (m) 'Two strikes' rule

Under Australian law, an ASX listed company is required to hold a 'spill vote' if its remuneration report receives a 25% 'No' vote at two successive annual general meetings. If the spill vote receives a simple majority, the company must hold a general meeting within 90 days to vote on whether to keep the existing directors.

There is no equivalent in Singapore law to the "two strikes" rule in relation to remuneration reports in Part 2G.2 Division 9 of the Corporations Act.

## 7.7 Employee Share Option Scheme

Civmec has implemented an Employee Share Option Scheme, 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 Scheme was established on 27 March 2012.

The key terms of the Scheme are set out below:

- (a) **(Participants):** Under the rules of the Scheme, executive and non-executive Directors (including independent Directors) and employees of the Company, who are not Controlling Shareholders or their associates, are eligible to participate in the Scheme. Persons who are Controlling Shareholders and their Associates shall not participate in the Scheme unless:
- (i) written justification has been provided to Shareholders for their participation at the introduction of the Scheme or prior to the first grant of Options to them;
  - (ii) the actual number and terms of any Options to be granted to them have been specifically approved by Shareholders who are not beneficiaries of the grant in a general meeting in separate resolutions for each such Controlling Shareholder; and
  - (iii) all conditions for their participation in the Scheme as may be required by the regulation of the SGX-ST from time to time are satisfied.

## 7. ADDITIONAL INFORMATION (Continued)

- (b) **(Size of the Scheme):** The aggregate number of new shares in respect of which Options may be granted on any date under the Scheme, when added to:
- (i) the number of new shares issued and issuable in respect of all Options granted thereunder; and
  - (ii) all new shares issued and issuable pursuant to any other share-based incentive schemes of our Company, shall not exceed 15% of the number of issued shares on the day immediately preceding the relevant Date of Grant (or such other limit as the SGX-ST may determine from time to time).
- (c) **(Options, Exercise Period and Exercise Price):** The Options that are granted under the Scheme may have exercise prices that are, at the Committee's discretion, set at a price as quoted on the Singapore Exchange for five market days immediately preceding the date of grant (the Market Price) equal to the weighted average share price of the shares for the last trading day immediately preceding the relevant date of grant of the option or at a discount to the Market Price (subject to a maximum discount of 20%). Options which are fixed at the Market Price (Market Price Option) may be exercised after the first anniversary of the date of grant of that option while options exercisable at a discount to the Market Price (Incentive Option) may only be exercised after the second anniversary from the date of grant of the option. The vesting of the options is conditional on the key management personnel or employees completing another two years of service to the Group and the Group achieving its targets of profitability and sales growth once the options are vested, they are exercisable for a period of three years.
- (d) **(Grant of Options):** Under the rules of the Scheme, there are no fixed periods for the grant of options. As such, offers for the grant of options may be made at any time, from time to time at the discretion of the Committee. In addition, if 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.
- (e) **(Termination of Options):** Special provisions in the rules of the Scheme deal with the lapse or earlier exercise of Options in circumstances which include the termination of the participant's employment in the Company, the bankruptcy of the participant, the death of the participant, a take-over of the Company and the winding-up of the Company.
- (f) **(Acceptance of Options):** The grant of Options shall be accepted within 30 days from the date of offer. Offers of options made to grantees, if not accepted by the closing date, will lapse. Upon acceptance of the offer, the grantee must pay the Company a consideration of S\$1.
- (g) **(Duration of the Scheme):** The Scheme shall continue in operation for a maximum duration of ten years and may be continued for any further period thereafter with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

### 7.8 Performance Share Plan

Civmec has implemented a Performance Share Plan (Plan) for key management personnel and employees of the Group. The Plan was approved and adopted by Shareholders at an extraordinary general meeting held on 25 October 2012.

The key terms of the Plan are set out below:

- (a) **(Participants):** Under the rules of the Plan, employees including Executive Directors and Associated Company Employees, who are not Controlling Shareholders or their associates, are eligible to participate in the Plan. Persons who are Controlling Shareholders and their Associates shall be eligible to participate in the Plan if:
- (i) their participation in the Civmec Performance Share Plan, and;
  - (ii) 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.
- (b) **(Size of the Plan):** The aggregate number of new shares in respect of which Awards may be granted on any date under the Plan, 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).
- (c) **(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.
- (d) **(Lapse of Awards):** Special provisions in the rules of the Plan deal with the lapse of Awards in circumstances which

## 7. ADDITIONAL INFORMATION (Continued)

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.

- (e) **(Release of Awards):** After the end of each performance period, the Remuneration Committee will review the performance targets specified in respect of the Award and if they have been satisfied, will release Awards to Participants.
- (f) **(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.

### 7.9 Material Provisions of the Constitution

#### (a) Introduction

The Company's Constitution was approved by Shareholders at an extraordinary general meeting held on 16 April 2018. A summary of the significant rights, liabilities and obligations attaching to the shares and a description of other material provisions of the Constitution is outlined below. This summary is not intended to be an exhaustive or definitive statement of the rights and liabilities of Shareholders.

#### (b) Voting

Where required by applicable laws or the listing rules of the SGX-ST, all resolutions at any general meeting shall be voted by poll (unless such requirement is waived by the SGX-ST).

Subject to the above, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:

- (i) by the Chairman of the meeting; or
- (ii) by at least two (2) members present in person or by proxy (where a Member has appointed more than one (1) proxy, any one of such proxies may represent that member) or attorney or in the case of a corporation by a representative and entitled to vote thereat; or
- (iii) by any member or members present in person or by proxy (where a member has appointed more than one (1) proxy, any one of such proxies may represent that member) or attorney or in the case of a corporation by a representative or any number or combination of such members, holding or representing not less than five per cent (5%) of the total voting rights of all the members having the right to vote at the meeting; or
- (iv) by any member or members present in person or by proxy (where a member has appointed more than one proxy, any one of such proxies may represent that member) or attorney or in the case of a corporation by a representative or any number or combination of such members, holding or representing shares in the Company (i) being not less than five per cent (5%) of the total voting rights of all the members having the right to vote at the meeting; or (ii) conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than five per cent (5%) of the total sum paid-up on all the shares conferring that right.

Unless a poll is so demanded (and the demand is not withdrawn), a declaration by the Chairman that a resolution has been carried or carried unanimously or by a particular majority or lost and an entry to that effect in the minute book shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. A demand for a poll may be withdrawn.

#### (c) Dividends

Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted by the Companies Act, (a) all dividends shall be declared and paid in proportion to the number of shares held by a member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and (b) all dividends shall be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly. No amount paid or credited as paid on a share in advance of a call shall be treated as paid on the share.

The Directors may before recommending any dividend set aside out of the profits of the Company such sum or sums as they think proper as a reserve fund which shall at the discretion of the Directors be applicable for meeting contingencies, for the gradual liquidation of any debt or liability of the Company or for repairing or maintaining any works connected

## 7. ADDITIONAL INFORMATION (Continued)

with the business of the Company or shall be as to the whole or in part applicable for special dividends or for equalising dividends or for distribution by way of special dividend or bonus on such terms and in such manner as the Directors shall from time to time determine and the Directors may divide the reserve fund into separate funds for special purposes and may invest the sums from time to time carried to the credit of such fund or funds upon such securities (other than the share) as they may select. The Directors may also, without placing the same to reserve, carry forward any profits which they may think it not prudent to divide.

### (d) Issue of further shares

Subject to the Companies Act, the listing rules of the SGX-ST and any applicable legislation or regulations, no shares may be issued by the Directors without the prior approval of the Company in general meeting but subject thereto and to the constitution relating to new shares and to any special rights attached to any shares for the time being issued, the Directors may issue, allot or grant options over or otherwise deal with or dispose of the same to such persons on such terms and conditions and for such consideration (if any) and at such time and subject or not to the payment of any part of the amount (if any) thereof in cash as the Directors may think fit. Any such shares may be issued in such denominations or with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit. Preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors.

Subject to any special rights for the time being attached to any existing class of shares, any new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the general meeting resolving upon the creation thereof shall direct, and if no direction be given, as the Directors shall determine, and in particular, such new shares may be issued with a preferential or qualified right to dividends and in the distribution of the assets of the Company, and with a special or restricted right of voting, or otherwise.

### (e) Variation of class rights

If at any time the share capital is divided into different classes, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Companies Act, whether or not the Company is being wound up, be varied or abrogated either with the consent in writing of the holders of three-quarters of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class and to every such special resolution the provisions of the Companies Act shall with such adaptations as are necessary apply. To every such separate general meeting, the provisions of the constitution relating to general meetings shall mutatis mutandis apply.

Provided always that:

- (i) the necessary quorum shall be two (2) persons at least holding or representing by proxy or by attorney one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy or by attorney may demand a poll, but where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two (2) months of the meeting shall be as valid and effectual as a special resolution carried at the meeting; and
- (ii) where all the issued shares of the class are held by one (1) person, the necessary quorum shall be one (1) person and such holder of shares of the class present in person or by proxy or by attorney may demand a poll.

### (f) Transfer of Shares

Subject to the restrictions imposed by law, the SGX-ST, the Depository or the constitution, any member may transfer all or any of his shares, but every instrument of transfer of the legal title in shares must be in writing and in the usual common form, or in any other form which the Directors and the SGX-ST may approve, and must be left at the Office for registration, accompanied by the certificate of the shares to be transferred, and such other evidence (if any) as the Directors may require to prove the title of the intending transferor, or his right to transfer the shares. A member may also effect such transfer by means of book entry in the Depository Register in accordance with the Statutes and the listing rules of the SGX-ST.

### (g) General meeting and notices

The Company shall in each calendar year hold a general meeting as its annual general meeting in addition to any other meetings in that year and shall specify the meeting as such in the notices calling it.

The Directors may whenever they think fit convene an extraordinary general meeting and an extraordinary general meeting

## 7. ADDITIONAL INFORMATION (Continued)

shall also be convened on such requisition or in default may be convened by such requisitions as provided for by section 176 of the Companies Act. If at any time there are not within Singapore sufficient Directors capable of action to form a quorum at a meeting of Directors, any Director may convene an extraordinary general meeting in the same manner as nearly as possible as that in which such a meeting may be convened by the Directors.

The Company shall hold all its general meetings in Singapore, or otherwise as approved by the SGX-ST, unless prohibited by relevant laws and regulations. The time and place of any general meeting shall be determined by the Directors.

Any general meeting at which it is proposed to pass special resolutions or (save as provided by the Statutes) a resolution of which special notice has been given to the Company, shall be called by at least twenty-one (21) clear days' notice in writing and an annual general meeting or any other general meeting by at least fourteen (14) clear days' notice in writing. The notice must specify the place, the day and the hour of meeting, and in the case of special business the general nature of such business, and shall be given in the manner hereinafter mentioned to such persons as are under the provisions of the constitution entitled to receive notices of general meetings from the Company, but with the consent of all persons for the time being entitled as aforesaid, a meeting may be convened in such manner as such persons may approve.

### (h) Winding up

If the Company shall be wound up, subject to due provision being made satisfying the claims of any holders of shares having attached thereto any special rights in regard to the repayment of capital, the surplus assets shall be applied in repayment of the capital paid up or credited as paid up on the shares at the commencement of the winding up.

If the Company shall be wound up, the liquidator may, with the sanction of a special resolution, divide among the members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds and may for such purpose set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of members, but so that if any division is resolved on otherwise than in accordance with such rights, the members shall have the same right of dissent and consequential rights as if such resolution were a special resolution passed pursuant to section 306 of the Companies Act. A special resolution sanctioning a transfer or sale to another company duly passed pursuant to the said section may in like manner authorise the distribution of any shares or other consideration receivable by the liquidator amongst the members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subject to the right of dissent and consequential rights conferred by the said section.

### (i) Directors – appointment, removal and rotation

The Company in general meeting may, subject to the provisions of the constitution and any requirements of the Companies Act, by ordinary resolution of which special notice has been given to all members entitled to receive notices, from time to time remove any Director before the expiration of his period of office (notwithstanding anything in the constitution or in any agreement between the Company and such Director) and appoint another person in place of the Director so removed, and may increase or reduce the number of Directors. Such removal shall be without prejudice to any claim such Director may have for damages for breach of any contract of service between him and the Company. In default of such appointment the vacancy so arising may be filled by the Directors as a casual vacancy in accordance with the constitution. Until otherwise determined by a general meeting, there shall be no maximum number of Directors.

A Director need not be a member and shall not be required to hold any share.

Subject as herein otherwise provided and to the terms of any subsisting agreement, the office of a Director shall be vacated on any one of the following events:

- (i) If a receiving order is made against him, if he becomes bankrupt, or if he suspends payments or makes any arrangement or composition with his creditors.
- (ii) If he should be found becomes mentally disordered and incapable of managing himself or his affairs.
- (iii) If he absents himself from the meetings of the Directors during a continuous period of six (6) months without permission from the Board and his alternate Director (if any) shall not during such period have attended in his stead.
- (iv) If by notice in writing to the Company he resigns his office.
- (v) If he is prohibited from being a Director by reason of any order made under the relevant statutes.
- (vi) If he is removed from office pursuant to a resolution passed under the provisions of regulation 107 of the constitution.
- (vii) If he ceases to be a Director by virtue of any of the provisions of the statutes.
- (viii) If he is disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds. In such

## 7. ADDITIONAL INFORMATION (Continued)

event, he must immediately resign from the board.

Subject to the constitution and to the Companies Act, at each annual general meeting all the Directors for the time being shall retire from office. A retiring Director shall be eligible for re-election.

A person, other than a Director retiring at the meeting, shall be eligible for election to office as a Director at any general meeting if not less than eleven (11) nor more than forty-two (42) clear days before the day appointed for the meeting there shall have been left at the Company's office notice in writing signed by some member duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing duly signed by the nominee giving his consent to the nomination and signifying his candidature for the office or the intention of such member to propose him, provided that in the case of a person recommended by the Directors for election nine (9) clear days' notice only shall be necessary, and notice of each and every candidate for election shall be served on all members at least seven (7) clear days prior to the meeting at which the election is to take place. In the case of the appointment of independent Directors as defined in the Code of Corporate Governance, the nominating committee must further confirm the independence of such Director.

The Directors shall have power at any time and from time to time to appoint any person to be a Director either to fill a casual vacancy or as an additional Director but the total number of Directors shall not at any time exceed the maximum number (if any) fixed by the constitution. Any Director so appointed shall hold office only until the next annual general meeting and shall then be eligible for re-election.

### (j) Directors – voting

The Directors or any committee of Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit and determine the quorum necessary for the transaction of business. Unless otherwise determined, two (2) shall be a quorum. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes, the Chairman shall have a second or casting vote. Provided always that the Chairman of a meeting at which only two (2) Directors are competent to vote on the question at issue shall not have a second or casting vote. A meeting of the Directors at which a quorum is present at the time the meeting proceeds to business shall be competent to exercise all the powers and discretions for the time being exercisable by the Directors.

### (k) Powers and duties of Directors

The business of the Company shall be managed by, or under the direction or supervision of, the Directors, who may exercise all such powers of the Company as are not by the Companies Act or by the constitution required to be exercised by the Company in general meeting subject nevertheless to the provisions of the Act and the constitution and to any regulations from time to time made by the Company in a general meeting provided that no regulations so made shall invalidate any prior act of the Directors which would have been valid if such regulations had not been made and in particular and without prejudice to the generality of the foregoing the Directors may at their discretion exercise every borrowing power vested in the Company by its constitution or permitted by law together with collateral power of hypothecating the assets of the Company including any uncalled or called but unpaid capital, provided that the Directors shall not carry into effect any proposals for disposing of the whole or substantially the whole of the Company's undertaking or property unless those proposals have been approved or ratified by the Company in general meeting. The Directors may establish any local boards or agencies for managing any affairs of the Company, either in Singapore or elsewhere, and may appoint any persons to be members of such local boards or any managers or agents, and may fix their remuneration and may delegate to any local board, manager or agent any of the powers, authorities and discretions vested in the Directors, with power to sub delegate, and may authorise the members of any local board or any of them to fill any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made upon such terms and subject to such conditions as the Directors may think fit, and the Directors may remove any person so appointed, and may annul or vary any such delegation, but no person acting in good faith and without notice of any such annulment or variation shall be affected thereby.

The Directors may delegate any of their powers other than the powers to borrow and make calls to committees consisting of such members of their body as they think fit and (if thought fit) one or more other persons co-opted as hereinafter provided. Any committee so formed shall in the exercise of the power so delegated conform to any regulations that may from time to time be imposed upon them by the Board. Any such regulations may provide for or authorise the co-option to the committee of persons other than Directors and for such co-opted members to have voting rights as members of the committee.

Without prejudice to the generality of the above, the Directors must at a minimum appoint an audit committee as required by the statutes, and such other committees as may be prescribed by the Code of Corporate Governance as deemed



## 7. ADDITIONAL INFORMATION (Continued)

appropriate by the Directors. Each of these committees must in the exercise of the powers delegated to them conform with the Companies Act and any regulations made thereunder, the Code of Corporate Governance and such terms of reference as are put together.

### (l) Conversion or reduction of share capital

The Company may by special resolution reduce its share capital or any un-distributable reserve in any manner, subject to any requirements and consents required by law.

### (m) Amendment

The constitution may be amended by special resolution of members.

### (n) ASX Listing Rules

In the event where and for so long as the Company is admitted to the Official List, and unless required otherwise by the SGX-ST and subject to the Company remaining in compliance with the listing rules of the SGX-ST, the following shall apply:

- (i) notwithstanding anything contained in the constitution, if the ASX Listing Rules prohibit an act being done, the act shall not be done;
- (ii) nothing contained in the constitution prevents an act being done that the ASX Listing Rules require to be done;
- (iii) if the ASX Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be);
- (iv) if the ASX Listing Rules require the constitution to contain a provision and it does not contain such a provision, the constitution is deemed to contain that provision;
- (v) if the ASX Listing Rules require the constitution to contain a provision and it does not contain that provision, the constitution is deemed not to contain that provision;
- (vi) if any provision of the constitution is or becomes inconsistent with the ASX Listing Rules, the constitution is deemed not to contain that provision to the extent of the inconsistency.

## 7.10 Terms and conditions of Options

A summary of the terms and conditions of the 4,500,000 Options currently on issue is set out below.

- (a) the Options are exercisable at \$0.65 per Option;
- (b) the Options may be exercised on or before 11 September 2023;
- (c) the terms of the Options are otherwise governed by the Employee Share Option Scheme, a summary of which is set out in Section 7.7.

## 7.11 CHESS and CDIs

As the Company is incorporated and registered in Singapore, CDIs instead of shares will be listed on ASX.

This is because the requirements of Singapore law and the Constitution that registered shareholders have the right to receive a share certificate which does not permit the CHESS system of holding uncertificated securities on behalf of its shareholders.

CDIs will allow beneficial title to the shares to be held and transferred. CDIs are electronic depository interests or receipts issued and are units of beneficial ownership in securities registered in the name of CHESS Depository Nominees Pty Ltd (CDN). CDN is a wholly owned subsidiary of ASX. The main difference between holding CDIs and shares is that the holder of CDIs has beneficial ownership of the underlying shares instead of legal title. Legal title to the underlying shares is held by CDN for the benefit of the CDI Holder. Shares underlying the CDIs will be registered in the name of CDN for the benefit of CDI Holders. Each CDI represents one underlying Share.

CDN receives no fees from investors for acting as the depository nominee in respect of CDIs.

CDI Holders have the same economic benefits of holding the underlying shares. CDI Holders can transfer and settle transactions electronically on ASX.

Excluding voting rights, the CDI Holders are generally entitled to equivalent rights and entitlements as if they were the legal owners of shares. CDI Holders will receive notices of general meetings of Shareholders. As CDI Holders are not the legal owners of underlying shares, CDN, which holds legal title to the shares underlying the CDIs, is entitled to vote at shareholder meetings of the Company on the instruction of the CDI Holders on a poll, not on a show of hands.

## 7. ADDITIONAL INFORMATION (Continued)

CDI Holders are entitled to give instructions for one vote for every underlying Share held by CDN. Refer to Section 7.12 for further information about CDIs.

The Company will apply to participate in the Clearing House Electronic Subregister System (CHES), which is the ASX electronic transfer and settlement system in Australia, in accordance with the Listing Rules and ASX Operating Rules. Settlement of trading of quoted securities on the ASX market takes place on CHES. CHES allows for and requires the settlement of transactions in securities quoted on ASX to be effected electronically. On admission to CHES, the Company will operate an electronic issuer-sponsored sub-register and an electronic CHES sub-register. The two sub-registers together will make up the Company's register of CDI Holders.

The Company will not issue certificates of title to CDI Holders. Instead, as soon as is practicable after allotment, successful applicants will receive a holding statement which sets out the number of CDIs issued to them, in much the same way as the holder of shares in an Australian incorporated ASX-listed entity would receive a holding statement in respect of shares. A holding statement will also provide details of a CDI Holder's Holder Identification Number (in the case of a holding on the CHES sub-register) or Security holder Reference Number (in the case of a holding on the issuer sponsored sub-register). Following distribution of these initial holding statements, an updated holding statement will only be provided at the end of any month during which changes occur to the number of CDIs held by CDI Holders. CDI Holders may also request statements at any other time (although the Company may charge an administration fee).

## 7. ADDITIONAL INFORMATION (Continued)

### 7.12 CHESS Depository Interests

Details of CDIs and the key difference between holding CDIs and holding the underlying shares is detailed below:

<b>What are CDIs?</b>	<p>CDIs are instruments through which Civmec securities can be traded on the ASX, in the same manner as other ASX listed securities.</p> <p>ASX's electronic settlement system, known as CHESS, cannot be used directly for the transfer of securities of issuers that are domiciled in countries whose laws do not recognise CHESS as a system to record uncertificated holdings or to electronically transfer legal title. To overcome this, ASX developed a type of depository receipt known as a CDI.</p> <p>CDIs allow investors to obtain beneficial ownership of the issuer's securities without holding legal title to the securities. Legal title (or beneficial ownership) is held by a depository, CHESS Depository Nominees Pty Limited (CDN), a subsidiary of the ASX. CDIs enable investors to hold, trade and transfer their interests electronically, which they would be unable to do if they held the underlying shares directly.</p>
<b>Who is the depository nominee and what do they do?</b>	<p>The Company will appoint CDN, a subsidiary of the ASX, and an approved general participant of ASX Settlement to act as its Australian depository.</p> <p>CDN will hold legal title to the shares on behalf of CDI holders. CDN will receive no fees for acting as the depository for the CDIs.</p>
<b>What registers will be maintained recording your interests?</b>	<p>The Company will operate a certificated principal register of shares in Singapore and an uncertificated issuer sponsored sub-register of CDIs and an uncertificated CHESS sub-register of CDIs in Australia.</p> <p>The Company's uncertificated issuer sponsored sub-register of CDIs and uncertificated CHESS sub-register of CDIs will be maintained by Computershare. The branch register is the register of legal title (and will reflect legal ownership by CDN of the shares underlying the CDIs with the shares held by CDN recorded on the branch register of shares in Australia). The two uncertificated sub-registers of CDIs combined will make up the register of beneficial title of the shares underlying the CDIs.</p>
<b>How is local and international trading in CDIs affected?</b>	<p>CDI holders who wish to trade their CDIs will be transferring the beneficial interest in the Shares rather than the legal title. The transfer will be settled electronically by delivery of the relevant CDI holdings through CHESS. In other respects, trading in CDIs is essentially the same as trading in other CHESS approved securities, such as shares in an Australian company.</p>
<b>What is the CDI: Share ratio?</b>	<p>One CDI will represent an interest in one Share.</p>
<b>How do I continue to hold my shares in Singapore, and be able to trade on SGX?</b>	<p>Do nothing. Your shares will remain held where they are today, either held in certificated form, or within the Singapore Central Securities Depository (Central Depository (Pte) Limited (CDP)).</p>
<b>How do I hold my securities in Australia, and be able to trade on ASX?</b>	<p>You will need to convert your shares into CHESS Depository Interests (CDIs).</p> <p>Once Civmec lists on ASX, shareholders will be able to convert their shares on a 1:1 basis into Civmec CDIs held in Australia and tradeable on ASX.</p> <p>To have CDIs issued, Shareholders will need to:</p> <ul style="list-style-type: none"><li>(a) deliver their shares in Singapore to the CDI Nominee, being CHESS Depository Nominees (CDN) a subsidiary of ASX; and</li><li>(b) request the issuance of CDI.</li></ul> <p>CDN will then hold the shares in Singapore to underlie the CDIs issued in Australia.</p> <p>Delivery of the shares to CDN is by the holder either depositing their certificate(s) into CDN's account within the CDP, or requesting they are moved within the CDP to CDN. Once the shares are received by CDN, Computershare will issue the CDIs in Australia either into the CHESS or issuer sponsored subregister as per the holder's request.</p>

## 7. ADDITIONAL INFORMATION (Continued)

### 7.12 CHESS Depository Interests (Continued)

<b>What are the voting rights of a CDI holder?</b>	<p>If holders of CDIs wish to attend and vote at the Company's general meetings, they will be able to do so. Under the ASX Listing Rules and the ASX Settlement Rules, the Company as an issuer of CDIs must allow CDI holders to attend any meeting of the holders of shares.</p> <p>In order to vote at such meetings, CDI holders have the following options:</p> <ul style="list-style-type: none"><li>(a) instructing CDN, as the legal owner, to vote the shares underlying their CDIs in a particular manner. A voting instruction form will be sent to CDI holders with the notice of meeting or proxy statement for the meeting. This must be completed and returned to the Company's Share Registry prior to the meeting; or</li><li>(b) informing the Company that they wish to nominate themselves or another person to be appointed as CDN's proxy with respect to their shares underlying the CDIs for the purposes of attending and voting at the general meeting; or</li><li>(c) converting their CDIs into a holding of shares and voting these at the meeting (however, if thereafter the former CDI holder wishes to sell their investment on ASX it would be necessary to convert the shares back to CDIs). In order to vote in person, the conversion must be completed prior to the record date for the meeting. See above for further information regarding the conversion process.</li></ul> <p>As holders of CDIs will not appear on the Company's share register as the legal holders of the shares, they will not be entitled to vote at Shareholder meetings unless one of the above steps is undertaken.</p> <p>As each CDI represents one (1) share, a CDI Holder will be entitled to one vote for every one (1) CDI they hold.</p> <p>Proxy forms, CDI voting instruction forms and details of these alternatives will be included in each notice of meeting sent to CDI Holders by the Company.</p> <p>These voting rights exist only under the ASX Settlement Rules. Since CDN is the legal holder of applicable shares but the holders of CDIs are not themselves the legal holder of their applicable shares, the holders of CDIs do not have any directly enforceable rights under the Company's Constitution.</p>
<b>What dividend and other distribution entitlements do CDI holders have?</b>	<p>Despite legal title to the shares being vested in CDN, the ASX Settlement Rules provide that CDI Holders are to receive all direct economic benefits and other entitlements in relation to the underlying shares, these include dividends and other entitlements which attach to the underlying shares. These rights exist only under the ASX Settlement Rules (which have the force of law by virtue of the Corporations Act).</p> <p>It is possible that marginal differences may exist between the resulting entitlement of a CDI Holder and the entitlements that would have accrued if a CDI Holder held their holding directly as shares. As the ratio of CDIs to shares is not one-to-one and any entitlement will be determined on the basis of shares rather than CDIs, a CDI holder may not always benefit to the same extent, for example from the rounding up of fractional entitlements. The Company is required by the ASX Settlement Rules to minimise any such differences where legally permissible.</p> <p>The Company currently declares any dividends in S\$ as that is its main functional currency and pays any dividends in S\$.</p>
<b>What corporate action entitlement (such as rights issues and bonus issues) do CDI holders have?</b>	<p>CDI Holders receive all direct economic benefits and other entitlements in relation to the underlying shares. These include entitlement to participate in rights issues, bonus issues and capital reductions. These rights exist only under the ASX Settlement Rules.</p> <p>It is possible that marginal differences may exist between the resulting entitlement of a CDI Holder and the entitlements that would have accrued if a CDI Holder held their holding directly as shares. As the ratio of CDIs to shares is not one-to-one and any entitlement will be determined on the basis of shares rather than CDIs, a CDI Holder may not always benefit to the same extent, for example from the rounding up of fractional entitlements. The Company is required by the ASX Settlement Rules to minimise any such differences where legally permissible.</p>

## 7. ADDITIONAL INFORMATION (Continued)

### 7.12 CHESS Depository Interests (Continued)

<b>What rights do CDI holders have in the event of a takeover?</b>	<p>If a takeover bid or similar transaction is made in relation to the shares of which CDN is the registered holder, under the ASX Settlement Rules, CDN must not accept the offer made under the takeover bid except to the extent that acceptance is authorised by the relevant CDI Holder. CDN must ensure that the offeror processes the takeover acceptance of a CDI holder if such CDI Holder instructs CDN to do so.</p> <p>These rights exist only under the ASX Settlement Rules.</p>
<b>What notices and announcement will CDI holders receive?</b>	<p>CDI Holders will receive all notices and company announcements (such as annual reports) that Shareholders are entitled to receive from the Company. These rights exist only under the ASX Settlement Rules.</p>
<b>What rights do CDI holders have on liquidation or winding up?</b>	<p>In the event of the Company's liquidation, dissolution or winding up, a CDI Holder will be entitled to the same economic benefit on their CDIs as holders of shares. These rights exist only under the ASX Settlement Rules.</p>
<b>Will CDI holders incur any additional ASX or ASX Settlement fees or charges as a result of holding CDIs rather than shares?</b>	<p>A CDI Holder will not incur any additional ASX or ASX settlement fees or charges as a result of holding CDIs rather than shares.</p>

### 7.13 Interests and Benefits

Other than as set out below or elsewhere in this Information Memorandum, no:

- (a) Director;
- (b) person named in this Information Memorandum and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Information Memorandum;
- (c) promoter of Civmec; or
- (d) financial services licensee named in this Information Memorandum as a financial services licensee involved in the Listing.

holds as at the time of the Information Memorandum Date, or has held in the two years before the Information Memorandum Date, an interest in:

- (e) the formation or promotion of Civmec;
- (f) property acquired or proposed to be acquired by Civmec in connection with its formation or promotion or the Listing;
- (g) the Listing.

and no amount (whether in cash, shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to any such person for services in connection with the formation or promotion of Civmec, the Listing or to any Director to induce them to become, or qualify as, a Director.

### 7.14 Interests of Advisers

Civmec has engaged the following professional advisers in relation to the Listing:

- (a) Steinepreis Paganin has acted as the Australian solicitors to the Company in relation to the Listing. The Company estimates it will pay Steinepreis Paganin \$115,000 (excluding GST) for these services.
- (a) Dentons Rodyk & Davidson LLP has acted as the Singaporean solicitors to the Company in relation to the Listing. The Company estimates it will pay Dentons Rodyk & Davidson LLP S\$50,000 (excluding GST) for these services.
- (b) Moore Stephens LLP has audited or reviewed the financial statements of the Company from which the historical financial information included in Section 3 has been extracted.
- (c) Moore Stephens Perth (an affiliated firm of Moore Stephens LLP) has assisted with the preparation of the financial information included in Section 3. The Company estimates it will pay Moore Stephens Perth a total of \$15,000 (excluding GST) for these services.

## 7. ADDITIONAL INFORMATION (Continued)

### 7.15 Consents

Each of the parties referred to below (each a Consenting Party), to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this Information Memorandum, other than the reference to its name in the form and context in which it is named and a statement or report is included in this Information Memorandum with its consent as specified below.

Written consents to the issue of the Information Memorandum have been given and, at the date of this Information Memorandum, had not been withdrawn by the following Consenting Parties:

- (a) Steinepreis Paganin has given its written consent to being named as the Australian solicitors to the Company in this Information Memorandum in the form and context in which the information is included.
- (b) Dentons Rodyk & Davidson LLP has given its written consent to being named as the Singaporean solicitors to the Company in this Information Memorandum in the form and context in which the information is included and to inclusion of the information contained in Section 7.6 in relation to Singapore laws and regulations only.
- (c) Moore Stephens LLP has given its written consent to being named as the Auditor to the Company in this Information Memorandum and it being referred to in the form and context referred to in which the information is included in Section 3.
- (d) Moore Stephens Perth has given its written consent to being named in this Information Memorandum and to being referred to in the form and context referred to and the inclusion of the financial information in Section 3.
- (e) Computershare Investor Services Pty Limited has given its written consent to be named in this Information Memorandum as the Share Registry in the form and context in which it is named.

### 7.16 Directors' Signatures

A copy of this Information Memorandum is authorised and has been signed for and on behalf of each Director of the Company by their duly authorised agent, James Finbarr Fitzgerald.



**James Finbarr Fitzgerald**

Executive Chairman

Civmec Limited

## 8. GLOSSARY

**A\$ or AUD\$** means Australian dollar.

**ARBN** means Australian Registered Body Number.

**AWST** means Australian Western Standard Time.

**ASIC** means Australian Securities Investment Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

**ASX Listing Rules** means the official listing rules of ASX.

**ASX Settlement Rules** means ASX Settlement Operating Rules of ASX Settlement Pty Ltd (ACN 008 504 532).

**Board** means the Board of Directors.

**Business Day** has the meaning given in the ASX Rules.

**CDI Holder** means a holder of CDIs.

**CDIs** means CHESS Depository Interests issued by CDN, where each CDI represents a beneficial interest in one Share.

**CDN** means CHESS Depository Nominees Pty Ltd (ABN 75 071 346 506) (AFSL 254514), in its capacity as depository of the CDIs under the ASX Settlement Rules.

**CDP** means the Central Depository (Pte) Limited.

**CHESS** means the Clearing House Electronic Subregister System.

**Civmec or Company or We** means Civmec Limited ARBN 604 316 690.

**Companies Act** means Companies Act (Chapter 50) of Singapore.

**Constitution** means the Constitution of Civmec.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Court** means the High Court of Singapore or a judge thereof.

**Depositor** has the same meaning ascribed to that term in section 81SF of the SFA.

**Depository Agent** has the same meaning ascribed to that term in section 81SF of the SFA.

**Depository Register** has the same meaning ascribed to that term in section 81SF of the SFA.

**Director** means each of the directors of Civmec from time to time.

**Employee Share Option Scheme or Scheme** means the Civmec Limited Employee Share Option Scheme established on 27 March 2012.

**EPC** means engineering, procurement and construction.

**Group** means the Company and its subsidiaries.

**Information Memorandum** means this document (including the electronic form of this document) and any supplementary or replacement information memorandum in relation to this document.

**Listing** means the proposed admission of the Company to the Official List of ASX and the quotation of the CDIs on ASX.

**Listing Manual** means the listing manual of the SGX-ST and its relevant rules, as amended, modified or supplemented from time to time.

**MAS** means Monetary Authority of Singapore.

**Official List** means the official list of the ASX.

**Official Quotation** means quotation of the CDIs by ASX.

**Option** means an option to acquire a Share.

**OPV** offshore patrol vessel.

**Option holder** means the holder of an Option.

**Performance Share Plan or Plan** means the Civmec Limited Performance Share Plan approved and adopted by Shareholders at an extraordinary general meeting held on 25 October 2012.

**S\$ or \$ means** Singapore dollar unless otherwise specified.

**Section** means a section of this Information Memorandum.

**Securities Account** means the securities account maintained by a Depositor with CDP (but does not include a securities sub-account maintained with a Depository Agent).

**SFA** means the Securities and Futures Act (Chapter 289) of Singapore.

**SGXNET** means Singapore Exchange Network, the corporate announcement system maintained by the SGX-ST for the submission of information and announcements by listed companies.

**SGX-ST** means Singapore Exchange Securities Trading Limited.

**Shares** means ordinary shares in the capital of the Company.

**Share Registry** means Computershare Investor Services Pty Limited.

**Shareholders** means registered holders of Shares in the Register of members of the Company, except that where the registered holder is CDP, the term 'Shareholders' shall, where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP and into whose Securities Accounts those Shares are credited.

**SIC means** The Securities Industry Council of Singapore.

**SOW** means scope of works.

**Substantial Shareholder** means a person who has an interest or interests in one or more voting Shares (excluding treasury shares) in the Company, and the total votes attached to that Share, or those Shares, is not less than 5% of the total votes attached to all the voting Shares (excluding treasury shares) in the Company.

**Take-over Code** means the Singapore Code on Take-overs and Mergers, issued by the MAS pursuant to section 321 of the SFA, as amended or modified from time to time.

**% or per cent** means percentage of per centum.

