



CIVMEC LIMITED

(Company Registration Number 201011837H)

RESPONSE TO SGX QUERY ON THE UNAUDITED FINANCIAL RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2014

Further to the announcement released by Civmec Limited (the “**Company**”) on 14 May 2014 in respect of the unaudited results for the third quarter ended 31 March 2014 (the “**Earlier Announcement**”) and in response to the query raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Board of Directors of the Company is pleased to provide the following information:

Query

We note that the Trade and Other Receivables increased by approximately 28.2% from S\$93,912,000 as at 31 March 2013 to S\$120,393,000 as at 31 March 2014, despite a decrease in revenue of approximately 18.2% from S\$326,475,000 to S\$266,991,000 for the same period. In this regard, please explain the reason(s) for the increase in Trade and Other Receivables and whether the Company foresees any issue(s) with the collection of these receivables.

Response

The Trade and Other Receivables reported balance of S\$120 million reflects invoices owed by customers at the end of the reporting quarter as well as “work in progress” calculated as at 31 March 2014. Predominantly, the balance comprises invoices raised in the third month of the reporting quarter. While revenues for Q3 2014 of \$117 million was 34% higher than Q3 2013, Trade and Other Receivables of S\$120 million was 28% higher than as at Q3 2013.

As Trade and Other Receivables relate to outstanding balances at the end of the reporting quarter, there is no correlation between the balance of Trade and Other Receivables and year to date revenues.

Revenues are recognised in accordance with the “percentage of completion method” as required under the Financial Reporting Standards (FRS), which results in a “work in progress” balance for un-invoiced work.

Predominantly, customers pay invoices within the agreed terms. The amount of Trade Receivables over 90 days is currently A\$30,000. There are no Trade or Other Receivables balances owing that the Company considers to be a doubtful or bad debt.

By Order of the Board

James Finbarr Fitzgerald
Executive Chairman
20 May 2014