

## Results for announcement to the market

### Appendix 4D

Half year ended 31 December 2012

	Half Year Ended	Half Year Ended	Change	
	31 Dec 2012	31 Dec 2011	\$'000	%
	\$'000	\$'000	\$'000	%
<b>Revenue and Net Profit</b>				
Revenue from ordinary activities	120,594	84,180	36,414	43%
Profit/(Loss) from ordinary activities after tax attributable to members	4,274	5,122	(848)	(17%)
Net profit/(loss) attributable to members	4,274	5,122	(848)	(17%)

	Amount per security	Franked amount per security
<b>Dividends</b>		
Interim dividend	0.0 cps	0.0 cps
Record date for determining entitlements to the dividend		NA
Date the interim dividend is payable		NA
The Company does not operate a dividend re-investment plan		

NTA Backing	Half Year Ended 31 Dec 2012	Half Year Ended 31 Dec 2011
Net tangible asset backing per security (cents per share)	43.6 cps	37.6 cps

#### Details of entities over which control has been gained or lost during the period

During the period there was no change to controlled entities of Southern Cross Electrical Engineering Ltd ("the Group" or "SCEE").

## Details of associates and joint venture entities

On 18 December 2012 the Company entered into a Joint Venture Agreement with the Kentech group of companies to form KSJV, a 50:50 unincorporated joint venture. There were no transactions in the joint venture in the half year ended 31 December 2012.

## Previous Corresponding Reporting Period

The previous corresponding reporting period is the half year ended 31 December 2011.

## Commentary on the Results for the Period

The six months ended 31 December 2012 saw SCEE continue to build on the record results reported for the 2012 financial year, with revenues of \$120.6m representing a 43% increase over the corresponding prior period.

During the period SCEE was awarded the following significant contracts:

- Rio Tinto Cape Lambert Port B Phase A – The first contract won under the framework agreement and, at a value of approximately \$100m, the largest contract in the Company's history;
- AngloGold Ashanti / Independence Group Tropicana Gold Project – Contract value in excess of \$40m; and
- Rio Tinto Yandi Expansion Project – Awarded the second portion of the powerline installation at a value in excess of \$29m.

While work on all of these projects commenced during the period, activity on Cape Lambert Phase A and Tropicana was still in the ramp-up phase at period end.

In addition to the contracts above the most significant revenue contributors during the period were:

- MCC Sino Iron Project – SCEE continued to progress the project throughout the period with our work on the Train 2 concentrator now nearing completion. A decision from the project owners, Citic Pacific, and EPC contractor, MCC Mining, on proceeding with the next phase of the project (Trains 3 to 6) is pending.
- Rio Tinto Coastal Waters – SCEE Infrastructure is performing the powerline installation. The project is now well advanced and we expect to complete our work during the second half of the financial year.
- Rio Tinto Sustaining Works Projects – during the period we completed work on a number of projects related to the Cape Lambert Port B early works.

On the East Coast, physical work on the QCLNG Early Works and Lake Vermont Coal projects was successfully completed during the period. Contract close-out discussions are currently on-going.

Gross margin for the period was 19.9% compared to a full year gross margin of 19.7% in the 2012 financial year.

The overhead base was increased during the period to the level required to support the expected increase in activity. The later than anticipated award of significant contracts at Cape Lambert Phase A and Tropicana saw the Company carrying excess overheads for part of the period and resulted in overheads of 12.3% of revenue compared to 9.9% for financial year 2012. Work on both projects had commenced by the end of the period and we expect overheads to have reduced by year end to levels equal to or lower than financial year 2012 on a percentage of revenue basis.

SCEE entered the second half of the year in a strong financial position with cash on hand of \$46.9m and an order book of \$186m at 31 December 2012. Tendering activity remains high and we continue to identify new opportunities in the market.

In December SCEE announced that it had entered into a Joint Venture Agreement with the highly regarded international E&I contractor the Kentech group of companies to form KSJV, a 50:50 unincorporated joint venture. KSJV aims to capitalise on the unprecedented levels of demand in Australia for Electrical and Instrumentation construction works on large-scale LNG projects. With up to \$7 billion of E&I work to be performed in Australia over the next five years, SCEE views the LNG sector as a key component of its future growth.

During the period we continued to progress our systems development program which incorporates the implementation of the SCEEtrak suite of project management systems, selection and implementation of a new Enterprise Resource Planning (ERP) system and an upgrade of the IT infrastructure.

Effective 1 July 2012, we rebranded K J Johnson as SCEE Infrastructure and merged the Hindles and West Coast maintenance and support operations under the SCEE Services brand. This formed part of an overall rebranding of the Company which aligns with our strategic aim of becoming a recognised Tier 1 Electrical and Instrumentation contractor. Subsequent to the period end we have launched our new logo and visual identity.

Performing our work safely remains SCEE's highest priority and we are pleased to report that we carried out our operations in the period without incurring a Lost Time Injury.



# Interim Financial Report

for the half year ended 31 December 2012

## Contents

Directors' report	3
Condensed Consolidated Statement of Comprehensive Income	6
Condensed Consolidated Statement of Financial Position	7
Condensed Consolidated Statement of Changes in Equity	8
Condensed Consolidated Statement of Cash Flows	9
Notes to the condensed consolidated interim financial statements	10
Directors' declaration	13
Review report	14
Lead auditor's independence declaration	16

## Directors' report

The directors present their report together with the condensed consolidated interim financial report for the six months ended 31 December 2012 and the independent review report thereon.

### Directors

The directors of the Southern Cross Electrical Engineering Limited ("SCEE" or "the Company") at any time during or since the end of the interim period are:

Name	Period of directorship
<b>Non-executive</b>	
Mr John Cooper (Chairman)	Director since 2007
Mr Gianfranco Tomasi	Director since 1978
Prof Derek Parkin	Director since 31 March 2011
Mr Peter Forbes	Director since 1 October 2011
Dr Jack Hamilton	Director since 1 October 2011
<b>Executive</b>	
Mr Simon High (Managing Director)	Director since 2 August 2010

### Review of operations

The six months ended 31 December 2012 saw SCEE continue to build on the record results reported for the 2012 financial year, with revenues of \$120.6m representing a 43% increase over the corresponding prior period.

During the period SCEE was awarded the following significant contracts:

- Rio Tinto Cape Lambert Port B Phase A – The first contract won under the framework agreement and, at a value of approximately \$100m, the largest contract in the Company's history;
- AngloGold Ashanti / Independence Group Tropicana Gold Project – Contract value in excess of \$40m; and
- Rio Tinto Yandi Expansion Project – Awarded the second portion of the powerline installation at a value in excess of \$29m.

While work on all of these projects commenced during the period, activity on Cape Lambert Phase A and Tropicana was still in the ramp-up phase at period end.

In addition to the contracts above the most significant revenue contributors during the period were:

- MCC Sino Iron Project – SCEE continued to progress the project throughout the period with our work on the Train 2 concentrator now nearing completion. A decision from the project owners, Citic Pacific, and EPC contractor, MCC Mining, on proceeding with the next phase of the project (Trains 3 to 6) is pending.
- Rio Tinto Coastal Waters – SCEE Infrastructure is performing the powerline installation. The project is now well advanced and we expect to complete our work during the second half of the financial year.

- Rio Tinto Sustaining Works Projects – during the period we completed work on a number of projects related to the Cape Lambert Port B early works.

On the East Coast, physical work on the QCLNG Early Works and Lake Vermont Coal projects was successfully completed during the period. Contract close-out discussions are currently on-going.

Gross margin for the period was 19.9% compared to a full year gross margin of 19.7% in the 2012 financial year.

The overhead base was increased during the period to the level required to support the expected increase in activity. The later than anticipated award of significant contracts at Cape Lambert Phase A and Tropicana saw the Company carrying excess overheads for part of the period and resulted in overheads of 12.3% of revenue compared to 9.9% for financial year 2012. Work on both projects had commenced by the end of the period and we expect overheads to have reduced by year end to levels equal to or lower than financial year 2012 on a percentage of revenue basis.

SCEE entered the second half of the year in a strong financial position with cash on hand of \$46.9m and an order book of \$186m at 31 December 2012. Tendering activity remains high and we continue to identify new opportunities in the market.

In December SCEE announced that it had entered into a Joint Venture Agreement with the highly regarded international E&I contractor the Kentech group of companies to form KSJV, a 50:50 unincorporated joint venture. KSJV aims to capitalise on the unprecedented levels of demand in Australia for Electrical and Instrumentation construction works on large-scale LNG projects. With up to \$7 billion of E&I work to be performed in Australia over the next five years, SCEE views the LNG sector as a key component of its future growth.

During the period we continued to progress our systems development program which incorporates the implementation of the SCEEtrak suite of project management systems, selection and implementation of a new Enterprise Resource Planning (ERP) system and an upgrade of the IT infrastructure.

Effective 1 July 2012, we rebranded K J Johnson as SCEE Infrastructure and merged the Hindles and West Coast maintenance and support operations under the SCEE Services brand. This formed part of an overall rebranding of the Company which aligns with our strategic aim of becoming a recognised Tier 1 Electrical and Instrumentation contractor. Subsequent to the period end we have launched our new logo and visual identity.

Performing our work safely remains SCEE's highest priority and we are pleased to report that we carried out our operations in the period without incurring a Lost Time Injury.

## **Dividend**

The directors have not declared an interim dividend for the six months ended 31 December 2012 (31 December 2011: no dividend). At this time the Company is reserving cash resources in order to fund the continued growth of its operations.


## **Rounding off**

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the condensed consolidated interim financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

## Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 16 and forms part of the directors' report for the six months ended 31 December 2012.

Signed in accordance with a resolution of the directors:



## John Cooper

Chairman

Perth

25 February 2013



## Condensed Consolidated Statement of Comprehensive Income

	31 Dec 2012 \$'000	31 Dec 2011 \$'000
Contract revenue	120,594	84,180
Contract expenses	(96,569)	(66,406)
<b>Gross profit</b>	<b>24,025</b>	<b>17,774</b>
Other income	230	221
Employee benefits expenses	(10,119)	(6,469)
Occupancy expenses	(1,130)	(620)
Administration expenses	(2,693)	(1,890)
Other expenses	(843)	(720)
Depreciation expense	(2,195)	(912)
Amortisation of customer contract intangibles	(75)	(75)
<b>Profit/(Loss) from operating activities</b>	<b>7,200</b>	<b>7,309</b>
Finance income	303	673
Finance expense	(408)	(352)
<b>Net finance income/(expense)</b>	<b>(105)</b>	<b>321</b>
<b>Profit/(Loss) before income tax</b>	<b>7,095</b>	<b>7,630</b>
Income tax (expense)/benefit	(2,821)	(2,508)
<b>Profit/(Loss) after income tax for the period</b>	<b>4,274</b>	<b>5,122</b>
<b>Other comprehensive income/(loss)</b>		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Foreign currency translation losses for foreign operations	(3)	(13)
Income tax on other comprehensive income	-	-
<b>Other comprehensive income/(loss) net of income tax</b>	<b>(3)</b>	<b>(13)</b>
<b>Total comprehensive income/(loss) for the period</b>	<b>4,271</b>	<b>5,109</b>
<b>Attributable to</b>		
Owners of the Company	<b>4,271</b>	<b>5,109</b>
<b>Earnings/(loss) per share</b>		
- Basic earnings/(loss) per share (cents per share)	2.7	3.2
- Diluted earnings/(loss) per share (cents per share)	2.7	3.2

## Condensed Consolidated Statement of Financial Position

	Note	31 Dec 2012 \$'000	30 Jun 2012 \$'000
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		46,905	31,545
Trade and other receivables		33,754	21,665
Tax receivables		1,424	1,558
Inventories		2,333	1,166
Construction work in progress		24,212	35,751
Prepayments		1,637	262
<b>Total current assets</b>		<b>110,265</b>	<b>91,947</b>
<b>Non-current assets</b>			
Property, plant and equipment	7	30,292	17,147
Intangible assets		17,475	17,551
<b>Total non-current assets</b>		<b>47,767</b>	<b>34,698</b>
<b>Total assets</b>		<b>158,032</b>	<b>126,645</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		31,285	26,988
Unearned revenue		21,428	4
Loans and borrowings		1,817	388
Employee entitlements		4,592	4,806
Tax payable		2,100	1,192
<b>Total current liabilities</b>		<b>61,222</b>	<b>33,378</b>
<b>Non-current liabilities</b>			
Loans and borrowings		3,636	1,176
Employee entitlements		378	383
Deferred tax liability		4,878	4,841
<b>Total non-current liabilities</b>		<b>8,892</b>	<b>6,400</b>
<b>Total liabilities</b>		<b>70,114</b>	<b>39,778</b>
<b>Net assets</b>		<b>87,918</b>	<b>86,867</b>
<b>Equity</b>			
Share capital		57,554	57,554
Reserves		671	261
Retained earnings		29,693	29,052
<b>Total equity</b>		<b>87,918</b>	<b>86,867</b>

## Condensed Consolidated Statement of Changes in Equity

	Share Capital	Retained Earnings	Options Reserve	Translation Reserve	Total Equity
Balance as at 1 July 2012	57,554	29,052	1,012	(751)	86,867
<b>Total comprehensive income for the period</b>					
Profit for the period	-	4,274	-	-	4,274
Foreign currency translation	-	-	-	(3)	(3)
<b>Total comprehensive Income</b>	-	<b>4,274</b>	-	<b>(3)</b>	<b>4,271</b>
<b>Transactions with owners, recorded directly in equity</b>					
Cost of share based payment	-	-	413	-	413
Issue of new shares	-	-	-	-	-
Dividends	-	(3,633)	-	-	(3,633)
<b>Total transactions with owners</b>	-	<b>(3,633)</b>	<b>413</b>	-	<b>(3,220)</b>
<b>Balance as at 31 December 2012</b>	<b>57,554</b>	<b>29,693</b>	<b>1,425</b>	<b>(754)</b>	<b>87,918</b>

	Share Capital	Retained Earnings	Options Reserve	Translation Reserve	Total Equity
Balance as at 1 July 2011	56,984	15,344	432	(92)	72,668
<b>Total comprehensive income for the period</b>					
Profit for the period	-	5,122	-	-	5,122
Foreign currency translation	-	-	-	(13)	(13)
<b>Total comprehensive Income</b>	-	<b>5,122</b>	-	<b>(13)</b>	<b>5,109</b>
<b>Transactions with owners, recorded directly in equity</b>					
Cost of share based payment	-	-	(61)	-	(61)
Issue of new shares	570	-	-	-	570
Dividends	-	-	-	-	-
<b>Total transactions with owners</b>	<b>570</b>	-	<b>(61)</b>	-	<b>509</b>
<b>Balance as at 31 December 2011</b>	<b>57,554</b>	<b>20,466</b>	<b>371</b>	<b>(105)</b>	<b>78,286</b>

## Condensed Consolidated Statement of Cash Flows

	Note	31 Dec 2012 \$'000	31 Dec 2011 \$'000
<b>Cash flows from operating activities</b>			
Cash receipts from customers		141,702	68,119
Cash paid to suppliers and employees		(109,409)	(70,297)
Interest received		303	673
Interest paid		(408)	(352)
Income taxes received/(paid)		(1,739)	(443)
<b>Net cash from/(used in) operating activities</b>	8	<b>30,449</b>	<b>(2,300)</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(11,087)	(4,312)
Disposal of property, plant and equipment		-	3,610
<b>Net cash from/(used in) investing activities</b>		<b>(11,087)</b>	<b>(702)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(364)	(3,160)
Payment for term deposit		-	(3,000)
Dividends paid		(3,633)	-
<b>Net cash from/(used in) financing activities</b>		<b>(3,997)</b>	<b>(6,160)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>15,365</b>	<b>(9,162)</b>
Cash and cash equivalents at 1 July		31,545	26,280
Effect of exchange rate fluctuations on cash held		(5)	(12)
<b>Cash and cash equivalents at 31 December</b>		<b>46,905</b>	<b>17,106</b>

## Notes to the condensed consolidated interim financial statements

### 1. Reporting entity

Southern Cross Electrical Engineering Limited (the “Company”) is a company domiciled in Australia. The condensed consolidated interim financial report of the Company as at and for the six months ended 31 December 2012 comprises the Company and its subsidiaries (together referred to as the “Group”).

The consolidated annual financial report of the Group as at and for the year ended 30 June 2012 is available upon request from the Company’s registered office at 41 Macedonia Street, Naval Base, Western Australia 6165 or at [www.scee.com.au](http://www.scee.com.au).

### 2. Statement of compliance

The condensed consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The condensed consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2012.

The condensed consolidated interim financial report was approved by the Board of Directors on 25 February 2013.

### 3. Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial report, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2012.

### 4. Significant accounting policies

The accounting policies applied by the Group in this condensed consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2012.

### 5. Financial risk management

During the six months ended 31 December 2012 the Group’s financial risk management objectives and policies were consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2012.

### 6. Segment reporting

Revenue is derived by the Group from the provision of electrical and instrumentation services to the resources, energy and infrastructure sectors.

The Group has branded itself into the following three operating divisions: SCEE Construction, SCEE Infrastructure and SCEE Services. In the half-year ended 31 December 2012 the Group derived revenues of \$69.4m from SCEE Construction, \$35.9m from SCEE Infrastructure and \$15.3m from SCEE services. The divisions are exposed to

similar operational risks and rewards and are only divisions for the purposes of addressing target market opportunities and facilitating appropriate project management structures.

The directors believe that the aggregation of the operating divisions for segment reporting purposes is appropriate as they:

- have similar economic characteristics;
- perform similar services using similar business processes;
- provide their services to a similar client base;
- have a centralised pool of shared assets and services; and
- operate in similar regulatory environments.

All divisions have therefore been aggregated to form one operating segment.

## 7. Property, plant and equipment

In the six months ended 31 December 2012 the Group made the following additions to property, plant and equipment: leasehold improvements \$124,000; plant and equipment \$8,217,000; motor vehicles \$5,220,000; and office furniture and equipment \$2,048,000.

## 8. Reconciliation of cash flows from operating activities

	31 Dec 2012 \$'000	31 Dec 2011 \$'000
<b>Cash flows from operating activities</b>		
<b>Profit after income tax for the period</b>	<b>4,274</b>	<b>5,122</b>
<b>Adjustments for:</b>		
Depreciation and amortisation	2,270	986
(Gain)/Loss on sale of property, plant and equipment	-	(2)
Equity-settled share-based payment transactions	413	509
<b>(Increase)/decrease in assets:</b>		
Change in trade and other receivables	(12,089)	(6,724)
Change in work in progress	11,539	(9,143)
Change in inventories	(1,167)	(8)
Change in prepayments	(1,375)	(601)
<b>Increase/(decrease) in liabilities:</b>		
Change in trade and other payables	4,297	5,069
Change in unearned revenue	21,424	(414)
Change in provisions and employee benefits	(219)	840
Change in income tax payable	1,045	(12)
Change in deferred income tax	37	2,078
<b>Net cash from/(used in) operating activities</b>	<b>30,449</b>	<b>(2,300)</b>

## 9. Joint venture arrangements

On 18 December 2012 the Company entered into a Joint Venture Agreement with the Kentech group of companies to form KSJV, a 50:50 unincorporated joint venture. There were no transactions in the joint venture in the current period.

## 10. Share based payments

During the six months ended 31 December 2012 the Company issued 419,664 Performance Rights in respect of the 2012 financial year and 961,050 Performance Rights in respect of the 2013 financial year. The Performance Rights were issued under the Company's Senior Management Long Term Incentive Plan.

## 11. Related parties

The share based payments disclosed in note 10 included the following issues to key management personnel during the six months ended 31 December 2012:

	2012 Performance Rights	2013 Performance Rights
Simon High – Managing Director	419,664	323,396
Simon Buchhorn – Chief Operating Officer	-	137,625
Chris Douglass – Chief Financial Officer	-	120,724

The Performance Rights issued to Simon High were approved by shareholders at the Company's Annual General Meeting on 29 October 2012.

During the six months ended 31 December 2012, 15,108 ordinary shares were issued to Simon Buchhorn at nil consideration on the exercise of Performance Rights in respect of the 2011 financial year. The Performance Rights had vested at 30 June 2012 and further details can be found in the 30 June 2012 financial report.

Other arrangements with related parties continue to be in place on the same basis as at 30 June 2012. For full disclosure on these transactions refer to the 30 June 2012 annual financial report.

## 12. Events after the balance sheet date


There are no matters or circumstances that have arisen since 31 December 2012 which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent reporting periods.

## Directors' declaration

In the opinion of the directors of Southern Cross Electrical Engineering Limited ("the Company"):

1. the financial statements and notes set out on pages 6 to 12, are in accordance with the Corporations Act 2001 including:
  - a. giving a true and fair view of the Group's financial position as at 31 December 2012 and of its performance for the six month period ended on that date; and
  - b. complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors



**John Cooper**

Chairman

Perth

25 February 2013



## Review report



### **Independent auditor's review report to the members of Southern Cross Electrical Engineering Limited**

#### **Report on the financial report**

We have reviewed the accompanying interim financial report of Southern Cross Electrical Engineering Limited (the Company), which comprises the condensed consolidated statement of financial position as at 31 December 2012, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year's end or from time to time during the half-year period.

#### *Directors' responsibility for the interim financial report*

The directors of the Company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2012 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Southern Cross Electrical Engineering Limited ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.



## *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

## *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Southern Cross Electrical Engineering Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2012 and of its performance for the interim period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in blue ink that reads 'KPMG'.

KPMG

A handwritten signature in blue ink, appearing to be 'R. Gambitta'.

R. Gambitta  
*Partner*

Perth

25 February 2013

## Lead auditor's independence declaration



***Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001***

To: the directors of Southern Cross Electrical Engineering Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2012 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

R. Gambitta  
*Partner*

Perth

25 February 2013

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.