



**SOUTHERN CROSS
ELECTRICAL
ENGINEERING LIMITED**

ASX RELEASE

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Southern Cross Electrical Engineering Full Year Results – Growth and Investment

Electrical and Instrumentation construction contractor Southern Cross Electrical Engineering Limited (“SCEE”) today released its full year financial results for the year ended 30 June 2012.

The result shows solid progress in the year with a strong performance in all areas of the business. The table below shows the key financial results for the year ended 30 June 2012 and demonstrates the strong turnaround from the previous year ended 30 June 2011:

	Year ended 30 June 2012 \$m	Year ended 30 June 2011 \$m
Contract revenue	220.0	101.8
Gross profit	43.4	16.2
Profit/(loss) after income tax from continuing operations	13.7	(1.7)
Profit after tax margin percentage	6.2%	(1.6)%
Earnings per share	8.50 cps	(1.28) cps
Dividends per share declared	2.25 cps	Nil

For the year ended 30 June 2012 SCEE had record contract revenues of \$220.0m (up 116% on the previous year) reflecting that major resources projects, particularly in the iron ore sector, are now in the electrical and instrumentation construction phase. The Sino Iron, Cadia and various Rio Tinto projects were the most significant contributors to revenue growth.

Profit after tax for the year ended 30 June 2012 was \$13.7 million compared to a \$1.7 million loss in the previous year. A final dividend of 2.25 cents per share has been declared for the year ended 30 June 2012. The Board considers the strong financial results justify a return to dividend payments whilst retaining adequate cash to fund expected future expansion.

The secured order book at 30 June 2012 stood at \$79m all of which is forecast to be executed in FY13 and we are in the final phases of negotiation on a “Preferred Contractor Basis” for contracts with an expected order value of \$140m. These figures exclude recurring work from our various framework agreements which generate around \$2m per month of revenue. We are currently tendering a strong pipeline of work for performance in both FY13 and beyond which is of considerable size by historic standards.

The balance sheet has been strengthened with the renegotiation of finance facilities resulting in the release of \$5m of restricted cash and increasing SCEE's bonding capacity to \$60m.

Managing Director Simon High commented "This result shows solid progress in a transformational year. The record revenue and return to profitability is pleasing and particularly so as performance has been strong in all parts of our business.

We are increasing investment in our project management and financial systems as well as IT infrastructure, to further improve our project delivery and reporting.

We have increased our employees in Australia from under 400 at the beginning of the year to almost 800 now. We expect the number of employees in Australia to continue to increase in FY13 and beyond. We have 55 apprentices currently at various stages of their training across the group, which we regard as a very solid investment in our future. We forecast this program will continue to grow.

We have made significant investments in new project plant and equipment over the year, acquiring approximately \$10.7m of new assets, as well as financing increased working capital to support our growth. Despite this expenditure, we have increased our cash by \$5.3m and our bonding capacity by \$30m in the year which leaves us well positioned to fund our current forecast opportunities.

Significant projects that we won and performed in the year were Sino Iron, Rio Tinto's Cape Lambert overhead power line, QGC LNG early works and our first coal contract for the Lake Vermont expansion. We are hopeful that we will continue to work with all of these clients into FY13 and beyond. We remain proud that despite this increased level of activity we maintained a strong focus on operating safely, achieving our eighth year in Australia of Lost Time Injury free (LTI) operations.

Outlook

Over the next few years, in the sectors in which we operate there is a strong pipeline of work, which is core to the company's current capabilities. Whilst over the past few months some high profile projects have been deferred or cancelled, we believe the amount of currently sanctioned major projects in both the West and East coasts of Australia provides an extremely solid base load of work on which we can continue to grow.

We have rebranded our K.J. Johnson business as SCEE Infrastructure and combined our Hindles and West Coast operations support business and rebranded them SCEE Services to enable us to focus more on these prospects. With the investments we are making in people and systems I believe we are well positioned to maximise these opportunities."

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