



Results for Announcement to the Market – Half Year ended 31 December 2011

	Half Year Ended 31 Dec 2011 \$'000	Half Year Ended 31 Dec 2010 \$'000	Change \$ %	
Revenue and Net Profit				
Revenue from ordinary activities	84,180	47,267	36,913	78%
Profit/(Loss) from ordinary activities after tax attributable to members	5,122	(4,786)	9,908	NA*
Net profit/(loss) attributable to members	5,122	(4,786)	9,908	NA*
<i>*Company has moved from loss to profit</i>				

	Amount per security	Franked amount per security
Dividends		
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 2011	Half Year Ended 31 Dec 2010
Net tangible asset backing per security (cents per share)	37.6 cps	15.5 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

The company has no interest in any associates or joint ventures.

Previous Corresponding Reporting Period

The previous corresponding reporting period is the half year ended 31 December 2010.

Commentary on the Results for the Period

In the six months ended 31 December 2011 the volume of work executed grew significantly. All parts of the group experienced growth with an increase in revenues of 78% across the group compared to the corresponding prior interim period.

During the period SCEE commenced works at the Antapaccay Copper Project for Xstrata in Peru, at Sino Iron Area F for MCC, and on the Cape Lambert 33kV Overhead Power Line for Rio Tinto. SCEE was also awarded and commenced mobilisation on the electrical and instrumentation contracts for Early Works on the QGCLNG project for Thiess and with the Thiess Sedgman Joint Venture for the Lake Vermont Coal Expansion Project.

The most significant revenue contributors during the period were:

Cadia

This contract was awarded in December 2010 and the forecast completion date is June 2012. There has been significant growth in the project from work that was performed before the original scope commenced.

Sino Iron Concentrator and Area F

SCEE was awarded the Concentrator Number 1 contract in April 2011 and then the Area F works in this period. The projects have required a significant and accelerated deployment of resources.

SCEE's overhead costs, excluding share based payments but including employee bonus accruals, for the six months ended 31 December 2011, have increased by 19% (or \$1.6m) but as a percentage of revenue have decreased from 18% in the corresponding prior interim period to 12% in this period.

Good progress continues to be made with the development and rollout of our upgraded project management systems and processes into the Company. During the period we have also significantly increased or upgraded our equipment fleet with new plant and equipment.

Our focus on working safely in all parts of our business is and will remain our highest priority. We are proud of our continuing outstanding long term safety record.

SCEE has seen a consistently high level of tendering activity across the period as some of the early Australian resource projects start to award E&I construction contracts. We expect this high level to continue.



Southern Cross Electrical Engineering Limited

Interim Financial Report for the Half Year Ended 31 December 2011

CONTENTS

DIRECTORS' REPORT	3
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	5
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	6
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	7
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	8
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS	9
DIRECTORS' DECLARATION	12
REVIEW REPORT	13
LEAD AUDITOR'S INDEPENDENCE DECLARATION	15

Directors' report

The directors present their report together with the consolidated interim financial report for the six months ended 31 December 2011 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
Non-executive	
Mr John Cooper (Chairman)	Director since 2007
Mr Gianfranco Tomasi	Director since 1978
Mr Derek Parkin	Director since 31 March 2011
Mr Peter Forbes	Director since 1 October 2011
Dr Jack Hamilton	Director since 1 October 2011
Executive	
Mr Simon High (Managing Director)	Director since 2 August 2010

Review of operations

In the six months ended 31 December 2011 the volume of work executed grew significantly. All parts of the group experienced growth with an increase in revenues of 78% across the group compared to the corresponding prior interim period.

During the period SCEE commenced works at the Antapaccay Copper Project for Xstrata in Peru, at Sino Iron Area F for MCC, and on the Cape Lambert 33kV Overhead Power Line for Rio Tinto. SCEE was also awarded and commenced mobilisation on the electrical and instrumentation contracts for Early Works on the QGCLNG project for Thiess and with the Thiess Sedgman Joint Venture for the Lake Vermont Coal Expansion Project.

The most significant revenue contributors during the period were:

Cadia

This contract was awarded in December 2010 and the forecast completion date is June 2012. There has been significant growth in the project from work that was performed before the original scope commenced.

Sino Iron Concentrator and Area F

SCEE was awarded the Concentrator Number 1 contract in April 2011 and then the Area F works in this period. The projects have required a significant and accelerated deployment of resources.

SCEE's overhead costs, excluding share based payments but including employee bonus accruals, for the six months ended 31 December 2011, have increased by 19% (or \$1.6m) but as a percentage of revenue have decreased from 18% in the corresponding prior interim period to 12% in this period.

Good progress continues to be made with the development and rollout of our upgraded project management systems and processes into the Company. During the period we have also significantly increased or upgraded our equipment fleet with new plant and equipment.

Our focus on working safely in all parts of our business is and will remain our highest priority. We are proud of our continuing outstanding long term safety record.

SCEE has seen a consistently high level of tendering activity across the period as some of the early Australian resource projects start to award E&I construction contracts. We expect this high level to continue.

Dividend

The directors have not declared an interim dividend for the six months ended 31 December 2011. At this time the Company is reserving cash resources in order to fund expansion 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 15 and forms part of the directors' report for the six months ended 31 December 2011.

Dated at Brisbane, this 24th day of February 2012.

Signed in accordance with a resolution of the directors:

A handwritten signature in blue ink, appearing to read 'John Cooper', with a horizontal line underneath.

John Cooper

Chairman

Condensed Consolidated Statement of Comprehensive Income

	31 Dec 2011	31 Dec 2010
	\$'000	\$'000
Contract revenue	84,180	47,267
Contract expenses	(66,406)	(44,994)
Gross profit	17,774	2,273
Other income	221	(54)
Employee benefits expenses	(6,469)	(5,136)
Occupancy expenses	(620)	(365)
Administration expenses	(1,890)	(1,653)
Other expenses	(720)	(387)
Business combination expenses	-	(95)
Depreciation expense	(912)	(769)
Amortisation of customer contract intangibles	(75)	(75)
Profit/(Loss) from operating activities	7,309	(6,261)
Finance income	673	64
Finance expense	(352)	(433)
Net finance income/(expense)	321	(369)
Profit/(Loss) before income tax	7,630	(6,630)
Income tax (expense)/benefit	(2,508)	1,844
Profit/(Loss) after income tax for the period	5,122	(4,786)
Other comprehensive income/(loss)		
Foreign currency translation losses for foreign operations	(13)	(146)
Income tax on other comprehensive income	-	-
Other comprehensive income/(loss) net of income tax	(13)	(146)
Total comprehensive income/(loss) for the period	5,109	(4,932)
Attributed to		
Owners of the Company	5,109	(4,932)
Earnings/(loss) per share		
- Basic earnings/(loss) per share (cents per share)	3.2	(3.9)
- Diluted earnings/(loss) per share (cents per share)	3.2	(3.9)

Condensed Consolidated Statement of Financial Position

		31 Dec 2011	30 Jun 2011
	Notes	\$'000	\$'000
Assets			
Cash and cash equivalents		17,106	26,280
Term deposits		8,000	5,000
Trade and other receivables		23,920	17,196
Tax receivable		325	312
Inventories		1,309	1,301
Construction work in progress		15,074	5,931
Prepayments		774	173
Assets held for sale		-	3,610
Total current assets		66,508	59,803
Property, plant and equipment	7	12,484	9,083
Intangible assets and goodwill		17,626	17,702
Total non-current assets		30,110	26,785
Total assets		96,618	86,588
Liabilities			
Trade and other payables		12,070	7,001
Loans and borrowings	8	326	3,486
Unearned income		186	600
Employee entitlements/provisions		3,097	2,623
Total current liabilities		15,679	13,710
Employee entitlements		571	207
Deferred tax liability		2,082	3
Total non-current liabilities		2,653	210
Total liabilities		18,332	13,920
Net assets		78,286	72,668
Equity			
Share capital		57,554	56,984
Reserves		266	340
Retained earnings		20,466	15,344
Total equity		78,286	72,668

Condensed Consolidated Statement of Changes in Equity

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

	Share Capital	Retained Earnings	Options Reserve	Translation Reserve	Total Equity
Balance as at 1 July 2010	24,964	22,584	321	(450)	47,419
Total comprehensive income for the period					
Profit for the period	-	(4,786)	-	-	(4,786)
Foreign currency translation	-	-	-	(146)	(146)
Total comprehensive Income	-	(4,786)	-	(146)	(4,932)
Transactions with owners, recorded directly in equity					
Cost of share based payment	-	-	189	-	189
Issue of new shares	-	-	-	-	-
Dividends	-	(5,588)	-	-	(5,588)
Total transactions with owners	-	(5,588)	189	-	(5,399)
Balance as at 31 December 2010	24,964	12,210	510	(596)	37,088

Condensed Consolidated Statement of Cash Flows

		31 Dec 2011	31 Dec 2010
	Notes	\$'000	\$'000
Cash flows from operating activities			
Cash receipts from customers		68,119	42,287
Cash paid to suppliers and employees		(70,297)	(46,797)
Interest received		673	64
Interest paid		(352)	(433)
Income taxes received/(paid)		(443)	489
Net cash (used in) operating activities	9	(2,300)	(4,390)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(4,312)	(137)
Disposal of property, plant and equipment		3,610	-
Net cash (used in) investing activities		(702)	(137)
Cash flows from financing activities			
Repayment of borrowings		(3,160)	(834)
Payment for term deposit		(3,000)	-
Dividends paid		-	(5,588)
Net cash (used in) financing activities		(6,160)	(6,422)
Net increase (decrease) in cash and cash equivalents		(9,162)	(10,949)
Cash and cash equivalents at 1 July		26,280	7,498
Effect of exchange rate fluctuations on cash held		(12)	(139)
Cash and cash equivalents at 31 December		17,106	(3,590)

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 consolidated interim financial report of the Company as at and for the six months ended 31 December 2011 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 2011 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.

2. Statement of compliance

The 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 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 2011.

The consolidated interim financial report was approved by the Board of Directors on 24th February 2011.

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 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 2011.

4. Significant accounting policies

The accounting policies applied by the Group in this 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 2011.

5. Financial risk management

During the six months ended 31 December 2011 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 2011.

6. Segment reporting

Revenue is principally derived by the Group from the provision of electrical and instrumentation services to the resources, energy and infrastructure sectors. The Group therefore operates within one operating segment.

Notes to the condensed consolidated interim financial statements

7. Property, plant and equipment and Assets held for sale

In the period the Company spent \$4,312,000 for the acquisition of plant and equipment to support the growth in activity.

8. Loans and borrowings

Bank facilities continue to be in place on the same basis as at 30 June 2011. Under the terms of these facilities there are three financial covenants being interest cover ratio, gearing ratio and leverage ratio. At 31 December 2011 the Group was compliant with all of these covenants. As a consequence of this compliance the term deposit of \$8 million which the Group is required to maintain per these banking facilities was reduced to \$5 million on 9 February 2012.

The outstanding balance of the cash advance facility of \$5 million drawn on 26 February 2010 to fund the acquisition of Oceanic Industries Pty Ltd was repaid on 22 December 2011. The multi-option facility, which was drawn to \$12,285,210 at 31 December 2011, comprised bank guarantees and no debt.

9. Reconciliation of cash flows from operating activities

	31 Dec 2011	31 Dec 2010
	\$'000	\$'000
Cash flows from operating activities		
Profit/(loss) after income tax for the period	5,122	(4,786)
Adjustments for:		
Depreciation and amortisation	986	844
(Gain)/Loss on sale of property, plant and equipment	(2)	(7)
Equity-settled share-based payment transactions	509	189
(Increase)/decrease in assets		
Change in trade and other receivables	(6,724)	(5,267)
Change in work in progress	(9,143)	5,968
Change in inventories	(8)	(41)
Change in prepayments	(601)	(208)
Increase/(decrease) in liabilities		
Change in trade and other payables	5,069	(1,058)
Change in unearned revenue	(414)	1,637
Change in provisions and employee benefits	840	(103)
Change in income tax payable	(12)	285
Change in deferred income tax	2,078	(1,843)
Net cash (used in) operating activities	(2,300)	(4,390)

Notes to the condensed consolidated interim financial statements**10. Share based payment**

During the six months ended 31 December 2011 there were no employee share options issued. On 29 November 2011 the Company issued 750,000 fully paid ordinary shares at no consideration to Mr Simon High as approved by shareholder resolution at Annual General Meeting on 28 November 2011. The fair value of \$570,000 was recognised as an expense in the statement of comprehensive income.

11. Related parties

The 250,742 vested share options and 55,191 non-vested performance rights held by Mr Stephen Fewster and the 48,890 non-vested performance rights held by Mr Gerard Moody at 1 July 2011 were forfeited on the cessation of their employment in the period.

On 8 November 2011 the Company entered into a lease for premises at 12 Trade Street, Lytton, Queensland for a term of 5 years at an annual rent of \$205,000 with an entity controlled by Mr Jorn Granger, the General Manager Eastern Region. The rental payments are set at commercial rates on an arm's length basis and were reviewed by an independent valuer in November 2011.

Other arrangements with related parties continue to be in place on the same basis as at 30 June 2011. For full disclosure on these transactions refer to the 30 June 2011 annual financial report.

12. Events after the balance sheet date

There are no matters or circumstances that have arisen since 31 December 2011 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 5 to 11, 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 2011 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.

Dated at Brisbane, this 24th day of February 2012

Signed in accordance with a resolution of the directors



John Cooper
Chairman

**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 2011, 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 1 to 12 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 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 2011 and its performance for the half-year 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.

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 2011 and of its performance for the half-year period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG.

KPMG



R. Gambitta
Partner

Perth
24 February 2012



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

To: the directors of Southern Cross Electrical Engineering Ltd

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2011 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.

KPMG



R. Gambitta
Partner

Perth
24 February 2012