



CIVMEC LIMITED

(Company Registration No: 201011837H)

**FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE
SECOND QUARTER ENDED 31 DECEMBER 2019**



PART I INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENT

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

INCOME STATEMENT

	Group			Group		
	Q2 FY2020 A\$'000	Q2 FY2019 A\$'000	+ / (-) %	6M FY2020 A\$'000	6M FY2019 A\$'000	+ / (-) %
Sales revenue	84,035	134,906	(37.7)	166,175	335,030	(50.4)
Cost of sales	(75,244)	(130,880)	(42.5)	(147,563)	(320,213)	(53.9)
Gross profit	8,791	4,026	118.4	18,612	14,817	25.6
Other income	210	2,658	(92.1)	589	3,981	(85.2)
Administrative expenses	(3,721)	(4,040)	(7.9)	(7,928)	(8,649)	(8.3)
Other expenses	(237)	-	-	(237)	-	
Finance costs	(860)	(1,190)	(27.7)	(1,563)	(2,533)	(38.3)
Profit before tax	4,183	1,454	187.7	9,473	7,616	24.24
Income tax expense	(14)	810	(101.7)	(1,493)	(854)	74.8
Profit for the period	4,169	2,264	84.1	7,980	6,762	18.0
<u>Profit attributable to:</u>						
Owners of the Company	4,260	1,261	237.8	8,066	5,814	38.7
Non-controlling interest	(91)	1,003	(109.1)	(86)	948	(109.1)
	4,169	2,264	84.1	7,980	6,762	18.0
Earnings per share attributable to equity holders of the Company (cents per share):						
• Basic	0.85	0.25		1.61	1.16	
• Diluted	0.85	0.25		1.61	1.16	



- 1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd):

STATEMENT OF COMPREHENSIVE INCOME

	Group			Group		
	Q2	Q2	+ / (-)	6M	6M	+ / (-)
	FY2020	FY2019	%	FY2020	FY2019	%
	A\$'000	A\$'000		A\$'000	A\$'000	
Profit for the period	4,169	2,264	84.1	7,980	6,762	18.0
<u>Other comprehensive (loss)/income:</u>						
<i>Item that may be reclassified subsequently to profit or loss:</i>						
Exchange differences on re-translation from functional currency to presentation currency	-	(30)	(100.0)	-	(185)	(100.0)
Reclassification of translation reserve to the profit or loss account on deconsolidation	-	(999)	(100.0)	-	92	(100.0)
Total comprehensive income for the period	4,169	1,235	237.6	7,980	6,669	19.7
<u>Total comprehensive income attributable to:</u>						
Owners of the Company	4,260	1,231	246.1	8,066	5,721	41.0
Non-controlling interest	(91)	4	(2375.0)	(86)	948	(109.1)
	4,169	1,235	237.6	7,980	6,669	19.7

1(a)(ii) Notes to the Income Statement and Consolidated Statement of Comprehensive Income.

A. Profit before income tax

The following items have been included in determining the profit before income tax:

	Q2 FY2020 A\$'000	Group Q2 FY2019 A\$'000	+ / (-) %	6M FY2020 A\$'000	Group 6M FY2019 A\$'000	+ / (-) %
Gain on disposal of property, plant and equipment	-	-		4	70	(94.3)
Gain on deconsolidation of a subsidiary	-	1,091	(100.0)	-	2,091	(100.0)
Insurance recovery	-	1,218	(100.0)	25	1,218	(97.9)
Interest income	45	311	(85.5)	129	393	(67.2)
Share of profit/(loss) of joint ventures/associate	168	-		274	(2)	(13800.0)
Sundry revenue	(3)	38	(107.9)	157	211	(25.6)
Total Other Income	210	2,658	(92.1)	589	3,981	(85.2)

B. Finance costs

	Q2 FY2020 A\$'000	Group Q2 FY2019 A\$'000	+ / (-) %	6M FY2020 A\$'000	Group 6M FY2019 A\$'000	+ / (-) %
Bank bills and line fees	510	729	(30.0)	892	1,590	(43.9)
Trade finances	-	304	(100.0)	-	613	(100.0)
Finance leases	326	144	126.4	624	287	117.4
Operating leases – included in Cost of sales	663	-		1,314	-	
Other finance costs	24	13	84.6	47	43	9.3
Total Finance Costs	1,523	1,190	28.0	2,877	2,533	13.6

C. Depreciation expenses

	Q2 FY2020 A\$'000	Group Q2 FY2019 A\$'000	+ / (-) %	6M FY2020 A\$'000	Group 6M FY2019 A\$'000	+ / (-) %
Included in Cost of sales	2,637	2,529	4.3	5,271	5,064	4.1
Included in Administrative expenses	57	76	(25.0)	117	160	(26.9)
Total Depreciation	2,694	2,605	3.4	5,388	5,224	3.1

1(b)(i) **Statement of Financial Position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.**

	Group		Company	
	As at 31 Dec 2019 A\$'000	As at 30 June 2019 A\$'000	As at 31 Dec 2019 A\$'000	As at 30 June 2019 A\$'000
ASSET				
Current assets				
Cash and cash equivalents	21,619	40,662	30	6
Trade and other receivables	56,092	63,558	31,400	29,513
Contract assets	117,982	117,443	-	-
Other current assets	3,335	1,063	25	9
Income tax recoverable	5,985	4,024	4,981	4,043
	<u>205,013</u>	<u>226,750</u>	<u>36,436</u>	<u>33,571</u>
Non-current assets				
Investment in subsidiaries	-	-	7,579	7,579
Investment in joint ventures	315	41	-	-
Loan receivables	492	-	-	-
Property, plant and equipment	252,635	201,004	-	-
Intangible assets	10	10	-	-
Deferred tax assets	-	1,930	62	394
	<u>253,452</u>	<u>202,985</u>	<u>7,641</u>	<u>7,973</u>
TOTAL ASSETS	<u>458,465</u>	<u>429,735</u>	<u>44,077</u>	<u>41,544</u>
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	60,908	57,543	150	174
Contract liabilities	73,906	69,333	-	-
Lease liabilities	8,345	-	-	-
Finance lease liabilities	-	6,358	-	-
Borrowings	6,877	2,572	-	-
Provisions	4,040	5,557	-	-
	<u>154,076</u>	<u>141,363</u>	<u>150</u>	<u>174</u>
Non-current liabilities				
Lease liabilities	39,076	-	-	-
Finance lease liabilities	-	12,804	-	-
Borrowings	86,333	95,444	-	-
Provisions	3,142	4,634	-	-
Deferred tax liabilities	821	1,362	-	-
	<u>129,372</u>	<u>114,244</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>283,448</u>	<u>255,607</u>	<u>150</u>	<u>174</u>
Capital and Reserves				
Share capital	29,807	29,807	29,807	29,807
Treasury shares	(10)	(10)	(10)	(10)
Other reserves	7,818	7,818	4,483	4,483
Retained earnings	137,566	136,591	9,647	7,090
Total equity attributable to the Owners of the Company	<u>175,181</u>	<u>174,206</u>	<u>43,927</u>	<u>41,370</u>
Non-controlling interest	(164)	(78)	-	-
TOTAL EQUITY	<u>175,017</u>	<u>174,128</u>	<u>43,927</u>	<u>41,370</u>
TOTAL LIABILITIES AND EQUITY	<u>458,465</u>	<u>429,735</u>	<u>44,077</u>	<u>41,544</u>

1(b)(ii) Aggregate amount of Group's borrowings and debt securities

	Group As at 31 Dec 2019		Group As at 30 June 2019	
	A\$'000	A\$'000	A\$'000 restated	A\$'000 restated
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	6,877	-	2,572	-
Amount repayable after one year	86,333	-	95,444	-
Total	93,210	-	98,016	-

Details of collaterals

Finance leases

Due to the adoption of SFRS(I) 16, the finance lease liabilities are now reclassified as lease liabilities.

Banking facilities

As at 31 December 2019, the Group has drawn A\$26.3 million (June 2019: A\$95.4 million) of its banking facility.

The Senior Secured Note and other banking facilities for the Civmec Group are secured by:

- General Security Deed – Civmec Holdings Pty Ltd with unsecured guarantee from Civmec Limited in relation to the Senior Secured Note
- Interlocking Guarantee & Indemnity supported by:
 - General Security Deed – Civmec Construction & Engineering Pty Ltd
 - General Security Deed – Civmec Limited
 - General Security Deed – Civmec Construction & Engineering Singapore Pte Ltd
 - Second-ranking General Security Deed – Civmec Holdings (subordinated to the security provided for the notes facility)
- Interlocking Group Master Asset Finance Agreement
- International Swap Dealer Association (“ISDA”) Agreement – Australian Entities
- International Swap Dealers Association (“ISDA”) Agreement – Singapore Entities

Total unutilised facilities amount to approximately A\$104.9 million, including bond facilities.

1(c) Statement of Cash Flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group 6M FY2020 A\$'000	Group 6M FY2019 A\$'000
Cash Flows from Operating Activities		
Profit before income tax	9,473	7,616
Adjustment for:		
Depreciation of property, plant and equipment	5,155	5,224
Depreciation of right-of-use assets	233	-
Loss/(Gain) on disposal of property, plant and equipment	237	(70)
Share in (profit)/loss of joint ventures	(274)	2
Gain on deconsolidation	-	(2,091)
Write off of amount owing by a trade receivable	500	-
Finance cost	2,887	2,533
Interest income	(129)	(393)
Foreign exchange differences	-	(178)
Operating cash flow before working capital changes	18,072	12,643
Changes in working capital:		
Decrease in trade and other receivables	8,287	50,668
Increase in contract assets	(539)	(8,001)
Increase in other current assets	(2,271)	(380)
Decrease in trade and other payables	(361)	(22,112)
Increase/(decrease) in contract liabilities	4,573	(12,016)
Decrease in provisions	(3,009)	(2,175)
Cash generated from operations	24,752	18,627
Interest received	102	375
Finance cost paid	(806)	(1,833)
Income tax refund	4,590	3,001
Income taxes paid	(3,006)	(3,440)
Net cash generated from operating activities	25,632	16,730
Cash Flows from Investing Activities		
Proceeds from sale of property, plant and equipment	49	92
Purchase of property, plant and equipment	(32,145)	(32,875)
Proceeds from loan to a former subsidiary, now a related entity	90	55
Advances to a joint venture	(490)	-
Cash distribution from joint operation	66	-
Net cash used in investing activities	(32,430)	(32,728)
Cash Flows from Financing Activities		
Proceeds from borrowings	66,305	288,246
Repayment of borrowings	(71,111)	(222,900)
Repayment of lease liabilities	(3,710)	-
Dividends paid	(3,729)	(3,632)
Net cash (used in)/generated from financing activities	(12,245)	61,714
Net (decrease)/increase in cash and cash equivalents	(19,043)	45,716
Cash and cash equivalents at the beginning of the financial period	40,662	23,369
Cash and cash equivalents at the end of the financial period	21,619	69,085

1(d) A statement (for the issuer and the Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity - GROUP

GROUP	Share capital A\$'000	Treasury shares A\$'000	Merger reserve A\$'000	Other Reserves			Total A\$'000	Non- Controlling interest A\$'000	Total equity A\$'000
				Translation reserve A\$'000	Option reserve A\$'000	Retained earnings A\$'000			
At 01 July 2018	29,807	(10)	7,578	93	240	134,147	171,855	(1,033)	170,822
Profit for the year	-	-	-	-	-	6,075	6,075	955	7,030
Other comprehensive income:									
Exchange differences on re-translation from functional currency to presentation currency	-	-	-	(185)	-	-	(185)	-	(185)
Reclassification of translation reserve to the profit or loss account on deconsolidation	-	-	-	92	-	-	92	-	92
Total comprehensive income for the year	-	-	-	(93)	-	6,075	5,982	955	6,937
Dividends paid	-	-	-	-	-	(3,631)	(3,631)	-	(3,631)
Balance as at 30 June 2019	29,807	(10)	7,578	-	240	136,591	174,206	(78)	174,128
At 1 July 2019	29,807	(10)	7,578	-	240	136,591	174,206	(78)	174,128
Effects of the adoption of SFRS(I) 16	-	-	-	-	-	(3,362)	(3,362)	-	(3,362)
At 01 July 2019, restated	29,807	(10)	7,578	-	240	133,229	170,844	(78)	170,766
Profit for the period	-	-	-	-	-	8,066	8,066	(86)	7,980
Other comprehensive income:									
Total comprehensive income for the period	-	-	-	-	-	8,066	8,066	(86)	7,980
Dividend paid	-	-	-	-	-	(3,729)	(3,729)	-	(3,729)
Balance as at 31 December 2019	29,807	(10)	7,578	-	240	137,566	175,181	(164)	175,017



1(d) A statement (for the issuer and the Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity – COMPANY

COMPANY	Other Reserves						Retained earnings A\$'000	Total equity A\$'000
	Share capital A\$'000	Treasury shares A\$'000	Merger reserve A\$'000	Translation reserve A\$'000	Option reserve A\$'000	Other reserve A\$'000		
Balance as at 1 July 2018	29,807	(10)	7,578	30	240	(3,335)	6,083	40,393
Profit for the year							4,638	4,638
Other comprehensive income:								
Exchange differences on re-translation from functional currency to presentation currency	-	-	-	(30)	-	-	-	(30)
Total comprehensive income for the year	-	-	-	-	-	-	4,638	4,608
Dividends paid	-	-	-	-	-	-	(3,631)	(3,631)
Balance as at 30 June 2019	29,807	(10)	7,578	-	240	(3,335)	7,090	41,370
Balance as at 1 July 2019	29,807	(10)	7,578	-	240	(3,335)	7,090	41,370
Profit for the period	-	-	-	-	-	-	6,286	6,286
Other comprehensive income:								
Total comprehensive income for the period	-	-	-	-	-	-	6,286	6,286
Dividend paid	-	-	-	-	-	-	(3,729)	(3,729)
Balance as at 31 December 2019	29,807	(10)	7,578	-	240	(3,335)	9,647	44,077

- 1(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-back, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Issued shares

There was no change in the issued and paid up capital of the Company since the previous financial year ended 30 June 2019.

As at 31 December 2019, of the total 501,000,000 shares on issue, 15,000 shares are held as Treasury shares (30 June 2019: 15,000).

Convertibles

The Company has no outstanding convertibles as at 31 December 2019 and 30 June 2019.

Share options

As at 31 December 2019 there were outstanding options for 4,000,000 (30 June 2019: 4,000,000) unissued ordinary shares under the employee share option scheme.

Performance rights

7,359,993 rights remain unvested as at 31 December 2019 (30 June 2019: 8,109,993).

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	31 December 2019	30 June 2019
	No. of shares	No. of shares
Balance of shares at beginning of period	501,000,000	501,000,000
Total number of shares as at end of the period	501,000,000	501,000,000
Total shares held as treasury shares	15,000	15,000
Total number of shares as at end of period, net of Treasury shares	500,985,000	500,985,000

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the current financial period reported on. As at 31 December 2019, the Company held 15,000 of its issued shares as treasury shares.

- 2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have been reviewed by our auditors in accordance with the Singapore Standards on Review Engagements (SSREs).

3. Whether the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

The figures have been reviewed by the auditors without qualification or emphasis of any matter.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the year ended 30 June 2019, except for the mandatory adoption of new and revised SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") which becomes effective for the financial period beginning 1 July 2019 as follows:

- SFRS(I) 16 Leases

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The application of the new and revised standards and interpretations has no material effect on the presented financial statements, except as described as below:

SFRS(I) 16 Leases

The Group has applied SFRS(I) 16 using the modified retrospective approach by recognizing the cumulative effect as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information.

The impact on the financial statements of this reporting quarter on adoption of SFRS(I) 16 on 1 July 2019 are as follows:

GROUP

	As at 30 June 2019 A\$'000	SFRS(I) 16 Adjustments A\$'000	As at 1 July 2019 A\$'000
STATEMENT OF FINANCIAL POSITION			
Non-current assets			
Property, plant and equipment	-	24,833	24,833
Deferred tax assets	-	1,008	1,008
Income tax recoverable	4,024	(1,008)	3,016
Current liabilities			
Lease liabilities	-	8,546	8,546
Borrowings	8,930	(6,358)	2,572
Trade and other payables	57,543	(2,020)	55,523
Non-current liabilities			
Lease liabilities	-	40,831	40,831
Borrowings	108,248	(12,804)	95,444
Capital and reserves			
Retained earnings	136,561	(3,362)	133,199

6. **Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Q2 FY2020 A\$'000	Q2 FY2019 A\$'000	6M FY2020 A\$'000	6M FY2019 A\$'000
Profit after taxation*	4,169	2,264	7,980	6,762
Pre-invitation Share Capital	501,000,000	501,000,000	501,000,000	501,000,000
Weighted average number of shares				
• Basic	500,985,000	500,985,000	500,985,000	500,985,000
• Diluted	500,985,000	500,985,000	500,985,000	500,985,000
Earnings per ordinary share (A\$ cents)				
• Basic	0.85	0.25	1.61	1.16
• Diluted	0.85	0.25	1.61	1.16

*Basic earnings per share is calculated by dividing the consolidated profit after tax attributable to the equity holders of the company, by the average number of outstanding shares. As at 31 December 2019, the diluted earnings per share is the same as basic earnings per share as it does not include the effect of 4,000,000 unissued ordinary shares granted under CESOS. The effect is anti-dilutive.

7. **Net asset value (for the issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.**

	GROUP		COMPANY	
	As at 31 Dec 2019 A\$'000	As at 30 June 2019 A\$'000	As at 31 Dec 2019 A\$'000	As at 30 June 2019 A\$'000
Net assets	175,181	174,206	43,927	41,370
Net asset value per ordinary share based on issued share capital at the end of the respective periods (A\$ cents)	34.97	34.77	8.77	8.26

Net asset value per share is calculated by dividing the net assets attributable to the equity holders of the Company by the number of issued shares as at 31 December 2019 of 500,985,000 (30 June 2019: 500,985,000) and excludes treasury shares of 15,000 (30 June 2019: 15,000).

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:**
- a) **any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - b) **any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

A. Statement of Comprehensive Income

Q2 FY2020 vs Q2 FY2019

Revenue for the three months ended 31 December 2019 (Q2 FY2020) decreased 37.7% to A\$84.0 million from A\$134.9 million for the three months ended 31 December 2018 (Q2 FY2019) due to the timing of commencement of new projects.

Gross profit for Q2 FY2020 increased by 118.4% to A\$8.8 million from A\$4.0 million in Q2 FY2019, this was an increase in gross profit margins from 3.0% (Q2 FY2019) to 10.5% (Q2 FY2020). Due to the nature of the current projects being undertaken.

Other income decreased by 92.1% to A\$0.21 million in Q2 FY2020, compared to A\$2.66 million in Q2 FY2019, largely due to the one-off gain on deconsolidation of a subsidiary and insurance claim recovered in Q2 FY2019.

Net profit attributable to shareholders increased 237.8% to A\$4.3 million in Q2 FY2020 from A\$1.3 million in Q2 FY2019. Net profit margin improved from 1.7% (Q2 FY2019) to 5.0% (Q2 FY2020). This was as a result of improved gross profits, reduced administrative costs and reduced finance expenses being greater than the reduction in other income and increased tax expense.

Q2 FY2020 vs Q1 FY2020

Revenue for the three months ended 31 December 2019 (Q2 FY2020) increased 2.3% to A\$84.0 million from A\$82.1 million for the three months ended 30 September 2019 (Q1 FY2020) as activity on secured projects began to increase in the quarter.

Gross profit for Q2 FY2020 decreased by 10.5% to A\$8.8 million from A\$9.8 million in Q1 FY2020. This is a result of closing out some completed contracts resulting in higher revenue returns and incurring higher than anticipated costs to a supplier.

Net profit attributable to shareholders increased 9.4% to A\$4.3 million in Q2 FY2020 from A\$3.8 million in Q1 FY2020 as a result of reduced gross profits being offset by reduced administration costs and tax expense. Net profit margin improved from 4.6% (Q1 FY2020) to 5.0% (Q2 FY2020).

1H FY2020 vs 1H FY2019

Revenue for the six months ended 31 December 2019 ("1H FY2020") decreased 50.4% to A\$166.2 million from A\$335 million for the six months ended 31 December 2018 ("1H FY2019") due to the timing of commencement of new projects

Gross profit for 1H FY2020 increased by 25.6% to A\$18.6 million from A\$14.8 million in 1H FY2019. Due to the nature of the current projects being undertaken.

Administration expenses for 1H FY2020 decreased by 8.3% compared to 1H FY2019 due to the reduced activity levels in 1H FY2020 compared to 1H FY2019.

Other income for the six months ended 31 December 2019 ("H1 FY2020") decreased by 85.2% to A\$0.6 million from A\$4.0 million ("H1 FY2019") due to proceeds from an insurance claim received and gain from deconsolidation of a subsidiary in the comparative period.

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:**
- a) **any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - b) **any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**
- (cont'd)

A. Statement of Comprehensive Income (cont'd)

1H FY2020 vs 1H FY2019 (cont'd)

Net profit attributable to shareholders increased 38.7% to A\$8.1 million in H1 FY2020 from A\$5.8 million in 1H FY2019 due to improved gross margin and lower finance costs in 1H FY2020.

B. Statement of Financial Position

Total shareholders' equity increased to A\$175.2 million as at 31 December 2019 from A\$174.6 million as at 30 September 2019.

Trade and other receivables & contract assets decreased to A\$174.1 million as at 31 December 2019 from A\$191.6 million as at 30 September 2019 as a result of decreased activity in the period.

Trade and other payables and contract liabilities decreased to A\$134.8 million as at 31 December 2019 from A\$137.7 million as at 30 September 2019 due to decline in project activity.

Cash and cash equivalents as at 31 December 2019 were A\$21.6 million decreasing from A\$33.0 million as at 30 September 2019 due to the continuing development of the facilities in Henderson, payment of dividend and continued debt reduction.

Non-current assets increased to A\$252.6 million as at 31 December 2019 from A\$237.8 million as at 30 September 2019, predominantly as a result of the Group's continued investment in its Henderson facilities.

Overall long-term liabilities decreased to A\$129.2 million as at 31 December 2019 from A\$141.2 million as at 30 September 2019 as a result of repayment of A\$11.2 million of debt.

C. Statement of Cash Flows

Operating cashflow before working capital changes was A\$18.1 million in Q2 FY2020 compared to A\$12.6 million in Q2 FY2019. Net cashflow from operating activities was positive at A\$25.6 million.

The Group used A\$32.1 million in capital expenditure, predominantly related to the development of the facilities in Henderson.

The Group repaid A\$8.5 million to borrowings and leases from cash generated from Operating activities.

As at 31 December 2019 the Group's cash and cash equivalents were A\$21.6 million down from A\$33.0 million as at 30 September 2019.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not Applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in the Group operates and any known factors or events that may affect the Group in the next reporting and the next 12 months.

Civmec is an integrated multi-disciplinary heavy engineering and construction provider to the Oil & Gas, Metals & Minerals, Infrastructure and Marine & Defence sectors.

The Group's order book as at 31 December 2019 was \$765 million.

With strong net profit return in the first half-year fortifying the Group's financial position for FY2020, it is anticipated revenue will increase over the next six months to year end, as major projects underway continue to ramp up. This includes the delivery of Australia's largest lithium hydroxide plant being constructed in the south-west of Western Australia for Albemarle, and full vertical delivery of the Primary Crushing and Ore Processing Facility for Fortescue Metals Group's new Eliwana Mine being constructed in the Pilbara region of Western Australia.

In addition to having significant work-in-hand across a number of major projects, the Group's position is further reinforced by its growing capability and client base in the delivery of specialised maintenance and turnaround services for the Metals & Minerals and Oil & Gas sectors, underpinning its strategy to develop consistent, recurring revenue streams for the business.

The Group's new 53,000m² (usable floor area) assembly and sustainment facility being built in Henderson is now structurally complete, with the internal fitout underway. Delivery of the new facility, able to accommodate large vessels and modules for construction and sustainment, is on schedule for commencement of the next phase of the Royal Australian Navy's Offshore Patrol Vessel program. Under the program, consolidation of the remaining 10 vessels will move from South Australia to Western Australia later this year, providing a sustained revenue stream for the Group until 2029.

The forward tendering outlook is positive, with significant opportunities identified to leverage the Group's multi-disciplined, self-performance capability, providing clients with a vertically integrated solution which utilises Civmec's extensive facilities, coupled with its broad on-site delivery capability. In the Marine & Defence sector, the Federal Government's commitment to undertake its minor naval vessel continuous build program and sustainment of these vessels at Henderson will provide construction and through-life support opportunities going forward.

11. Dividend

a) Any dividend declared for the current financial period reported on?

Not applicable

b) Any dividend declared for the corresponding period of the immediately preceding financial year?

Not applicable

c) Date payable

Not applicable

d) Books closure date

Not applicable

12. If no dividend has been declared/recommendeded, a statement to that effect

A dividend has not been declared nor recommended.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to the effect.

No general mandate has been obtained for interested persons transactions.

There were no IPT transactions for the period.

14. Negative confirmation pursuant to Rule 705(5).

To the best of our knowledge, nothing has come to the attention of the Board which may render the financial results for the period ended 31 December 2019 to be false or misleading in any material aspect.

15. Confirmation pursuant to Rule 720(1) of the Listing Manual

The company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the Listing Manual.

ON BEHALF OF THE BOARD

James Finbarr Fitzgerald
Executive Chairman
11 February 2020