



CIVMEC LIMITED

(Company Registration No: 201011837H)

**FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE
FIRST QUARTER ENDED 30 SEPTEMBER 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

	Q1 FY2020 A\$'000	Group Q1 FY2019 A\$'000	+ / (-) %
Sales revenue	82,140	200,124	(59.0)
Cost of sales	(72,319)	(189,333)	(61.8)
Gross profit	9,821	10,791	(9.0)
Other income	379	1,323	(71.4)
Administrative expenses	(4,208)	(4,609)	(8.7)
Other expenses	-	-	
Finance costs	(703)	(1,343)	(47.7)
Profit before tax	5,289	6,162	(14.2)
Income tax expense	(1,479)	(1,664)	(11.1)
Profit for the period	3,810	4,498	(15.3)
<u>Profit attributable to:</u>			
Owners of the Company	3,805	4,553	(16.4)
Non-controlling interest	5	(55)	(109.1)
	3,810	4,498	(15.3)
Earnings per share attributable to equity holders of the Company (cents per share):			
• Basic	0.76	0.91	
• Diluted	0.76	0.91	



- 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

	Q1 FY2020	Group Q1 FY2019	+ / (-)
	A\$'000	A\$'000	%
Profit for the period	3,810	4,498	(15.3)
<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	-	(155)	(100.0)
Elimination of non-controlling interest on deconsolidation	-	999	(100.0)
Reclassification of translation reserve to the profit or loss account on deconsolidation	-	92	(100.0)
Total comprehensive income for the period	3,810	5,434	(29.9)
<u>Total comprehensive income attributable to:</u>			
Owners of the Company	3,805	4,490	(15.3)
Non-controlling interest	5	944	(99.5)
	3,810	5,434	(29.9)

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:

	Q1 FY2020 A\$'000	Group Q1 FY2019 A\$'000	+ / (-) %
Gain on disposal of property, plant and equipment	4	70	(94.3)
Gain on deconsolidation of a subsidiary	-	1,000	(100.0)
Insurance recovery	25	-	
Interest income	84	82	2.4
Share of profit/(loss) of joint ventures/associate	106	(2)	5400.0
Sundry revenue	160	173	(7.7)
Total Other Income	379	1,323	(71.4)

B. Finance costs

	Q1 FY2020 A\$'000	Group Q1 FY2019 A\$'000	+ / (-) %
Bank bills and line fees	382	861	(55.6)
Trade finances	-	309	(100.0)
Finance leases	298	143	108.4
Operating leases – included in Cost of sales	651	-	
Other finance costs	23	30	(23.3)
Total Finance Costs	1,354	1,343	(47.7)

C. Depreciation expenses

	Q1 FY2020 A\$'000	Group Q1 FY2019 A\$'000	+ / (-) %
Included in Cost of sales	2,634	2,527	4.2
Included in Administrative expenses	60	84	(28.6)
Total Depreciation	2,694	2,611	3.2

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 30 Sep 2019 A\$'000	As at 30 June 2019 A\$'000	As at 30 Sep 2019 A\$'000	As at 30 June 2019 A\$'000
ASSET				
Current assets				
Cash and cash equivalents	32,991	40,662	21	6
Trade and other receivables	56,236	63,558	28,021	29,513
Contract assets	135,410	117,443	-	-
Other assets	3,095	1,063	47	9
Income tax recoverable	3,260	4,024	5,764	4,043
	<u>230,992</u>	<u>226,750</u>	<u>33,853</u>	<u>33,571</u>
Non-current assets				
Investment in subsidiaries	-	-	7,579	7,579
Investment in joint ventures	147	41	-	-
Trade and other receivables	-	-	-	-
Loan receivable	490	-	-	-
Property, plant and equipment	213,155	201,004	-	-
Right-of-use assets	24,736	-	-	-
Intangible assets	10	10	-	-
Deferred tax assets	1,576	1,930	394	394
	<u>240,114</u>	<u>202,985</u>	<u>7,973</u>	<u>7,973</u>
TOTAL ASSETS	<u>471,106</u>	<u>429,735</u>	<u>41,826</u>	<u>41,544</u>
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	52,146	57,543	196	174
Contract liabilities	85,538	69,333	-	-
Lease liabilities	2,267	-	-	-
Borrowings	10,815	8,930	-	-
Provisions	4,550	5,557	-	-
	<u>155,316</u>	<u>141,363</u>	<u>196</u>	<u>174</u>
Non-current liabilities				
Lease liabilities	28,098	-	-	-
Borrowings	108,285	108,248	-	-
Provisions	4,831	4,634	-	-
Deferred tax liabilities	-	1,362	-	-
	<u>141,214</u>	<u>114,244</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>296,530</u>	<u>255,607</u>	<u>196</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	137,034	136,591	7,350	7,090
Total equity attributable to the Owners of the Company	<u>174,649</u>	<u>174,206</u>	<u>41,630</u>	<u>41,370</u>
Non-controlling interest	(73)	(78)	-	-
TOTAL EQUITY	<u>174,576</u>	<u>174,128</u>	<u>41,630</u>	<u>41,370</u>
TOTAL LIABILITIES AND EQUITY	<u>471,106</u>	<u>429,735</u>	<u>41,826</u>	<u>41,544</u>

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

	Group As at 30 Sept 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	10,815	-	8,930	-
Amount repayable after one year	108,285	-	108,248	-
Total	119,100	-	117,178	-

Details of collaterals

Finance leases:

The Group has A\$18.0 million (June 2019: A\$19.2 million) of finance leases for vehicles, workshop equipment and office fit out from non-related parties. The Group will obtain the ownership of the leased assets from the lessor at no extra cost at the end of the lease term.

Banking facilities:

As at 30 September 2019, the Group has drawn A\$96.1 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\$122.4 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 3M FY2020 A\$'000	Group 3M FY2019 A\$'000
Cash Flows from Operating Activities		
Profit before income tax	5,289	6,162
Adjustment for:		
Depreciation of property, plant and equipment	2,694	2,611
Gain on disposal of property, plant and equipment	(4)	(70)
Share in (profit)/loss of joint ventures	(106)	2
Gain on deconsolidation	-	(1,000)
Finance cost	1,354	1,343
Interest income	(84)	(82)
Foreign exchange differences	-	(316)
Operating cash flow before working capital changes	<u>9,143</u>	<u>8,650</u>
Changes in working capital:		
Decrease in trade and other receivables	7,181	9,970
Increase in contract assets	(17,968)	(19,997)
Increase in other current assets	(2,032)	(1,970)
(Decrease)/increase in trade and other payables	(3,939)	7,310
Increase in contract liabilities	16,204	1,251
(Decrease)/increase in provisions	(811)	1,481
Cash generated from operations	<u>7,778</u>	<u>6,695</u>
Interest received	69	64
Finance cost paid	(429)	(1,200)
Income tax refund	-	3,001
Income taxes paid	(1,321)	(660)
Net cash generated from operating activities	<u>6,097</u>	<u>7,900</u>
Cash Flows from Investing Activities		
Proceeds from sale of property, plant and equipment	4	70
Purchase of property, plant and equipment	(14,747)	(13,889)
Repayment from a related party	90	-
Loans to a related party	(490)	-
Cash distribution from joint venture	66	-
Deconsolidation of subsidiary	-	(185)
Net cash used in investing activities	<u>(15,077)</u>	<u>(14,004)</u>
Cash Flows from Financing Activities		
Proceeds from borrowings	31,595	134,325
Repayment of borrowings	(29,674)	(124,138)
Repayment of lease liabilities	(612)	-
Net cash generated from financing activities	<u>1,309</u>	<u>10,187</u>
Net (decrease)/increase in cash and cash equivalents	(7,671)	4,083
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	<u>32,991</u>	<u>27,452</u>

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	Other Reserves					Retained earnings A\$'000	Total A\$'000	Non-Controlling interest 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				
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	-	-	-	-	-	3,805	3,805	5	3,810
Other comprehensive income:									
Total comprehensive income for the period	-	-	-	-	-	3,805	3,805	5	3,810
Balance as at 30 September 2019	29,807	(10)	7,578	-	240	137,034	174,649	(73)	174,576



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							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	Retained earnings 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:								
<i>Items that may be reclassified subsequently to profit or loss</i>								
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	-	-	-	-	-	-	260	260
Other comprehensive income:								
Total comprehensive income for the period	-	-	-	-	-	-	260	260
Balance as at 30 September 2019	29,807	(10)	7,578	-	240	(3,335)	7,350	41,630

- 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 30 September 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 30 September 2019 and 30 June 2019.

Share options

As at 30 September 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

During the period ended 30 September 2019, 750,000 of performance rights forfeited due to their vesting criteria not being met.

7,359,993 rights remain unvested as at 30 September 2019 (30 June 2019: 8,109,993), 2,250,000 of these rights were approved to issue to Directors at the annual general meeting held 29 October 2019.

- 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.**

	30 September 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 30 September 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 not been audited or reviewed by our auditors.

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

Not applicable.

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			
Right-of-use assets	-	24,833	24,833
Deferred tax assets	-	1,008	1,008
Income tax recoverable	4,024	(1,008)	3,016
Current liabilities			
Lease liabilities	-	2,188	2,188
Trade and other payables	57,543	(2,020)	55,523
Non-current liabilities			
Lease liabilities	-	28,027	28,027
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.**

	Q1 FY2020 A\$'000	Q1 FY2019 A\$'000	3M FY2020 A\$'000	3M FY2019 A\$'000
Profit after taxation*	3,805	4,553	3,805	4,553
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	0.76	0.91	0.76	0.91
• Diluted	0.76	0.91	0.76	0.91

*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 30 September 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 30 Sept 2019 A\$'000	As at 30 June 2019 A\$'000	As at 30 Sept 2019 A\$'000	As at 30 June 2019 A\$'000
Net assets	174,649	174,206	41,630	41,370
Net asset value per ordinary share based on issued share capital at the end of the respective periods (A\$ cents)	34.86	34.77	8.31	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 30 September 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

Q1 FY 2020 vs Q4 FY2019

Revenue for the three months ended 30 September 2019 (Q1 FY2020) increased 11.9% to A\$82.1 million from A\$73.4 million for the three months ended 30 June 2019 (Q4 FY2019) due to the timing of commencement of new projects.

Gross profit for Q1 FY2020 increased by 54.7% to A\$9.8 million from A\$5.4 million in Q4 FY2019, this was due to the 11.9% increase in revenue for the quarter combined with an increase in gross profit margins from 7.3% (Q1 FY2019) to 12.0% (Q1 FY2020).

Net profit attributable to shareholders increased 2900% to A\$3.8 million in Q1 FY2020 from A\$0.1 million in Q4 FY2019 as a result of improved Gross profits. Net profit margin improved from 0.2% (Q4 FY2019) to 4.6% (Q1 FY2020).

Q1 FY2020 vs Q1 FY2019

Revenue for the three months ended 30 September 2019 (Q1 FY2020) decreased 59.0% to A\$82.1 million from A\$200.1 million for the three months ended 30 September 2019 (Q1 FY2019) due to the timing of commencement of new projects.

An increase in gross profit margins from 5.4% (Q1 FY2019) to 12.0% (Q1 FY2020) resulted in gross profit for Q1 FY2020 only decreasing by 9.0% to A\$9.8 million from A\$10.8 million in Q1 FY2019, notwithstanding the 59.0% decrease in revenue for the quarter.

Other income decreased by 71.4% to A\$0.38 million in Q1 FY2020, compared to A\$1.3 million in Q1 FY2019, largely due to the one-off gain on deconsolidation of a subsidiary recognised in Q1 FY2019.

Net profit attributable to shareholders decreased 16.4% to A\$3.8 million in Q1 FY2020 from A\$4.5 million in Q1 FY2019. Net profit margin improved from 2.2% (Q1 FY2019) to 4.6% (Q1 FY2020).

B. Statement of Financial Position

Total shareholders' equity increased to A\$174.6 million as at 30 September 2019 from A\$174.2 million as at 30 June 2019, with profits achieved in the quarter being mostly offset by a one-off adjustment to the balance sheet for the cumulative effect of SFRS(I) 16 as outlined in paragraph 5 above.

Trade and other receivables & contract assets increased to A\$191.6 million as at 30 September 2019 from A\$181.0 million as at 30 June 2019 as a result of increased activity in the period.

Trade and other payables and contract liabilities increased to A\$137.7 million as at 30 September 2019 from A\$126.9 million as at 30 June 2019 due to an advance payment from a customer being recognised.

Cash and cash equivalents as at 30 September 2019 were A\$33.0 million decreasing from A\$40.7 million as at 30 June 2019 predominantly due to the continuing development of the facilities in Henderson.

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)

B. Statement of Financial Position (cont'd)

Non-current assets increased to A\$239.1 million as at 30 September 2019 from A\$203.0 million as at 30 June 2019, as a result of the Group's continued investment in its Henderson facilities and the recognition of Right-of-Use (ROU) assets.

Overall long-term liabilities increased to A\$141.2 million as at 30 September 2019 from A\$114.2 million as at 30 June 2019 as a result of the recognition of lease liabilities of A\$28.1 million.

C. Statement of Cash Flows

Operating cashflow before working capital changes was A\$9.1 million in Q1 FY2020 compared to A\$8.7 million in Q1 FY2019. Net cashflow from operating activities was positive at A\$6.1 million.

The Group used A\$14.7 million in capital expenditure, predominantly related to the development of the facilities in Henderson.

The Group generated A\$1.3 million net cash from financing activities to assist in funding capital infrastructure and working capital fluctuations.

As at 30 September 2019 the Group's cash and cash equivalents were A\$33.0 million down from A\$40.7 million as at 30 June 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 30 September 2019 was A\$816 million.

The Group remains committed to delivering its strategy of capitalising on opportunities in major expansion projects with key clients and further establishing consistent, recurring revenue streams.

Focus is on securing projects that utilise a combination of Civmec's comprehensive facilities and on-site multi-disciplined, self-performance capability, providing clients with a single, vertically integrated solution. In particular, significant Metals & Minerals sector opportunities that fit Civmec's capability profile have been identified.

The further development of consistent, recurring revenue streams will see the Group continue to broaden its client base and capability in the provision of specialised maintenance and turnaround services for the Metals & Minerals and Oil & Gas sectors.

Processing of steel for the first two vessels being constructed in South Australia under the Royal Australian Navy's Offshore Patrol Vessel program is well underway at Henderson, and revenue generated from these works will increase once the consolidation of the remaining 10 vessels moves to Civmec's new state-of-the-art facility in 2020, providing a sustained revenue stream until 2029. Furthermore, the Federal Government's commitment to undertake its minor naval vessel continuous build program and significant sustainment activities at Henderson will provide further construction and through-life support opportunities in the Marine & Defence sector going forward.

The Group has recently expanded its Executive team to support future growth, with the appointment of two new Executive General Manager roles for Manufacturing and Maintenance, sitting alongside the existing Executive General Manager Construction role. This will facilitate the focused management of the Group's three functional areas of operation, providing multi-disciplined capability across its four operating sectors.

The intent of these structural changes is to support Civmec's strategic plan, enabling the focused delivery of major projects to drive profitability; streamlining East and West coast operations to deliver efficiency and maximise synergies in production; and leveraging its national footprint and multidisciplinary capability to capitalise on the growing maintenance and turnaround services market.

Barring unforeseen circumstances, the Group expects to be profitable in the financial year ending 30 June 2020.

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

Not applicable

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 30 September 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
12 November 2019