



CIVMEC LIMITED

(Company Registration No: 201011837H)

**FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE
FOURTH QUARTER ENDED 30 JUNE 2020**

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

	Q4		+ / (-) %	Group		+ / (-) %
	FY2020 A\$'000	FY2019 A\$'000		12M FY2020 A\$'000	12M FY2019 A\$'000	
Sales revenue	130,226	73,391	77.4	391,868	488,511	(19.8)
Cost of sales	(114,527)	(68,022)	68.4	(347,217)	(462,978)	(25.0)
Gross profit	15,699	5,369	192.4	44,651	25,533	74.9
Other income	1,411	874	61.4	2,152	5,429	(60.4)
Administrative expenses	(4,949)	(3,671)	34.8	(16,953)	(16,688)	1.6
Other expenses	(4,291)	(277)	1449.1	(4,532)	(277)	1536.1
Finance costs	(334)	(1,080)	(69.1)	(2,552)	(5,005)	(49.0)
Profit before tax	7,536	1,215	520.2	22,766	8,992	153.2
Income tax expense	(1,997)	(1,088)	83.5	(5,217)	(1,962)	165.9
Profit after tax	5,539	127	4261.4	17,549	7,030	149.6
<u>Profit attributable to:</u>						
Owners of the Company	5,492	120	4476.7	17,586	6,075	189.5
Non-controlling interest	47	7	571.4	(37)	955	(103.9)
	5,539	127	4261.4	17,549	7,030	149.6
Earnings per share attributable to equity holders of the Company (cents per share):						
• Basic	1.10	0.02		3.51	1.21	
• Diluted	1.10	0.02		3.51	1.21	



- 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		
	Q4 FY2020 A\$'000	Q4 FY2019 A\$'000	+ / (-) %	12M FY2020 A\$'000	12M FY2019 A\$'000	+ / (-) %
Profit for the period	5,539	127	4261.4	17,549	7,030	149.6
<u>Other comprehensive</u> <u>(loss)/income:</u>						
<i>Item that may be reclassified</i> <i>subsequently to profit or loss:</i>						
Exchange differences on re- translation from functional currency to presentation currency	-	-		-	(185)	(100.0)
Reclassification of translation reserve to the profit or loss account on deconsolidation	-	-		-	92	(100.0)
<i>Item that will not be reclassified</i> <i>subsequently to profit or loss:</i>						
Net gain on revaluation of land and buildings	78,487	-		78,487	-	
Total comprehensive income for the period	84,026	127	66062.2	96,036	6,937	1284.4
<u>Total comprehensive income</u> <u>attributable to:</u>						
Owners of the Company	83,979	120	69882.5	96,073	5,982	1506.0
Non-controlling interest	47	7	571.4	(37)	955	(103.9)
	84,026	127	66062.2	96,036	6,937	1284.4

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:

	Group			Group		
	Q4 FY2020 A\$'000	Q4 FY2019 A\$'000	+ / (-) %	12M FY2020 A\$'000	12M FY2019 A\$'000	+ / (-) %
Loss on disposal of property, plant and equipment	(37)	(55)	(32.7)	-	-	
Gain on deconsolidation of a subsidiary	-	-		-	2,091	(100.0)
Insurance recovery	1,096	267	310.5	1,121	1,764	(36.5)
Interest income	69	107	(35.5)	229	689	(66.8)
Share of (loss)/profit of associate/joint ventures	(33)	41	(180.5)	201	39	415.4
Net foreign exchange gain	-	95	(100.0)	-	95	(100.0)
Sundry revenue	317	418	(24.2)	601	750	(19.9)
Total Other Income	1,412	873	61.7	2,152	5,428	(60.4)

B. Finance costs

	Group			Group		
	Q4 FY2020 A\$'000	Q4 FY2019 A\$'000	+ / (-) %	12M FY2020 A\$'000	12M FY2019 A\$'000	+ / (-) %
Bank bills and line fees	(132)	682	(119.4)	1,091	3,183	(65.7)
Trade finances	26	56	(53.6)	26	970	(97.3)
Lease liabilities	323	-		1,248	-	
Finance leases	-	275	(100.0)	-	729	(100.0)
Lease liabilities – included in Cost of sales	777	-		2,752	-	
Other finance costs	117	67	74.6	187	123	52.0
Total Finance Costs	1,111	1,080	2.9	5,304	5,005	6.0

C. Depreciation expenses

	Group			Group		
	Q4 FY2020 A\$'000	Q4 FY2019 A\$'000	+ / (-) %	12M FY2020 A\$'000	12M FY2019 A\$'000	+ / (-) %
Included in Cost of sales	2,342	2,236	4.7	10,234	9,716	5.3
Included in Administrative expenses	56	68	(17.6)	230	299	(23.1)
Total Depreciation	2,398	2,304	4.1	10,464	10,015	4.5

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 June 2020 A\$'000	As at 30 June 2019 A\$'000	As at 30 June 2020 A\$'000	As at 30 June 2019 A\$'000
ASSET				
Current assets				
Cash and cash equivalents	27,712	40,662	19	6
Trade and other receivables	74,523	63,558	39,682	29,513
Contract assets	95,118	117,443	-	-
Other current assets	2,051	1,063	-	9
Income tax recoverable	-	4,024	-	4,043
	<u>199,404</u>	<u>226,750</u>	<u>39,701</u>	<u>33,571</u>
Non-current assets				
Investment in subsidiaries	-	-	7,579	7,579
Investment in joint ventures	242	41	-	-
Loan receivables	493	-	-	-
Property, plant and equipment	397,804	201,004	-	-
Intangible assets	10	10	-	-
Deferred tax assets	2,408	1,930	22	394
	<u>400,957</u>	<u>202,985</u>	<u>7,601</u>	<u>7,973</u>
TOTAL ASSETS	<u>600,361</u>	<u>429,735</u>	<u>47,302</u>	<u>41,544</u>
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	91,075	57,543	168	174
Contract liabilities	83,266	69,333	-	-
Lease liabilities	10,722	-	-	-
Finance lease liabilities	-	6,358	-	-
Borrowings	2,387	2,572	-	-
Income tax payable	2,862	-	2,840	-
Provisions	6,103	5,557	-	-
	<u>196,415</u>	<u>141,363</u>	<u>3,008</u>	<u>174</u>
Non-current liabilities				
Lease liabilities	43,339	-	-	-
Finance lease liabilities	-	12,804	-	-
Borrowings	60,000	95,444	-	-
Provisions	3,352	4,634	-	-
Deferred tax liabilities	34,182	1,362	-	-
	<u>140,873</u>	<u>114,244</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>337,288</u>	<u>255,607</u>	<u>3,008</u>	<u>174</u>
Capital and Reserves				
Share capital	29,807	29,807	29,807	29,807
Treasury shares	(10)	(10)	(10)	(10)
Asset revaluation reserves	78,487	-	-	-
Other reserves	7,818	7,818	4,483	4,483
Retained earnings	147,086	136,591	10,014	7,090
Total equity attributable to the Owners of the Company	<u>263,188</u>	<u>174,206</u>	<u>44,294</u>	<u>41,370</u>
Non-controlling interest	(115)	(78)	-	-
TOTAL EQUITY	<u>263,073</u>	<u>174,128</u>	<u>44,294</u>	<u>41,370</u>
TOTAL LIABILITIES AND EQUITY	<u>600,361</u>	<u>429,735</u>	<u>47,302</u>	<u>41,544</u>

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

	Group As at 30 June 2020		Group As at 30 June 2019	
	A\$'000 Secured	A\$'000 Unsecured	A\$'000 Secured	A\$'000 Unsecured
Amount repayable in one year or less, or on demand:				
Bank bills	1,776	-	2,252	-
Trade finance	291	-	-	-
Loans from related parties	-	320	-	320
	<u>2,067</u>	<u>320</u>	<u>2,252</u>	<u>320</u>
Amount repayable after one year:				
Bank bills	-	-	35,444	-
Senior secured notes	60,000	-	60,000	-
	<u>60,000</u>	<u>-</u>	<u>95,444</u>	<u>-</u>
Total borrowings	<u>62,067</u>	<u>320</u>	<u>97,696</u>	<u>320</u>

(a) Lease liabilities

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

(b) Bank bills

The Group is required by the banks to maintain certain financial ratios such as loan value ratio and interest cover ratio.

As at 30 June 2020, the Group met all these financial covenants.

As at 30 June 2020, the Group has a commercial bank facility amounting to A\$32,067,000 (2019: A\$44,444,000) which was 6% utilised (2019: 81%). Interest rates are variable and ranged between 1.67% to 2.25% (2019: 3.07% to 3.28%) per annum during the current financial year.

(c) Senior secured notes

The Group secured A\$60,000,000 offering of 4-year secured notes ("senior secured notes") on 23 November 2018 to restructure existing finance and provide funding for a portion of a world-class shipbuilding and maintenance facility at Henderson, Western Australia. The senior secured notes are unconditionally and irrevocably guaranteed by the Company and are redeemable after two years at the Company's option. The senior secured notes are collectively under a security trust deed and hold first ranking over all assets held with the subsidiary, Civmec Holdings Pty Ltd, including interests in land at the Company's Stuart Drive Henderson site in Western Australia and the Tomago site in New South Wales Australia.

The senior secured notes bear a fixed interest rate of 7% per annum.

(d) Loans from related parties

Loans from related parties are non-trade, unsecured, interest free and repayable on demand.

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 12M FY2020 A\$'000	Group 12M FY2019 A\$'000
Cash Flows from Operating Activities		
Profit before income tax	22,766	8,992
Adjustment for:		
Depreciation of property, plant and equipment	10,464	10,015
Loss on disposal of property, plant and equipment	197	277
Share of profit of joint ventures	(201)	(41)
Share of loss of an associate	-	2
Gain on deconsolidation of a subsidiary	-	(2,091)
Impairment loss on loan to a former subsidiary, now a related party	1,767	-
Impairment loss on trade and other receivables	911	-
Impairment loss on revaluation of property, plant and equipment	1,611	-
Finance cost	5,304	5,005
Interest income	(229)	(689)
Foreign exchange differences	(117)	(97)
Operating cash flow before working capital changes	<u>42,473</u>	<u>21,373</u>
Changes in working capital:		
(Increase)/Decrease in trade and other receivables	(13,748)	62,748
Decrease in contract assets	22,323	22,758
(Increase)/Decrease in other current assets	(987)	684
Increase/(Decrease) in trade and other payables	31,445	(68,702)
Increase in contract liabilities	13,933	45,671
Decrease in provisions	(737)	(2,940)
Cash generated from operations	<u>94,702</u>	<u>81,592</u>
Interest received	176	617
Finance cost paid	(4,299)	(4,627)
Income tax refund	8,006	7,346
Income tax paid	(3,384)	(6,067)
Net cash generated from operating activities	<u>95,201</u>	<u>78,861</u>
Cash Flows from Investing Activities		
Proceeds from sale of property, plant and equipment	90	641
Purchase of property, plant and equipment	(70,039)	(68,227)
Proceeds from loan to a former subsidiary, now a related entity	90	182
Advances to a joint venture	(490)	-
Cash distribution from joint venture	65	-
Net cash used in investing activities	<u>(70,284)</u>	<u>(67,404)</u>
Cash Flows from Financing Activities		
Proceeds from borrowings	114,709	345,599
Repayment of borrowings	(142,844)	(336,132)
Repayment of lease liability	(6,003)	-
Dividends paid	(3,729)	(3,631)
Net cash (used in)/generated from financing activities	<u>(37,867)</u>	<u>5,836</u>
Net (decrease)/increase in cash and cash equivalents	(12,950)	17,293
Cash and cash equivalents at the beginning of the financial year	40,662	23,369
Cash and cash equivalents at the end of the financial year	<u>27,712</u>	<u>40,662</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	Share capital	Treasury shares	Merger reserve	Translation reserve	Other Reserves Asset revaluation reserve	Option reserve	Retained earnings	Total	Non-Controlling interest	Total equity
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
As 1 July 2018, restated	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 year	-	-	-	-	-	-	17,586	17,586	(37)	17,549
Other comprehensive income:										
Net gains on revaluation of property, plant and equipment	-	-	-	-	78,487	-	-	78,487	-	78,487
Total comprehensive income for the year	-	-	-	-	78,487	-	17,586	96,073	(37)	96,036
Dividends paid	-	-	-	-	-	-	(3,729)	(3,729)	-	(3,729)
Balance as at 30 June 2020	29,807	(10)	7,578	-	78,487	240	147,086	263,188	(115)	263,073

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 year	-	-	-	-	-	-	6,653	6,653
Other comprehensive income:	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	6,653	6,653
Dividend paid	-	-	-	-	-	-	(3,729)	(3,729)
Balance as at 30 June 2020	29,807	(10)	7,578	-	240	(3,335)	10,014	44,294

- 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 June 2020, 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 June 2020 and 30 June 2019.

Shares options

As at 30 June 2020 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 30 June 2020 (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.**

	30 June 2020	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 June 2020, 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 by the auditor.

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:

a) 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 (PPE)	201,004	(21,440)	179,564
Right-of-use assets (classified under PPE)	-	46,273	46,273
Deferred tax assets	-	1,008	1,008
Income tax recoverable	4,024	(1,008)	3,016
Current liabilities			
Lease liabilities	-	8,546	8,546
Finance lease liabilities	6,358	(6,358)	-
Trade and other payables	57,543	(2,020)	55,523
Non-current liabilities			
Lease liabilities	-	40,831	40,831
Finance lease liabilities	12,804	(12,804)	-
Capital and reserves			
Retained earnings	136,591	(3,362)	133,229

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.
(cont'd)

b) Change in accounting for the freehold land and buildings

The Company and its wholly owned subsidiary entities have adopted fair value basis in measuring the carrying amount of the land and buildings.

Land and buildings are initially recognised at cost. Such costs, including the construction costs and borrowing costs that are eligible for capitalisation, are subsequently carried at their revalued amount, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are performed with sufficient regularity such that the carrying amount do not differ materially from those that would be determined using fair values at the end of the reporting period.

Land and buildings are revalued by independent professional valuers on triennial basis and whenever their carrying amounts are likely to differ materially from their revalued amounts. When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset.

Increases in carrying amounts arising from revaluation are recognised in other comprehensive income, unless they offset previous decreases in the carrying amounts of the same asset, in which case, they are recognised in profit or loss. Decreases in carrying amounts that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases in carrying amounts are recognised in profit or loss.

As at 30 June 2020, the fair value of the land and buildings have been assessed as having a fair value of \$320,502,000.

If the freehold land and buildings were stated on the historical cost basis, the carrying amount would be as follows at 30 June 2020:

	A\$'000
Freehold land	16,254
Buildings	209,330
Accumulated depreciation	(15,595)
Net book value	209,989

The balance sheet adjustment based on the valuation is as follows:

	A\$'000
Loss recognised on valuation less than book value	1,611
Increase in valuation from carrying value of land and property	112,125
Deferred tax liability	33,638
Net asset revaluation reserve adjustment	78,487

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.**

	Q4 FY2020 A\$'000	Q4 FY2019 A\$'000	12M FY2020 A\$'000	12M FY2019 A\$'000
Profit after taxation attributable to owners*	5,492	120	17,586	6,075
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	1.10	0.02	3.51	1.21
• Diluted	1.10	0.02	3.51	1.21

*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 June 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 June 2020 A\$'000	As at 30 June 2019 A\$'000	As at 30 June 2020 A\$'000	As at 30 June 2019 A\$'000
Net assets attributable to owners	263,188	174,206	44,293	41,370
Net asset value per ordinary share based on issued share capital at the end of the respective periods (A\$ cents)	52.53	34.77	8.84	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 June 2020 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

Q4 FY2020 vs Q4 FY2019

Revenue for the three months ended 30 June 2020 (Q4 FY2020) increased 77.4% to A\$130.2 million from A\$73.4 million for the three months ended 30 June 2019 (Q4 FY2019) mainly due to the timing of projects.

Gross profit for Q4 FY2020 increased by 192.4% to A\$15.7 million from A\$5.4 million in Q4 FY2019, this was an increase in gross profit margins from 7.3% (Q4 FY2019) to 12.1% (Q4 FY2020). This increase is due to the one-off impacts of cost overruns on near completed EPC projects experienced in Q4 FY2019 impacting profits in the comparative period.

Other expenses increased by 1449.1% to A\$4.3 million in Q4 FY2020 compared to Q4 FY2019 is mainly due to impairment losses provided for expected credit losses on loans to an Associate of the Group of A\$1.77 million and trade receivables of A\$0.91 million, *per SFRS(I) 9 Financial Instruments*. The Group has also recognised a loss of A\$1.6 million on asset valuation less than book value of the freehold land and buildings.

Net profit attributable to shareholders increased 4476.7% to A\$5.5 million in Q4 FY2020 from A\$0.12 million in Q4 FY2019. Net profit margin improved from 0.17% (Q4 FY2019) to 4.25% (Q4 FY2020). This was as a result of improved gross profits and reduced finance expenses.

Q4 FY2020 vs Q3 FY2020

Revenue for the three months ended 30 June 2020 (Q4 FY2020) increased 36.4% to A\$130.2 million from A\$95.5 million for the three months ended 31 March 2020 (Q3 FY2020) as activity on secured projects continued to increase in the quarter.

Gross profit for Q4 FY2020 increased by 51.8% to A\$15.7 million from A\$10.3 million in Q3 FY2020, this was due to the increase in revenue for the quarter combined with an increase in gross profit margins from 10.8% to 12.1% (Q4 FY2020).

Net profit attributable to shareholders increased 36.3% to A\$5.5 million in Q4 FY2020 from A\$4.0 million in Q3 FY2020 as a result of increased revenue. Net profit margin increased from 4.2% (Q3 FY2020) to 4.3% (Q4 FY2020).

FY2020 vs FY2019

For the twelve months ended 30 June 2020 ("FY2020") revenue decreased 19.8% to A\$391.9 million from A\$488.5 million due to the timing of projects.

Gross profit for FY2020 however has increased by 74.9% to A\$44.7 million from A\$25.5 million in FY2019 with improved gross profit margin from 5.23% ("FY2019") to 11.39% ("FY2020").

Administration and Other expenses for FY2020 increased by 26.6% compared to FY2019 is mainly due to impairment losses provided for expected credit losses on loans to an Associate of the Group of A\$1.77 million and trade receivables of A\$0.91 million, *per SFRS(I) 9 Financial Instruments*. The Group has also recognised a loss of A\$1.6 million on asset valuation less than book value of the freehold land and buildings. Excluding these one-off expenses totalling A\$4.29 million, administration and other expenses were 1.4% higher at A\$17.2 million, from A\$17.0 million in FY2019.

Other income for the twelve months ended 30 June 2020 ("FY2020") decreased by 60.4% to A\$2.2 million from A\$5.4 million ("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)

FY2020 vs FY2019 (cont'd)

Finance costs for the FY2020 decreased by 49.0% to A\$2.6 million from A\$5.0 million due to the reduction in the use of borrowings.

Net profit attributable to shareholders increased 189.5% to A\$17.6 million in FY2020 from A\$6.1 million in FY2019 mainly due to improved gross margin and lower finance costs in FY2020.

B. Statement of Financial Position

Total shareholders' equity increased to A\$263.2 million as at 30 June 2020 from A\$174.2 million as at 30 June 2019 as a result of profits earned and net gains on revaluation of property plant and equipment.

Trade and other receivables and Contract assets decreased to A\$170.0 million as at 30 June 2020 from A\$181.0 million as at 30 June 2019 due to timing of projects and differing payment terms on projects.

Trade and other payables and Contract liabilities increased to A\$175.2 million as at 30 June 2020 from A\$126.9 million as at 30 June 2019 in line with the increased activity in the period.

Cash and cash equivalents as at 30 June 2020 were A\$27.7 million decreasing from A\$40.7 million as at 30 June 2019 due predominantly to the continuing development of the facilities in Henderson and offset by positive cashflow from operations and the repayment of debt.

Completion of the Group's new 53,000m² (usable floor area) assembly and sustainment hall has prompted the group to have all properties valued by an independent valuer. Over the past 10 years Civmec has built significant facilities in Henderson Western Australia and since 2016 has enhanced the company's New South Wales Newcastle facilities. The majority of this work was carried out in house and during construction didn't attract any of the company's overhead costs and profit. In previous years Civmec have reported the value of these assets on our balance sheet at the depreciated cost. The result of these valuations is that the land and buildings have been assessed as having a fair value of A\$320,502,000 whereas their depreciated cost value is A\$209,989,000. This revaluation has significantly strengthened the Group's balance sheet.

Non-current assets increased to A\$401.0 million as at 30 June 2020 from A\$203.0 million as at 30 June 2019, predominantly as a result of the Group's continued investment in its Henderson facilities, the recognition of right-of-use assets arising from the adoption of SFRS(I) 16 on 1 July 2019 and the revaluation of property, plant and equipment.

Deferred Tax liabilities increased to A\$34.2 million as at 30 June 2020 from A\$1.4 million as at 30 June 2019 as a result of the gain from revaluation of property, plant and equipment.

Overall lease liabilities increased to A\$54.1 million as at 30 June 2020 from A\$19.2 million as at 30 June 2019 mainly as a result of the recognition of lease liabilities arising from the adoption of SFRS(I) 16 on 1 July 2019.

Overall borrowings decreased to A\$62.4 million as at 30 June 2020 from A\$98.0 million as at 30 June 2019 due to reduced reliance on working capital facilities as the Group had strong operating cashflow during the year.

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)

C. Statement of Cash Flows

Operating cashflow before working capital changes was A\$42.5 million in FY2020 compared to A\$21.4 million in FY2019. Net cash flow generated from operating activities was positive at A\$95.2 million.

The Group used A\$70.0 million in capital expenditure, predominantly related to the development of the facilities in Henderson.

The Group repaid A\$34.1 million to borrowings and leases from cash generated from Operating activities.

As at 30 June 2020 the Group's cash and cash equivalents were A\$27.7 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.**

In the Q2 FY2020 Financial Statements we disclosed *'it is anticipated revenue will increase over the next six months to year end, as major projects underway continue to ramp up'*, second half year revenue increased 36% compared to first half year FY2020 in line with the previous statement made.

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 has continued to fortify its financial position for FY2020, with consistent net profit returned over the year and sustained revenue growth.

The Covid-19 pandemic has had no significant impact on the majority of the Group's operations, with some minor impact on the timing of certain maintenance contracts being undertaken.

The Group has been very proactive with the implementation of measures at both its manufacturing and on-site facilities to prevent the spread of COVID-19. These actions have ensured that work can continue safely, in accordance with state and federal government guidelines. Every practicable step is being taken to maintain the health and wellbeing of employees, their families and all company stakeholders, whilst maintaining continuous operations, and keeping people employed.

The Group has adjusted its operations to reflect the restrictions imposed by COVID-19, working to support the continued delivery of projects for clients. This is critical, as many sectors of the economy are now experiencing significant pressure, and therefore Civmec remains committed to providing a service to the Australian resource and defence sectors to enable them to continue to operate and contribute to the broader economy. The company's lack of any significant reliance on the overseas supply chain has reaped benefits at this time. While many of the measures do come with a cost impact, they are minor compared to the impact that restricted operations could have on the business.

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.

(cont'd)

Completion of the Assembly and Sustainment Hall at Henderson coincides with commencement of Offshore Patrol Vessel 3 (OPV3) for the Royal Australia Navy, the first of ten to be constructed in Western Australia. Activity on the OPV program is expected to ramp up over the next 12 months to reach a steady state of continuous shipbuilding for the next 10 years. In addition to this, we are preferred tenderer on a number of other projects commencing in the next 12 months that will utilise the facility.

New contract wins and contract extensions have totalled A\$260 million in the June quarter, increasing the order book to A\$900 million at 30 June 2020, with over half of this expected to be realised in FY2021.

The forward tendering outlook remains positive, particularly given the Group's established local supply chains enabling it to continue to fully support the delivery of the company's projects. Tendering activities are focused on building on the successful contract awards during FY2020 to maintain the positive momentum achieved throughout the year.

11. Dividend

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

Yes, subject to approval by shareholders

Name of Dividend	First and Final (Foreign Sourced)
Dividend Type	Cash
Dividend Amount per Share	1.0 Australian Cent
Tax Rate	Tax Exempt
Number of Shares	500,985,000

Note: For Australian tax resident shareholders the dividend payable is fully franked.

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

Name of Dividend	First and Final (Foreign Sourced)
Dividend Type	Cash
Dividend Amount per Share	0.7 Singapore Cent
Tax Rate	Tax Exempt
Number of Shares	500,985,000

11. Dividend (continued)

c) Date payable

The proposed first and final dividend is subject to approval by shareholders in the forthcoming Annual General Meeting. The payment date will be made in due course.

d) Books closure date

To be determined and announced at a later date.

12. If no dividend has been declared/recommended, 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 year ended 30 June 2020 to be false or misleading in any material aspect.

15. **Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuers most recently audited financial statements, with comparative information for immediately preceding year.**

	<u>2020</u>				<u>2019</u>			
	Oil and Gas A\$'000	Metals and Minerals A\$'000	Infra-Structure and Defence A\$'000	Total A\$'000	Oil and Gas A\$'000	Metals and Minerals A\$'000	Infra-Structure and Defence A\$'000	Total A\$'000
Revenue – external sales	14,102	338,674	39,092	391,868	66,545	357,085	64,881	488,511
Cost of sales (excluding depreciation)	(11,967)	(293,730)	(31,286)	(336,983)	(60,459)	(332,772)	(60,031)	(453,262)
Depreciation expense	(729)	(5,179)	(4,326)	(10,234)	(1,629)	(7,057)	(1,030)	(9,716)
Segment results	1,406	39,765	3,480	44,651	4,457	17,256	3,820	25,533
Other income				1,951	-	-	-	3,298
Gain on deconsolidation of a subsidiary				-	-	-	-	2,091
Share of profit of associate/joint ventures	201	-	-	201	41	(2)	-	39
Unallocated costs				(2,552)				(5,005)
Finance costs				(16,723)				(16,388)
Administrative expenses				(230)				(299)
Depreciation in admin expenses				(2,678)				-
Impairment loss on trade and other receivables	(11)	(2,667)	-	(2,678)				-
Loss on revaluation of land and buildings				(1,611)				(277)
Other expenses				(243)				(277)
Profit before income tax				22,766				8,992
Income tax expense				(5,217)				(1,962)
Net profit for the year				17,549				7,030
Segment assets:								
Intangible assets	-	10	-	10	-	10	-	10
Unallocated assets:								
Assets				595,892				426,732
Other current assets				2,051				1,063
Deferred tax assets				2,408				1,930
Total assets				600,361				429,735
Segment liabilities:								
Unallocated liabilities								
Liabilities				265,446				128,238
Borrowings				62,387				117,178
Provisions				9,455				10,191
Total liabilities				337,288				255,607
Other segment information								
Capital expenditures during the year				70,039				68,227

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Reported revenue for the Metals and Minerals sector decreased 5.4% to A\$338.7 million (FY2019: A\$357.1 million) as projects completed during the period and timing of new projects commencing.

Gross profit for the sector in FY2020 was A\$39.8 million up from A\$17.3 million in FY2019 reflecting the improved gross profit margin.

Revenue for the Oil & Gas sector decreased 78.8% to A\$14.1 million (FY2019: A\$66.5 million) with the decrease in revenue reflecting reduced market activity in the sector. Gross profit in the sector decreased to A\$1.4 million in FY2020 from A\$4.5 million in FY2019.

Revenue for the Infrastructure & Defence sector decreased 39.7% to A\$39.1 million (FY2019: A\$64.9 million) as major infrastructure projects were completed and timing of new projects commencing. Gross profit contribution for the sector in FY2020 was A\$3.5 million down from A\$3.8 million in FY2019.

17. A breakdown of sales as follows:

	Group		% increase/ (decrease)
	FY2020	FY2019	
	<u>A\$'000</u>	<u>A\$'000</u>	
(a) Sales reported for first half year	166,175	335,030	(50.4)
(b) Operating profit after tax before deducting non-controlling interest reported for first half year	7,980	6,763	18.0
(c) Sales reported for second half year	225,693	153,481	46.5
(d) Operating profit after tax before deducting non-controlling interest reported for second half year	9,569	267	3483.9

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

	FY2020	FY2019
	<u>A\$'000</u>	<u>A\$'000</u>
(a) Ordinary	3,729	3,631
(b) Preference	-	-
(c) Total	3,729	3,631

The AUD:SGD foreign exchange rate applied was 0.9404 (2019: 0.9658).

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

The Company confirms that there is no such person occupying a managerial position in the Company and its subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (10).



20. 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

A handwritten signature in black ink, appearing to read "James Finbarr Fitzgerald".

James Finbarr Fitzgerald
Executive Chairman

27 August 2020