



**CIVMEC LIMITED**

(Company Registration No: 201011837H)

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**FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE  
THIRD QUARTER ENDED 31 MARCH 2020**

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**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		
	Q3 FY2020 A\$'000	Q3 FY2019 A\$'000	+ / (-) %	9M FY2020 A\$'000	9M FY2019 A\$'000	+ / (-) %
Sales revenue	95,467	80,090	19.2	261,642	415,120	(37.0)
Cost of sales	(85,127)	(74,743)	13.9	(232,690)	(394,956)	(41.1)
<b>Gross profit</b>	<b>10,340</b>	<b>5,347</b>	<b>93.4</b>	<b>28,952</b>	<b>20,164</b>	<b>43.6</b>
Other income	152	574	(73.5)	741	4,555	(83.7)
Administrative expenses	(4,076)	(4,368)	(6.7)	(12,004)	(13,017)	(7.8)
Other expenses	(4)	-		(241)	-	
Finance costs	(655)	(1,392)	(52.9)	(2,218)	(3,925)	(43.5)
<b>Profit before tax</b>	<b>5,757</b>	<b>161</b>	<b>3475.8</b>	<b>15,230</b>	<b>7,777</b>	<b>95.8</b>
Income tax expense	(1,727)	(20)	8535.0	(3,220)	(874)	268.4
<b>Profit for the period</b>	<b>4,030</b>	<b>141</b>	<b>2758.2</b>	<b>12,010</b>	<b>6,903</b>	<b>74.0</b>
<u>Profit attributable to:</u>						
Owners of the Company	4,028	141	2756.7	12,094	5,955	103.1
Non-controlling interest	2	-		(84)	948	(108.9)
	<b>4,030</b>	<b>141</b>	<b>2758.2</b>	<b>12,010</b>	<b>6,903</b>	<b>74.0</b>
Earnings per share attributable to equity holders of the Company (cents per share):						
• Basic	0.80	0.03		2.41	1.19	
• Diluted	0.80	0.03		2.41	1.19	



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		
	Q3	Q3	+ / (-)	9M	9M	+ / (-)
	FY2020	FY2019	%	FY2020	FY2019	%
	A\$'000	A\$'000		A\$'000	A\$'000	
<b>Profit for the period</b>	<b>4,030</b>	<b>141</b>	<b>2758.2</b>	<b>12,010</b>	<b>6,903</b>	<b>74.0</b>
<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	-	-		-	(185)	(100.0)
Reclassification of translation reserve to the profit or loss account on deconsolidation	-	-		-	92	(100.0)
<b>Total comprehensive income for the period</b>	<b>4,030</b>	<b>141</b>	<b>2758.2</b>	<b>12,010</b>	<b>6,810</b>	<b>76.4</b>
<u>Total comprehensive income attributable to:</u>						
Owners of the Company	4,028	141	2756.7	12,094	5,862	106.3
Non-controlling interest	2	-		(84)	948	(108.9)
	<b>4,030</b>	<b>141</b>	<b>2758.2</b>	<b>12,010</b>	<b>6,810</b>	<b>76.4</b>



**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:

	Q3 FY2020 A\$'000	Group Q3 FY2019 A\$'000	+ / (-) %	9M FY2020 A\$'000	Group 9M FY2019 A\$'000	+ / (-) %
Gain on disposal of property, plant and equipment	33	(15)	(320.0)	37	55	(32.7)
Gain on deconsolidation of a subsidiary	-	-		-	2,091	(100.0)
Insurance recovery	-	279	(100.0)	25	1,497	(98.3)
Interest income	31	189	(83.6)	160	582	(72.5)
Share of profit/(loss) of joint ventures/associate	(40)	-		234	(2)	(11800.0)
Sundry revenue	128	121	5.8	285	332	(14.2)
<b>Total Other Income</b>	<b>152</b>	<b>574</b>	<b>(73.5)</b>	<b>741</b>	<b>4,555</b>	<b>(83.7)</b>

**B. Finance costs**

	Q3 FY2020 A\$'000	Group Q3 FY2019 A\$'000	+ / (-) %	9M FY2020 A\$'000	Group 9M FY2019 A\$'000	+ / (-) %
Bank bills and line fees	331	991	(63.7)	1,223	2,501	(51.1)
Trade finances	-	301	(100.0)	-	914	(100.0)
Lease liabilities	301	-		925	-	
Finance leases	-	167	(100.0)	-	454	(100.0)
Lease liabilities – included in Cost of sales	661	-		1,975	-	
Other finance costs	23	13	76.9	70	56	25.0
<b>Total Finance Costs</b>	<b>1,316</b>	<b>1,392</b>	<b>(5.5)</b>	<b>4,193</b>	<b>3,925</b>	<b>6.8</b>

**C. Depreciation expenses**

	Q3 FY2020 A\$'000	Group Q3 FY2019 A\$'000	+ / (-) %	9M FY2020 A\$'000	Group 9M FY2019 A\$'000	+ / (-) %
Included in Cost of sales	2,621	2,416	8.5	7,892	7,480	5.5
Included in Administrative expenses	57	71	(19.7)	174	231	(24.7)
<b>Total Depreciation</b>	<b>2,678</b>	<b>2,487</b>	<b>7.7</b>	<b>8,066</b>	<b>7,711</b>	<b>4.6</b>



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 Mar 2020 A\$'000	As at 30 June 2019 A\$'000	As at 31 Mar 2020 A\$'000	As at 30 June 2019 A\$'000
<b>ASSET</b>				
<b>Current assets</b>				
Cash and cash equivalents	8,739	40,662	6	6
Trade and other receivables	89,381	63,558	30,954	29,513
Contract assets	98,558	117,443	-	-
Other current assets	3,040	1,063	23	9
Income tax recoverable	4,633	4,024	5,339	4,043
	<u>204,351</u>	<u>226,750</u>	<u>36,322</u>	<u>33,571</u>
<b>Non-current assets</b>				
Investment in subsidiaries	-	-	7,579	7,579
Investment in joint ventures	275	41	-	-
Loan receivables	491	-	-	-
Property, plant and equipment	263,610	201,004	-	-
Intangible assets	10	10	-	-
Deferred tax assets	-	1,930	62	394
	<u>264,386</u>	<u>202,985</u>	<u>7,641</u>	<u>7,973</u>
<b>TOTAL ASSETS</b>	<u>468,737</u>	<u>429,735</u>	<u>43,963</u>	<u>41,544</u>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Trade and other payables	69,911	57,543	152	174
Contract liabilities	62,729	69,333	-	-
Lease liabilities	10,324	-	-	-
Finance lease liabilities	-	6,358	-	-
Borrowings	16,743	2,572	-	-
Provisions	4,341	5,557	-	-
	<u>164,048</u>	<u>141,363</u>	<u>152</u>	<u>174</u>
<b>Non-current liabilities</b>				
Lease liabilities	39,148	-	-	-
Finance lease liabilities	-	12,804	-	-
Borrowings	82,222	95,444	-	-
Provisions	3,450	4,634	-	-
Deferred tax liabilities	822	1,362	-	-
	<u>125,642</u>	<u>114,244</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>289,690</u>	<u>255,607</u>	<u>152</u>	<u>174</u>
<b>Capital and Reserves</b>				
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	141,594	136,591	9,531	7,090
<b>Total equity attributable to the Owners of the Company</b>	<u>179,209</u>	<u>174,206</u>	<u>43,811</u>	<u>41,370</u>
Non-controlling interest	(162)	(78)	-	-
<b>TOTAL EQUITY</b>	<u>179,047</u>	<u>174,128</u>	<u>43,811</u>	<u>41,370</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>468,737</u>	<u>429,735</u>	<u>43,963</u>	<u>41,544</u>



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

	Group		Group	
	As at 31 March 2020		As at 30 June 2019	
	A\$'000	A\$'000	A\$'000	A\$'000
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand:				
Bank bills	4,524	-	2,252	-
Trade finance	11,899	-	-	-
Loans from related parties	-	320	-	320
	<u>16,423</u>	<u>320</u>	<u>2,252</u>	<u>320</u>
Amount repayable after one year:				
Bank bills	22,222	-	35,444	-
Senior secured notes	<u>60,000</u>	-	<u>60,000</u>	-
	<u>82,222</u>	-	<u>95,444</u>	-
Total borrowings	<u>98,645</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 31 March 2020, the Group met all these financial covenants.

As at 31 March 2020, the Group has a commercial bank facility amounting to A\$30,000,000 (30 June 2019: A\$44,444,000) which was 74% utilised. Interest rates are variable and ranged between 1.67% to 2.25% per annum during the current financial period.

**(c) Senior secured notes**

The Group secured A\$60.0 million offering "Senior Secured Note" of 4-year 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 Notes are unconditionally and irrevocably guaranteed by Civmec Limited 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 9M FY2020 A\$'000	Group 9M FY2019 A\$'000
<b>Cash Flows from Operating Activities</b>		
Profit before income tax	15,230	7,777
Adjustment for:		
Depreciation of property, plant and equipment	7,707	7,711
Depreciation of right-of-use assets	359	-
Loss on disposal of property, plant and equipment	205	37
Share in (profit)/loss of joint ventures	(234)	2
Gain on deconsolidation	-	(2,091)
Write off of amount owing by a trade receivable	500	-
Finance cost	4,192	3,925
Interest income	(160)	(582)
Foreign exchange differences	-	(274)
Operating cash flow before working capital changes	27,799	16,505
Changes in working capital:		
(Increase)/decrease in trade and other receivables	(26,444)	50,965
Decrease/(increase) in contract assets	18,885	(5,457)
Increase in other current assets	(1,977)	(153)
Increase/(decrease) in trade and other payables	9,048	(43,862)
(Decrease)/increase in contract liabilities	(6,604)	12,523
Decrease in provisions	(2,400)	(2,173)
Cash generated from operations	18,307	28,347
Interest received	124	538
Finance cost paid	(375)	(1,945)
Income tax refund	4,590	8,711
Income taxes paid	(3,382)	(4,250)
Net cash generated from operating activities	19,264	31,401
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of property, plant and equipment	49	92
Purchase of property, plant and equipment	(45,897)	(52,215)
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	(46,182)	(52,068)
<b>Cash Flows from Financing Activities</b>		
Proceeds from borrowings	90,553	345,431
Repayment of borrowings	(86,075)	(304,432)
Repayment of lease liabilities	(5,754)	-
Dividends paid	(3,729)	(3,632)
Net cash (used in)/generated from financing activities	(5,005)	37,367
Net (decrease)/increase in cash and cash equivalents	(31,923)	16,700
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	8,739	40,069



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						Total A\$'000	Non- Controlling interest A\$'000	Total equity A\$'000
	Share capital	Treasury shares	Merger reserve	Translation reserve	Option reserve	Retained earnings			
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000			
<b>At 01 July 2018</b>	<b>29,807</b>	<b>(10)</b>	<b>7,578</b>	<b>93</b>	<b>240</b>	<b>134,147</b>	<b>171,855</b>	<b>(1,033)</b>	<b>170,822</b>
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)
<b>Balance as at 30 June 2019</b>	<b>29,807</b>	<b>(10)</b>	<b>7,578</b>	<b>-</b>	<b>240</b>	<b>136,591</b>	<b>174,206</b>	<b>(78)</b>	<b>174,128</b>
<b>At 1 July 2019</b>	<b>29,807</b>	<b>(10)</b>	<b>7,578</b>	<b>-</b>	<b>240</b>	<b>136,591</b>	<b>174,206</b>	<b>(78)</b>	<b>174,128</b>
Effects of the adoption of SFRS(I) 16	-	-	-	-	-	(3,362)	(3,362)	-	(3,362)
<b>At 01 July 2019, restated</b>	<b>29,807</b>	<b>(10)</b>	<b>7,578</b>	<b>-</b>	<b>240</b>	<b>133,229</b>	<b>170,844</b>	<b>(78)</b>	<b>170,766</b>
Profit for the period	-	-	-	-	-	12,094	12,094	(84)	12,010
Other comprehensive income:									
Total comprehensive income for the period	-	-	-	-	-	12,094	12,094	(84)	12,010
Dividend paid	-	-	-	-	-	(3,729)	(3,729)	-	(3,729)
<b>Balance as at 31 March 2020</b>	<b>29,807</b>	<b>(10)</b>	<b>7,578</b>	<b>-</b>	<b>240</b>	<b>141,594</b>	<b>179,209</b>	<b>(162)</b>	<b>179,047</b>





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	
<b>Balance as at 1 July 2018</b>	<b>29,807</b>	<b>(10)</b>	<b>7,578</b>	<b>30</b>	<b>240</b>	<b>(3,335)</b>	<b>6,083</b>	<b>40,393</b>
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)
<b>Balance as at 30 June 2019</b>	<b>29,807</b>	<b>(10)</b>	<b>7,578</b>	<b>-</b>	<b>240</b>	<b>(3,335)</b>	<b>7,090</b>	<b>41,370</b>
<b>Balance as at 1 July 2019</b>	<b>29,807</b>	<b>(10)</b>	<b>7,578</b>	<b>-</b>	<b>240</b>	<b>(3,335)</b>	<b>7,090</b>	<b>41,370</b>
Profit for the period	-	-	-	-	-	-	6,170	6,170
Other comprehensive income:								
Total comprehensive income for the period	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	(3,729)	(3,729)
<b>Balance as at 31 March 2020</b>	<b>29,807</b>	<b>(10)</b>	<b>7,578</b>	<b>-</b>	<b>240</b>	<b>(3,335)</b>	<b>9,531</b>	<b>43,811</b>

- 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 March 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 31 March 2020 and 30 June 2019.

Shares options

As at 31 March 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 31 March 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.**

	<b>31 March 2020</b>	<b>30 June 2019</b>
	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 March 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 or reviewed by the 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
<b>STATEMENT OF FINANCIAL POSITION</b>			
<b>Non-current assets</b>			
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
<b>Current liabilities</b>			
Lease liabilities	-	8,546	8,546
Finance lease liabilities	6,358	(6,358)	-
Trade and other payables	57,543	(2,020)	55,523
<b>Non-current liabilities</b>			
Lease liabilities	-	40,831	40,831
Finance lease liabilities	12,804	(12,804)	-
<b>Capital and reserves</b>			
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.**

	<b>Q3 FY2020</b> <b>A\$'000</b>	<b>Q3 FY2019</b> <b>A\$'000</b>	<b>9M FY2020</b> <b>A\$'000</b>	<b>9M FY2019</b> <b>A\$'000</b>
Profit after taxation*	4,030	141	12,010	6,903
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	0.80	0.03	2.41	1.19
• Diluted	0.80	0.03	2.41	1.19

\*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 March 2020, 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 of the inclusion 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.**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>As at</b> <b>31 Mar 2020</b> <b>A\$'000</b>	<b>As at</b> <b>30 June</b> <b>2019</b> <b>A\$'000</b>	<b>As at</b> <b>31 Mar 2020</b> <b>A\$'000</b>	<b>As at</b> <b>30 June</b> <b>2019</b> <b>A\$'000</b>
Net assets	179,209	174,206	43,811	41,370
Net asset value per ordinary share based on issued share capital at the end of the respective periods (A\$ cents)	35.77	34.77	8.74	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 March 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**

**Q3 FY2020 vs Q3 FY2019**

Revenue for the three months ended 31 March 2020 (Q3 FY2020) increased 19.2% to A\$95.5 million from A\$80.1 million for the three months ended 31 March 2019 (Q3 FY2019) due to the timing of projects.

Gross profit for Q3 FY2020 increased by 93.4% to A\$10.3 million from A\$5.3 million in Q3 FY2019, this was an increase in gross profit margins from 6.68% (Q3 FY2019) to 10.83% (Q3 FY2020). This increase is due to the one-off impacts of cost overruns on near completed EPC projects experienced in Q3 FY2019 impacting profits in the comparative period.

Net profit attributable to shareholders increased 2756.7% to A\$4.0 million in Q3 FY2020 from A\$0.14 million in Q3 FY2019. Net profit margin improved from 0.18% (Q3 FY2019) to 4.22% (Q3 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.

**Q3 FY2020 vs Q2 FY2020**

Revenue for the three months ended 31 March 2020 (Q3 FY2020) increased 13.6% to A\$95.5 million from A\$84.0 million for the three months ended 31 December 2019 (Q2 FY2020) as activity on secured projects to increase in the quarter.

Gross profit for Q3 FY2020 increased by 17.0% to A\$10.3 million from A\$8.8 million in Q2 FY2020, this was due to the increase in revenue for the quarter combined with an increase in gross profit margins from 10.5% to 10.8% (Q3 FY2020).

Net profit attributable to shareholders decreased 5.45% to A\$4.0 million in Q3 FY2020 from A\$4.2 million in Q2 FY2020 as a result of increased tax expense. Net profit margin decreased from 5.1% (Q2 FY2020) to 4.22% (Q3 FY2020).

**9M FY2020 vs 9M FY2019**

Revenue for the nine months ended 31 March 2020 ("9M FY2020") decreased 37.0% to A\$261.6 million from A\$415.1 million for the nine months ended 31 March 2019 ("9M FY2019) due to the timing of projects.

Gross profit for 9M FY2020 increased by 43.6% to A\$29.0 million from A\$20.2 million in 9M FY2019.

Administration and Other expenses for 9M FY2020 decreased by 5.9% compared to 9M FY2019.

Other income for the nine months ended 31 March 2020 ("9M FY2020) decreased by 83.7% to A\$0.7 million from A\$4.6 million ("9M FY2019) due to proceeds from an insurance claim received and gain from deconsolidation of a subsidiary in the comparative period.

Net profit attributable to shareholders increased 103.1% to A\$12.1 million in 9M FY2020 from A\$6.0 million in 9M FY2019 mainly due to improved gross margin and lower finance costs in 9M FY2020.

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**

Total shareholders' equity increased to A\$179.2 million as at 31 March 2020 from A\$174.2 million as at 30 June 2019 as a result of profits earned and dividends paid in the period.

Trade and other receivables and Contract assets increased A\$187.9 million as at 31 March 2020 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\$132.6 million as at 31 March 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 31 March 2020 were A\$8.7 million decreasing from A\$40.6 million as at 30 June 2019 due predominantly to the continuing development of the facilities in Henderson.

Non-current assets increased to A\$264.4 million as at 31 March 2020 from A\$203.0 million as at 30 June 2019, predominantly as a result of the Group's continued invest in its Henderson facilities and the recognition of right-of-use assets arising from the adoption of SFRS(I) 16 on 1 July 2019.

Overall long-term liabilities increased to A\$125.6 million as at 31 March 2020 from A\$114.2 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.

**C. Statement of Cash Flows**

Operating cashflow before working capital changes was A\$27.8 million in Q3 FY2020 compared to A\$16.5 million in Q3 FY2019. Net cash flow from operating activities was positive at A\$19.3 million.

The Group used A\$45.9 million in capital expenditure, predominantly related to the development of the facilities in Henderson.

The Group repaid A\$1.3 million to borrowings and leases from cash generated from Operating activities.

As at 31 March 2020, the Group's cash and cash equivalents were A\$8.7 million down from A\$21.6 million as at 31 December 2019. Subsequent to 31 March approximately \$40 million was received in relation to contract milestones achieved during Q3 FY2020.

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*', Q3 revenue increased 13.6% compared to Q2 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 three quarters to March 31 and sustained revenue growth.

The COVID-19 pandemic has had no significant impact on the Group's operations.

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.

Amidst the global uncertainty subsequent to the COVID-19 pandemic, the Group continues to win new work, with its established local supply chains supporting the delivery of vital Western Australian resource projects. This includes the award of a vertical package incorporating civil, fabrication, structural, mechanical & piping (SMP), and electrical & instrumentation (E&I) works for long-term client Alcoa, along with other manufacturing and construction contracts for Roy Hill, Worley and Woodside, that will be progressively delivered until early 2021.

Revenue growth is being further supported by the ongoing delivery of major projects, including 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.

The Group's new 53,000m<sup>2</sup> (usable floor area) assembly and sustainment hall is now well prepared for commencement of the current phase of the Royal Australian Navy's Offshore Patrol Vessel (OPV) program. Under the program, which commenced in late 2018 and will see the delivery of 12 OPVs, the preparation and profile cutting of steel plates for the first two vessels built in South Australia was undertaken by Civmec at its Henderson facility. Commencement of construction, with the processing and welding of first steel, of OPV3 has now occurred and the consolidation of the ship's blocks will commence in the new assembly and sustainment hall in the coming months. This will be a continuous process for all 10 OPVs to be built at the company's Henderson complex over the coming years.

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)

The Group's order book as at 31 March 2020 was A\$767 million.

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.

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 March 2020 to be false or misleading in any material aspect.



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**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**

A handwritten signature in black ink, appearing to read "James Finbarr Fitzgerald". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

James Finbarr Fitzgerald  
Executive Chairman  
7 May 2020