



CIVMEC LIMITED

(Company Registration No: 201011837H)

**FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE
2nd HALF YEAR ENDED 30 JUNE 2021**



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		
	2H	2H		12M	12M	
	FY2021	FY2020	+ / (-)	FY2021	FY2020	+ / (-)
	A\$'000	A\$'000	%	A\$'000	A\$'000	%
Sales revenue	368,487	225,693	63.3	674,186	391,868	72.0
Cost of sales	(327,967)	(199,654)	64.3	(599,148)	(347,217)	72.6
Gross profit	40,520	26,039	55.6	75,038	44,651	68.1
Other income	647	1,563	(58.6)	2,475	2,152	15.0
Administrative expenses	(9,767)	(9,025)	8.2	(18,987)	(16,953)	12.0
Other expenses	(103)	(4,295)	(97.6)	(1,848)	(4,532)	(59.2)
Finance costs	(3,011)	(989)	204.4	(6,481)	(2,552)	154.0
Profit before tax	28,286	13,293	112.8	50,197	22,766	120.5
Income tax expense	(8,680)	(3,724)	133.1	(15,569)	(5,217)	198.4
Profit after tax	19,606	9,569	104.9	34,628	17,549	97.3
<u>Profit attributable to:</u>						
Owners of the Company	19,723	9,520	107.2	34,771	17,586	97.7
Non-controlling interest	(117)	49	(338.8)	(143)	(37)	286.5
	19,606	9,569	104.9	34,628	17,549	97.3
Earnings per share attributable to equity holders of the Company (cents per share):						
• Basic	3.94	1.90		6.94	3.51	
• Diluted	3.94	1.90		6.94	3.51	



- 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		
	2H	2H		12M	12M	
	FY2021	FY2020	+ / (-)	FY2021	FY2020	+ / (-)
	A\$'000	A\$'000	%	A\$'000	A\$'000	%
Profit for the period	19,606	9,569	104.9	34,628	17,549	97.3
<u>Other comprehensive income:</u>						
<i>Item that will not be reclassified subsequently to profit or loss:</i>						
Net gain on revaluation of land and buildings	1,871	78,487	(97.6)	1,871	78,487	(97.6)
Total comprehensive income for the period	21,477	88,056	(75.6)	36,499	96,036	(62.0)
<u>Total comprehensive income attributable to:</u>						
Owners of the Company	21,594	88,007	(75.5)	36,642	96,073	(61.9)
Non-controlling interest	(117)	49	(338.8)	(143)	(37)	286.5
	21,477	88,056	(75.6)	36,499	96,036	(62.0)

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		
	2H FY2021 A\$'000	2H FY2020 A\$'000	+ / (-) %	12M FY2021 A\$'000	12M FY2020 A\$'000	+ / (-) %
Gain on disposal of property, plant and equipment	320	-		404	-	
Insurance recoveries	64	1,121	(94.3)	1,605	1,121	43.2
Interest income	109	100	9.0	230	229	0.4
Share of (loss)/profit of joint ventures	(4)	(73)	(94.5)	(97)	201	(148.3)
Net foreign exchange gain/(loss)	54	(186)	(129.0)	54	-	
Sundry revenue	104	601	(82.7)	279	601	(53.6)
Total Other Income	647	1,563	(58.6)	2,475	2,152	15.0

B. Finance costs

	Group			Group		
	2H FY2021 A\$'000	2H FY2020 A\$'000	+ / (-) %	12M FY2021 A\$'000	12M FY2020 A\$'000	+ / (-) %
Bank bills and line fees	394	199	98.0	1,190	1,091	9.1
Trade finances	4	26	(84.6)	4	26	(84.6)
Lease liabilities	448	624	(28.2)	994	1,248	(20.4)
Secured notes	2,100	-		4,200	-	
Other finance costs	65	140	(53.6)	93	187	(50.3)
	3,011	989	204.4	6,481	2,552	154.0
Included in cost of sales:						
Lease liabilities	1,500	1,438	4.3	2,918	2,752	6.0

During the previous period ("FY2020"), finance cost incurred from secured notes for the Assembly Hall was capitalised in property, plant and equipment.

C. Depreciation expenses

	Group			Group		
	2H FY2021 A\$'000	2H FY2020 A\$'000	+ / (-) %	12M FY2021 A\$'000	12M FY2020 A\$'000	+ / (-) %
Included in Cost of sales	6,532	4,963	31.6	13,931	10,234	36.1
Included in Administrative expenses	137	113	21.2	243	230	5.7
Total Depreciation	6,669	5,076	31.4	14,174	10,464	35.5

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 2021 A\$'000	As at 30 June 2020 A\$'000	As at 30 June 2021 A\$'000	As at 30 June 2020 A\$'000
ASSET				
Current assets				
Cash and cash equivalents	48,172	27,712	28	19
Trade and other receivables	87,488	74,523	50,481	39,682
Contract assets	82,642	95,118	-	-
Other current assets	1,903	2,051	-	-
	<u>220,205</u>	<u>199,404</u>	<u>50,509</u>	<u>39,701</u>
Non-current assets				
Investment in subsidiaries	-	-	7,579	7,579
Investment in joint venture	57	242	-	-
Loan receivables	-	493	-	-
Property, plant and equipment	412,030	397,804	-	-
Intangible assets	10	10	-	-
Deferred tax assets	4,637	2,408	260	22
	<u>416,734</u>	<u>400,957</u>	<u>7,839</u>	<u>7,601</u>
TOTAL ASSETS	<u>636,939</u>	<u>600,361</u>	<u>58,348</u>	<u>47,302</u>
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	87,413	91,075	192	168
Contract liabilities	80,138	83,266	-	-
Lease liabilities	10,385	10,722	-	-
Borrowings	-	2,387	-	-
Income tax payable	14,978	2,862	17,835	2,840
Provisions	8,950	6,103	-	-
	<u>201,864</u>	<u>196,415</u>	<u>18,027</u>	<u>3,008</u>
Non-current liabilities				
Lease liabilities	44,372	43,339	-	-
Borrowings	60,000	60,000	-	-
Provisions	4,429	3,352	-	-
Deferred tax liabilities	34,406	34,182	-	-
	<u>143,207</u>	<u>140,873</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>345,071</u>	<u>337,288</u>	<u>18,027</u>	<u>3,008</u>
Capital and Reserves				
Share capital	29,807	29,807	29,807	29,807
Treasury shares	(10)	(10)	(10)	(10)
Asset revaluation reserve	80,358	78,487	-	-
Other reserves	10,135	7,818	6,523	4,483
Retained earnings	171,836	147,086	4,001	10,014
Total equity attributable to the Owners of the Company	<u>292,126</u>	<u>263,188</u>	<u>40,321</u>	<u>44,294</u>
Non-controlling interest	(258)	(115)	-	-
TOTAL EQUITY	<u>291,868</u>	<u>263,073</u>	<u>40,321</u>	<u>44,294</u>
TOTAL LIABILITIES AND EQUITY	<u>636,939</u>	<u>600,361</u>	<u>58,348</u>	<u>47,302</u>



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

	Group As at 30 June 2021		Group As at 30 June 2020	
	A\$'000	A\$'000	A\$'000	A\$'000
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand:				
Bank bills	-	-	1,776	-
Trade finance	-	-	291	-
Loan from a related party	-	-	-	320
	-	-	2,067	320
Amount repayable after one year:				
Senior secured notes	60,000	-	60,000	-
	60,000	-	60,000	-
Total borrowings	60,000	-	62,067	320

(a) 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 2021, the Group met all these financial covenants.

As at 30 June 2021, the Group has a commercial bank facility amounting to A\$40,000,000 (2020: A\$32,067,000) which was not utilised (2020: 6% utilised). Interest rates are variable and ranged between 1.34% to 4.13% (2020: 1.67% to 2.25%) per annum during the current financial year.

(b) Senior secured notes

The Group secured a 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.

(c) Loan from a related party

The loan from a related party was non-trade, unsecured, interest free and repayable on demand. During the period, the loan was forgiven and the Group has no other further liability under the agreement.



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 FY2021 A\$'000	Group 12M FY2020 A\$'000
Cash Flows from Operating Activities		
Profit before income tax	50,197	22,766
Adjustment for:		
Depreciation of property, plant and equipment	14,174	10,464
(Gain)/loss on disposal of property, plant and equipment	(404)	197
Share of loss/(profit) of a joint venture	97	(201)
Impairment loss on loan to an associate	200	1,767
Impairment loss on trade receivables	-	911
Bad debts written off	1,646	-
Loss on revaluation of freehold land and buildings	-	1,611
Finance cost	9,399	5,304
Interest income	(230)	(229)
Foreign exchange differences	(55)	(117)
Share based payment	2,040	-
Operating cash flow before working capital changes	77,064	42,473
Changes in working capital:		
Increase in trade and other receivables	(14,613)	(13,748)
Decrease in contract assets	12,475	22,323
Decrease/(increase) in other current assets	148	(987)
(Decrease)/increase in trade and other payables	(3,003)	31,445
(Decrease)/increase in contract liabilities	(3,128)	13,933
Increase/(decrease) in provisions	3,924	(737)
Cash generated from operations	72,867	94,702
Interest received	31	176
Finance cost paid	(8,391)	(4,299)
Income tax refund	-	8,006
Income tax paid	(6,244)	(3,384)
Net cash generated from operating activities	58,263	95,201
Cash Flows from Investing Activities		
Proceeds from sale of property, plant and equipment	632	90
Purchase of property, plant and equipment	(21,616)	(70,039)
Repayment of loan to an associate	-	90
Repayment of loan/(advances to a joint venture)	493	(490)
Cash distribution from joint venture	88	65
Net cash used in investing activities	(20,403)	(70,284)
Cash Flows from Financing Activities		
Proceeds from borrowings	20,000	114,709
Repayment of borrowings	(20,334)	(142,844)
Repayment of principal lease liabilities	(7,045)	(6,003)
Dividends paid	(10,021)	(3,729)
Net cash used in from financing activities	(17,400)	(37,867)
Net increase/(decrease) in cash and cash equivalents	20,460	(12,950)
Cash and cash equivalents at the beginning of the financial year	27,712	40,662
Cash and cash equivalents at the end of the financial year	48,172	27,712

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

	Share capital A\$'000	Treasury shares A\$'000	Asset revaluation reserve A\$'000	Merger reserve A\$'000	Other reserves Equity-settled employee benefits reserve A\$'000	Other reserves A\$'000	Retained earnings A\$'000	Total A\$'000	Non- controlling interest A\$'000	Total A\$'000
GROUP										
Balance as at 1 July 2019 – reported under SFRS(I)	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)
Balance as at 1 July 2019, restated	29,807	(10)	-	-	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
Dividend paid	-	-	-	-	-	-	(3,729)	(3,729)	-	(3,729)
Balance as at 30 June 2020	29,807	(10)	78,487	7,578	240	-	147,086	263,188	(115)	263,073
Balance as at 1 July 2020	29,807	(10)	78,487	7,578	240	-	147,086	263,188	(115)	263,073
Profit for the year	-	-	-	-	-	-	34,771	34,771	(143)	34,628
Other comprehensive income:										
Net gains on revaluation of property, plant and equipment	-	-	1,871	-	-	-	-	1,871	-	1,871
Total comprehensive income for the year	-	-	1,871	-	-	-	34,771	36,642	(143)	36,499
Waiver of loan payable to a related party	-	-	-	-	-	277	-	277	-	277
Share based payment	-	-	-	-	2,040	-	-	2,040	-	2,040
Dividends paid	-	-	-	-	-	-	(10,021)	(10,021)	-	(10,021)
Balance as at 30 June 2021	29,807	(10)	80,358	7,578	2,280	277	171,836	292,126	(258)	291,868

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

		←		Other reserves Equity-settled employee benefits reserve	→		
	Share capital A\$'000	Treasury shares A\$'000	Merger reserve A\$'000	A\$'000	Other reserves A\$'000	Retained earnings A\$'000	Total A\$'000
COMPANY							
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
Balance as at 1 July 2020	29,807	(10)	7,578	240	(3,335)	10,014	44,294
Profit for the year	-	-	-	-	-	4,008	4,008
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	4,008	4,008
Share based payment	-	-	-	2,040	-	-	2,040
Dividend Paid	-	-	-	-	-	(10,021)	(10,021)
Balance as at 30 June 2021	29,807	(10)	7,578	2,280	(3,335)	4,001	40,321

- 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 2020.

As at 30 June 2021, of the total 501,100,000 shares in issue (30 June 2020: 501,000,000), 15,000 shares are held as Treasury shares (30 June 2020: 15,000).

Convertibles

The Company has no outstanding convertibles as at 30 June 2021 and 30 June 2020.

Shares options

As at 30 June 2021 there were outstanding options for 4,000,000 (30 June 2020: 4,000,000) unissued ordinary shares under the employee share option scheme.

Performance rights

11,639,000 rights remain unvested as at 30 June 2021 (30 June 2020: 7,359,993).

- 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 2021	30 June 2020
	No. of shares	No. of shares
Balance of shares at beginning of year	501,000,000	501,000,000
Shares issued during the year:		
- Conversion of performance rights	100,000	-
Total number of shares as at end of the year	501,100,000	501,000,000
Total shares held as treasury shares	15,000	15,000
Total number of shares as at end of year, net of Treasury shares	501,085,000	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 2021, the Company held 15,000 of its issued shares as treasury shares.

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

The figures have been audited by the Auditors.

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

There have been no qualifications of emphasis on any matters in the Auditors' report.

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 2020.

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.

Not applicable.

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.

	2H FY2021 A\$'000	2H FY2020 A\$'000	12M FY2021 A\$'000	12M FY2020 A\$'000
Profit after taxation attributable to owners*	19,723	9,520	34,771	17,586
Pre-invitation Share Capital	501,100,000	501,000,000	501,100,000	501,000,000
Weighted average number of shares				
• Basic	501,083,288	500,985,000	501,083,288	500,985,000
• Diluted	501,094,247	500,985,000	501,094,247	500,985,000
Earnings per ordinary share (A\$ cents)				
• Basic	3.94	1.90	6.94	3.51
• Diluted	3.94	1.90	6.94	3.51

*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 2021, the diluted earnings per share includes the effect of 4,000,000 unissued ordinary shares granted under the CESOS (2020: 4,000,000, 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 2021 A\$'000	As at 30 June 2020 A\$'000	As at 30 June 2021 A\$'000	As at 30 June 2020 A\$'000
Net assets attributable to owners	292,126	263,188	40,321	44,294
Net asset value per ordinary share based on issued share capital at the end of the respective periods (A\$ cents)	58.30	52.53	8.05	8.84

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 2021 of 501,085,000 (30 June 2020: 500,985,000) and excludes treasury shares of 15,000 (30 June 2020: 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

2H2021 vs 2H2020

Revenue for the second half-year ended 30 June 2021 ("2H2021") increased 63.3% to A\$368.5 million from A\$225.7 million for the second half-year ended 30 June 2020 ("2H2020") mainly due to the timing of commencement of new projects.

Gross profit for 2H2021 increased 55.6% to A\$40.5 million from A\$26.0 million in 2H2020 in line with the increase in revenue.

Other income decreased by 58.6% to A\$0.6 million in 2H2021 compared to 2H2020 is mainly due to insurance recoveries received for property damages in 2H2020.

Administrative expenses increased by 8.2% to A\$9.8 million in 2H2021 compared to 2H2020 is mainly due to the increased employee benefits expenses and IT software and equipment to support increased revenues.

Other expenses decreased by 97.6% to A\$0.1 million in 2H2021 compared to 2H2020, the majority of this is associated with the write off of a trade receivable after Altura was placed into receivership in 2H2020.

Finance cost increased by 204.40% to A\$3.0 million in 2H2021 from A\$1.0 million is mainly due to the recognition of interest expenses from Senior Secured Notes in 2H2021, where it was capitalised in the cost of the new Assembly Hall in Henderson during the construction of this asset until 30 June 2020.

Net profit attributable to shareholders increased 107.2% to A\$19.7 million in 2H2021 from \$9.5 million in 2H2020 as a result of increased revenues in the period flowing through to the bottom line.

FY2021 vs FY2020

For the twelve months ended 30 June 2021 ("FY2021") revenue increased 72.0% to A\$674.2 million from A\$391.9 million due to the timing of projects.

Gross profit for FY2021 has increased by 68.1% to A\$75.0 million from A\$44.7 million in FY2020.

Other income for the twelve months ended 30 June 2021 ("FY2021") increased by 15.0% to A\$2.5 million from A\$2.2 million ("FY2020") due to the gain on disposal of property, plant and equipment and insurance recoveries.

Administration and other expenses for FY2021 decreased by 3.0% compared to FY2020 is mainly due to the recognition of impairment losses on receivables and a loss on asset valuation less than book value of the freehold land and buildings in FY2020. Excluding these one-off expenses, administration and other expenses were 10.4% higher at A\$18.9 million, from A\$17.2 million in FY2020.

Finance costs for the FY2021 increased by 154.0% to A\$6.5 million from A\$2.6 million due to the recognition of interest expenses from Senior Secured Notes in FY2021, where it was capitalised in the cost of the cost of the new Assembly Hall in Henderson during the construction of this asset until 30 June 2020.

Net profit attributable to shareholders increased 97.7% to A\$34.8 million in FY2021 from A\$17.6 million in FY2020 mainly due to the increased gross profit.

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\$292.1 million as at 30 June 2021 from A\$263.2 million as at 30 June 2020 as a result of profits earned, share based payment provided and net gains on revaluation of property plant and equipment.

Trade and other receivables increased to A\$87.5 million as at 30 June 2021 from A\$74.5 million as at 30 June 2020 due to the increased contract activity.

Contract assets decreased to A\$82.6 million as at 30 June 2021 from A\$95.1 million as at 30 June 2020 as some of those assets were invoiced to customers in the period.

Trade and other payables and contract liabilities decreased to A\$167.5 million as at 30 June 2021 from A\$174.3 million as at 30 June 2020 due to contract fulfilment.

Cash and cash equivalents as at 30 June 2021 were A\$48.2 million increasing from A\$27.7 million as at 30 June 2020 due to continuing positive cashflow from operations and reduction in capital expenditure offset by increased dividend payments and tax obligations.

Property, plant and equipment increased to A\$412.0 million as at 30 June 2021 from A\$397.8 million as at 30 June 2020, predominantly as a result of the Group's construction of the submarine rescue facility in Henderson, purchase of new construction equipment and a net gain from revaluation of property.

Overall lease liabilities increased to A\$54.8 million as at 30 June 2021 from A\$54.1 million as at 30 June 2020 mainly as a result of new leases entered and re-measurement of existing leases due to increased CPI during the year.

Overall borrowings decreased to A\$60.0 million as at 30 June 2021 from A\$62.4 million as at 30 June 2020 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\$77.1 million in FY2021 compared to A\$42.5 million in FY2020. Net cash flow generated from operating activities was positive at A\$58.3 million.

The Group used A\$21.6 million in capital expenditure, predominantly related to the development of the submarine rescue facilities in Henderson and purchase of new construction equipment to replace ageing equipment.

The Group repaid A\$27.3 million to borrowings and leases. The Group also paid a final dividend for the financial year ended 30 June 2020 and an interim dividend for the financial year ended 30 June 2021.

As at 30 June 2021 the Group's cash and cash equivalents were A\$48.2 million up from A\$27.7 million as at 30 June 2020.

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 has continued to fortify its financial position for FY2021, with consistent net profit returned over the year and sustained revenue growth.

The Group has been very proactive with the implementation of measures at both its manufacturing and onsite 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, thereby keeping people employed.

Ongoing border restrictions have resulted in tightening labour availability with reduced migration and restricted interstate travel both contributing to localized skills shortages. For this reason, the Group is taking a measured approach to tendering activities with a focus on securing projects that we are confident of having resources available to deliver if we are successful in securing those projects.

In the first full year of operation of our new assembly hall in Henderson, activity has increased during the period across all sectors that we operate, and the facility has had a positive impact on our results. The facility recently hosted the keel laying ceremony for the fourth offshore patrol vessel (OPV), the second vessel of its class being constructed in our facility and with work already secured, activity levels at our Henderson facilities will remain high.

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)

As recently announced, the Group has taken steps towards establishing a permanent Civmec owned and operated facility in the Pilbara region of Western Australia. The Pilbara is the location from where much of the Company's construction and maintenance activities are delivered and the Company has agreed to purchase 5 hectares of land in the Port Hedland region, located in the industrial area known as Wedgefield.

The decision to locate in Port Hedland was chosen as it is the port location for existing blue chip clients such as BHP, Fortescue and Roy Hill, is within close proximity to many other resource clients such as Rio Tinto and energy clients such as Woodside, as well as being close to many inland mine sites in the greater Pilbara region.

Over an 18-month period the company expects to invest approximately \$10 million on the Port Hedland business establishment and facility costs and the company expects to get a return on the capital invested over the coming years with increased capacity in the Pilbara region.

Tendering activity remains strong across all sectors that we operate in and we are focussed on securing projects that will allow us to grow our workforce at a sustainable rate given the labour constraints we are experiencing. We continue to have early contractor involvement (ECI) with many of our existing and new clients across our operating sectors for future opportunities, so overall we remain positive about the pipeline and the opportunities to continually replenish our order book. We are also increasingly focussed on growing the proportion of revenue earned on long term contracts.

New contract wins and contract extensions in the period continue to replenish the order book, increasing the order book to A\$1,006 million at 30 June 2021, compared to A\$900 million at 30 June 2020. This order book secures the majority of the revenue planned for the next 12 months, with a portion of the secured order book extending as far as 2029.

11. Dividend

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

Yes, subject to approval by shareholders

Name of Dividend	Final (Foreign Sourced)
Dividend Type	Cash
Dividend Amount per Share	1.0 Australian Cent
Tax Rate	Tax Exempt
Number of Shares	501,085,000

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	1.0 Australian Cent
Tax Rate	Tax Exempt
Number of Shares	500,985,000

11. Dividend (continued)

c) Date payable

The proposed final dividend is subject to approval by shareholders in the forthcoming Annual General Meeting. Subject to approval by shareholders, the dividend will be payable on 17 December 2021.

d) Books closure date

Duly completed registrable transfers in respect of the shares in the Company received up to 5:00 p.m. on 6 December 2021 ("Record Date") by the Company's Share Registrars will be registered to determine Members' entitlements to the Final Dividend. Members whose Securities Accounts are credited with shares in the Company as at 5:00 p.m. on the Record Date will be entitled to the Final Dividend

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 2021 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>2021</u>				<u>2020</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	38,317	559,781	76,088	674,186	14,102	338,674	39,092	391,868
Cost of sales (excluding depreciation)	(32,447)	(486,096)	(66,674)	(585,217)	(11,967)	(293,730)	(31,286)	(336,983)
Depreciation expense	(1,581)	(8,197)	(4,153)	(13,931)	(729)	(5,179)	(4,326)	(10,234)
Segment results	4,289	65,488	5,261	75,038	1,406	39,765	3,480	44,651
Other income				2,572				1,951
Share of (loss)/profit of associate/joint ventures				(97)	201	-	-	201
Unallocated costs								
Finance costs				(6,481)				(2,552)
Administrative expenses*				(18,744)				(16,723)
Depreciation in admin expenses*				(243)				(230)
Impairment loss on trade and other receivables and write off	-	(1,846)	-	(1,846)	(11)	(2,667)	-	(2,678)
Loss on revaluation of land and buildings				-				(1,611)
Other expenses				(2)				(243)
Profit before income tax				50,197				22,766
Income tax expense				(15,569)				(5,217)
Net profit for the year				34,628				17,549
Segment assets:								
Intangible assets	-	10	-	10	-	10	-	10
Unallocated assets:								
Assets				630,389				595,892
Other current assets				1,903				2,051
Deferred tax assets				4,637				2,408
Total assets				636,939				600,361
Segment liabilities:								
Unallocated liabilities								
Liabilities				271,692				265,446
Borrowings				60,000				62,387
Provisions				13,379				9,455
Total liabilities				345,071				337,288
Other segment information								
Capital expenditures during the year				21,616				70,039

*Administrative expenses above exclude depreciation which is disclosed separately above.



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 increased 65.3% to A\$559.8 million (FY2020: A\$338.7 million) as timing of new projects commencing.

Gross profit for the sector in FY2021 was A\$65.5 million up from A\$39.8 million in FY2020 reflecting the improved gross profit margin.

Revenue for the Oil & Gas sector increased 171.7% to A\$38.3 million (FY2020: A\$14.1 million) and gross profit improved to A\$4.3 million in FY2021 from A\$1.4 million in FY2020 which is in line with the growth in revenue.

Revenue for the Infrastructure & Defence sector increased 94.6% to A\$76.1 million (FY2020: A\$39.1 million) as timing of new projects commencing. Gross profit contribution for the sector in FY2021 was A\$5.3 million up from A\$3.5 million in FY2020.

17. A breakdown of sales as follows:

	Group FY2021	FY2020	% increase/ (decrease)
	<u>A\$'000</u>	<u>A\$'000</u>	
(a) Sales reported for first half year	305,699	166,175	84.0
(b) Operating profit after tax before deducting non-controlling interest reported for first half year	15,022	7,980	88.2
(c) Sales reported for second half year	368,487	225,693	63.3
(d) Operating profit after tax before deducting non-controlling interest reported for second half year	19,606	9,569	104.9

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

	FY2021	FY2020
	<u>A\$'000</u>	<u>A\$'000</u>
(a) Ordinary	10,021	3,729
(b) Preference	-	-
(c) Total	10,021	3,729

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

James Finbarr Fitzgerald
Executive Chairman

26 August 2021