

Appendix 4D

Half-Year Report

Period ended 31 December 2017

DECMIL GROUP LIMITED

ABN 35 111 210 390

Reporting Period & Previous Corresponding Period

The current reporting period is for the half-year ended 31 December 2017.
The prior reporting period is for the half-year ended 31 December 2016.

Results for announcement to the market

Amounts expressed in \$A'000

	Results	% Movement	Increase/ Decrease
Revenues from ordinary activities	148,451	4%	Decrease
Loss after tax from ordinary activities attributable to members	(6,259)	327%	Increase
Net loss after tax for the period attributable to members	(6,259)	327%	Increase

Dividend Payments

Date the 2018 interim dividend is payable

Not applicable

Record date to determine entitlements to the interim dividend

Not applicable

Date interim dividend was declared

Not applicable

Dividends	Amount per security	Franked amount per security	Total dividend payment \$'000
<u>Financial Year Ended 30 June 2018</u> Interim dividend	N/A	N/A	N/A
<u>Financial Year Ended 30 June 2017</u> Final dividend Interim dividend	N/A 2.0¢	N/A 2.0¢	N/A 3,435

Explanation of Results

Operations in the six months ended 31 December 2017 reflected the diversity of the Group, with project activity spanning a number of sectors including WA Iron Ore works, Queensland coal seam gas upstream maintenance, various public sector infrastructure projects, road and bridge projects for State road authorities and renewable energy.

Revenue of \$140.8m for the six months ended 31 December 2017 was steady and at a comparable level to the six months ended 31 December 2016 (\$141.7m). The Company secured a number of new and larger contracts in the later part of H1FY18 which is expected to contribute to strong revenue growth in the second half of the 2018 financial year and into the 2019 financial year.

Gross margin percentage for the six months ended 31 December 2017 was 13.6% which was an improvement to the six months ended 31 December 2016 (11.9%).

As part of the Group's focus on the Infrastructure, Resources and Renewable Energy sectors it permanently exited non-core operations in the telecommunications and design consulting sectors, resulting in a total loss on discontinued operations of \$6.0m for the six months ended 31 December 2017.

Administration costs for the six months ended 31 December 2017 amounted to \$15.7m and is expected to reduce in the second half of the 2018 financial year due to the overhead and structural rationalisation that has occurred across the Group from FY16 to H1FY18. This together with increasing revenue levels in the business will drive an improvement in EBITDA margins in H2FY18 and in the 2019 financial year.

The Group generated positive operating cash flow in H1FY18 of \$1.7m.

At 31 December 2017 the Group's strong balance sheet reflected an overall net cash position, no drawn core senior secured debt and net tangible assets of \$130 million.

In H1FY18 the Group has also expanded working capital and bonding capacity to over \$215m of facilities to fund expected growth in its operations going into FY19.

NTA backing	31 December 2017 Cents per share	31 December 2016 Cents per share
Net tangible asset backing per ordinary share	74.7 cents	89.3 cents

Control gained or lost over entities having material effect

As part of the Group's refocus on its core construction and engineering business units, on 1 November 2017 the Group's telecommunications division consisting of SC Holdings Pty Ltd and its subsidiaries SC Services Pty Ltd and SC Equipment Holdings Pty Ltd and the Group's design consulting business, Scope Australia Pty Ltd, were discontinued.

Details of associates and joint venture entities

Decmil Australia Pty Ltd, a controlled entity of Decmil Group Limited, has a 50% participation interest in the Decmil BESIX Joint Venture with joint venture partner BESIX Australia Pty Ltd to complete a ~\$21.0m contract for Fortescue Metals Group for the provision of tug infrastructure and service facilities at Anderson Point, Port Hedland in Western Australia.

Decmil Construction NZ Limited, a controlled entity of Decmil Group Limited, has a 50% participation interest in the Stanley Decmil Joint Venture with joint venture partner Stanley Construction Limited to construct the Thames Indoor Sports Facility for the Thames Coromandel District Council located in Thames, New Zealand valued at NZD\$3.4m.

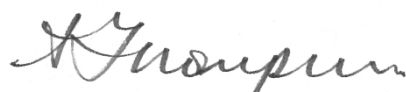
Decmil Australia Pty Ltd, a controlled entity of Decmil Group Limited, is a participant in two unincorporated joint ventures with Balance Utility Solutions Pty Ltd. The first is a 50% participation interest in the delivery of a battery energy storage system for Western Power in Perenjori, Western Australia valued at \$1.6m. The second is a 67% participation interest in the construction of a 10MW solar farm in Goulburn, New South Wales and a two year operation and maintenance contract for Gullen Solar Pty Ltd valued at \$19.2m.

Material interests in entities which are not controlled entities

Not applicable.

Compliance statement

This report is based on accounts which have been subject to independent review.



Signed by Alison Thompson, Company Secretary
28th February 2018