

Appendix 4D

Half-Year Report

Period ended 31 December 2016

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 2016.
 The prior reporting period is for the half-year ended 31 December 2015.

Results for announcement to the market

Amounts expressed in \$A'000

	Results	% Movement	Increase/ Decrease
Revenues from ordinary activities	154,587	10%	Decrease
Profit after tax from ordinary activities attributable to members*	(1,466)	97%	Decrease
Net profit after tax for the period attributable to members*	(1,466)	97%	Decrease

* Period ended 31 December 2015 includes a fair value adjustment of \$57.8m on Homeground Gladstone.

Dividend Payments

Date the 2017 interim dividend is payable

29 March 2017

Record date to determine entitlements to the interim dividend

8 March 2017

Date interim dividend was declared

27 February 2017

Dividends	Amount per security	Franked amount per security	Total dividend payment \$'000
<u>Financial Year Ended 30 June 2017</u>			
Interim dividend	2.0¢	2.0¢	3,435
<u>Financial Year Ended 30 June 2016</u>			
Final dividend	2.0¢	2.0¢	3,398
Interim dividend	2.0¢	2.0¢	3,398

Explanation of Results

Operations for the six months to 31 December 2016 reflects the diversification of the Group in recent years, with project activity spanning a number of sectors including WA Iron Ore sustaining capital works, Queensland coal seam gas upstream maintenance, Defence enabling infrastructure, road and bridge projects for State road authorities, renewable energy and telecommunications.

Revenue from continuing operations for the six months ended 31 December 2016 decreased by 10.9% to \$152.5 million. Despite the decreased revenue, EBITDA of \$8.1m (excluding various one off and restructuring costs) for the six months ended 31 December 2016 was comparable to the adjusted EBITDA of \$8.3m (excluding the Homeground revaluation and restructuring costs) achieved in the same period last year, largely due to a greater contribution from the Homeground Gladstone accommodation village which achieved an average occupancy of 30%.

Visibility of Group revenue for the 2018 financial year has improved in recent months due to recent contract wins and tendering activity and a general improvement in the Group's core sectors of natural resources, infrastructure and renewable energy.

At 31 January 2017, FY18 work in hand and visible revenue stands at ~\$175m.

Management and the Board have continued to work towards transforming the business and to position it going into the 2018 financial year with:

- An overhead base that is appropriate for the volumes of work in the market (decreasing from \$44.2m in FY15 to less than \$30m expected in FY18);
- A diverse range of markets including natural resources, infrastructure and renewable energy; and
- A truly national presence across the Australasian region.

The Group maintained a net cash position including cash on hand of \$17.9 million at 31 December 2016. The Group still has minimal core senior debt (\$8.0m at 31 December 2016) and recently renegotiated its principal banking facilities, retaining undrawn access to debt and bonding facilities to fund operations.

At 31 December 2016 the Group reported a \$239.6 million net asset position and a \$153.3 million tangible net asset position. Of the \$153.3 million net tangible assets, \$134.5 million is real property comprised of the Gladstone accommodation village and the Group's office building located at 20 Parkland Road, Osborne Park, in Perth.

NTA backing	31 December 2016 Cents per share	31 December 2015 Cents per share
Net tangible asset backing per ordinary share	89.3 cents	100.3 cents

Control gained or lost over entities having material effect

Not applicable.

Details of associates and joint venture entities

Decmil Australia Pty Ltd, a controlled entity of Decmil Group Limited, has two ownership interests in the Decmil Balance Joint Venture with Balance Utility Solutions Pty Ltd. The first is a 50% ownership 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% ownership 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.

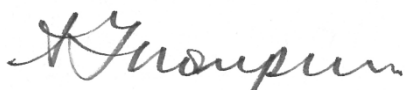
In addition, Decmil Construction NZ Limited, a controlled entity of Decmil Group Limited, has a 50% ownership interest in the Stanley Decmil Joint Venture with joint venture partner Stanley Construction Limited to construct the Thames Indoor Sports Facility for the Thames Coromandel District Council located in Thames, New Zealand valued at NZD\$3.8m.

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 2017