



DECMIL GROUP LIMITED

ABN 35 111 210 390

**INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2014**





CORPORATE DIRECTORY

Directors

Bill Healy, Non-Executive Chairman
Scott Criddle, Managing Director
Denis Criddle, Non-Executive Director
Trevor Davies, Non-Executive Director
Giles Everist, Non-Executive Director
Lee Verios, Non-Executive Director

Executive Team

Scott Criddle, Chief Executive Officer
Craig Amos, Chief Financial Officer
Jon Holmes, Executive General Manager -
Construction
Pamela Rosenthal, General Manager -
Accommodation

Company Secretary

Alison Thompson

Australian Business Number

35 111 210 390

Principal Registered Address

20 Parkland Road
Osborne Park WA 6017
Telephone: 08 9368 8877
Facsimile: 08 9368 8878

Postal Address

PO Box 1233
Osborne Park WA 6916

Operational Offices

Decmil Australia Pty Ltd,
Homeground Villages Pty Ltd &
Decmil Telecom Pty Ltd
20 Parkland Road
Osborne Park WA 6017
Telephone: 08 9368 8877
Facsimile: 08 9368 8878

Decmil Australia Pty Ltd &
Homeground Villages Pty Ltd
Level 5, 60 Edward Street
Brisbane QLD 4000
Telephone: 07 3640 4600
Facsimile: 07 3640 4690

Eastcoast Development Engineering Pty Ltd &
Decmil Engineering Pty Ltd
265 Queensport Road North
Murarrie QLD 4172
Telephone: 07 3908 4900
Facsimile: 07 3908 4955

Auditor

RSM Bird Cameron Partners
8 St Georges Terrace
Perth WA 6000
Telephone: 08 9261 9100
Facsimile: 08 9261 9111

Share Registry

Computershare Investor Services Pty Limited
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Lawyers

Ashurst
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Bankers

National Australia Bank Limited
100 St Georges Terrace
Perth WA 6000
Telephone: 13 10 12

Controlled Entities

Decmil Australia Pty Ltd
Decmil Engineering Pty Ltd
Decmil PNG Limited
Decmil Construction NZ Limited
Eastcoast Development Engineering Pty Ltd
Homeground Villages Pty Ltd
Homeground Gladstone Pty Ltd ATF
Homeground Gladstone Unit Trust
Homeground Broome Pty Ltd
Decmil Properties Pty Ltd
Decmil Infrastructure Pty Ltd
Cornelisse Shoal Pty Ltd
Decmil Services Pty Ltd
Decmil Telecom Pty Ltd trading as
SAS Telecom

ASX Code

DCG



DIRECTOR'S REPORT

Your directors submit the financial report of Decmil Group Limited for the half-year ended 31 December 2014.

Directors

The names of directors who held office during or since the end of the half-year:

Mr Denis Criddle
Mr Scott Criddle
Mr Trevor Davies
Mr Giles Everist
Mr Bill Healy (Chairman)
Mr Lee Verios

Review of Operations

Overview

Despite challenging conditions in its traditional markets, the Company has delivered a strong financial result reporting a 48.0% increase in consolidated revenue to \$389.8 million for the six months ended 31 December 2014. Lower construction margins however did see the consolidated net profit after tax decline by \$1.4 million or 5.6% to \$24.3 million.

Key features of the results for the six months to 31 December 2014 include:

- Ongoing progress on key contracts with the Department of Immigration and Border Protection ("DIBP"), Roy Hill, Queensland Gas Corporation ("QGC") and Rio Tinto;
- Reducing Group corporate overhead by \$1.3 million or 5.5% on the same period last year; and
- Strong occupancy levels at Homeground Gladstone (average of 81% over the period), which has now established itself as the premier workforce accommodation facility in the greater Gladstone region.

Operations

During the period the Group continued with progress on its key construction contracts for the DIBP and for Roy Hill. The facilities being constructed for DIBP at Lorengau achieved practical completion in October 2014 and the project at Lombrum is scheduled for completion in mid-2015. The successful delivery of these challenging projects represents landmarks achievements for Decmil as a managing contractor.

Work has also continued under the Group's contract with QGC. The latest \$65 million extension in January 2015 will see Decmil move from the project to operational phase of QGC's upstream coal seam gas assets, supporting with wellhead construction, logistics, material management and a range of construction services for 2015.

The Group has made recent strides as a significant contractor to Government on infrastructure projects. In addition to the work for the DIPB, Decmil is currently undertaking work for a variety of Federal and State departments on projects such as roads and bridges; as well as education, health and defence facilities.

Homeground Villages experienced strong occupancy for the six months to 31 December 2014 and has now established itself as the premier workforce accommodation facility in the greater Gladstone region with a diversified customer base across the resource and construction sectors.



Financial Performance

Revenue within the Construction and Engineering division grew by 54.2% over the same period last year to \$357.3 million, which is a pleasing result given the challenging conditions in the iron ore and LNG construction sectors. This is a direct result of the diversification into Government sector work and also the operational nature of the work performed for QGC.

The challenging conditions in the iron ore and LNG sectors, and a greater exposure to Government infrastructure, did see construction margins decline, resulting in the gross margin and earnings before interest, tax and depreciation of the division staying relatively flat at \$42.7 million and \$24.8 million respectively.

Homeground Villages contributed strongly to Group profitability for the half year ended 31 December 2014, generating revenue of \$31.6 million and earnings before interest, tax and depreciation of \$13.7 million.

Group corporate overhead reduced by \$1.3 million or 5.5% on the same period last year. This was driven by the removal of discretionary spend from budgets, not replacing roles being vacated by natural attrition, consolidating functions, eliminating consultant spend and insourcing the work; and replacement hires being made at lower salaries than incumbents due to the downturn in the employment market.

Financial Position

The Group maintained a strong net cash position with cash on hand of \$58.4 million at the end of the period (\$59.3 million at 30 June 2014).

The Group remains free of core senior debt and recently renegotiated its principal banking facilities, retaining significant undrawn access to debt funding should it be required.

Strategy and Outlook

Decmil's traditional clients in the iron ore and LNG sector continue to face difficult macroeconomic conditions with depressed commodity prices having an impact on major capital expenditure. At the same time, the Australian iron ore and LNG industries are in the process of transitioning from an unprecedented phase of construction into the operational phase of the major projects. Fiscal challenges have also slowed the level of new infrastructure investment by State and Federal Government.

Notwithstanding the challenging environment, the Company continues to seek new opportunities in its existing construction and engineering business through a focussed approach on those sectors the Company anticipates growth in, as well as expansion of the engineering services the Group offers to the operational and sustaining capital phase of major iron ore and LNG projects.

Material risks facing the Construction and Engineering division include continued weakness in the broader construction and engineering sector and a reduction in growth capital expenditure across major new natural resource projects.

The Accommodation division has solidified its position in the Gladstone workforce accommodation market, with key tenants such as Bechtel remaining present in the village. Reduced short term occupancy levels remains a risk the business will face, however the relationship with key clients such as Bechtel bodes well for Homeground as it pursues opportunities to provide workforce accommodation in the operating and maintenance cycle of the major projects in Gladstone. The Accommodation division also continues to focus on providing an expanded range of services to its key clients, including workforce mobilisation and roster management services.

On 6 November 2014 the Company announced it had acquired the business assets of SAS Telecom. SAS is a telecommunications services company supplying communication systems, structured cabling (fibre and copper) and data supply to accommodation villages, resource projects, government infrastructure and commercial buildings. SAS also provides managed services of communication systems and other services related to the hosting of systems and the transmission of data.



The acquisition provides Decmil with a platform into the telecommunication installation market and the provision of related managed services. There are also synergies within the Group's existing construction, engineering and accommodation services divisions.

The Group will continue to pursue Build Own Operate (BOO) opportunities in infrastructure to the resources sector and Government, as well as in Public Private Partnerships (PPP). Recent progress made include a Decmil consortium being shortlisted to one of three parties in the running for the Western Australia Schools PPP.

Dividend

The Board has declared an interim dividend of 4.5 cents per share (fully franked). The half year dividend payout represents a 31.2% payout ratio which is a slight increase with the comparative period payout and in line with the Board's dividend payout policy. This policy will continue to be reviewed in line with trading conditions.

Rounding of Amounts

The consolidated entity has applied the relief available to it in ASIC Class Order 98/100 and accordingly certain amounts in the financial report and the directors' report have been rounded off to the nearest \$1,000, unless otherwise indicated.

Auditor's Declaration

The auditor's independence declaration under section 307C of the Corporations Act 2001 is included within this financial report.

This report is signed in accordance with a resolution of the Board of Directors.

Bill Healy
Chairman

Dated this 18th day of February 2015

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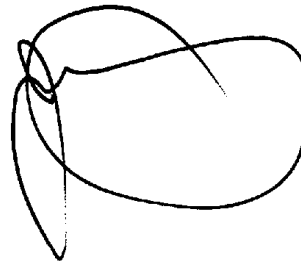
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Decmil Group Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS



Perth, WA
Dated: 18 February 2015

J A KOMNINOS
Partner



**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED
31 DECEMBER 2014**

	Note	Consolidated Entity	
		31/12/2014	31/12/2013
		\$000	\$000
Revenue	2	389,841	263,420
Cost of sales		(329,319)	(198,611)
Gross profit		60,522	64,809
Administration expenses		(21,560)	(22,566)
Borrowing expenses		(192)	(692)
Depreciation and amortisation expense		(3,423)	(3,314)
Equity based payments		(216)	(469)
Gain arising from business combination		-	207
Profit before income tax		35,131	37,975
Income tax expense		(10,831)	(12,227)
Net profit after income tax expense		24,300	25,748
Other Comprehensive Income			
Other comprehensive income		-	-
Total comprehensive income for the period		24,300	25,748
Basic earnings per share (cents per share)		14.41	15.28
Diluted earnings per share (cents per share)		14.41	15.28

The accompanying notes form part of the interim financial report



CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Consolidated Entity		
	31/12/2014	30/06/2014	
	\$000	\$000	
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	58,441	59,308	
Trade and other receivables	53,660	113,861	
Work in progress	13,515	19,607	
Other current assets	18,302	11,265	
TOTAL CURRENT ASSETS	143,918	204,041	
NON-CURRENT ASSETS			
Investment property	188,251	188,182	
Property, plant and equipment	37,888	40,450	
Deferred tax assets	2,994	3,728	
Intangible assets	70,168	69,343	
TOTAL NON-CURRENT ASSETS	299,301	301,703	
TOTAL ASSETS	443,219	505,744	
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	107,372	178,599	
Current tax payable	1,684	5,804	
Borrowings	2,763	1,178	
Provisions	6,924	5,763	
TOTAL CURRENT LIABILITIES	118,743	191,344	
NON-CURRENT LIABILITIES			
Deferred Tax Liabilities	11,185	10,796	
Borrowings	401	797	
TOTAL NON-CURRENT LIABILITIES	11,586	11,593	
TOTAL LIABILITIES	130,329	202,937	
NET ASSETS	312,890	302,807	
EQUITY			
Issued capital	3	163,636	163,517
Retained earnings		149,254	139,290
TOTAL EQUITY		312,890	302,807

The accompanying notes form part of the interim financial report



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Issued Capital	Retained Earnings	Total
	\$000	\$000	\$000
Balance at 1 July 2013	163,451	107,745	271,196
Net profit for the period	-	25,748	25,748
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	163,451	133,493	296,944
Shares issued for the period	399	-	399
Transaction costs net of tax benefit	(102)	-	(102)
Equity based payments	469	-	469
Performance rights converted to shares	(399)	-	(399)
Dividends recognised for the period	-	(13,492)	(13,492)
Balance at 31 December 2013	163,818	120,001	283,819
Balance at 1 July 2014	163,517	139,290	302,807
Net profit for the period	-	24,300	24,300
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	163,517	163,590	327,107
Shares issued for the period	-	-	-
Transaction costs net of tax benefit	(97)	-	(97)
Equity based payments	216	-	216
Performance rights converted to shares	-	-	-
Dividends recognised for the period	-	(14,336)	(14,336)
Balance at 31 December 2014	163,636	149,254	312,890

The accompanying notes form part of the interim financial report



CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Consolidated Entity	
	31/12/2014	31/12/2013
	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	449,320	287,213
Payments to suppliers and employees	(419,914)	(236,403)
Interest received	375	344
Finance costs	(192)	(692)
Income tax paid	(13,980)	(9,991)
Net cash provided by operating activities	15,609	40,471
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(982)	(2,888)
Purchase of investments, net of cash acquired	(925)	915
Proceeds from sale of non-current assets	331	272
Net cash used in investing activities	(1,576)	(1,701)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of borrowings	(564)	(12,456)
Costs of issuing shares	-	(5)
Dividends paid by parent entity	(14,336)	(13,492)
Net cash used in financing activities	(14,900)	(25,953)
Net (decrease)/increase in cash held	(867)	12,817
Cash at beginning of period	59,308	43,712
Cash at end of period	58,441	56,529

The accompanying notes form part of the interim financial report



NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 1: BASIS OF PREPARATION

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include full disclosures of the type normally included in an annual financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2014 and any public announcements made by Decmil Group Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The half-year financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets. The same accounting policies and methods of computation have been followed in this half-year financial report as were applied in the most recent annual financial report, except as set out below:

New and Revised Accounting Standards and Interpretations

The consolidated entity has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these new and revised Accounting Standards and Interpretations has not resulted in a significant or material change to the consolidated entity's accounting policies.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the consolidated entity.

	Consolidated Entity	
	31/12/2014	31/12/2013
	\$000	\$000
NOTE 2: REVENUE		
Revenue from operating activities:		
- sale of goods and services	389,005	262,891
Revenue from non-operating activities:		
- other non-operating income	836	529
Total revenue	389,841	263,420

	Consolidated Entity	
	31/12/2014	30/06/2014
	\$000	\$000
NOTE 3: ISSUED CAPITAL		
a) Paid up capital		
Fully paid ordinary shares	163,636	163,517

	No of Shares '000	Paid Up Capital \$000
b) Movements		
Balance 1 July 2014	168,658	163,517
Performance rights converted to shares	-	-
	168,658	163,517
Add: Equity based payments		216
Less: Transaction costs net of tax benefit		(97)
		163,636



NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014 (CONT'D)

NOTE 4: DIVIDENDS

The 2014 final dividend of 8.5 cents per share franked at the rate of 30% was paid on 24 September 2014. The dividend paid totalled \$14.336 million.

On 18 February 2015, the company proposed a fully franked 4.5 cent per share interim dividend with a record date of 3 March 2015 and payment date of 24 March 2015. The total amount of this dividend payment will be \$7.590 million.

NOTE 5: BUSINESS COMBINATIONS

On 2 December 2014, the consolidated entity acquired the business assets and liabilities of SAS Telecom Pty Ltd for a purchase consideration of \$924,858. SAS Telecom provides telecommunications services including communication systems, structured cabling and data supply and provides managed services of communication systems.

The business assets and liabilities were acquired by Decmil Telecom Pty Ltd, a wholly owned subsidiary which is now trading as SAS Telecom.

The acquisition is part of the consolidated entity's overall strategy to diversify its capability and continue to expand into new sectors.

	Fair Value
	\$000
Purchase consideration consisting of:	
Cash consideration	925
Less: cash acquired	-
Cash outflow on acquisition	<u>925</u>
Assets and liabilities held at acquisition date:	
Work in progress	83
Other assets	14
Plant and equipment	78
Intangible assets (customer contracts)	848
Provisions	<u>(98)</u>
Identifiable assets acquired and liabilities assumed	<u>925</u>
Purchase consideration settled in cash	<u>925</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014 (CONT'D)

NOTE 6: SEGMENT INFORMATION

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The consolidated entity operates as three segments.

1. Construction & Engineering
 - Decmil Australia Pty Ltd – multi-discipline design, civil engineering and construction services;
 - Decmil Engineering Pty Ltd – civil construction specialising in roads;
 - Decmil PNG Limited – construction arm of Decmil located in Papua New Guinea; and
 - Eastcoast Development Engineering Pty Ltd – fabrication and installation of high pressure pipes, vessels and tanks.
2. Accommodation
 - Homeground Villages Pty Ltd – build-own-operation of the Homeground Gladstone Accommodation Village located in Gladstone, Queensland.
3. Other
 - Decmil Telecom Pty Ltd - telecommunications and managed services of communication systems.
 - Decmil Properties Pty Ltd – owner and manager of a commercial office building located at 20 Parkland Road, Osborne Park Western Australia which derives internal and external revenue.

The consolidated entity's assets are located in Australia and Papua New Guinea.

(a) Segment performance 31/12/2014	Construction & Engineering \$000	Accommodation \$000	Other \$000	Total \$000
External sales	357,307	31,615	543	389,465
Total segment revenue	357,307	31,615	543	389,465
Segment EBITDA	24,786	13,743	247	38,776
Depreciation & amortisation expense	(2,362)	(770)	(291)	(3,423)
Net interest	289	(109)	2	182
Segment result	22,713	12,864	(42)	35,535
Gain from business combination				-
Other unallocated expenses				(404)
Income tax expense				(10,831)
Profit for the period				24,300

Segment performance 31/12/2013	Construction & Engineering \$000	Accommodation \$000	Other \$000	Total \$000
External sales	231,752	31,134	189	263,075
Total segment revenue	231,752	31,134	189	263,075
Segment EBITDA	23,898	17,211	677	41,786
Depreciation & amortisation expense	(2,206)	(843)	(265)	(3,314)
Net interest	166	(420)	(94)	(348)
Segment result	21,858	15,948	318	38,124
Gain from business combination				207
Other unallocated expenses				(356)
Income tax expense				(12,227)
Profit for the period				25,748



NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014 (CONT'D)

NOTE 6: SEGMENT INFORMATION (Continued)

(b) Segment assets 31/12/2014	Construction & Engineering \$000	Accommodation \$000	Other \$000	Total \$000
Current assets	129,285	11,542	1,264	142,091
Non-current assets	76,953	191,840	25,354	294,147
Other unallocated assets	-	-	-	6,981
Total segment assets	206,238	203,382	26,618	443,219

Segment assets 31/12/2013	Construction & Engineering \$000	Accommodation \$000	Other \$000	Total \$000
Current assets	108,454	11,198	117	119,769
Non-current assets	79,486	198,742	24,963	303,191
Other unallocated assets	-	-	-	15,293
Total segment assets	187,940	209,940	25,080	438,253

(c) Segment liabilities 31/12/2014	Construction & Engineering \$000	Accommodation \$000	Other \$000	Total \$000
Current liabilities	110,107	3,962	536	114,605
Non-current liabilities	401	-	-	401
Other unallocated liabilities	-	-	-	15,323
Total segment liabilities	110,508	3,962	536	130,329

Segment liabilities 31/12/2013	Construction & Engineering \$000	Accommodation \$000	Other \$000	Total \$000
Current liabilities	94,143	29,386	1,838	125,367
Non-current liabilities	1,154	-	-	1,154
Other unallocated liabilities	-	-	-	27,913
Total segment liabilities	95,297	29,386	1,838	154,434



NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014 (CONT'D)

NOTE 7: FAIR VALUE MEASUREMENT

Fair value hierarchy

The following tables detail the consolidated entity's assets measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets that the consolidated entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly

Level 3: Unobservable inputs for the asset

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Consolidated – 31 December 2014				
Assets				
Investment property	-	-	188,251	188,251
Total assets	-	-	188,251	188,251

Consolidated – 30 June 2014

Assets

Investment property	-	-	188,182	188,182
Total assets	-	-	188,182	188,182

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Investment property, has been valued using a discounted cash flow model.



NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014 (CONT'D)

NOTE 7: FAIR VALUE MEASUREMENT (CONT'D)

Movements in level 3 assets during the current financial period and previous financial year are set out below:

Consolidated	Investment	
	Properties	Total
	\$'000	\$'000
Balance at 30 June 2014	188,182	188,182
Additions	69	69
Balance at 31 December 2014	188,251	188,251

The level 3 assets unobservable inputs and sensitivity are as follows:

Unobservable Inputs	Range	Sensitivity
Room rate growth	0% to 2.5%	0.25% change would increase/decrease fair value by approximately \$980,000
Long-term occupancy rate	65% (average)	5.0% increase would increase fair value by approximately \$18,700,000 5.0% decrease would decrease fair value by approximately \$19,100,000
Post-tax discount rate	9% to 11%	0.5% increase would decrease fair value by approximately \$11,500,000 0.5% decrease would increase fair value by approximately \$12,900,000

NOTE 8: CONTINGENT LIABILITIES

As at 31 December 2014, the total value of bank guarantees and surety bonds issued to various customers for satisfactory contract performance amounted to \$82.5 million.

On 6 November 2014, Van Starr Technologies Pty Ltd (Van Starr) lodged a statement of claim in the Supreme Court of Queensland against Decmil Group Ltd (DGL) and Eastcoast Development Engineering Pty Ltd (EDE), a wholly owned subsidiary of the consolidated entity. Van Starr had been engaged as a subcontractor to perform services for EDE. The claim is being vigorously defended by the company and advice from legal counsel indicates that it is not practicable to estimate any potential liability.

Apart from the above there are no further contingent liabilities relating to the consolidated entity.

NOTE 9: EVENTS SUBSEQUENT TO REPORTING DATE

On 2 February 2015, the company extended the term of its existing finance facilities with National Australia Bank to January 2016. The renewal included a \$75 million bank guarantee and \$15 million working capital facility and a new \$75 million 3 year revolving loan facility to fund infrastructure based investments and other growth opportunities.

On 18 February 2015, the company proposed a fully franked 4.5 cent per share interim dividend with a record date of 3 March 2015 and payment date of 24 March 2015. The total amount of this dividend payment will be \$7.590 million.

Except for the matter disclosed above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.



DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out within this financial report:
 - a. comply with Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001; and
 - b. give a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date and
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Bill Healy
Chairman

Dated this 18th day of February 2015

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
DECMIL GROUP LIMITED**

We have reviewed the accompanying half-year financial report of Decmil Group Limited which comprises the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Decmil Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

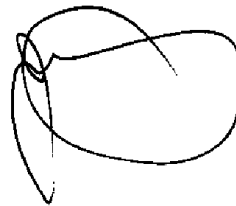
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Decmil Group Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Decmil Group Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

RSM Bird Cameron Partners
RSM BIRD CAMERON PARTNERS



Perth, WA
Dated: 18 February 2015

J A KOMNINOS
Partner