

ASX Announcement

22 February 2016



Diploma half year results 2016

KEY POINTS

- Revenue of \$88.5 million, up 88% on previous period
- NPAT of \$0.6 million up 147% on previous period
- \$15.3 million net cash inflows generated by operating activities
- \$32.3 million in project specific debt repaid
- No corporate debt.
- Construction work in hand of \$115.7 million
- Two development projects completed during the period

Leading Western Australian construction & property development company Diploma Group Limited (ASX:DGX) is pleased to announce a return to profit reporting a net profit after tax of \$0.6 million for the period ended 31 December 2015 equating to 0.12 cents per share (December 2014: loss of \$1.2 million or 0.26 cents per share). Revenue was up 88% compared to the same time last year to \$88.5 million.

The first half result was impacted from delays in the commencement of new external construction contracts along with the completion during the period of a number of projects. Diploma's current forward order book presently sits at \$115m to be completed over the next 18 months, with the group focused on replenishing the work book in the short term.

Diploma was recently awarded the Quest Midland apartment hotel project and the Yanchep Surf Life Saving Club facility for \$22m, with both projects having now commenced.

Diploma completed and settled its Quest Rockingham development for \$22m along with settling 53 out of a 73 apartments in its 288 Lord Street Highgate development during the period. The settlement of these developments contributed to the stronger half year cash position and positive operating cash inflows and allowed in excess of \$32m in project specific debt to be repaid.

The development division are expecting to complete two internal projects during the second half FY16. Capri Apartments in Rockingham remains on track for practical

**CONSTRUCTION
PROPERTY DEVELOPMENT
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Diploma Group Limited ACN 127 462 686

Diploma is at the forefront of construction and diversified development throughout Western Australia with projects spanning high rise residential, hotel, heritage restoration, mining related infrastructure and retail centres.

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ASX: DGX

completion in March 2016 with settlements to commence during April/May 2016. The project remains strongly presold with only two apartments from seventy-six available.

The Quest Hotel development on Adelaide Terrace Perth remains on track for practical completion in May 2016. The twenty storey 130 key apartment hotel is expected to be sold on completion with Diploma in discussion with several parties interested in its acquisition. On completion, the development will return substantial equity into the group.

Diploma is also pressing forward with the \$160m mixed use development in East Perth on the former Chemlabs site. The project has been submitted for development approval with the MRA with a formal sales launch expected in April/May 2016.

Commenting on the result, Diploma Group's Executive Chairman and CEO Nick Di Latte said, "The return to profit in the first half is obviously pleasing for the Group however delays in commencing third party construction work have unfortunately impacted the profit result for the first six months. The commercial construction market continues to remain challenging however our development arm successfully completed two projects during the period which have assisted the group's cash position and earnings.

Diploma's renewed focus on external party construction opportunities has already seen the current pipeline grow to over \$150m by end of third quarter, 31 March 2016."

Ends