Mincon Group plc
(“Mincon” or the “Group”)
2015 Full Year Financial Results

Mincon Group plc *(ESM:MIO AIM:MCON),* the Irish engineering group specialising in the design, manufacture, sale and servicing of rock drilling tools and associated products, announces its results for the year ended 31 December 2015.

	31 December 2015	31 December 2014	Percentage change in period
Product revenue:	**€'000**	**€'000**	
Sale of Mincon product	52,786	41,816	26%
Sale of third party product	17,480	12,728	37%
Total revenue	70,266	54,544	29%
Operating profit	9,990	10,350	-3%
Profit attributable to shareholders of the parent company	7,980	9,134	-13%

Joe Purcell, Chief Executive Officer, commenting on the results, said:
“The Mincon Group has delivered another strong performance in 2015 despite the current cyclical downturn in the mining industry and the challenges faced by certain markets that we serve. In this difficult environment we grew our revenue by 29% and achieved an operating profit margin of 14%. Overall we have improved our market position with demand for Mincon product increasing approximately 8% on a like for like basis. The impact of acquisitions and foreign currency movements has also contributed to the increase in revenue in the year.

We are pleased with the robustness of our business model and the strong operating margin delivered by the Group. The exploration industry is cyclical in nature, driven by movements in the commodity prices of base and precious metals. Therefore our focus has always been on the production mining and other market sectors such as waterwell, geothermal and construction drilling, which are less cyclical and provide a more stable platform for the long term success and growth of the business. We are ambitious for further growth.

Mincon is continuing to make progress against targets outlined at the time of the initial public offering in November 2013 with the addition of a carbide manufacturer (Marshalls) in March 2015 in addition to a Rotary manufacturer (Rotacan) in August 2014. Together with the successful integration of acquired businesses, Rotacan and Marshalls, we also continued the significant expansion of our sales footprint over the past 12 months in South America, Australia and Africa. While continuing with this controlled growth, Mincon retains its focus on manufacturing products of the highest quality for its customers. We continue to believe this focus will position us as the supplier of choice for market participants when the industry emerges from the current cyclical downturn.

In conjunction with a focus on integration of the businesses acquired, including cost discipline, we continue to assess opportunities to grow our product range through acquisition or organic expansion.”

Financial Performance

Revenue – Mincon Manufactured Products

Sales of Mincon manufactured product have increased by €11.0 million (26%) in 2015. This growth was primarily driven by three factors

- A growth of €3.3 million (8%) in legacy Mincon product sales (excluding currency movements), largely due to the Group's expanded global sales network.
- Additions to the Mincon product range through the acquisition of a Rotary product manufacturer, Rotacan, in 2014 and a tungsten carbide insert manufacturer, Marshalls, in 2015. Combined, these entities contributed approximately €5.5 million of the increase in revenue.
- Favourable foreign currency movements, mainly in the US dollar, contributing €2.2 million.

Revenue from our conventional down-the-hole (DTH) hammer represented 52% (2014: 59%) of Group turnover with sales of Reverse Circulation (RC), Horizontal Directional Drilling (HDD) and Rotary product representing 20% (2014: 18%) of Group turnover. Demand for our DTH product grew 8% (excluding currency) driven by an increase in market share in West Africa, Southern Africa and Australia. HDD product was flat year-on-year with a slight increase in the demand for RC product, primarily in Africa. RC product sales are more cyclical depending largely on the global prices for precious metals and the corresponding demand for exploration product and this market is currently at an extremely low ebb.

Revenue – Sale of third party products

Sales of non Mincon manufactured product increased overall by 37% (€4.8 million) year-on-year. This increase was driven by the opening of three additional sales offices in Chile, Western Australia and Tanzania during 2015 and the full year impact of opening sales offices in Namibia and Eastern Australia in August 2014. Offsetting these increases was a lack of drill rig sales in 2015 (€2.2 million in 2014).

Markets

EMEA continues to be the most significant market for Mincon, representing 49% (2014: 54%) of our revenue. Revenue in this region increased €5.0 million mainly due to acquisitions (Marshalls Carbide, Mincon Namibia and Mincon Tanzania). The Americas represents Mincon's second most significant market, representing 29% (2014: 29%) of our revenue. Revenue in this region increased by €5.0 million (32%) primarily due to the acquisition of Rotacan and the strength of the US Dollar. Excluding the impact of acquisitions and currency, revenue in the Americas declined due to market weakness in Canada. Revenues in the Australasia region represented 22% (2014: 17%) of our revenue. Revenue in this region increased by €5.7m (60%) due to the acquisition of two new sales offices in the region.

Gross Profit Margins

The gross margin reduced by 3% to 40% in 2015 primarily due to the 37% increase in third party product sales, which earn a lower margin for the Group. Additionally, sales of tungsten carbide product earn a significantly lower gross margin than other Mincon manufactured products. Other factors impacting the gross margin for the year were pricing pressure on Mincon product sales and the impact of a reduction in RC product sales. Management's primary focus is on the growth in sales of Mincon manufactured product, which generates a significantly higher margin than the distributorship margin received on the sale of third party product.

Currency

The Group's worldwide presence creates currency volatility when compared year on year. In 2015, there were two major movements in Mincon's operational currencies:

- A strengthening in the US Dollar of 16% on average compared to 2014, which resulted in an increase in the reported revenue for the year. However, Mincon has a significant US Dollar cost base through our operations in Illinois and Virginia in the USA and North Bay in Canada. As a result, the strengthening US Dollar did not significantly impact reported profit for 2015.
- A significant devaluation in the South African rand in the second half of the year with the closing rate being 20% lower than at 31 December 2014. This was the primary factor in a foreign currency loss of €1.2 million being recorded as a financing expense.

While Group management makes every effort to reduce the impact of this currency volatility, it is impossible to eliminate or significantly reduce this volatility given the location and currency denomination of our primary manufacturing facilities (mainly euro, GBP or USD denominated) and the markets which we serve (45% of revenue is to non-euro, GBP or USD markets). Additionally, the ability to increase prices for our products in these jurisdictions is limited by current market factors.

Operating Costs

Operating costs have increased by €5.1 million (39%) to €18.3 million primarily due to the seven acquisitions completed between August 2014 and March 2015, which added €4.1 million in operating expenses including restructuring and acquisition related costs. Other operating costs increased €1.0 million predominantly due to foreign currency movements (€0.4 million) and the growth in our operations. The Group implemented a number of cost reduction efforts during the year, but also invested in sales and research and development personnel to support the future growth of Mincon.

Operating Profit and Profit attributable to shareholders

Operating profit declined €0.4 million (3%) in 2015 as the increase in gross profit was more than offset by the increase in operating expenses as outlined above. Profit attributable to shareholders reduced by €1.2 million largely due to the following factors:

- A reduction in operating profit of €0.4 million;
- A reduction in net interest income of €0.4 million due to the reduction in deposit interest rates;
- A foreign exchange loss of €1.2 million compared to a gain in 2014 of €0.6 million;
- A gain of €0.7 million (2014: loss of €0.2 million) on the deferred contingent liability comprising a positive foreign exchange movement of €0.4 million and a gain of €0.3 million following the early completion of the ABC Products buyout in Eastern Australia.

Balance Sheet and Cash Flows

Mincon's balance sheet remains very strong with net assets of €97.9 million and net cash of approximately €38.6 million (2014: €41.7 million) available for investment. The increase in net working capital of €2.7 million during 2015 was primarily attributable to the acquisitions in the year, which added €1.4 million on acquisition and a further investment in the working capital of these entities of €3.4 million with a view to increasing Mincon's market share. Offsetting this increase, has been the impact of foreign currency which has reduced reported inventory by approximately €1.0 million at 31 December 2015 compared to 31 December 2014.

During 2015, the Group generated €9.4 million (2014: €6.7 million) in cash from operations (excluding financing and tax), compared to an operating profit of €10.0 million (2014: €10.4 million). The majority of this cash from operations was generated in the second half of 2015 as the Group introduced a number of initiatives to reduce working capital levels in the Group. Management continue to focus on working capital management and have an objective of generating consistent free cash flow from operations equal to operating profit in future.

Dividend

The Board of Mincon Group plc is recommending the payment of a final dividend for the year ended 31 December 2015 in the amount of €0.01 (1 cent) per ordinary share, which will be subject to approval at the Annual General Meeting of the Company in May 2016. This final dividend, when added to the interim dividend of 1 cent paid on 25 September 2015, makes a total distribution for the year of 2 cent per share.

Business Outlook

The business environment in our market segment remains challenging and we have yet to see evidence that demand in our market segment will change significantly during 2016. Management are taking steps to adjust the Group's cost base and working capital to reflect current trading levels. The risk posed by the volatility in currency markets remains a concern.

We continue to increase our international sales network and maintain a strong emphasis on new product development aimed at improving and expanding the existing product range. Additionally, we are continuing discussions with a number of potential acquisition targets with a view to extending the Group's product range and adding new customers and new geographic markets.

ENDS

9 MARCH 2016

For further information, please contact:

Mincon Group plc
Joe Purcell, Chief Executive Officer — **Tel: + 353 (61) 361 099**
Brian Lenihan, Chief Financial Officer

Davy Corporate Finance (Nominated Adviser and ESM Adviser) — **Tel: +353 (1) 679 6363**
Eugenée Mulhern
Daragh O'Reilly

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2015

	Notes	2015 €'000	2014 €'000
Continuing operations			
Revenue	4	70,266	54,544
Cost of sales	6	(41,989)	(30,992)
Gross profit		**28,277**	**23,552**
General, selling and distribution expenses	6	(18,287)	(13,202)
Operating profit...	9	**9,990**	**10,350**
Finance cost...		(183)	(204)
Finance income		297	739
Foreign exchange gain/(loss)		(1,203)	580
Fair value movement on contingent consideration		722	(216)
Profit before tax		**9,623**	**11,249**
Income tax expense..	10	(1,595)	(1,985)
Profit for the year		**8,028**	**9,264**

Profit attributable to:			
- owners of the Parent		7,980	9,134
- non-controlling interests...		48	130
Earnings per Ordinary Share			
Basic earnings per share, €	18	3.79c	4.40c
Diluted earnings per share, €...	18	3.79c	4.40c
Weighted average number of ordinary shares in issue ('000)……..…………		210,541	207,581

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 31 December 2015

	2015 €'000	2014 €'000
Profit for the year	**8,028**	**9,264**
Other comprehensive income/(loss):		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation – foreign operations	(1,344)	1,818
Other comprehensive income/(loss) for the year	(1,344)	1,818
Total comprehensive income for the year	**6,684**	**11,082**
Total comprehensive income attributable to:		
- owners of the Parent	**6,636**	**10,952**
- non-controlling interests	**48**	**130**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2015

	Notes	2015 €'000	2014 €'000
Non-Current Assets			
Goodwill	11	11,459	9,870
Property, plant and equipment	13	17,277	16,399
Deferred tax asset	10	480	278
Other non-current assets	12	342	573
Total Non-Current Assets		**29,558**	**27,120**
Current Assets			
Inventory	14	32,045	28,365
Trade and other receivables	15	13,021	11,822
Other current assets		649	116
Current tax asset		733	408
Short term deposits		30,781	30,630
Cash and cash equivalents		10,644	14,082
Total Current Assets		**87,873**	**85,423**
Total Assets		**117,431**	**112,543**
Equity			
Ordinary share capital	17	2,105	2,105
Share premium	17	67,647	67,647
Undenominated capital		39	39
Merger reserve		(17,393)	(17,393)
Share based payment reserve	19	16	16
Foreign currency translation reserve		(1,460)	(116)
Retained earnings		46,485	42,715
Equity attributable to owners of Mincon Group plc		**97,439**	**95,013**
Non-controlling interests		465	417
Total Equity		**97,904**	**95,430**
Non-Current Liabilities			
Loans and borrowings	16	2,141	2,065
Deferred tax liability	10	556	757
Deferred contingent consideration		6,347	6,717
Other liabilities		722	140
Total Non-Current Liabilities		**9,766**	**9,679**
Current Liabilities			
Loans and borrowings	16	674	893
Trade and other payables		6,780	3,804
Accrued and other liabilities		2,009	2,320
Current tax liability		298	417
Total Current Liabilities		**9,761**	**7,434**
Total Liabilities		**19,527**	**17,113**
Total Equity and Liabilities		**117,431**	**112,543**

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended 31 December 2015

	2015 €'000	2014 €'000
Operating activities:		
Profit for the period	8,028	9,264
Adjustments to reconcile profit to net cash provided by operating activities:		
Depreciation	2,346	2,053
Fair value movement on deferred contingent consideration	(722)	216
Finance cost	183	204
Finance income	(297)	(739)
Income tax expense	1,595	1,985
Other non-cash movements	1,075	291
	12,208	13,274
Changes in trade and other receivables	(1,572)	(1,121)
Changes in prepayments and other assets	(438)	185
Changes in inventory	(2,753)	(1,684)
Changes in capital equipment inventory	(338)	(3,239)
Changes in trade and other payables	2,264	(644)
Cash provided by operations	9,371	6,771
Interest received	297	739
Interest paid	(183)	(204)
Income taxes paid	(2,084)	(2,512)
Net cash provided by operating activities	**7,401**	**4,794**
Investing activities		
Purchase of property, plant and equipment	(1,768)	(2,365)
Disposal of property, plant and equipment	-	615
Acquisitions, net of cash acquired	(4,149)	(6,198)
Payment of deferred contingent consideration	(421)	-
Redemption of/(investment in) short term deposit	(151)	9,370
(Investment in)/proceeds from joint venture investments	266	24
Net cash used in investing activities	**(6,223)**	**1,446**
Financing activities		
Dividends paid	(4,210)	(2,074)
Repayment of loans and finance leases	(1,352)	(2,105)
Drawdown of loans	1,100	1,900
Net cash provided by/(used in) financing activities	**(4,462)**	**(2,279)**
Effect of foreign exchange rate changes on cash	(154)	2
Net increase/(decrease) in cash and cash equivalents	**(3,438)**	**3,963**
Cash and cash equivalents at the beginning of the year	14,082	10,119
Cash and cash equivalents at the end of the year	**10,644**	**14,082**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2015

	Share capital €'000	Share premium €'000	Merger reserve €'000	Other reserve €'000	Un-denominated capital €'000	Capital contribution €'000	Share based payment reserve €'000	Foreign currency translation reserve €'000	Retained earnings €'000	Total €'000	Non-controlling interests €'000	Total equity €'000
Balances at 1 January 2014	**2,113**	**145,036**	**(17,393)**	**(79,300)**	**-**	**953**	**-**	**(1,934)**	**35,883**	**85,358**	**979**	**86,337**
Comprehensive income:												
Profit for the year	-	-	-	-	-	-	-	-	9,134	**9,134**	130	**9,264**
Other comprehensive income/(loss):												
Foreign currency translation	-	-	-	-	-	-	-	1,818	-	**1,818**	-	**1,818**
Total comprehensive income	-	-	-	-	-	-	-	1,818	9,134	**10,952**	130	**11,082**
Transactions with Shareholders:												
Share based payments	-	-	-	-	-	-	16	-	-	**16**	-	**16**
Dividends	-	-	-	-	-	-	-	-	(2,074)	**(2,074)**	-	**(2,074)**
Acquisition of non-controlling interests	31	1,911	-	-	-	-	-	-	(1,142)	**800**	(800)	**-**
Redemption of subscriber shares	(39)	-	-	-	39	-	-	-	(39)	**(39)**	-	**(39)**
Recognition of non-controlling interest on acquisition	-	-	-	-	-	-	-	-	-	**-**	108	**108**
Reduction of share premium	-	(79,300)	-	79,300	-	-	-	-	-	**-**	-	**-**
Recycle of capital contribution to retained earnings	-	-	-	-	-	(953)	-	-	953	**-**	-	**-**
Balances at 31 December 2014	**2,105**	**67,647**	**(17,393)**	**-**	**39**	**-**	**16**	**(116)**	**42,715**	**95,013**	**417**	**95,430**
Comprehensive income:												
Profit for the year	-	-	-	-	-	-	-	-	7,980	**7,980**	48	**8,028**
Other comprehensive income/(loss):												
Foreign currency translation	-	-	-	-	-	-	-	(1,344)	-	**(1,344)**	-	**(1,344)**
Total comprehensive income								**(1,344)**	**7,980**	**6,636**	**48**	**6,684**
Transactions with Shareholders:												
Dividends	-	-	-	-	-	-	-	-	(4,210)	**(4,210)**	-	**(4,210)**
Balances at 31 December 2015	**2,105**	**67,647**	**(17,393)**	**-**	**39**	**-**	**16**	**(1,460)**	**46,485**	**97,439**	**465**	**97,904**

NOTES TO THE CONSOLIDATED PRELIMINARY FINANCIAL INFORMATION

1. Description of business

The consolidated financial statements of Mincon Group Plc (also referred to as “Mincon” or “the Company”) comprises the Company and its subsidiaries (together referred to as “the Group”) and the Group’s interest in joint ventures.

The Group is an Irish engineering group, specialising in the design, manufacturing, sale and servicing of rock drilling tools and associated products. Mincon Group Plc is domiciled in Shannon, Ireland.

Mincon Group plc was incorporated on 16 August 2013 as Manrock plc under the laws of the Republic of Ireland. Manrock plc changed its name to Mincon Group plc (the “Company”) on 23 September 2013.

In the period to 30 August 2013, the business of Mincon was conducted through Smithstown Holdings and its subsidiaries. On 30 August 2013, pursuant to a reorganisation Mincon Group plc acquired 100% of the issued share capital in Smithstown Holdings and acquired (directly or indirectly) the shareholdings previously held by Smithstown Holdings in each of its subsidiaries. Following that reorganisation, Mincon Group plc is now the holding company of the Mincon Group.

The Mincon Group comprises Mincon Group plc and its subsidiaries (including Smithstown Holdings) as outlined in Note 20. The consolidated financial statements of Mincon Group plc are prepared on the basis that the Company is a continuation of the Smithstown Holdings Group, reflecting the substance of the arrangement.

On 26 November 2013, Mincon Group plc was admitted to trading on the Enterprise Securities Market (ESM) of the Irish Stock Exchange and the Alternative Investment Market (AIM) of the London Stock Exchange.

2. Basis of Preparation

This consolidated preliminary financial information have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (EU IFRS), which comprise standards and interpretations approved by the International Accounting Standards Board (IASB).

The accounting policies set out in note 3 have been applied consistently in preparing the preliminary financial information for the years ended 31 December 2015 and 31 December 2014.

The Group preliminary financial information are presented in euro, which is the functional currency of the Company and also the presentation currency for the Group’s financial reporting. Unless otherwise indicated, the amounts are presented in thousands of euro. This preliminary financial information are prepared on the historical cost basis.

The preparation of the consolidated preliminary financial information in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The judgements, estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results could differ materially from these estimates. The areas involving a high degree of judgement and the areas where estimates and assumptions are critical to the consolidated preliminary financial information are discussed in Note 3.

The directors believe that the Group has adequate resources to continue in operational existence for the foreseeable future and that it is appropriate to continue to prepare our consolidated preliminary financial information on a going concern basis.

2. Basis of Preparation *(continued)*

New standards and interpretations

The accounting policies applied in the preparation of this consolidated preliminary financial information have been applied consistently during the year and prior year, except as highlighted below in 'Recent accounting pronouncements'.

Recent accounting pronouncements

A number of new Standards, Amendments to Standards and Interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing this consolidated preliminary financial information. These are set out as follows:

- Annual improvements to IFRSs 2010-2012 Cycle
- Annual Improvements to IFRSs 2012-2014 Cycle
- Amendments to IAS 1: Disclosure Initiative
- Amendments to IAS 16 and IAS 38: Clarification of acceptable methods of depreciation and amortisation
- Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Bearer Plants
- Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture*
- IFRS 9 Financial Instruments (2009, and subsequent amendments in 2010 and 2013)*
- IFRS 15: Revenue from contracts with customers*

* These Standards, Interpretations and Amendments to Published Standards have yet to be endorsed by the EU and will only be implemented once they have been endorsed by the EU.

The Group has not yet completed its assessment of the full impact on the Group financial statements of these new Standards, Interpretations and Amendments to Published Standards.

Amendments to existing standards

During the period, a number of amendments to existing accounting standards became effective. These have been considered by the directors and have not had a significant impact on the Group's consolidated preliminary financial information.

New IFRSs not yet adopted

The following provides a brief outline of the likely impact on future financial statements of relevant IFRSs which are not yet effective and have not been adopted early in this consolidated preliminary financial information.

- IFRS 15 'Revenue from Contracts with Customers' (effective for the Group's 2017 consolidated financial statements)
- IFRS 9 'Financial Instruments' (effective for the Group's 2018 consolidated financial statements)
- IFRS 16 'Leases' (effective for the Group's 2019 consolidated financial statements)

The directors do not believe that either of the above standards will have a significant impact on Group reporting. There are other amendments which have been considered but are not likely to have a significant impact on the Group's accounting policies.

3. Significant accounting principles, accounting estimates and judgements

The accounting principles as set out in the following paragraphs have, unless otherwise stated, been consistently applied to all periods presented in the consolidated preliminary financial information and for all entities included in the consolidated preliminary financial information.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of sales taxes, goods returned, and discounts and other similar deductions. Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, which in most cases occurs on delivery. Revenue is recognised when recovery of the consideration is considered probable and the revenue and associated costs can be measured reliably. No revenue is recognised if there are significant uncertainties regarding the possible return of goods.

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, and for which discrete financial information is available. The operating results of all operating segments are reviewed regularly by the Board of Directors, the chief operating decision maker, to make decisions about allocation of resources to the segments and also to assess their performance. See note 5 for additional information.

3. Significant accounting principles, accounting estimates and judgements *(continued)*

Earnings per share

Basic earnings per share is calculated based on the profit for the year attributable to owners of the Company and the basic weighted average number of shares outstanding. Diluted earnings per share is calculated based on the profit for the year attributable to owners of the Company and the diluted weighted average number of shares outstanding.

Income taxes

Income taxes include both current and deferred taxes in the consolidated preliminary financial information. Income taxes are reported in profit or loss unless the underlying transaction is reported in other comprehensive income or in equity. In those cases, the related income tax is also reported in other comprehensive income or in equity. A current tax liability or asset is recognised for the estimated taxes payable or refundable for the current or prior years.

Deferred tax is recognised using the statement of financial position liability method. The calculation of deferred taxes is based on either the differences between the values reported in the statement of financial position and their respective values for taxation, which are referred to as temporary differences, or the carry forward of unused tax losses and tax credits. Temporary differences related to the following are not provided for: the initial recognition of goodwill, the initial recognition (other than in business combinations) of assets or liabilities that affect neither accounting nor taxable profit, and differences related to investments in subsidiary companies to the extent that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. In the calculation of deferred taxes, enacted or substantively enacted tax rates are used for the individual tax jurisdictions. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Inventories

Inventories are valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses. The cost of inventories is based on the first-in, first-out principle and includes the costs of acquiring inventories and bringing them to their existing location and condition. Inventories manufactured by the Group and work in progress include an appropriate share of production overheads based on normal operating capacity. Inventories are reported net of deductions for obsolescence.

Foreign currency

Foreign currency transactions

Transactions in foreign currencies (those which are denominated in a currency other than the functional currency) are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the foreign exchange rate at the statement of financial position date. Exchange gains and losses related to trade receivables and payables, other financial assets and payables, and other operating receivables and payables are separately presented on the face of the income statement.

Exchange rate differences on translation to functional currency are reported in profit or loss, except when reported in other comprehensive income for the translation of intra-group receivables from, or liabilities to, a foreign operation that in substance is part of the net investment in the foreign operation.

Translation of accounts of foreign entities

The assets and liabilities of foreign entities, including goodwill and fair value adjustments arising on consolidation, are translated to Euro at the exchange rates ruling at the reporting date. Revenues, expenses, gains, and losses are translated at average exchange rates, when these approximate the exchange rate for the respective transaction. Foreign exchange differences arising on translation of foreign entities are recognised in other comprehensive income and are accumulated in a separate component of equity as a translation reserve. On divestment of foreign entities, the accumulated exchange differences, are recycled through profit or loss, increasing or decreasing the profit or loss on divestments.

3. Significant accounting principles, accounting estimates and judgements *(continued)*

Business combinations and consolidation

The consolidated preliminary financial information include the financial statements of the Group and all companies in which Mincon Group plc, directly or indirectly, has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated preliminary financial information from the date on which control commences until the date on which control ceases.

The consolidated preliminary financial information have been prepared in accordance with the acquisition method. According to this method, business combinations are seen as if the Group directly acquires the assets and assumes the liabilities of the entity acquired. At the acquisition date, i.e. the date on which control is obtained, each identifiable asset acquired and liability assumed is recognised at its acquisition-date fair value.

Consideration transferred is measured at its fair value. It includes the sum of the acquisition date fair values of the assets transferred, liabilities incurred to the previous owners of the acquiree, and equity interests issued by the Group. Deferred contingent consideration is initially measured at its acquisition-date fair value. Any subsequent change in such fair value is recognised in profit or loss, unless the deferred contingent consideration is classified as equity. In that case, there is no remeasurement and the subsequent settlement is accounted for within equity.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

Goodwill is measured as the excess of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree (if any) over the net of acquisition-date fair values of the identifiable assets acquired and liabilities assumed. Goodwill is not amortised but tested for impairment at least annually.

Non-controlling interest is initially measured either at fair value or at the non-controlling interest's proportionate share of the fair value of the acquiree's identifiable net assets. This means that goodwill is either recorded in "full" (on the total acquired net assets) or in "part" (only on the Group's share of net assets). The choice of measurement basis is made on an acquisition-by-acquisition basis.

Earnings from the acquirees are reported in the consolidated income statement from the date of control.

Intra-group balances and transactions such as income, expenses and dividends are eliminated in preparing the consolidated preliminary financial information. Profits and losses resulting from intra-group transactions that are recognised in assets, such as inventory, are eliminated in full, but losses are only eliminated to the extent that there is no evidence of impairment.

Property, plant and equipment

Items of property, plant and equipment are carried at cost less accumulated depreciation and impairment losses. Cost of an item of property, plant and equipment comprises the purchase price, import duties, and any cost directly attributable to bringing the asset to location and condition for use. The Group capitalises costs on initial recognition and on replacement of significant parts of property, plant and equipment, if it is probable that the future economic benefits embodied will flow to the Group and the cost can be measured reliably. All other costs are recognised as an expense in profit or loss when incurred.

Depreciation

Depreciation is calculated based on cost using the straight-line method over the estimated useful life of the asset.

The following useful lives are used for depreciation:

	Years
Buildings	20–30
Leasehold improvements	3–10
Machinery and equipment	3–10
Vehicles	3–5
Computer hardware and other	3–5

The depreciation methods, useful lives and residual values are reassessed annually. Land is not depreciated.

3. Significant accounting principles, accounting estimates and judgements *(continued)*

Leased assets

In the consolidated preliminary financial information, leases are classified as either finance leases or operating leases. A finance lease entails the transfer to the lessee of substantially all of the economic risks and benefits associated with ownership. If this is not the case, the lease is accounted for as an operating lease.

For the lessee, a finance lease requires that the asset leased is recognised as an asset in the statement of financial position. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the future minimum lease payments. Initially, a corresponding liability is recorded. Assets under finance leases are depreciated over their estimated useful lives, while the lease payments are reported as interest and amortisation of the lease liability. For operating leases, the lessee does not account for the leased asset in its statement of financial position. In profit or loss, the costs of operating leases are recorded on a straight-line basis over the term of the lease.

Financial assets and liabilities

Recognition and derecognition

Financial assets and liabilities are recognised at fair value when the Group becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets are accounted for at trade date, which is the day when the Group contractually commits to acquire or dispose of the assets. Trade receivables are recognised on delivery of product. Liabilities are recognised when the other party has performed and there is a contractual obligation to pay. Derecognition (fully or partially) of a financial asset occurs when the rights to receive cash flows from the financial instruments expire or are transferred and substantially all of the risks and rewards of ownership have been removed from the Group. The Group derecognises (fully or partially) a financial liability when the obligation specified in the contract is discharged or otherwise expires. A financial asset and a financial liability are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to either settle on a net basis or to realise the asset and settle the liability simultaneously.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, or when appropriate a shorter period, to the net carrying amount of the financial asset or financial liability. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Borrowing costs

All borrowing costs are expensed in accordance with the effective interest rate method.

Investments in subsidiaries - Company

Investments in subsidiary undertakings are stated at cost less provision for impairment in the Company's statement of financial position. Loans to subsidiary undertakings are initially recorded at fair value in the Company statement of financial position and subsequently at amortised cost using an effective interest rate methodology.

Impairment of financial assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that they are impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Equity

Shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effect.

Contingent liabilities

A contingent liability is a possible obligation or a present obligation that arises from past events that is not reported as a liability or provision, as it is not probable that an outflow of resources will be required to settle the obligation or that a sufficiently reliable calculation of the amount cannot be made.

Financial instruments carried at fair value: Non-derivative financial liabilities

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Financial income and expenses

Finance income and expense are included in profit or loss using the effective interest method.

3. Significant accounting principles, accounting estimates and judgements *(continued)*

Provisions

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the outflow can be estimated reliably. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, the provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan and the restructuring has either commenced or been announced publicly. Future operating losses are not provided for.

Exceptional items

The Group has used the term "exceptional" to describe certain items which, in management's view, warrant separate disclosure by virtue of their size or incidence, or due to the fact that certain gains or losses are determined to be non-recurring in nature. Exceptional items may include restructuring, significant impairments, profit or loss on asset disposals, material changes in estimates or once off costs where separate identification is important to gain an understanding of the preliminary financial information.

Defined contribution plans

A defined contribution pension plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss when employees provide services entitling them to the contributions.

Critical accounting estimates and judgements

The preparation of financial statements requires management's judgement and the use of estimates and assumptions that affect the amounts reported in the consolidated preliminary financial information and accompanying notes. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the prevailing circumstances. Actual results may differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which they are revised and in any future periods affected.

Following are the estimates and judgements which, in the opinion of management, are significant to the underlying amounts included in the financial reports and for which there is a significant risk that future events or new information could entail a change in those estimates or judgements.

Trade and other receivables

The Group estimates the risk that receivables will not be paid and provides for doubtful accounts based on specific provisions for known cases and collective provisions for losses based on historical profit levels.

Total allowances for estimated losses as of 31 December 2015, were €0.6m (€2014: 0.3m) for trade and other receivables with a corresponding gross amount of €13.7m (2014: 12.1m).

4. Revenue

	2015 €'000	2014 €'000
Product revenue:		
Sale of Mincon product	52,786	41,816
Sale of third party product	17,480	12,728
Total revenue	**70,266**	**54,544**

5. Operating Segments

Results are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). Our CODM has been identified as the Board of Directors.

The Group has determined that it has one reportable segment. The Group is managed as a single business unit that sells drilling equipment, primarily manufactured by Mincon manufacturing sites.

The CODM assesses operating segment performance based on a measure of operating profit.
Segment revenue for the year ended 31 December 2015 of €70.3 million (FY2014: €54.5 million) is wholly derived from sales to external customers.

Entity-wide disclosures

The business is managed on a worldwide basis but operates manufacturing facilities and sales offices in Ireland, UK, Western Australia, the United States and Canada and sales offices in eight other locations including Eastern & Western Australia, South Africa, Senegal, Ghana, Namibia, Tanzania, Sweden, Poland, Chile and Peru. In presenting information on geography, revenue is based on the geographical location of customers and non-current assets based on the location of these assets.

Revenue by region (by location of customers):

	2015 €'000	2014 €'000
Region:		
Ireland	651	580
Americas	20,771	15,753
Australasia	15,230	9,510
Europe, Middle East, Africa	33,611	28,701
Total revenue from continuing operations	**70,266**	**54,544**

Non-current assets by region (location of assets):

	2015 €'000	2014 €'000
Region:		
Ireland	5,681	5,871
Americas	12,303	12,852
Australasia	6,846	5,645
Europe, Middle East, Africa	4,248	2,474
Total non-current assets(1)	**29,078**	**26,842**

(1) Non-current assets exclude deferred tax assets.

6. Cost of Sales and operating expenses

Included within cost of sales, selling and distribution expenses and general and administrative expenses were the following major components:

Cost of sales

	2015 €'000	2014 €'000
Raw materials	15,166	11,035
Third party product purchases	13,772	10,010
Employee costs	6,714	4,951
Depreciation	1,720	1,574
Other	4,617	3,422
Total cost of sales	**41,989**	**30,992**

General, selling and distribution expenses

	2015 €'000	2014 €'000
Employee costs (including director emoluments)	10,810	6,868
Depreciation	626	479
Acquisition costs	175	361
Other	6,676	5,494
Total other operating costs	**18,287**	**13,202**

7. Employee information

	2015 €'000	2014 €'000
Wages and salaries – excluding directors	15,012	10,022
Wages, salaries & fees – directors	562	632
Termination payments	166	-
Social security costs	1,132	748
Pension costs of defined contribution plans	652	417
Total employee costs	**17,524**	**11,819**

The average number of employees was as follows:

	2015 Number	2014 Number
Sales and distribution	93	57
General and administration	55	33
Manufacturing, service and development	122	97
Average number of persons employed	**270**	**187**

Pension and Other Employee Benefit Plans

The Group operates various defined contribution pension plans. During the year ended 31 December 2015, the Group recorded €0.7 million (2014: €0.4 million) of expense in connection with these plans.

8. Acquisitions

A key strategy of the Group is to increase and diversify its product portfolio and to extend its distribution network through acquisitions. In line with this strategy, the principal acquisitions completed by the Group during the year ended 31 December 2015, together with percentages acquired were as follows:

- the acquisition of 100% of Ozmine International Pty Limited, a sales and distribution company in Western Australia. Ozmine will extend Mincon's distribution network in Western Australia, Indonesia and Papua New Guinea in line with the Mincon stated strategy to supply product directly to the end user where possible. The deal was completed in January 2015.
- the acquisition of 100% of Marshalls Carbide, one of Europe's leading tungsten carbide manufacturers located in Sheffield, England. Marshalls Carbide Limited, a 100% subsidiary of Mincon Group plc acquired the entire business and assets of Marshalls Carbide Hard Metals Limited.
  Tungsten carbide insets are a key raw material in Mincon manufactured product and this strategic investment further strengthens Mincon's control over the production process and quality control procedures employed in the manufacturing process. The deal was completed in March 2015.
- the acquisition of 70% of Two Tusks Tanzania Limited, a sales and distribution company based in Tanzania, completed in March 2015.
- the acquisition of 100% of Rotacan Sudamericana, SA a sales and distribution company based in Chile, completed in March 2015.
  ** Full legal names disclosed in Note 20.*

In the twelve months to December 2015, these acquisitions contributed net additional revenue of €5.7 million and €0.1 million net loss to the Group's results. If all the acquisitions had occurred on 1 January 2015, management estimates that net additional revenues from these acquisitions would have been €7.1 million. Consolidated profit for the year would not have changed materially. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2015.

A. Consideration transferred

The following table summarises the acquisition date fair value of each major class of consideration transferred.

	Total
	€'000
Cash…………………………………………………………………………………...	**4,669**
Deferred contingent consideration ………………………………………………………………...	**773**
Total consideration transferred…………………………………………………………………	**5,442**

Deferred contingent consideration

Ozmine

The previous owners of Ozmine will receive additional payment up to the maximum of €680,000 over three years based on the achievement of certain profits by the business during the years ending 31 December 2015, 2016 and 2017. This deferred contingent consideration is included in the fair value of the consideration transferred in the table above.

Two Tusks

Mincon has an option to purchase the remaining 30% of Two Tusks in three years (for consideration based on a profit after tax multiple). The 30% shareholder will also have a put option beginning in three years' time.

In accordance with IFRS 3 Business Combinations, the Group has accounted for the put and call option arrangement under the anticipated acquisition method and accordingly the financial liability arising from the arrangement is included in the fair value of the consideration transferred as deferred contingent consideration in the table above. No non-controlling interests are presented on the basis that the Group has treated the put option as a financial liability that is outside management control.

8. Acquisitions (continued)

B. Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets and liabilities assumed at the date of acquisition.

	Total
	€'000
Property, plant and equipment………………………..	1,668
Inventories………………………………………………………………………………	1,792
Trade Receivables……………………………………………………………………..	1,477
Cash and cash equivalents…………………………………………………………..	520
Other assets…………………………………………………………………………….	195
Other liabilities………………………………………………………………………..	(537)
Trade and other payables……………………………………………………………..	(2,099)
Fair value or identifiable net assets acquired……………………………………..	**3,016**

Measurement of fair values
The valuation techniques used for measuring the fair value of material assets acquired were as follows.

Assets acquired	**Valuation Technique**
Property, plant and equipment	Market comparison technique and cost technique: The valuation model considers quoted market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Inventories	Market comparison technique: The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

If the information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisitions, then the accounting for the acquisition will be revised.

C. Goodwill

Goodwill arising from the acquisition has been recognised as follows.

	Total
Consideration transferred………………………………………………………………..	5,442
Fair value of identifiable net assets…………………………………………………….	(3,016)
Goodwill…………………………………………………………………………………	**2,426**

The goodwill created in the acquisition in the period is primarily related to the synergies expected to be achieved from integrating these companies into the Group's existing structure. Manufactured carbide product will be sold to the Groups existing manufacturing facilities and the new sales office are expected to increase Mincon's market share and sale of own manufactured product.

D. Acquisition – related costs

Acquisition related costs amounted to approximately €175,000 and were included in "operating expenses" in the income statement.

9. Statutory and other required disclosures

Operating profit is stated after charging the following amounts:

	2015 €'000	2014 €'000
Directors' remuneration		
Fees	92	105
Wages and salaries	470	527
Other emoluments	-	-
Pension contributions	60	73
Total directors' remuneration	**622**	**705**

Auditor's remuneration:	2015 €'000	2014 €'000
Auditor's remuneration – Fees payable to lead audit firm		
Audit of the Group financial statements	122	110
Audit of the Company financial statements	10	10
Other assurance services	10	9
Tax advisory services (a)	73	45
Other non-audit services	3	47
	218	**221**
Auditor's remuneration – Fees payable to other firms in lead audit firm's network		
Audit services	50	16
Tax advisory services	-	28
Total auditor's remuneration	**268**	**265**

(a) Includes tax compliance work on behalf of Group companies.

10. Income tax

Tax recognised in profit or loss:

Current tax expense	2015 €'000	2014 €'000
Current year	1,998	2,030
Adjustment for prior years	-	-
Total current tax expense	1,998	2,030
Deferred tax expense		
Origination and reversal of temporary differences	(403)	(45)
Total deferred tax (credit)/expense	(403)	(45)
Total income tax expense	**1,595**	**1,985**

A reconciliation of the expected income tax expense for continuing operations is computed by applying the standard Irish tax rate to the profit before tax and the reconciliation to the actual income tax expense is as follows:

	2015 €'000	2014 €'000
Profit before tax from continuing operations	9,623	11,249
Irish standard tax rate (12.5%)	*12.5%*	*12.5%*
Taxes at the Irish standard rate	1,203	1,406
Foreign income at rates other than the Irish standard rate	95	417
Losses creating no income tax benefit	287	91
Other	10	71
Total income tax expense	**1,595**	**1,985**

10. Income tax *(continued)*

The Group's net deferred taxation liability was as follows:

	2015 €'000	2014 €'000
Deferred taxation assets:		
Reserves, provisions and tax credits	98	95
Tax losses and unrealised FX gains	382	183
Total deferred taxation asset	480	278
Deferred taxation liabilities:		
Property, plant and equipment	(459)	(570)
Accrued income	-	(108)
Profit not yet taxable	(97)	(79)
Total deferred taxation liabilities	(556)	(757)
Net deferred taxation liability	(76)	(479)

The movement in temporary differences during the year were as follows:

1 January 2014 – 31 December 2014	Balance 1 January €'000	Recognised in Profit or Loss €'000	Recognised on acquisition €'000	Balance 31 December €'000
Deferred taxation assets:				
Reserves, provisions and tax credits	144	(49)	-	95
Tax losses	120	(21)	84	183
Total deferred taxation asset	264	(70)	84	278
Deferred taxation liabilities:				
Property, plant and equipment	(567)	(3)	-	(570)
Accrued income and other	(221)	113	-	(108)
Profit not yet taxable	(84)	5	-	(79)
Total deferred taxation liabilities	(872)	115	-	(757)
Net deferred taxation liability	(608)	45	84	(479)

1 January 2015 – 31 December 2015	Balance 1 January €'000	Recognised in Profit or Loss €'000	Recognised on acquisition €'000	Balance 31 December €'000
Deferred taxation assets:				
Reserves, provisions and tax credits	95	3	-	98
Tax losses	183	199	-	382
Total deferred taxation asset	278	202	-	480
Deferred taxation liabilities:				
Property, plant and equipment	(570)	111	-	(459)
Accrued income	(108)	108	-	-
Profit not yet taxable	(79)	(18)	-	(97)
Total deferred taxation liabilities	(757)	201	-	(556)
Net deferred taxation liability	(479)	403	-	(76)

10. Income tax *(continued)*

Deferred taxation assets have not been recognised in respect of the following items:

	2015 €'000	2014 €'000
Tax losses	2,472	2,185
Total	2,472	2,185

11. Goodwill

	€'000
Balance at 1 January 2014	**1,511**
Acquisitions	8,262
Translation differences	97
Balance at 31 December 2014	**9,870**
Acquisitions	2,426
Translation differences	(837)
Balance at 31 December 2015	**11,459**

Goodwill relates to the acquisition of the remaining 60% of DDS-SA Pty Limited in November 2009, the 60% acquisition of Omina Supplies in August 2014 and the 65% acquisition of Rotacan and ABC products in August 2014, the acquisition of Ozmine in January 2015 and the acquisition of Mincon Chile and Mincon Tanzania in March 2015. being the dates that the Group obtained control of these businesses. The Group accounts for acquisitions using the purchase accounting method as outlined in IFRS 3 *Business Combinations*.

The businesses acquired were integrated with other Group operations soon after acquisition. Impairment testing (including sensitivity analyses) is performed at each period end. Group management has determined that the Group has a single cash generating unit and therefore all goodwill is tested for impairment at Group level.

The recoverable amount of goodwill has been assessed based on estimates of value in use. Calculations of value in use are based on the estimated future cash flows using forecasts covering a five-year period and terminal value (based on three year plans prepared annually). The most significant assumptions are revenues, operating profits, working capital and capital expenditure. A growth rate of 3% was applied for all periods after the three years budgeted. The pre-tax discount rate in 2015 was assumed to amount to 11% (2014: 11%) after tax (approximately 14% before tax) and has been used in discounting the cash flows to determine the recoverable amounts. Goodwill impairment testing did not indicate any impairment during any of the periods being reported. Sensitivity in all calculations implies that the goodwill would not be impaired even if the discount rate increased substantially or the long-term growth was lowered to zero.

12. Other non-current assets

	2015 €'000	2014 €'000
Other non-current assets:		
Amounts owing from joint venture (1)	-	171
Loan to former joint venture partner (2)	342	402
Total other non-current assets	**342**	**573**

(1) Mincon Equipment Inc. was incorporated on 13 June 2013. This company is owned 50:50 by Mincon and the Gaudet family. Mincon Group plc had advanced €171,000 to this entity as at 31 December 2014, this amount was fully repaid to Mincon Group plc by 31 December 2015.

(2) In September 2008, the Group invested in TJM, a drilling equipment and supplies company based in Pennsylvania. The Group disposed of its investment in March 2012. The consideration for sale of the Group's shareholding was a US$700,000 interest bearing loan note repayable over 6 years. As at 31 December 2015, an amount of $373,000 was outstanding on this loan.

13. Property, Plant and Equipment

	Land & Buildings[1] €'000	Plant & Equipment €'000	Total €'000
Cost:			
At 1 January 2014	6,953	16,500	23,453
Acquisitions	-	2,530	2,530
Additions	1,070	1,295	2,365
Disposals	(4)	(757)	(761)
Foreign exchange differences	261	624	885
At 31 December 2014	8,280	20,192	28,472
Acquisitions	725	943	1,668
Additions	180	1,588	1,768
Disposals	-	(370)	(370)
Foreign exchange differences	(713)	2,015	1,302
At 31 December 2015	**8,472**	**24,368**	**32,840**
Accumulated depreciation:			
At 1 January 2014	(1,484)	(8,429)	(9,913)
Charged in year	(200)	(1,853)	(2,053)
Disposals	-	299	299
Foreign exchange differences	(43)	(363)	(406)
At 31 December 2014	(1,727)	(10,346)	(12,073)
Charged in year	(244)	(2,102)	(2,346)
Disposals	-	235	235
Foreign exchange differences	662	(2,041)	(1,379)
At 31 December 2015	**(1,309)**	**(14,254)**	**(15,563)**
Carrying amount: 31 December 2015	**7,163**	**10,114**	**17,277**
Carrying amount: 31 December 2014	6,553	9,846	16,399
Carrying amount: 1 January 2014	5,469	8,071	13,540

[1] *Land and buildings include leasehold improvement assets.*

The depreciation charge for property, plant and equipment is recognised in the following line items in the income statement:

	2015 €'000	2014 €'000
Cost of sales	1,720	1,574
General, selling and distribution expenses	626	479
Total depreciation charge for property, plant and equipment	2,346	2,053

Finance leases

The Group leases plant and equipment under a number of finance lease arrangements. The leased equipment secures lease obligations. At 31 December 2015, the net carrying amount of leased plant and equipment was € million (2014: €1.1 million).

14. Inventory

	2015 €'000	2014 €'000
Finished goods and work-in-progress	23,408	18,454
Capital equipment	3,805	4,232
Raw materials	4,832	5,679
Total inventory	32,045	28,365

The company recorded write-downs of €0.45 million against inventory to net realisable value during the year ended 31 December 2015 (2014: €Nil). Write-downs are included in cost of sales. Included in capital equipment inventory are third party rigs held for resale in Southern Africa. At 31 December 2013, the Group had paid deposits on this capital equipment totalling €1.0m, which was included in other current assets.

15. Trade and other receivables

	2015 €'000	2014 €'000
Gross receivable	13,669	12,110
Provision for impairment	(648)	(288)
Net trade and other receivables	13,021	11,822

	2015 €'000	2014 €'000
Less than 60 days	9,607	8,846
61 to 90 days	1,931	1,570
Greater than 90 days	1,483	1,406
Net trade and other receivables	13,021	11,822

At 31 December 2015, €1.5 million (11%) of trade receivables of our total trade and other receivables balance was past due but not impaired (2014: €1.4 million (12%)).

No customer accounted for more than 10% of trade and other receivables balance at any period end.

16. Loans and borrowings

	Maturity	2015 €'000	2014 €'000
Bank loans	2016-2021	1,684	1,398
Finance leases	2016-2020	1,131	1,560
Total Loans and borrowings		**2,815**	**2,958**
Current		674	893
Non-current		2,141	2,065

The Group has a number of bank loans and finance leases in the United States and Australia with a mixture of variable and fixed interest rates. The Group has not been in default on any of these debt agreements during any of the periods presented. None of the debt agreements carry restrictive financial covenants.

In January 2014, Mincon Rockdrills Pty Limited drew down AUS$2.4 million (circa €1.6 million) on a 15 year variable interest loan which is secured on land & buildings of that company with a net book value of approximately AUS$3,500,000 (circa €2.3 million). AUS$1.2 million (€0.8 million) has been repaid by 31 December 2015. In December 2014, Mincon Inc. drew down US$338,000 (circa €0.3 million) on a 10 year variable interest loan which is secured on land and buildings of that company with a net book value of approximately USD$528,000 (circa €0.4 million).

In April 2015, Mincon Rockdrills USA Inc. drew down US$1,200,000 (circa €1.2 million) on a 5 year fixed finance lease which is secured on plant and equipment of that company with a net book value of approximately USD$1,059,000 (circa €1.0 million).

17. Share capital and reserves

At 31 December 2014 and 2015

Authorised Share Capital	Number	€000
Ordinary Shares of €0.01 each	496,150,000	4,962

Allotted, called-up and fully paid up shares	Number	€000
Ordinary Shares of €0.01 each	210,541,102	2,105

Share Issuances

On 26 November 2013, Mincon Group plc was admitted to trading on the Enterprise Securities Market (ESM) of the Irish Stock Exchange and the Alternative Investment Market (AIM) of the London Stock Exchange. On admission, 57,471,264 new ordinary shares were issued representing the new shares being placed by the Company at the time of admission. These shares had a nominal value of €0.01 per share and placed at €0.87 (GBP£0.73) per ordinary share resulting in gross proceeds of €50.0 million. Share premium of €46.6 million was recorded after deduction of IPO costs of €2.9 million.

On 19 December 2014, Mincon Group plc acquired the remaining 25% non-controlling interest in Mincon Rockdrills USA Inc. satisfied by the issue of 3,069,838 new ordinary shares at nominal value €0.01 each. These shares were admitted to trading on ESM and AIM on 24 December 2014.

Voting rights

The holders of Ordinary Shares have the right to receive notice of and attend and vote at all general meetings of the Company and they are entitled, on a poll or a show of hands, to one vote for every Ordinary Share they hold. Votes at general meetings may be given either personally or by proxy. Subject to the Companies Act and any special rights or restrictions as to voting attached to any shares, on a show of hands every member who (being an individual) is present in person and every proxy and every member (being a corporation) who is present by a representative duly authorised, shall have one vote, so, however, that no individual shall have more than one vote for every share carrying voting rights and on a poll every member present in person or by proxy shall have one vote for every share of which he is the holder.

Dividends

On 26 September 2014, Mincon Group plc paid an interim dividend for 2014 in the amount of €0.01 (1 cent) per ordinary share. On 30 June 2015, Mincon Group plc paid a final dividend for 2014 of €0.01 (1 cent) per ordinary share. On 25 September 2015, Mincon Group plc paid an interim dividend for 2015 of €0.01 (1 cent) per ordinary share. The directors are recommending a final dividend of €0.01 (1 cent) per ordinary share for 2015 which will be subject to approval at the company's AGM on 29 May 2016.

Share premium and other reserve

As part of the Group reorganisation which is described in note 1 of the 2013 Annual Report, the Company, Mincon Group plc, became the ultimate parent entity of the Group. On 30 August 2013, the Company acquired 100% of the issued share capital in Smithstown Holdings and acquired (directly or indirectly) the shareholdings previously held by Smithstown Holdings in each of its subsidiaries.

As a consequence of the Company electing to record the investment in Smithstown Holdings at cost a difference of €79.3 million arose between this investment and the amount that company law requires to be included in share capital and share premium. This amount was recorded as an "other reserve" in the Company's Statement of Financial Position.

The members of the Company passed a resolution on 1 November 2013 that, subject to the confirmation of the High Court of Ireland, the Company's share capital be reduced by an amount of €79.3 million and that the reserve so created would be used to cancel the other reserve (or such part thereof as the High Court of Ireland may determine). The application to the High Court was heard on 1 May 2014 and, by order of the High Court, the Company reduced its share premium account by €79.3 million and used the reserve so created to eliminate its "other reserve". As a result, the Company is capable, subject to it having distributable reserves, of declaring dividends.

18. Earnings per share

Basic earnings per share (EPS) is computed by dividing the profit for the period available to ordinary shareholders by the weighted average number of Ordinary Shares outstanding during the period. Diluted earnings per share is computed by dividing the profit for the period by the weighted average number of Ordinary Shares outstanding and, when dilutive, adjusted for the effect of all potentially dilutive shares. The following table sets forth the computation for basic and diluted net profit per share for the years ended 31 December:

	2015	2014
	€'000	**€'000**
Numerator (amounts in €'000):		
Profit attributable to owners of the Parent	7,980	9,134
Earnings per Ordinary Share		
Basic and diluted earnings per share, €..	3.79c	4.40c
Denominator (Number):		
Basic and diluted weighted-average shares outstanding..................................	210,541,102	207,580,607

There were a number of outstanding restricted share awards (RSAs) in issue at 31 December 2014 and 2015 (Note 19). None of the RSAs were dilutive at 31 December 2014 or 2015 for the purposes of the EPS calculations.

19. Share based payment

During the year ended 31 December 2014, the Remuneration Committee of the Board of Directors made its first grant of approximately 193,000 Restricted Share Awards (RSAs) to members of the senior management team, excluding executive directors. There have been no subsequent grants. The terms and conditions of the Group's Long Term Incentive Plan are disclosed in section 10 of Part IV of the Group's Admission Document dated 20 November 2014. The fair value of services received in return for RSAs granted are measured by reference to the fair value of RSAs granted.

20. Subsidiary and Associate Undertakings

At 31 December 2015, the Group had the following subsidiary undertakings:

Company	Nature of Business	Group Share %	Registered Office & Country of Incorporation
Mincon International Limited	Manufacturer of rock drilling equipment	100%	Smithstown, Shannon, Co. Clare, Ireland
Mincon Rockdrills USA Inc.	Manufacturer of rock drilling equipment	100%*	107 Industrial Park, Benton, IL 62812, USA
Mincon Rockdrills PTY Ltd	Manufacturer of rock drilling equipment	100%	8 Fargo Way, Welshpool, WA 6106, Australia
1676427 Ontario Inc. (Operating as Rotacan)	Manufacturer of rock drilling equipment	65%*(1)	400B Kirkpatrick Steet, North Bay, Ontario, P1B 8G5, Canada
Marshalls Carbide Ltd	Manufacturer of tungsten carbide	100%	Windsor St, Sheffield S4 7WB, United Kingdom
Mincon Inc.	Sales company	100%	603 Centre Avenue, N.W. Roanoke, VA 24016, USA
Mincon Sweden AB	Sales company	100%	Industrivagen 2-4, 61202 Finspang, Sweden
DDS-SA (Proprietary) Ltd	Sales company	100%	1 Northlake, Jetpark 1469, Gauteng, South Africa
ABC Products (Rocky) Pty Ltd	Sales company	95%	2/57 Alexandra Street, North Rockhampton, Queensland, 4701 Australia
Mincon West Africa SARL	Sales company	80%	Villa TF 4635 GRD, Almadies, Dakar B.P. 45534, Senegal
Mincon Poland	Sales company	100%	ul.Mickiewicza 32, 32-050 Skawina, Poland
Mincon Rockdrills Ghana Limited	Sales company	80%	P.O. Box CT5105, Accra, Ghana
Mincon S.A.C.	Sales company	100%	Calle La Arboleda 151, Dpto 201, La Planicie, La Molina, Peru
Ozmine International Pty Limited	Sales company	100%	Gidgegannup, WA 6083, Australia
Mincon Chile	Sales company	100%	Av. La Dehesa #1201, Torre Norte, Lo Barnechea, Santiago, Chile
Mincon Tanzania	Sales company	70%(1)	Plot 1/3 Nyakato Road, Mwanza, Tanzania
Mincon Namibia Pty Ltd	Sales company	60%(1)	Ausspannplatz, Windhoek, Namibia
Mincon Mining Equipment Inc.	Sales company	100%*	19789-92a Avenue, Langley, British Columbia V1M3B3, Canada
Mincon Exports USA Inc.	Group finance company	100%	603 Centre Ave, Roanoke VA 24016, USA
Mincon International Shannon	Dormant company	100%*	Smithstown, Shannon, Co. Clare, Ireland
Smithstown Holdings	Holding company	100%	Smithstown, Shannon, Co. Clare, Ireland
Mincon Canada Drilling Products Inc.	Holding company	100%	Suite 1800-355 Burrard Street, Vancouver, BC V6C 268, Canada
Lotusglade Limited	Holding company	100%*	Smithstown, Shannon, Co. Clare, Ireland
Floralglade Company	Holding company	100%	Smithstown, Shannon, Co. Clare, Ireland
Mincon Microcare Limited	Holding company	100%*	Smithstown, Shannon, Co. Clare, Ireland
Castle Heat Treatment Limited	Holding company	100%*	Smithstown, Shannon, Co. Clare, Ireland

* Indirectly held shareholding

(1) Non-controlling shareholder has a put option and consequently recorded as a liability rather than non-controlling interest.

21. Litigation

The Group is not involved in legal proceedings that could have a material adverse effect on its results or financial position.

22. Related Parties

As at 31 December 2015, the share capital of Mincon Group plc was 56.84% (2014: 56.84%) owned by Kingbell Company which is ultimately controlled by Patrick Purcell and members of the Purcell family. Patrick Purcell is also a director of the Company. Ballybell Limited, a company controlled by Kevin Barry, holds 14.21% (2014: 14.21%) of the equity of the Company.

In September 2015, the Group paid an interim dividend for 2015 of €0.01 to all shareholders. The total dividend paid to Kingbell Company and Ballybell Limited was €1,196,712 and €299,178, respectively.

In June 2015, the Group paid a final dividend for 2014 of €0.01 to all shareholders. The total dividend paid to Kingbell Company and Ballybell Limited was €1,196,712 and €299,178, respectively.

In September 2014, the Group paid an interim dividend for 2014 of €0.01 to all shareholders. The total dividend paid to Kingbell Company and Ballybell Limited was €1,196,712 and €299,178, respectively.

The Group has a related party relationship with its subsidiary and its joint venture undertakings (see Note 20 for a list of these undertakings), directors and officers. All transactions with subsidiaries eliminate on consolidation and are not disclosed.

Transactions with Directors

The Group is owed €Nil from directors and shareholders at 31 December 2015 and 2014. The Group has amounts owing to directors of €Nil as at 31 December 2015 and 2014.

Key management compensation

The profit before tax from continuing operations has been arrived at after charging the following key management compensation:

	2015	**2014**
	€'000	**€'000**
Short term employee benefits	1,249	1,095
Bonus and other emoluments	-	39
Pension contributions	73	86
Total	**1,322**	**1,220**

The key management compensation amounts disclosed above represent compensation to those people having the authority and responsibility for planning, directing and controlling the activities of the Group, which comprises the Board of Directors and executive management (nine total).

23. Events after the reporting date

The Board of Mincon Group plc is recommending the payment of a final dividend for the year ended 31 December 2015 in the amount of €0.01 (1 cent) per ordinary share, which will be subject to approval at the Annual General Meeting of the Company in May 2016. This final dividend, when added to the interim dividend of 1 cent paid on 25 September 2015, makes a total distribution for the year of 2 cent per share.