The Driller's Choice Worldwide

MINCON ANNUAL REPORT & CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

MINCON. HEAD AND SHOULDERS ABOVE THE REST.

When the terrain was challenging, **MINCON** delivered. **MINCON DTH Rockdrills** were used to lower the foundation of the World Trade Center site by 35 ft in Manhattan Schist Rock to house the new subway Terminal.

TABLE OF CONTENTS

Section	Page
Directors, Company Secretary, Registered Office and Advisers	1
Founder's Letter	2
Chairman's Statement	4
Chief Executive Officer's Review	5
Operating and Financial Review	6
Strategy of the Group	10
Board of Directors	11
Senior Management	13
Directors' Report	14
Directors' Statement on Corporate Governance	17
Principal Risks and Uncertainties	20
Group Financial Statements	
Statement of Directors' Responsibilities	23
Independent Auditor's Report	24
Consolidated Income Statement	26
Consolidated Statement of Comprehensive Income	27
Consolidated Statement of Financial Position	28
Consolidated Statement of Cash Flows	29
Consolidated Statement of Changes in Equity	30
Notes to the Consolidated Financial Statements	31
Separate Financial Statements of the Company	
Company Statement of Financial Position	58
Company Statement of Cash Flows	59
Company Statement of Changes in Equity	60
Notes to the Company Financial Statements	61

CORPORATE PROFILE

Mincon Group Plc is an Irish engineering group with its shares trading on the AIM market of the London Stock Exchange and the ESM market of the Irish Stock Exchange. The Company specialises in the design, manufacture, sale and servicing of rock drilling tools and associated products. The Company's strategy is to increase its share of the global rock-drilling consumables market through organic growth and acquisitions. Its manufacturing facilities are located in Ireland, the USA and Australia. The Company also maintains a network of sales and distribution companies in a number of international markets to provide after sales support and service to customers.

Directors:	Peter E. Lynch – Non Executive Chairman (Irish) Kevin Barry – Chief Executive Officer (Irish) Joseph Purcell – Chief Technical Officer (Irish) Thomas Purcell – Sales Director (USA) Patrick Purcell – Non Executive Director (Irish) Padraig McManus – Non Executive Director (Irish)
Company Secretary:	John Doris (Irish)
Registered Office:	Smithstown Industrial Estate Shannon Co. Clare Ireland
Nominated Adviser, ESM Adviser and Broker:	Davy 49 Dawson Street Dublin 2 Ireland
Legal advisers to the Company:	William Fry Fitzwilton House Dublin 2 Ireland
Auditor:	KPMG 1 Stokes Place St Stephen's Green Dublin 2 Ireland
Registrar:	Computershare Investor Services (Ireland) Limited Heron House Corrig Road Sandyford Industrial Estate Dublin 18 Ireland
Principal Bank:	Allied Irish Banks plc Shannon Co. Clare Ireland
Company Website:	www.mincon.com
Ticker Symbols:	ESM: MIO.IR AIM: MCON.L

FOUNDER'S LETTER

To the shareholders of Mincon Group plc

My aim in founding Mincon in 1977 was to exploit the opportunity to manufacture and supply quality replacement spare parts for the rock-drilling sector of the mining industry, initially in Ireland, which then had five active mines and as soon as the products were proven on the home market, to commence our export drive.

The success of the venture in the long run was to be predicated on three core objectives:

1. A continuous programme of product and process development leading to quality products, profits and positive cash flow
2. After sales customer service and support
3. A recognition of the importance of all our people in the success of our business.

36 years later, the objectives of the Company remain the same. It is these three core objectives that we believe have driven the success of the Company over the past four decades, and will continue to drive the success of the Company for decades to come. From our humble beginnings in 1977, Mincon now sells products to more than 500 customers in over 60 countries in a variety of drilling industries such as mining, geothermal, waterwell, construction, quarrying and oil & gas. Mincon has three manufacturing facilities (in Ireland, the US and Australia) and distribution operations in seven countries (in South Africa, Senegal, Ghana, Sweden, Poland, the US and Peru).

Products

The Mincon manufactured product can be broken down into three distinct product lines:

1. Conventional Down the Hole (DTH) product;
2. Reverse Circulation (RC) DTH product; and
3. Horizontal Directional Drilling (HDD) product.

Each of these product lines comprises a pneumatically operated hammer and a drill bit. Bits can be sold separate to the Hammer. Mincon manufactures a range of Bits to an industry standard size and can therefore be used in conjunction with Hammers manufactured by competitors.

Mincon Service

Aftermarket support for customers is an important component of the Company's business model. Mincon has pursued a strategy of providing Mincon's customers with the knowledge and skills necessary to make the most effective use of Mincon products. We believe that this is achieved, in the main, through making Mincon staff available for visits to customer sites. With the consent of the customer, this may entail initial training workshops tailored to the drilling needs of the user followed by regular follow up visits to ensure the products and operations continue to be used effectively. Such bespoke service offerings allow the Company to foster strong relationships and help develop a reputation of strong customer service within the drilling industry. The senior management team also maintains key relationships with customers and suppliers

People

Mincon has an established management team and an extremely committed workforce. We believe that the skills required in providing quality products and services have been internally generated over Mincon's history and would be difficult for emerging competitors to develop in the short term. In 2013, the pre-IPO shareholders of Mincon (Kevin Barry, CEO; and myself as representative of the Purcell family) rewarded all staff of the Group with a once-off award payment of €1,000 per staff member per year of service. Kevin and I wished to take the opportunity to show, in a tangible and meaningful way, our appreciation to the staff for their contribution in bringing Mincon to where it is today and positioning it for the next phase of its development organically and through acquisitions. This award of approximately €1.2 million was funded entirely from our own private funds, with no cash cost to the Company.

IPO

2013 was a truly historic year for the Company with the successful admissions to the ESM market of the Irish Stock Exchange and the AIM market of the London Stock Exchange in November. A Company needs to grow in order to be successful. With this in mind, Kevin Barry and my family made the decision to move to public ownership in 2013, with a view to exploiting opportunities being presented in the current global environment. Our stated aim is to double the size of the business over the two years post IPO through organic growth and acquisitions. We believe this move to public ownership will bring important benefits for our shareholders, for our employees and for our customers.

Long Term Focus

As a private company, and now as a public company, we tend to take a medium to long term outlook of our Company as long as the fundamentals of profits and cash flow are healthy. Industry cycles are a fact of life and it is a mark of good management if the effects of the troughs of these cycles are controlled and minimised. In this context, availing of opportunities in the best long-term interest of the Company and our shareholders is a key objective of the Company and the Board.

Finally, I would like to take this opportunity to welcome Peter Lynch and Padraig McManus to the Company. Peter and Padraig joined the board of Mincon in September 2013, with Peter serving as Independent Chairman. Peter and Padraig bring with them significant knowledge and skills, which will assist the Company in achieving its stated aims in the short term and more importantly, serve the Company well for years to come.

Patrick (Paddy) Purcell

CHAIRMAN'S STATEMENT

Overview

We aim to build a substantial Group over the next few years that has a strong manufacturing core, makes significant acquisitions competently and delivers, through those acquisitions and product development, substantial organic growth. We have the stated aim of doubling the size of the Group in the next two years and we have the funds to do that.

We would seek to grow by the acquisition of excellent companies with excellent people, with products, and in markets that provide ongoing organic growth and margins at a level that reflect the quality of our products and service. The funds were raised to make acquisitions to advance the strategy of the Group more rapidly. That strategy aims to broaden and deepen our product range, improve our geographical distribution and recruit and develop an excellent core team of people.

At this relatively early stage in assembling the Group, the key officers are still the operating executives who are hugely involved with the customers and markets and with all aspects of the products and service. This has been a key element of the success of the Group. We have to manage this over the next few years and expand our senior team to be capable of running large distributed enterprises according to the core ethos of the Group.

Product range

We wish to extend the range of sizes and types of hammers and bits we produce in the Group, the other consumables that accompany them, and the collaterals that support those sales. To that end we will continue to develop relationships with other high quality producers to establish whether their products and people would be compatible with our own team and business, and whether the opportunity will represent value for the Group.

Distribution and sales

Our objectives are to develop distribution hubs in key territories and build scale relevant to the proximate markets. Improved distribution would provide insight into those territories and build core product, service and customer knowledge. We already sell on six continents from our current bases in nine countries, and that will not change, but we plan to establish regional building blocks from which to operate. These are likely to be based in businesses we own or acquire rather than administrative start-ups.

Acquisitions

The Group has issued several Letters of Interest and a couple of Letters of Intent to relevant companies that fit the product and distribution strategies, and whose owners recognise the merit of combining the businesses. We are involved in ongoing discussions and negotiations which should lead to the first steps in culminating an acquisition in line with our stated strategy being taken in the coming months.

At present the reference companies in the sectors in which we operate are under some cyclical pressure in some categories. We are, of course, not immune to these pressures but the Group is well funded and we have excellent products, cash flow, people and customers. With an expansionary attitude we believe the market softness offers more opportunities to us than it presents problems in the current trading periods.

Having said that, for the Mincon management team at this time, turnaround situations would not be opportunities that could be taken on while simultaneously maintaining and developing the core business. We would, in addition, not be interested in making minority investments of any material scale.

Concluding note

We are diligently working on acquisitions and opportunities to develop the business. A successful execution of the product and distribution strategies will see the Group able to fulfil larger orders to existing customers for the wider range of products, to sell existing Mincon products to new customers through acquired companies, and to assemble a high quality management team able to maintain and develop those businesses.

The Mincon Group has a great core and ethos, established and developed over the last nearly forty years. This is reflected in the quality of the products, the excellence of the customer service, and the care that all the employees invest in the well-being of the Group. This is a solid base upon which to build.

Peter E. Lynch
Chairman

CHIEF EXECUTIVE OFFICER'S REVIEW

I am delighted to present the first Annual Report of Mincon Group plc as a public company. 2013 was a landmark year for the Company with successful admissions to the ESM market of the Irish Stock Exchange and the AIM market of the London Stock Exchange in November. From a financial performance standpoint, Mincon had one of its most successful years since inception, generating the largest ever profit before tax (pre-exceptional items). Our 2013 performance and results reflect the strength of Mincon's global manufacturing, sales and distribution platform and diversification across a number of different drilling industries such as production mining, exploration, geothermal, waterwell, construction, quarrying and oil and gas. Our developing market strategies continued to deliver strong performance despite a global background of reduced economic growth, falling precious metal prices and significant currency headwinds.

2013 was another successful year in which we furthered our stated aim of increasing Mincon's market share of the global rock-drilling consumables market, which generates a significantly higher margin for the Group, compared to the distributorship margin received on the sale of third party product. Demand for Mincon manufactured product remained stable and broadly in line with expectations for the year, with the 5% reduction in revenue due to the weakening of certain key currencies in which we trade, namely the South African Rand and Australian Dollar which devalued on average by 21% and 11% respectively.

The highlights of the past financial year were:

- 18% increase in operating profit before exceptional items;
- 9% increase in profit before exceptional items attributable to ordinary shareholders of the parent;
- 6% increase in earnings per share before exceptional items;
- Increase of €7.5 million in net cash provided by operating activities to €12.4 million for the year;
- New sales offices opened in Ghana and Peru.

Further details are outlined in the operating and financial review section.

I would like to join Paddy Purcell in recognising the significant role played by all Mincon employees in the growth of the business to date. The employee recognition payment, referred to throughout the financial statements as an "exceptional item" for accounting purposes, was our way, as the largest shareholders in the Company, of thanking employees for their exceptional efforts in furthering the strategy of the Group.

Outlook

The strong Group performance achieved in 2013 was against a global background of weak demand for mining products driven by the decline in the price of precious metals, which as advised in our preliminary announcement, has continued into 2014. Our trading performance for Q1 of 2014 has continued to reflect the slowdown experienced in the second half of 2013. This has been driven by a number of factors including adverse weather in North America at the start of 2014, significant currency headwinds, while the slowdown in the global exploration and mining market continues to impact upon Mincon RC product sales and 3rd party product sales. The outlook for Q2 is improving and the Board remains confident of achieving further progress in the coming year, especially for our flagship DTH product. Our margins remain good and the high Mincon manufactured content is helping to mitigate the slow start. We continue to increase our international sales network and maintain a strong emphasis on continued and new product development aimed at improving and expanding the existing product range.

The Board has identified a number of acquisition targets, which offer the opportunity to further extend our existing product range and add new customers and new geographic markets. The Company is at an advanced stage of negotiation on acquisitions that should extend the Group into new products and customers, and we are ambitious about securing one or more on satisfactory terms in the current trading period.

Kevin Barry
Chief Executive Officer

OPERATING AND FINANCIAL REVIEW

INDUSTRY OVERVIEW

Mincon manufactures a range of rock-drilling DTH Hammers and Bits for a variety of industries including mining exploration, mining production, oil and gas drilling, water well drilling, geothermal drilling, construction, quarrying and seismic drilling. In addition, Mincon provides a hard-rock HDD system to provide access for fibre optic cable laying and similar activities.

Mincon's largest customer market for product sales is the global mining industry. This industry is currently experiencing a period of contraction after recent years of strong growth. Metals commodities prices have fallen steadily since their peak in 2011 back to levels not seen since late 2008. However, since June 2013 prices have generally stabilised after a period of almost constant decline in 2012 and the first half of 2013. These declines forced many participants in the industry to start reducing their capital expenditure spends in line with this. Inventory growth for the major mining equipment manufacturers has been negative as they seek to protect their working capital position given uncertainty over the prospect of substantial capital goods orders by customers in the current environment.

The wider macroeconomic environment will also continue to have an impact on the mining equipment industry. The International Monetary Fund's update of its *World Economic Outlook* published in April 2014 shows that global growth is projected to be approximately 3.6 per cent in 2014. The report also highlights the importance of access to emerging markets, with growth in such countries forecast at approximately 5 per cent in 2014 compared to the continued subdued growth experienced in more advanced economies, which is projected to be approximately 2 per cent in 2014.

Despite some of the recent uncertainties as highlighted above, Mincon has been able to continue to grow its business due to a number of more specialised trends emerging in the global mining industry. Declining ore grades have now become a structural driver of the mining equipment market, especially in the consumables products space in which Mincon has particular specialisation. Complex, lower grade ore bodies lead to the requirement for more ore to be processed by miners, leading to higher utilization rates of equipment and increased wear and replacement volumes as a result.

The aftermarket service offering and spare parts and consumables supplies have become important components of mining equipment manufacturers' revenue streams and are of increasing importance in a slower industry growth scenario. Higher utilisation of equipment as described above, coupled with the increase in mine supplies means that customers now demand effective service, spare parts and consumables, often in the form of contracts where availability and productivity are key criteria. The spare parts and consumables market is also less cyclical than the larger capital goods segment and can result in more stable margins for participants with service offerings in the space.

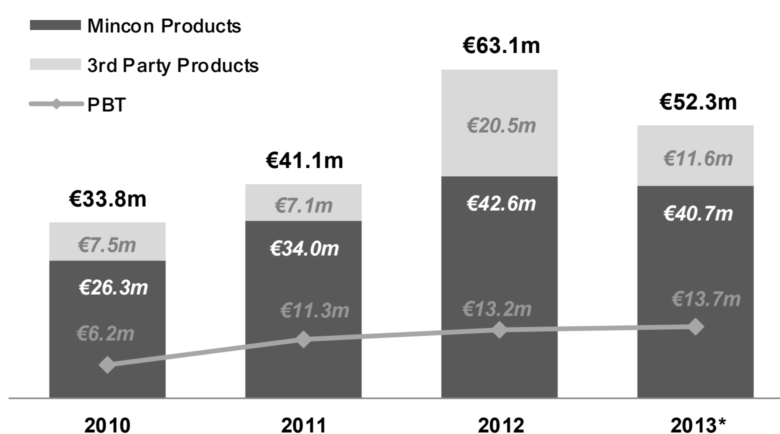
Despite the current slowdown being experienced by some players in the mining and drilling equipment industry, Mincon profitability has increased each of the past 4 years. The Directors believe that this is due to Mincon's focus on consumable rather than capital sales. During slowdowns in the mining industry, large capital purchases are frequently put on hold by mining companies, however they must continue with revenue generating activities which results in relatively stable usage of consumable equipment. Management has also observed that there has been a growth in sales within the HDD sector in recent years due to increasing acceptance by end users of this new and innovative drilling method. This, coupled with the Company's focus on operational efficiency, investment to drive future performance and increasing market share in the markets in which it competes, has resulted in the strong performance in 2013.

OPERATING AND FINANCIAL REVIEW (*continued*)

HISTORICAL FINANCIAL PERFORMANCE

Income statement	2013* Audited €'000	2012 Audited €'000	2011 Audited €'000	2010 Audited €'000
Revenue	52,343	63,143	41,145	33,821
Gross profit	25,722	26,891	21,212	14,635
Operating profit	15,012	12,724	12,555	5,789
Profit before tax	13,732	13,228	11,266	6,206
Profit after tax	11,159	10,323	9,005	4,764

* Before exceptional items



* Before exceptional items

Revenue growth
The Group increased revenue by 55% from 2010 to 2013 due to geographic expansion of the business. Revenue solely from Mincon manufactured product also increased 55% over the same four year period. The 17% reduction in revenue in 2013, as compared to 2012, was mainly due to (i) a reduction in sales of third party product (as discussed more fully below) and (ii) currency weakness in certain key currencies in which the Group trades. Demand for Mincon manufactured product remained stable and broadly in line with expectations for the year, with the 5% reduction in revenue from Mincon manufactured product due to the weakening of the Rand South African Rand and Australian Dollar, which devalued on average by 21% and 11% respectively.

Revenue mix
A proportion of Mincon's revenue is achieved from the sale of third party products through Mincon's global distribution network. These products are complementary to Mincon's core product offering of Hammers and Bits and include a range of products used by drillers on active sites, for example, drill rigs, mud pumps, Tungsten Carbide insert grinders and lubricants. The split of revenue between Mincon manufactured product and third party product is typically approximately 80/20. The most significant deviation from this split was in 2012 (67/33), mainly driven by a number of once-off sales of capital equipment in South Africa, Angola and the Democratic Republic of the Congo during the year.

Gross margin
The Group's gross margin is dependent on a number of factors such as revenue, steel costs, carbide costs, employee costs and other costs. However, the most significant driver of gross margin (as a percentage of revenue) is revenue mix. Mincon earns a significantly higher return on product manufactured by Group entities (in either Ireland, Australia or the US) than the margin earned from the sale of third party products through Mincon's global distribution network. The change in revenue mix in 2012 (as discussed above) resulted in the lower gross margin percentage of 43% than either 2011 (52%) or 2013 (49%).

Markets & products

EMEA continues to be the most significant market for Mincon, representing 61% (2012: 63%) of our revenue. Revenue for 2013 in this region declined €8.1 million mainly due to the completion of the contract to deliver third party capital equipment in Southern Africa in 2012. Revenue in this region was also impacted by the weakness of the South African Rand during the year, which devalued by approximately 21% on an average yearly basis. Mincon has continued to expand its presence in this region by opening a new sales office in Ghana, adding to existing EMEA locations in Ireland, Sweden, Poland, South Africa and Senegal.

The Americas represents Mincon's second most significant market, representing 26% (2012: 24%) of our revenue. Revenue in this region declined by €1.7 million primarily due to the closure of a manufacturing facility in Canada. This facility manufactured a legacy product, with a declining market and ceased to be profitable for the Group. During the year, Mincon opened a new sales office in Peru, in addition to our two existing locations in the United States. We believe a physical presence in South America will increase sales in this region.

Revenues in the Australasia region represented 11% (2012: 11%) of our revenue. Revenue in this region declined by €1.1 million due to the effect of the global slowdown in exploration impacting upon sales of our Reverse Circulation (RC) product, as well as the devaluation of the Australian Dollar by approximately 11% on an average yearly basis.

Revenue from our conventional down-the-hole (DTH) product represented 60% (2012: 49%) of Group turnover with sales of RC, Horizontal Directional Drilling (HDD) and other manufactured product representing 18% (2012: 18%) of Group turnover. Demand for our DTH product continues to grow each year due to product improvements and increasing market presence. Demand for RC product is cyclical depending largely on the global prices for precious metals and the corresponding demand for exploration product. Our HDD product range represents a significant growth opportunity in the trenchless utility industry.

Operating costs

Total operating costs (excluding cost of sales) are on average 22% of revenue for the past four years. Included within these costs are selling & distribution expenses (10%) and general & administrative expenses (12%). Total operating costs (pre-exceptional items) were slightly below average in 2013 (at 20%) primarily due to lower directors' remuneration. Directors' remuneration is discussed in more detail in the directors' report on remuneration on page 18.

Tax

The Group's effective rate of tax has been on average 21% over the past four years. The reduction in the effective rate of tax to 19% in 2013 was due to the change in the geographic spread of profits of the Group entities.

Profit growth

Rigorous cost control has helped to improve the operating profit margin from 17% in 2010 to 29% in 2013. Operating profit before exceptional items increased by 18% in the year to €15.0 million due to the impact of significant directors payments in the prior year. When these are excluded, general and administrative expenses remained constant at €5.7million, with selling and distribution expenses decreasing 14% to €5.0 million in line with the 17% reduction in revenue.

Net profit before exceptional items increased by 8% to €11.2 million driven by a combination of the above factors. The significant volatility in the currency markets impacted upon the Group's net profitability for the year, resulting in a €1.3 million loss from the settlement and retranslation of monetary assets and liabilities denominated in foreign currencies. The majority of this loss was driven by the devaluation of the South African Rand and Australian Dollar.

SUMMARY HISTORICAL FINANCIAL INFORMATION

Balance Sheet	2013 Audited €'000	2012 Audited €'000	2011 Audited €'000	2010 Audited €'000
Non-current assets	15,845	17,322	14,563	15,174
Net working capital	24,788	26,468	19,223	14,707
Net cash/(debt)	48,600	6,451	6,316	2,359
Other assets/(liabilities)	(2,896)	(3,338)	(3,533)	(3,024)
Total equity	86,337	46,903	36,569	29,216

Mincon's balance sheet remains very strong with net assets of €86.3 million. Management continue to focus on inventory levels and debtors days. Both inventory and receivables have reduced by €1.9 million since 31 December 2012. However, when currency impacts are excluded, both are relatively stable year on year, consistent with the stable demand for Mincon manufactured product.

Long term investment

Mincon has adopted a long term approach to ensure that Mincon's facilities and equipment meet the needs of future business and projects. This approach led to Mincon's timely expansion into its modern and purpose built facilities in Benton, Illinois in the USA and Perth, Australia to adequately meet the needs of customers and suppliers in these two important markets. Mincon has invested approximately €13.3 million over the past four years on capital expenditure projects resulting in spare capacity for future growth and significantly lower capital expenditure being anticipated on existing facilities over the next three years.

The reduction in property, plant and equipment and goodwill in 2013 was mainly due to depreciation of €1.9 million and foreign exchange revaluations of €1.8 million, offset by additions of €2.2 million.

Net working capital

The nature of the industry in which Mincon operates requires the Group to maintain significant quantities of inventory on hand, both raw materials that have significant lead times for manufacturing plants, and finished goods in global locations to actively serve and service Mincon's diverse customer base. As at 31 December 2013, Mincon had €18.5 million of inventory on hand, a reduction of 9% year on year driven mainly by foreign exchange revaluation of inventory held in foreign locations. Trade and other receivables amounted to €8.5 million at 31 December 2013, a reduction of €1.9 million (18%) since 31 December 2012. This reduction was driven by the reduction in revenue year on year and foreign currency revaluations.

Financing and cash flows

Historically, the expansion of the business was primarily financed through internal cash resources and the Group has operated with low levels of debt in recent years. Bank loans and finance leases amounted to €1.5 million as at 31 December 2013, up from €1.3 million at 31 December 2012. The Group has maintained strong operating cash flows in recent years and has consistently paid down debt and reduced its finance leases. The Group had a net cash position as at 31 December 2013 of €48.6 million up from €6.5 million. The most significant movement in net cash during 2013 related to:

- Net proceeds from initial public offering (IPO) of €47.1 million,
- Pre IPO dividend paid to founding shareholders of €15.0 million, and
- Cash flows from operating activities of €12.4 million.

STRATEGY OF THE GROUP

The Mincon strategy is straight-forward. Mincon has a small percentage of the global rock-drilling consumables market. The aim is to increase the Mincon share of this market through organic growth and through acquisitions with the objective of becoming a "one-stop-shop" for rock drilling consumables. Controlling the supply chain from manufacture to end-user, providing a high quality customer service and receiving real-time feedback from customers to inform product development is expected to enable the Group to maximise its margins.

Research and development

The Group's strategy around research and development is to:

- maintain a strong emphasis on continuing new product development of the consumable product lines;
- improve the existing product range; and
- continue to work closely with customers to design and manufacture products that better suit their specific requirements on a bespoke basis.

Organic growth

The Group's strategy around organic growth is to:

- expand into geographical territories adjacent to Mincon's existing geographic footprint;
- enter into joint ventures with local partners in geographic territories where it is appropriate to do so;
- open new manufacturing plants or new sales and distribution offices where it makes commercial sense to do so; and
- enter into strategic alliances with third parties which will add to Mincon's suite of products available for sale.

Acquisitions

Mincon has identified a pipeline of acquisition targets which are designed to:

- extend the existing product range; or
- defend margins or secure the supply of raw materials; or
- add new products which are complementary to the existing product range or which add new customers and/or new geographic markets.

Acquisition candidates which the Company is considering represent a good geographic spread of opportunities and consideration payable on individual acquisitions is expected to be based on enterprise value in the region of €10-30m. The Board will assess and prioritise acquisitions on an ongoing basis based on an assessment of product (technical and commercial diligence), culture (assessment of integration issues and management fit) and price (delivering a sensible return on investment and being accretive to earnings). Mincon intends to use its liquid resources to further this objective over the next 12-24 months.

Strategic goals

Management has set the following as strategic goals to achieve by the end of 2015:

- to double the size of the Group from 2013 levels through a combination of organic growth and acquisitions designed to improve product reach and improve access to existing and potential customers;
- to complete and integrate 2 to 3 acquisitions in the rock drilling consumables space;
- to adopt a commercially sensible level of leverage;
- to expand its HDD range and upgrade its range of DTH Hammers;
- to enter new markets with sales offices in the Americas, EMEA and Australasia;
- to strengthen the management team and add additional non-executive directors with appropriate skills; and
- to establish a progressive dividend policy.

BOARD OF DIRECTORS

At 31 December 2013, the Board of Mincon comprised of three Non-Executive Directors and three Executive Directors. Details of the directors are set out below:

NON-EXECUTIVE DIRECTORS

Peter E. Lynch (Age 56) (Non-Executive Chairman)

Mr Lynch qualified as a Chartered Accountant with KPMG in 1985. While in KPMG he worked in audit, management consultancy and corporate finance. He joined NCB Stockbrokers when they set-up a corporate finance unit in 1985 and, after a period as finance director of a software company, joined Riada Corporate Finance in 1988. He held a number of senior positions in ABN AMRO Hoare Govett in Ireland including that of Group Operations Director, and Managing Director, ABN AMRO Stockbrokers Ltd. In 1995 Mr Lynch joined Adare Printing Group plc as finance director. Up to the date of his departure in September 2000, Adare increased turnover from circa €2.5 million to circa €200 million through some 16 acquisitions, most of which were turnaround situations.

In 2000 he joined Eircom Group plc as chief financial officer. Circa €10 billion of transactions were led and executed by the team assembled by Mr Lynch during his six year tenure with Eircom including the takeover by Valentia for €3 billion, a bond issue of over US$1 billion, a second initial public offering of €800 million, a rights issue of €420 million, the acquisition of Meteor Mobile Communications Limited and the sale to Babcock and Brown Infrastructure Limited for €4.4 billion, as well as a number of multi-billion euro bank refinancings. Mr Lynch led the implementation team on all of these transactions and earnings before interest, tax, depreciation and amortisation improved from circa US$460 million to US$620 million on the fixed line business during this period, and, in respect of the mobile business, from circa US$15 million to circa US$120 million. Mr. Lynch also led the in-house property company, the wholesale fixed line business, the mobile business, the IT team and chaired the capex and risk committees among others.

Mr Lynch has been executive chairman of Prime Active Capital, which is a quoted company on AIM and ESM, since May 2007 following a major restructuring of that business. Mr Lynch graduated in economics from Trinity College Dublin in 1981 and is a member of the Securities Institute.

Padraig McManus (Age 63) (Non-Executive Director)

Padraig currently serves as Chairman of Eircom, Ireland’s largest telecommunications company, and was previously Chief Executive of Ireland's leading energy company, ESB, from 2002 to 2011.

While Chief Executive of ESB, he oversaw some of the most significant transactions in the Group’s history including (i) the 2010 acquisition of NIE Networks for Stg£1.2 billion, personally overseeing the financial, political and general stakeholder issues in integrating the business into the ESB Group; (ii) the 2008 sale of a tranche of ESB’s Power Generation Portfolio to Endesa of Spain in a ground-breaking deal with trade unions and the Irish energy regulator to reduce dominance and allow competitors into the market; (iii) ESB’s first private placement fundraising package in the US of €0.9 billion in 2003; and (iv) the sale of ESB’s electrical appliance retail business and outlets to Bank of Scotland Ireland in 2005.

He previously worked as a HR Manager in ESB and was part of every major restructuring programme in ESB that reduced core staff levels below 6,000. He led projects for ESB in Ghana, Sierra Leone, Gambia, Cambodia, the Philippines and Vietnam.

Padraig is on the Council of the Irish Management Institute and is a Board member of the Economic and Social Research Institute of Ireland (ESRI) and Business in the Community. He has also served on a number of other boards including The Conference Board of the US.

Patrick Purcell (Age 76) (Non-Executive Director)
Patrick served an apprenticeship in the Irish Air Corps in the 1950s and later qualified as an accountant in Australia in 1961. When he returned to Ireland in 1967 he joined Shannon Diamond & Carbide Ltd, (later Boart Longyear) and worked in various capacities with their European Group Companies for the next 10 years. His roles with Shannon Diamond & Carbide included that of cost accountant, sales and marketing director and a period as a general manager of their manufacturing plant in Norway before becoming their director for European Sales Companies and Product Development.

Patrick set up Mincon in 1977 and developed the Group, firstly in Ireland and then into overseas areas including USA, Canada, Australia, South Africa and Sweden. Patrick remained as Executive Chairman until 2012 but continued to work with the Company as an adviser on new projects.

EXECUTIVE DIRECTORS

Kevin Barry (Age 58) (Chief Executive Officer)
Kevin commenced his career as a trainee accountant in practice in 1973. He joined Kraus & Naimer Ireland Limited as an accountant in 1977. He qualified as a Certified Public Accountant ("CPA") and began working with Mincon International Limited in 1984 as Financial Controller. He was appointed Chief Executive Officer of the Mincon Group of companies in 1991. Kevin has been responsible for expanding the Group's activities since becoming Chief Executive Officer by extending the Mincon product range through organic growth and by setting up the various overseas subsidiaries.

Joseph Purcell (Age 47) (Chief Technical Officer)
Joe qualified as a Mechanical Engineer in 1988 at University College Galway, in Ireland and since then has worked with Mincon in various capacities. DTH hammer design has been his main area of specialisation although he has extensive experience in manufacturing methods, heat treatment and process development. His hammer design work has included seven years in Perth, Australia where he developed a successful range of Reverse Circulation and Conventional DTH hammers for local and export markets. Joe was appointed as Chief Technical Officer for the Mincon Group on his return from Australia in 1998.

Thomas Purcell (Age 42) (Sales Director)
Tom Purcell studied with the Association of Chartered Certified Accountants ("ACCA") from 1989 to 1993. He worked for a year in professional practice at Vaughan & Company in Ennis, Ireland. Prior to completing his ACCA studies, he immigrated to the USA to work with Mincon on a new joint venture opportunity in the country. He worked for the Mincon Group in the dimensional stone quarrying industry during which time he was key in setting up operations in Virginia and North Carolina. In 1996, Mincon sold its investment in the quarrying entities to Marlin Group of South Africa. He worked in various positions with their USA subsidiary from Purchasing and Safety Manager of four quarrying companies, to CFO and Operations Manager for their Atlanta based operation, Stone Connection. He re-joined the Mincon Group in 1999 as president of Mincon, Inc. He continues to serve in this position in addition to his role as Group Sales Director.

COMPANY SECRETARY

John Doris (Age 67) (Company Secretary)
John Doris B.Sc., M.B.A., F.C.C.A. is principal of Meridian Business Advisors Limited, a Dublin based consultancy firm. He graduated from University College Dublin with a B.Sc. in experimental physics in 1969 and completed his M.B.A. in 1977. He also qualified as an ACCA in 1974. He gained broad experience in both financial and marketing roles in industry, moving into rescue banking and corporate finance. He managed the successful Riada Business Expansion Funds when he was a director of ABN Amro Corporate Finance (Ireland) Limited. John currently serves on the Board of directors at Quinn Insurance Limited (under administration) and the International Convention Centre at Spencer Dock in Dublin, and is a former president of ACCA Ireland. John is widely experienced in manufacturing, distribution and corporate finance. John joined Mincon in September 2013 as interim Chief Financial Officer and Company Secretary and continues to serve as Company Secretary since the appointment of a Chief Financial Officer in January 2014.

SENIOR MANAGEMENT

Mincon has a highly experienced team of senior managers that has helped to drive the development of the Group across its global locations. Brief profiles of the Mincon senior management team are set out below:

Brian Lenihan (Age 32) (Chief Financial Officer)
Brian Lenihan, ACA, AITI, joined Mincon Group plc as its Chief Financial Officer in January 2014. Brian is a Chartered Accountant (ACA), having qualified with KPMG in 2004. From 2005 to 2008, Brian worked in the audit practice of KPMG Boston. He was a director in KPMG since 2010. Brian has extensive experience of providing audit and capital market services to large Irish companies in the energy, manufacturing and pharmaceutical sectors. Brian has worked on public company transactions in both Ireland and the United States. Brian is also a Chartered Tax Advisor (AITI) in Ireland, holds a Bachelor degree in Accounting from University College Cork and is a former member of the American Institute of Certified Public Accountants (CPA).

John Goytil (Age 48) (Head of Scandinavian Operations)
John served an apprenticeship as a mechanical fitter and worked with Nemek, a Norwegian Drillrig manufacturer for 5 years before joining Boart Longyear in 1990. Boart Longyear distributed Mincon DTH 14 Hammers in the Nordic region from around 2003 until 2007 when they went through a global restructuring and closed their Swedish company. John joined Mincon as a consultant for Scandinavian operations in 2007 and has played a major role in promoting Mincon activities in the region and now serves as head of Scandinavian operations for Mincon.

Mike Jones (Age 48) (President, Mincon Rockdrills USA)
Mike Jones studied Mechanical Engineering at JALC, in Carterville, Illinois in the United States. Between 1984 and 1990, Mike worked with Dalby Tool Co, a DTH Bit manufacturer located in Benton, Illinois. While at Dalby Tool Co. Mike served in various positions with increasing responsibility, including CNC Programming, Product Development and ultimately Plant Supervisor. In 1990, Mike was instrumental in the formation of Percussion Bit and Tool, Inc. This company manufactured a range of drill Bits for both top (surface) Hammer and DTH applications. In addition, the company produced a range of specialist casing tools for the geotechnical industry. Mike worked as production manager which involved dealing with all aspects of manufacturing and product development. In 2003, Percussion Bit & Tool joined the Mincon Group and was renamed Mincon Rockdrills USA, Inc. Mike was appointed President of this company in 2004 and continues to serve in this position.

Rod Marsh (Age 49) (Managing Director, Mincon Rockdrills Australia)
Rod joined a large Australian mining company (WMC Resources) in 1998 in the logistics field, later moving to an international mining company, Alcoa. Rod's career progressed from operational and commercial roles in the early stages to supervisory and management roles while at Alcoa. He commenced working for Mincon Rockdrills as General Manager in May 2011 and became Managing Director of Mincon Rockdrills Pty Ltd in August 2011. Rod is responsible for overall management of operations in Australia including financial and operational performance, strategy development and company growth.

Jaco Scott (Age 44) (Managing Director of South African Operations)
Jaco Scott joined Mincon in 2002 and is currently responsible for the Group's market development initiatives across Southern Africa in all activities and applications, including exploration and mining, infrastructure (communication) and civil engineering, energy and other related businesses. Jaco was previously a drilling contractor and has over 25 years of experience in the mining, drilling and civil engineering Industry in Africa.

Martin Van Gemert (Age 49) (Managing Director, West Africa)
Martin completed his apprenticeship as a motor and diesel mechanic in 1987. From 1987 to 2002, he worked for various companies in the geotechnical, feasibility and mineral exploration, civil and road construction, surface drilling and blasting (including specialised controlled blasting techniques) and open cast mining industries. From 2002 to 2007, he worked in various roles including technical and management positions for companies manufacturing and selling drilling tools for the exploration and mining industries in Southern and West Africa. In January 2007, Martin served as general manager of Sandvik's newly established operations in Mali and served there until September 2010 when he started Mincon West Africa in Senegal. Martin currently holds 20% of the issued share capital of Mincon West Africa. Mincon West Africa is involved in stocking and supplying drilling equipment to the French West African market.

DIRECTORS' REPORT

The Directors present their first Directors' report and the consolidated financial statements of Mincon Group plc ("Mincon") for the year ended 31 December 2013.

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 (formerly Manrock 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.

Following that reorganisation the Mincon Group comprises Mincon Group plc and its subsidiaries (including Smithstown Holdings) as outlined in Note 20 to the financial statements. 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. Mincon Group plc presents its consolidated financial statements as if the reorganisation had occurred before the start of the earliest period presented.

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

Principal activities of the Group

Mincon is an Irish engineering group, specialising in the design, manufacture, sales and servicing of rock drilling tools and associated products. The Company's manufacturing facilities are located in Shannon, Ireland, in Benton, Illinois in the USA and in Perth, Australia. Mincon also maintains a network of sales and distribution companies in a number of international markets to provide after sales support and service to customers. Products, comprising both Mincon manufactured products and third party products which are complementary to Mincon's own products, are sold directly to the end user or through distributors.

Mincon manufactured product can be broken down into three distinct product lines:

1. Conventional Down The Hole (DTH) product;
2. Reverse Circulation (RC) DTH product; and
3. Horizontal Directional Drilling (HDD) product

Each of these products then has distinct sales lines for associated parts, namely Hammers, Spares and Bits. Bits can be sold separate to the Hammer. Mincon manufactures a range of Bits to an industry standard size and can therefore be used in conjunction with Hammers manufactured by competitors.

Mincon manufactures a range of rock-drilling DTH Hammers and Bits for a variety of industries including mining exploration, mining production, oil and gas drilling, water well drilling, geothermal drilling and seismic drilling. In addition, Mincon provides a hard-rock HDD system to provide access for fibre optic cable laying and similar activities.

The Mincon Hammers and Bits are considered consumable items in the drilling industry in contrast with capital items such as truck/track-mounted drilling rigs and large air compressors. As products of a consumable nature, Mincon products have a shorter life cycle than capital goods.

Business review

Commentaries on performance in the year ended 31 December 2013, including information on recent events and likely future developments, are contained in the Chairman's Statement and Chief Executive Officer's Review. The performance of the business and its financial position together with the principal risks faced by the Group are reflected in the Operating and Financial Review as well as the risk review section. The Directors do not propose the payment of a dividend for the year ended 31 December 2013. The following table sets forth for the periods indicated certain financial data and the percentage change in these items compared to the prior period, being the key performance indicators used by management. The trends illustrated in the following table may not be indicative of future results.

	2013	2012	Percentage change in period
Product revenue:			
Sale of Mincon product (€'000)........	40,698	42,619	(5%)
Sale of third party product (€'000)	11,645	20,524	(43%)
Total revenue (€'000)	52,343	63,143	(17%)
Sale of Mincon product as a % of total revenue	78%	67%	11%
Operating profit (excluding exceptional items) (€'000)	15,012	12,724	18%
Net profit attributable to shareholders of the parent company (excluding exceptional items) (€'000)	10,914	9,970	9%
Earnings per share (before exceptional items)........	7.02c	6.65c	6%

Directors and secretary

The current serving directors and secretary of the Company are set out on page 1. The dates of appointments and resignations of the Company's directors and secretary are set out in the table below:

Director	**Date of appointment**
Kevin Barry	16 August 2013
Patrick Purcell	16 August 2013
Peter E. Lynch	23 September 2013
Padraig McManus	23 September 2013
Joseph Purcell	23 September 2013
Thomas Purcell	23 September 2013
Company Secretary	
John Doris	23 September 2013

Kevin Barry was Company Secretary from 16 August 2013 to 23 September 2013.

Substantial shareholders

As at close of business on 2 April 2013, in so far as is known to the Company, the following persons are, directly or indirectly, interested in 3% or more of the issued share capital of the Company:

Shareholder	***Ordinary Shares as at the date of this Document***	***Percentage of Enlarged Issued Ordinary Share Capital***
Kingbell Company	119,671,200	57.68%
Ballybell Limited	29,917,800	14.42%
Setanta Asset Management	12,296,172	5.93%

None of the Company's major shareholders, as listed above, have different voting rights attaching to Ordinary Shares held by them in the Company. Both the Purcell and Barry family vehicles have certain nomination rights for so long as their respective shareholdings remain above certain thresholds.

Political donations

The Group and Company did not make any donations during the year disclosable in accordance with the Electoral Act 1997.

Research and development

The Group's strategy around research and development is to set out in the Strategy section of this Annual Report.

Corporate governance

The Board of Mincon is committed to achieving high standards of corporate governance, integrity and business ethics for all activities as set out in the Directors' Statement on Corporate Governance of this Annual Report.

Books of account

The directors are responsible for ensuring that proper books and accounting records, as outlined in Section 202 of the Companies Act 1990, are kept by the Company. The measures taken by the directors to ensure compliance with these obligations are the use of appropriate systems and the employment of competent personnel. The books and accounting records are maintained at the Company's premises at Smithstown Industrial Estate, Shannon, Co Clare.

Significant events since year-end

Details of significant events since year-end are set out in Note 28 to the financial statements.

Going concern

The Directors, having made enquiries, have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Auditor

During the year, KPMG, Chartered Accountants were appointed as auditors to the Company and in accordance with Section 160(2) of the Companies Act 1963, KPMG, Chartered Accountants, will continue in office.

On behalf of the Board

Peter E. Lynch
Director

Kevin Barry
Director

2 April 2014

DIRECTORS' STATEMENT ON CORPORATE GOVERNANCE

The Board of Mincon is committed to maintaining high standards of corporate governance and has voluntarily adopted the Quoted Companies Alliance set of governance guidelines for smaller quoted companies (the "QCA Guidelines"), which includes a code of best practice for AIM companies, comprising principles intended as a minimum standard, and recommendations for reporting corporate governance matters. The Directors recognise the importance of sound corporate governance and intend that the Company will comply with the main principles of the QCA Guidelines, wherever possible and as appropriate to the size, nature and resources of the Group. It is also our intention to be as open and transparent about our governance arrangements as possible and use the annual report to give details of changes and improvements we have made during the year.

The key aspects of the Company's corporate governance are set out below.

Managing and communicating risk and implementing internal control

The Board is responsible for putting in place and communicating a sound system to manage risk and implementing internal control. The directors have outlined in the Principal Risks and Uncertainties section the key risks facing the Group and strategies to manage these risks.

Corporate communication and investor relations

The Group recognises the importance of shareholder communications. There is regular dialogue between the executive directors and institutional shareholders as well as presentations at the time of release of annual and half year results. The Board is subsequently briefed on the views and concerns of institutional shareholders. The Group issues its results promptly to shareholders and they are also published on the Group's website, www.mincon.com. The Company's Annual General Meeting will afford each shareholder the opportunity to meet and engage directly with the Chairman of the Board and all other Board members. The annual report, including the notice of the Annual General Meeting, will be sent to all shareholders at least 21 days prior to the meeting.

The Board

The Company is controlled through its Board of Directors. The Board comprises three non-executive directors and three executive directors. Biographical details on the Board members are set out in the section entitled "Board of Directors". The Board is responsible for formulating, reviewing and approving the Group's strategy, budgets and corporate actions. The Directors hold Board meetings at least quarterly and at other times as and when required. The Board has delegated responsibility for the day to day management of the Group to the Group's executive management. There are clear divisions of responsibilities between the roles of the Chairman and Chief Executive Officer.

Board Committees

The Board has established an Audit Committee, a Remuneration Committee and a Nomination Committee with formally delegated duties and responsibilities. The Board intends to deal with matters relating to health and safety and risk through the Board (as opposed to through a separate sub-committee).

Audit committee

The Audit Committee consists of three Non-executive Directors; Peter E. Lynch as Chairman, Patrick Purcell and Padraig McManus. The chief financial officer may also be invited to attend meetings of the committee. It will meet at least three times a year and will be responsible for ensuring that the financial performance of the Group is properly monitored and reported on and for meeting with the auditors and reviewing findings of the audit with the external auditor. It is authorised to seek any information it properly requires from any employee and may ask questions of any employee. It will meet with the auditors at least once a year without any members of the management being present and will also be responsible for considering and making recommendations regarding the identity and remuneration of such auditors. The terms of reference of the Committee are available upon request. The committee met for the first time on 20 January 2014 to receive and approve the audit strategy and plan from the external auditors, KPMG. The committee also set the remuneration of the auditors at that meeting.

Remuneration committee

The Remuneration Committee consists of three Non-executive Directors; Padraig McManus as Chairman, Patrick Purcell and Peter E. Lynch. It will meet at least three times a year and will consider and recommend to the Board the framework for the remuneration of the chief executive officer, chairman, company secretary, chief financial officer, Executive Directors and such other officers as it is designated to consider and, within the terms of the agreed policy will, consider and recommend to the Board the total individual remuneration package of each Executive Director including bonuses, incentive payments and share awards. It will review the design of all incentive plans for approval by the Board and Shareholders and, for each such plan, recommend whether awards are made and, if so, the overall amount of such awards, the individual awards to Executive Directors and the performance targets to be used. No Director will be involved in decisions concerning his/her own remuneration. Details on Directors' remuneration for the year is set out below. The terms of reference of the Committee are available upon request. The Remuneration Committee met for the first time on 21 December 2013 to approve the appointment of the Chief Financial Officer and approve the terms of his remuneration.

Nomination committee

The Nominations Committee is chaired by Padraig McManus. It will meet at least three times a year and will consider the selection and re-appointment of Directors. It will identify and nominate candidates for all Board vacancies and review regularly the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations to the Board with regard to any changes.

Share ownership and dealing

Mincon has adopted a Share Dealing policy that complies with Rule 21 of the AIM Rules and Rule 21 of the ESM Rules relating to directors' dealings as applicable to AIM and ESM companies respectively. Mincon takes all reasonable steps to ensure compliance by applicable employees.

Directors' Remuneration

Details of individual remuneration of directors are set out in the table below:

		31 December 2013				31 December 2012			
Name	**Title**	**Salary €'000**	**Fees €'000**	**Pension €'000**	**Total €'000**	**Salary & bonus €'000**	**Fees €'000**	**Pension €'000**	**Total €'000**
Peter E. Lynch*	Non-Executive Chairman	-	11	-	**11**	-	-	-	**-**
Padraig McManus*	Non-Executive Director	-	10	-	**10**	-	-	-	**-**
Patrick Purcell**	Non-Executive Director	142	10		**152**	900	-	-	**900**
Kevin Barry	Chief Executive Officer	158	-	14	**172**	1,015	-	14	**1,029**
Joseph Purcell	Chief Technical Officer	158	-	4	**162**	989	-	4	**993**
Thomas Purcell	Group Sales Director	145	-	4	**149**	376	-	4	**380**
Total executive and non-executive remuneration		**603**	**31**	**22**	**656**	**3,280**	**-**	**22**	**3,302**

* *From date of appointment on 23 September 2013*
*** Patrick Purcell was paid a salary of €142,000 up to 4 November 2013 at which point he became a non-executive director of the Company.*

The aggregate of key management compensation paid in 2012 was €3,302,000, which was paid, to certain of the above persons in their then capacity as having the authority and responsibility for planning, directing and controlling the activities of Smithstown Holdings and its subsidiaries (the predecessor of Mincon Group plc).

The Executive Directors of the Group waived their bonuses in 2013 as a commitment to the Group's initial public offering. All Directors signed new employment contracts as of 4 November 2013, the details of which are included within the Group's Admission Document dated 26 November 2013, which include the ability to earn performance bonuses dependent on the performance of the Group and payable at the discretion of the Remuneration Committee.

DIRECTORS' AND COMPANY SECRETARY'S SHARE INTERESTS

The beneficial interests of the Directors and Company Secretary (including those of their spouses and children) who held office at 31 December 2013 in the share capital of the Company was as follows:

Name	***Subscriber Shares held***	***Ordinary Shares held***	***Percentage of Issued Ordinary Share Capital***
Patrick Purcell	30,800[1]	119,671,200[2]	57.681%
Kevin Barry	7,700[4]	29,917,800[3]	14.420%
Joseph Purcell	-	119,671,200[2]	57.681%
Thomas Purcell	-	119,671,200[2]	57.681%

Save as disclosed in this section, no Director has any interest in the Company's share capital. No Director or member of a Director's family has a related financial product referenced to the Company's share capital. There are no outstanding loans as at 31 December 2013 granted or guarantees provided by any company in the Group to or for the benefit of any of the Directors other than amounts disclosed in note 26 to the financial statements. There have been no changes in the interests of the Directors and the Company Secretary in the period to 2 April 2014.

Mincon Group plc was incorporated on 16 August 2013 and accordingly the Directors had no disclosable interests at 31 December 2012.

Other transactions with the directors are set out in note 26 to the consolidated financial statements.

[1] Patrick Purcell holds, directly and indirectly, 30,800 Subscriber Shares of €1.00 each in the capital of the Company

[2] Kingbell Company, a company controlled by Patrick Purcell and members of the Purcell family (including Joseph Purcell and Thomas Purcell) holds 119,671,200 Ordinary Shares of €0.01 in the capital of the Company

[3] Ballybell Limited, a company controlled by Kevin Barry holds 29,917,800 Ordinary Shares of €0.01 in the capital of the Company.

[4] Kevin Barry holds 7,700 Subscriber Shares of €1.00 each in capital of the Company

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's principal risks and uncertainties are outlined in this section. Mincon has adopted appropriate controls and recruited management with the necessary skills and experience to manage and mitigate these risks where possible and thus enable execution of the Group's business strategy as outlined in the Strategy section.

PRINCIPAL RISKS RELATING TO THE COMPANY'S INDUSTRY

The Group's products are used in industries which are either cyclical or affected by general economic condition

The demand for the Group's products and services is affected by changes in customers' investment plans and activity levels. Customers' investment plans could change materially in the case of a widespread financial crisis or economic downturn, such as the one experienced in 2008-2009, or in the case of an economic downturn in a particular industry, country or region. Financial crises may also have an impact on customers' ability to finance their investments. In addition, changes in the political situation in a region or country or political decisions affecting an industry or country could also materially impact on investments in consumable equipment. Although the Company believes that its sales are well diversified with customers located in disparate geographic markets, it is likely that the Group would be affected by an economic downturn in the markets in which it operates.

The Group is exposed to risks associated with operations in emerging markets

The Group's international operations may be susceptible to political, social and economic instability and civil disturbances. Risks of the Group operating in such areas may include:

- disruption to operations, including strikes, civil actions, international conflict or political interference;
- changes to the fiscal regime including changes in the rates of income and corporation taxes;
- reversal of current policies encouraging foreign investment or foreign trade by the governments of certain of the countries in which the Group operates;
- limited access to markets for periods of time;
- increased inflation; and
- expropriation or forced divestment of assets.

Any of the above factors could result in disruptions to the Group's business, increased costs or reduced future growth opportunities. Potential losses caused by these disruptions may not be covered by insurance.

The Group operates in countries with less developed legal systems

The countries in which the Group will operate may have less developed legal systems than countries with more established economies, which may result in risks such as:

- effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation or in an ownership dispute, being more difficult to obtain;
- a higher degree of discretion on the part of governmental authorities;
- a lack of judicial or administrative guidance on interpreting applicable rules and regulations;
- an inability on the part of the Group to adequately protect its assets in these jurisdictions;
- inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or
- relative inexperience of the judiciary and courts in such matters.

In certain jurisdictions, the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licences or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be assured.

RISKS RELATING TO THE COMPANY'S BUSINESS

If the Group fails to develop, launch and market new products, respond to technological development or compete effectively, its business and revenues may suffer

The Group's long-term growth and profitability is dependent on its ability to develop and successfully launch and market new products. The Group's revenues and market share may suffer if it is unable to successfully introduce new products in a timely fashion or if any new or enhanced products or services are introduced by its competitors that its customers find more advanced and/or better suited to their needs. While the Group continuously invests in research and development to develop products in line with customer demand and expectations, if it is not able to keep pace with product development and technological advances, including also shifts in technology in the markets in which it operates, or to meet customer demands, this could have a material adverse effect on the Group's business, results of operations and financial condition.

The markets for the Group's products are highly competitive in terms of pricing, product design, service and quality, the timing and development and introduction of new products, customer services and terms of financing. The Group faces intense competition from significant competitors and to a lesser extent small regional companies. If it does not compete successfully in all of its business areas and does not anticipate and respond to changes in evolving market demands, including for new products, it will not be able to compete successfully in its markets, which could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group is dependent on the efficiency of its distribution network

The Group distributes its products primarily through distributors and also directly to end customers. Should the distribution network be subject to disruptions, it could have a material adverse effect on the Group's revenues and results of operations.

If the Group's manufacturing and production facilities are damaged, destroyed or closed for any reason, its ability to distribute its products will be significantly affected

The Group has three manufacturing facilities located in Ireland, Australia and the United States and an assembly facility in the United States. Should any of these facilities be destroyed or closed for any reason, or the equipment in the facilities is significantly damaged, the Group is likely to face setbacks in its ability to manufacture and distribute its products to customers. Such circumstances, to the extent that it is not possible to find an alternative manufacturing and production facility, or transfer manufacturing to other Group facilities or repair the damaged facilities or damaged equipment in a timely and cost-efficient manner, could have a material adverse effect on the Group's business, results of operations and financial condition. In addition, the availability of manufacturing components is dependent on suppliers to the Group and, if they suffer interruptions or if they do not have sufficient capacity, this could have an adverse effect on the Group's business and results of operations.

Financial Condition Risks

Future Revenues

The Group relies on the ability to secure orders with new customers as well as maintain relationships with existing customers to generate most of its revenue. Investors should not rely on period to period comparisons of revenue as an indicator of future performance.

Competition

The Group is subject to competition in the markets in which it operates and some of its competitors are significantly larger and have significantly greater resources than the Group. The Group's principle competitors are Atlas Copco which is headquartered in Stockholm, Sweden with a global reach spanning more than 170 countries and Sandvik which is also headquartered in Stockholm, Sweden with business activities in more than 130 countries. There can be no guarantee that the Group's competitors or new market entrants will not introduce superior products or a superior service offering. Such competitors may have greater development, marketing, personnel and financial resources than the Group. Should these or other competitors decide to compete aggressively with the Group on price in the markets and industries in which it operates while offering comparable or superior quality products this could have a material adverse effect on the Group's financial position, trading performance and prospects.

RISKS RELATING TO THE COMPANY'S BUSINESS *(continued)*
Financial Condition Risks *(continued)*

The Group is exposed to the risk of currency fluctuation

The Group's financial condition and results of operations are reported in euro but a large proportion of its revenues are denominated in currencies other than euro, including the US dollar, the Australian dollar and the South African rand. Adverse currency exchange rate movements may hinder the Group's ability to procure important materials and services from vendors and suppliers, may affect the value of its level of indebtedness, and may have a significant adverse effect on its revenues and overall financial results. In the past, the Group has experienced gains and losses from exchange rate fluctuations, including foreign exchange gains and losses from transactions risks associated with assets and liabilities denominated in foreign currencies, including inter-company financings. The Group has introduced measures to improve its ability to respond to currency exchange rate risks. However, these measures may prove ineffective, and exchange rate volatility, particularly between currency pairs that have traditionally been rather stable, may develop. As a result, the Group may continue to suffer exchange rate losses, which could cause operating results to fluctuate significantly and could have a material adverse effect on the Group's business and financial condition.

Contractual Arrangements

The Group derives some of its revenue from large transactions (which may be non-recurring in nature). The Group must often negotiate complex terms and conditions in large sales transactions and in many instances contracts are of a fixed price nature. Prospective sales are subject to delays or cancellation over which the Group has little or no control and these delays could adversely affect results. Also to address the non-recurring nature of some of these transactions, the Group needs to focus on securing new lines of business on a regular basis.

Customer Concentration

Over the past three years, the Group's top ten customers have accounted for approximately 30% of its revenues. If, in the future, these customers fail to meet their contractual obligations, decide not to purchase the Group's products or decide to purchase few products, this could disrupt the Group's business and require it to expend time and effort to develop relationships with new customers, which could have a material adverse effect on the Group's business, results of operations and financial condition. There can be no assurance that, even if the Group could find alternate customers, the Group could receive the same price for its products.

The Group is exposed to fluctuations in the price of raw materials

The Group's operations give rise to risks due to changes in the price of market-quoted raw materials, mainly steel and tungsten. The prices can vary significantly during a year. If the market does not permit a transfer of the effects of changing raw material prices into the end-price of the products, this may have a material adverse effect on the Group's business, results of operations and financial condition.

Mincon will seek High Court of Ireland approval for the elimination of certain debit reserves

Under Irish Law, dividends may only be paid and share repurchases and redemptions must generally be funded only out of "distributable reserves". As a consequence of the recent reorganisation of the Group, in accordance with Irish company law and IFRS, a debit reserve of €79.3 million was created in the balance sheet of the Company. A debit reserve of €44.2 million was also similarly created on the balance sheet of Mincon International Limited. These debit reserves need to be eliminated before the Company and its subsidiary, Mincon International Limited, will be in a position to declare and pay dividends.

The elimination of these debit reserves require the approval of the High Court of Ireland and the Company and Mincon International Limited will shortly apply to the High Court of Ireland to reduce the respective share premium accounts and eliminate these other reserves. The Directors believe that this application will be heard by the High Court of Ireland during the coming year. The Directors believe that the cancellation of the respective share premium accounts will not adversely affect or prejudice the interests of the shareholders or creditors of the respective companies. On this basis the Company is not aware of any reason why the High Court of Ireland would not approve the elimination of these debit reserves. However, the issuance of the required orders is a matter for the discretion of the High Court of Ireland. In the event that the debit reserves in the Company and its subsidiary are not so eliminated, no distributions by way of dividends, share repurchases or otherwise will be permitted under Irish law until such time as the Company has created sufficient distributable reserves; such reserves being created from dividends received by the Company from its subsidiaries arising from their post-acquisition trading activities.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the Group and Company financial statements, in accordance with applicable law and regulations. Company law requires the directors to prepare Group and Company financial statements for each financial year. As permitted by the law and as required by the ESM Rules issued by the Irish Stock Exchange and the AIM Rules issued by the London Stock Exchange, the directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs), as adopted by the EU, and have elected to prepare the Company financial statements in accordance with IFRSs as adopted by the EU, as applied in accordance with the Companies Acts 1963 to 2013. The Group financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position and performance of the Group. The Companies Acts 1963 to 2013 provide in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation. The Company financial statements are required by law to give a true and fair view of the state of affairs of the Company. In preparing each of the Group and Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with applicable IFRSs as adopted by the EU, subject any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

Under applicable law and the requirements of the ESM Rules issued by the Irish Stock Exchange and the AIM Rules issued by the London Stock Exchange, the directors are also responsible for preparing a Directors' Report and for making disclosures relating to directors' remuneration that complies with that law and those rules. The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Acts 1963 to 2013. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

Peter E. Lynch
Chairman

Kevin Barry
Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MINCON GROUP PLC

We have audited the Group and Company financial statements (the "financial statements") of Mincon Group plc for the year ended 31 December 2013 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Cash Flows, the Consolidated and Company Statements of changes in Shareholders' Equity and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Acts, 1963 to 2013.

This report is made solely to the Company's members, as a body, in accordance with Section 193 of the Companies Act 1990. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Ethical Standards for Auditors issued by the Auditing Practices Board.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion:

- the Consolidated financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Group's affairs as at 31 December 2013 and of its profit for the year then ended;
- the Company statement of financial position gives a true and fair view, in accordance with IFRSs as adopted by the EU as applied in accordance with the provisions of the Companies Acts, 1963 to 2013, of the state of the Company's affairs as at 31 December 2013; and
- the financial statements have been properly prepared in accordance with the Companies Acts, 1963 to 2013 and, as regards the Consolidated financial statements, Article 4 of the IAS Regulation.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY THE COMPANIES ACTS, 1963 TO 2013

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

The Company statement of financial position is in agreement with the books of account and, in our opinion, proper books of account have been kept by the Company.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

The net assets of the Company, as stated in the Company statement of financial position, are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2013 a financial situation which, under Section 40(1) of the Companies (Amendment) Act, 1983, would require the convening of an extraordinary general meeting of the Company.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following:
Under the Companies Acts, 1963 to 2013 and under ESM Rules of the Irish Stock Exchange or the AIM Rules of the London Stock Exchange we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Ruaidhri Gibbons 2 April 2014
For and on behalf of

KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephen's Green
Dublin, Ireland

Consolidated Income Statement
For the Year Ended 31 December 2013

	Notes	2013			2012		
		Excluding exceptional items €'000	**Exceptional items (Note 8) €'000**	**Including exceptional items €'000**	Excluding exceptional items €'000	Exceptional items (Note 8) €'000	Including exceptional items €'000
Continuing operations							
Revenue	4	52,343	-	52,343	63,143	-	63,143
Cost of sales	6	(26,621)	-	(26,621)	(36,252)	-	(36,252)
Gross profit		**25,722**	**-**	**25,722**	**26,891**		**26,891**
Selling and distribution expenses	6	(5,020)	-	(5,020)	(5,807)	-	(5,807)
General and administrative expenses	6	(5,690)	(1,195)	(6,885)	(8,360)	-	(8,360)
Operating profit	8	**15,012**	**(1,195)**	**13,817**	**12,724**		**12,724**
Finance cost		(107)	-	(107)	(110)	-	(110)
Finance income		159	-	159	198	-	198
Foreign exchange gain/(loss)	21	(1,332)	-	(1,332)	201	-	201
Gain on joint venture investments, net of tax	12	-	-	-	215	-	215
Profit before tax		**13,732**	**(1,195)**	**12,537**	**13,228**	-	**13,228**
Income tax expense	10	(2,573)	242	(2,331)	(2,905)	-	(2,905)
Profit for the year		**11,159**	**(953)**	**10,206**	**10,323**	-	**10,323**

	Notes	2013	2012
Profit attributable to:			
- owners of the Parent		9,961	9,970
- non-controlling interests		245	353
Earnings per Ordinary Share			
Basic earnings per share, €	19	6.41c	6.65c
Diluted earnings per share, €	19	6.41c	6.65c
Weighted average number of ordinary shares in issue ('000)		155,511	150,000

The accompanying notes are an integral part of these financial statements.

On behalf of the Board:

Peter E. Lynch
Chairman

Kevin Barry
Chief Executive Officer

Consolidated Statement of Comprehensive Income
For the Year Ended 31 December 2013

	2013 €'000	2012 €'000
Profit for the year	**10,206**	10,323
Other comprehensive income/(loss):		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation – foreign operations	(3,874)	11
Other comprehensive income/(loss) for the year	(3,874)	11
Total comprehensive income for the year	**6,332**	10,334
Total comprehensive income attributable to:		
- owners of the Parent	**6,087**	9,981
- non-controlling interests	**245**	353

The accompanying notes are an integral part of these financial statements.

On behalf of the Board:

Peter E. Lynch
Chairman

Kevin Barry
Chief Executive Officer

Consolidated Statement of Financial Position

As at 31 December 2013

	Notes	2013 €'000	2012 €'000
Non-Current Assets			
Goodwill	11	1,511	1,948
Property, plant and equipment	13	13,540	14,701
Deferred tax asset	10	264	143
Other non-current assets	12	530	530
Total Non-Current Assets		**15,845**	**17,322**
Current Assets			
Inventory	14	18,485	20,377
Trade and other receivables	15	8,492	10,394
Other current assets	8	2,085	532
Current tax asset		23	81
Short term deposits	21	40,000	-
Cash and cash equivalents	21	10,119	8,715
Total Current Assets		**79,204**	**40,099**
Total Assets		**95,049**	**57,421**
Equity			
Ordinary share capital	18	2,113	2,317
Share premium	18	145,036	-
Other reserve	18	(79,300)	-
Merger reserve	18	(17,393)	-
Capital contribution	18	953	-
Capital redemption reserve	18	-	990
Foreign currency translation reserve		(1,934)	1,940
Retained earnings		35,883	40,922
Equity attributable to owners of Mincon Group plc		**85,358**	**46,169**
Non-controlling interests		979	734
Total Equity		**86,337**	**46,903**
Non-Current Liabilities			
Loans and borrowings	16	788	866
Deferred tax liability	10	872	1,104
Other liabilities	17	124	945
Total Non-Current Liabilities		**1,784**	**2,915**
Current Liabilities			
Loans and borrowings	16	731	453
Trade and other payables		2,189	4,303
Accrued and other liabilities	17	3,334	2,190
Current tax liability	10	674	657
Total Current Liabilities		**6,928**	**7,603**
Total Liabilities		**8,712**	**10,518**
Total Equity and Liabilities		**95,049**	**57,421**

The accompanying notes are an integral part of these financial statements.

On behalf of the Board:

Peter E. Lynch
Chairman

Kevin Barry
Chief Executive Officer

Consolidated Statement of Cash Flows
For the Year Ended 31 December 2013

	2013 €'000	2012 €'000
Operating activities:		
Profit for the period	10,206	10,323
Adjustments to reconcile profit to net cash provided by operating activities:		
Depreciation	1,874	1,708
Share of (profit)/loss of joint venture	-	(215)
Interest cost	107	110
Interest income	(159)	(198)
Income tax expense	2,331	2,905
Other non-cash movements	900	480
	15,259	15,113
Changes in trade and other receivables	1,017	(2,937)
Changes in prepayments and other assets	(546)	(115)
Changes in inventory	(408)	(4,508)
Changes in trade and other payables	(1,804)	175
Changes in accrued and other liabilities	1,352	70
Cash provided by operations	14,870	7,798
Interest received	159	198
Interest paid	(107)	(110)
Income taxes paid	(2,570)	(2,995)
Net cash provided by operating activities	**12,352**	**4,891**
Investing activities		
Purchase of property, plant and equipment	(2,170)	(5,050)
Disposal of property, plant and equipment	100	-
Investment in short term deposit	(40,000)	-
(Investment in)/proceeds from joint venture investments	-	251
Net cash used in investing activities	**(42,070)**	**(4,799)**
Financing activities		
Dividends paid	(15,000)	-
Issuance of shares in public listing, net of expenses	47,110	-
Directors loans	(870)	540
Repayment of loans and finance leases	(783)	(236)
Drawdown of loans	1,100	-
Net cash provided by financing activities	**31,557**	**304**
Effect of foreign exchange rate changes on cash	(435)	43
Net increase in cash and cash equivalents	**1,404**	**439**
Cash and cash equivalents at the beginning of the year	8,715	8,276
Cash and cash equivalents at the end of the year	**10,119**	**8,715**

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Changes in Equity for the year ended 31 December 2013

	Share capital €'000	Share premium €'000	Merger reserve €'000	Other reserve €'000	Capital redemption reserve €'000	Capital contribution €'000	Foreign currency translation reserve €'000	Retained earnings €'000	Total €'000	Non-controlling interests €'000	Total equity €'000
Balances at 1 January 2012	**2,317**	**-**	**-**	**-**	**990**	**-**	**1,929**	**30,952**	**36,188**	**381**	**36,569**
Comprehensive income:											
Profit for the year	-	-	-	-	-	-	-	9,970	**9,970**	353	**10,323**
Other comprehensive income/(loss):											
Foreign currency translation	-	-	-	-	-	-	11	-	**11**	-	**11**
Total comprehensive income							11	9,970	**9,981**	353	**10,334**
Transactions with Shareholders:											
Dividends	-	-	-	-	-	-	-	-	**-**	-	**-**
Balances at 31 December 2012	**2,317**	**-**	**-**	**-**	**990**	**-**	**1,940**	**40,922**	**46,169**	**734**	**46,903**
Comprehensive income:											
Profit for the year	-	-	-	-	-	-	-	9,961	**9,961**	245	**10,206**
Other comprehensive income/(loss):											
Foreign currency translation	-	-	-	-	-	-	(3,874)	-	**(3,874)**	-	**(3,874)**
Total comprehensive income							(3,874)	9,961	**6,087**	245	**6,332**
Transactions with Shareholders:											
Dividends paid to shareholders of Smithstown Holdings	-	-	-	-	-	-	-	(15,000)	**(15,000)**	-	**(15,000)**
Issue of shares by Mincon Group plc on incorporation	39	-	-	-	-	-	-	-	**39**	-	**39**
Shares issued by Mincon Group plc in share for share exchange for Smithstown Holdings	1,500	98,500	-	(79,300)	-	-	-	-	**20,700**	-	**20,700**
Capital reorganisation	(2,317)	-	(17,393)	-	(990)	-	-	-	**(20,700)**	-	**(20,700)**
Issuance of ordinary shares in initial public offering, net of costs	574	46,536	-	-	-	-	-	-	**47,110**	-	**47,110**
Capital contribution	-	-	-	-	-	953	-	-	**953**	-	**953**
Balances at 31 December 2013	**2,113**	**145,036**	**(17,393)**	**(79,300)**	**-**	**953**	**(1,934)**	**35,883**	**85,358**	**979**	**86,337**

The accompanying notes are an integral part of these financial statements.

Notes to the Consolidated Financial Statements

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.

Following that reorganisation 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. Mincon Group plc presents its consolidated financial statements as if the reorganisation had occurred before the start of the earliest period presented. Further details on the reorganisation of the Group is provided in Note 18.

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

2. Basis of Preparation

These consolidated financial statements 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 individual financial statements of the Company have been prepared in accordance with IFRSs as adopted by the EU, as applied in accordance with the Companies Acts 1963 to 2013 which permit a company that publishes its Group and Company financial statements together to take advantage of the exemption in Section 148(8) of the Companies Act 1963 from presenting to its members its Company income statement, statement of comprehensive income and related notes that form part of the approved Company financial statements.

The accounting policies set out in note 3 have been applied consistently in preparing the financial statements for the years ended 31 December 2013 and 31 December 2012.

The Group and Company financial statements 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. These financial statements are prepared on the historical cost basis.

The preparation of the consolidated financial statements 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 financial statements 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 financial statements on a going concern basis.

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 financial statements and for all entities included in the consolidated financial statements.

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.

Income taxes

Income taxes include both current and deferred taxes in the consolidated financial statements. 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.

Foreign currency

Foreign currency transactions

Functional currency is the currency of the primary economic environment in which an entity operates. Transactions in foreign currencies (those which are denominated in 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.

Exchange rates for major currencies used in the various reporting periods are shown in note 21.

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

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 balance sheet date. Revenues, expenses, gains, and losses are translated at average exchange rates, which approximate the exchange rate for the respective transaction. Foreign exchange differences arising on translation 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.

Earnings per share

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

Dilutive effects arise from stock options that are settled in shares or that at the employees' choice can be settled in shares or cash in the share based incentive programs. Stock options have a dilutive effect when the average share price during the period exceeds the exercise price of the options.

When calculating the dilutive effect, the exercise price is adjusted by the value of future services related to the options. If options for which employees can choose settlement in shares or cash are dilutive, the profit for the year is adjusted for the difference between cash-settled and equity-settled treatment of options and the more dilutive of cash settlement and share settlement is used in calculating earnings per share.

Business combinations and consolidation

The consolidated financial statements include the financial statements of the Group and all companies in which Mincon Group plc, directly or indirectly, has control. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity, so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account.

The consolidated financial statements 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. 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 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 sum 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 amounts 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 financial statements. 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.

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

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 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 software	3–5

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

Leased assets

In the consolidated financial statements, 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 balance sheet. 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 balance sheet. In profit or loss, the costs of operating leases are recorded on a straight-line basis over the term of the lease.

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.

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.

Financial income and expenses

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

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

Employee benefits

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.

Financial assets and liabilities

Recognition and derecognition
Financial assets and liabilities are recognised 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.

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 financial statements.

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

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 financial statements 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 2013, were €0.1m for trade and other receivables with a corresponding gross amount of €8.6m.

Inventory

The Group values inventory at the lower of historical cost, based on the first-in, first-out basis, and net realisable value. Historical cost includes the costs of acquiring inventories and the costs of 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.

The calculation of net realisable value involves management's judgement as to over-stocked articles, out-dated articles, damaged goods, and handling and other selling costs. If the estimated net realisable value is lower than cost, a valuation allowance is established for inventory obsolescence.

New standards and interpretations

The following standards, amendments and interpretations are effective for the first time in the current financial year and have been adopted with no significant impact on the Group's results for the period or financial position:
IFRS 1: *Government loans*
IFRS7: *Financial instruments and disclosures*
IFRS 13: *Fair value measurement*
IAS 16: *Property, plant and equipment*
IAS 19: *Employee benefits*
IAS 32: *Financial instruments: Presentation*
IFRIC 20: *Stripping costs in the production phase of a surface mine*.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, which have not been applied in preparing this consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early, aside from the amendment to IAS 36 Impairment of Assets. The Directors do not expect that the adoption of the standards listed below will have a material impact on the financial statements of the Group in future periods.

- IFRS 10 *Consolidated Financial Statements*
- IFRS 11 *Joint Arrangements*
- IFRS 12 *Disclosure of Interests in Other Entities*
- IAS 27 *Separate Financial Statements* (2011)
- IAS 28 *Investments in Associates and Joint Ventures* (2011)
- *Financial Instruments* (2009, and subsequent amendments 2010)*

*Not EU endorsed, so not available for adoption

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

IFRS 10

IFRS 10 establishes a new control-based model for consolidation that replaces the existing requirements of both IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation- Special Purpose Entities.* Under the new requirements an investor controls an investee when (i) it has exposure to variable returns from that investee (ii) it has the power over relevant activities of the investee that affect those returns and (iii) there is a link between that power and those variable returns. IFRS 10 is effective for annual periods beginning on or after 1 January 2014.

IFRS 11

IFRS 11 replaces IAS 31 *Interests in joint ventures* and SIC-13 *Jointly-controlled entities – nonmonetary contributions by venturers*. IFRS 11 focuses on the nature of the rights and obligations of the arrangement. The predecessor standard, IAS 31, focused to a greater extent on the legal form to determine the presence of 'jointly controlled entities' (JCEs) which would then have been equity accounted or proportionately consolidated. IFRS 11 may result in some of these JCEs instead being seen as joint operations which will be subject to (as at present) line-by-line accounting of the underlying assets and liabilities, when additional factors (other than legal form) are taken into account. IFRS 11 is effective for annual periods beginning on or after 1 January 2014.

IFRS 12

IFRS 12 sets out more comprehensive disclosures relating to the nature, risks and financial effects of interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. Interests are widely defined as contractual and non-contractual involvement that exposes an entity to variability of returns from the performance of the other entity or operation. IFRS 12 is effective for annual periods beginning on or after 1 January 2014. IFRS 11 is effective for annual periods beginning on or after 1 January 2014.

IAS 27 (2011)

IAS 27 carries forward the existing accounting and disclosure requirements for separate financial statements; the requirements of IAS 28 and IAS 31 for separate financial statements have been incorporated into IAS 27. IAS 27 (2011) is effective for annual periods beginning on or after 1 January 2014.

IAS 28 (2011)

IAS 28 previously discussed how to apply equity accounting to associates in consolidated financial statements. The revised IAS 28 continues to include that guidance but it is now extended to also apply that accounting to entities that qualify as joint ventures under IFRS 11. IAS 28 (2011) is effective for annual periods beginning on or after 1 January 2014.

IFRS 9

In November 2009 the IASB issued the first phase of the IAS 39 replacement project, relating to the classification and measurement of financial assets. The approach depends on a combination of the business model (how the entity manages its financial instruments) and the contractual cash flow characteristics of the financial assets, thus resulting in two basic measurement categories: fair value through profit or loss and amortised cost. However, the requirements also allow, by election, the fair valuation of equities to instead be presented through other comprehensive income. There is no longer an ability to take a 'split' approach and separate out any embedded derivatives from financial assets; financial assets with embedded derivatives are likely to require measurement in full at fair value through profit or loss. There is an ongoing project that proposes the expanded use of the fair value through other comprehensive income for certain basic loan assets.

In 2010, further revisions were added into IFRS 9 as follows:

- The measurement of financial liabilities, with one exception discussed below, remains similar to the current IAS 39 requirements with financial liabilities being measured at amortised cost or fair value; and where a financial liability includes an embedded derivative feature that can be separated and fair valued through profit or the entire instrument can be measured at fair value through profit or loss.
- The main difference in financial liability accounting that arises under the revised standard relates to the accounting for any fair value changes where liabilities are measured at fair value. Unlike IAS 39, the fair value changes attributable to changes in own credit risk will usually be presented in other comprehensive income (OCI) instead of being reflected through profit or loss.
- In addition the new IFRS 9 carries forward without amendment the current IAS 39 requirements in relation to derecognition of financial assets and financial liabilities.

Future amendments to IFRS 9 are expected, in relation to impairment of financial assets and also both general hedging and macro hedging. IAS 39 will at that point be completely replaced.

4. Revenue

	2013 €'000	2012 €'000
Product revenue:		
Sale of Mincon product	40,698	42,619
Sale of third party product	11,645	20,524
Total revenue	**52,343**	**63,143**

5. Operating Segments

Operating segments 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.

Having assessed the aggregation criteria contained in IFRS 8 operating segments and considering how the Group manages its business and allocates resources, the Group has determined that it has one reportable segment. In particular 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 2013 of €52.3 million (FY2012: €63.1 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, Australia and the United States and sales offices in six other locations including South Africa, Senegal, Ghana, Sweden, Poland 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):

	2013 €'000	2012 €'000
Region:		
Ireland	1,165	1,099
Americas	13,569	15,296
Australasia	5,622	6,676
Europe, Middle East, Africa	31,987	40,072
Total revenue from continuing operations	**52,343**	**63,143**

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

	2013 €'000	2012 €'000
Region:		
Ireland	5,730	4,875
Americas	2,492	2,902
Australasia	4,905	6,250
Europe, Middle East, Africa	2,454	3,152
Total non-current assets[(1)]	**15,581**	**17,179**

(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

	2013 €'000	2012 €'000
Raw materials	9,544	12,217
Third party product purchases	8,719	14,967
Employee costs	5,005	5,210
Depreciation	1,487	988
Other	1,866	2,870
Total cost of sales	**26,621**	**36,252**

Other operating expenses

	2013 €'000	2012 €'000
Employee costs (including director emoluments)	5,634	8,866
Depreciation	387	720
Other	4,689	4,581
Total other operating costs before exceptional items	**10,710**	**14,167**
Exceptional item: employee recognition award	1,195	-
Total other operating costs	**11,905**	**14,167**

7. Employee information

	2013 €'000	2012 €'000
Wages and salaries – excluding directors	9,105	9,830
Wages, salaries & fees – directors	634	3,284
Social security costs	591	528
Pension costs of defined contribution plans	309	434
Total employee costs before exceptional items	**10,639**	**14,076**
Exceptional item: employee recognition award	1,195	-
Total employee costs	**11,834**	**14,076**

The average number of employees was as follows:

	2013 Number	2012 Number
Sales and distribution	40	42
General and administration	23	28
Manufacturing, service and development	88	93
Average number of persons employed	**151**	**163**

8. Exceptional Item: Employee recognition award

In December 2013, Kingbell Limited (the largest shareholder in the Company) and Ballybell Limited (the second largest shareholder in the Company) agreed to provide, following consultation with and approval from the Board of Mincon, approximately €1.2 million from their respective own private funds to be applied in a once off award to employees of the Mincon Group (other than the senior management team).

This award was for eligible employees across the Group (approximately 140 in total) based on years of service to 31 December 2013, with a payment of €1,000 per staff member per year of service. There has been no cash cost to the Group in respect of this arrangement. There is no net impact on the Group's equity and the payment will not affect any anticipated dividend distributions in the future.

The award has been treated as a short term employee benefit (once committed the employee has no further service to earn the award) of the Mincon Group resulting in a charge (current year employee expense) to the income statement in respect of the year ended 31 December 2013 and a corresponding credit to a capital contribution in equity, net of a tax benefit of €242,000. The charge to the income statement has been treated as an exceptional item in the income statement given the once-off nature of this payment.

Group employees based in Ireland were given the option of receiving the payment either through payroll or by converting the award into shares of Mincon Group plc under an Approved Profit Sharing Scheme ("APSS") being established by the Company for its employees based in Ireland. Employee awards totalling €0.5 million will be converted into an APSS in April 2014. The remainder of the employee recognition award at 31 December 2013 was paid through payroll by March 2014. The obligation of the shareholders to fund the capital contribution of €953,000 was recorded as a receivable at 31 December 2013 and paid to the Company by Kingbell and Ballybell in March 2014.

The table below summarises the impact of the employee recognition award on the consolidated statement of financial position of Mincon Group plc at 31 December 2013:

	2013 **€'000**
Other current assets – amounts owing from shareholders	953[(1)]
Accrued and other liabilities – amounts owing to employees	(1,195)
Current/deferred tax liability	242
Capital contribution	(953)
Retained earnings (income statement expense in the financial year)	953
Net impact on Group net assets	**-**

[(1)]This amount is included within the other current assets balance of €2,085,000.

9. Statutory and other required disclosures

Operating profit is stated after charging the following amounts:

	2013 €'000	2012 €'000
Directors' remuneration		
Fees	31	-
Wages and salaries	603	398
Other emoluments	-	2,882
Pension contributions	22	22
Total directors' remuneration	**656**	**3,302**

Auditor's remuneration:	2013 €'000	2012 €'000
Auditor's remuneration – Fees payable to lead audit firm (b)		
Audit of the Group financial statements	85	50
Audit of Company financial statements	10	-
Other assurance services (a)	300	-
Tax advisory services (a)	140	-
Other non-audit services	-	-
	535	50
Auditor's remuneration – Fees payable to other firms in lead audit firm's network		
Audit services	12	-
Other assurance services	-	-
Tax advisory services	-	-
Other non-audit services	-	-
	547	50

(a) These fees were in connection with services provided for the Group's initial public offering.
(b) KPMG was appointed as Group Auditor during 2013. Previously Vaughan & Co. were lead Auditors to the Group. 2012 audit fees relate to Vaughan & Co., they also provided non-audit services to the Group during 2013 and were paid €88,000 for these services.

Notes to the Consolidated Financial statements *(continued)*

10. Income Tax

Tax recognised in profit or loss

Current tax expense	2013 €'000	2012 €'000
Current year	2,413	2,752
Adjustment for prior years	-	-
Total current tax expense	2,413	2,752
Deferred tax expense		
Origination and reversal of temporary differences	(82)	153
Total deferred tax (credit)/expense	(82)	153
Total income tax expense	2,331	2,905

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:

	2013 €'000	2012 €'000
Profit before tax from continuing operations	12,537	13,228
Irish standard tax rate (12.5%)	*12.5%*	*12.5%*
Taxes at the Irish standard rate	1,567	1,654
Foreign income at rates other than the Irish standard rate	703	1,069
Losses creating no income tax benefit	64	9
Other	(3)	173
Total income tax expense	**2,331**	**2,905**

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

	2013 €'000	2012 €'000
Deferred taxation assets:		
Reserves/provisions, tax credits and capitalised items	120	143
Unrealised foreign exchange losses	144	-
Total deferred taxation assets	264	143
Deferred taxation liabilities:		
Property, plant and equipment	(567)	(508)
Accrued income	(221)	(221)
Unrealised foreign exchange gains	-	(303)
Profit not yet taxable	(84)	(72)
Total deferred taxation liabilities	(872)	(1,104)
Net deferred taxation liability	(608)	(961)

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

1 January 2013 – 31 December 2013	Balance 1 January €'000	Recognised in Profit or Loss €'000	Recognised in Equity €'000	Balance 31 December €'000
Deferred taxation assets:				
Unrealised foreign exchange gains	-	144	-	144
Reserves/provisions, tax credits and capitalised items	143	(23)	-	120
Total deferred taxation asset	143	121	-	264
Deferred taxation liabilities:				
Property, plant and equipment	(508)	(59)	-	(567)
Accrued income	(221)	-	-	(221)
Unrealised foreign exchange gains	(303)	32	271	-
Profit not yet taxable	(72)	(12)	-	(84)
Total deferred taxation liabilities	(1,104)	(39)	271	(872)
Net deferred taxation liability	(961)	82	271	(608)

1 January 2012 – 31 December 2012	Balance 1 January €'000	Recognised in Profit or Loss €'000	Recognised in Equity €'000	Balance 31 December €'000
Deferred taxation assets:				
Reserves/provisions, tax credits and capitalised items	121	22	-	143
Net operating losses	175	(175)	-	-
Total deferred taxation asset	296	(153)	-	143
Deferred taxation liabilities:				
Property, plant and equipment	(532)	24	-	(508)
Accrued income	(221)	-	-	(221)
Unrealised foreign exchange gains	(298)	(5)	-	(303)
Profit not yet taxable	(53)	(19)	-	(72)
Total deferred taxation liabilities	(1,104)	-	-	(1,104)
Net deferred taxation liability	(808)	(153)	-	(961)

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

	2013 €'000	2012 €'000
Net operating losses	1,940	1,876
Total	1,940	1,876

The net current tax liability at year-end was as follows:

	2013 €'000	2012 €'000
Current tax prepayments	23	81
Current tax payable	(674)	(657)
Total	(651)	(576)

Notes to the Consolidated Financial statements *(continued)*

11. Goodwill

	€'000
Balance at 1 January 2012	2,075
Translation differences	(127)
Balance at 31 December 2012	1,948
Translation differences	(437)
Balance at 31 December 2013	**1,511**

Goodwill relates to the acquisition of the remaining 60% of DDS-SA Pty Limited in November 2009, at which point the Group obtained control of this business. This business was integrated with other Group operations soon after the acquisition. The Group accounted for this acquisition using the purchase accounting method as outlined in IFRS 3 *Business Combinations*. 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 (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 2013 was assumed to amount to 11% before tax and has been used in discounting the cash flows to determine the recoverable amounts.

Impairment testing (including sensitivity analyses) is performed as at each period end. 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 discount rate increased substantially or the long-term growth was lowered to zero.

12. Other non-current assets

	2013 €'000	2012 €'000
Other non-current assets:		
Amounts owing from joint venture (1)	97	-
Loan to former joint venture partner (2)	433	530
Total other non-current assets	**530**	**530**

(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 has advanced €97,000 to this entity as at 31 December 2013. Mincon Equipment Inc. had no material trading in the periods presented.

(2) During prior periods, the Group had investments in two joint venture operations, TJM Inc. LLC ("TJM") and WVC Inc. ("WVC"). The Group invested in TJM, a drilling equipment and supplies company based in Pennsylvania, in September 2008. 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 2013, an amount of €433,000 was outstanding on this loan.

The Group invested in WVC, a rock drills hammer design and manufacture company in October 2008 and disposed of the investment during 2012. The Group's investment in WVC was impaired and written down in 2011 based on management's assessment of the performance of the company and a Board decision not to invest any further capital, other than committed amounts.

The Group had no material investments in joint ventures as at 31 December 2012 or 2013 other than as outlined above. The carrying amount of the investments in joint ventures for the year ended 31 December 2012 consisted of the following:

	TJM €'000	WVC €'000	Total €'000
Balance at 1 January 2012	580	-	580
Distributions	(251)	-	(251)
Receipt of loan note on divestment of joint venture investment	(544)	-	(544)
Gain on disposal of investment in joint venture	211	-	211
Foreign exchange gain/ (loss)	4	-	4
Balance at 31 December 2012 and 31 December 2013	**-**	**-**	**-**

13. Property, Plant and Equipment

	Land & Buildings [1] €'000	Plant & Equipment €'000	Total €'000
Cost:			
At 1 January 2012	5,763	13,622	19,385
Additions	1,584	3,466	5,050
Disposals	-	(652)	(652)
Foreign exchange differences	(68)	(211)	(279)
At 31 December 2012	7,279	16,225	23,504
Additions	436	1,734	2,170
Disposals	-	(274)	(274)
Foreign exchange differences	(762)	(1,185)	(1,947)
At 31 December 2013	6,953	16,500	23,453
Accumulated depreciation:			
At 1 January 2012	1,294	6,479	7,773
Charged in year	100	1,608	1,708
Disposals	-	(565)	(565)
Foreign exchange differences	(2)	(111)	(113)
At 31 December 2012	1,392	7,411	8,803
Charged in year	178	1,696	1,874
Disposals	-	(173)	(173)
Foreign exchange differences	(86)	(505)	(591)
At 31 December 2013	1,484	8,429	9,913
Carrying amount: 31 December 2013	**5,469**	**8,071**	**13,540**
Carrying amount: 31 December 2012	5,887	8,814	14,701
Carrying amount: 1 January 2012	4,469	7,143	11,612

[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:

	2013 €'000	2012 €'000
Cost of sales	1,487	988
Selling, and distribution expenses	190	188
General and administrative expenses	197	532
Total depreciation charge for property, plant and equipment	1,874	1,708

Finance leases

The Group leases plant and equipment under a number of finance lease arrangements. The leased equipment secures lease obligations. At 31 December 2013, the net carrying amount of leased plants and equipment was €1.0 million (2012: €1.2 million). During the year, the Group acquired leased assets of €nil (2012: €nil).

14. Inventory

	2013 €'000	2012 €'000
Finished goods and work-in-progress	14,600	14,137
Raw materials	3,885	6,240
Total inventory	18,485	20,377

There was no material write-down of inventories to net realisable value during the year ended 31 December 2013 (2012: €1.3 million). The write-downs are included in cost of sales.

15. Trade and other receivables

	2013 €'000	2012 €'000
Gross receivable	8,570	10,460
Provision for impairment	(78)	(66)
Net trade and other receivables	8,492	10,394

	2013 €'000	2012 €'000
Less than 60 days	5,560	8,220
61 to 90 days	1,731	776
Greater than 90 days	1,201	1,464
Net trade and other receivables	8,492	10,460

At 31 December 2013, €1.2 million (14%) of trade receivables of our total trade and other receivables balance was past due but not impaired (2012: €2.2 million (21%)).

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

16. Loans and borrowings

	Maturity	2013 €'000	2012 €'000
Bank loans	2014-2018	1,279	695
Finance leases	2014	240	624
Total Loans and borrowings		**1,519**	**1,319**
Current		731	453
Non-current		788	866

The Group has a number of bank loans and finance leases in the United States and Ireland 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. The finance leases are secured over the assets of the Group as outlined in Note 13.

In July 2013, Mincon Rockdrills Pty Limited drew down AUS$1.6 million (circa €1.1million) on a five year fixed interest loan which is secured on assets of that company with a net book value of approximately AUS$3.1 million (circa €2.2 million).

17. Accrued and Other Liabilities

Accrued and other liabilities consisted of the following:

	2013 €'000	2012 €'000
Non-current liabilities:		
Director's loans	-	870
Other liabilities	124	75
Total non-current liabilities	**124**	**945**

	2013 €'000	2012 €'000
Current liabilities:		
Accrued and other liabilities	3,334	2,190
Total current liabilities	**3,334**	**2,190**

The amounts owing from directors at 31 December 2012 relate to loans advanced by Patrick Purcell and Joseph Purcell (see note 26 for further details). These loans were non-interest bearing and repayable on demand. The amounts were fully settled by the Group during the year.

Included in accrued and other liabilities is an amount of €1.2 million relating to the employee recognition award as disclosed in note 8.

Notes to the Consolidated Financial statements *(continued)*

18. Share capital and reserves

At 31 December 2013 – Mincon Group plc

Authorised Share Capital	Number	€000
Ordinary Shares of €0.01 each	496,150,000	4,962
Subscriber Shares of €1.00 each	38,500	39

Allotted, called-up and fully paid up shares	Number	€000
Ordinary Shares of €0.01 each	207,471,264	2,074
Subscriber Shares of €1.00 each	38,500	39
		2,113

At 31 December 2012 – Smithstown Holdings

Authorised Share Capital	Number	€000
Ordinary Shares of €1.27 each	3,000,000	3,809
Redeemable Preference Shares of €1.27 each	1,000,000	1,270
Cumulative Redeemable Preference Shares of €1.27 each	4,000	5

Allotted, called-up and fully paid up shares	Number	€000
Ordinary shares of €1.27 each	1,824,456	2,317
Redeemable Preference Share of €1.27 each	-	-
Cumulative Redeemable Preference Shares at €1.27 each	-	-
		2,317

Share Issuances

On incorporation of Mincon Group plc (single entity) on 16 August 2013, the issued share capital was 38,500 Ordinary Shares of €1.00 each of which 30,800 Ordinary Shares of €1.00 each were held directly and indirectly by Patrick Purcell and 7,700 Ordinary Shares of €1.00 each were held directly by Kevin Barry. The shares were issued and paid up in full. On 30 August 2013, these shares were redesignated as Subscriber Shares (having the rights attaching to those shares as set out in the Articles).

On 30 August 2013, as part of a reorganisation of the Group ("the Group reorganisation"), Mincon Group plc acquired the entire issued share capital of Smithstown Holdings in consideration of the issue by the Company of 1,500,000 Ordinary Shares of €1.00 each in the capital of the Company to the shareholders of Smithstown Holdings (subsequently subdivided into 150,000,000 Ordinary Shares of €0.01 each) with a share premium arising in the amount of €98.5 million. There was no change to the ultimate shareholders of the Group at that date.

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.

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. The holders of Subscriber Shares shall not have any of these rights.

Votes at general meetings may be given either personally or by proxy. Subject to the Companies Acts 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.

18. Share capital and reserves *(continued)*

Dividends and other reserve

On 30 August 2013, Smithstown Holdings, the former parent company (and predecessor operations) of the Group, declared a final dividend amounting to €15.0 million to shareholders on the share register of that company as at 30 August 2013, which was paid by year-end.

No dividend has been declared by Mincon Group plc for the year ended 31 December 2013.

Other reserve

As part of the Group reorganisation which is described in note 1, 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.

Company only financial statements impact

In accordance with IAS 27 *"Consolidated and Separate Financial Statements"*, the Company elected to account for its acquisition of Smithstown Holdings using cost as its accounting policy. As at the date of the reorganisation the total carrying value of the equity items in Smithstown Holdings was €20.7 million. In consideration of the acquisition of Smithstown Holdings and its subsidiaries, which were valued by the directors at €100 million, the Company issued 1.5 million Ordinary Shares of €1.00 each (which have subsequently been sub-divided into 150,000,000 Ordinary Shares of €0.01 each) at par value to the former shareholders of Smithstown Holdings. The excess of the fair value of the assets acquired over the nominal value of the shares issued has been recorded as share premium of €98.5 million within the Company's Statement of Changes in Equity.

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

The Company will shortly apply to the High Court of Ireland to reduce its share premium account by €79.3 million and use the reserve so created to eliminate this other reserve. 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 debit other reserve (or such part thereof as the High Court of Ireland may determine). The Directors believe that this application will be heard by the High Court of Ireland as soon as reasonably practical following release of the 2013 annual report. If successful, the Company will subsequently be capable, subject to it having distributable reserves, of declaring dividends.

Consolidated financial statements impact

The imposition of Mincon Group Plc as a new holding company of Smithstown Holdings does not meet the definition of a business combination under IFRS 3 "*Business Combinations*", and, as a consequence, the acquired assets and liabilities of Smithstown Holdings and its subsidiaries continue to be carried in the consolidated financial statements at their respective carrying values as at the date of the reorganisation. 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.
The share capital, share premium and other reserve balances of the Company, as described above, form part of the consolidated Statement of Financial Position. An additional merger reserve of €17.393m arises in the consolidated Statement of Financial Position. This represents the excess of the carrying value of the net assets of the subsidiaries of Smithstown Holdings over the amount recorded in the parent entity, Mincon Group plc, as the investment in Smithstown Holdings.

19. 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:

	2013			2012
	Excluding exceptional items	Exceptional items	Including exceptional items	
Numerator (amounts in €'000):				
Profit attributable to owners of the Parent	10,914	(953)	9,961	9,970
Earnings per Ordinary Share				
Basic and diluted earnings per share, €	7.02c	(0.61c)	6.41c	6.65c
Denominator (Number):				
Basic and diluted weighted-average shares outstanding	155,510,943	155,510,943	155,510,943	150,000,000

There were no dilutive interests in issue at any of the period ends. In accordance with IAS 33 *Earnings per Share*, the EPS disclosed for 2012 and 2013 has been retrospectively adjusted for the shares issued in the reorganisation of the Group in August 2013, as disclosed in Note 1 and Note 18, as if those shares had been issued on 1 January 2012. The weighted average number of shares outstanding for 2013 includes the effect of the 57,471,264 shares issued and placed in the initial public offering on 26 November 2013.

20. Subsidiary and Associate Undertakings

At 31 December 2013, 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 Inc.	Trading company	100%	603 Centre Avenue, N.W. Roanoke, VA 24016, USA
Mincon Rockdrills USA Inc.	Manufacturer of rock drilling equipment	75%*	107 Industrial Park, Benton, IL 62812, USA
Mincon Rockdrills PTY Ltd	Manufacturer of rock drilling equipment	100%	8 Fargo Way, Welshpool, WA 6106, Australia
Mincon Sweden AB	Trading company	100%	Industrivagen 2-4, 61202 Finspang, Sweden
DDS-SA (Proprietary) Ltd	Trading company	100%	1 Northlake, Jetpark 1469, Gauteng, South Africa
Mincon West Africa SARL	Trading company	80%	Villa TF 4635 GRD, Almadies, Dakar B.P. 45534, Senegal
Mincon Poland	Trading company	100%	ul.Mickiewicza 32, 32-050 Skawina, Poland
Mincon Rockdrills Ghana Limited	Trading company	80%	P.O. Box CT5105, Accra Ghana
Mincon S.A.C.	Trading company	100%	Calle La Arboleda 151, Dpto 201, La Planicie, La Molina, Peru
Mincon Mining Equipment Inc	Trading company	100%*	19789-92a Avenue, Langley, British Columbia V1M3B3, Canada
Mincon Finance BV	Group finance company	100%	Claude Debussylaan 24, 1082 MD Amsterdam Holland
Mincon International Shannon	Dormant company	100%*	Smithstown, Shannon, Co. Clare, Ireland
Smithstown Holdings	Holding company	100%	Smithstown, Shannon, Co. Clare, Ireland
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

21. Financial Risk Management

We are exposed to various financial risks arising in the normal course of business. Our financial risk exposures are predominantly related to changes in foreign currency exchange rates and interest rates, as well as the creditworthiness of our counterparties.

a) Liquidity and Capital

The Group defines liquid resources as the total of its cash, cash equivalents and short term deposits. Capital is defined as the Group's shareholders' equity.

The Group's objectives when managing its liquid resources are:

- To maintain adequate liquid resources to fund its ongoing operations and safeguard its ability to continue as a going concern, so that it can continue to create value for investors;
- To have available the necessary financial resources to allow it to invest in areas that may create value for shareholders; and
- To maintain sufficient financial resources to mitigate against risks and unforeseen events.

Liquid and capital resources are monitored on the basis of the total amount of such resources available and the Group's anticipated requirements for the foreseeable future. The Group's liquid resources and shareholders' equity at 31 December were as follows:

	2013 €'000	2012 €'000
Cash and cash equivalents	10,119	8,715
Short term deposits	40,000	-
Shareholders' equity	85,358	46,169

At 31 December 2013, the Group had €40.0 million on deposit with a government backed financial institution in Ireland. These monies can be withdrawn at any time for corporate purposes, but have a nominal maturity date of December 2014. IAS 7 *Statement of Cash Flows* requires any investment with a maturity date of greater than three months to be disclosed other than as cash or cash equivalents.

At year-end, the Group's total cash and cash equivalents and short term deposits were held in the following jurisdictions:

	31 December 2013 €'000	31 December 2012 €'000
Ireland	42,272	694
Americas	511	399
Australasia	2,773	1,034
Europe, Middle East, Africa	4,563	6,588
Total cash, cash equivalents and short term deposits	50,119	8,715

There are currently no restrictions that would have a material adverse impact on the Group in relation to the intercompany transfer of cash held by its foreign subsidiaries. The Group continually evaluate its liquidity requirements, capital needs and availability of resources in view of, among other things, alternative uses of capital the cost of debt and equity capital and estimated future operating cash flow.

21. Financial Risk Management *(continued)*

a) Liquidity and Capital (continued)

In the normal course of business, the Group may investigate, evaluate, discuss and engage in future company or product acquisitions, capital expenditures, investments and other business opportunities. In the event of any future acquisitions, capital expenditures, investments or other business opportunities, the Group may consider using available cash or raising additional capital, including the issuance of additional debt. The maturity of the contractual undiscounted cash flows (including estimated future interest payments on debt) of the Group's financial liabilities were as follows:

	Total Carrying Value €'000	Total Contractual Cash Flows €'000	Less than 1 Year €'000	1-3 Years €'000	3-5 Years €'000	More than 5 Years €'000
At 31 December 2013:						
Loans and borrowings	1,279	1,520	560	366	594	-
Finance leases	240	255	255	-	-	-
Trade and other payables	2,189	2,189	2,189	-	-	-
Accrued and other financial liabilities	3,334	3,334	3,334	-	-	-
Total at 31 December 2013	7,042	7,298	6,338	366	594	-
At 31 December 2012:						
Loans and borrowings	695	764	283	238	180	63
Finance leases	624	704	296	408	-	-
Trade and other payables	4,303	4,303	4,303	-	-	-
Accrued and other financial liabilities	3,135	3,135	3,135	-	-	-
Total at 31 December 2012	8,757	8,906	8,017	646	180	63

b) Foreign currency risk

The Group is a multinational business operating in a number of countries and the euro is the primary currency in which the Group conducts its business. The Group, however, does have revenues, costs, assets and liabilities denominated in currencies other than euros. Transactions in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction. The resulting monetary assets and liabilities are translated into the appropriate functional currency at exchange rates prevailing at the reporting date and the resulting gains and losses are recognised in the income statement. The Group manages some of its transaction exposure by matching cash inflows and outflows of the same currencies. The Group does not engage in hedging transactions and therefore any movements in the primary transactional currencies will impact profitability. The Group continue to monitor appropriateness of this policy.

The Group's global operations create a translation exposure on the Group's net assets since the financial statements of entities with non-euro functional currencies are translated to euro when preparing the consolidated financial statements. The Group does not use derivative instruments to hedge these net investments.

The principal foreign currency risks to which the Group is exposed relate to movements in the exchange rate of the euro against US dollar, South African Rand, Australian dollar.

The Group has material subsidiaries with a functional currency other than the euro, such as US dollar, Australian dollar, South African Rand and Swedish Krona.

21. Financial Risk Management *(continued)*

b) Foreign currency risk (continued)

During the years presented average and closing exchange rates for the Group's primary currency exposures were as disclosed in the table below. In 2013, the euro strengthened against all of the major currencies in which Mincon trades. This has had a significant impact on the Group's profitability for the year, with a reduction in revenue as well as incurring a foreign exchange loss of €1.3 million arising on realised and unrealised losses on settlement or retranslation of monetary assets and liabilities, which has been recorded in the consolidated income statement. The strengthening of the euro has also impacted upon equity with a reduction in recognised assets and liabilities of non-Euro reporting subsidiaries of €3.9 million due to foreign exchange movements in the year on the retranslation of the net investment in foreign operations.

	2013		2012	
Euro exchange rates	**Closing**	**Average**	**Closing**	**Average**
US Dollar	1.38	1.33	1.32	1.29
Australian Dollar	1.55	1.38	1.27	1.24
South African Rand	14.44	12.80	11.29	10.54

The table below shows the Group's currency exposure. Such exposure comprises the monetary assets and monetary liabilities that are not denominated in the functional currency of the operating unit involved. These exposures were as follows:

Net Foreign Currency

Monetary Assets/(Liabilities)	**2013 €'000**	**2012 €'000**
Euro	(3,671)	4,846
US Dollar	8,266	550
Australian Dollar	3,235	2,515
South African Rand	2,212	2,128
Other	57	799
Total	10,099	10,838

A 10% strengthening of the Euro against the Group's primary operating currencies at 31 December 2013 would have increased/(decreased) shareholders' equity and net profit by approximately the amounts shown below. This analysis assumes that all other variables, remain constant.

	2013		2012	
	Equity* €'000	**Net Profit €'000**	**Equity* €'000**	**Net Profit €'000**
US dollar	(1,093)	(143)	(292)	(51)
Australian dollar	(1,314)	(392)	(506)	(232)
South African Rand	(968)	(1,030)	(441)	(161)

* Includes net investment exposure

A 10% weakening of the Euro against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

21. Financial Risk Management *(continued)*

c) Credit Risk

The majority of the Group's customers are third party distributors of drilling tools and equipment. The maximum exposure to credit risk for trade and other receivables at 31 December by geographic region was as follows:

	2013 €'000	2012 €'000
Ireland	129	114
Americas	2,478	2,918
Australasia	1,599	1,090
Europe, Middle East, Africa	4,286	6,338
Total amounts owed	**8,492**	**10,460**

The Group is also exposed to credit risk on its liquid resources (cash and short term deposits), of which €42.3 million was invested with a government backed financial institution in Ireland. The Directors actively monitor the credit risk associated with this exposure.

d) Fair values

Fair value is the amount at which a financial instrument could be exchanged in an arms-length transaction between informed and willing parties, other than in a forced or liquidation sale. The contractual amounts payable less impairment provision of trade receivables, trade payables and other accrued liabilities approximate to their fair values. Under IFRS 7, the disclosure of fair values is not required when the carrying amount is the reasonable approximation of fair value.

The carrying amounts and fair value of our financial liabilities, which are all held at amortised cost, were as follows:

	Carrying Amount €'000	Fair Value €'000
At 31 December 2013:		
Bank loans	1,279	1,290
Finance leases	240	240
At 31 December 2012:		
Bank loans	695	721
Finance leases	624	655

The fair values of our debt instruments were based on credit adjusted variable rate instruments with a similar maturity.

All fair values for assets or liabilities have been based on IFRS Level 2 information.

e) Interest Rate Risk

Interest Rate Risk on Financial Liabilities

As at 31 December 2013, the remaining long term debt was all at fixed rates; therefore we are not exposed to cash flow interest rate risk in relation to our debt.

Interest Rate Risk on cash and cash equivalents

Our exposure to interest rate risk on cash and cash equivalents is actively monitored and managed with an average duration of less than three months. Interest rate risk on cash and cash equivalents is not considered material to the Group.

22. Pension and Other Employee Benefit Plans

The Group operates various defined contribution pension plans. During the year ended 31 December 2013, the Group recorded €0.3 million (2012: €0.4 million) of expense in connection with these plans.

23. Leases

Operating Leases

The Group leases certain of its facilities and equipment under non-cancellable operating lease agreements. However, annual obligations under these operating leases has not exceeded €100,000 in any of the periods presented, and is not expected to do so in the foreseeable future. The Group's policy is to purchase all material property, plant and equipment required in its operations.

Finance Leases

At 31 December 2013, the net book value of assets acquired under finance leases was €1.0 million (€1.2 million), which included €0.9 million (2012: €0.7 million) of accumulated depreciation. The depreciation expense related to assets under finance leases for 2013 was €0.2 million (2012: €0.2 million).

24. Commitments

The following capital commitments for the purchase of property, plant and equipment had been authorised by the directors at 31 December:

	31 December 2013 €'000	31 December 2012 €'000
Contracted for	4,124	-
Not-contracted for	40	48
Total	4,164	48

For information on lease commitments, refer to Note 23.

25. Litigation

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

26. Related Parties

As at 31 December 2013, the share capital of Mincon Group plc was 57.681% 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 14.420% of the equity of the Company.

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.

26. Related Parties *(continued)*

Key management compensation

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

	2013 €'000	2012 €'000
Short term employee benefits	634	398
Bonus and other emoluments	-	2,882
Pension contributions	22	22
Total	**656**	**3,302**

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.

On 30 August 2013, Smithstown Holdings, declared a final dividend of €15.0 million to shareholders on the share register of that company as at 30 August 2013, being companies ultimately controlled by Patrick Purcell, members of the Purcell family and Kevin Barry. This dividend was paid by 31 December 2013. No dividend payments were made in 2012.

Transactions with Directors

The Group is owed €991,500 from directors and shareholders at 31 December 2013. The Group has amounts owing to directors of €nil as at 31 December 2013 (31 December 2012: €870,000). The amounts outstanding at 31 December 2012 were fully repaid during the year.

	31 December 2013 €'000	31 December 2012 €'000
Patrick Purcell	31	(460)
Joseph Purcell	-	(410)
Kevin Barry	8	-
Kingbell Company*	762	-
Ballybell Limited*	191	-
Total	**992**	**(870)**

* Being amounts owing in relation to the employee recognition award as disclosed in Note 8 and included in other current assets in the statement of financial position. These amounts have been fully paid since the balance sheet date

27. Off-balance Sheet Arrangements

As at 31 December 2013 and 2012, the Group had no unconsolidated special purpose financing or partnership entities or other off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources, that are material to investors.

28. Events after the reporting date

Loans and Borrowings

On 15 January 2014, Mincon Rockdrills Pty Limited drew down AUS$2,400,000 (circa €1.5million) on a fifteen year variable interest loan which is secured on assets of that company with a net book value of approximately AUS$3.5 million (circa €2.3 million).

29. Approval of financial statements

The Board of Directors approved the consolidated financial statements on 2 April 2014.

MINCON SEPARATE FINANCIAL STATEMENTS

FOR THE PERIOD FROM DATE OF INCORPORATION,
16 AUGUST 2013 TO 31 DECEMBER 2013

Company Statement of Financial Position

	Notes	2013 €'000
Non-Current Assets		
Investments in subsidiary undertakings	2	20,700
Total Non-Current Assets		**20,700**
Current Assets		
Loan amounts owing from subsidiary companies	3	7,100
Other current assets	4	996
Short term deposits	5	40,000
Cash and cash equivalents		752
Total Current Assets		**48,848**
Total Assets		**69,548**
Equity		
Ordinary share capital	1	2,113
Share premium	1	145,036
Other reserve	2	(79,300)
Capital contribution	4	953
Retained earnings		(72)
Total Equity		**68,730**
Current Liabilities		
Accrued and other liabilities		361
Amounts owed to subsidiary companies	3	457
Total Current Liabilities		**818**
Total Liabilities		**818**
Total Equity and Liabilities		**69,548**

The accompanying notes are an integral part of these financial statements.

On behalf of the Board:

Peter E. Lynch
Chairman

Kevin Barry
Chief Executive Officer

Company Statement of Cash Flows

For the period from date of incorporation, 16 August 2013 to 31 December 2013

	2013 €'000
Operating activities:	
Loss for the period	(72)
Loans to subsidiaries	(7,100)
Movement in other current assets	(4)
Movement in accruals and intercompany creditors	818
Net cash provided/(used in) by operating activities	**(6,358)**
Investing activities	
Investment in short term deposits	(40,000)
Net cash provided by/(used in) investing activities	**(40,000)**
Financing activities	
Issuance of shares in public listing, net of expenses	47,110
Net cash provided by/(used in) financing activities	**-**
Effect of foreign exchange rate changes on cash	-
Net increase in cash and cash equivalents	752
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	**752**

The accompanying notes are an integral part of these financial statements.

Company Statement of Changes in Equity as at 31 December 2013

	Share capital €'000	Share premium €'000	Other reserve €'000	Capital contribution €'000	Retained earnings €'000	Total equity €'000
Balance on incorporation	**-**	**-**	**-**	**-**	**-**	**-**
Comprehensive income:						
Loss for the period	-	-	-	-	(72)	**(72)**
Total comprehensive income					(72)	**(72)**
Transactions with Shareholders:						
Issue of shares by Mincon Group plc on incorporation	39	-	-	-	-	**39**
Shares issued by Mincon Group plc in share for share exchange for Smithstown Holdings	1,500	98,500	(79,300)	-	-	**20,700**
Issuance of ordinary shares in initial public offering, net of costs	574	46,536	-	-	-	**47,110**
Capital contribution	-	-	-	953	-	**953**
Balances at 31 December 2013	**2,113**	**145,036**	**(79,300)**	**953**	**(72)**	**68,730**

The accompanying notes are an integral part of these financial statement

Notes to the Company Financial Statements

1. Share Capital

On incorporation of Mincon Group plc (single entity) on 16 August 2013, the issued share capital was 38,500 Ordinary Shares of €1.00 each of which 30,800 Ordinary Shares of €1.00 each were held directly and indirectly by Patrick Purcell and 7,700 Ordinary Shares of €1.00 each were held directly by Kevin Barry. The shares were issued and paid up in full. On 30 August 2013, these shares were redesignated as Subscriber Shares (having the rights attaching to those shares as set out in the Articles).

On 30 August 2013, as part of a reorganisation of the Group ("the Group reorganisation"), Mincon Group plc acquired the entire issued share capital of Smithstown Holdings in consideration of the issue by the Company of 1,500,000 Ordinary Shares of €1.00 each in the capital of the Company to the shareholders of Smithstown Holdings (subsequently subdivided into 150,000,000 Ordinary Shares of €0.01 each) with a share premium arising in the amount of €98.5 million. There was no change to the ultimate shareholders of the Group at that date.

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.

See note 18 of the consolidated financial statements for further details of movements in share capital during the period.

2. Other reserve and investment in subsidiaries

As part of the Group reorganisation which is described in note 1, 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.

In accordance with IAS 27 *"Consolidated and Separate Financial Statements"*, the Company elected to account for its acquisition of Smithstown Holdings using cost as its accounting policy. As at the date of the reorganisation the total carrying value of the equity items in Smithstown Holdings was €20.7 million. In consideration of the acquisition of Smithstown Holdings and its subsidiaries, which were valued by the directors at €100.0 million, the Company issued 1.5 million Ordinary Shares of €1.00 each (which have subsequently been sub-divided into 150,000,000 Ordinary Shares of €0.01 each) at par value to the former shareholders of Smithstown Holdings. The excess of the fair value of the assets acquired over the nominal value of the shares issued has been recorded as share premium of €98.5m within the Company's Statement of Changes in Equity.

As a consequence of the Company electing to record the investment in Smithstown Holdings at cost of €20.7 million a difference of €79.3m arises between this investment and the amount that company law requires to be included in share capital and share premium. This amount has been recorded as an "other reserve" in the Company's Statement of Financial Position.

The Company will shortly apply to the High Court of Ireland to reduce its share premium account by €79.3 million and use the reserve so created to eliminate this other reserve. 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 debit other reserve (or such part thereof as the High Court of Ireland may determine). The Directors believe that this application will be heard by the High Court of Ireland as soon as reasonably practical following release of the 2013 annual report. The Company will be capable, subject to it having distributable reserves, of declaring dividends.

Subsequent to the reorganisation described above, Mincon Group plc acquired the direct shareholding in certain of the Group subsidiaries from Smithstown Holdings, resulting in Mincon Group plc owning the share capital in all Group trading companies directly as outlined in note 20 to the consolidated financial statements. This had no impact on the carrying value of the Company's investment in subsidiaries of €20.7 million.

3. Transactions with subsidiary companies

At 31 December 2013, the Company had advanced €7.1 million to subsidiary companies by way of loan. These loans are interest free and repayable on demand.

At 31 December 2013, the Company owed €457,000 to subsidiary companies in relation to costs incurred on its behalf.

4. Other current assets

	31 December 2013 €'000
Capital contribution owed from shareholders	953
Amounts owing from shareholders	39
Prepayments	4
Other current assets	996

Included in other current assets is an amount of €953,000 owing from Kingbell Company and Ballybell Limited (being the two largest shareholders in the Company) relating to the payment of the employee recognition award, as outlined in note 8 to the consolidated financial statements. This amount was paid to the Company by Kingbell and Ballybell in March 2014

At 31 December 2013, the Company is owed €30,500 directly and indirectly from Patrick Purcell and €7,700 from Kevin Barry, both of whom are shareholders and Directors of the Company. The Company has no amounts owing to directors or shareholders at 31 December 2013.

5. Short term deposits

At 31 December 2013, the Group had €40.0 million on deposit with a government backed financial institution in Ireland. These monies can be withdrawn at any time for corporate purposes, but have a nominal maturity date of December 2014. IAS 7 *Statement of Cash Flows* requires any investment with a nominal maturity date of greater than three months to be disclosed other than as cash or cash equivalents.

6. Approval of financial statements

The Board of Directors approved the financial statements on 2 April 2014.

MINCON GROUP PLC
Smithstown Industrial Estate
Shannon, Co. Clare, Ireland
Tel: +353 (61) 361-099

USA, CENTRAL & SOUTH AMERICA
MINCON, INC.
603 Centre Avenue, N.W.
Roanoke, VA 24016, USA
Tel: +1 (540) 344-9939
Fax: +1 (540) 344-9942

MINCON ROCKDRILLS USA, INC
107 Industrial Park,
Benton, IL 62812, USA
Tel: +1 (618) 435-3404

MINCON S.A.C.
Calle La Arboleda 151
Dpto 201, La Planicie,
La Molina, Peru
Tel: +51 949 753 224

EUROPE & THE MIDDLE EAST
MINCON INTERNATIONAL
Smithstown Industrial Estate
Shannon, Co. Clare, Ireland
Tel: +353 (61) 361-099
Fax: +353 (61) 361-808

MINCON AB
Industrivagen 2-4
61202 Finspang, Sweden
Tel: +46 1221-5480
Fax: +46 1221-5481

MINCON POLAND SP. Z O.O
ul.Mickiewicza 32
32-050 Skawina, Poland
Tel: +48 6077-40888
Fax: +48 1225-63101

AFRICA & AUSTRALASIA
MINCON SOUTHERN AFRICA
1 Northlake, Malcolm Moodie Cresent,
Jetpark 1469, Gauteng, South Africa
Tel: +27 (11) 397-3630
Fax: +27 (11) 397-3522

MINCON ROCKDRILLS GHANA LTD
Atlas House Anyaa, PO Box CT5105,
Cantonments, Accra, Ghana
Tel: +233 (302) 331-855

MINCON WEST AFRICA SARL
Villa TF 4635 GRD
Almadies, Dakar
B.P. 45534 Dakar-Fann
Republique du Sénégal
Tel: +221 (338) 209-765
Web: www.minconwestafrica.com

MINCON ROCKDRILLS PTY. LTD.
8 Fargo Way
Welshpool, WA 6106, Australia
Tel: +61 (0)8 9471-2700
Fax: +61 (0)8 9471-2790