DEVELOPING IN EVERY REGION

Mincon Annual Report & Consolidated Financial Statements
Year Ended 31 December 2019

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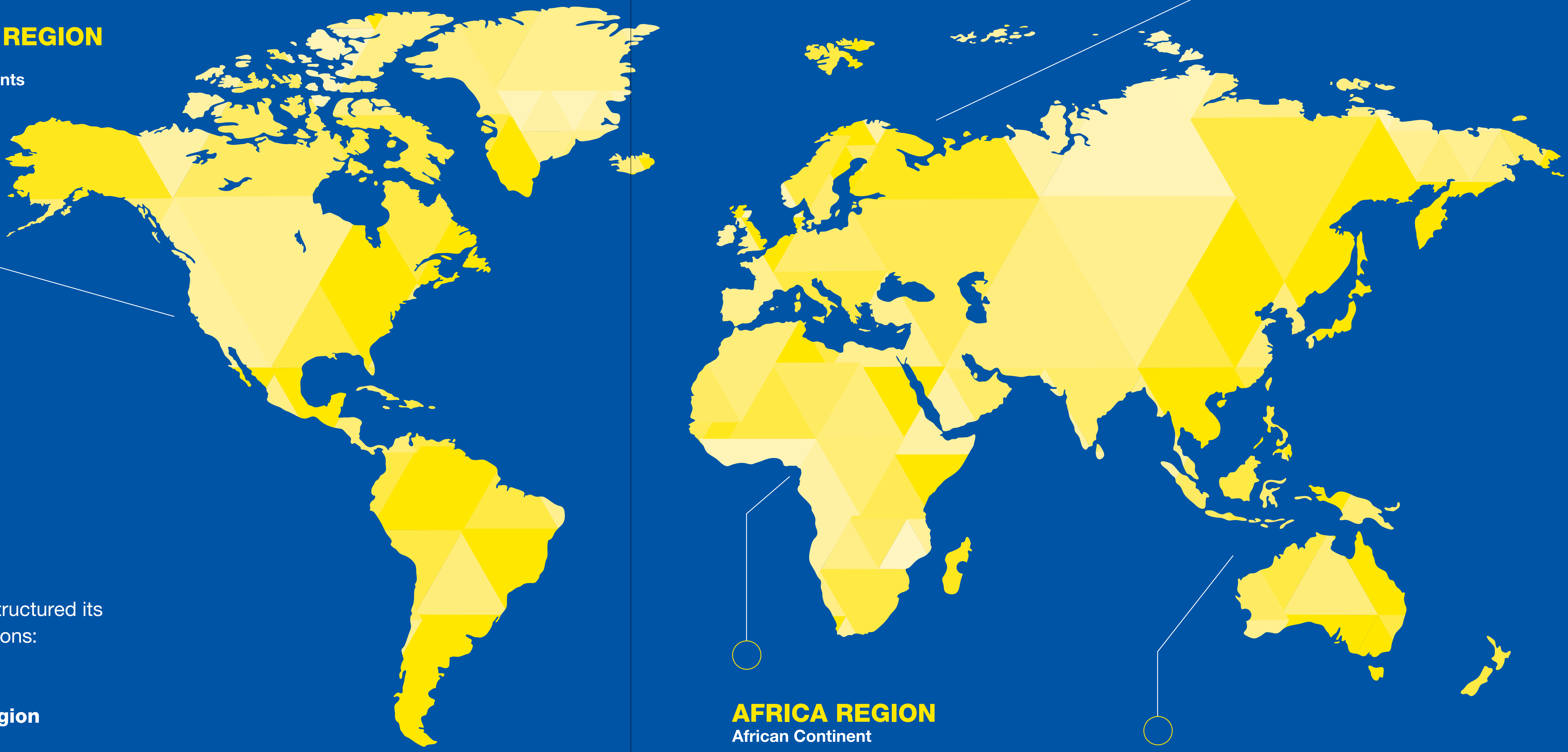
CORPORATE PROFILE

Mincon Group Plc ("the Company" or "the Group") is an Irish engineering group with its shares trading on the AIM market of the London Stock Exchange and the ESM market of Euronext Dublin. 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 UK, the USA, South Africa, Canada, Sweden 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:	**Hugh McCullough** - Non-Executive Chairman (Irish) **John Doris** – Senior Independent Non-Executive Director (Irish) **Patrick Purcell** – Non-Executive Director (Irish) **Paul Lynch** – Non-Executive Director (Irish) **Joseph Purcell** – Chief Executive Officer (Irish) **Thomas Purcell** – Regional Executive - Americas (USA)
COMPANY SECRETARY:	**Jonathan Clancy** (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,** 2 Grand Canal Square, Dublin 2, Ireland
AUDITOR:	**KPMG,** Chartered accountants, 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

MINCON GLOBAL REGIONS

AMERICAS REGION
North and South American Continents



During 2019 Mincon Group restructured its operations into four global regions:

Americas Region
Europe and Middle East Region
Africa Region
Asia Pacific Region

These new regions are being led by regional VPs - proven leaders with Mincon, each with a history of working effectively and collaborating within the Group.

EUROPE AND MIDDLE EAST REGION
All European Countries
Middle East Countries

AFRICA REGION
African Continent

ASIA PACIFIC
Australia, New Zealand, Pacific Islands

CHAIRMAN'S STATEMENT

On behalf of the Board of Mincon I am delighted to present the Annual Report for the year ended 31 December 2019.

In August 2019 I was honoured to have been appointed as Mincon's Chairman after company founder Patrick Purcell stepped down to a Non-Executive Director role. Paddy has guided the company since its foundation with a steady hand, relentlessly insisting on engineering excellence as the primary focus of the Group's activities. I am delighted that Paddy maintains his close association with the company as a non-executive director. His insight on the Group's business is invaluable to the Board.

I am also very pleased to welcome Paul Lynch to the Board as an independent, non-executive director. Paul has a depth of knowledge and understanding of the manufacturing, sales and distribution sectors, together with a strong financial background.

Prior to becoming Chairman, I had the pleasure of serving on the Mincon board and have witnessed the Group's emergence as one of the leading, global manufacturers of premium drilling tools. The company has doubled in size since our listing in 2013 and it has now evolved into a well-diversified engineering and manufacturing business that supplies world-class drilling solutions for a number of international industries. I believe that we truly live up to our company slogan "The Driller's Choice".

2019 was a challenging year on many fronts, but I believe the steps we have taken during the year means we are starting 2020 in a much stronger position than at the same time last year and the business won in the final quarter of 2019 is a reflection of that confidence.

In early 2019, after a number of years of revenue growth, the Board instigated a review of the Company's progress with a view to planning our next phase of development. This review resulted in the reorganisation of the Group's sales and distribution business into four regions: Americas; Europe and Middle East; Africa; and Asia-Pacific. Each of these four regions is managed by a highly experienced executive with in-depth knowledge and contacts in their respective regions. We carried out an analysis of each region in turn to identify elements within the region which were not core to Group activities or which were not delivering value commensurate with their cost. These elements included a standalone heat-treatment business in Sweden, which serviced third-party customers, and a coring manufacturing business in South Africa. These services and products did not form part of the Group's future strategy, and the businesses were sold on. The Group also reviewed its manufacturing activities, analysing

CHAIRMAN'S STATEMENT CONTINUED

capacity and efficiency of current machinery, as well as manufacturing locations in relation to the customer sites. The Group then consolidated the manufacture of certain products into specific factories, thus reducing headcount. We are now in a position where production can rapidly adapt to changing customer demands and deliver faster than competitors. This was done with the goal of achieving greater economies of scale; creating savings in logistics cost; and improving delivery times, all of which will result in margin savings whilst exceeding customer expectations.

The Group review also examined the modus operandi of the Group in the mining and construction sectors within each region. Whereas, in the past, the Group operated sales and distribution centres across our markets, and relied on our sales agents selling into the mining and construction business, we have now adopted the "Challenger" model, where we engage directly with mines in the same way as the market leaders, or with primary contractors in construction activities. It is this approach that is winning us significant new business. This new approach is again underpinned and made possible by our continued dedication to engineering excellence in all our products and in the after-sales service.

All of this progress in developing the Group's business model was occurring during a period when, for the first time since the company's IPO, sales growth was broadly flat, although there were some brighter points in certain markets. As part of the review in early 2019, a decision was taken to diversify the Group's income streams. This strategy started bearing fruit during 2019, when sales in the construction market accounted for 12% of Group turnover – with more than half of the supply going to large contracts in the USA. These contracts will generate significant income over the next few years. We were able to participate in these markets through our acquisition in 2017 of an innovative construction casing system business, PPV, based in Finland, and by developing our own large-hammer product range. The success of these projects has led to a significant growth in revenue in this sector and we believe that it will lead to the award of other similar contracts where the Group's engineering excellence and reliability becomes the central and deciding factor in the winning of the business.

Mincon has resisted the temptation to compete on price in some of the more traditional, low-margin, high-volume segments of the drilling market. In some cases, this has resulted in losing turnover to producers of lower-cost, lower-quality products. As mentioned above, the primary focus of the Group is on engineering excellence and delivering to the client the consumable drilling equipment that will meet his needs rather than simply contribute to our revenue. Often, the cost of these consumables may initially be higher than the competition but their reliability and performance puts them into the top category for cost effectiveness. While income from some regions slowed, others saw significant growth. Mincon secured several large, multi-year supply contracts in its traditional mining segment late in 2019, the benefits of which will come to fruition in early 2020.

With the flat sales during the year as a whole, some of our financial results have been less attractive than last year in particular. However, we have reorganised our sales and distribution structure and our business model within the four regions; we have reduced our overhead and we have rebuilt our cash position to more than €16 million at year-end. We have secured significant new business in Q4 2019 and we believe that this will continue to expand.

The Group continues to devote significant resources to designing, developing, and field-testing next-generation drilling tools, and expects commercial deployment of several new products during 2020. This dedication to innovation should ensure that it maintains its position as an industry leader. At the heart of Mincon Group plc are engineers, innovators, and inventors. Through listing as a public company and subsequent revenue growth, the Group has gained the resources to build on its intellectual property base. Over the next few years it will realise the benefits of that investment as it rises to the challenge of combining innovation with superior customer service to bring these products to the open market.

The Group prides itself in being an environmentally aware member of society. It has undertaken many initiatives globally to minimise its energy use and the direct environmental effect of its operations. Product innovations have enabled Mincon's customers to reduce ground disturbance in sensitive and high population density sites, as well as aligning with customers' desires for efficiency. In 2020 the Group will continue to work on reducing its environmental impact.

The global impact on markets of the Covid - 19 virus has been significant. We are very conscious of the need to stay on top of all WHO and HSE guidelines in relation to the protection of our employees. We have already taken certain steps throughout the Group to minimise the risk and we will continue to monitor the situation and take whatever steps are necessary to protect our workforce while keeping our business operating as near to normal as possible.

The company has grown to a position where it has a comprehensive range of products and services, as well as the geographical footprint for tendering and winning the largest of surface drilling supply contracts in the world. It is through this type of organic growth that the board and senior management foresee real and sustained gains in margins and value for stakeholders. I would like to thank all of our team, executive and staff members alike for their highly professional role in the Group's progress. I also thank the Board for its support and guidance in the promotion of the Group's fundamental ethos of engineering excellence.

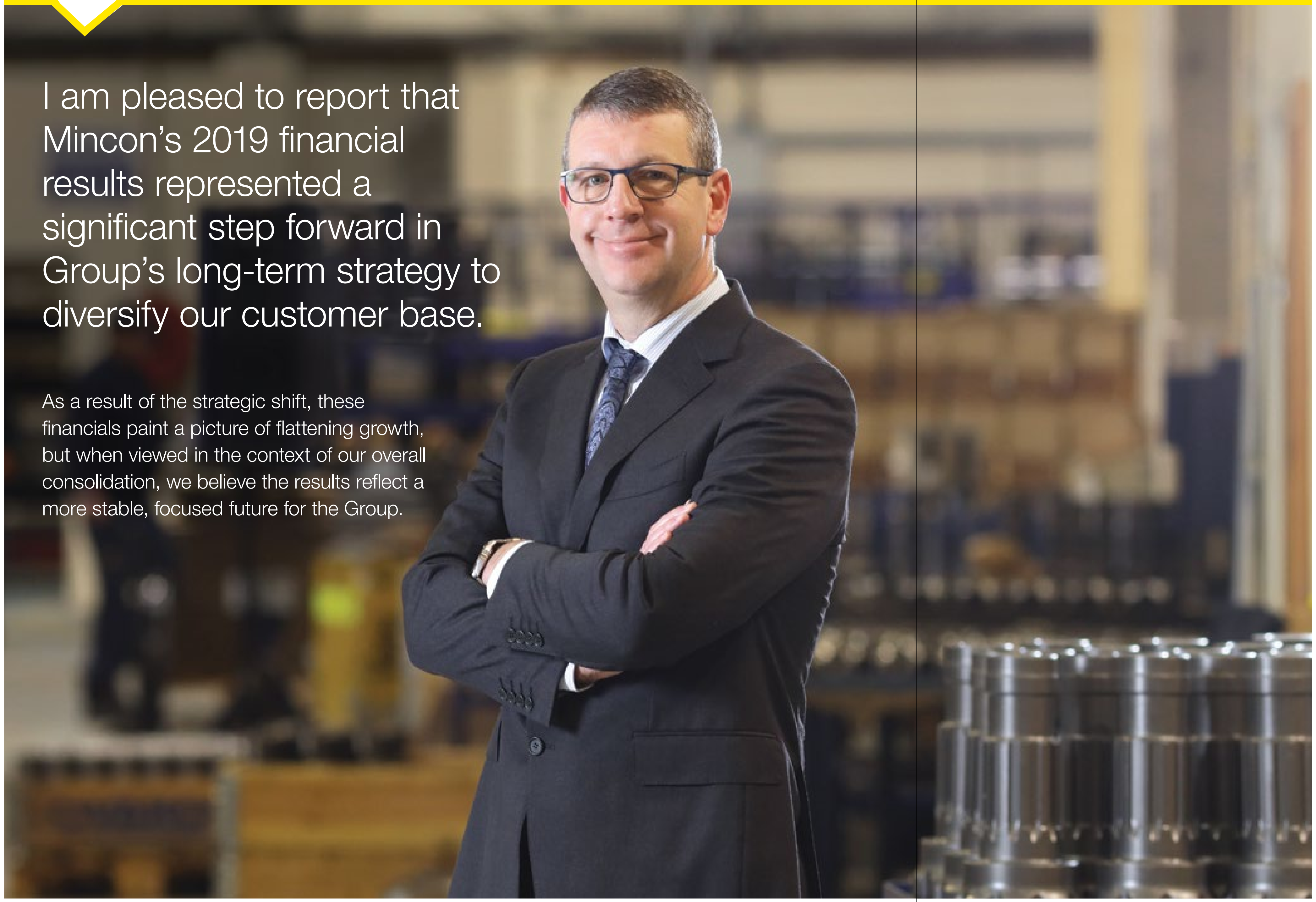
The Group is in an excellent position for growth in 2020 and beyond, with capacity at its factories; industry-leading drilling technologies; a comprehensive range of solutions and a worldwide network of highly qualified service personnel to support its superior products in the field.

I believe we are now marking the start of the next chapter in Mincon's history.

Hugh McCullough
Chairman

Mincon's comprehensive range of hard-rock drilling solutions

CHIEF EXECUTIVE OFFICER'S REVIEW



I am pleased to report that Mincon's 2019 financial results represented a significant step forward in Group's long-term strategy to diversify our customer base.

As a result of the strategic shift, these financials paint a picture of flattening growth, but when viewed in the context of our overall consolidation, we believe the results reflect a more stable, focused future for the Group.

2019: A YEAR OF CONSOLIDATION AND DIVERSIFICATION

Although these annual results overall show only minor revenue growth at a headline level, this was not the case in all markets and industry segments in which we operate. Last year marked a concerted push into the construction industry for the Group, and a strong performance in the Americas grew our market share in that region. Our work on filling out our product range and expanding our geographic support also saw Mincon win several large, direct-supply mining contracts. These contracts are for comprehensive drilling consumables supply, and the ability to supply the full range, together with the required service support levels to maintain them, enables us to undertake a programme of continuous improvement to increase our value-add to Mincon and to the end user. The Group's manufactured conventional DTH product, which provides the Group its highest profit margin, endured a decline of 16% in revenue during 2019, compared with 2018. This decline was experienced in Australia, Africa, and the European regions (excluding Scandinavia) during 2019. This revenue decline in 2019 was due to delays in commissioning heat-treatment facilities in USA and Australia as planned. Both facilities have now been commissioned.

We also greatly increased the sales revenue of our geotechnical and foundation drilling product range, thereby successfully diversifying our revenue stream away from on our traditional mining market, in line with our long-term strategy. In 2019 revenue generated in this market accounted for 12% of the Group's revenue within continuing operations, while in 2018 the corresponding figure was 6%. This increase in geotechnical revenue was achieved due to customers responding favourably to the unique and predominantly patented features of the Mincon product range, which ensures minimal ground disturbance. The revenue growth was further supported by the productivity and efficiency of our large hammer range, which we have now complemented with the acquisition of the Lehti Group in January 2020. The acquisition of the Lehti Group enables us to capture the substantial manufacturing margin which exists for many of our products in this sector. Our geotechnical offering also fits our desire and strategy of reducing the environmental impact of our products in this important and growing market for us.

CHIEF EXECUTIVE OFFICER'S REVIEW CONTINUED

ACTIONS UNDERTAKEN FOLLOWING OPERATIONAL REVIEWS

During the first half of 2019, in response to profits trending lower than our expectations, management undertook a review of all the Group's operations. As a result, several actions were undertaken during the year.

We decided to move to a regional management structure and created four regions, namely, the Americas; Europe and Middle East; Africa; and Asia-Pacific. Each region, and all the activities in that region, is the responsibility of the Regional VP reporting to Group. Each Regional VP is a proven leader at Mincon. They each have a history of working effectively and collaboratively within the Group, sharing our vision, culture, and ambition.

One of the first tasks within the regions was to look at personnel numbers, which were reduced in line with each region's strategy. These reductions were at all levels and areas of operations. At Mincon, people remain one of the cornerstones and key stakeholders of the business, but these measures were necessary to ensure our business was in the right shape for long-term development.

We also undertook a major review of our factory operations in 2019, resulting in a change in the mix of products manufactured at some plants. In part this was done to achieve greater economies of scale. In other cases, production was moved closer to the end market, to shorten delivery and lower lead times; to yield net savings in logistics costs; and to reduce the amount of working capital invested in finished goods. This restructuring of operations at our factories is ongoing and expected to be completed by the end of the first half of 2020. Once complete, our factories will be more efficient and should earn a healthier margin, and the Group will be in a better position to respond to spikes in demand and changing customer requirements.

We also divested two businesses with operations that were not core to the rest of the Group's focus, which contributed an exceptional profit. These businesses were HardTekno in Sweden and Premier Drilling in South Africa. Additionally, two distribution centres in Russia and Tanzania were closed. We still have access to those markets through third-party distributors and nearby Mincon service centres.

Finally, excellent progress was made on our IT and reporting systems during 2019. This brought increased transparency to our inventory, effectively furthering our goal of improving working capital efficiency. This vital work will continue into 2020 and beyond.

INNOVATIVE ENGINEERING IS THE KEY TO OUR FUTURE

We have a strong history, with more than 40 years of expertise in design, manufacture, delivery, and service of high-quality surface drilling consumables. Over the last six years we have strategically grown our product offering to now include a comprehensive range of products for the whole drill string and for multiple applications. Innovative and superior engineering has always been at the core of what we do and just as this engineering is the reason for our past success, innovation will be the key to the next 40 years of success and growth for the company.

Our clients are embracing continuous improvement to remain competitive, improve safety, and reduce the effect of their operations on the environment, which includes using less energy. We share these objectives, with a strategy, an ambition and an ability to deliver on them. Indeed, the next generation of drilling tools that we are developing is aimed at energy-efficient drilling, with a reduced impact on the environment and, in some cases, a transformational effect on Mincon and our customers.

This primary engineering objective continues to be driven by our engineering leadership in the Technology Steering Group. It continues to be my pleasure to lead this group, comprising senior engineers who each have many decades of experience in the rock-drilling industry. The experience in the group is broad and includes expertise in mechanical design and simulation; metallurgy and heat-treatment, market and application knowledge; and hands-on drilling. The function of the group is to develop the next generation of engineering leaders and to liaise with all levels of the Mincon Group, including the customer service centres, so that it can analyse customer feedback, and prioritise areas for technology development.

PRODUCT DEVELOPMENT

Our engineering effort can be broken down to the following headings:

1. Product maintenance

Ongoing product development and continuous improvement to existing product line-ups to ensure that remain at industry highest standard, as well as identifying areas for optimisation within customer operations. Most of this development is a result of direct customer feedback.

2. New product design and development

New designs and generations of existing technologies. Over the coming years, this development will include work on:

- New DTH hammer and bit developments with a focus on speed and efficiency;
- Continuous improvement for our range of open, and sealed-bearing, rotary drill bits, to deliver market-leading performance in terms of life and penetration rates;
- Optimising drill-rod performance and durability;
- Further development to the performance and range of cushion subs; and,
- Carbide grade developments.

3. New technology development

Spearheaded by Mincon's Technology Steering Group, which is exploring several new technologies and concepts for development, including:

- Greenhammer (working name) – Mincon's flagship technology for single-pass, hard-rock blasthole drilling, using a high-performance DTH hydraulic percussion system;
- Drilled foundation product developments particularly for sensitive ground conditions; and,
- Plans for advancing hammer technology to encompass larger hole size capabilities than ever, while maintaining the focus on efficiency and productivity.

Along with the Technology Steering Group, a dedicated Research and Development prototype manufacturing facility was commissioned during 2019. Based near the Group headquarters in Shannon, Ireland, but in a separate building from the main factory, we have allocated the necessary manufacturing capabilities and capacity to ensure our engineer's designs are machined into reality in a timely fashion. Results from field testing are then incorporated into improved design so that new revisions can be rapidly manufactured and sent back for field testing, without interrupting day-to-day production.

THE HYDRAULIC SYSTEMS

During 2019 we made excellent progress in moving towards commercial release of our 12" Greenhammer hydraulic system. Since the beginning of 2020 we have been working on a schedule of commercialising the system on the customer owned rig by the end of Q1 2020. This has been delayed due to a serious mechanical issue arising on the customer owned rig, prior to its handover to us, which has necessitated an extensive rig overhaul, making the rig unavailable to us until Q2 2020.

On a positive note, we are due to commence running our new Greenhammer 10" system on a commercial basis in Q2 2020 using a Mincon-owned rig at the same mine. A 10" system was requested by the mine in response to drilling results achieved using the larger system. This is a standard drilling size for us, and the system will be compatible with the same drill bits already supplied to the mine in large quantities. These bits are used in our market leading DTH hammers on six other mine-owned rigs. The benefit of this approach is twofold: Mincon's testing will not be restricted by rig availability and the mine will have an extra rig drilling production holes.

We remain excited about the transformational benefits of this system for Mincon and the hard-rock mining industry and we look forward to commercial release once we can get back drilling.

NEW PRODUCTS TO MARKET

In addition to the Greenhammer technology development project, 2020 will see the Group release new products, as it does every year, as well as other new technologies. Our investment in new technologies has been significant over the last several years. Predicting the timing for commercialisation of new technologies is not an exact science, with the research and development path naturally having many twists. The Group has taken a prudent stance by not prematurely releasing new technologies to market until vigorous and thorough field testing has proven the concept to be not only a technical success but also ready for commercial rollout across our markets. This approach should also be viewed in the context of our ambition, expertise, and capability to deliver

CHIEF EXECUTIVE OFFICER'S REVIEW CONTINUED

on these exciting opportunities that increasingly present themselves through our extensive and growing market reach.

ACQUISITIONS

Over the last five years the Group's acquisitions have brought in good products, people, and management. Acquisitions have also extended our reach into the markets that we strategically target.

We continue to look for acquisitions that are complementary to our operations and will help achieve the Group's strategic objectives. For example, in January 2020 we were delighted to add the Lehti Group to Mincon, bringing a strategically valuable production process and the associated margins in-house. This will support the ambition to grow our footprint in the geotechnical and foundation drilling market, which remains a large, exciting, and lucrative opportunity for Mincon.

CONCLUDING COMMENTS

While 2019 revenue was flat, it was encouraging that we grew in some markets and built on new revenue streams – which was in line with our strategy. When we found ourselves with overheads and factory capacity beyond our needs a plan was formulated to reorganise and right-size the business, ensuring that we started 2020 in good shape for future growth.

The build-out in the three core factories in Shannon, Ireland; Benton, USA; and Perth, Australia was completed in 2019. We can now deliver efficiently to our Group distribution points and to our end customers, with spare capacity for growth. Equally as important, these factory investments have also been about improving quality throughout our production, with critical parts of the manufacturing process now taking place in-house.

I am delighted with the progress of the Technology Steering Group in 2019. Through the work of this team and our other colleagues at Mincon, we have great opportunities to deliver new products in the coming year. We have the manufacturing capacity, talent, and technical innovation that will drive growth. I hope to report continuing growth throughout this year, in both traditional and new markets. This, along with shrewd management of costs, should see a stronger result for 2020.

We have seen good growth in the first quarter of 2020 to the date of this report, with accompanying profit figures as a result of the Group reorganisation that took place during 2019. During the first quarter of 2020 we have won additional geotechnical contracts in the Americas region, and our DTH product line has seen an improved order intake, with other product lines following suit.

The Mincon Group is monitoring the Covid-19 global pandemic and is taking the advice of local governments in locations where we have a physical presence. The Group has implemented an international travel ban within the Group to all employees for their own safety. Our sales departments have been in regular contact with our customers and are working with our factories to give more flexibility on shipping products. We are conscious of the potential impact the Covid-19 virus might have on future cashflow requirements. We will continue to monitor and evaluate its impact on the business, and where necessary, we will take appropriate steps to limit any personnel and business risks if that might arise.

Joseph Purcell
Chief Executive Officer

STRATEGY OF THE GROUP

Business Model and Strategy

The Group works with a five-year rolling strategy, which is reviewed by the Executive and the Board each year, and as necessary.

We examine and reflect on our decisions, continually review our processes and act to mitigate adverse outcomes.

The Group's strategy and business model and amendments thereto, are developed by the Chief Executive Officer and his Executive team, and approved by the Board. The senior management team, led by the Chief Executive Officer, is responsible for implementing the strategy and managing the business at an operational level.

The Group's overall strategic objective is to develop long-term sustainable competitive advantage with our products and services for customers, for the benefit of our shareholders and all stakeholders.

The Group has historically focused on surface drilling for mining and exploration, initially manufacturing hammers and bits for those applications. We continue to diversify our income streams by extending our addressable market into water well, geothermal and construction/geotechnical drilling. We continue to extend our ranges of hammers and bits that we offer, not only to further our mining market reach, but also complement our complete range of surface drilling solutions. We continue to develop the drill string components that support a full product range and service offering. Our strategic direction is to provide market leading products, manufactured, supplied and serviced by the Group, to a diversified range of industries. The diversified income streams will mean less reliance on mining which tends to move cyclically and to a high degree homogenously.

We seek to market competitive products centred on an ethos of innovative engineering and service, and are committed to adding value for our customers by partnering with them to find lower total drilling cost solutions. We supply markets and customers across the world; our wide geographic spread enables us to obtain a wide range of feedback from the use of our products in a wide range of drilling environments. This constant iteration from the end customer to engineering and back to the market drives our design and process improvements. We continue to devote significant resources to refining and improving current products.

The Group manufactures and sells rock drilling consumable products, and accordingly timely supply and service is key. Since the markets that we serve across the world are geographically dispersed, and the lead times for delivery are set by customer requirements and competition to a large degree, we have built a wide network of customer service centres backed by manufacturing plants in key markets. We continue to review our factory operations and have commenced a programme to shift the manufacture of some products from one factory to another, in some cases, to achieve better economies of scale at the factory, and in other cases, to manufacture products with long lead times closer to their markets so that we can adapt to changing customer needs in a more timely fashion. These factory reviews will be ongoing as part of the company's rolling strategic plan.

We continue to look for opportunities to increase our geographical footprint and vertical integration of supply lines where they add strategic value for the group and add margin. However, during 2020 and the immediate years to follow the company will focus more closely on organic growth of existing products in the regions that we service, and on bringing new drilling technologies, currently in development, to the market.

In executing the Group's strategy and operational plans, management will typically confront a range of day-to-day challenges associated with key risks and uncertainties, and through compliance, audit, risk management and policy setting, we will aim to mitigate these risks and maximise the sustainable opportunity for success.

We are committed to:

- innovative engineering and industry leading quality the creation of new drilling products and technologies and associated intellectual property, supported, inter alia, by patents
- industry leading field service delivery, and
- improving the skill sets of our teams

The Group's overall strategic objective is to develop long term sustainable competitive advantage with our products and services for customers, for the benefit of our shareholders and all stakeholders.

STRATEGY OF THE GROUP

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 GROUP'S INDUSTRY

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

The demand for the Group's products and services is affected by changes in customers' investment plans and activity levels. Customers' investment plans can change depending on global, regional and national economic conditions or a widespread financial crisis or economic downturn. The demand for the Group's products is affected by the level of construction and mining activities as well as mineral prices. 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 can also materially impact on investments in consumable equipment. Although the Group believes that its sales are well diversified with customers located in disparate geographic markets and industry segments, 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 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 operates 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 some 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.

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 our 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 our competitors that 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 Groups products maybe be duplicated by competitors or intellectual property misappropr iated

The Groups proprietary products may be duplicated either directly or by misappropriation of intellectual property. The group files patents where appropriate and limits access to technical information on Research and Development. However some jurisdictions, in which the group operates and in which our competitors manufacture, may not have the same level of patent protection as others and enforcement of patents may be a lengthy process. If competitors' duplicate the Groups proprietary products, 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, our ability to distribute products will be significantly affected

The Group has eight manufacturing facilities located in Ireland, the UK, Sweden, Australia, Canada, Finland, South Africa and the United States. Should any of these facilities be destroyed or closed for any reason, or the equipment in the facilities be significantly damaged, the Group is likely to face setbacks in our ability to manufacture and distribute 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 from new customers as well as maintaining 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 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 we do not compete successfully in all of our business areas and do not anticipate and respond to changes in evolving market demands, including new products, we will not be able to compete successfully in our markets, which could have a material adverse effect on the Group's business, its results and financial condition.

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 Epiroc 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

STRATEGY OF THE GROUP CONTINUED

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.

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, the Swedish Krona 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). 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

During 2019, the Group's top ten customers have accounted for approximately 20% 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 fewer 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.

Risks related to Covid – 19 pandemic

The Group is exposed to risks to business interruption caused by the global Covid – 19 pandemic. These risks may relate to interruptions in raw materials supply, interruptions in end user markets through work stoppages or shipping difficulties or interruptions in manufacturing capacity caused by a potential outbreak of infection in one or more of our plants with consequent material adverse effect on the Group's revenue.

Implications in relation to Brexit

The Group has a carbide manufacturing facility in the UK, it supplies carbide internal to other Group manufacturing facilities and sells carbide external to third-party customers. The Group envisages minimal impact from Brexit in the coming year. The Group's revenue that was generated in sales of carbide to non-Mincon companies during 2019 was €2.4 million.

We seek to market competitive products centred on an ethos of innovative engineering and service, and are committed to adding value for our customers by partnering with them to find lower total drilling cost solutions.

Mincon's range of large diameter DTH hammers and Spiral Flush casing systems are ideal for construction and geotechnical projects.

OPERATING AND FINANCIAL REVIEW

At the beginning of 2019 the Group underwent a review to identify assets that were not core to the business and growth strategy opportunities of the Group.

These included subsidiaries considered to be outside the main source of our business or geographical scope, in relation to the Group's main revenue streams. As a result, overheads were reduced at sales operations in certain locations; headcounts were reduced in factories; and certain assets in inventory and debtors were written down. The Group incurred re-organisational costs in disposing of and closing these non-core businesses. While this re-organisation absorbed some cash in completing the process, the consolidation process brought in a considerable net cash amount through the sale of Hardtekno, a heat-treatment business in Sweden; the sale of Cebeko, a holding company that owned the Viqing building in Sweden; and a coring manufacturing business in South Africa.

The table and analysis below excludes revenues, costs incurred, or profits gained during 2019 related to these non-core businesses, and the impact of assets being written-off and disposed of during 2019, and which are no longer part of the Group at 31 December 2019.

It also excludes the non-exceptional write downs for 2019 in inventory of €1.7 million and trade receivables of €0.8 million, when these are included, the following profit numbers are:

- Gross profit €40.5 million
- Operating profit €11.8 million
- Profit for the year €9.5 million

OPERATIONAL RESULT

At the beginning of the year the Group made the strategic decision to concentrate its efforts on growing the business through products that it considers relevant to its challenger model. As a result, the Group disposed of its heat-treatment business in Sweden, and business in South Africa that manufactures coring products which it sold through Mincon distribution channels in Southern Africa. The revenue streams from these companies accounted for 5% of total revenue in 2018 and zero in the continuing operational results for 2019. The main driver of Group revenue in 2019 was due to the success in winning large contracts in geotechnical product sales. During 2019, the Group also witnessed modest sales growth across all other product ranges, with the exception of DTH.

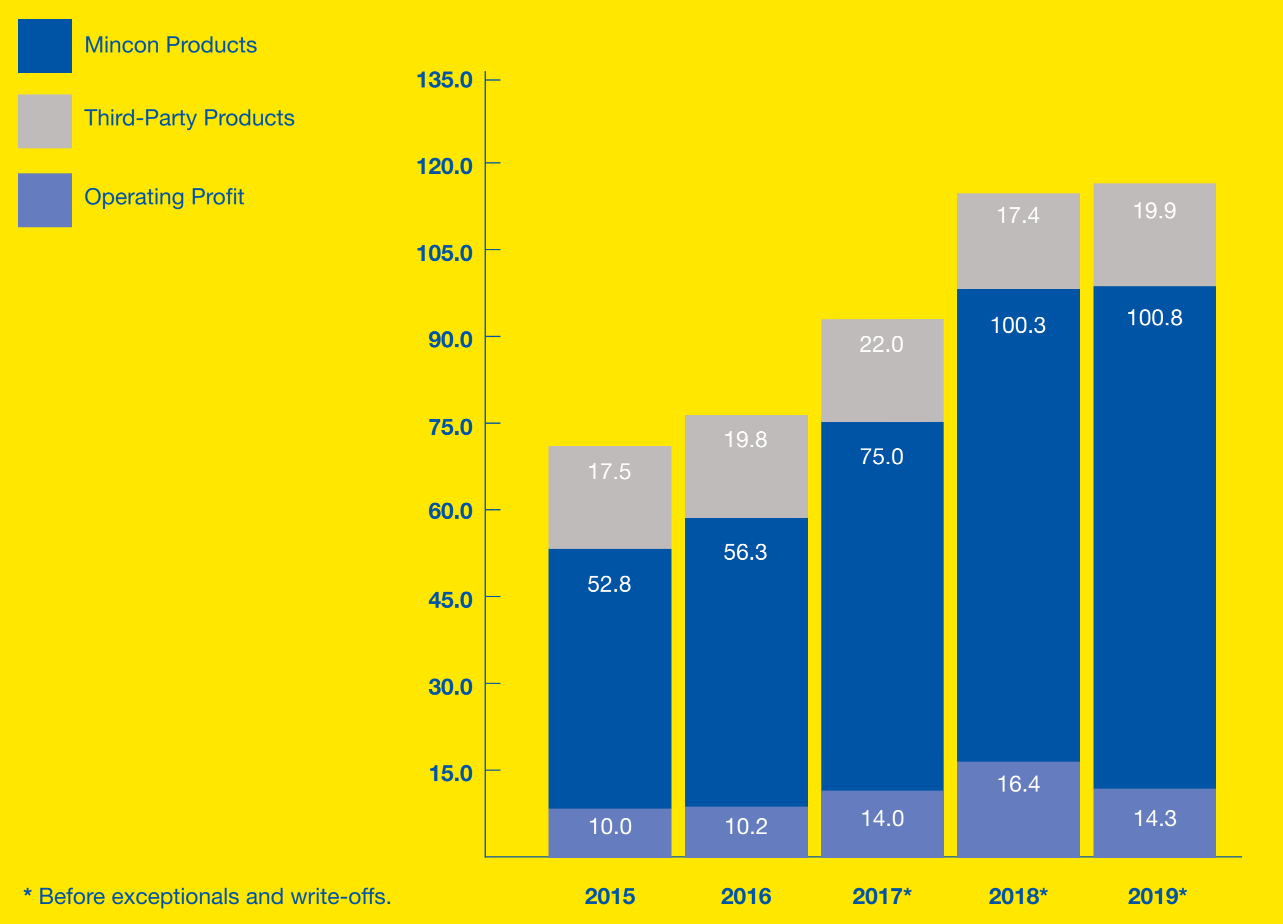
INCOME STATEMENT, EXCLUDING EXCEPTIONAL ITEMS AND IMPAIRMENTS Continuing operations	2019 €,000	2018 €,000	VARIANCE €,000	%
Revenue from Mincon product Revenue from third-party product	100,786 19,885	100,319 17,369	467 2,516	0.47 14.49
Total revenue	**120,671**	**117,688**	**2.53%**	2.53
Gross profit excluding impairments As a % of revenue	44,626 34.98%	37,838 37.92%	(2,421)	(5.43)
Operating profit excluding impairments As a % of revenue	14,301 11.85%	16,352 13.89%	(2,051)	(12.54)
Profit for the year excluding impairments	13,266	10,445	(1,226)	(9.24)

MARGIN

Group overall gross margin was down 2.94% compared with 2018, which is attributed to the product mix in revenue achieved in 2019. Large geotechnical sales orders were received, but the Group did not own the margin earned in the outsourced manufacturing process. This manufacturing margin has now been brought in house through the acquisition of the Lehti Group in Finland in January 2020.

Mincon Group also lost margin when the Group did not achieve the target revenue in DTH sales for which the Group factories were primed. This revenue was not achieved in 2019 due to the inability to supply in 2018, due to delays in commissioning heat-treatment facilities in USA and Australia as planned. Both facilities have now been commissioned.

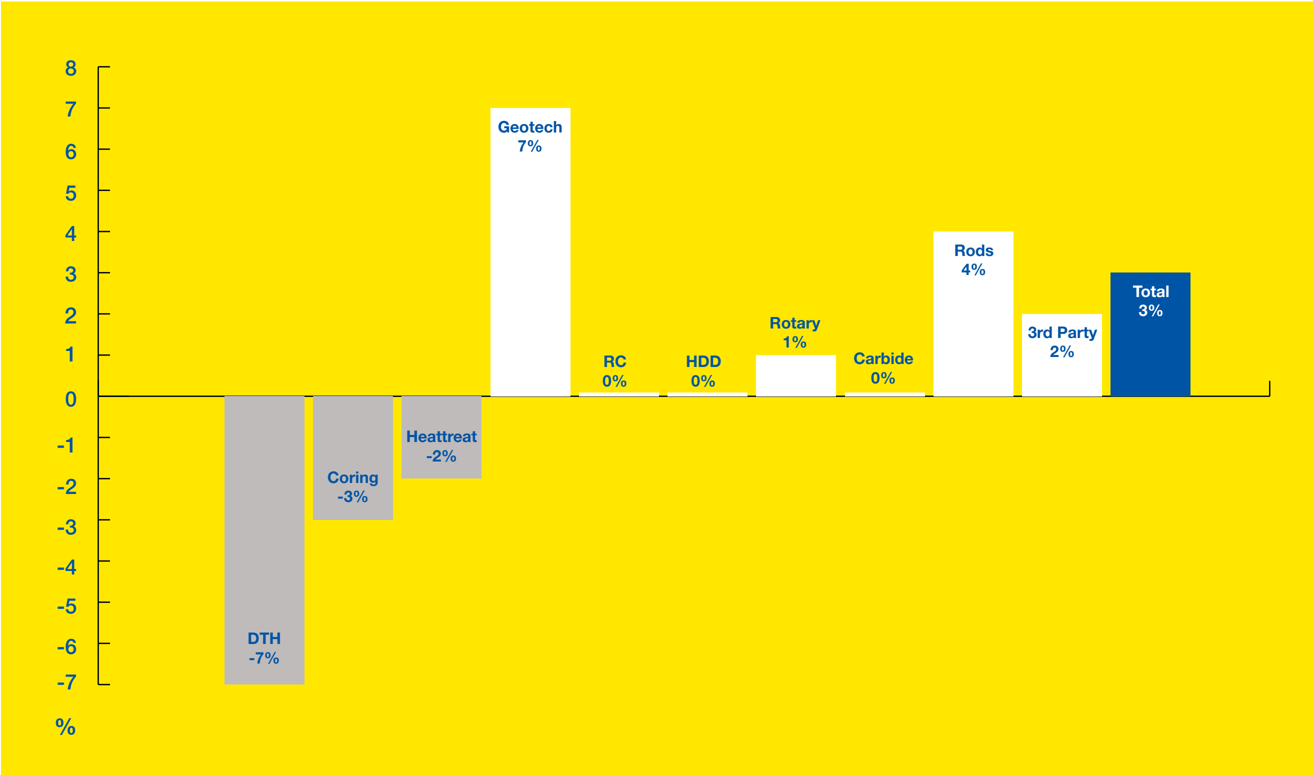
When Mincon Group was unable to supply in 2018, cheaper producers entered less quality-sensitive drilling regions, particularly in Eastern Europe, the Middle East, and Russia, and this followed on into 2019. Elsewhere, the Group experienced some DTH margin pressure as the market softened, due to oversupply in 2018 when market suppliers ramped up production simultaneously as Mincon increased capacity in its factories.. When the Group experienced lower demand for its DTH product ranges, it reduced factory costs to match the volumes, but a large proportion of manufacturing costs are fixed and this impacted on the margins. However the Group now expects to see increased DTH volumes in these regions and in more resolute regions.



* Before exceptionals and write-offs.

OPERATING AND FINANCIAL REVIEW CONTINUED

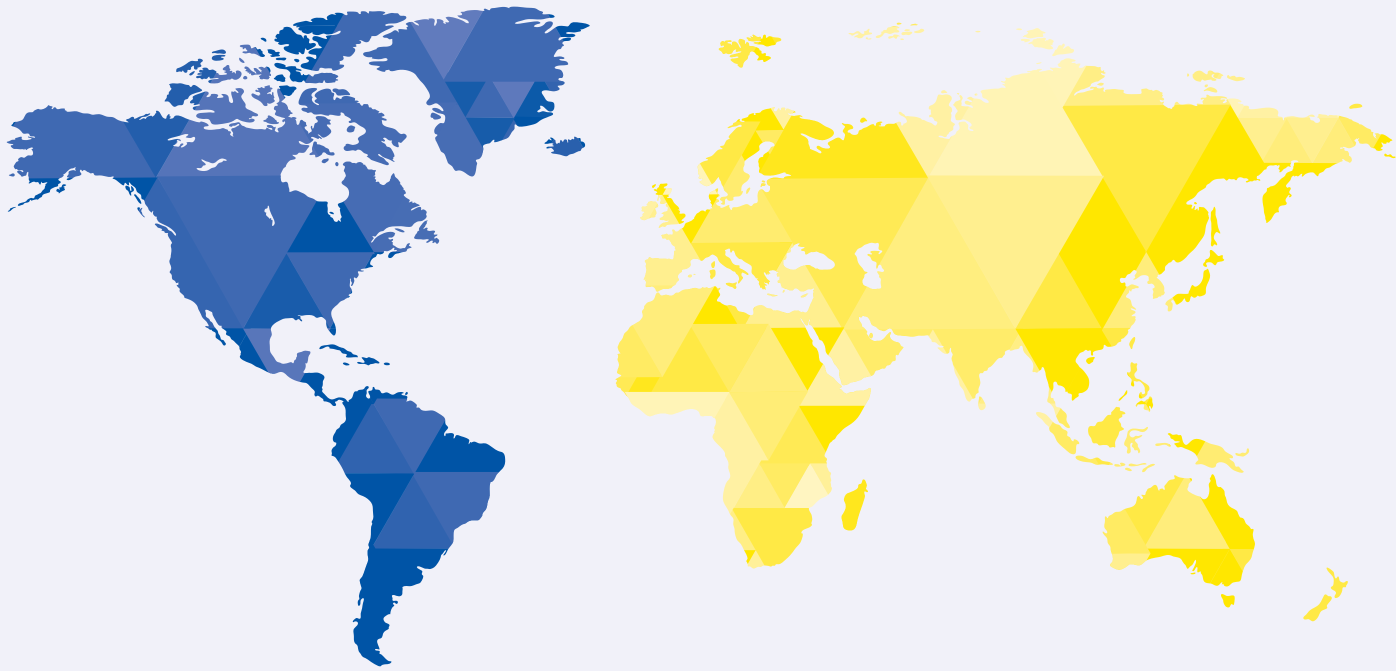
GROWTH BY PRODUCT



The Group operating profit decreased during the year due to the margin pressure, and we responded by reducing the Group's operational costs during the reorganisation of the business. For the Group to preserve its communication and sales networks to valued customers, it has maintained certain costs to ensure it has sustainable paths to delivering customer-focused products. The Group needs to ensure it continues engaging with customers and keeps lines of communication open on the sales front, and these channels require the support of administration. However, the Group continues to develop new systems to bring a more cost-effective approach when receiving feedback from its customers.

The Group continues to develop new systems to bring a more cost-effective approach when receiving feedback from its customers.

AMERICAS REGION

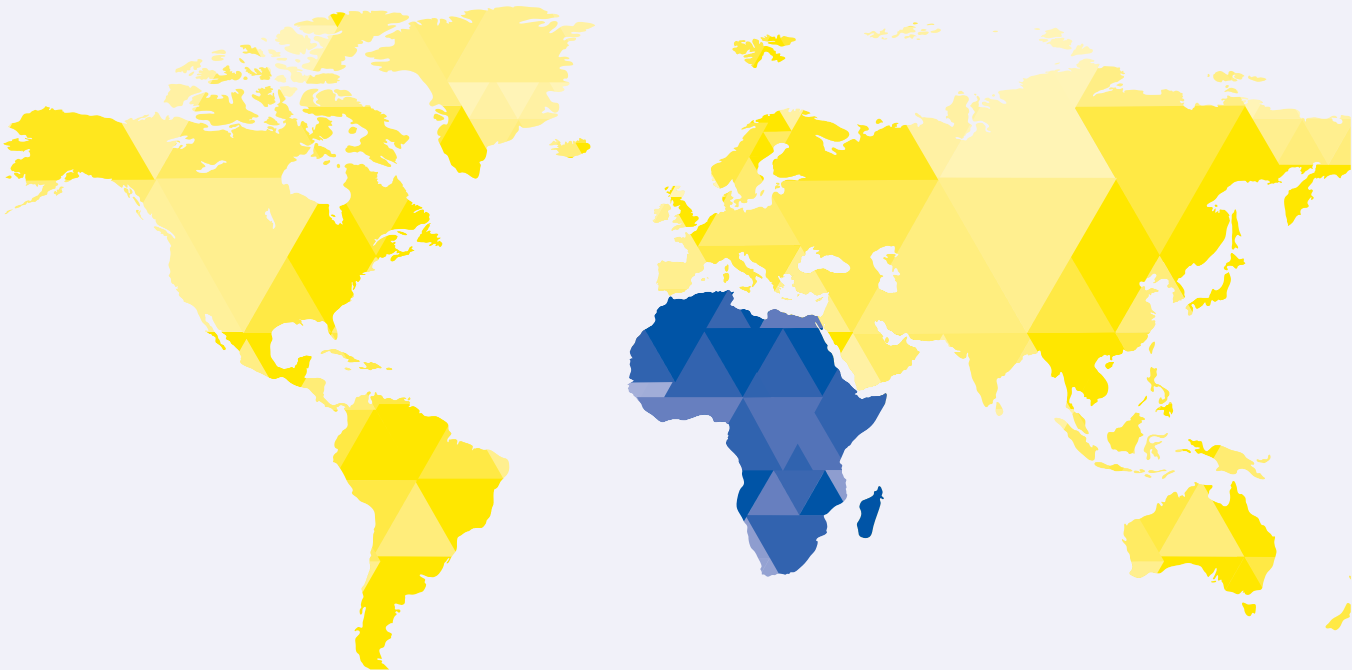


During 2019 Mincon experienced very strong sales growth in the Americas region, after winning large contracts in North and South America for supply and service of products to both the mining and construction industries. Those contracts continue to be serviced, bringing ongoing revenue.

Apart from a flat sales seen in the Group's conventional product in the Americas, the region increased its market share across all other product types. With the addition of Pacific Bit of Canada, the Americas region was able to grow its market share in Canada, evidenced by the increase in revenue from third-party product. Mincon USA introduced the Group's geotechnical solutions to the US market in 2018, and saw modest sales of this product line in that year. During 2019 the team won large geotechnical contracts in its market, with high sales volumes and good margins. The Americas region also experienced impressive revenue growth through the sales of Mincon-manufactured drill rods for various industries, such as construction, waterwell, and mining. After being awarded a large service and supply contract in South America during H2 2019, Americas region was able to grow its revenue through the sales and service of Mincon-manufactured rotary products.

AVERAGE STAFF NUMBERS	123	
COUNTRIES WITH DIRECT REPRESENTATION	04	Canada USA Peru Chile
DISTRIBUTORS IN THE REGION	113	
NUMBERS OF CUSTOMER SERVICE CENTRES IN REGION	13	
FACTORIES	02	Floor space: 7,900 SQM Manufacturing: DTH drill bits, rotary drill bits
MOST ACTIVE CUSTOMER MARKETS	• Construction and Geotechnical • Water Well • Geothermal	• Production Mining • Exploration Mining • HDD • Quarrying

AFRICA REGION



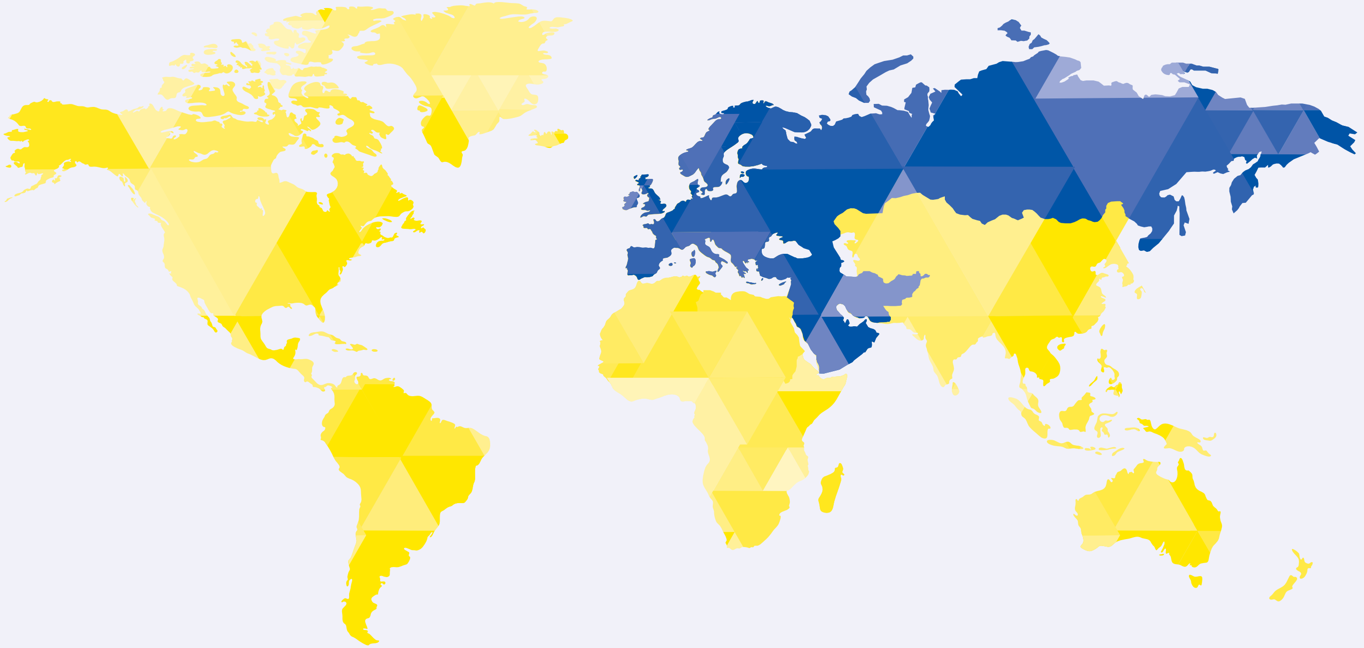
Mincon's Africa region experienced strong revenue growth from the sale of drill rods in 2019. This was due to the Group capitalising on selling our own-brand Driconeq drill pipe through the existing Mincon sales networks. The sale of capital equipment helped the region realise cash during the year. There was a decline in revenue from DTH sales across the region and the sales of third-party products after the closure of the Tanzania office. Results for coring products had a negative impact on the region's performance, following the sale of the coring business in South Africa.

AVERAGE STAFF NUMBERS	72	
COUNTRIES WITH DIRECT REPRESENTATION	03	Las Palmas (Region Headquarters) South Africa Namibia
DISTRIBUTORS IN THE REGION	04	
NUMBERS OF CUSTOMER SERVICE CENTRES IN REGION	04	
FACTORIES	01	Floor space: 8,112 SQM Manufacturing: Drill pipes, drill accessories

MOST ACTIVE CUSTOMER MARKETS

- Production Mining
- Exploration Mining
- Water Well
- Quarrying

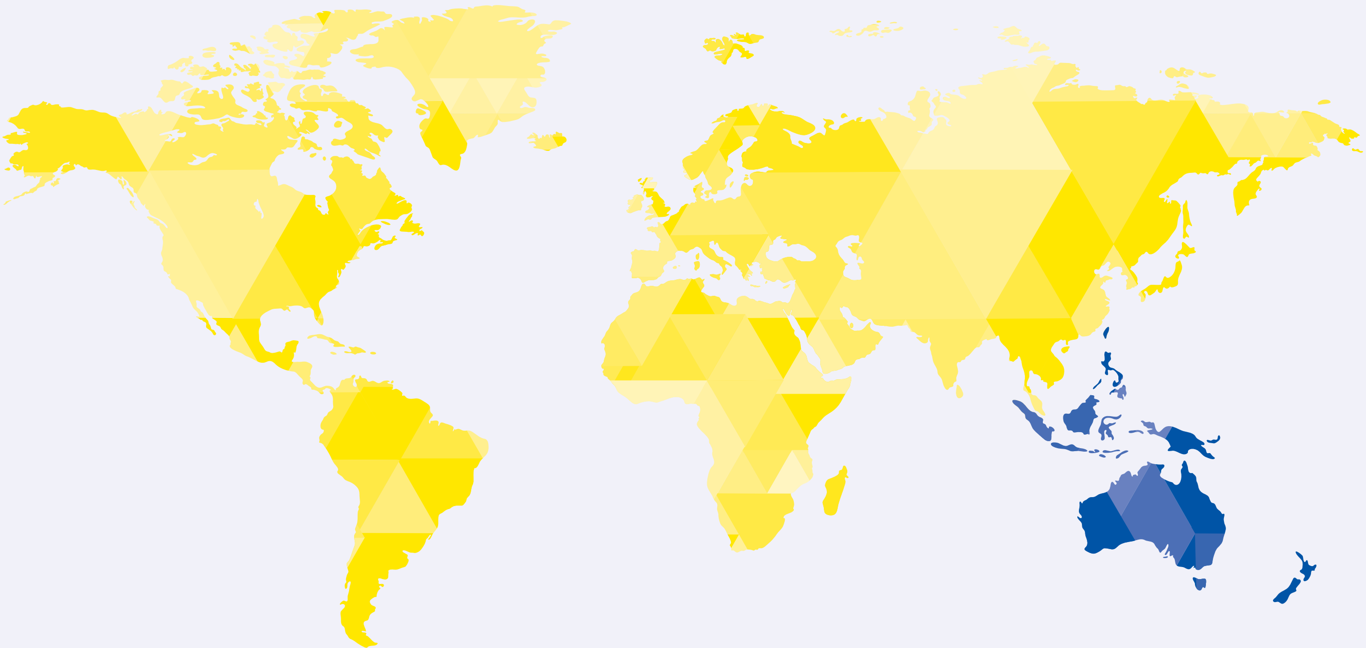
EME (EUROPE MIDDLE EAST) REGION



Scandinavia experienced a 9% growth in 2019, mainly due to the sale of geotechnical products reaching more customers. Competitors are becoming more aggressive on DTH pricing in Scandinavia, while Mincon has maintained pricing and increased its market share.
The rest of Europe experienced a decline in revenue from DTH sales due to new competition from producers with lower prices selling to customers who do not require high-quality products when drilling in less-demanding ground conditions. The Group also closed its UK direct sales operation that was based at the Mincon Carbide manufacturing facility in Sheffield. Sales to the UK market are now handled by a third-party distributor.

AVERAGE STAFF NUMBERS	207	
COUNTRIES WITH DIRECT REPRESENTATION	04	Ireland Finland Sweden UK
DISTRIBUTORS IN THE REGION	40	
NUMBERS OF CUSTOMER SERVICE CENTRES IN REGION	03	
FACTORIES	03	**Floor space:** 8,784 SQM **Manufacturing:** DTH hammers, RC hammers, DTH bits, large-diameter hammers, drill pipes, drilling accessories, tungsten carbide buttons.
MOST ACTIVE CUSTOMER MARKETS	• Construction and Technical • HDD • Production Mining • Water Well • Quarrying	

APAC (ASIA PACIFIC) REGION



The APAC region retained the business that was won there in 2018. Its growth was hampered due to delays in delivery of the heat-treatment facility that was planned for 2018. This facility has since been commissioned. The Driconeq business was incorporated into the existing drill rod factory in the region and the building previously used for Driconeq manufacturing is now being sublet. In 2019 the Group continued to develop its hydraulic hammer technology, which is now in its final development stage in the APAC region.

AVERAGE STAFF NUMBERS	68	
COUNTRIES WITH DIRECT REPRESENTATION	01	Australia (Region Headquarters)
DISTRIBUTORS IN THE REGION	05	
NUMBERS OF CUSTOMER SERVICE CENTRES IN REGION	04	
FACTORIES	02	Floor space: 6,850 SQM Manufacturing: DTH drill bits, RC drill bits, RC
MOST ACTIVE CUSTOMER MARKETS	• Construction and Geotechnical • Water Well • Geothermal	• Production Mining • Exploration Mining • HDD • Quarrying

OPERATING AND FINANCIAL REVIEW CONTINUED

BALANCE SHEET

Total assets increased to €165.2 million, increased by €14.3 million on 2018. Property, plant and equipment increased by €11.5 million, when depreciation of €5.2 million is added back through factory additions of purchased and leased assets.

Included in this is €3.5 million due to the changes in International Financial Reporting Standards (IFRS) where certain leased assets that the Group has control over are recorded on the balance sheet from the 1st of January 2019. The opposite side of this is a liability on future payments of those finance leases and is captured under loans and borrowings on the balance sheet. During 2019 the heat-treatment facility at our factory in Benton, Illinois was commissioned. This facility is not leased but rather fully owned by Mincon Rockdrills USA Inc. Intangible assets increased by €1.4 million, this represents the development expenditure on the Greenhammer during 2019. The total amount capitalised on the Greenhammer to date is €4.8 million.

During 2018, inventory had increased by €13.3 million, and increased further in the first quarter of 2019, since that period inventory has decreased steadily and is now €0.8 million below the 2018 year end level, and management expect that the Groups inventory will continue to decrease. Trade and other receivables remain relatively flat at €20.3 million, a decrease of €0.4 million from the prior year. Prepayments and other current assets included heat-treatment payments for the Perth factory of €3.3 million, this facility was commissioned in early 2020 and released into property plant and equipment. Also, included in this is a sub-lease of a property in Australia for Driconeq Australia. Under new IFRS rules that lease was brought onto the balance sheet at the beginning of the year.

CASH

The Group's cash position increased from €8 million to €16.3 million during the year. Cash generated was €12.6 million before additional cash was released from decreases in inventories and trade receivables. The Group paid €1.7 million in taxes and €0.6 million in interest on lending and leasing. The Group realised cash of €1.1 million through reducing inventories and of €2.9 million through the reduction in trade receivables, prepayments, and other assets.

The cash arising from the disposal of non-core activities in Sweden and South Africa brought in €8.5 million and this cash was held at the end year for future development in the business. All cash generated during the year was reinvested in the business, used to pay deferred consideration on historical acquisitions of €1.6 million, and acquisitions during the current year of €0.8 million. Financing activities brought in additional lending of €6.2 million to fund property plant and equipment purchases. The Group repaid loans of €2.8 million in the year and dividends in June of €2.2 million in relation to the prior year and €2.2 million in September for the current year.

GROWTH

Growth in revenue has not been the only objective of Mincon, even though the Group has seen revenue grow by 72% since 2015. Management has concentrated efforts on growing the Group product portfolio by developing new products, such as large hammers and acquiring other product types within the drill pipe product ranges and Geotechnical products to compliment what the Group already has, complete our drill string offering and diversify into other markets such as construction, pilling and fore-poling.

The Group has seen a rapid growth in revenue since 2015, doubling the turnover in Mincon products while sustaining the third-party product offering. At the beginning of 2019 the Group reviewed the opportunities that were identified during this five-year growth period and explored how the Group could best position itself to build on this success. It has become evident to management, that certain opportunities in certain regions brought short-term success with too much risk, but the Group is no longer tolerant of this risk. The most beneficial way for the Group to compete is to partner with customers that are viewed as blue chip customers in certain markets, and though this brings spikes in working capital, it will give the Group better margins with less risk. It is management's intention to bring more long-term value to the Group through targeting more customers that require a large volume of product with better service from the supplier, a sales and service approach, much of what the Group are doing in some regions.

The Group has now re-evaluated its strategy and restructured itself through a reorganisation in 2019 and is now well positioned to handle growth by selling to and servicing larger customers. The Group can react responsively to the needs of these customers that bring value to the Group as it supplies products and solutions that deliver better results in their industries. Meanwhile, the Group continues to sell in other regions through non-Mincon distribution channels.

The Group has now completed the reviews of products, regions, markets and customers, and believes that it has chosen carefully, and that it will see good returns on its investments while also limiting the risks for the Group. The growth that the Group will achieve in the future will be more deliberate with measured risks that will bring long-term commercial value for the Mincon Group.

TOTAL ASSETS 2018 — €150.9m

TOTAL ASSETS 2019 — €165.2m — **INCREASE OF** €14.3m

REVENUE GROWTH SINCE 2015 — 72%

Mincon's range of DTH and rotary drilling products, suited to mining and quarrying.

BOARD OF DIRECTORS

Non-Executive Directors and Company Secretary

At 31 December 2019, the Board of Mincon comprised of four non-executive directors and two executive directors. Details of the directors are set out below:

Hugh McCullough
Age 69
Non-Executive Chairman

Hugh has over 40 years' experience in gold and base metal exploration, principally in Ireland, Ghana, Mali and Papua New Guinea,. Having previously worked as a project geologist, in 1982 he became chief executive of Glencar Mining plc. Hugh was responsible for the management, financing and strategy of Glencar for over 27 years until it was acquired by Gold Fields Limited in September 2009.

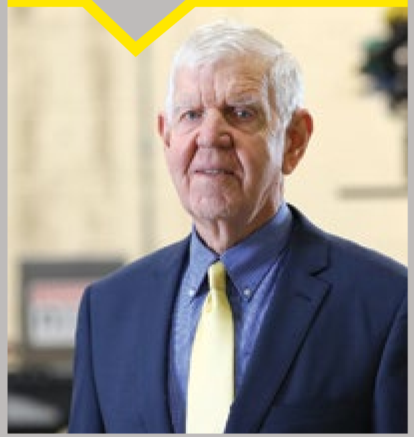
Hugh is a geologist and holds an honours degree in geology from University College Dublin and a degree of Barrister-at-Law from the King's Inns, Dublin.

John Doris
Age 73
Senior Independent Non-Executive Director

John joined the board in February 2017. He has broad experience across a number of sectors including manufacturing, lending and corporate finance. He has been an independent consultant and a non-executive director for over twenty years. Prior to becoming an independent consultant, he was a director of ABN Amro Corporate Finance (Ireland) Limited where he managed the successful Riada Business Expansion Funds.

John graduated from University College Dublin with a B.Sc. in physics in 1969 and returned to University College Dublin to complete his M.B.A. in 1977. He qualified as an ACCA in 1974 and is a former president of ACCA Ireland.

Patrick Purcell
Age 82
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.

Paul Lynch
Age 53
Non-Executive Director

Paul currently acts as strategic adviser for a number of companies having recently served as Chief Financial Officer of Applegreen plc, a quoted petrol forecourt retailer in the Republic of Ireland and the United Kingdom, between 2014 and 2017.

Paul qualified as a chartered accountant with Arthur Andersen in 1990, after which followed a wide-ranging career in corporate finance and senior management across a number of industry sectors. He was a director of Heiton Group plc for seven years, from 2000 to 2007, initially as Head of Corporate Development and subsequently as Managing Director of its Retail Division. Paul served as chief executive of large-scale businesses in the retail, manufacturing, waste management and facility services sectors and he has led and concluded over 20 M&A transactions across diverse industries and jurisdictions.

Jonathan Clancy
Age 34
Company Secretary

Jonathan has a primary degree is in Accounting and Finance and his professional qualification as a Certified Public Accountant ("CPA") was awarded in 2013. He began working with Mincon as Financial Controller of Mincon International Ltd. in March 2014. He moved into the position of Operations Manager for the Shannon plant in February 2018.

Jonathan currently holds the position of General Manager for Mincon International Ltd.

BOARD OF DIRECTORS

Executive Directors

Joseph Purcell
Age 53
Chief Executive Officer

Joseph 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. Joseph was appointed as chief technical officer for the Mincon Group on his return from Australia in 1998. In May 2015, Joseph was appointed Chief Executive Officer of Mincon Group plc.

Thomas Purcell
Age 48
Regional Executive - Americas

Thomas has a background in accounting prior to emigrating 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.

KEY MANAGEMENT

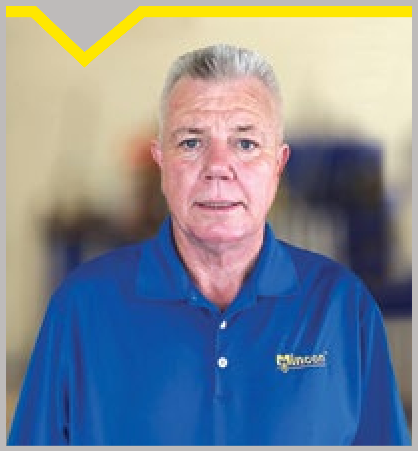
Executive Management

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:

Mark McNamara
Age 39
Chief Financial Officer

Mark began his finance career in practice in 2004 where he qualified as a Certified Public Accountant ("CPA"). He began working with Mincon as Financial Controller of Mincon International Ltd. in March 2010. He moved into the position as Group Financial Controller in 2013 prior to the IPO of Mincon where he was the lead accountant. Preceding his finance career Mark worked in airline operations and holds a bachelor's degree in Information Technology. Mark also held the position of company secretary for Mincon Group plc between March 2017 and March 2019.

Stephen Atkinson
Age 58
Regional Executive - Asia Pacific



Stephen joined Mincon in 2016 after the acquisition of OZmine, where he was the CEO. He has over 35 years' experience in manufacturing and servicing the oil, gas and mining sectors. Stephen has formed many successful start-up businesses throughout his career, one such business began in 1991, where Stephen together with his business partner and 700 employees, traded through their company Oilmin Tools, a company specialising in manufacturing drilling consumables and selling direct to the end user of those products, Oilmin Tools had five manufacturing facilities across Australia, Indonesia and Singapore securing contracts with blue chip companies throughout those regions. Stephen completed his Boilermaker First Class Welding Apprenticeship In 1980.

Jussi Rautiainen
Age 55
Regional Executive - EME

Jussi joined Mincon Group in January 2017. He was chief executive officer of Robit Rocktools Ltd. from 2005 to January, 2016. Prior to that, he held international management positions at Huhtamäki Oyj and UPM Kymmene Corporation. Jussi holds a bachelor of Economics degree and has also an Executive Master of Business Administration degree.

DIRECTORS' REPORT

The Directors present the directors' report and the consolidated financial statements of Mincon Group plc ("Mincon") for the year ended 31 December 2019.

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 Group's manufacturing facilities are located in Shannon, Ireland, in Sheffield, in the UK, in Benton, Illinois in the USA, in North Bay, Ontario in Canada, in Johannesburg, South Africa, in Sunne, Sweden and in Perth, Australia. It acquired another manufacturing facility in Finland in January 2020, through the acquisition of Lehti Group Oy.

Mincon has had a clear vision and determined focus giving priority towards:

- Highest design specifications
- Best manufacturing methods and processes
- Delivery of superior products to our customers

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 that 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 seven distinct product lines:

1. Conventional down the hole (DTH) product
2. Reverse circulation (RC) product
3. Horizontal directional drilling (HDD) product
4. Rotary drilling product
5. Geotechnical product
6. Drill pipe product
7. Tungsten carbide product

Mincon manufactured hammers, bits (including rotary bits) and pipes are used in a variety of drilling industries including production and exploration mining, water well, geothermal, construction, oil and gas and seismic drilling. Mincon also provides a hard-rock HDD system to provide access for fibre optic cable laying and similar activities. In addition, Mincon, through its subsidiary Mincon Carbide Limited, manufactures tungsten carbide inserts, its core markets being mining, construction and the oil and gas industry.

DTH, RC and HDD products have distinct sales lines for associated parts, namely hammers, spares and bits. Bits and pipes can be sold separate from the hammer. Mincon manufactures a range of bits and pipes to an industry standard size which can be used in conjunction with hammers manufactured by competitors. Rotary bits are made to industry standard size and are used in the same applications and industries as Mincon's DTH hammers and bits. Tungsten carbide high quality impact buttons are used on the face of DTH, drifter and tricone drill bits.

The Mincon hammers, bits and pipes 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 (such as rigs and compressors).

BUSINESS REVIEW

Commentaries on performance in the year ended 31 December 2019, including information on recent events and likely future developments, are contained in the Chairman's Statement, Chief Executive Officer's Review and Operating and Financial 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.

DIVIDEND

In September 2019, Mincon Group plc paid an interim dividend in the amount of €0.0105 (1.05 cent) per ordinary share (€2.2 million total payment), which was paid to shareholders on the register at the close of business on 30 August 2019. The Directors recommend the payment of a final dividend of €0.0105 (1.05 cent) per share for the year ended 31 December 2019 (31 December 2018: 1.05 cent per share).

DIRECTORS AND SECRETARY

The current serving directors and secretary of the Company are set out on pages 36–39. The dates of appointments and resignations of the Company's directors and secretary are set out in the table below:

DIRECTOR	DATE OF APPOINTMENT	DATE OF RESIGNATION
Patrick Purcell	16 Aug 2013	
John Doris	16 Feb 2017	
Hugh McCullough	13 Dec 2016	
Joseph Purcell	23 Sep 2013	
Thomas Purcell	23 Sep 2013	
Jussi Rautiainen	29 May 2018	5 Dec 2019
Paul Lynch	5 Dec 2019	
COMPANY SECRETARY		
Mark McNamara	14 Mar 2017	13 Mar 2019
Jonathan Clancy	13 Mar 2019	

DIRECTORS' REPORT CONTINUED

SUBSTANTIAL SHAREHOLDERS

As at close of business on 20 March 2020, 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 ISSUED ORDINARY SHARE CAPITAL
Kingbell Company	119,671,200	56.72%
Setanta Asset Management	28,952,335	13.72%
Investmentaktiengesellschaft fur langfrist TGV	16,383,140	7.77%
FMR LLC	14,610,173	6.93%
Ballybell Limited	7,770,250	3.68%

None of the Group's major shareholders, as listed above, have different voting rights attaching to ordinary shares held by them in the Group. The Purcell family vehicle, Kingbell Company, have certain board nomination rights for so long as their respective shareholdings remain above certain thresholds.

FINANCIAL RISK MANAGEMENT

The Group's operations expose it to financial risks including credit risk, interest rate risk and foreign currency risk. The Group manages risk in order to reduce the impact of these risks on the performance of the Group and it is the Group's policy to manage these risks on a non-speculative manner. The Group does not utilise derivative financial instruments to hedge economic exposures. Details of the Group's financial risk management objectives and policies are set out in note 23 to the financial statements.

COMPLIANCE STATEMENT

The directors acknowledge that they are responsible for securing compliance by Mincon Group plc (the 'Company') with its relevant obligations as are defined in the Companies Act, 2014 (the 'Relevant Obligations').

The directors confirm that they have drawn up and adopted a compliance policy statement setting out the Company's policies that, in the directors' opinion, are appropriate to the Company with respect to compliance by the Company with its relevant obligations.

The directors further confirm the Company has put in place appropriate arrangements or structures that are, in the directors' opinion, designed to secure material compliance with its relevant obligations including reliance on the advice of persons employed by the company and external legal and tax advisers as considered appropriate from time to time and that they have reviewed the effectiveness of these arrangements or structures during the financial year to which this report relates.

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. The Group invested €3.2 million on research and development in 2019 (2018: €2.7 million), €1.4 million of which has been capitalised (2018: €1.7 million).

RESEARCH AND DEVELOPMENT INVESTMENT
2019

€3.2m

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.

ACCOUNTING RECORDS

The directors believe that they have complied with the requirement of Section 281 to 285 of the Companies Act 2014 with regard to keeping adequate accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The accounting records of the company are maintained at the company's offices at Smithstown Industrial Estate, Shannon, Co Clare.

SIGNIFICANT EVENTS SINCE YEAR-END

Details of significant events since year-end are set out in note 29 to the financial statements.

GOING

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.

Mincon Group is monitoring the Covid-19 global pandemic and is taking the advice of local governments in locations where we have a physical presence.

The Group has completed a sensitivity analysis of the consolidated income statement, consolidated balance sheet and consolidated cashflow forecasts. This sensitivity analysis incorporates effects on trading being disrupted as a result of the Covid-19 global pandemic.

The directors believe that the Group has sufficient reserves to enable it to adjust its operations to absorb this decrease in trading activity.

Mincon Group also has identified a number of mitigating factors that can be implemented to preserve cash and other resources in the event of any decline in operations. The directors believe that sufficient financial resources are available to enable the Group meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

DISCLOSURE OF INFORMATION TO THE AUDITOR

Each of the Directors individually confirm that:

- in so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware;
- and that they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of such information.

AUDITOR

KPMG, Chartered Accountants continue in office in accordance with Section 383(2) of the Companies Act 2014.

On behalf of the board

Hugh McCullough
Chairman

Joseph Purcell
Chief Executive Officer

20 March 2020

DIRECTORS' STATEMENT ON CORPORATE GOVERNANCE

The Board of Mincon is committed to maintaining the highest standards of corporate governance. The Group is required to apply the principles of a recognised corporate governance code.

The Board confirms that the Group complies with the principles and provisions of the QCA Corporate Governance Code, as issued by the Quoted Companies Alliance in April 2018. This 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 have taken account of 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 made during the year.

THE BOARD

The Company is controlled through its board of directors. The Board's primary roles are to create value for shareholders, to provide leadership to the Group, to approve the Group's strategic objectives and to ensure that the necessary financial and other resources are made available to enable them to meet those objectives. The board comprises four non-executive directors and two executive directors. Biographical details on the board members are set out in the section entitled "Board of Directors".

All of the directors are subject to election by shareholders at the first Annual General Meeting after their appointment to the board and seek re-election at least once every three years. When a director retires or resigns the board seat is filled through the nominations committee of the board and the individual is also subject to regulatory approval by the Stock Exchange, and the support of our Nomad.

The board is responsible to the shareholders for the proper management of the Group and the directors hold board meetings at least six times per annum and at other times as and when required to review the operational and financial performance of the business, and to be updated on strategic, commercial, product and service matters. All key capital investment decisions, acquisitions, (new activities, distribution points) are subject to approval by the board at a level equivalent to one tenth of one per cent of the turnover or balance sheet.

The board considers itself to be sufficiently independent. The QCA Code suggests that a board should have at least two independent non-executive Directors. One of the four non-executive directors, Mr. Patrick Purcell, is the company founder and majority shareholder through a trust. None of the rest of the Board is a significant shareholder, save through that trust for certain executive members.

Non-executive directors receive their fees only in the form of cash emoluments fully taxed in compliance with the income tax regime of the Irish residence of the Mincon Group plc. Certain receipted travel expenses are also paid to accommodate the attendance at Board meetings.

The board is responsible for formulating, reviewing and approving the Group's strategy, budgets and corporate actions. 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.

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 board is responsible for reviewing the effectiveness of the systems of risk management and internal control. The internal controls are designed to manage rather than eliminate risk and provide reasonable but not absolute assurance against material misstatement or loss. Through the activities of the Audit Committee, the effectiveness of these internal controls is reviewed annually, progress is reported on as systems and procedures are developed, and explanations are requested from management on such matters as may come or be brought to the attention of the committee.

The Audit Committee meet with the auditors both separately and with invited executive management attendance, to consider such matters as may be reported on formally and regularly, but also to discuss the business compliance with, and development of, systems, risk mitigation and commercial procedures.

The directors have outlined in the Principal Risks and Uncertainties section the key risks facing the Group and strategies to manage these risks.

A comprehensive budgeting process is completed once a year for the coming year, and this sits within an updated rolling three-year plan. It is reviewed and approved by the board. The Group's results, compared with the budget and the prior year, together with any foreseen risk and other matters, are reported in detail to the board on a monthly basis.

The Group maintains appropriate insurance cover in respect of actions taken against the directors because of their roles, as well as against material loss or claims against the Group. The insured values and type of cover are comprehensively reviewed on a periodic basis.

The compliance, audit, risk and policy matters are reported to the executive as they occur, are discussed among the executive and reported on to the board and to the Chair together with the actions taken and proposed to respond appropriately to the matter flagged.

CORPORATE COMMUNICATION AND INVESTOR RELATIONS

The Group recognises the importance of shareholder communications. The Group seeks to maintain a regular dialogue with both existing and potential new shareholders in order to communicate the Group's strategy and progress and to understand the needs and expectations of shareholders.

Beyond the Annual General Meeting, the Chief Executive Officer and such other key executive members as may be relevant to the matter, meet regularly with investors and analysts to provide them with updates on the Group's business and to obtain feedback regarding the market's expectations of the Group.

This follows on from the half year and full year announcements of the results for the Group when the CEO and certain other key executives travel to meet existing and prospective shareholders and analysts/commentators on an individual and collective basis. It also occurs during any particular year on an ad hoc basis with the announcements of key events around contracts, products, and corporate transactions.

We provide further updates as required on acquisitions, performance of key elements, products and markets as may be necessary and which may be important to the understanding of the strategy, the market position, the business, the products and the team. In addition, though there is no regulatory requirement for it, the Group has decided to provide detailed quarterly updates over recent years to provide more timely insight for stakeholders, and to provide a platform for more informed decision making and questioning by stakeholders. Attention is drawn to these announcements on the corporate website. In addition to this, shareholders are actively encouraged to visit key sites, meet key people and discuss the business of the Group.

The Company is also a regular presenter at invited investor events, providing an opportunity for investors to meet with representatives from the Group in a more informal setting. The contact numbers for the relevant executives are provided with company announcements.

DIRECTORS' STATEMENT ON CORPORATE GOVERNANCE CONTINUED

NECESSARY UP-TO-DATE EXPERIENCE, SKILLS AND CAPABILITIES

The board considers that all of the non-executive directors are of sufficient competence and calibre to add strength and objectivity to its activities, and bring considerable experience in our industry, and in the general operational and financial development of our companies. This may be direct experience of corporate finance and investment and the mining industry in general from hands on experience.

The board regularly reviews the composition of the Board to ensure that it has the necessary breadth and depth of skills to support the ongoing development of the Group.

The Chairman, in conjunction with the Company Secretary, ensures that the directors' knowledge is kept up to date on key issues and developments pertaining to the Group, and on its operational environment and to the directors' responsibilities as members of the board.

EVALUATION OF BOARD PERFORMANCE

During the year a review was carried out on board effectiveness covering its performance and presented at the first board meeting of 2020. A number of actions were agreed as a result of the process, and these are now being implemented.

DIRECTORS' INDEPENDENCE

The board has determined that Hugh McCullough, John Doris and Paul Lynch are independent within the meaning of the QCA Guidelines. Patrick Purcell is not considered independent within the requirements of the QCA Guidelines by virtue of his shareholding in the Company. The two executives on the Board are Joseph Purcell and Thomas Purcell.

GOVERNANCE STRUCTURES AND PROCESSES

The board has overall responsibility for promoting the success of the Group through the management team. The executive directors and the executive team have day-to-day responsibility for the operational management of the Group's activities. The non-executive directors are responsible for bringing independent and objective judgment to board decisions.

There is a clear separation of the roles of Chief Executive Officer and Non-Executive Chairman. The current CEO is the chief engineer and is the principal designer of the current range of products. The Chairman is responsible for overseeing the running of the board, ensuring that no individual or Group dominates the board's decision-making and that the non-executive directors are properly briefed on matters. The Chairman has overall responsibility for corporate governance matters in the Group.

The Chief Executive Officer has the responsibility for implementing the strategy approved by the Board and managing the day-to-day business activities of the Group. In addition the CEO has primary responsibility for engagement with the shareholders and other stakeholder groups. The Company Secretary is responsible for ensuring that board procedures are followed and that the group complies with applicable rules and regulations.

The board has established an Audit Committee, a Remuneration Committee and a Nominations Committee with formally delegated duties and responsibilities. The board deals with matters relating to health and safety and risk through the board (as opposed to through a separate committee).

The ultimate responsibility for reviewing and approving the annual financial statements and interim statements remains with the Board. The Audit Committee works with the executive team to obtain such explanations and information as it requires, and may, supported by the external auditors, ask that the executive amend, adjust or provide explanations to the board, through the board to the Stock Market, on our web-site, or in the annual or other reports as it may see fit.

COMMUNICATION ON HOW THE GROUP IS GOVERNED

The Group places a high priority on regular communications with its various stakeholder groups and aims to ensure that all communications concerning the Group's activities are clear, fair and accurate. The board communicates on such matters and on how the Group is governed through the annual report, and may also give updates through announcements and presentations to shareholders on an individual or Group basis.

The Group's website is regularly updated and users can register to be alerted when announcements or details of presentations and events are posted onto the website. The Group's financial reports, notices of General Meetings of the Company can be found on the website.

The results of voting on all resolutions in future general meetings will be posted to the Group's website, including any actions to be taken as a result of resolutions for which votes against have been received.

AUDIT COMMITTEE

The Audit Committee comprises John Doris (chair), Hugh McCullough, Paul Lynch and Patrick Purcell. The chief financial officer may also be invited to attend meetings of the committee. The committee meets at least three times a year and is responsible for ensuring that the financial performance of the Group is properly monitored and reported. As part of this, it is responsible for meeting with the external auditors and reviewing findings of the audit with them. It meets with the external auditors at least twice a year. It is authorised to seek any information it properly requires from any employee and may ask questions of any employee. The audit committee meets with the auditors at least once a year without any members of the management being present and is also responsible for considering and making recommendations regarding the identity and remuneration of such auditors.

During 2019, the committee met on four occasions and all members were present at these meetings.

REMUNERATION COMMITTEE

The Remuneration Committee comprises Paul Lynch (chair), Patrick Purcell and John Doris. It meets at least three times a year and considers and recommends to the Board the framework for the remuneration of the chairman, chief executive officer, chief financial officer, and such other officers as it is designated to consider and, within the terms of the agreed policy, considers and recommends to the board the total individual remuneration package of senior management including bonuses and long-term incentive payments. The committee reviews the design of all bonus and incentive plans for approval by the Board and, where appropriate, by shareholders, for each such plan, recommends whether awards are made and, if so, the overall amount of such awards, the individual awards to senior management and the performance targets to be used. No director is involved in decisions concerning his/her own remuneration.

During 2019, the committee met on six occasions and all members were present at these meetings.

NOMINATION COMMITTEE

The Nominations Committee comprises Hugh McCullough (chair), John Doris and Patrick Purcell. It meets at least twice a year and considers the selection and re-appointment of directors. It identifies and nominates candidates for all board vacancies and reviews regularly the structure, size and composition (including the skills, knowledge and experience) of the board and makes recommendations to the board with regard to any changes. Succession planning for directors and other senior executives is another key responsibility of the Nomination Committee. The committee will also carry out a biennial performance evaluation of the board, its committees and individual directors.

During 2019, the committee met on three occasions and all members were present at these meetings.

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.

Mincon's range of geotechnical drilling solutions brought in new customers during 2019, especially in the Americas region.

DIRECTORS' STATEMENT ON CORPORATE GOVERNANCE
CONTINUED

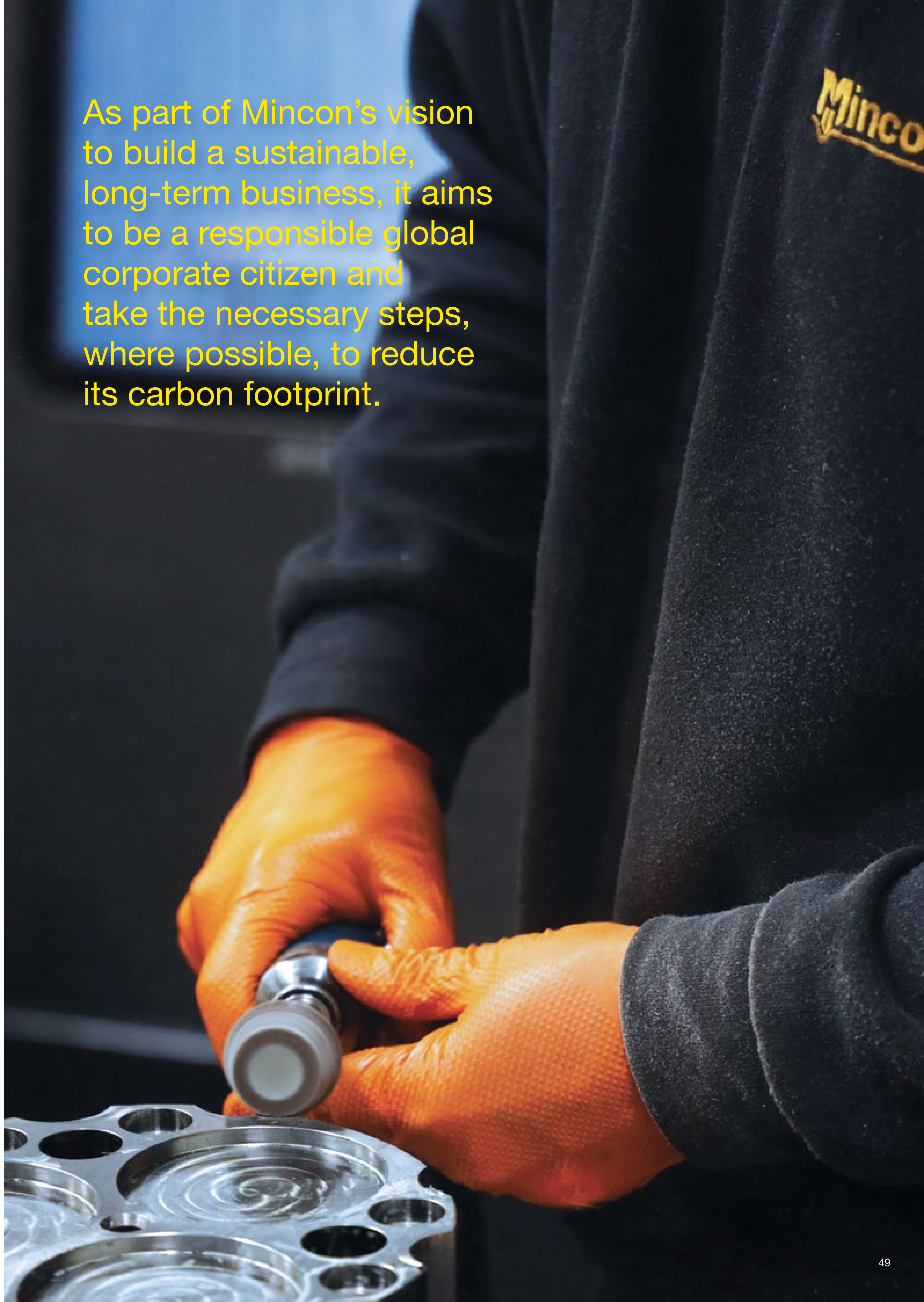
DIRECTORS' REMUNERATION

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

NAME	2019				2018			
	SALARY €'000	FEES €'000	PENSION €'000	TOTAL €'000	SALARY €'000	FEES €'000	PENSION €'000	TOTAL €'000
Non-Executive Chairman Hugh McCullough	-	57	-	57	-	44	-	44
Non-Executive Director Patrick Purcell	-	30	-	30	-	49	-	49
Non-Executive Director John Doris	-	55	-	55	-	44	-	44
Non-Executive Director Jussi Rautiainen	-	46	-	46	-	24	-	24
Non-Executive Director Paul Lynch	-	4	-	4	-	-	-	-
Chief Executive Officer Joseph Purcell	250	-	30	280	300	-	32	332
Regional Executive-Americas Thomas Purcell	261	-	27	288	246	-	26	272
Total executive and non-executive remuneration	**511**	**192**	**57**	**760**	**546**	**161**	**58**	**765**

The executive directors employment contracts include the ability to earn performance bonuses dependent on the performance of the group and payable at the discretion of the remuneration committee. Each executive directors' service contracts allows the company to terminate their employment by making a lump sum payment of one year's base salary.

The executive directors received no bonuses for the year-ended 31 December 2019 (2018: €Nil).



DIRECTORS' STATEMENT ON CORPORATE GOVERNANCE
CONTINUED

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 2019 in the share capital of the Company was as follows:

NAME	ORDINARY SHARES HELD	PERCENTAGE OF ISSUED ORDINARY SHARE CAPITAL
Kingbell Company	119,671,200	56.72%

Kingbell Company, is a company controlled by Patrick Purcell and members of the Purcell family (including Joseph Purcell and Thomas Purcell.

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 2019 (2018: €Nil) 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 29 to the financial statements. There have been no changes in the interests of the other directors and the Company Secretary in the period to 20 March 2020.

Other transactions with the directors are set out in note 28 to the consolidated financial statements.

STAKEHOLDER'S AND SOCIAL RESPONSIBILITIES AND THEIR IMPLICATIONS FOR LONG-TERM SUCCESS

The Group understands that a number of different stakeholders have an interest and are impacted by the activities of the Group. Amongst those stakeholders are the direct owners and employees of the Group, investors and dependents, and our suppliers and customers. There are also the regulatory authorities in the jurisdictions in which we have activities, employees and customers, and legal and environmental frameworks with which our businesses are required to comply.

The Group is aware of its corporate social responsibilities and the need to maintain effective working relationships across a range of stakeholder groups. These include the Group's employees, partners, suppliers, regulatory authorities and the customers involved in the Group's activities. The Group's operations and working methodologies take account of the need to balance the needs of all of these stakeholder groups while maintaining focus on the board's primary responsibility to promote the success of the Group for the benefit of its members as a whole.

The Group endeavours to take account of feedback received from stakeholders, making amendments to working arrangements and operational plans where appropriate and where such amendments are consistent with the Group's longer-term strategy.

The Group takes seriously the well-being of its employees consistent with the guidelines in the various jurisdictions and industries within which it works.

The Group takes due account of any impact that its activities may have on the environment and seeks to minimise this impact wherever possible. Through the various procedures and systems it operates, the Group works to ensure full compliance with health and safety and environmental legislation relevant to its activities. The Group reviews its environmental footprint, across our manufacturing sites, with goals being set and targets to be achieved.

The objectives are to reduce our footprint, to reduce the energy and waste costs of our business, and to achieve a higher rating for environmental considerations while also reducing the cost associated with our production.

Mincon Group plc's energy management policy aims to:

- avoid unnecessary energy costs
- monitor overall electricity, gas, gas-oil, process gases and lubricant oils usage on a regular basis
- monitor electricity usage of the significant energy using equipment
- report energy performance indicators (EnPIs) at monthly, quarterly and annual management review meetings
- improve the cost effectiveness of producing a comfortable working environment
- comply with current energy and environmental legislation, protect the environment by minimising CO2 emissions, and thus help in prolonging the life expectancy of fossil fuel reserves

CORPORATE CULTURE

The Board seeks to maintain the highest standards of integrity and probity in the conduct of the Group's operations. These values are preserved in the written policies and working practices adopted by all employees in the Group. An open culture is encouraged within the Group, with regular communications to staff regarding progress and staff feedback regularly sought. The Executive Committee regularly monitors the Group's cultural environment and seeks to address any concerns that may arise, escalating these to Board level as necessary.

The Group seeks to act with fairness towards its stakeholders, and with its competitors, in the conduct of its business, and expects that this would be reciprocated.

The Group is committed to providing a safe environment for its staff and all other parties for which the Group has a legal or moral responsibility in this area. The Executive operates a Health and Safety Committee in each of the manufacturing facilities which meets monthly to monitor, review and make decisions concerning health and safety matters. The Group's health and safety policies and procedures are enshrined in the Group's documented quality systems, which encompass all aspects of the Group's day-to-day operations. The Board asks for a quarterly report on health and safety matters encompassing the compliance, audit, risk and policy development of the Group and the subsidiaries.

STATEMENT OF DIRECTORS' RESPONSIBILITY

Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements

The directors are responsible for preparing the annual report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Parent Company financial statements for each financial year. As required by the AIM Rules, they are required to prepare the Group financial statements in accordance with IFRS as adopted by the EU. The directors have elected to prepare the Company financial statements in accordance with IFRS as adopted by the EU and as applied in accordance with the Companies Act 2014.

Under company law the directors must not approve the Group and Parent Company financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Parent Company and of the Group's profit or loss for that year. In preparing each of the Group and Parent 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;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or Parent Company or to cease operations, or have no realistic alternative but to do so.

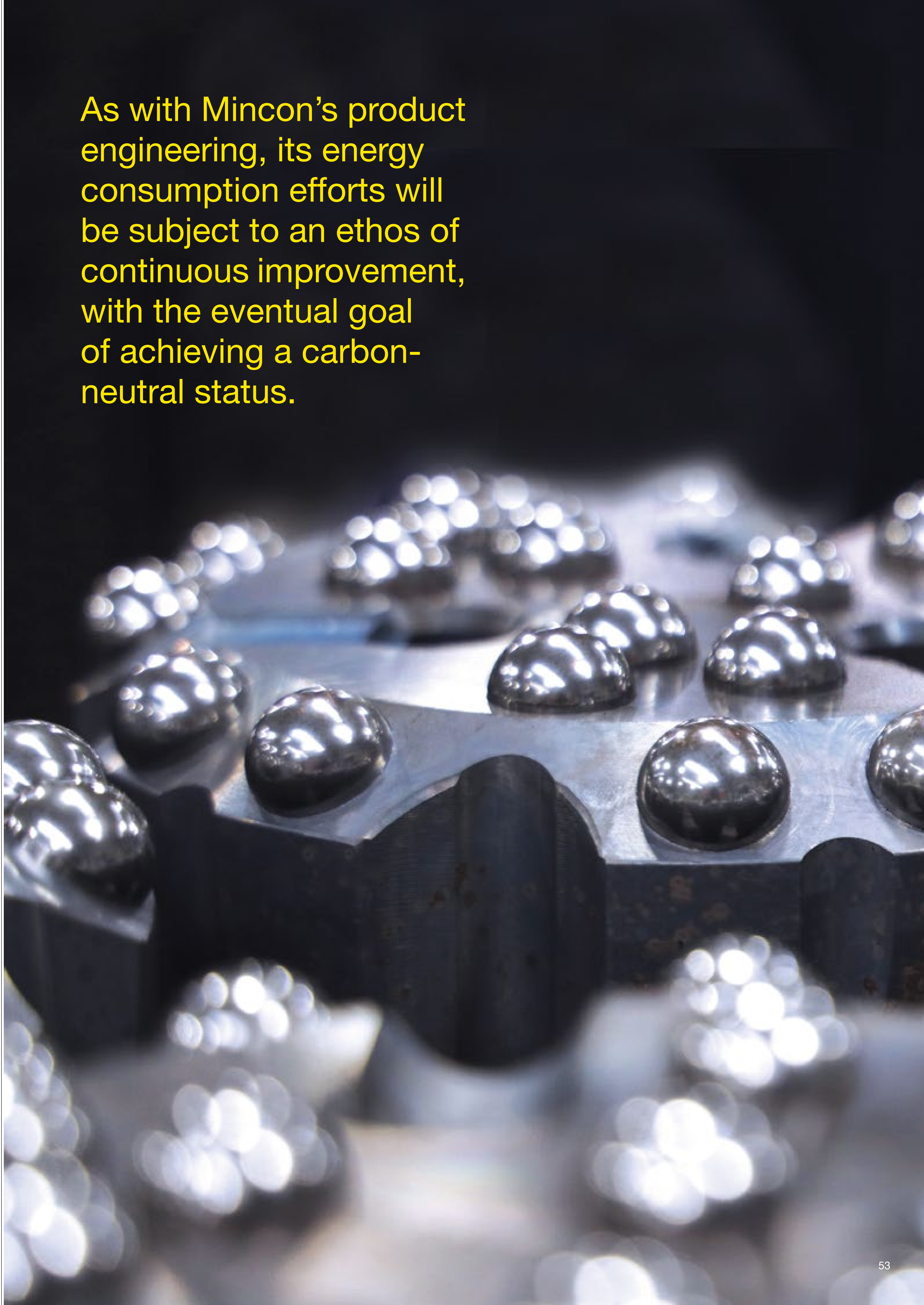
The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position of the Group and Parent Company and the profit and loss of the Group and which enable them to ensure that the financial statements comply with the provision of the Companies Act 2014. The directors are also responsible for taking all reasonable steps to ensure such records are kept by its subsidiaries which enable them to ensure that the financial statements of the Group comply with the provisions of the Companies Act 2014. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have a general responsible for safeguarding the assets of the Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Act 2014.

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

Hugh McCullough	**Joseph Purcell**
Chairman	Chief Executive Officer

20 March 2020



CORPORATE RESPONSIBILITIES

ENERGY MANAGEMENT

As part of Mincon's vision to build a sustainable, long-term business, it aims to be a responsible global corporate citizen and take the necessary steps, where possible, to reduce its carbon footprint. Not only will this be achieved through an environmental policy that encourages responsible practices throughout the group, but also in the products that Mincon makes.

The process of rock drilling is extremely energy intensive. As an engineering company, Mincon aims to rise to the challenge by designing and manufacturing rock-drilling tools that have the highest efficiency; tools that will make the most of the limited natural resources the planet has. In addition to being environmentally responsible, this will also give Mincon a sustainable business advantage as our customers start looking to their suppliers for products that help reduce their carbon emissions.

For its own business practices, Mincon's environmental policy comprises three pillars: energy management, waste management, and sustainable practices.

Mincon is committed to responsible energy management and the Group practices energy-efficient thinking throughout the enterprise. The organisation uses reliable sources of energy and water to sustain its activities, with the aim to procure and manage these supplies in the most cost-effective manner.

2019 saw the ongoing refinement of Mincon's energy management policy, which will include a Carbon Disclosure Project (CDP) – an EU initiative for businesses to declare their energy usage and associated carbon dioxide emissions. The main aims for Mincon's energy management policy is to avoid unnecessary costs by monitoring all forms of energy usage – gas, oil, diesel, petrol, and electricity – and then reporting of energy performance indicators at regular intervals. The outcome of this is to reduce carbon dioxide emissions, comply with environmental legislation, and improve cost-effectiveness.

Mincon's CDP will see an initial investment made to install advanced gas and electricity meters to provide an accurate, centralised measurement of Mincon's energy consumption. This will be used to monitor energy consumption, then identify trends and areas where investments can be made to allow a more efficient use of energy.

At the Mincon International Ltd factory in Shannon, an energy-optimisation project has already been identified, with implementation planned for 2020. A large amount of heat energy is generated at the in-house heat-treatment facility. The facility plans to implement a heat reclamation project that would see heat exchangers fitted to the flues for each furnace. Through this, heat that would otherwise be vented to the atmosphere will be used as an energy source for heating water at the Shannon plant. This heated water can be used for the facility's building heating systems, reducing the amount of gas used for heating. Heated water can also be plumbed into the water circuit used for washroom facilities.

The CDP and associated energy-saving programmes, such as the heat reclamation project, will be implemented and fine-tuned at the Mincon International Ltd factory. Successful measures will be used as primary guidance for the energy policy to be implemented at other factories in the Group. In each of these instances, the respective factory's policy would be amended to ensure that Mincon complies with local laws and best practice in each country.

As with Mincon's product engineering, its energy consumption efforts will be subject to an ethos of continuous improvement, with the eventual goal of achieving a carbon-neutral status. The value of these investments will be realised through ongoing, long-term savings for the Group, and a reputation as a responsible business with a mindset for sustainability.

WASTE MANAGEMENT

Mincon actively reclaims and recycles waste material generated during manufacturing, as well as solid waste material in the form of scrap, offcuts, and used products. During 2019 Mincon's production facilities reported the recycling of least 2,287 metric tonnes of steel, through local recycling centres.

Wood, cardboard, and office wastepaper are also recycled with the help of local providers. Efforts have been made to reduce single-use packaging. In instances where Mincon products are shipped in crates, unused wood is recycled or provided to the local community to be repurposed.

SUSTAINABLE PRACTICES

Mincon will educate its employees about the importance of the limited resources available on the planet, to foster a culture of sustainability and environmentally friendly practices. Employees will be encouraged to be vigilant about the environment and given the opportunity to present improvements that can be made for the benefit of the business or local communities.

This culture of sustainable thinking has already resulted in Mincon offices in water-scarce Australia taking measures to reduce water usage by installing artificial turf and landscaping using indigenous flora that can thrive in a low-water environment.

Where possible, products will be manufactured as close as possible to customer operations, to reduce carbon emissions created in the transport of those products. Additionally, Mincon will strive to partner with service providers that share its values when it comes to sustainable practices.

HUMAN RIGHTS POLICY

Mincon's board of directors, CEO, and senior management teams are committed to ensuring all Mincon businesses respect human rights throughout their operations.

Mincon's human rights policy is modelled on the UN guiding principles on business and human rights. The company provides all the basic needs to its employees as set out in these guidelines. Additionally, Mincon's commitment to human rights extends to dealings with suppliers, who are critical to the success of the business. Mincon endeavours to ensure that products and services provided by suppliers are ethically sourced and do not breach human rights laws in the countries in which they originate. This will be achieved through intense scrutiny of the ethical and moral values of potential new suppliers.

Mincon is committed to operating its businesses in compliance with all applicable laws, to respect human rights and to conduct business in an honest, open, and ethical manner. Mincon expects employees to comply with all relevant laws relating to human rights wherever it operates, and to abide by Mincon's human rights policy. Trust and respect in all business dealings are core values that the Group upholds.

Mincon's regional and country managers have been entrusted with ensuring its presence in local businesses respects the local communities and the company's values. Each manager will ensure that his business, and by extension, Mincon, is not in breach of local or national regulations and laws. Those employees found to be in breach of these regulations and laws will face disciplinary action, while corrective measures will be implemented.

EMPLOYEES

Mincon realises the value of honest and trustworthy employees. Creating a safe and positive work environment for our employees is a high priority across the Mincon group. Employees are treated with dignity and respect. The resulting employee morale and work ethic is evident in the important business metrics that we use to report on the success of the Group.

Mincon is committed to developing the skills of our employees for their continual improvement within our business. Many of our manufacturing facilities engage in co-operative learning programs with universities and colleges. Mincon invests time and finances in developing undergraduates and postgraduates that result in huge benefits for the participants and the Group.

As the Group grows, we strive to communicate efficiently with our employees on an international level. In 2018, an electronic company newsletter was launched, and is published each quarter. This newsletter provides updates for our employees on all aspects of the business. Regular communication meetings are also used to update our employees on important developments within the Group.

Mincon is committed to complying with all labour laws in the countries that it operates. Policies have been developed to include:

- Induction programs for new employees
- Working conditions
- Hours of work and overtime
- Breaks and rest periods
- Health and safety policies
- Accident reporting and first aid

CORPORATE RESPONSIBILITIES
CONTINUED

- Use of personal protective equipment
- Smoke-free workplace
- Alcohol and drug free workplaces

We committed to equality of opportunity for existing and potential employees and to creating a workplace which provides for:

- Equal opportunities for all staff and potential staff and where their dignity is protected and respected at all times.
- All persons regardless of gender, civil status, family status, race, religious beliefs, sexual orientation, disability, age, or ethnic minorities will be provided with equality of access to employment. All persons will be encouraged and assisted to achieve their full potential. We will continue with a culture of equality right through our businesses.

We aim to ensure that no job applicant or employee receives less favourable treatment on any grounds which cannot be shown to be justified. This applies to recruitment and selection, training, promotion, pay and employee benefits, employee grievances, discipline procedures and all terms and conditions of employment.

We select those suitable for employment solely based on merit. Any job advertisements, application forms and publicity material will encourage applications from all suitable candidates and will not discriminate against any group or individual on any unjustifiable grounds. The objective is to ensure that all candidates have equality of access to all job vacancies.

We place considerable emphasis on Health and Safety matters. The company undertakes its business in a manner that will ensure the safety, health and welfare of all its employees, visitors and the general public. This commitment is in accordance with applicable Environmental Health and Safety legislation.

We are committed to providing a safe and secure working environment that is free from all forms of harassment and bullying. We have set a standard for all members of staff to be treated with the utmost levels of dignity and respect. Mincon is committed to the implementation of all necessary measures required to protect the dignity of employees and to encourage respect in the workplace. We achieve this by implementing effective procedures to deal with any complaints of such conduct as it may arise.

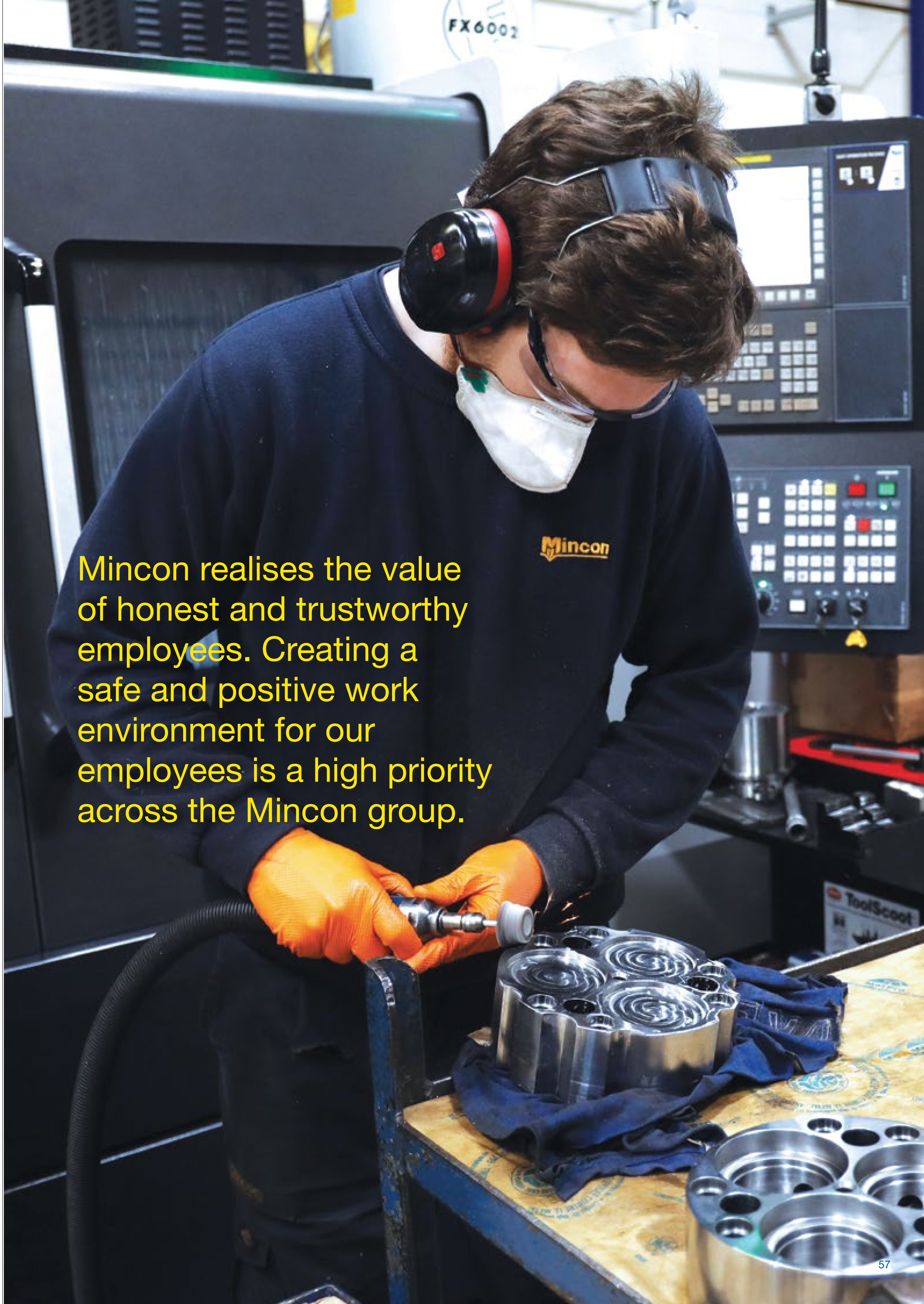
CORRUPTION AND BRIBERY ISSUES

We are committed to continuously operating our business with integrity and being accountable for our actions. We maintain a strict stance against bribery and corruption across all our businesses. Our internal control structures are designed to mitigate reputational risk and to assist in preventing any potential corruption and bribery. We consistently review and assess the robustness of our internal controls to further strengthen our business.

Corruption is dishonest and illegal behaviour by those in a position of trust in order to gain an undue advantage. The risks of corruption are not always obvious, therefore we inform our employees how corruption and bribery may occur through our corruption and bribery policy.

Corruption and bribery issues are the responsibility of our executive management team. Once a claim is made, the executive management team will respond to the allegation within a reasonable length of time and an investigation will begin. Such an investigation may include internal reviews or reviews by external lawyers, accountants or an appropriate external body. If the claim of malpractice or misconduct is substantiated, appropriate disciplinary action will be taken against the responsible individuals.

Our whistleblowing policy exists to enable all staff across our group to feel confident that they can expose wrong doing without any risk to themselves. Mincon will not tolerate malpractice and attaches extreme importance to identifying and remedying any issues in relation to corruption or bribery.



GROUP FINANCIAL STATEMENTS

BUSINESS AND STRATEGY

INDEPENDENT AUDITOR'S REPORT

Opinion: our opinion is unmodified

We have audited the financial statements of Mincon Group plc ('the Company') for the year ended 31 December 2019 set out on pages 63–111, 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 Changes in Equity, the Consolidated and Company Statements of Cash Flows, and the related notes, including the summary of significant accounting policies set out in note 3. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Parent Company as at 31 December 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2014; and
- the Group and Parent Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We have fulfilled our ethical responsibilities under, and we remained independent of the Group in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), as applied to listed entities.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In the prior year we considered the recognition of revenue, particularly with respect to the judgement required to determine that performance obligations had been met and revenue recognition was appropriate, to be a key audit risk. This was following the introduction of IFRS 15 Revenue from contracts with customers (IFRS 15). We do not consider this a key audit matter for the current year following the full adoption of IFRS 15 in 2018.

In arriving at our audit opinion above, the key audit matter, is described below:

Revenue recognition: Cut off (2019: €123.7 million, 2018 - €117.7 million)

The risk

Revenue of €123.7 million was recognised for the year ended 31 December 2019 (FY18: €117.7 million).

In accordance with auditing standards, there is a presumed significant risk of fraud in respect of revenue recognition, in particular that management will intentionally recognise out of period revenue in order to overstate current year operating results.

The Group's standard policy is to recognise revenue on shipment of inventory or collection of inventory by customer. As a consequence, some revenue arrangements have a cut-off risk at period end.

Our response

The procedures that we performed, among others, to assess the appropriateness of revenue recognition, included:

- Obtaining and documenting our understanding of the revenue recognition process and evaluating the design and implementation of controls therein.
- Agreeing a sample of deliveries occurring near 31 December 2019 to supporting documentation to ensure transactions were recorded in the correct period.
- Agreeing a sample of sales transactions to proof of delivery documentation to ensure that they were complete and accurate.
- Discussing with management the basis for determining the point of sale for material deliveries near year-end.
- Assessing whether the related disclosures in the financial statements are appropriate.
- Requesting that component auditors perform similar procedures as outlined above.

Based on the results of our testing we considered that the policies applied to revenue recognition are reasonable.

There were no key audit matters identified in the audit of the parent company financial statements.

Our application of materiality and an overview of the scope of our audit

The materiality for the Group financial statements as a whole was set at €0.7 million (2018: €0.8 million). This has been calculated using a benchmark of Group profit before taxation, from continuing operations (of which it represents 5 per cent), which we have determined, in our professional judgement, to be one of the principal financial benchmarks relevant to members of the Group in assessing financial performance.

Materiality for the parent company financial statements as a whole was set at €0.8 million (2018: €0.8 million), determined with reference to a benchmark of total assets, of which it represents 1%.

We report to the Audit Committee all corrected and uncorrected misstatements we identified through our audit with a value in excess of €33,500 (2018: €40,000), in addition to other audit misstatements below that threshold that we believe warrant reporting on qualitative grounds.

Of the Group's 42 (2018: 44) reporting components, we subjected 13 (2018: 17) to full scope audits for Group purposes. An additional 3 components (2018: 3) were subjected to account balance testing in order to provide sufficient coverage over the Group's key financial statement lines. In addition, we conducted reviews of financial information (including enquiry) for all remaining non-significant components. The components for which we performed a review of financial information (including enquiry) were not individually significant enough to require an audit for Group reporting purposes but a review was performed to provide further coverage over the Group's results.

The Group audit team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group audit team approved the materiality for components which ranged from €33,000 to €369,000, having regard to the mix of size and risk profile of the Group across the components.

The Group team held telephone conference meetings with all component auditors to assess the audit risk and strategy.

We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the Corporate Profile, Chairman's Statement, Chief Executive Officer's Review, Strategy of the Group, Operating and Financial Review, Board of Directors, Key Management, Directors' Report, Directors' Statement on Corporate Governance and Corporate Responsibility. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and,

INDEPENDENT AUDITOR'S REPORT CONTINUED

accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information, we report that:

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements;
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

Our opinions on other matters prescribed the Companies Act 2014 are unmodified

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

In our opinion, the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the Company's financial statements are in agreement with the accounting records.

We have nothing to report on other matters on which we are required to report by exception

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made.

Respective responsibilities and restrictions on use

Directors' responsibilities

As explained more fully in their statement set out on page 40, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on IAASA's website at https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsiblities_for_audit.pdf.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. 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.

Caroline Flynn

for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place, St Stephen's Green, Dublin, Ireland

20 March 2020

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2019

		2019			2018		
	Notes	Pre-exceptional items €'000	Exceptional items (Note 8) €'000	Total €'000	Pre-exceptional items €'000	Exceptional items (Note 8) €'000	Total €'000
Continuing operations							
Revenue	4	120,671	3,074	123,745	117,688	-	117,688
Cost of sales including impairments	6	(80,158)	(2,489)	(82,647)	(73,062)	747	(72,315)
Gross profit		**40,513**	**585**	**41,098**	**44,626**	**747**	**45,373**
Operating costs	6	(28,703)	(5,113)	(33,816)	(28,274)	(166)	(28,440)
Operating profit		**11,810**	**(4,528)**	**7,282**	**16,352**	**581**	**16,933**
Finance cost		(582)	-	(582)	(122)	-	(122)
Finance income		107	-	107	91	-	91
Foreign exchange loss		(130)	-	(130)	(634)	-	(634)
Movement on contingent consideration	23	10	-	10	16	-	16
Settlement gain		-	7,489	7,489	-	3,124	-
Profit before tax		**11,215**	**2,961**	**14,176**	**15,703**	**581**	**16,284**
Income tax expense	11	(1,666)	(127)	(1,793)	(2,437)	-	(2,437)
Profit for the year		**9,549**	**2,834**	**12,383**	**13,266**	**581**	**13,847**
Profit attributable to:							
- owners of the Parent				12,329			13,573
- non-controlling interests	19			54			274
Earnings per Ordinary Share							
Basic earnings per share, €	21			5.84c			6.45c
Diluted earnings per share, €	21			5.80c			6.37c

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	2019 €'000	2018 €'000
Profit for the year	**12,383**	**13,847**
Other comprehensive loss		
Items that are or may be reclassified subsequently to profit or loss		
Foreign currency translation – foreign operations	2,153	(3,081)
Other comprehensive loss for the year	2,153	(3,081)
Total comprehensive income for the year	**14,536**	**10,766**
Total comprehensive income attributable to:		
- owners of the Parent	14,482	10,492
- non-controlling interests	54	274

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019 €'000	2018 €'000
Non-Current Assets			
Intangible assets and goodwill	12	31,937	30,753
Property, plant and equipment	13	41,172	34,930
Deferred tax asset	11	616	278
Total Non-Current Assets		**73,725**	**65,961**
Current Assets			
Inventory and capital equipment	14	48,590	49,357
Trade and other receivables	15a	20,346	20,711
Prepayments and other current assets	15b	6,098	6,578
Current tax asset		589	252
Cash and cash equivalents	23	16,368	8,042
Total Current Assets		**91,991**	**84,940**
Total Assets		**165,716**	**150,901**
Equity			
Ordinary share capital	20	2,110	2,105
Share premium	20	67,647	67,647
Undenominated capital		39	39
Merger reserve	20	(17,393)	(17,393)
Restricted equity reserve	20	419	1,511
Share-based payment reserve	22	1,629	1,274
Foreign currency translation reserve		(3,868)	(6,021)
Retained earnings		74,446	66,543
Equity attributable to owners of Mincon Group plc		**125,029**	**115,705**
Non-controlling interests		1,115	1,061
Total Equity		**126,144**	**116,766**
Non-Current Liabilities			
Loans and borrowings	18	10,879	4,461
Deferred tax liability	11	1,794	1,222
Deferred contingent consideration	23	4,962	5,470
Other liabilities		153	151
Total Non-Current Liabilities		**17,788**	**11,304**
Current Liabilities			
Loans and borrowings	18	4,043	2,735
Trade and other payables	16	10,853	12,027
Accrued and other liabilities	16	5,827	6,996
Current tax liability		1,061	1,073
Total Current Liabilities		**21,784**	**22,831**
Total Liabilities		**39,572**	**34,135**
Total Equity and Liabilities		**165,716**	**150,901**

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

On behalf of the Board

Hugh McCullough
Chairman

Joseph Purcell
Chief Executive Officer

20 March 2020

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Notes	2019 €'000	2018 €'000
Operating activities:			
Profit for the period		12,383	13,847
Adjustments to reconcile profit to net cash provided by operating activities			
Depreciation	12	5,242	3,896
Fair value movement on deferred contingent consideration		(10)	(16)
Gain on sale of operations, net of tax		(7,489)	122
Finance cost		582	-
Finance income		(107)	(91)
Income tax expense		1,793	2,437
Other non-cash movements		209	(849)
		12,603	**19,346**
Changes in trade and other receivables		1,037	(292)
Changes in prepayments and other assets		1,873	(1,456)
Changes in inventory		1,050	(14,551)
Changes in trade and other payables		(1,865)	1,429
Cash provided by operations		14,698	4,476
Interest received		107	91
Interest paid		(582)	(122)
Income taxes paid		(1,713)	(1,296)
Net cash provided by operating activities		**12,510**	**3,149**
Investing activities			
Purchase of property, plant and equipment		(7,930)	(12,552)
Investment in intangible assets		(1,405)	(1,715)
Proceeds from the issuance of share capital		5	-
Acquisitions of subsidiary, net of cash acquired		(770)	(7,923)
Payment of deferred contingent consideration		(1,600)	(1,445)
Short-term deposit		8,517	-
Proceeds from former joint venture investments		-	104
Net cash used in by investing activities		**(3,183)**	**(23,531)**
Financing activities			
Dividends paid		(4,426)	(4,421)
Repayment of loans and finance leases	18	(2,778)	(1,141)
Drawdown of loans	18	6,182	6,264
Net cash provided by/(used in) financing activities		**(1,022)**	**702**
Effect of foreign exchange rate changes on cash		21	(493)
Net decrease in cash and cash equivalents		**8,326**	**(20,173)**
Cash and cash equivalents at the beginning of the year		8,042	28,215
Cash and cash equivalents at the end of the year		**16,368**	**8,042**

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Share capital €'000	Share premium €'000	Merger reserve €'000	Restricted equity reserve €'000	Un-denominated capital €'000	Share based payment reserve €'000	Foreign currency translation reserve €'000	Retained earnings €'000	Total €'000	Non-controlling interests €'000	Total equity €'000
Balances at 1 January 2018	**2,105**	**67,647**	**(17,393)**	**-**	**39**	**512**	**(2,940)**	**57,391**	**107,361**	**787**	**108,148**
Comprehensive income:											
Profit for the year	-	-	-	-	-	-	-	13,573	**13,573**	274	**13,847**
Other comprehensive income/(loss):											
Foreign currency translation	-	-	-	-	-	-	(3,081)	-	(3,081)	-	**(3,081)**
Total comprehensive income							**(3,081)**	**13,573**	**10,492**	**274**	**10,766**
Non Taxable income	-	-	-	1,511	-	-			**1,511**		**1,511**
Transactions with Shareholders:											
Share-based payments	-	-	-	-	-	762	-	-	**762**	-	**762**
Dividends	-	-	-	-	-	-	-	(4,421)	**(4,421)**	-	**(4,421)**
Balances at 31 December 2018	**2,105**	**67,647**	**(17,393)**	**1,511**	**39**	**1,274**	**(6,021)**	**66,543**	**115,705**	**1,061**	**116,766**
Comprehensive income:											
Profit for the year	-	-	-	-	-	-	-	12,329	**12,329**	54	**12,383**
Other comprehensive income/(loss):											
Foreign currency translation	-	-	-	-	-	-	2,153	-	2,153	-	**2,153**
Total comprehensive income							**2,153**	**12,329**	**14,482**	**54**	**14,436**
Non-taxable income	-	-	-	(1,092)	-	-	-	-	(1,092)	-	(1,092)
Transactions with Shareholders:											
Equity-settled share-based payments	5	-	-	-	-	-	-	-	5	-	**5**
Share-based payments	-	-	-	-	-	355	-	-	355	-	**355**
Dividends	-	-	-	-	-	-	-	(4,426)	**(4,426)**	-	**(4,426)**
Balances at 31 December 2019	**2,110**	**67,647**	**(17,393)**	**419**	**39**	**1,629**	**(3,868)**	**74,446**	**125,029**	**1,115**	**126,144**

The accompanying notes are an integral part of these financial statements. See note 20 for explanation of movements in reserve balances.

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 Group”) comprises the Company and its subsidiaries (together referred to as “the Group”). The companies registered address is Smithstown Industrial Estate, Smithstown, Shannon, Co. Clare, Ireland.

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.

On 26 November 2013, Mincon Group plc was admitted to trading on the Enterprise Securities Market (ESM) of the Euronext Dublin 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), and endorsed by the EU.

The individual financial statements of the Company have been prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the Companies Act 2014 which permit a company that publishes its Group and Company financial statements together to take advantage of the exemption in Section 304 of the Companies Act 2014 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 Group and Company financial statements for the years ended 31 December 2019 and 31 December 2018.

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.

Impact of the adoption of IFRS 16

The following new and amended standard is effective for the Group for the first time for the financial year beginning 1 January 2019:

- IFRS 16: Leases

The Group initially applied IFRS 16 Leases effective 1 January 2019

The Group opted to adopt the modified retrospective approach and applied the practical expedients, recording the lease liability equal to the right of use asset at 1 January 2019, therefore there is no opening adjustment to retained earnings. Comparative information presented for 2018 is not restated-i.e. it is presented as previously reported under IAS 17 and related interpretations.

Definition of a lease

IFRS 16 defines a lease as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. Control over the leased asset requires accounting for it as an asset and liability on the balance sheet under IFRS.

As a lessee

The Group recognises assets and liabilities for its operating leases of land and buildings, plant and machinery and motor vehicles. The nature of expenses related to those leases has changed because the Group recognises a depreciation charge for ‘ROU’ assets and interest expense on lease liabilities.

IFRS 16 introduced a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability showing its obligation to make lease payments. For leases previously classified as operating leases (under IAS 17) Mincon chose the option to measure the ROU asset equal to the lease liability (adjusted for prepaid/accrued lease payments). Where applying the modified retrospective approach to leases previously classified as operating leases (under IAS 17) the Group used a number of the following practical expedients available under the new standard;

a. Discount rates: A company may apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

b. Leases with a short remaining term: A company may account for leases when the lease term ends within 12 months of the date of initial application as short-term leases.

c. Leases of low value assets: Leases of assets such as Printers, office furniture etc. with a value less than €4,497.

d. Use of hindsight: A company may use hindsight e.g. in determining the lease term if the contract contains options to extend or terminate the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

3. SIGNIFICANT ACCOUNTING PRINCIPLES, ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

As a lessor

The Group leases company owned property to tenants in the USA under various agreements. The group recognises these leases as operating leases from a lessor perspective due to the fact they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. The Group entered into the sublease of a property which has been recognised as a finance lease.

Impact on financial statements

Impact on transition

On transition to IFRS 16, the Group recognised additional right of use assets and corresponding additional lease liabilities. The impact on transition is summarised below:

	1 January 2019 €'000
Right of use assets-property, plant and equipment	4,683
Lease Liabilities	4,683

Further disclosures on the financial impact after inception of this standard can be seen in note 25.

Standards, interpretations and amendments to published standards but not yet effective

A number of new Standards, Amendments to Standards and Interpretations are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has chosen not to introduce early adoption of the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of a Business (Amendments to IFRS3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- IFRS17 Insurance Contracts

Revenue Recognition

The Group is involved in the sale and servicing of rock drilling tools and associated products. Revenue from the sale of these goods and services to customers is measured at the fair value of the consideration received or receivable (excluding sales taxes). The Group recognises revenue when it transfers control of goods to a customer.

Earnings per share

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

Taxation

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Inventories and capital equipment

Inventories and capital equipment 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.

3. SIGNIFICANT ACCOUNTING PRINCIPLES, ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Intangible Assets and Goodwill

Goodwill

The Group accounts for acquisitions using the purchase accounting method as outlined in IFRS 3 Business Combinations. Group management has determined that the Group has one operating segment and therefore all goodwill is tested for impairment at Group level and this is tested for impairment annually.

Intangible assets

Expenditure on research activities is recognised in profit or loss as incurred.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in the profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Foreign Currency

Foreign currency transactions

Transactions in foreign currencies (those which are denominated in a currency other than the functional currency) are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the foreign exchange rate at the statement of financial position date. Exchange gains and losses related to trade receivables and payables, other financial assets and payables, and other operating receiv¬ables 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 compre¬hensive income for the translation of intra-group receivables from, or liabilities to, a for-eign 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 23.

Translation of accounts of foreign entities

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

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

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. Deferred contingent consideration is initially measured at its acquisition-date fair value. Any subsequent change in such fair value is recognised in profit or loss, unless the deferred contingent consideration is classified as equity. In that case, there is no remeasurement and the subsequent settlement is accounted for within equity. Deferred contingent consideration arises in the current year where part payment for an acquisition is deferred to the following year or years.

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

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

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

Property, plant and equipment

Items of property, plant and equipment are carried at cost less accu¬mulated depreciation and impairment losses. Cost of an item of property, plant and equipment comprises the purchase price, import duties, and any cost directly attributable to bringing the asset to its location and condition for use. The Group capitalises costs on initial recognition and on replacement of significant parts of property, plant and equip¬ment, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

3. SIGNIFICANT ACCOUNTING PRINCIPLES, ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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
Plant and equipment	3–10

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

Right of use assets are depreciated using the straight-line method over the estimated useful life of the asset being the remaining duration of the lease from inception date of the asset. The depreciation methods, useful lives and residual values are reassessed annually.

Financial Assets and Liabilities

Recognition and derecognition

Financial assets and liabilities are recognised at fair value when the Group becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets are accounted for at trade date, which is the day when the Group contractually commits to acquire or dispose of the assets. Trade receivables are recognised on delivery of product. Liabilities are recognised when the other party has performed and there is a contractual obligation to pay. Derecognition (fully or partially) of a financial asset occurs when the rights to receive cash flows from the financial instruments expire or are transferred and substantially all of the risks and rewards of own¬ership 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 enforce¬able 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, transac¬tion costs, and all other premiums or discounts.

Borrowing costs

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

Investments in subsidiaries - Company

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

Impairment of financial assets

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

Equity

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

Contingent liabilities

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

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

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

Financial income and expenses

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less.

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 proba¬ble that an outflow of economic benefits will be required to settle the obligation, and the outflow can be estimated reliably. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, the provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

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

Exceptional Items

The Group has adopted an Income Statement format which seeks to highlight significant items within the Group results for the year. Exceptional items may include restructuring, profit or loss on disposal or termination of operations, litigation costs and settlements, profit or loss on disposal of investments, profit or loss on disposal of property, plant and equipment, acquisition costs, adjustment to contingent consideration and impairment of assets relating to significant transactions. Judgement is used by the Group in assessing particular items, which by virtue of their scale and nature, should be presented in the Income Statements and disclosed in the related notes as exceptional items.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

3. SIGNIFICANT ACCOUNTING PRINCIPLES, ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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.

Share-based payment transactions

The Group operates a long-term incentive plan which allows the Company to grant Restricted Share Awards (“RSAs”) to executive directors and senior management. All schemes are equity settled arrangements under IFRS 2 Share-based Payment.

The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

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 rea¬sonable 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.

Deferred contingent consideration

The deferred contingent consideration payable represents management’s best estimate of the fair value of the amounts that will be payable, discounted as appropriate using a market interest rate. The fair value was estimated by assigning probabilities, based on management’s current expectations, to the potential pay-out scenarios. The fair value of deferred contingent consideration is primarily dependent on the future performance of the acquired businesses against predetermined targets and on management’s current expectations thereof.

Trade and other receivables

Trade and other receivables are included in current assets, except for those with maturities more than 12 months after the reporting date, which are classified as non-current assets. The Group estimates the risk that receivables will not be paid and pro¬vides for doubtful debts in line with IFRS 9.

4. REVENUE

In the following table, revenue is disaggregated between Mincon manufactured product and product that is purchased outside the Group and resold through Mincon distribution channels.

	2019 €'000	2018 €'000
Product revenue:		
Sale of Mincon product	103,797	100,319
Sale of third-party product	19,948	17,369
Total revenue	**123,745**	**117,688**

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control of goods to a customer.

The following provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Customers obtain control of products when one of the following conditions are satisfied:

1. The goods have been picked up by the customer from Mincon’s premises.
2. When goods have been shipped by Mincon, the goods are delivered to the customer and have been accepted at their premises.

Invoices are generated at that point in time. Invoices are payable within the timeframe as set in agreement with the customer at the point of placing the order of the product. Discounts are provided from time-to-time to customers.

Customers may be permitted to return goods where issues are identified with regard to quality of the product. Returned goods are exchanged only for new goods or credit note. No cash refunds are offered.

Where the customer is permitted to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data for specific types of product. In these circumstances, a refund liability and a right to recover returned goods asset are recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

5. OPERATING SEGMENT

An operating segment is a component of the Group that engages in busi¬ness 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 deci¬sions about allocation of resources to the segments and also to assess their performance.

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

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

The CODM assesses operating segment performance based on a measure of operating profit. Segment revenue for the year ended 31 December 2019 of €123.7 million (2018: €117.7 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, Sweden, South Africa, UK, Western Australia, the United States and Canada and sales offices in nine other locations including Eastern & Western Australia, South Africa, Finland, Spain, Namibia, Sweden, Chile and Peru. In presenting information on geography, revenue is based on the geographical location of customers and non-current assets based on the location of these assets.

Revenue by region (by location of customers):

	2019 €'000	2018 €'000
Region:		
Ireland	772	915
Americas	39,410	24,732
Asia Pacific	27,351	28,256
Europe, Middle East, Africa	56,212	63,785
Total revenue from continuing operations	**123,745**	**117,688**

During 2019 Mincon had sales in the USA of €20.8 million (2018: €11.5 million), Australia of €18.5 million (2018: €20.8 million) and Sweden of €12.8 million (2018: €14.5 million), these separately contributed to more than 10% of the entire Group's sales for 2019.

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

	2019 €'000	2018 €'000
Region:		
Ireland	17,064	15,255
Americas	21,846	17,271
Asia Pacific	11,144	8,795
Europe, Middle East, Africa	23,055	24,362
Total non-current assets(1)	**73,109**	**65,683**

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

During 2019 Mincon held non-current assets (excluding deferred tax assets) in Sweden of €17 million and in the USA of €10.8 million, these separately contributed to more than 10% of the entire Group's non-current assets (excluding deferred tax assets) for 2019.

6. COST OF SALES AND OPERATING EXPENSES

Included within cost of sales and operating costs were the following major components:

Cost of sales

	2019 €'000	2018 €'000
Raw materials	39,190	33,221
Third-party product purchases	14,204	13,625
Employee costs	14,045	14,728
Depreciation	3,312	3,213
Distribution costs	2,380	2,988
Energy costs	1,450	1,648
Maintenance of machinery	1,363	1,302
Impairment of capital inventory (note 8)	-	(747)
Impairment of finished goods inventory (note 8)	1,692	-
Cost of sales of disposed operations	2,489	-
Other	2,522	2,337
Total cost of sales	**82,647**	**72,315**

Operating costs

	2019 €'000	2018 €'000
Employee costs (including director emoluments)	15,899	18,373
Depreciation	1,930	683
Rent	865	1,287
Travel	2,375	2,309
Professional costs	1,938	2,138
Administration	2,247	1,978
Marketing	886	698
Acquisition and related costs (note 8)	-	166
Salary and termination payments for redundant employees (note 8)	2,754	-
Impairment of trade receivable (note 8)	799	-
Operating costs of disposed operations	2,359	-
Other	1,764	808
Total other operating costs	**33,816**	**28,440**

The Group invested approximately €3.2 million on research and development projects in 2019 (2018: €2.7 million). €1.8 million of this has been expensed in the period (2018: €1.0 million), with the balance of €1.4 million capitalised (2018: €1.7 million) (note 12).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

7. EMPLOYEE INFORMATION

	2019 €'000	2017 €'000
Wages and salaries – excluding directors	25,088	26,997
Wages, salaries, fees and pensions – directors	760	765
Termination payments	2,754	17
Social security costs	2,677	3,070
Retirement benefit costs of defined contribution plans	1,064	1,551
Share-based payment expense (note 22)	355	701
Total employee costs	**32,698**	**33,101**

The Group capitalised payroll costs of €0.5million in 2019 (2018: €0.1 million) in relation to research and development.

The average number of employees was as follows:

	2019 Number	2018 Number
Sales and distribution	124	126
General and administration	56	56
Manufacturing, service and development	290	332
Average number of persons employed	**470**	**514**

Retirement benefit and Other Employee Benefit Plans

The Group operates various defined contribution pension plans. During the year ended 31 December 2019, the Group recorded €1.1 million (2018: €1.6 million) of expense in connection with these plans.

8. EXCEPTIONAL ITEMS

	2019 €'000	2018 €'000
Revenue		
Revenue from disposed operations	3,074	-
Total Revenue	**3,074**	**-**
Cost of sales		
Impairment of capital equipment inventory	-	747
Cost of sales of disposed operations	(2,489)	-
Total cost of sales	**(2,489)**	**747**
Operating costs		
Salary and termination payments for redundant employees	(2,754)	-
Acquisition related costs	-	(166)
Operating costs of disposed operations	(2,359)	-
Total operating costs	**(5,113)**	**(166)**
Tax on disposals and discontinued operations	**(127)**	**-**
Profit on Disposal (note 10)	**7,489**	**-**
Total exceptional profit after tax	2,834	**581**

At 31 December 2018 the Group reversed €0.7 million of previously recognised impairment due to information obtained during the year on the valuation of capital equipment inventory.

The Group has undertaken a reorganisation of its activities across all regions during 2019, including relocation of activities; closing of regional offices; and redundancies where necessary.

The Group has also disposed of operations in two distribution centres, Mincon Tanzania and Mincon Russia, following a strategic decision to place greater focus and emphasis on the Groups key competencies while focusing on the profitability of the core business activities and growth areas where there are synergies and tangible growth opportunities.

The Group has chosen to present exceptional items separately from the reorganisation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

9. ACQUISITIONS & DISPOSALS

In January 2019, Mincon acquired 100% shareholding in Pacific Bit, a Canadian-based mining and construction product distributor, for a consideration of €1.8 million. Cash transferred at the date of acquisition was €0.8 million with a deferred consideration of €1.0m.

A. Consideration transferred

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

	Pacific Bit of Canada €'000	Total €'000
Cash	770	770
Deferred contingent consideration	1,032	1,032
Total consideration transferred	**1,802**	**1,802**

B. Identifiable assets acquired and liabilities assumed

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

	Total €'000
Property, plant and equipment	75
Inventories	1,009
Trade receivables	650
Other assets	123
Trade and other payables	(626)
Other accruals and liabilities	(315)
Fair value of identifiable net assets acquired	**916**

Measurement of fair values

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

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

Goodwill

Goodwill arising from the acquisition has been recognised as follows.

	Pacific Bit of Canada €'000	Total €'000
Consideration transferred	1,802	1,802
Fair value of identifiable net assets	(916)	(916)
Goodwill	**886**	**886**

The goodwill created in the acquisition in the period is primarily related to the synergies expected to be achieved from integrating these companies into the Group's existing structure. Mincon will sell its product range of hammers, bits and drill pipe through Pacific Bit of Canada to the end user of our products in Western Canada.

C. Profit on Disposal

During the year the Group disposed of two subsidiaries in Sweden (Hardtekno and Cebeko) and a distribution subsidiary in South Africa (Premier Drilling Solutions).

	Total €'000
Consideration received	8,997
Cash and cash equivalents disposed of	(480)
Net assets	(1,028)
Profit on Disposal	**7,489**

	Total €'000
Profit on disposal of Hardtekno	7,551
Profit on disposal of Cebeko	106
Profit on disposal of Premier Drilling Solutions	98
Cost on disposal	(266)
Profit on Disposal	**7,489**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

10. STATUTORY AND OTHER REQUIRED DISCLOSURES

Operating profit is stated after charging the following amounts:

	2019 €'000	2018 €'000
Directors' remuneration		
Fees	192	161
Wages and salaries	511	546
Other emoluments	-	-
Retirement benefit contributions	57	58
Total directors' remuneration	**760**	**765**

Auditor's remuneration:

	2019 €'000	2018 €'000
Auditor's remuneration – Fees payable to lead audit firm		
Audit of the Group financial statements	195	186
Audit of the Company financial statements	15	14
Other assurance services	20	10
Tax advisory services (a)	-	28
Other non-audit services	2	3
	232	**241**
Auditor's remuneration – Fees payable to other firms in lead audit firm's network		
Audit services	158	150
Other assurance services	2	3
Tax advisory services	63	3
Total auditor's remuneration	**223**	**156**

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

11. INCOME TAX

Tax recognised in income statement:

	2019 €'000	2018 €'000
Current tax expense		
Current year	1,648	2,594
Adjustment for prior years	(89)	(412)
Total current tax expense	1,559	2,182
Deferred tax expense		
Origination and reversal of temporary differences	231	287
Adjustment for prior years	3	(32)
Total deferred tax (credit)/expense	234	255
Total income tax expense	**1,793**	**2,437**

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:

	2019 €'000	2018 €'000
Profit before tax from continuing operations	14,176	16,284
Irish standard tax rate (12.5%)	*12.5%*	*12.5%*
Taxes at the Irish standard rate	1,772	2,036
Foreign income at rates other than the Irish standard rate	957	446
Losses creating no income tax benefit	288	559
Other	(1,224)	(604)
Total income tax expense	**1,793**	**2,437**

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

	2019 €'000	2018 €'000
Deferred taxation assets:		
Reserves, provisions and tax credits	610	278
Tax losses and unrealised FX gains	6	-
Total deferred taxation asset	616	278
Deferred taxation liabilities:		
Property, plant and equipment	(1,742)	(1,154)
Accrued income	-	-
Profit not yet taxable	(52)	(68)
Total deferred taxation liabilities	(1,794)	(1,222)
Net deferred taxation liability	(1,178)	(944)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

11. INCOME TAX (CONTINUED)

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

1 January 2018 – 31 December 2018	Balance 1 January €'000	Recognised in Profit or Loss €'000	Acquired in a Business combination €'000	Balance 31 December €'000
Deferred taxation assets:				
Reserves, provisions and tax credits	69	209	-	278
Tax losses	81	(81)	-	-
Total deferred taxation asset	150	128	-	278
Deferred taxation liabilities:				
Property, plant and equipment	(194)	(439)	(521)	(1,154)
Accrued income and other	(30)	30	-	-
Profit not yet taxable	(94)	26	-	(68)
Total deferred taxation liabilities	(318)	(383)	(521)	(1,222)
Net deferred taxation liability	(168)	(255)	(521)	(944)

1 January 2019 – 31 December 2019	Balance 1 January €'000	Recognised in Profit or Loss €'000	Acquired in a Business combination €'000	Balance 31 December €'000
Deferred taxation assets:				
Reserves, provisions and tax credits	278	332	-	610
Tax losses	-	6	-	6
Total deferred taxation asset	278	338	-	616
Deferred taxation liabilities:				
Property, plant and equipment	(1,154)	(588)	-	(1,742)
Accrued income	-	-	-	-
Profit not yet taxable	(68)	16	-	(52)
Total deferred taxation liabilities	(1,222)	(572)	-	(1,794)
Net deferred taxation liability	(944)	(234)	-	(1,178)

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

	2019 €'000	2018 €'000
Tax losses	4,112	3,824
Total	4,112	3,824

12. INTANGIBLE ASSETS AND GOODWILL

	Product development €'000	Goodwill €'000	Total €'000
Balance at 1 January 2018	**1,662**	**23,432**	**25,094**
Internally developed	1,715	-	1,715
Acquisitions	-	4,491	4,491
Translation differences	-	(547)	(547)
Balance at 31 December 2018	**3,377**	**27,376**	**30,753**
Internally developed	1,405	-	1,405
Acquisitions (note 9)	-	886	886
Disposal (note 9)	-	(1,529)	(1,529)
Translation differences	-	422	422
Balance at 31 December 2019	**4,782**	**27,155**	**31,937**

Goodwill relates to the acquisition of the below companies, being the dates that the Group obtained control of these business:

- The remaining 60% of DDS-SA Pty Limited in November 2009.
- The 60% acquisition of Omina Supplies in August 2014.
- The 65% acquisition of Rotacan in August 2014.
- The acquisition of ABC products in August 2014.
- The acquisition of Ozmine in January 2015.
- The acquisition of Mincon Chile in March 2015.
- The acquisition of and Mincon Tanzania in March 2015.
- The acquisition of Premier in November 2016.
- The acquisition of Rockdrill Engineering in November 2016.
- The acquisition of PPV in April 2017.
- The acquisition of Viqing July 2017.
- The acquisition of Driconeq in March 2018.
- The acquisition of Pacific Bit of Canada in January 2019.

The Group accounts for acquisitions using the purchase accounting method as outlined in IFRS 3 *Business Combinations.*

The businesses acquired were integrated with other Group operations soon after acquisition. Impairment testing (including sensitivity analysis) is performed at each period end. Group management has determined that the Group has multiple cash generating units, which are aggregated into one operating segment and therefore all goodwill is tested for impairment at Group level.

The recoverable amount of goodwill has been assessed based on estimates of value in use. Calculations of value in use are based on the estimated future cash flows using forecasts covering a three-year period and terminal value (based on three year plans prepared annually). The most significant assumptions are revenues, operating profits, working capital and capital expenditure. A growth rate of 3% was applied for all periods after the three year budget. The discount rate in 2019 was assumed to amount to 7% (2018: 13%) after tax and has been used in discounting the cash flows to determine the recoverable amounts. Goodwill impairment testing did not indicate any impairment during any of the periods being reported. Sensitivity in all calculations implies that the goodwill would not be impaired even if the discount rate increased or decreased by 5% or the long-term or short-term growth was substantially increased or decreased.

Investment expenditure of €1.4 million, which has been capitalised, is in relation to ongoing product development within the Group. Amortisation will begin at the stage of commercialisation and charged to the income statement over a period of three to five years, or the capitalised amount will be written off if the project is deemed no longer viable by management.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

13. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings €'000	Plant and Equipment €'000	Plant and Equipment €'000	Total €'000
Cost:				
At 1 January 2018	10,846	29,659	-	40,505
Acquisitions through business combinations	501	3,511	-	4,012
Additions	4,353	8,199	-	12,552
Disposals	-	(601)	-	(601)
Foreign exchange differences	(50)	(421)	-	(471)
At 31 December 2018	15,650	40,347	-	55,997
Acquisitions through business combinations	-	75	-	75
Right of use asset on inception	-	-	4,683	4,683
Additions	1,223	6,707	490	8,420
Disposals and derecognition of ROU assets	(482)	(2,913)	(455)	(3,850)
Foreign exchange differences	(163)	1,613	114	1,564
At 31 December 2019	**16,228**	**45,829**	**4,832**	**66,889**
Accumulated depreciation:				
At 1 January 2018	(2,419)	(15,510)	-	(17,929)
Charged in year	(448)	(3,448)	-	(3,896)
Disposals	-	598	-	598
Foreign exchange differences	12	148	-	160
At 31 December 2018	(2,855)	(18,212)	-	(21,067)
Charged in year	(442)	(3,456)	(1,344)	(5,242)
Disposals	279	1,582	-	1,861
Foreign exchange differences	(9)	(1,260)	-	(1,269)
At 31 December 2019	**(3,027)**	**(21,346)**	**(1,344)**	**(25,717)**
Carrying amount: 31 December 2019	**13,201**	**24,483**	**3,488**	**41,172**
Carrying amount: 31 December 2018	12,795	22,135	-	34,930
Carrying amount: 1 January 2018	8,427	14,149	-	22,576

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

	2019 €'000	2018 €'000
Cost of sales	3,312	3,214
General, selling and distribution expenses	586	682
General, selling and distribution expenses ROU asset	1,344	-
Total depreciation charge for property, plant and equipment	**5,242**	**3,896**

14. INVENTORY AND CAPITAL EQUIPMENT

	2019 €'000	2018 €'000
Finished goods and work-in-progress	38,212	36,158
Capital equipment	962	2,365
Raw materials	9,416	10,834
Total inventory	**48,590**	**49,357**

The Group recorded an impairment of €1.7 million against inventory to take account of net realisable value during the year ended 31 December 2019 (2018: €0.1 million). Write-downs are included in cost of sales.

At 31 December 2019 and 31 December 2018, capital equipment are rigs held in South Africa for resale.

15. TRADE AND OTHER RECEIVABLES AND THE CURRENT ASSETS

a) Trade and other receivables

	2019 €'000	2018 €'000
Gross receivable	21,424	21,519
Provision for impairment	(1,078)	(808)
Net trade and other receivables	20,346	20,711

	Provision for impairment €'000
Balance at 1 January 2019	(808)
Additions	(270)
Balance at 31 December 2019	(1,078)

	2019 €'000	2018 €'000
Less than 60 days	17,112	14,451
61 to 90 days	1,659	3,437
Greater than 90 days	1,575	2,823
Net trade and other receivables	20,346	20,711

At 31 December 2019, €3.2 million of trade receivables balances (16%) were past due but not impaired (2018: €5.6 million (27%).

b) Prepayments and other current assets

	2019 €'000	2018 €'000
Plant and machinery prepaid	3,302	4,943
Prepayments	2,766	1,635
Prepayments and other current assets	6,098	6,578

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

16. TRADE CREDITORS, ACCRUALS AND OTHER LIABILITIES

	2019 €'000	2018 €'000
Trade creditors	10,853	12,027
Total creditors and other payables	**10,853**	**12,027**

	2019 €'000	2018 €'000
VAT	207	476
Social security costs	674	3,048
Other accruals and liabilities	4,946	3,472
Total accruals and other liabilities	**5,827**	**6,996**

17. CAPITAL MANAGEMENT

The Group's policy is to have a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to ordinary shareholders.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.

The Group monitors capital using a ratio of 'net debt' to equity. Net debt is calculated as total liabilities less cash and cash equivalents (as shown in the statement of financial position).

	2019 €'000	2018 €'000
Total liabilities	(39,784)	(34,135)
Less: cash and cash equivalents	16,368	8,042
Net debt	**(23,416)**	**(26,093)**
Total equity	126,144	116,766
Net debt to equity ratio	**0.18**	**0.22**

18. LOANS AND BORROWINGS

	Maturity	2019 €'000	2018 €'000
Bank loans	2020-2027	4,879	4,576
Finance leases	2020-2023	5,903	2,620
Right of Use leases	2020-2028	4,140	-
Total loans and borrowings		14,922	7,196
Current		4,043	2,735
Non-current		10,879	4,461

The Group has a number of bank loans and finance leases in Sweden, the UK, the United States and Australia with a mixture of variable and fixed interest rates. The Group has not been in default on any of these debt agreements during any of the periods presented. None of the debt agreements carry restrictive financial covenants. Interest rates on current borrowings are at an average rate of 6.8%

During 2019, the Group availed of the option to enter into overdraft facilities and to draw down loans of €1.7 million with interest rate between 2% and 13.8%.

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Loans and borrowings €'000	Finance leases €'000	Right of Use leases €'000	Retained earnings €'000	Total €'000
At 1 January 2019:	**4,576**	**2,620**	**-**	**-**	**7,196**
Proceeds from loans and borrowings	1,709	-	-	-	1,709
Inception of finance leases	-	4,473	-	-	4,473
Inception of right of use liability	-	-	4,589	-	4,589
Repayment of borrowings	(1,290)	-	-	-	(1,290)
Repayment of finance lease liabilities	-	(1,039)	-	-	(1,039)
Repayment of right of use leases	-	-	(449)	-	(449)
Dividend paid	-	-	-	(4,426)	(4,426)
Foreign exchange differences	(116)	(151)	-	-	(267)
Total at 31 December 2019	**4,879**	**5,903**	**4,140**	**(4,426)**	**10,496**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

19. NON-CONTROLLING INTEREST

The following table summarises the information relating to the Group's subsidiary, Mincon West Africa SL, that has material non-controlling interests, before any intra-group eliminations. The non-controlling interest is 20% of this subsidiary.

Non-controlling Interest 20%	2019 €'000	2018 €'000
Non-current assets	97	106
Current assets	4,253	3,762
Non-current liabilities	-	-
Current liabilities	(874)	(664)
Net assets	3,476	3,204
Net assets attributable to NCI	**695**	**641**
Revenue	6,176	6,978
Profit	273	1,368
OCI	-	-
Total comprehensive income	272	1,368
Profit allocated to NCI	**54**	**274**

20. SHARE CAPITAL AND RESERVES

At 31 December 2019		
Authorised Share Capital	**Number**	**€000**
Ordinary Shares of €0.01 each	500,000,000	5,000
Allotted, called-up and fully paid up shares	**Number**	**€000**
Ordinary Shares of €0.01 each	210,973,102	2,110

Share issuances

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

Voting rights

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

Dividends

In September 2019, Mincon Group plc paid an interim dividend for 2019 of €0.0105 (1.05 cent) per ordinary share. In June 2019, Mincon Group plc paid a final dividend for 2018 of €0.0105 (1.05 cent) per ordinary share. In September 2018, Mincon Group plc paid an interim dividend for 2018 of €0.01 (1 cent) per ordinary share. The directors are recommending a final dividend of €0.0105 (1.05 cent) per ordinary share for 2019 which will be subject to approval at the company's AGM in May 2020.

Share premium and other reserves

As part of a Group reorganisation of 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, thereby creating a merger reserve.

Restricted equity reserve

Restricted equity reserve arises on the acquisition of the Driconeq Group, representing the local requirement to allocate reserves between the equity and deferred taxes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

21. 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:

	2019 €'000	2018 €'000
Numerator		
Profit attributable to owners of the Parent	12,329	13,573
Denominator (Number):		
Basic shares outstanding	210,973,102	210,541,102
Restricted share awards	1,546,189	2,469,176
Diluted weighted average shares outstanding	212,519,291	213,010,278
Earnings per Ordinary Share		
Basic earnings per share, €	5.84	6.45c
Diluted earnings per share, €	5.80	6.37c

22. SHARE-BASED PAYMENT

During the year ended 31 December 2019, the Remuneration Committee did not grant any Restricted Share Awards (RSAs) to key management or to members of the senior management team.

The vesting conditions of the scheme state that the minimum growth in EPS shall be CPI plus 5% per annum, compounded annually, over the relevant three accounting years up to the share award of 100% of the participants basic salary. Where awards have been granted to a participant in excess of 100% of their basic salary, the performance condition for the element that is in excess of 100% of basic salary is that the minimum growth in EPS shall be CPI plus 10% per annum, compounded annually, over the three accounting years.

Reconciliation of outstanding share options	**Number of Options in thousands €'000**
Outstanding on 1 January 2019	2,469
Forfeited during the year	(491)
Exercised during the year	(432)
Granted during the year	-
Outstanding at 31 December 2019	**1,546**

23. FINANCIAL RISK MANAGEMENT

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

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

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 and borrowings.

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 2019 and 31 December 2018 were as follows:

	2019 €'000	2018 €'000
Cash and cash equivalents	16,368	8,042
Loans and borrowings	14,922	7,196
Shareholders' equity	125,029	115,705

The Group frequently assess its liquidity requirements, together with this requirement and the rate return of long-term euro deposits, the Group has decided to keep all cash readily available that is accessible within a month or less. Cash at bank earns interest at floating rates based on daily bank deposits. The fair value of cash and cash equivalents equals the carrying amount.

Cash and cash equivalents are held by major Irish, European, United States and Australian institutions with credit rating of A3 or better. The Company deposits cash with individual institutions to avoid concentration of risk with any one counterparty. The Group has also engaged the services of a depository to ensure the security of the cash assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

23. FINANCIAL RISK MANAGEMENT (CONTINUED)

Risk of counterparty default arising on cash and cash equivalents and derivative financial instruments is controlled by dealing with high-quality institutions and by policy, limiting the amount of credit exposure to any one bank or institution.

The Group is also exposed to credit risk on its liquid resources (cash), of which the euro equivalent of €3.4 million was held in US dollar (USD 3.8 million), €2 million was held in Swedish krona (SEK 21 million) and the euro equivalent of €1.7 million was held Australian dollar (AUD 2.8 million). The Directors actively monitor the credit risk associated with this exposure.

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

Ireland	31 December 2019 €'000	31 December 2018 €'000
Americas	5,759	1,068
Asia Pacific	2,339	1,558
Europe, Middle East, Africa	1,625	266
Total cash, cash equivalents and short-term deposits	6,645	5,150
	16,368	8,042

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 evaluates 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.

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 Fair Value of Cash Flows €'000	Less than 1 Year €'000	1-3 Years €'000	3-5 Years €'000	More than 5 Years €'000
At 31 December 2018:					
Deferred contingent consideration	5,470	1,596	3,874	-	-
Loans and borrowings	4,677	2,246	479	416	1,536
Finance leases	2,630	655	1,025	950	-
Trade and other payables	12,027	12,027	-	-	-
Accrued and other financial liabilities	6,996	6,996	-	-	-
Total at 31 December 2018	31,800	23,520	5,378	1,366	1,536
At 31 December 2019:					
Deferred contingent consideration	4,962	2,452	2,510	-	-
Loans and borrowings	4,879	1,441	847	782	1,809
Right of use leases	5,903	1,244	2,895	1,764	-
Finance leases	4,140	1,360	1,807	735	238
Trade and other payables	10,853	10,853	-	-	-
Accrued and other financial liabilities	5,827	5,827	-	-	-
Total at 31 December 2019	36,564	23,177	8,059	3,281	2,047

b) Foreign currency risk

The Group is a multinational business operating in a number of countries and the euro is the presentation currency. The Group, however, does have revenues, costs, assets and liabilities denominated in currencies other than euro. 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 continues 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, Swedish krona and Canadian dollar.

The Group has material subsidiaries with a functional currency other than the euro, such as US dollar, Australian dollar, South African rand, Canadian dollar, British pound and Swedish krona.

The Group's worldwide presence creates currency volatility when compared year on year. During 2019, there were positive movements in US dollar, however all the major currencies in which Mincon operates through, except for Swedish krona, finished the year stronger than the previous year. Strong economic growth in the USA, and a weakening Euro are a key driver for increases in the US dollar versus the Euro. The Australian dollar had a weaker performance during 2019 due to the economic tensions between the USA and China, however easing tensions towards the end of the year had a positive effect on the currency. The movements in the South African rand were not significant in comparison to previous years. There were also very slight movements in the valuation of the Swedish krona against the Euro due to the Swedish economy's close links with the economic area of the Euro. In particular we note the following:

- The US dollar increased by 2% against the closing 2018 Euro rate (2018 decrease of 2% against 2017).
- The Australian dollar has increased 2% against the closing 2018 Euro rated (2018 decrease of 6% against 2017).
- The South African rand has increased 4% against the closing 2018 Euro rated (2018 decrease of 11% against 2017).
- The Swedish krona has decreased 3% against the closing 2018 Euro rated (2018 decrease of 4% against 2017).

In 2019, 60% (2018: 53%) of Mincon's revenue €124 million (2018: €118 million) was generated in AUD, SEK and USD. The majority of the group's manufacturing base has a Euro, US dollar or Swedish krona cost base. While Group management makes every effort to reduce the impact of this currency volatility, it is impossible to eliminate or significantly reduce given the fact that the highest grades of our key raw materials are either not available or not denominated in these markets and currencies. Additionally, the ability to increase prices for our products in these jurisdictions is limited by the current market factors.

	2019		2018	
Euro exchange rates	Closing	Average	Closing	Average
US dollar	1.12	1.11	1.14	1.18
Australian dollar	1.59	1.61	1.62	1.58
South African rand	15.72	15.93	16.46	15.60
Swedish krona	10.51	10.53	10.21	10.25

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

23. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Credit risk

Credit risk is the risk that the possibility that the Group's customers may experience financial difficulty and be unable to meet their obligations. The Group monitors its collection experience on a monthly basis and ensures that a stringent policy is adopted to provide for all past due amounts. The majority of the Group's customers are third-party distributors and end users of drilling tools and equipment.

Expected credit loss assessment

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss and applying experienced credit judgement. Credit risk grades are defined using quantitative factors that are indicative of the risk of default and are aligned to past experiences. Loss rates are based on accrual credit loss experience over the past five years.

The maximum exposure to credit risk for trade and other receivables at 31 December 2019 and 31 December 2018 by geographic region was as follows:

	2019 €'000	2018 €'000
Ireland	88	122
Americas	6,141	5,154
Asia Pacific	4,495	4,772
Europe, Middle East, Africa	9,622	10,663
Total amounts owed	**20,346**	**20,711**

The Group is also exposed to credit risk on its liquid resources (cash), of which the euro equivalent of €3.4 million was held in US dollars ($3.8 million), the euro equivalent of €2 million was held in Swedish krona (SEK 21 million) and the euro equivalent of €1.7 million was held in Australian dollars ($2.7 million). The Directors actively monitor the credit risk associated with this exposure, cash and cash equivalents are held by major Irish, European, United States and Australian institutions with credit rating of A3 or better.

d) Interest rate risk

Interest Rate Risk on financial liabilities

Movements in interest rates had no significant impact on our financial liabilities or finance cost recognised in either 2018 or 2019.

Interest Rate Risk on cash and cash equivalents

Our exposure to interest rate risk on cash and cash equivalents is actively monitored and managed, the rate risk on cash and cash equivalents is not considered material to the Group.

e) 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.

There are no material differences between the carrying amounts and fair value of our financial liabilities as at 31 December 2018 or 2019.

Financial instruments carried at fair value

The deferred contingent consideration payable represents management's best estimate of the fair value of the amounts that will be payable, discounted as appropriate using a market interest rate. The fair value was estimated by assigning probabilities, based on management's current expectations, to the potential pay-out scenarios.

Movements in the year in respect of Level 3 financial instruments carried at fair value

The movements in respect of the financial assets and liabilities carried at fair value in the year to 31 December 2019 are as follows:

	Deferred contingent consideration €'000
Balance at 1 January 2019	5,470
Arising on acquisition	1,032
Cash payment	(1,600)
Foreign currency translation adjustment	70
Fair value movement on deferred contingent consideration	(10)
Balance at 31 December 2019	**4,962**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

24. SUBSIDIARY UNDERTAKINGS

At 31 December 2019, the Group had the following subsidiary undertakings:

Company	Group Share %	Registered Office and Country of Incorporation
Mincon International Limited Manufacturer of rock drilling equipment	100%	Smithstown, Shannon, Co. Clare, Ireland
Mincon Rockdrills USA Inc. Manufacturer of rock drilling equipment	100%*	107 Industrial Park, Benton, IL 62812, USA
Mincon Rockdrills PTY Ltd Manufacturer of rock drilling equipment	100%	8 Fargo Way, Welshpool, WA 6106, Australia
1676427 Ontario Inc. (Operating as Rotacan) Manufacturer of rock drilling equipment	100%	400B Kirkpatrick Street, North Bay, Ontario, P1B 8G5, Canada
Marshalls Carbide Ltd Manufacturer of tungsten carbide	100%	Windsor St, Sheffield S4 7WB, United Kingdom
Viqing Drilling Equipment AB Manufacturer of drill pipe equipment	100%*	Svarvarevagen 1, SE-686 33 Sunne, Sweden
Mincon Inc. Sales company	100%	603 Centre Avenue, N.W. Roanoke, VA 24016, USA
Mincon Sweden AB Sales company	100%	Industrivagen 2-4, 61202 Finspang, Sweden
Mincon Nordic OY Sales company	100%	Hulikanmutka 6, 37570 Lempäälä, Finland
Mincon Holdings Southern Africa (Pty) Sales company	100%	1 Northlake, Jetpark 1469, Gauteng, South Africa
ABC Products (Rocky) Pty Ltd Sales company	95%	2/57 Alexandra Street, North Rockhampton, Queensland, 4701 Australia
Mincon West Africa SARL Dormant company	80%	Villa TF 4635 GRD, Almadies, Dakar B.P. 45534, Senegal
Mincon West Africa SL Sales company	80%	Calle Adolfo Alonso Fernández, s/n, Parcela P-16, Planta 2, Oficina 23, Zona Franca de Gran Canaria, Puerto de la Luz, Código Postal 35008, Las Palmas de Gran Canaria
Mincon Poland Dormant company	100%	ul.Mickiewicza 32, 32-050 Skawina, Poland
Pacific Bit of Canada Sales company	100%	9485 189 Unit204, Surrey, BC V4N 5L8, Canada
Mincon Rockdrills Ghana Limited Dormant company	80%	P.O. Box CT5105, Accra, Ghana
Mincon S.A.C. Sales company	100%	Calle La Arboleda 151, Dpto 201, La Planicie, La Molina, Peru
Ozmine International Pty Limited Sales company	100%	Gidgegannup, WA 6083, Australia
Mincon Chile Sales company	100%	Av. La Dehesa #1201, Torre Norte, Lo Barnechea, Santiago, Chile
Mincon Tanzania Dormant company	100%	Plot 1/3 Nyakato Road, Mwanza, Tanzania
Mincon Namibia Pty Ltd Sales company	100%	Ausspannplatz, Windhoek, Namibia

Company	Group Share %	Registered Office and Country of Incorporation
Mincon Russia Dormant company	100%	4,4 Lesnoy In, 125047 Moscow, Russia
Mincon International UK Ltd Sales company	100%	Windsor St, Sheffield S4 7WB, United Kingdom
Mincon Mining Equipment Inc Sales company	100%*	19789-92a Avenue, Langley, British Columbia V1M3B3, Canada
Pirkanmaan Poraveikot OY PPV Engineering company	100%*	Hulikanmutka 6, 37570 Lempäälä, Finland
Mincon Exports USA Inc. Group finance company	100%	603 Centre Ave, Roanoke VA 24016, USA
Mincon International Shannon Dormant company	100%*	Smithstown, Shannon, Co. Clare, Ireland
Smithstown Holdings Holding company	100%	Smithstown, Shannon, Co. Clare, Ireland
Mincon Canada Drilling Products Inc. Holding company	100%	Suite 1800-355 Burrard Street, Vancouver, BC V6C 268, Canada
Lotusglade Limited Holding company	100%*	Smithstown, Shannon, Co. Clare, Ireland
Floralglade Company Holding company	100%	Smithstown, Shannon, Co. Clare, Ireland
Castle Heat Treatment Limited Holding company	100%*	Smithstown, Shannon, Co. Clare, Ireland
Mincon Microcare Limited Holding company	100%*	Smithstown, Shannon, Co. Clare, Ireland
Cebeko Elast AB Holding company	100%*	Svarvarevagen 1, SE-686 33 Sunne, Sweden
Driconeq AB Holding company	100%	Svarvarevagen 4, 686 33 Sunne, Sweden
Driconeq Production AB Manufacturing facility	100%	Svarvarevagen 4, 686 33 Sunne, Sweden
Driconeq Fastighet AB Property holding company	100%	Svarvarevagen 4, 686 33 Sunne, Sweden
Driconeq Do Brazil Sales company	100%	Rua Dr. Ramiro De Araujo Filho, 348, Jundai, SP, Brazil
Driconeq Africa Ltd Sales company	100%	Cnr of Harriet and James Bright Avenue, Driehoek. Germiston 1400
Driconeq Australia Holdings Pty Ltd Holding company	100%	47 Greenwich Parade, AU-6031 Neerabup, WA, Australia
Driconeq Australia Pty Ltd Manufacturing facility	100%	47 Greenwich Parade, AU-6031 Neerabup, WA, Australia
Mincon Drill String AB (former Goldcup) Holding company	100%	Svetsarevägen 4, 686 33, Sunne, Sweden

*Indirectly held shareholding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

25. LEASES

A. Leases as Lessees (IFRS 16)

The group leases property, plant and equipment across its global operations. During the year one of the leased properties in Australia was sublet. The lease and sublease expire in 2024.

The property and equipment leases recognised on inception were entered into in the previous years and were classified as operating leases under IAS17.

The Group leases IT and other equipment with contract terms of less than 12 months and also for low value items.

The Group has elected not to recognise right-of-use assets and lease liabilities for these leases in line with availing of the exemptions for such leases allowable under IFRS16.

Information about leases for which the Group is a lessee is presented below.

(i) Right-of-use assets

	31 December 2019 €'000
Balance at 1 January	4,683
Depreciation charge for the year	(1,344)
Additions to right of use assets	490
Derecognition of right of use asset*	(455)
Foreign exchange difference	114
Balance at 31 December 2019	**3,488**

*Derecognition of the right of use asset during 2019 is as a result of entering into a finance sub-lease.

(ii) Amounts recognised in income statement.

	31 December 2019 €'000
2019-Leases under IFRS 16	
Interest on lease liabilities	247
Expenses related to short-term leases	363
Expenses related to leases of low value assets	28
Total 2019-Leases under IFRS 16	**638**

	31 December 2018 €'000
2018-Operating Leases under IAS 17	
Lease expenses	2,155
Total 2018-Operating Leases under IAS 17	**2,155**

(iii) Amounts recognised in statement of cash flows

	31 December 2019 €'000
2019-Cash outflow of leases	
Total cash outflow for leases	2,121
Total 2019-Cash outflow of leases	**2,121**

(iv) Extension options

Some property leases contain extension options exercisable by the group. The group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The group is reasonably certain it will not incur future lease liabilities beyond what is currently calculated.

B. Leases as Lessor (IFRS 16)

(i) Financing Lease

The group subleased a property that had been recognised as a right of use asset in Australia. The group recognised income interest in the year in relation to this totalling €21,000.

The following table sets out a maturity analysis of lease receivable, showing the undiscounted lease payments to be received after the reporting date.

	31 December 2019 €'000
Less than one year	138
One to two years	138
Two to three years	135
Three to four years	135
More than five years	-
Balance at 31 December 2019	**546**
Unearned finance income	(62)
Total undiscounted lease receivable	**484**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

25. LEASES (CONTINUED)

(ii) Operating leases

The group leases company owned property out to tenants in the USA under various agreements. The group recognises these leases as operating leases from a lessor perspective due to the fact they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income recognised by the Group during 2019 was €125,000 (2018: €9,000)

The following table sets out a maturity analysis of lease receivable, showing the undiscounted lease payments to be received after the reporting date.

	31 December 2019 €'000
Less than one year	76
One to two years	26
Two to three years	-
Three to four years	-
More than five years	-
Total	**102**

26. COMMITMENTS

The following capital commitments for the purchase of property, plant and equipment had been authorised by the directors at 31 December 2019:

	31 December 2019 €'000	31 December 2018 €'000
Contracted for	358	3,553
Not-contracted for	-	185
Total	**358**	**3,738**

27. LITIGATION

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

28. RELATED PARTIES

As at 31 December 2019, the share capital of Mincon Group plc was 56.72% 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.

In September 2019, the Group paid an interim dividend for 2019 of €0.0105 to all shareholders. The total dividend paid to Kingbell Company was €1,256,551 (September 2018: €1,256,551).

In June 2019, the Group paid a final dividend for 2018 of €0.0105 to all shareholders. The total dividend paid to Kingbell Company €1,256,551.

The Group has a related party relationship with its subsidiary and its joint venture undertakings (see note 24) for a list of these undertakings), directors and officers. All transactions with subsidiaries eliminate on consolidation and are not disclosed.

Transactions with Directors

The Group is owed €Nil from directors and shareholders at 31 December 2019 and 2018. The Group has amounts owing to directors of €Nil as at 31 December 2019 and 2018.

Key management compensation

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

	2019 €'000	2018 €'000
Short-term employee benefits	1,369	1,686
Share-based payment charged in the year	67	600
Bonus and other emoluments	10	188
Post-employment contributions	68	109
Social security costs	133	164
Total	**1,647**	**2,747**

The key management compensation amounts disclosed above represent compensation to those people having the authority and responsibility for planning, directing and controlling the activities of the Group, which comprises the Board of Directors and executive management (nine in total at year end). Amounts included above are time weighted for the period of the individuals employment.

29. EVENTS AFTER THE REPORTING DATE

The Board of Mincon Group plc is recommending the payment of a final dividend for the year ended 31 December 2019 in the amount of €0.0105 (1.05 cent) per ordinary share, which will be subject to approval at the Annual General Meeting of the Company in May 2020. This final dividend, when added to the interim dividend of 1.05 cent paid in September 2019, makes a total distribution for the year of 2.10 cent per share. Subject to Shareholder approval at the Company's annual general meeting, the final dividend will be paid on 19 June 2020 to Shareholders on the register at the close of business on 29 May 2020.

Acquisition of the Lehti Group Oy

On 15 January 2019, the Group completed the acquisition of the Lethi Group Oy, a manufacture of drilling consumables for a consideration of €8 million. The goodwill arising on acquisition is circa €4.3 million, with expected 2020 revenue of between €10 million and €14 million.

30. APPROVAL OF FINANCIAL STATEMENTS

The Board of Directors approved the consolidated financial statements on 20 March 2020.

SEPARATE FINANCIAL STATEMENTS OF THE COMPANY

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019 €'000	2018 €'000
Non-Current Assets			
Investments in subsidiary undertakings	2	51,498	48,877
Total Non-Current Assets		**51,498**	**48,877**
Current Assets			
Loan amounts owing from subsidiary companies	3	22,460	26,243
Other assets		369	1,432
Cash and cash equivalents	4	5,006	878
Total Current Assets		**27,835**	**28,553**
Total Assets		**79,333**	**77,430**
Equity			
Ordinary share capital	1	2,110	2,105
Share premium		67,647	67,647
Undenominated capital		39	39
Share-based payment reserve		1,629	1,274
Retained earnings		7,356	5,770
Total Equity		**78,781**	**76,835**
Current Liabilities			
Accrued and other liabilities		394	437
Amounts owed to subsidiary companies	3	158	158
Total Current Liabilities		**552**	**595**
Total Liabilities		**552**	**595**
Total Equity and Liabilities		**79,333**	**77,430**

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

On behalf of the Board:

Hugh McCollough Chairman

Joseph Purcell Chief Executive Officer

20 March 2020

COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	2018 €'000	2017 €'000
Operating activities:		
Profit for the year	6,012	7,431
Share-based payments	355	762
Loans to subsidiaries	-	(8,426)
Repayment of loans to subsidiaries	3,783	-
Movement in other current assets	1,063	(1,341)
Movement in accruals and intercompany creditors	(43)	263
Net cash used in by operating activities	**11,170**	**(1,311)**
Investing activities		
Redemption of/(investment in) short-term deposits	-	-
Proceeds from the issuance of share capital	5	-
Investment in subsidiary undertakings	(2,621)	(8,738)
Net cash provided by/(used in) investing activities	**8,554**	**(10,049)**
Financing activities		
Dividends	(4,426)	(4,421)
Net cash provided by/(used in) financing activities	**(4,426)**	**(4,421)**
Effect of foreign exchange rate changes on cash	-	-
Net decrease in cash and cash equivalents	**4,128**	**(14,470)**
Cash and cash equivalents at the beginning of the year	878	15,348
Cash and cash equivalents at the end of the year	**5,006**	**878**

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

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Share capital €'000	Share premium €'000	Other reserve €'000	Unde-nominated Capital €'000	Share based payment reserve €'000	Capital contri-bution €'000	Retained earnings €'000	Total equity €'000
Balance at 31 December 2017	**2,105**	**67,647**	**-**	**39**	**512**	**-**	**2,760**	**73,063**
Comprehensive income:								
Profit for the year							7,431	**7,431**
Total comprehensive income							7,431	**7,431**
Transactions with Shareholders:								
Share-based payments					762			**423**
Dividends							(4,421)	**(4,421)**
Balances at 31 December 2018	**2,105**	**67,647**	**-**	**39**	**1,274**	**-**	**5,770**	**76,835**
Comprehensive income:								
Profit for the year	-	-	-	-	-		6,012	**6,012**
Total comprehensive income							6,012	**6,012**
Transactions with Shareholders:								
Equity settled share based payments	5	-	-	-	-		-	**5**
Share-based payments	-	-	-	-	355		-	**355**
Dividends	-	-	-	-	-		(4,426)	**(4,426)**
Balances at 31 December 2019	**2,110**	**67,647**	**-**	**39**	**1,629**	**-**	**7,356**	**78,781**

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

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. Share capital

See note 21 of the Mincon Group plc consolidated financial statements for details of the authorised and issued share capital of the company.

2. Investments in subsidiary undertakings

During the year ended 31 December 2019, Mincon Group plc subscribed for equity in the following subsidiaries as follows:

	Investments in subsidiary €'000
Balance at 1 January 2019	48,877
Pacific Bit of Canada	806
Investment in Mincon Chile	1,815
Balance at 31 December 2019	**51,498**

3. Transactions with subsidiary companies

At 31 December 2019, the Company had advanced €22.1 million (2018: €26.2 million) to subsidiary companies by way of loans. These loans are interest free and repayable on demand, however these are unlikely to be recalled in the foreseeable future.

At 31 December 2019, the Company owed €158,000 (2018: €158,000) to subsidiary companies in relation to costs incurred on its behalf.

4. Short-term deposits

At 31 December 2019, the Company had €5.0 million cash readily available (2018: €0.8 million).

5. Approval of financial statements

The Board of Directors approved the financial statements on 20 March 2020.

6. Exemption to disclose separate financial statement

Under Section 304 of the Companies Act 2014, the company has availed of an exemption not to disclose the Statement of Comprehensive Income for the single entity and note that for the year-ended 31 December 2019, made a loss of €4.5 million but received dividends from subsidiary companies totaling €10.5 million leaving the profit after these dividends were received at €6 million.

NOTES

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