

ASX Announcement

18 November 2014

Chairman's address and CEO's presentation slides

Please see attached the Chairman's address and the Chief Executive Officer's presentation slides to be presented at Resource Equipment Limited's Annual General Meeting which commences at 10.30am today.

Further Information

Mr Michael Kenyon
Company Secretary
Resource Equipment Limited
Tel: 08 6141 6500



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RESOURCE EQUIPMENT LTD

2014 ANNUAL GENERAL MEETING

**Annual General Meeting of Shareholders to be held at
The Royal Freshwater Bay Yacht Club, 1 Hobbs Place, Peppermint Grove
On 18 November 2014 at 10.30am**

CHAIRMAN'S ADDRESS

Good morning, ladies and gentlemen. It is my pleasure to welcome you to the 2014 Annual General Meeting of Resource Equipment Ltd. As a quorum is present, I declare the meeting open.

My name is Peter Hutchinson. Due to the recent resignation of the company's long standing Chairman Mr John Saleeba and given that the company has yet to appoint a permanent replacement I have been asked by the directors of the company to chair the AGM today. I therefore propose to conduct this meeting in a relatively procedural and formal manner without operational commentary. The Company's CEO and Managing Director will present to you in this regard at the end of the meeting. Any questions that you may have on any of the resolutions can be directed to your board through the chair.

I would like to introduce you to the REL Board and Company Secretary

- Our new CEO and MD Andrew Aitken and NED Stephen Donnelley; and
- Familiar faces and founding directors Tony Ryder and Keith Lucas;
- And Company Secretary, Mr Michael Kenyon

Mr Raymond Trang, representing our auditors BDO is in attendance should there be any questions about the accounts in our 2014 Annual Report.

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I would ask that everybody in attendance ensure they have signed the attendance register. I confirm that the register of shareholders is tabled and available for inspection either during or after the meeting, as are the minutes of last year's Annual General Meeting.

The Notice of Annual General Meeting dated 16 October 2014 has been circulated to Shareholders and unless there is any objection, I shall take this as having been read.

We will now move to the formal business of the meeting.

**THE FIRST ORDER OF BUSINESS IS TO RECEIVE AND CONSIDER THE FINANCIAL REPORT
AND THE REPORTS OF THE DIRECTORS AND AUDITORS FOR THE YEAR ENDED 30 JUNE
2014:**

I confirm that the Company's Annual Report has been made available to all Shareholders either via the internet or through the post.

No resolution is required in relation to this agenda item, however, this is an opportunity for Shareholders to ask questions on and discuss the Company's Financial Report.

Are there any questions or comments on the Company's Financial Report or the Directors' or Auditor's Report?

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If there are no further questions then we shall adopt the Financial Report and the reports of the Directors and Auditors for the year ended 30 June 2014.

RESOLUTION 1: ADOPT REMUNERATION REPORT FOR YEAR ENDED 30 JUNE 2014.

The next resolution concerns the adoption of the Remuneration Report as contained in the Director's Report. I point out that this is a non-binding vote and is advisory only in nature. On that basis, I therefore move the following non-binding resolution be put:

"That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, the Company adopts the Remuneration Report as contained in the Company's annual financial report for the year ended 30 June 2014."

I advise that the total valid proxies received for **Resolution 1** is 163,729,987 being:

134,958,977 Votes for the Resolution;
257,597 Votes against the Resolution;
20,000 Votes to be voted at the proxy's discretion; and
28,493,413 Votes abstaining.

Before I put the resolution to Shareholders, does anyone have any comments about this resolution?

There being no further questions, I now put the resolution to a vote:

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- All those in FAVOUR?
- All those AGAINST?
- I declare the resolution **carried**/lost.

RESOLUTION 2 – RE-ELECTION OF MR KEITH LUCAS AS A DIRECTOR

I move the following ordinary resolution be put:

“That Mr Keith Lucas, being a Director of the Company who retires by rotation under Clause 11.3 of the Constitution, and being eligible, is re-elected as a Director of the Company.”

I advise that the total valid proxies received for **Resolution 2** is 163,729,987 being:

135,928,714 Votes for the Resolution;
543,247 Votes against the Resolution;
20,000 Votes to be voted at the proxy’s discretion; and
27,238,026 Votes abstaining.

Before I put the resolution to Shareholders, does anyone have any comments about this resolution?

There being no further questions, I now put the resolution to a vote:

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- All those in FAVOUR?
- All those AGAINST?
- I declare the resolution **carried**/lost.

RESOLUTION 3 – RE-ELECTION OF MR ANTHONY RYDER AS A DIRECTOR

I move the following ordinary resolution be put:

“That Mr Anthony Ryder, being a Director of the Company who retires by rotation under Clause 11.3 of the Constitution, and being eligible, is re-elected as a Director of the Company.”

I advise that the total valid proxies received for **Resolution 3** is 163,729,987 being:

134,536,648 Votes for the Resolution;
84,926 Votes against the Resolution;
20,000 Votes to be voted at the proxy’s discretion; and
29,088,413 Votes abstaining.

Before I put the resolution to Shareholders, does anyone have any comments about this resolution?

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There being no further questions, I now put the resolution to a vote:

- All those in FAVOUR?
- All those AGAINST?
- I declare the resolution **carried**/lost.

RESOLUTION 4 – ELECTION OF MR ANDREW AITKEN AS A DIRECTOR

I move the following ordinary resolution be put:

“That Mr Andrew Aitken who was appointed to the Board since the last Annual General Meeting, be re-elected as a Director of the Company.”

I advise that the total valid proxies received for **Resolution 4** is 163,723,987 being:

163,651,740 Votes for the Resolution;

247 Votes against the Resolution;

20,000 Votes to be voted at the proxy's discretion; and

52,000 Votes abstaining.

Before I put the resolution to Shareholders, does anyone have any comments about this resolution?

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There being no further questions, I now put the resolution to a vote:

- All those in FAVOUR?
- All those AGAINST?
- I declare the resolution **carried**/lost.

RESOLUTION 5 – ELECTION OF MR STEPHEN DONNELLEY AS A DIRECTOR

I move the following ordinary resolution be put:

“That Mr Stephen Donnelley who was appointed to the Board since the last Annual General Meeting, be re-elected as a Director of the Company.”

I advise that the total valid proxies received for **Resolution 5** is 163,729,987 being:

163,657,740 Votes for the Resolution;
247 Votes against the Resolution;
20,000 Votes to be voted at the proxy’s discretion; and
52,000 Votes abstaining.

Before I put the resolution to Shareholders, does anyone have any comments about this resolution?

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There being no further questions, I now put the resolution to a vote:

- All those in FAVOUR?
- All those AGAINST?
- I declare the resolution **carried**/lost.

RESOLUTION 6 – APPOINTMENT OF PRICEWATERHOUSE COOPERS AS AUDITOR

I move the following ordinary resolution be put:

“That, subject to the Australian Securities and Investments Commission providing its consent to the resignation of BDO Audit (WA) Pty Limited as the auditor of the Company and to PricewaterhouseCoopers providing its written consent to act, that PricewaterhouseCoopers, being qualified to act as auditor of the Company, be appointed as the Company’s auditor effective from the end of the Annual General Meeting.”

Before the resolution is confirmed, I can confirm that both elements of the proposed resolution have been satisfied.

I advise that the total valid proxies received for **Resolution 6** is 163,729,987 being:

163,657,740 Votes for the Resolution;
247 Votes against the Resolution;
20,000 Votes to be voted at the proxy’s discretion; and
52,000 Votes abstaining.

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Before I put the resolution to Shareholders, does anyone have any comments about this resolution?

There being no further questions, I now put the resolution to a vote:

- All those in FAVOUR?
- All those AGAINST?
- I declare the resolution **carried**/lost.

Raymond – thank you for being our auditors of our company. I trust that we have not provided too many challenges to you along the way. Please pass on our appreciation to the Audit partner Peter Toll and your team.

RESOLUTION 7 – INCREASE IN NON-EXECUTIVE DIRECTORS' FEE POOL

I move the following ordinary resolution be put:

“That, in accordance with Clause 11.15 of the Constitution, the maximum aggregate sum payable by the Company to non-executive Directors of the Company as fees for their services as Directors be increased by \$200,000 to \$500,000.”

I advise that the total valid proxies received for **Resolution 7** is 163,729,987 being:

134,295,188 Votes for the Resolution;

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869,386 Votes against the Resolution;
20,000 Votes to be voted at the proxy's discretion; and
28,545,413 Votes abstaining.

Before I put the resolution to Shareholders, does anyone have any comments about this resolution?

There being no further questions, I now put the resolution to a vote:

- All those in FAVOUR?
- All those AGAINST?
- I declare the resolution **carried**/lost.

RESOLUTION 8 – APPROVAL OF ISSUE OF COMPLETION SHARES

And now to the Special Business of the meeting.

I move the following ordinary resolution be put:

“That for the purpose of ASX Listing Rule 7.1 and for all other purposes, the Company be authorised to issue a total of 133,317,678 fully paid ordinary shares in the Company to shareholders of Campbell Mining Services Pty Ltd ACN 100 097 112 (CMS) (CMS Vendors) and the shareholders of Ramps Australia Pty Ltd ACN 123 937 520 (RAMPS) (RAMPS Vendors) (on the terms and in the proportions set out in the

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Explanatory Memorandum) (Completion Shares), in satisfaction of part of the consideration payable by the Company for the acquisition by the Company of all of the issued share capital of CMS (other than shares in CMS held by RAMPS) and all of the issued share capital of RAMPS.”

I advise that the total valid proxies received for **Resolution 8** is 163,729,987 being:

163,001,390 Votes for the Resolution;
708,597 Votes against the Resolution;
20,000 Votes to be voted at the proxy's discretion; and
Nil Votes abstaining.

Before I put the resolution to Shareholders, does anyone have any comments about this resolution?

There being no further questions, I now put the resolution to a vote:

- All those in FAVOUR?
- All those AGAINST?
- I declare the resolution **carried**/lost.

RESOLUTION 9 – APPROVAL OF ISSUE OF EARN-OUT SHARES

I move the following ordinary resolution be put:

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“That for the purpose of ASX Listing Rule 7.1 and for all other purposes, the Company be authorised to issue up to 19,898,160 fully paid ordinary shares in the Company to shareholders of Campbell Mining Services Pty Ltd ACN 100 097 112 (CMS) (CMS Vendors) and the shareholders of Ramps Australia Pty Ltd ACN 123 937 520 (RAMPS) (RAMPS Vendors) (on the terms and in the proportions set out in the Explanatory Memorandum) , (Earn-Out Shares) in satisfaction of part of the consideration payable by the Company for the acquisition by the Company of all of the issued share capital of CMS (other than shares in CMS held by RAMPS) and all of the issued share capital of RAMPS. The precise number Earn-Out Shares to be issued (if any) is to be calculated on the terms and in the proportions set out in the Explanatory Memorandum.”

I advise that the total valid proxies received for **Resolution 9** is 163,729,987 being:

163,003,390 Votes for the Resolution;
706,597 Votes against the Resolution;
20,000 Votes to be voted at the proxy's discretion; and
Nil Votes abstaining.

Before I put the resolution to Shareholders, does anyone have any comments about this resolution?

There being no further questions, I now put the resolution to a vote:

- All those in FAVOUR?
- All those AGAINST?

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- I declare the resolution **carried**/lost.

RESOLUTION 10 – ADOPTION OF THE RESOURCE EQUIPMENT LIMITED PERFORMANCE RIGHTS PLAN

I move the following ordinary resolution be put, with or without amendment:

“That the Resource Equipment Limited Performance Rights Plan, the principal terms of which are summarised in the Explanatory Memorandum, and the issue of Performance Rights and Shares under that plan (insofar as Shares are to be issued on vesting), be approved by Shareholders for all purposes, including for the purpose of ASX Listing Rule 7.2 Exception 9 (as an exception to ASX Listing Rule 7.1).”

I advise that the total valid proxies received for **Resolution 10** is 163,729,987 being:

134,321,977 Votes for the Resolution;
894,597 Votes against the Resolution;
20,000 Votes to be voted at the proxy’s discretion; and
28,493,413 Votes abstaining.

Before I put the resolution to Shareholders, does anyone have any comments about this resolution?

There being no further questions, I now put the resolution to a vote:

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- All those in FAVOUR?
- All those AGAINST?
- I declare the resolution **carried**/lost.

RESOLUTION 11 – ISSUE OF PERFORMANCE RIGHTS TO ANDREW AITKEN

I move the following ordinary resolution be put, with or without amendment:

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, Shareholders approve and authorise the Directors to grant 11,357,142 Performance Rights, and to allot and issue Shares (insofar as Shares are to be issued on vesting), to Andrew Aitken (or his nominee(s)) in accordance with the terms of the Resource Equipment Limited Performance Rights Plan, as detailed in the Explanatory Memorandum.”

I advise that the total valid proxies received for **Resolution 11** is 163,729,987 being:

134,307,602 Votes for the Resolution;
908,972 Votes against the Resolution;
20,000 Votes to be voted at the proxy’s discretion; and
29,493,413 Votes abstaining.

Before I put the resolution to Shareholders, does anyone have any comments about this resolution?

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There being no further questions, I now put the resolution to a vote:

- All those in FAVOUR?
- All those AGAINST?
- I declare the resolution **carried**/lost.

GENERAL BUSINESS & CLOSURE

Thank you very much for your patience in attending to the passing of the resolutions and also for your careful consideration and support.

We have now completed the formal matters contained in the Notice of Annual General Meeting of shareholders. As no other business has been brought forward in conformity with the Company's Constitution I propose to close the meeting

Before doing so however and handing the rostrum over to the CEO Mr Andrew Aitken I wish to take this opportunity at both a personal level and on behalf of the board to thank Jamie Cullen, John Saleeba and Bill Ryan who have left the board during the year. Each of these three directors have made significant contributions to the company since listing on the ASX. Mr Saleeba, as Chairman provided a text book example of good governance, support for our CEO and impeccable board room leadership during his tenure. Non Executive Director Bill Ryan was on the board since the beginning of the company. Bill's independence and broad industry experience will be missed along with

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his monthly inquisition of travel and entertainment expenses – thank you to both gentlemen.

Finally, to Jamie Cullen who resigned after the significant changes to the register and the board following the capital injection by the Carosti Group. Following a very difficult year, not unique just to REL, and just before his resignation was accepted by the board Jamie ensured the Company's Balance Sheet was put on a solid foundation, overseeing a complete restructuring of debt and equity and introducing cost cutting measures necessary for the continuing operations of the company. He worked long hours and tirelessly for the benefits of all shareholders during his tenure as CEO and we publicly thank him for his contribution to the company.

I now declare the meeting closed and hand over to our new Chief Executive Officer, Andrew Aitken to provide a brief presentation on the results from the past year and an update on trading conditions and other opportunities that we see for the Company.

If there are any questions after his presentation from the floor, myself and fellow directors will be happy to address them.

AT THE CONCLUSION OF CEO PRESENTATION:

Thank you for your attendance and I invite you to join us for light refreshments which will be served outside.

Resource Equipment Limited 2014 Annual General Meeting



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Disclaimer

Disclaimer

- This document has been prepared by Resource Equipment Ltd ABN 83 098 812 492 ("REL"). This presentation contains certain statements which may constitute "forward-looking statements". It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including, but not limited to:
 - price fluctuations, actual demand, currency fluctuations, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delays or advancements, approvals and cost estimates.
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- All dates in this presentation are for calendar years unless stated FY for financial year. All references to \$ are in Australian currency, unless stated otherwise.

FY14 Summary

Although FY14 was a very challenging period, a number of positive actions have been taken.

- The Carosti Investor Group injected an amount of \$8.1 million into the Company for a 19.9% stake in the second half of the financial year. This has delivered a significant improvement in the Company's financial strength.
- Stephen Donnelley appointed as a Non-Executive Director.
- Restructuring of the Company's Indonesian operation has returned it to a break even position.
- Cost base reset due to deteriorating conditions
- The oil & gas division has continued to perform strongly.

Post FY 14 Activity

- Appointment of Andrew Aitken as Chief Executive Officer in July 14
- Focus on priorities that will deliver mid term to longer term growth benefits for the business
- Announcement of the acquisition of Campbell Mining Services

FY14 Summary

	FY14 (\$000's)	FY13 (\$000's)
Sales revenue	83.4	105.1
EBITDA	5.2	20.9
Depreciation	(11.1)	(10.4)
Interest	(2.1)	(2.5)
Profit Before Tax	(8.0)	8.0
Tax Benefit (expense)	3.5	(2.9)
Profit After Tax	(4.5)	5.1

- Revenue decrease of 21%.
- 75% drop in EBITDA.
- Extraordinary items such as redundancy costs and refinancing of \$1.8m were incurred during the period
- Income Tax benefit of \$3.5m (\$1.8m from FY 14 and \$1.7m from R&D tax incentives)

Balance Sheet

	30 Jun 14 \$000's	30 Jun 20 \$000's
ASSETS		
Cash and cash equivalents	15,824	3,699
Trade and other receivables	14,342	16,653
Property plant & equipment	95,788	104,570
Intangible assets	19,577	19,577
Other assets	5,756	6,217
TOTAL ASSETS	151,286	150,716
LIABILITIES		
Trade & other payables	11,128	9,035
Bank loan - current	-	855
HP liabilities – current	6,837	10,834
HP liabilities – non current	21,691	18,082
Provisions	2,697	6,807
TOTAL LIABILITIES	42,353	45,613
NET ASSETS	108,933	105,103

Notes and Observations

- Net debt/NA 12% (2013 – 25%)
- Net debt/NTA 14% (2013 – 30%)
- Net capex of \$2.3m – several asset sales
- Current portion of debt reduced to \$570k per month as a result of refinancing earlier in the year.
- Capital injection of \$8.1m in Q4 bolstered cash reserves.

Cash Flow \$000's

Operating Cash Flow	FY'14	FY'13
Receipts from customers	85,253	106,330
Payments to suppliers	(75,036)	(88,477)
Finance costs, net	(2,111)	(2,374)
Income tax (payment)/refund	(593)	(1,417)
Total Operating Cash Flow	7,512	14,062
Investing Cash Flow		
PP&E (net)	(2,306)	(25,545)
Business acquisition	-	-
Total Investing Cash Flow	(2,306)	(23,326)
Financing Cash Flow		
Proceeds from shares, options exercise and capital raising costs	8,161	(4)
Movement in borrowings	(1,243)	10,961
Total Financing Cash Flow	6,919	10,957
Net increase/decrease in cash	12,125	(526)
Cash at beginning of year	3,699	4,225
Cash at end of year	15,824	3,699

Notes and Observations

- Significantly reduced capex; some asset sales during the year
- Capital injection of \$8.1m increasing cash reserves

CAPEX

- Additions to the fleet for the FY 14 year was \$4.5m and disposals were \$2.2m, net capex of \$2.3m.
- Capital expenditure for the REL business will be maintenance orientated for FY 15 and significantly below depreciation.
- Focused on delivering revenues from current fleet.

Campbell Mining Services

- Strong brand and proven deliverer of dewatering services in Central Queensland
- EPS accretive acquisition based on FY14 audited results
- Potential operational synergies will benefit combined group
- Geographical diversity – new markets, especially infrastructure will create opportunities on the East Coast and expand national footprint of the Company
- The addition of highly experienced owner/operators (Dave Campbell, Rod Hayes, Loddie Naymola) with proven success in the pump equipment rental industry

New Product



Bore truck – a positive development in the business with safety benefits

- 2 years to develop
- Revenue-earning from October
- Gaining acceptance from customers
- R&D tax concessions an added benefit

Outlook

- Implement strategic repositioning & priorities
 - *Ingrain the culture – “Safety is no accident at Resource Equipment Ltd. Committed to Zero Harm.”*
 - *Key Performance Metrics & dashboards*
 - *Business Improvement Plans – productivity, service level, engagement*
 - *Operating structure & accountabilities*
 - *Clarity on products, market segments, geographical capability*
 - *Growth opportunities*
- Focus on integration skills and gaining synergy benefits from CMS
 - *Costs*
 - *Revenue*
 - *Product expansion*
- Full benefits of CMS acquisition will be felt in FY 16

Outlook

- Challenging end to FY 14 continued into early FY 15 but some improvement expected in Q2 & Q3 due to the wet season in WA and QLD.
- Improvement in Pipeline projects – small to medium projects being executed well resulting in increased work in hand.
- Rental market continues to be challenging in WA and Queensland
 - *Commodity price volatility placing increased pressure on miners*
 - *Iron Ore, coal and copper prices are all significantly down in 2014*
 - *Excess fleet capacity still evident in the market*

In Summary

- Conditions still expected to be challenging for FY 15, but strategic initiatives underway should drive improvements through the business
- Focus on costs and fleet management
- Indonesia return to profitability
- Overall business will be further strengthened by CMS acquisition
- Current Balance sheet strength will provide opportunity for acquisitive growth