

APPENDIX 4E PRELIMINARY FINAL REPORT

MASTERMYNE GROUP LIMITED
ABN 96 142 490 579

Reporting period: Financial year ended 30 June 2014
Previous Corresponding period: Financial year ended 30 June 2013

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	2014 \$'000	2013 \$'000	Change \$'000	Change %
Revenue from Ordinary Activities	171,977	248,836	(76,859)	-30.89%
Profit for the year attributable to equity holders of the parent	2,963	11,514	(8,551)	-74.27%

DIVIDENDS

DIVIDEND	Record Date	Payment Date	Amount per Security	Franked Amount per Security
Final Dividend for year ended 30 June 2014	26/09/2014	16/10/2014	1.4 cps	1.4 cps
Interim Dividend for year ended 30 June 2014	14/03/2014	03/04/2014	1.0 cps	1.0 cps
Final Dividend for year ended 30 June 2013	27/09/2013	16/10/2013	3.6 cps	3.6 cps

FINANCIAL RESULTS

Profit for the year

The Group achieved revenues for the full year of \$171.977 million in FY2014 (2013: \$248.836 million). The decrease from last year's result is explained by the full year impact of contracts running off at both Kestrel Mine Extension and Newstan which primarily impacted the Underground Division and the Services Division with revenues down 24% and 92% respectively. The Engineering Division revenues remained steady through 2014 supported by an underlying contract for fabrication works and the continued sale of consumables supporting mine production. The Group's profit margins were down as a result of the decreased contracting activity, and in particular equipment utilisation remaining low whilst still recognising depreciation for the under utilised assets. The under utilisation of the training centres in the Underground Division also had a negative impact on margins with the slowdown in the sector seeing minimal use of the facilities over the past 18 months. This resulted in a net profit after tax for FY2014 of \$2.992 million (2013: \$11.529 million).

The reported net profit after tax of \$2.992 million was at the upper end of the guidance range given at the time of the interim results release being \$2 million to \$3 million. This result includes a prior year tax adjustment with a positive impact of \$0.353 million.

Balance Sheet and Cash Flow

The cash position as at 30 June 2014 was \$8.810 million (2013: \$10.223 million). The \$1.413 million decrease in cash was largely driven by debt repayments and the payment of dividends, notably increasing the dividend payout ratio in the first half of FY2014 above our policy range of 40%-60% to 100%. Total cash flow movements were as follows:

- net cash inflows from operating activities for the year were \$10.669 million (2013: \$10.584 million). Guidance given at the time of interim results release suggested that this may have been slightly higher for the full year however, with the delayed ramp up of two contracts in Queensland during the last quarter drawing on working capital and increasing debtor days, cash flows from operating were lower than anticipated;
- net cash outflows from investing activities for the year of \$1.629 million (2013: \$1.320 million), remained steady during FY2014 with capital expenditure remaining low;
- net cash outflows from financing activities for the year of \$10.453 million (2013: \$12.369 million), with the \$1.916 million reduction primarily explained as a result of the Group maintaining debt repayments and payment of dividends to shareholders.

The balance sheet remains strong with net debt decreasing by \$5.718 million to \$2.233 million (2013: \$7.951 million), largely as a result of reducing total bank debt to \$11.043 million (2013: \$18.174 million) whilst still generating good cash flows from operating activities during the period. The Group expected to be in a net cash position at 30 June 2014 as per guidance given in the release of interim results however, as outlined above, with the delayed ramp up of two contracts in Queensland during the last quarter, operating cash flows were lower than expected. The group has \$41.69 million in available banking facilities, with \$28.61million undrawn at 30 June 2014.

This report is based on results that have been audited, please refer to the annual financial statements lodged with the ASX on 22 August 2014.

CONSOLIDATED INCOME STATEMENT
For the year ended 30 June 2014

In thousands of AUD

	2014	2013
Revenue	171,977	248,836
Other income	257	745
Contract disbursements	(30,090)	(48,998)
Personnel expenses	(123,188)	(165,739)
Office expenses	(5,698)	(6,749)
Depreciation and amortisation expense	(7,353)	(7,930)
Other expenses	(1,034)	(2,217)
Results from operating activities	<u>4,871</u>	<u>17,948</u>
Finance income	263	361
Finance expense	(1,199)	(1,801)
Net finance expense	<u>(936)</u>	<u>(1,440)</u>
Profit before income tax	3,935	16,508
Income tax expense	(943)	(4,979)
Profit (loss) from discontinued operation, net of income tax	-	-
Profit for the period	<u>2,992</u>	<u>11,529</u>
Other comprehensive income for the period, net of income tax	-	-
Total comprehensive income for the period	<u>2,992</u>	<u>11,559</u>
Attributable to:		
Owners of the Company	2,963	11,514
Non-controlling interests	29	15
Profit for the period	<u>2,992</u>	<u>11,529</u>
Earnings per share		
Basic earnings per share (AUD)	<u>0.04</u>	<u>0.15</u>
Diluted earnings per share (AUD)	<u>0.04</u>	<u>0.15</u>

Please refer to the annual financial statements lodged with the ASX on 22 August 2014 for the notes to the Consolidated Income Statement.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2014

In thousands of AUD

	2014	2013
Assets		
Cash and cash equivalents	8,810	10,223
Trade and other receivables	37,917	40,906
Inventories	2,742	2,332
Total current assets	49,469	53,461
Property, plant and equipment	27,732	32,760
Intangible assets	19,642	20,040
Total non-current assets	47,374	52,800
Total assets	96,843	106,261
Liabilities		
Trade and other payables	16,265	15,274
Loans and borrowings	5,102	6,732
Employee benefits	6,655	8,762
Current tax payable	10	1,398
Total current liabilities	28,032	32,166
Loans and borrowings	5,941	11,442
Employee benefits	145	120
Deferred tax liabilities	2,063	1,637
Total non-current liabilities	8,149	13,199
Total liabilities	36,181	45,365
Net assets	60,662	60,896
Equity		
Share capital	51,108	50,964
Reserves	(21,979)	(22,077)
Retained earnings	31,127	31,632
Total equity attributable to equity holders of the Company	60,256	60,519
Non-controlling interests	406	377
Total equity	60,662	60,896

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 30 June 2014

In thousands of AUD

	2014	2013
Cash flows from operating activities		
Cash receipts from customers	196,115	285,945
Cash paid to suppliers and employees	(182,343)	(262,904)
Cash generated from operations	13,773	23,041
Interest paid	(1,199)	(1,801)
Income tax paid	(1,907)	(10,656)
Net cash flows from operating activities	10,667	10,584
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	1,464	958
Acquisition of property, plant and equipment	(3,355)	(1,989)
Interest received	263	361
Acquisition of subsidiary, net of cash acquired	-	(650)
Net cash flows used in investing activities	(1,628)	(1,320)
Cash flows from financing activities		
Proceeds from exercise of share options	146	-
Proceeds from borrowings	-	5,331
Repayment of borrowings	(7,130)	(11,595)
Dividends paid	(3,468)	(6,105)
Net cash flows used in financing activities	(10,452)	(12,369)
Net increase/(decrease) in cash and cash equivalents	(1,413)	(3,105)
Cash and cash equivalents at beginning of period	10,223	13,328
Cash and cash equivalents at end of period	8,810	10,223

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2014

In thousands of AUD

	Attributable to owners of the Company				Total	Non-Controlling interests	Total
	Share capital	Retained earnings	Share-based payment reserve (note 19)	Common Control Reserve (note 20)			
Consolidated							
Balance at 1 July 2012	50,964	26,223	1,781	(24,237)	54,731	-	54,731
Total comprehensive income for the period							
Profit for the period	-	11,514	-	-	11,514	15	11,529
Total comprehensive income for the period	-	11,514	-	-	11,514	15	11,529
Transactions with owners recorded directly in equity							
Share-based payment transactions	-	-	379	-	379	-	379
Dividends to equity holders	-	(6,105)	-	-	(6,105)	-	(6,105)
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	362	362
Total contributions by and distributions to owners	-	(6,105)	379	-	(5,726)	362	(5,364)
Balance at 30 June 2013	50,964	31,632	2,160	(24,237)	60,519	377	60,896
Balance at 1 July 2013	50,964	31,632	2,160	(24,237)	60,519	377	60,896
Total comprehensive income for the period							
Profit for the period	-	2,963	-	-	2,963	29	2,992
Total comprehensive income for the period	-	2,963	-	-	2,963	29	2,992
Transactions with owners recorded directly in equity							
Share options exercised	144	-	-	-	144	-	144
Share-based payment transactions	-	-	98	-	98	-	98
Dividends to equity holders	-	(3,468)	-	-	(3,468)	-	(3,468)
Total contributions by and distributions to owners	144	(3,468)	98	-	(3,226)	-	(3,226)
Balance at 30 June 2014	51,108	31,127	2,258	(24,237)	60,256	406	60,662

EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share at 30 June 2014 was based on the profit attributable to ordinary shareholders of \$2,963 thousand (2013: \$11,514 thousand) and a weighted average number of ordinary shares outstanding of 75,471 thousand (2013: 75,368 thousand), calculated as follows:

Profit attributable to ordinary shareholders

<i>In thousands of AUD</i>	2014	2013
Profit attributable to ordinary shareholders	2,963	11,514

Weighted average number of ordinary shares

<i>In thousands of shares</i>	2014	2013
Issued ordinary shares at 1 July	75,368	75,368
Effect of share options exercised	103	-
Weighted average number of ordinary shares at 30 June	<u>75,471</u>	<u>74,919</u>

Diluted earnings per share

The calculation of diluted earnings per share at 30 June 2014 was based on the profit attributable to ordinary shareholders of \$2,963 thousand (2013: \$11,514 thousand) and a weighted average number of ordinary shares outstanding of 75,471 thousand (2013: 76,958 thousand), calculated as follows:

Profit attributable to ordinary shareholders (diluted)

<i>In thousands of AUD</i>	2014	2013
Profit attributable to ordinary shareholders	2,963	11,514

Weighted average number of ordinary shares (diluted)

<i>In thousands of shares</i>	2014	2013
Weighted average number of ordinary shares (basic)	75,471	75,368
Weighted average number of ordinary shares (diluted) at 30 June	<u>75,471</u>	<u>76,958</u>

NET TANGIBLE ASSET BACKING

	2014	2013
Net tangible assets per ordinary share (dollars per share)	0.54c	0.54c

Business Segments

	Underground mining services		Engineering and fabrication		Electrical and Mechanical Services		Total for reportable segments	
	2014	2013	2014	2013	2014	2013	2014	2013
<i>In thousands of AUD</i>								
External revenues	150,702	194,251	18,468	17,819	2,807	36,766	171,977	248,836
Intersegment revenue	6,367	12,129	1,109	1,471	62	6	7,538	13,606
Depreciation and amortisation	(6,950)	(7,336)	(194)	(270)	(18)	(33)	(7,353)	(7,930)
Net finance costs	(934)	(1,425)	1	(2)	(2)	(13)	(935)	(1,440)
Reportable Segment profit/(loss) before income tax	3,243	9,864	829	1,705	142	5,212	4,214	16,781

Other material non-cash items:

Segment assets	77,325	80,661	14,781	13,797	4,735	11,803	96,841	106,261
Capital expenditure	3,197	2,310	158	62	-	-	3,355	2,364
Segment liabilities	(31,765)	(39,508)	(1,100)	(1,557)	(2,493)	(6,350)	(35,358)	(47,415)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items

<i>in thousands of AUD</i>	2014	2013
Revenues		
Total revenue for reportable segments	179,515	262,442
Elimination of inter-segment revenue	(7,538)	(13,606)
Consolidated revenue	<u>171,977</u>	<u>248,836</u>
Profit or loss		
Total profit or loss for reportable segments	4,214	16,781
Elimination of inter-segment profits	(191)	(14,063)
Unallocated amounts: other corporate expenses	(88)	13,790
Consolidated profit before income tax	<u>3,935</u>	<u>16,508</u>
Assets		
Total assets for reportable segments	96,841	106,261
Consolidated total assets	<u>96,841</u>	<u>106,261</u>
Liabilities		
Total liabilities for reportable segments	35,358	47,415
Unallocated amounts: corporate tax liability	823	(2,050)
Consolidated total liabilities	<u>36,181</u>	<u>45,365</u>

CONTROL GAINED OVER ENTITIES HAVING A MATERIAL EFFECT

There were no entities or group of entities that control was gained during the period that had a material effect.

LOSS OF CONTROL OF ENTITIES HAVING A MATERIAL EFFECT

There were no entities or group of entities that control was lost during the period that had a material effect.

DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

There were no entities or group of entities that were associates or joint venture entities during the period.

ANNUAL GENERAL MEETING

The details of the Annual General Meeting are as follows:

Place: MACKAY QLD 4740

Date: 25 November 2014

Time: 11.00am