ASX Announcement

30th September 2014

ASX: DSB

Board of Directors

Gordon Galt – Chairman

Stephen Bizzaca – Managing Director – CEO

Glyn Dawkins – Non Executive Director

Geoff Garside – Executive Director

Company Secretary

Geoff Garside

Principal Contact

Stephen Bizzaca – Managing Director – CEO

Phone: 02 4629 0300

Geoff Garside – Company Secretary

Phone: 02 4629 0300

Registered office

Delta SBD Limited

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To : Australian Securities Exchange

Company Announcement

Audited Annual Accounts for year ended 30 June 2014.

The Audited Annual Accounts for the year ended 30 June 2014 are attached.

The headline numbers in the Financial Statements are unchanged from the unaudited accounts lodged with ASX on 29 August 2014.

As a result of significant internal restructuring and debt reduction strategies announced previously the Company has made additional disclosures in the Audited Annual Accounts.

Regards.

Geoff Garside.

Company Secretary.

Delta SBD Limited

ABN 18 127 894 893

Annual Report

30 June 2014

DELTA SBD LIMITED

TABLE OF CONTENTS

Chairman's Letter

Delta SBD is a leading Australian Mining Services Company operating in underground coal mine contracting. We offer customers our excellent management team and a substantial range of fit-for-purpose equipment. The entities which form the Company have been providing high quality service to our sector for over fifteen years.

In the future Delta SBD will continue to provide a safe work place for employees, satisfy our customers' needs and create value for shareholders by extending our range of services and products.

Dear Fellow Shareholder,

Delta SBD's operating results and Annual Report for the 2013/14 year are presented below. Without doubt the past year has been one of the most challenging and difficult years that the Australian coal industry, and we as part of that industry, have faced in recent history. There were a number of mine closures in the Hunter Valley and projects that had been mooted for commencement in the Bowen Basin were delayed. At Berrima, where we have been undertaking whole of mine operations, Boral put the mine on care and maintenance then announced its closure on 1st July 2014.

We again improved on our safety performance this year and we attribute this to the culture built up throughout our workforce over a number of years, hard work and attention to the detail of the many tasks that we undertake. We maintained our proactive safety measures as the focus of our safety program and achieved a 29% reduction in total recordable injury frequency rate as a result.

Strategically we retained and developed new relationships during the year. We continued with core clients in NSW at Appin (Illawarra Coal), Metropolitan (Peabody) and Berrima (Boral) and undertook eight (8) longwall projects. We worked at two new clients/operations in Australia, at Ulan West (Glencore's newest operation) and Austar (Yancoal) and undertook our first international longwall project in India, at Adriyala Coal Mine (Singareni Collieries Company Limited's newest operation).

The recent awards of three new mining services contracts with BHP Billiton's Illawarra Coal for the Appin and West Cliff mines, and a further conveyor project contract with BMA at the Crinum mine in the Bowen Basin region of Queensland, are proof of our ability to provide value added services in a highly competitive market and reinforce our long term successful relationship with both Illawarra Coal and BMA.

To mitigate the effects of the industry downturn your company has successfully implemented strategies to restructure, reduce debt and lower costs. Debt reduction focused on the sale of equipment. This has been successfully completed and will reduce our equipment finance debt to approximately $1m. This has improved Cashflow by approximately $500k per month as well as lowering associated financing costs.

Due to the market conditions, we had a disappointing year financially, with a decline in annual revenue to $69.3 million (-52% on FY13 result) which generated underlying EBITDA of $2.13 million (88%). Underlying net loss after tax (NLAT) was ($1.37) million (117%), representing underlying earnings of (2.9) cents per share. Statutory NLAT for the year was ($42.8) million (703%) after allowing for full impairment of goodwill, restructuring costs, sale of assets and write down of equipment and inventory value.

At the date of this report, some relief has occurred for coking coal producers, who form the main client base of DSB, with the USD spot price of coking coal up 10% from the low point and a slight depreciation in the AUD. Production of coking coal from Australia is actually growing and we believe the pressure to further increase production will cause producers to draw contractors back to the mines again during the years ahead.

Competition has also continued as clients' press for more value added solutions to reduce their costs, and DSB's demonstrated ability to deliver cost reductions means that out sourcing services

Chairman's Letter continued

propositions are now very attractive to our clients. We expect that these conditions will encourage clients to increase their commitments in these areas in the coming year. Even so, DSB will be starting FY15 from a lower trading base than we would like.

As you might expect given the financial results Directors have decided not to declare a final dividend for the year. Our competitive lower cost structure is allowing us to rebuild our forward work book and is returning the company to being a positive Cashflow generator in H1/15, with the expectation of being a regular dividend payer again as soon as possible.

On behalf of the Board and shareholders, I would like to thank all employees, led by Stephen Bizzaca, our Managing Director and CEO, for their significant contributions to the Delta SBD business this year. We have kept our employees safe and we have worked closely and successfully with our clients to overcome some of their difficulties in a trying market.

As always I wish to thank all DSB shareholders for your continued support and I look forward to reporting on further positive progress as the FY15 year unfolds.

Gordon Galt

Gordon Galt
Chairman
Delta SBD Limited

Dated 30 September 2014

Managing Director and Chief Executive Officer's Report – Mr. Stephen Bizzaca

The 2013/14 year was a very difficult year for Delta SBD (the Group) due to the market conditions being experienced in the resource sector, and particularly in the coal industry. Key operating and financial highlights are listed below:

2014 operating highlights

- Safety performance continues in the best quartile for the sector, with total recordable injury frequency rate decreasing by 29% over the past twelve months to 12.8 (1,000,000 hours basis), while our proactive safety measures remained on target with one leading initiative performed for every 9.8 hours worked;
- Man-hours worked decreased by 43%;
- New contracts awarded, including:
  - Initial installation of longwall system at Glencore's new Ulan West mine;
  - Longwall relocation assistance at Yancoal's Austar mine;
  - Conveyor installations at Peabody's Wambo mine; and
  - Civil work project associated with Illawarra Coal's Appin mine expansion (Area 9) (15 month term):
- Maintained the majority of existing long-term ongoing and recurring work contracts;
- Successfully completed the company's first overseas longwall project; and
- Introduced a new national enterprise agreement.

2014 financial summary

- Underlying NLAT decreased by 117% to ($1.37) million (2013: profit $8.04 million)
- Revenue decreased by 52% to $69.35 million (2013: $145.1 million)
- Underlying earnings before interest, tax, depreciation and amortisation (EBITDA) decreased by 88% to $2.13 million (2013: $17.980 million)
- Underlying EBITDA margin of 3.1% (2013: 12.4%)
- Disappointing balance sheet with cash, cash equivalent and non-current security deposits on hand at 2013/14 yearend of $1.05 million (2013: $7.6 million).
- Underlying Earnings per Share (EPS) (-2.89c) (2013: 17.82c)
- Directors have not declared a final dividend

Operations – FY14

The Group is one of the largest contracting companies servicing the Australian underground coal mining industry, providing an extensive range of services and skills to our client base which includes most of the major coal mining companies in Australia. The Group has the financial strength, skills base, experience and retained a substantial range of equipment to provide outstanding services to the underground coal mining sector.

The health and safety of our employees continues to be a core value of the business. The Group improved on its safety performance again this year with a 29% decrease in the total recordable injury frequency rate (1,000,000 hours basis). This result confirms the change in company's safety culture from one of compliance to one of commitment. Both site management and employees have worked extremely hard to achieve this splendid result. Our leading safety indicators remained on target with one leading initiative performed for every 9.8 hours worked. The Group's safety performance remained within the top quartile of safety performance by our clients.

Managing Director and Chief Executive Officer's Report continued

During the period continuing work for the Group included:

- Roadwork development (two units), secondary support, drill and blast activities and outbye service at Illawarra Coal's Appin mine;
- Secondary support and outbye services at Peabody's Metropolitan mine;
- Longwall moves at Glencore's Blakefield and Tahmoor mines, Peabody's Wambo mine, Yancoal's Austar mine and Whiteheaven's Narrabri mine (twice).;
- Initial longwall installations at Glencore's new Ulan West mine and Singareni Collieries Company Limited's new Adriyala Coal Mine (in Andhra Pradesh, on the south-eastern coast of India);
- Conveyor installations at Illawarra Coal's Appin mine and Peabody's Wambo mime;
- Commenced civil work associated with mine expansion at Illawarra Coal's Appin mine; and
- Whole of mine operations to September 2013 then care and maintenance, at Boral's Berrima coal mine until September 2014.

The fleet hire utilisation was lower due to timing of longwall moves and market conditions.

The Berrima mine was placed on care and maintenance in the 2nd quarter due to various reasons, including largely lower alternative cheaper coal availability and the uncertainty caused by the decision of the Land and Environment Court to overturn the State Government's earlier approval of the part 3A application for a further twenty year operating life for the mine.

Looking ahead the coal sector downturn is expected to continue. However, as clients' continue to seek further cost reductions, the alternative much cheaper out sourcing solutions now available could revitalise the contractor sector and the Group is well positioned if such circumstances arise. This is clearly reflected in the recent award of new contracts commencing in next financial year, including

- Illawarra Coal's Appin mine inbye and outbye mine services (2 year term)
- Illawarra Coal's Appin and West Cliff mine's supplementary labour (2 year term)
- BMA's Crinum mine conveyor installations and salvage (8 month term).

The Company's current workbook (excluding non-contracted recurring work) for the next two years remains positive at $80 million, with the FY15 portion of this workbook at $51 million. Activity in our tender pipeline has increased significantly, reflecting both expansion of some existing mines and new mine development in the anticipation of increased production requirements post 2016. Currently we have over $300 million active enquiries and a further $900 million of enquiries expected this financial year.

The Group continues to pursue innovative mining solutions to provide our clients with a more competitive value added proposition that is essential in the current market.

SBizzaca.

Stephen Bizzaca
Managing Director and Chief Executive Officer
Delta SBD Limited

Dated 30 September 2014

Directors' Report

The Directors herein present their Report together with the financial report of the Delta SBD Group (the Group) and the auditor's report for the financial year ended 30 June 2014. The Group consists of Delta SBD Limited (the Company) and its wholly owned subsidiaries.

1. Directors

The Directors of the Company during or since the end of the 2014 financial year are:

Gordon Thomas Galt Independent Chairperson BEng Mining (Hons), BComm, Grad Dip Applied Finance, MAusIMM, MAICD Director and Chairman since 8 October 2007	Gordon has worked in the resources and finance industries for more than 35 years. He has extensive technical, operational, project management and senior managerial experience in the Australian mining industry, primarily in coal and gold. He was Managing Director at Cumnock Coal and Newcrest Mining and later moved to financial services at ABN AMRO Bank where he focused on the mining, energy and chemical sectors. Gordon is currently a Non-Executive Director of the following ASX listed companies: • US Masters Holdings Ltd (2010 – present) • NuCoal Resources Limited (2010 – present) • Flinders Resources Limited (2013-present)
Stephen John Bizzaca Managing Director and Chief Executive Officer BAppSc Director since 8 October 2007	Stephen is an electrical engineer with more than 35 years' experience in the coal and metalliferous mining industries. Stephen has extensive experience in project management and operational management in mining and engineering. He has extensive knowledge of the Australian Coal Industry. Stephen was responsible for the purchase and commissioning of Queensland's first modern longwall at Central Colliery in 1985 and subsequently was the Project Director for the design and development of the Southern Colliery Project in 1988. In 1989 he became Project and Operations Manager for TiWest Ltd and later became Project Manager for feasibility studies for Newcrest's Telfer expansion. Stephen founded the SBD business in 1995 and has led its growth since then including the merger with Delta Mining to form Delta SBD in 2007. Stephen has a Bachelor of Applied Science (Electronic Engineering) from Curtin University (formerly Western Australian Institute of Technology).
Glyn Dawkins Non-Executive Director Mechanical Engineering Certificate (AMEME Hons), Mine Mechanical Engineers Certificate of Competency in UK and NSW Director since 8 October 2007 Non-Executive Director since July 2010	Glyn has more than 40 years' experience in the underground coal industry, beginning his career at Six Bells Colliery in Wales, UK in 1964. He immigrated to Australia in 1978 and worked at Appin Colliery as Assistant Mechanical Engineer. He became Mechanical Engineer in Charge at Appin Colliery in 1980 and remained in that role until 1997 when he joined Aklynd Engineering. Glyn founded the Delta Mining business in 1998 and has remained a Director throughout the merger with SBD Services. Glyn has an Honors Certificate in Mining Mechanical Engineering from the Association of Mining Electrical and Mechanical Engineers, UK and a Mine Mechanical Engineers Certificate of Competency in the UK and NSW. Glyn is a member of the AICD. Glyn is the Chairperson of the Delta SBD's Remuneration and Risk Committees and is a member of the Audit and Compliance Committee.

Geoff Garside Executive Director FCPA, FAICD Non-Executive Director since 5 May 2011 Finance Director (Interim) and Company Secretary since 16 June 2014.	Geoff has worked in the manufacturing, health care, corporate advisory and financial services industries for more than 40 years. He continues to be principal and corporate advisor to several financial services companies and manufacturing entities. Geoff has previously been a Non-Executive Director of ASX listed Avastra Limited (2006-2009) and a Non-Executive Director of Delta SBD Limited (2007-2009) and (2011-2014). Geoff is a Fellow of the Australian Institute of Company Directors and CPA Australia (FAICD, FCPA). Geoff was appointed to the interim Finance Director and Company Secretary roles on 16 June 2014 upon the redundancy of the Company's former Chief Financial Officer and Company Secretary. Geoff was the Chairperson of Delta SBD's Audit and Compliance Committee and resigned from the Chair role on 19 August 2014 due to his appointment as an Executive Director. He remains a member of the Audit and Compliance, Remuneration and Risk Committees.

2. Company Secretary

Geoff Garside	FAICD, FCPA, JP	Appointed 16 June 2014

3. Officers who were previously partners of the audit firm

No officers of the Company during the financial year were previously partners of the current audit firm, KPMG.

4. Directors' Meetings

The number of Directors' meetings (including meetings of Committees of Directors) and the number of meetings attended by each Director of the Company during the financial year are:

Director	Board Meetings		Audit & Compliance Committee Meetings		Remuneration Committee Meetings		Risk Committee Meetings	
	A	**B**	**A**	**B**	**A**	**B**	**A**	**B**
Mr. Gordon Galt	15	14	3	3	2	2	2	2
Mr. Stephen Bizzaca	15	15	3	3	2	2	2	1
Mr. Glyn Dawkins	15	13	3	3	2	2	2	2
Mr. Geoff Garside	15	13	3	3	2	2	2	2

A: Number of meetings held during the time the Director held office during the year
B: Number of meetings attended.

5. Corporate Governance Statement

This statement outlines the main corporate governance practices in place throughout the financial year, which comply with the ASX Corporate Governance Council recommendations unless otherwise stated.

5.1 Board of Directors

Role of the Board

The Board's primary role is the protection and enhancement of shareholder value. To fulfill this role, the Board is responsible for the overall corporate governance of the Group including formulating strategic direction, capital expenditure, remuneration, appointing and removing the Chief Executive Officer (CEO), ensuring policies are prepared for senior executives, establishing and monitoring the achievement of management's goals and ensuring the

Board of Directors continued

Role of the Board continued

Integrity of internal control and management information systems. It is also responsible for approving and monitoring financial and other reporting.

The Board has delegated management of the Group to the Chief Executive Officer and Executive Management. Responsibilities are delineated by formal authority delegations.

Board processes

The Board holds a minimum of ten scheduled meetings per annum. In addition Committee meetings, strategy meetings and extraordinary meetings are held at such other times as may be necessary to address specific matters that may arise.

The agenda for meetings is prepared in conjunction with the Chairperson, Chief Executive Officer and Company Secretary. Standing items include the Chief Executive Officer's report (including health and safety), financial reports, strategic matters, governance and compliance. Submissions are circulated in advance. Executives are regularly involved in Board discussions and Directors have other opportunities, including visits to business operations, for contact with a wide group of employees.

Director induction and executive education

The Group has a formal induction process to educate new Directors about the Group's business, current issues, corporate strategy and the expectations of the Group concerning performance of Directors. Directors have the ongoing opportunity to visit Group facilities and meet with management to gain a better understanding of business operations. Directors are given access to continuing education opportunities to update and enhance their skills and knowledge.

The Group also has a formal process to educate new senior executives upon taking such positions. The induction program includes reviewing the Group's structure, strategy, operations, financial position and risk management policies. It also familiarises the individual with the respective rights, duties, responsibilities and roles of the individual and the Board.

Independent professional advice and access to company information

Each Director has the right of access to all Group information and to the Group's executives and, subject to prior consultation with the Chairperson, may seek independent professional advice from a suitably qualified adviser at the Group's expense. The Director must consult with an advisor suitably qualified in the relevant field, and obtain the Chairperson's approval of the fee payable for the advice before proceeding with the consultation. A copy of the advice received by the Director is made available to all other members of the Board.

Composition of the Board

The composition of the Board is determined in accordance with the following principles:

(a) the Board should comprise members with a broad range of experience, expertise, skills and contacts relevant to the Group and its business;

(b) there must be at least three Directors;

(c) the number of Directors may be increased where the Board considers that additional expertise is required in specific areas or when an outstanding candidate is identified;

(d) the Chairman must be a non-executive Director who should also be Independent;

(e) the Chairman is responsible for the leadership of the Board and for the efficient organisation and conduct of the Board. The Chairman should facilitate effective contribution by all Directors and promote constructive and respectful relations between Directors; and

(f) the ultimate long term objective of the Board is that at least half of the Board must be non-executive Directors and that at least two of these persons should also be Independent.

Board of Directors continued

Independence

The Board has adopted the following definition of an Independent Director:

An Independent Director is a Director who is not a member of management (a non-executive Director) and who:

(a) is not a substantial shareholder (within the meaning of section 9 of the Corporations Act) of the Company or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Company;

(b) has not, within the last three years, been employed in an executive capacity by the Company or a Group member, or been a Director after ceasing to hold such employment;

(c) is not and has not been, for the last three years, a principal of a professional advisor to the Company or a Group member, or an employee materially associated with the service provided, except where the adviser might be considered to be independent notwithstanding their position as a professional advisor due to the fact that fees payable by the Company to the advisor's firm represent an insignificant component of its overall revenue;

(d) is not a material* supplier or customer of the Company or another Group member, or an officer of or otherwise associated, directly or indirectly, with a material supplier or customer;

(e) has no material* contractual relationship with the Company or another Group member other than as a Director;

(f) is free from any interest and any business or other relationship, which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and

(g) has not served on the Board for a period which could, or could reasonably be assessed by the Board to, materially interfere with the Director's ability to act in the best interests of the Company.

The Board will regularly assess the Independence of each Director in the light of the interests disclosed by them, and each Director will provide the Board with all relevant information for this purpose. The Independence of Directors will be disclosed in the annual report. Where the Independence of a Director is lost, this will be immediately disclosed to the market.

** The Board considers, 'material', in this context, to be where any Director-related business relationship has represented, or is likely in the future to represent the lesser of at least 10 per cent of the relevant segment's or the Director-related business's revenue. The Board considered the nature of the relevant industries' competition and the size and nature of each Director-related business relationship, in arriving at this threshold.*

The size and structure of the Board is set to reflect the current operations and complexity of the Group. At present the Board does not contain a majority of independent Directors as required by ASX Corporate Governance Statement 2.1.

Committees

The Board has established Committees to assist in carrying out its function and for its effective and efficient performance and has also adopted a charter for each Committee dealing with the scope of its responsibility and relevant administrative and procedural arrangements. Charters are available as part of the Corporate Governance Charter.

The Committees are the following:

i) Remuneration Committee;

ii) Audit & Compliance Committee; and

iii) Risk Committee.

Committees continued

To the maximum extent possible membership of committee's follow ASX Corporate governance Guidelines, however due to the relative small size of the company, and resources; some best practice guidelines cannot be achieved. Details of inability to implement such guidelines are disclosed where applicable in the following sections.

5.2 Nomination Committee

At present a Nomination Committee is not currently in place as it is not considered necessary given the current operations and complexity of the Group. The Board has elected that the responsibility for nominations will be performed by the whole Board. The Board oversees the appointment and induction process for Directors and committee members, and the selection, appointment and succession planning process of the Group's chief executive officer. The Board considers the appropriate skill mix, personal qualities and expertise of each position. When a vacancy exists or there is a need for particular skills, the Board determines the selection criteria based on the skills deemed necessary. The Board then appoints the most suitable candidate.

As there is currently no Nomination Committee, the requirements of ASX Corporate Governance Statement 2.4 have not been met.

5.3 Remuneration Committee

The Remuneration Committee has a written charter, approved by the Board.

The Remuneration Committee reviews and makes recommendations to the Board on remuneration packages and policies applicable to the executive officers and Directors of the Group. It is also responsible for recommending share option schemes, incentive performance packages, superannuation entitlements, retirement and termination entitlements, fringe benefits policies and Director and officer insurance arrangements.

Committee Membership

Members must have the appropriate skill and time to fulfill their role on the Committee. They must also have an understanding of the industry in which the Group operates. The Committee will be appointed by the Board and will comprise of a minimum of 3 persons, none of whom should be executives, one of whom is a non-executive Director and independent. The Remuneration Committee's charter is available as a part of the corporate governance charter.

The members of the Remuneration Committee during the year were:

- Glyn Dawkins – Non-executive Director (Committee Chairperson)
- Gordon Thomas Galt – Independent Non-executive Director
- Geoff Garside –Executive Director

Geoff Garside remains a member of the Committee as his Executive role is of an interim nature following the redundancy of the former Chief Financial Officer.

The Committee met twice during the year.

Standard invitees to include:

- Company Secretary, who shall be the Secretary of the Committee
- Chief Executive Officer

Details of the structure of the remuneration of non-executive directors and that of executive directors and senior executives are clearly set out in the Remuneration Report, beginning on page 22 of the Directors' Report.

The Remuneration Report also includes details of the process for evaluating the performance of senior executives and the results of this evaluation in the current reporting period.

Quality and integrity of personnel

Formal appraisals are conducted annually for all key employees. Training and development and appropriate remuneration with regular performance reviews create an environment of cooperation and constructive dialogue with employees and senior management. A formal succession plan is also in place to ensure competent and knowledgeable employees fill senior positions when retirements and resignations occur.

5.4 Audit and Compliance Committee

The Audit and Compliance Committee has a written charter, approved by the Board.

The objective of the Committee is to assist the Board to discharge its responsibility to exercise due diligence and skill in relation to:

- reviewing the annual and half yearly, financial reports and other financial information distributed externally. This includes approving new accounting policies to ensure compliance with Australian Accounting Standards (AASBs), and assessing whether the financial information is consistent with Committee members' information and adequate for shareholder needs;
- assessing management processes supporting external reporting;
- assessing corporate financial risk assessment processes;
- establishing procedures for selecting, appointing, and if necessary, removing the external auditor;
- assessing whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence. Each reporting period the external auditor provides an independence declaration in relation to the audit;
- providing advice to the Board in respect of whether the provision of the non-audit services by the external auditor is compatible with the general standard of independence of auditors imposed by the Corporations Act 2001;
- assessing the adequacy of the internal control framework;
- organising, reviewing and reporting on any special reviews or investigations deemed necessary by the Board;
- monitoring the procedures to ensure compliance with the Corporations Act 2001 and all other regulatory requirements; and
- addressing any matters outstanding with auditors, Australian Taxation Office (ATO), Australian Securities and Investments Commission (ASIC), and financial institutions.

The Audit and Compliance Committee reviews the performance of the external auditors on an annual basis and normally meets with them during the year to:

- discuss the external audit plan, identifying any significant changes in structure, operations, internal controls or accounting policies likely to impact the financial statements and to review the fees proposed for the audit work to be performed;
- review the preliminary final report prior to lodgement with ASIC, and any significant adjustments required as a result of the auditor's findings, and to recommend Board approval of these documents, prior to announcement of results;
- review the draft annual and half year financial report, and recommend Board approval of these financial reports; and
- review the results and findings of the auditor, the adequacy of accounting and financial controls, and to monitor the implementation of any recommendations made.

The Committee meets these objectives by providing a forum for communication between the Board, management and the external auditor. The Audit and Compliance Committee is currently required to meet twice annually.

Audit and Compliance Committee continued

Committee Membership

Members must have the appropriate skill and time to fulfill their role on the Committee. They must also have an understanding of the industry in which the Group operates. The Committee is appointed by the Board and all members should be non-executive Directors with the majority being independent. The Chairperson should not be the Chairperson of the Board. The Committee advises on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Group.

The members of the Audit and Compliance Committee during the year were:

- Gordon Galt – Independent Non-executive Director; Committee and Company Chairperson
- Geoff Garside – Executive Director; and
- Glyn Dawkins – Non-executive Director.

Gordon Galt was appointed Chair of the Committee on 19th August 2014 to replace Geoff Garside, who has been appointed to an Executive role on 16th June 2014. Geoff Garside remains a member of the Committee as his Executive role is of an interim nature following the redundancy of the former Chief Financial Officer.

Standard invitees to meetings of the Committee include:

- Company Secretary, who is the Secretary of the Committee;
- Chief Executive Officer; and
- External auditors of the Group.

The Committee has met three times during the year.

Financial Reporting

The Chief Executive Officer and the Finance Director have declared in writing to the Board that the financial records of the Group for the financial year have been properly maintained, that the Group's financial reports for the financial year ended 30 June 2014 comply with accounting standards, present a true and fair view of the Group's financial position and operational results and that the financial reporting risk management and associated compliance and controls have been assessed and found to be operating effectively .

The Chief Executive Officer and the Finance Director have provided assurance in writing to the Board that the Group's financial reports are founded on a sound system of risk management and internal compliance and control which implement the policies adopted by the Board.

Monthly actual results are reported against budgets approved by the Directors and revised forecasts for the year are prepared regularly.

5.5 Risk Committee

The Risk Committee has a written charter, approved by the Board.

The Board oversees the establishment, implementation, and annual review of the Company's Risk Management System, excluding financial risk. Management has established and implemented the Risk Management System for assessing, monitoring and managing all risks, including material business risks, for the Group (including sustainability risk). The operational and other risk management compliance and controls have also been assessed and found to be operating effectively.

The role of the Committee is to support and advise the Board in order for it to meet its responsibilities and objectives in relation to Occupational Health, Safety, Environmental and Compliance (HSC&E) matters arising out of the activities and operations of the Company.

Risk Committee continued

The Committee is to provide advice and make recommendations to the Board to enable it to discharge its responsibilities by:

- recommending to the Board an HSEC policy, clearly setting out the commitments of the Group to manage HSEC-related matters effectively;
- monitoring the performance of the Group with respect to the implementation of a HSEC management system designed to ensure the commitments made in the policy are being met and that HSEC-related risks are being assessed, eliminated, avoided or controlled;
- reviewing and recommending targets for HSEC performance and assessing progress by the Group towards those targets; and
- reviewing investigations of significant HSEC incidents within the Group and considering appropriate actions and measures to minimise the risk of recurrence.

Environmental regulation

The Group's operations are subject to environmental regulation under both Commonwealth and State legislation in relation to its coal mining operations.

The Group is committed to achieving a high standard of environmental performance and has an General Manager HSC&E. The General Manager is responsible for the regular monitoring of environmental exposures and compliance with environmental regulations, including:

- where appropriate, setting and communicating environmental objectives and quantified targets;
- monitoring progress against these objectives and targets;
- implementing environmental management plans in operating areas which may have a significant environmental impact;
- identifying where remedial actions are required and implementing action plans; and
- regular monitoring of license requirements, with performance against licence conditions reported to the various State regulators on a regular basis.

There are established and regular internal reporting processes. Environmental performance is reported from appropriate sites up through management to the Board on a regular basis. Compliance with the requirements of environmental regulations was achieved across all operations with no instances of non-compliance in relation to license requirements noted.

The Committee's role in meeting these objectives is to provide a forum for communication between the Board, management and employees.

Committee Membership

Members must have the appropriate skill and time to fulfill their role on the Committee. They must also have an understanding of the industry in which the Group operates. The Committee is appointed by the Board and comprises a minimum of 3 persons, none of whom should be executives, and one of whom is a non-executive Director and independent.

The members of the Risk Committee during the year were:

- Glyn Dawkins (Committee Chairperson) – Non-executive Director;
- Geoff Garside – Executive Director; and
- Gordon Galt – Independent Non-executive Director.

Given the size of the Board / company it is not possible to have 3 independent and Non-Executive Directors serving on this Committee.

Standard invitees to this Committee's meetings include:

- Company Secretary, who shall be the Secretary of the Committee;
- Chief Executive Officer; and

Risk Committee continued

Committee Membership continued

- General Manager HSC&E.

The Committee has met twice during the year.

5.6 Ethical standards & Values

The Group has a code of conduct. The objective of this code of conduct is to give the Directors guidance to be followed in performing their duties to enable them to achieve the highest possible standards in the discharge of their obligations and give clear understanding of best practices in corporate governance. Directors (as well as Officers, management and employees) are expected to act honestly and ethically at all times remembering that their conduct and actions should never bring disrepute to the reputation of the Company or its people.

The Group's corporate governance policy highlights ethical standards and values which give guidance for Directors, managers and employees, who are expected to perform their duties honestly and ethically at all times remembering that their conduct and actions should never bring disrepute to the reputation of the Group or its people. These codes and associated policies are communicated as part of Group's inductions and may be viewed on the Group's website. Every employee has a nominated supervisor to whom they may refer any issues arising from their employment.

5.7 Trading in Company securities by directors and employees

The key elements of the Trading in Ordinary shares for Directors and nominated employees are set out in the Company's Securities Trading Policy. The Policy is communicated to relevant employees and may be viewed on the Group's website.

Directors and nominated employees (all employees from general manager upwards) plus other employees as highlighted by the Chief Executive Officer have been identified as persons restricted from trading.

Prohibited trading

(a) subject to any permission granted under clause 1.8 of the Delta SBD Securities Trading Policy, any person to whom the policy applies is prohibited from Trading in Securities between:

   i) 1 July and 1 trading day following the announcement of the Company's full year results to the ASX; and

   ii) 1 January and 1 trading day following the announcement of the Company's half year results to the ASX.

(b) additionally, any person to whom this policy applies is prohibited from:

   i) trading in securities whilst that person is in possession of Price-Sensitive Information or where trading is for short-term or speculative gain; and

   ii) entering into transactions or acquiring certain financial securities or products which have the intention to limit risk in participating in unvested entitlements under any equity based remuneration offered to that person.

Other key elements of the Group's Securities Trading Policy are:

- to raise the awareness of legal prohibitions including transactions with colleagues and external advisers;
- to raise awareness that the Group prohibits entering into transactions that limit economic risks related to unvested share-based payments and that the Group requires annual declarations of compliance with this particular policy;

Trading in Company securities by directors and employees continued

- to require details to be provided of intended trading in the Company's shares;
- to require details to be provided of the subsequent confirmation of the trade; and
- the identification of processes for unusual circumstances where discretions may be exercised in cases such as financial hardship.

The policy also details the insider trading provisions of the Corporations Act 2001 and is reproduced in full on the Company's website and in the Group's announcements to the ASX.

5.8 Communication with shareholders

The Board provides shareholders with information subject to a Continuous Disclosure Policy which includes identifying matters that may have a material effect on the price of the Company's securities. The Group recognises it needs to fully comply with ASX continuous disclosure requirements.

The Continuous Disclosure Policy operates as follows:

- continuous disclosure obligations are a standing agenda item for all Board and general meetings;
- the Chief Executive Officer, the Finance Director and Company Secretary are responsible for interpreting the Group's policy and where necessary informing the Board;
- the full annual report is made available to all shareholders including relevant information about the operations of the Group during the year, changes in the state of affairs and details of future developments; and
- the external auditor attends the annual general meeting to answer questions concerning the conduct of the audit, the preparation and content of the auditor's report, accounting policies adopted by the Group and the independence of the auditor in relation to the conduct of the audit.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Group's strategy and goals.

5.9 Conflict of interest

Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Group. The Board has developed procedures to assist Directors to disclose potential conflicts of interest and is a standing agenda item for all Board general meetings. Where the Board believes that a significant conflict exists for a Director on a Board matter, the Director concerned will not be present at the meeting while the item is considered.

5.10 Diversity

The Board is committed to achieving an appropriate blend of diversity on the Board and in the Group's senior executive positions.

The Group supports the principles of equity and diversity in a workplace that is free from all forms of discrimination and harassment. The Group is committed to ensuring that all employees are treated in a fair and equitable manner based on individual merit and performance.

The Group's policies prohibit unlawful discrimination i.e. subjecting employees to unfair decisions, or harassment because of their sex, marital status, pregnancy, race, age, disability, religion, carer responsibilities, or sexuality. The Group's diversity and equity policy is available on the Group's website.

Diversity continued

Gender representation within the organisation for the current and prior years is as follows:

	30 June 2014		30 June 2013	
Gender representation	**Female (%)**	**Male (%)**	**Female (%)**	**Male (%)**
Board representation	0%	100%	0%	100%
Key management personnel representation	0%	100%	10%	90%
Group representation	3%	97%	3%	97%

The Board considers the Group's key management personnel excluding Directors, to be the Group's senior executives (managers reporting to Chief Executive Officer.).

The Board has not set any measureable objectives to achieve further diversity other than those discussed above. The Board considers the diversity policy to be appropriate for the size and nature of the organisation.

6. Principal Activities

The principal activities of the Group during the course of the financial year were the provision of contract mine services for the underground coal industry within Australia embodying the following activities:

- total mine operation;
- roadway development;
- longwall relocations;
- bord and pillar extraction;
- conveyor installations;
- total mine care and maintenance;
- equipment rental;
- mining products;
- mine services, including:
  - secondary support;
  - conveyor extensions;
  - underground civil works;
  - dyke excavation;
  - longwall and Development support;
  - maintenance; and
  - supplementary labour.

There were no significant changes in the nature of the activities of the Group during the year.

Objectives:

The Group is one of the largest contract companies servicing the Australian underground coal mining industry. The Group is geographically diversified, with offices in Campbelltown NSW, Rutherford NSW and Mackay QLD and work undertaken in all major coal regions (the Illawarra, the Hunter Valley, the Western and Gunnedah regions of NSW and Bowen Basin in Queensland). The Group has a diversity of clients (Anglo Coal, BHP Billiton, BMA, Boral, Centennial, Glencore, Peabody, Vale, Whitehaven and Yancoal) and coal types (thermal and metallurgical).

The Group's objective is to provide value-add services to our clients by forging profitable long term partnerships. We provide each project/ mine with competent work teams, fit for purpose equipment and excellent site management backed by a supportive corporate management team. The Group uses safe and efficient work methods that enable on time completion of all works and services to the clients' requirements.

7. Operating and Financial Review

Operating Review

- Safety performance continues in the best quartile for the sector, with recordable injury frequency rate decreasing by 29% over the past twelve months;
- Man-hours worked decreased by 43%;New contracts awarded, including:
    - Initial installation of longwall system at Glencore's new Ulan West mine;
    - Longwall relocation assistance at Yancoal's Austar mine;
    - Conveyor installations at Illawarra Coal's Appin mine and Peabody's Wambo mine; and
    - Civil work project associated with Illawarra Coal's Appin mine expansion (Area 9) (15 month term):
- Maintained the majority of existing long-term ongoing and recurring work contracts;
- Successfully completed the companies first overseas longwall project; and
- Introduce a new national enterprise agreement.

The Group provides mining services in the Illawarra, Hunter Valley, Gunnedah, the Western regions of NSW, and the Bowen Basin in Queensland. Our clients are blue-chip mining and resource companies, including Anglo Coal, BHP Billiton, BMA, Boral, Caterpillar Global Mining, Centennial, Glencore, Peabody, Vale, Whitehaven and Yancoal. The Group prides itself on its long term relationships, with some clients having been with the Group for more than ten (10) years.

With up to 350 personnel, the Group is proud of its workforce and its focus on their safety and welfare. Improved Safety performance confirms the change in Group's safety culture from one of compliance to one of commitment. Both site management and employees have worked extremely hard to achieve this splendid result. Our leading safety indicators remained on target with one leading initiative performed for every 9.8 hours worked. The Group strategy is to own/use a "fit for purpose" equipment fleet and our skilled and motivated personnel have enabled the Group to continue to be the premier Australian contractor for longwall moves in particular. The Group has now completed over 113 longwall projects for clients over the past 15 years, with eight of these being in FY14, including our first international project in India. No other contractor comes close to this achievement or has the ability to perform complete turnkey projects.

During the period the Group's continuing work included:

- Roadwork development (two units), secondary support, drill and blast activities and outbye service at Illawarra Coal's Appin mine;
- Secondary support and outbye services at Peabody's Metropolitan mine;
- Longwall moves at Glencore's Blakefield and Tahmoor mines, Peabody's Wambo mine, Yancoal's Austar mine and Whiteheaven's Narrabri mine (twice);
- Initial longwall installations at Glencore's new Ulan West mine and Singareni Collieries Company Limited's (SCCL) new Adriyala Coal Mine (in Andhra Pradesh, on the south-eastern coast of India);
- Conveyor installations at Illawarra Coal's Appin mine and Peabody's Wambo mime;
- Commenced civil work associated with mine expansion at Illawarra Coal's Appin mine; and
- Whole of mine operations to September 2013 then care and maintenance, at Boral's Berrima coal mine until formal notification is issued regarding the closure of the mine.

Operating and Financial Review continued

Boral's Berrima mine was placed on care and maintenance in the 2nd quarter due to various reasons, largely lower alternative cheaper coal availability and the uncertainty caused by the decision of the Land and Environment Court to overturn the State Government's earlier approval of the part 3A application for a further twenty year operating life for the mine.

Business Strategy

The Group' business strategy still remains based on:

- **People** – Have a competent workforce
- **Plant** – Utilising Fit for Purpose plant and equipment to provide a safe and competitive advantage
- **Products** – Where there are few/no competitors and the product can enhance the utilisation of our People and Plant

Other key aspects of our business strategy are:

- Proactive Safety Management
- Providing competitive value-add services to clients
- Forging profitable long term partnerships.
- Diversity of client base and service/product offerings
- Focus on Asset Management
- Developing and implementing innovative mining solutions
- Using efficient internal management systems and controls

Outlook

Looking ahead the current coal sector downturn is expected to continue. However, as clients' continually seek further cost reductions, the alternative much cheaper and potentially more productive out sourcing solutions now available could revitalise the contractor sector and the Group is well positioned if such circumstances arise. This is clearly reflected in the recently award of new contracts commencing in next financial year, including

- Illawarra Coal's Appin mine inbye and outbye mine services (2 year term)
- Illawarra Coal's Appin and West Cliff mine's supplementary labour (2 year term)
- BMA's Crinum mine conveyor installations and salvage (8 month term).

Our current contracts for the Appin Area 9 expansion project (roadway development and excavation/civil) and Berrima will continue under care and maintenance, while our current contract at Metropolitan will continue for at least another quarter. We also expect that our typical recurring work will continue due to our recently introduced more competitive solutions such as more competitive cost structures. Our current workbook (excluding non-contractual recurring work) for the next two years remains positive at $80 million, with the FY15 portion of this workbook $51 million.

The tender "pipeline" activity has recently significantly increased reflecting both expansion of existing and new mine developments in anticipation of increasing production requirements post 2016. Currently the Group has over $300 million active enquiries, with an expectation of a further $900 million of enquiries to occur in this financial year.

Financial Review - Statutory (Loss)/Profit

A summary of the operating results is as follows:

Summary of Consolidated Financial Results	**2014**	**2013**	**% decrease**
In thousands of dollars			
Revenue	69,346	145,114	52%
EBITDA	(29)	16,599	100%
(Loss)/Profit attributable to owners of the company (NPAT)	(42,826)	7,072	706%
Basic EPS	(90.41c)	15.68c	(677%)

Underlying Profits/Loss (not subject to audit procedures)

Underlying loss has been presented to assist in the assessment of the relative performance of the Group. Underlying profit is non-IFRS financial information and has not been subject to audit by the Group's external auditors.

To determine underlying net profits after tax as shown in the table below, adjustments have been made including impairment of goodwill costs of $29,247 million, impairment of asset held for sale/kept for sustainable operation costs of $10,261 million, restructuring costs of $1,593 million (2013: $966,000).

Summary of Underlying Financial Results	**2014**	**2013**	**% decrease**
In thousands of dollars			
Revenue	69,346	145,114	52%
EBITDA	2,129	17,980	88%
(Loss)/Profit attributable to owners of the company (NPAT)	(1,369)	8,038	117%
Basic EPS	(2.89c)	17.82c	116%

As at 30 June 2014 the majority of the Group's debt was asset based funding. Our interest cover and gearing were (26.7) and 89% respectively. The Group has paid dividends to our shareholders for each of the past five years. The Company implemented a Dividend Re-Investment Plan associated with the 2012-2013 final dividend, which raised $556k. The majority of funds from the DRP were used to reduce debt. No dividend has been declared since August 2013.

Significant Changes in the State of Affairs

In the opinion of the Directors there were significant changes in the state of affairs of the Group that occurred during the financial year under review. As per ASX announcements the Group has implemented an organisational restructure, disposal of the longwall fleet and subsequent reduction in debt. The Group retains longwall expertise and a substantial fleet of equipment for sustainable and expansion of current operations. The associated asset sales agreement allows the Company to hire any required equipment to enable the Company to undertake and complete "turnkey" longwall move projects.

8. Environmental regulation

Other than operations undertaken as part of contracts of work with clients, the Group is not directly subject to any specific State or Federal license conditions. The Group holds the licence for the Berrima mine and there were no material breaches of any licence conditions during the year.

The Group is committed to achieving a high standard of environmental performance. Management and staff are responsible for regular monitoring of environmental exposures and compliance with environmental regulations.

All other operations are undertaken as part of works with clients.

9. Dividends

Dividends paid or declared by the Group to shareholders since the end of the previous financial year were declared and paid during the 2014 financial year without previously being recognised as a liability.

Declared and paid during the year 2014

In thousands of dollars	**Cents per share**	**Total Amount**	**Franked / Unfranked**	**Date of payment**
Final 2013 ordinary	1.80	$837	Franked	26 September 2013

Declared after the end of year

After the balance sheet date there have been no dividends declared by the Directors

10. Remuneration Report - audited

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and the Group, including Directors of the Group and other executives. Key management personnel comprise the Directors and senior executives of the Group.

In relation to remuneration matters, the Board has charters and policies that are established to review the remuneration arrangements and practices of the Group to ensure that it remunerates fairly and responsibly. The remuneration policy of the Board is designed to ensure that the level and composition of remuneration is competitive, reasonable and appropriate for the results delivered and to attract and maintain desirable Directors and key management personnel.

The remuneration structures reward the achievement of objectives that result in the outcome of creation of value for shareholders. The Remuneration Committee reviews and recommends to the Board matters of remuneration policy, specific recommendations in relation to senior management and matters concerning equity plans and awards.

Compensation packages include a mix of fixed and variable compensation (short-term and long-term performance-based incentives).

In addition to their salaries the Group provides non-cash benefits to key management personnel and contributes to a post-employment superannuation fund on their behalf.

Executive Remuneration

There are three (3) general components of remuneration used to reward key employees, including Executive Directors', depending on their role and responsibility and profitability of the Group:

1. Total fixed remuneration;
2. Short term incentives (payable as cash); and
3. Long term incentives (payable in shares).

Total fixed remuneration

Total fixed remuneration comprises base salary, any relevant allowances, other non-monetary benefits including the use of company supplied motor vehicles and the statutory superannuation guarantee contribution. Total fixed remuneration is set with reference to market data, reflecting the scope of the role and the performance of the person in the role. Total fixed remuneration also reflects any market premium required for roles that are in short supply or with a unique skill set. Remuneration is reviewed annually using market surveys, and internal feedback as to market conditions, to provide analysis and advice to ensure competitive remuneration is set to reflect the market for comparable roles, wherever comparisons to similar roles within relevant market sectors can be made.

Remuneration Report – audited continued

Short Term Incentive Plan (STIP)

The Group has established a Short Term Incentive Plan (STIP) to achieve the following objectives:

- focus key employees on the achievement of key Group and business unit targets as well as individual contribution that the Board believes will lead to sustained and improved business performance; establish a variable remuneration arrangement that links performance with reward and recognises superior performance, if achieved; and
- clear and focused performance targets are important to both the Group and its key employees. The incentive offered under the STIP will vary depending upon relative performance against Board approved targets which measure the Group's business unit and the individual's performances.

The STIP design is based on financial, health, safety and environmental and personal metrics, the financial metrics include performance measures so that incentives are influenced by circumstances where the financial performance of the Group and/or business unit is below expectations. Conversely, the available incentive increases in line with the performance of the Group and/or business unit and the commensurate increase in shareholder value.

The metrics, weightings and performance measures are regularly reviewed to ensure business needs are met and the overall STIP is consistent with general market practices. Such plans are a key tool to allow the Group to attract and retain talented employees and ensure the interests of employees are aligned with those of Shareholders in creating long-term Shareholder value.

The performance evaluation in respect of the year ended 30 June 2014 has taken place in accordance with this process.

Long Term Incentive Plan (LTIP)

The objective of the Long Term Incentive Plan (LTIP) is to recognise the commitment and efforts of selected key personnel for their contribution to the success of the business and in growing the Group.

The Group has implemented a LTIP with the following objectives:

- the retention of key personnel;
- enhance employee involvement and focus;
- earnings per share growth;
- wealth creation and distribution among the key personnel; and
- focus key personnel on the achievement of targets leading to improved Group performance and ultimately generation of Shareholder wealth.

The LTIP offers shares in the company under a service condition to nominated key employees. It is based on a percentage value of their current salary package allocated in the form of shares. These shares are held in trust via the Employee Share Plan (ESP) and no entitlement exists until service conditions are achieved including being an employee at the end of the service period.

Remuneration Report – audited continued

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Remuneration Committee has regard to the following indices in respect of the current financial year and the previous four (4) financial years.

In thousands of dollars	**2014**	**2013**	**2012**	**2011**	**2010**
(Loss)/Profit attributable to owners of the company	($42,826)	$7,072	$6,187	$4,755	$4,584
Dividends paid *Dividends are recognised in the year paid but are based on prior years profits.*	$837	$1,928	$2,248	$1,376	$700
Change in share price (in dollars)	($0.22)	($0.42)	($0.05)	$0.00	N/A
Return on capital employed	(199%)	24%	22%	22%	24%

Profit is considered as one of the financial performance targets in setting the STIP. Profit amounts for the above periods have been calculated in accordance with Australian Accounting Standards.

The overall level of key management personnel compensation takes into account the performance of the Group over a number of years. The key management personnel STIP bonus is made up of Company and personal Key Performance Indicators (KPI). This takes into account the performance of the Group including EPS growth for the respective year.

Service Contracts

It is the Group's policy that service contracts for key management personnel, other than directors are for a minimum five (5) year term and are capable of termination with a minimum of three (3) months' notice.

The key management personnel are entitled to receive on termination of employment their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits.

The service contract outlines the components of remuneration paid to the key management personnel but does not prescribe how remuneration levels are modified year to year. Remuneration levels are reviewed each year by the Remuneration Committee with recommendations to the Board taking into account cost-of-living changes, any change in the scope of the role performed, industry and comparable ASX Company benchmarking and any changes required to meet the principles of the remuneration policy.

Non-Executive Director Remuneration

Fees

Non-Executive Director fees are determined within an aggregate Directors' fee pool limit, which may be approved by shareholders in a general meeting (the current limit is $450,000). During the year ended 30 June 2014, $252,449 (2013: $273,000) has been expensed.

It is important that Directors are paid comparable with market practice, so as to be able to attract and retain Directors who have appropriate skills, experience and expertise necessary for a the Group's Board membership. However, in light of the current market situation, Directors have agreed to reduce their fees by 15% from 1st November 2013.

Non-Executive Director Remuneration continued

Fees continued

From 1st November 2013 directors were paid in the following manner:

- $85,000 per annum for the Group's Chairman, with no further payments to be made in respect of Committee positions held; and
- $55,250 per annum for other Non-Executive Directors. If they serve as a Chairman of a Committee that assist and provides recommendations to the Board to enable the Board to carry out its function, they will receive additional payment at a rate of $5,100 per annum for this task. If they serve as a member of a Committee of the Board they will receive an additional payment at a rate of $2,550 per annum for this task. If they provide any other tasks as requested by the Chairman and or Chief Executive Officer they will receive an additional payment of up to $1,700 per day, depending on the scope of work, as approved by the Chief Executive Officer/Board All payments are inclusive of superannuation payments required under law.

Retirement Benefits

Non-Executive Directors do not receive retirement benefits.

10 Remuneration Report - audited continued

Remuneration report Directors' and executive officers' remuneration

Details of the nature and amount of each element of remuneration of each Director of the Company and other key management personnel of the consolidated entity are:

			Short Term					Post-Employment	Long Term							
In dollars			**Salary**	**Directors fees**	**Committee fees**	**Non-monetary benefits**	**Short Term Incentive Cash Bonus**	**Super-annuation benefits**	**Long Term Incentive Shares Bonus**	**Long Service Leave**	**Termination Benefits**	**Total**	**Options and rights**	**Total**	**Proportion of remuneration performance related**	**Value of options as proportion of remuneration**
			$	**$**	**$**	**$**	**$**	**$**	**$**	**$**		**$**	**$**	**$**	**%**	**%**
	Directors **Non-Executive Directors**															
Mr. G. Galt	2014		-	90,000	-	-	-	-	-	-	-	90,000	-	90,000	-	-
	2013		-	100,000	-	-	-	-	-	-	-	100,000	-	100,000	-	-
Mr. G. Garside	2014		11,799	58,500	10,800	-	-	-	-	-	-	81,099	-	81,099	-	-
	2013		-	65,000	12,000	-	-	-	-	-	-	77,000	-	77,000	-	-
Mr. G. Dawkins	2014		9,350	58,500	13,500	6,414	-	-	-	-	-	87,764	-	87,764	-	-
	2013		16,000	65,000	15,000	-	-	-	-	-	-	96,000	-	96,000	-	-
	Executive Directors															
Mr S. Bizzaca	2014		265,282	-	-	61,941	20,298	29,246	-	-	-	376,767	-	376,767	5%	-
	2013		337,515	-	-	90,000	178,477	24,222	42,804	21,399	-	694,417	-	694,417	32%	-
	Executives															
Mr A McFadden	2014		294,386	-	-	7,289	19,421	25,152	-	7,342	67,980	421,570	-	421,570	4%	-
(Former Chief Financial Officer and Company Secretary) (Made redundant 24 September 2014)	2013		276,975	-	-	30,000	115,285	24,729	72,900	7,278		527,167	-	527,167	36%	-
Mr T Jackson	2014		303,060	-	-	13,784	13,543	27,981	-	6,981	75,625	440,974	-	440,974	4%	-
(Business Development and Executive General Manager) (Made redundant 25 September 2014)	2013		301,202	-	-	30,000	90,809	27,511	82,438	7,829	-	539,789	-	539,789	32%	-

10 Remuneration Report - audited continued

Remuneration report Directors' and executive officers' remuneration continued

			Short Term					Post-Employment	Long Term						
In dollars			**Salary**	**Directors fees**	**Committee fees**	**Non-monetary benefits**	**Short Term Incentive Cash Bonus**	**Super-annuation benefits**	**Long Term Incentive Shares Bonus**	**Long Service Leave**	**Termination Benefits**	**Total**	**Total**	**Proportion of remuneration performance related**	**Value of options as proportion of remuneration**
			$	**$**	**$**	**$**	**$**	**$**	**$**	**$**		**$**	**$**	**%**	**%**
Mr J. Richardson	2014		293,468	-	-	8,476	24,964	26,386	-	6,583	-	359,877	359,877	7%	-
(General Manager NSW North)	2013		295,203	-	-	25,000	58,949	26,021	73,830	9,653	-	488,656	488,656	27%	-
Mr D. Roach	2014		219,548	-	-	19,357	18,031	20,587	-	5,136	-	282,659	282,659	6%	-
(General Manager HSC&E)	2013		-	-	-	-	-	-	-	-	-	-	-	-	-
Mr N. Marvell (General Manager	2014		239,221	-	-	-	15,750	24,276	-	7,086	-	286,333	286,333	6%	-
NSW South)	2013		266,758	-	-	-	58,104	23,451	61,313	6,573	-	416,199	416,199	29%	-
Mr G. Janson	2014		160,282	-	-	-	-	16,552	-	4,831	61,215	242,880	242,880	-	-
(General Manager Berrima) (Made redundant 14 March 2014)	2013		225,808	-	-	-	40,857	22,269	60,659	6,958	-	356,551	356,551	28%	-

10 Remuneration Report - audited continued

Analysis of bonuses included in remuneration

Details of the vesting profile of the short-term incentive cash bonuses awarded as remuneration to each Director of the Company and other key management personnel are detailed below:

In dollars	**Short Term incentive bonus**		
	Included in remuneration (a)	**% vested in year**	**% forfeited in year (b)**
Directors			
Executive Directors			
Mr S Bizzaca (Managing Director and CEO)	20,298	12%	88%
Executives			
Mr A McFadden (Chief Financial Officer and Company Secretary)	19,421	18%	82%
Mr T Jackson (Business Development and Executive General Manager)	13,543	13%	87%
Mr J Richardson (General Manager NSW North)	24,964	35%	65%
Mr N Marvell (General Manager NSW South)	15,750	24%	76%
Mr D Roach (General Manager HSC&E)	18,031	32%	68%

(a) amounts included in remuneration for the financial year represent the amount that vested in the financial year based on achievement of safety, financial and personal goals and satisfaction of specified performance criteria. No amounts vest in future financial years in respect of the bonus schemes for the 2014 financial year; and

(b) the amounts forfeited are due to the performance or service criteria not being met in relation to the current financial year.

Other related party transactions

Details regarding loans outstanding at the reporting date from key management personnel and their related parties at year end, are as follows:

In dollars	**2014**	**2013**
Dawkins Enterprises Pty Ltd (1)	289,982	513,943
Titanwood Holdings Pty Ltd (2)	338,344	636,001
Titanwood Holdings Pty Ltd (3)	650,000	-
	1,278,326	1,149,944

(1) interest bearing loan from Dawkins Enterprises Pty Ltd is to provide working capital to the Group. Dawkins Enterprises Pty Ltd is an entity controlled by Glyn Dawkins. $224 thousand was repaid 24 September 2013.

(2) interest bearing loan from Titanwood Holdings Pty Ltd is to provide working capital to the Group. Titanwood Holdings Pty Ltd is an entity controlled by Stephen Bizzaca. $298 thousand was repaid 24 September 2013.

(3) interest bearing loan from Titanwood Holdings Pty Ltd is to provide working capital to the Group. Titanwood Holdings Pty Ltd is an entity controlled by Stephen Bizzaca. A secured finance facility was entered into on 6 June 2014 for $650 thousand, to be repaid over a period of 4 years. The loan was repaid in full in September 2014.

Details regarding interest payments on loans from key management personnel and their related parties at any time in the reporting period are as follows:

In dollars	**2014**	**2013**
Dawkins Enterprises Pty Ltd (1)	30,424	54,313
Titanwood Holdings Pty Ltd (2)	37,001	67,981
Titanwood Holdings Pty Ltd (3)	5,633	-
	73,058	122,294

(1) interest paid to Dawkins Enterprises on working capital loan disclosed above. The interest rate is 9.70% fixed which is based on "market conditions – unsecured" loan of this nature. Interest is paid monthly.

(2) interest paid to Titanwood Holding Pty Ltd on working capital loan disclosed above. The interest rate is 9.70% fixed which is based on "market conditions – unsecured "loan of this nature. Interest is paid monthly.

(3) interest paid to Titanwood Holding Pty Ltd on working capital loan disclosed above. The interest rate is 13.00% fixed which is based on "market conditions – secured" loan of this nature. Interest is paid monthly.

Movements in shares and options

Shares allocated as part of Delta SBD's Long Term Incentive Plan (LTIP) for Key Management Personnel (KMP) are disclosed in the Remuneration report and have been included below when they vest (three years from issue date).

No shares or options were granted to key management personnel during the reporting period as compensation.

	Held at 1 July 2013	Purchases	Received on exercise of options	Disposal /forfeited	Held at 30 June 2014
Directors					
Non-Executive Directors					
Mr. G. Galt	68,307	2,454	-	-	70,761
Mr. G. Dawkins	12,442,276	447,027	-	-	12,889,303
Executive Directors					
Mr. S Bizzaca	16,365,052	587,967	-	-	16,953,019
	171,484	-	-	-	171,484
Mr. G. Garside	-	-	-	-	-
Executives					
Mr. A. McFadden (Former Chief Financial Officer and Former Company Secretary)	664,810	-	-	-	664,810
Mr. T. Jackson (Business Development and Executive General Manager)	173,913	*268,818	-	-	442,731
Mr. J. Richardson (General Manager NSW)	474,971	-	-	-	474,971
Mr. N. Marvell (General Manager NSW)	521,215	-	-	-	521,215
Mr. G. Janson (General Manager Berrima)	179,207	-	-	-	179,207

** Via LTIP vested 28/02/2014*

Options	Held at 1 July 2013	Purchases	Received on exercise of options	Disposal /forfeited	Held at 30 June 2014
Mr. G. Garside	312,500	-	-	-	312,500

	Held at 1 July 2012	Purchases	Received on exercise of options	Disposal/ forfeited	Held at 30 June 2013
Directors					
Non-Executive Directors					
Mr. G. Galt	66,250	2,057	-	-	68,307
Mr. G. Dawkins	12,067,758	374,518	-	-	12,442,276
Executive Directors					
Mr. S Bizzaca	15,795,005	570,047	-	-	16,365,052
	-	*171,484	-	-	171,484
Mr. G Garside	-	-	-	-	-
Executives					
Mr. A. McFadden (Chief Financial Officer and Former Company Secretary)	426,039	*292,028	-	(53,257)	664,810
Mr. T. Jackson (Business Development and Executive General Manager)	173,913	-	-	-	173,913
Mr. J. Richardson (General Manager NSW)	179,207	*295,764	-	-	474,971
Mr. N. Marvell (General Manager NSW)	275,596	*245,619	-	-	521,215
Mr. G. Janson (General Manager Berrima)	179,207	-	-	-	179,207

** Via LTIP vested 30/06/2013*

Options					
Mr. G. Garside	312,500	-	-	-	312,500

End of audited Remuneration Report.

11. Directors' interests and share options

The relevant interest of each Director in the shares, debentures, interests in registered schemes and rights or options over such instruments issued by the companies within the Group and other related bodies corporate, at the date of this report is as follows:

Shareholder	**Related party of**	**Delta SBD Limited – Ordinary Shares**
SBD Nominees as trustee for SBD Trading Trust	Stephen Bizzaca	12,362,420 (26.0%)
Titanwood Holdings Pty Ltd)	Stephen Bizzaca	4,590,599 (9.6%)
Trinity Management Group Pty Ltd (via the Delta SBD Employee Long Term Incentive Plan	Stephen Bizzaca	171,484 (0.4%)
Dawkins Enterprises Pty Ltd	Glyn Dawkins	10,708,930 (22.5%)
Glyn Dawkins and Pamela Dawkins (Dawkins Family S/F Account)	Glyn Dawkins	2,180,373 (4.6%)
HSBC Custody Nominees	Gordon Galt	70,761 (0.2%)

Options granted to directors and executives of the Group

The following options have been issued as part of the consideration for acting as an advisor to the company. It is the opinion of the Directors that the advisory roles are not material to the Group.

Party	Number of options and Shares to which they relate	Exercise price (being 25% above the Offer Price)	Exercise period	Vesting conditions for the exercise of the options	Expiry date
New Holland Capital (an entity associated with Gordon Galt, a Director)	2,500,000 exercisable over 2,500,000 ordinary shares	$1.00	From Quotation Date until the Expiry Date	12 months from quotation date	5 years after quotation on the ASX - 20 December 2015
Geoff Garside Executive Director	312,500 exercisable over 312,500 ordinary shares	$1.00	From the date that is one year after the Quotation Date until the Expiry Date	The vesting conditions described in the paragraph below*	4 years after the date the Quotation on ASX - 20 December 2014

* The options issued to Geoff Garside can only be exercised if the share price on or after the beginning of the exercise period exceeds the share price that shares would have attained if they had appreciated at a rate which was at or above the small ordinaries accumulation index over the period since the ASX listing. In addition, he must continue to be engaged as either a Director or a consultant to the Company at the exercise date.

No options have been granted to Director's or Executives of the Group during or since the end of the financial year.

12. Events subsequent to reporting date

Significant capital equipment was disposed of during August 2014. In second half of FY 2014 the Board was heavily engaged with reviewing its strategic direction and had resolved to implement a debt reduction strategy by disposal of selected assets which had been identified pre 30 June 2014. The applicable assets are disclosed in the *"Statement of Financial Position"* as *"assets held for sale",* and per note 13 to the accounts. Sales proceeds received have been applied against the hire purchase liabilities which are disclosed in note 17 of notes to the accounts.

Events subsequent to reporting date continued

The sale of these assets will be applied to existing financing liabilities with an anticipated residual hire purchase liability of approximately $1 million remaining.

13. Likely developments

The Group will continue to pursue its policy of increasing the profitability and market share of its major business activities during the next financial year. No further investments in equipment are anticipated in the short to mid-term. Investigation will continue in the area of mergers and acquisitions and the development and implementation of innovative mining concepts.

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

14. Indemnification and insurance of Directors and Officers

The Company has agreed to indemnify the following current Directors, advisors and officers of the Company:

- Gordon Galt – Chairman and Non-Executive Director;
- Stephen Bizzaca – Executive Director and Chief Executive Officer;
- Glyn Dawkins – Non-Executive Director; and
- Geoff Garside –Executive Director and Company Secretary

against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors or officers of the company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith or pecuniary penalty order under Corporations Act 2001 section 1317G or a compensation order under Corporations Act 2001 section 1317H or 1317HA. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has agreed to indemnify the current Directors of its controlled entities for all liabilities to another person (other than the company or a related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith or pecuniary penalty order under Corporations Act 2001 section 1317G or a compensation order under Corporations Act 2001 section 1317H or 1317HA. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has agreed to indemnify certain senior executives for all liabilities to another person (other than the Company or a related body corporate) that may arise from their position in the Company and its controlled entities, except where the liability arises out of conduct involving lack of good faith or pecuniary penalty order under Corporations Act 2001 section 1317G or a compensation order under Corporations Act 2001 sections 1317H or 1317HA.

Insurance premiums

During the financial year the Company has paid premiums of $32 thousand (2013: $33 thousand) (exclusive of stamp duty and GST) on behalf of the parent and its subsidiaries in respect of Directors' and officers' liability for the year ended 30 June 2014. Such insurance contracts insure against certain liability (subject to specific exclusions) for persons who are or have been Directors or executive officers of the parent and its subsidiaries.

15. Proceedings on behalf of the Company

Nil applicable.

16. Non-Audit Services

During the year KPMG, the Group's auditor, has performed other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the Audit and Compliance Committee, is satisfied that the provision of those non audit services during the year by the auditor is compatible with, and did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons.

- all non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit and Compliance Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Group, KPMG and its network firms for audit and non-audit services provided during the year are set out below.

In dollars	**2014**	**2013**
Audit services		
Auditors of the Group *KPMG Australia*:		
Audit and review of financial reports	136,370	146,645
Other services		
KPMG Australia:		
Tax Compliance and Advisory	15,100	14,318
Audit Contributions to Coal Mines Long Service Leave Board	5,000	2,100
Tax advisory in relation to Research & Development	10,000	60,000
GST Review	-	5,175
Total recurring other services	30,100	81,593
Total other services	30,100	81,593

17. Lead Auditor's independence declaration

The Lead Auditor's independence declaration is set out on page 77 and forms part of the Director's report for the financial year ended 30 June 2014.

This report is made with a resolution of the Directors.

18. Rounding off

The Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Directors

Gordon Galt	Stephen Bizzaca
Chairperson	Director
Place: Campbelltown	Place: Campbelltown
Date: 30 September 2014	Date: 30 September 2014

Statement of Financial Position

As at the 30 June 2014

In thousands of dollars	***Note***	Consolidated **2014**	 **2013**
Assets			
Cash and cash equivalents	9	1,048	5,934
Trade and other receivables	10	12,979	25,114
Inventories	11	863	1,534
Other current assets	12	245	221
Current tax assets	18	362	716
Assets held for sale	13	17,011	-
Total current assets		32,508	33,519
Deferred tax assets	18	1,696	2,278
Trade and other receivables	10	-	402
Other non-current assets	12	192	1,684
Property, plant and equipment	14	8,830	44,676
Intangible assets	15	110	29,412
Total non-current assets		10,828	78,452
Total Assets		43,336	111,971
Liabilities			
Trade and other payables	16	5,175	14,872
Loans and borrowings	17	9,654	9,075
Employee benefits	19	5,252	6,663
Current tax payable	18	24	1,905
Total current liabilities		20,105	32,515
Loans and borrowings	17	5,484	16,026
Employee benefits	19	174	261
Deferred tax liabilities	18	1,349	3,838
Total non-current liabilities		7,007	20,125
Total liabilities		27,112	52,640
Net assets		16,224	59,331
Equity			
Share capital	20	38,591	38,035
Reserves	22	946	946
Accumulated (loss)/profits		(35,754)	7,072
Retained earnings		12,441	13,278
Total equity attributable to equity holders of the Company		16,224	59,331
Total equity		16,224	59,331

The notes on pages 39 to 73 are an integral part of these financial statements

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2014

		Consolidated	
In thousands of dollars	***Note***	**2014**	**2013**
Continuing operations			
Revenue	6	69,346	145,114
(Loss)/Gain on sale of assets		(505)	12
Employee benefits expense		56,841	87,711
Materials and consumables		7,648	32,757
Inventory write down		541	-
Other expenses		4,010	8,059
Impairment- Property, Plant and Equipment		10,091	-
Impairment-Goodwill		29,247	-
Depreciation		3,781	4,571
Intangibles amortisation		55	137
Results from operating activities		(43,373)	11,891
Finance income	7	34	163
Finance costs	7	(1,658)	(2,285)
Net finance costs		(1,624)	(2,122)
(Loss)/Profit before income tax		(44,997)	9,769
Income tax benefit/(expense)	8	2,171	(2,697)
(Loss)/Profit from continuing operations		(42,826)	7,072
Other comprehensive income		-	-
Total comprehensive (loss)/income for the period		(42,826)	7,072
Basic Earnings per share (cents)	21	(90.41c)	15.68c
Diluted Earnings per share (cents)	21	(84.30c)	14.57c

The notes on pages 39 to 73 are an integral part of these financial statements

Statement of Changes in Equity

For the year ended 30 June 2014

Consolidated	Share capital	Options reserve	Accumulated Profits	Retained earnings	Total
In thousands of dollars					
Balance at 1 July 2012	37,101	946	-	15,206	53,253
Total comprehensive income for the period					
Profit	-	-	7,072		7,072
Other comprehensive income	-	-		-	-
Total comprehensive income for the period	-	-	7,072		7,072
Transactions with owners, recorded directly in equity					
Employee Share Plan	246	-		-	246
IPO Costs	(119)	-		-	(119)
Dividend to equity holders (September 2012)	-	-		(1,121)	(1,121)
Dividend to equity holders (April 2013)	-	-		(807)	(807)
Share based payment transactions	807	-		-	807
Balance at 30 June 2013	38,035	946	7,072	13,278	59,331

Consolidated	Share capital	Options reserve	Accumulated Profits/(loss)	Retained earnings	Total
In thousands of dollars					
Balance at 1 July 2013	38,035	946	7,072	13,278	59,331
Total comprehensive income for the period					
Loss	-	-	(42,826)	-	(42,826)
Other comprehensive income	-	-	-	-	
Total comprehensive income for the period	-	-	(42,826)	-	(42,826)
Transactions with owners, recorded directly in equity					
Dividend to equity holders (September 2013)	-	-	-	(837)	(837)
Shares issued – dividend reinvestment plan	556	-	-	-	556
Balance at 30 June 2014	38,591	946	(35,754)	12,441	16,224

The notes on pages 39 to 73 are an integral part of these financial statements

Statement of Cash Flows

For the year ended 30 June 2014

In thousands of dollars		**Consolidated**	
	Note	**2014**	**2013**
Cash flows from operating activities			
Cash receipts from customers		81,192	157,749
Cash paid to suppliers and employees		(79,394)	(141,137)
Cash generated from operations		1,798	16,612
Interest paid		(1,658)	(2,285)
Income taxes paid		(1,263)	(2,103)
Net cash (used in)/from operating activities	9b	(1,123)	12,224
Cash flows from investing activities			
Interest received		32	163
Proceeds from sale of assets		5,055	-
Acquisition of property, plant and equipment		(765)	(10,118)
Acquisition of intangibles		-	(165)
Net cash from/(used in) investing activities		4,322	(10,120)
Cash flows from financing activities			
Proceeds from repayment of employee share loans		667	595
HP funding received for acquisition of PP&E		-	8,122
Proceeds from/(payment of) non-current security deposits		1,492	346
Payment of hire purchase loan liabilities		(13,345)	(8,414)
Proceeds from loans from shareholders		650	-
Repayment of loans from shareholders		(522)	(501)
Payment of finance lease liabilities		(76)	-
Cash payment of dividends to ordinary shareholders		(281)	(1,415)
Net cash (used in) financing activities		(11,415)	(1,267)
Net (decrease)/increase in cash and cash equivalents		(8,216)	837
Cash and cash equivalents as at 1 July		5,934	5,097
Cash and cash equivalents at 30 June	9	(2,282)	5,934

The notes on pages 39 to 73 are an integral part of these financial statements

1. Reporting Entity

Delta SBD Limited (the "Company") is a company domiciled in Australia. The address of the Company's registered office is Suite 220, 4 Hyde Parade Campbelltown NSW, 2560. The consolidated financial statements of the Company as at and for the year ended 30 June 2014 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The Group is a for-profit entity primarily involved in the provision of a full range of services to the underground coal mining industry along the Australian eastern seaboard. The services include whole of mine management, longwall relocations, underground roadway development, general labour and equipment hire in support of customer requirements.

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements of the Group were authorised for issue by the Board of Directors on the 30 September 2014.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- share based payment transactions are measured at fair value.
- assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

The methods used to measure fair values are discussed further in Note 4.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the functional currency of the Group.

The Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with AASBs requires management to make judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- note 15 – determining the cash generating unit of the Group.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

2. Basis of preparation continued

(d) Use of estimates and judgements continued

- note 11 – inventories: assessment of net realisable value
- note 13 – assets held for sale: determination of fair value loss costs to sell
- note 18 – recognition of deferred tax assets: availability of future taxable profit against which carry forward tax losses can be used.

(e) Changes in accounting policies

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2013.

a. IFRS 13 *Fair Value Measurement*
   Fair value measurement
   IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7. As a result, the Group has included additional disclosures in this regard.
   In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change has had no significant impact on the measurements of the Group's assets and liabilities.
b. IAS 19 *Employee Benefits*
   Annual Leave

   In the current year, the Group adopted AASB 119 *Employee Benefits* (2011), which revised the definition of short-term employee benefits to benefits that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service.

   As a result of the change, the annual leave liability for certain of the Group's employees is now considered to be another long-term employee benefit, when previously it was a short-term benefit. The Group's obligation is determined as the amount of future benefit that employees have earned in return for their service in the current and prior periods, applying actuarial assumptions, discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

(f) Going concern basis of accounting

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will realise its assets and extinguish its liabilities on normal terms and conditions.

The Group recorded a net loss after tax for the year ended 30 June 2014 of $42.826 million after allowing for impairment of goodwill of $29.247 million and impairment of property, plant and equipment of $10.091 million. In addition the Group's cash and cash equivalents declined from $5.934 million to $1.048 million during the year.

The Group's trading position for the year has been severely impacted by the declining conditions within the Australian coal mining industry. This has led to a significant contraction in the Group's revenue. To address the impact of this the Group's directors and management undertook a number of actions during the financial year which included:

- Obtaining a $4.65 million financing facility to assist with the Group's cash flow management. This facility was drawn to $3.330 million as at 30 June 2014.
- Obtaining an additional $0.65 million loan from one of the Group's major shareholders

2. Basis of preparation continued

(f) Going concern basis of accounting

- Restructuring of the management team to reduce overhead costs and head count
- Implementation of a reduced cost structure to improve competitiveness including a new national enterprise agreement approved by Fair Work Commission
- Negotiation of a moratorium on hire purchase repayments for a three month period commencing in June 2014
- A commitment to reduce debt and improve cash flow through the sale of equipment from the current longwall mobile fleet and other mining equipment assets. These assets were considered surplus to the Group's operations and future strategy.

As at balance date the longwall mobile fleet and other mining equipment assets identified for sale had a carrying value of $17.011 million. In August 2014, $10.122 million of these assets were sold, realising proceeds of $10.632 million.

These proceeds have been applied in reducing the Group's hire purchase liabilities from $10.530 million at balance date to $1 million - consistent with the targeted debt level of the directors - and in repaying the most recent $0.65 million shareholder loan.

Given that the asset sales in August 2014 achieved the target levels set by the directors, longwall mobile fleet and mining equipment assets held for sale with a carrying value of $6.889 million at balance date may be either sold or used within the business.

Further, in the period since the reporting date the Group has secured two new contracts at Illawarra Coal's Appin mine along with the extension of an existing contract and continues to conduct care and maintenance activities at Boral's Berrima mine.

The directors have prepared detailed cash flow forecasts for the 18 month period from 1 July 2014. These forecasts have been prepared having regard to:

- revenue to be generated from continuing, and recently awarded contracts
- cost reductions to be realised from the Group's revised Enterprise Agreement, reduction in head count and other restructuring initiatives that have been undertaken
- The significant reduction in the Group's external borrowings following the August 2014 asset sales
- Any future sale of the remaining longwall mobile fleet and mining equipment assets.

These cash flow forecasts indicate that the Group will progressively reduce the need to draw on its current finance facility and continue as a going concern.

The directors are of the view that the action undertaken to reduce the Group's operating costs through employee redundancies and retrenchments, restructure ongoing labour costs through a new Enterprise Agreement, reduce the Group's external borrowings to $1million and obtain recently awarded contracts, as reflected in the cash flows, supports the going concern basis of preparation.

3. Significant accounting policies

Except for the changes in note 2(e), the accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

(a) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of the subsidiaries of Delta SBD Limited as at 30 June 2014 and the results of its subsidiaries for the year then ended. The Company and its subsidiaries together are referred to in this financial report as the Group or the Group entity.

i) Business Combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The Group controls an

3. Significant accounting policies continued

i) Business Combinations continued

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. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

ii) Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

iv) Loss of control

Upon the loss of control, the Group de-recognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

v) Transactions eliminated on consolidation

Intra-Group balances and transactions, and any unrealised income and expenses arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements.

(b) Financial instruments

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit and loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets. The Group classifies non-derivative financial liabilities into the other financial liabilities category.

i) Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. The Group de-recognises a financial asset when the contractual rights to the cash flows from the asset expire or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains sustainability all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognizes a financial liability when it its contractual obligations are discharged or cancelled, or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial assets comprise trade and other receivables and cash and cash equivalents.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes the Group’s invoice discounting finance facility which forms an integral part of the Group’s cash management.

ii) Non-derivative financial liabilities

The Group initially recognises non-derivative financial liabilities on the date they are originated. The Group de-recognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Group has the following non-derivative financial liabilities: loans and borrowings and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

iii) Share capital

Ordinary shares

Ordinary 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 effects.

Dividends

Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

(c) Property, plant and equipment

i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and, any other costs directly attributable to bringing the asset to a working condition for its intended use and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line or units of production (UOP) basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. The estimated useful lives for the current and comparative periods are as follows:

Class	Life	Basis
Plant and equipment – Owned	2-10 years	Straight Line/UOP
Plant and equipment – Financed	2-10 years	Straight Line/UOP
Motor Vehicles	5 years	Straight Line
Fixtures and Fittings	5 years	Straight Line

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(d) Intangible assets

i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see note 3(a)(i).

ii) Subsequent measurement

Goodwill is measured at cost less any accumulated impairment losses.

iii) Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

iv) *Subsequent expenditure*

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.

v) *Amortisation*

Amortisation is calculated over the cost of the asset, or another amount substituted for cost, less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

- business systems: Three (3) years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(e) Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Group. Assets held under finance leases are initially recognised at the lower of their fair value or at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. Subject to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

All other leases are classified as operating leases and the assets held under these leases are not recognised in the statement of financial position.

(f) Work in progress

Work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Work in progress is presented as part of trade and other receivables in the statement of financial position. If payments received from customers exceed the income recognised, then the difference is presented as deferred income in the statement of financial position.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(g) Impairment of assets

i) *Non-derivative financial assets*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a material negative effect on the estimated future cash flows of that asset.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise and indications that a debtor or issuer will enter bankruptcy.

(g) Impairment of assets continued

i) Non-derivative financial assets continued

The Group considers evidence of impairment for receivables at both specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether the current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

All impairment losses are recognised in profit or loss. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. Goodwill is tested at each reporting date for impairment.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). Goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (Group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Employee benefits

i) Short Term Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii) Long Term Benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

iii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity 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 plans are recognised as a personnel expense in profit or loss when they are due.

iv) Share based payments

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of 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 is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

v) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

(i) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(j) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

i) Services

Revenue from services rendered is recognised in profit and loss in proportion to the stage of completion of the transaction at the reporting date.

ii) Contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction *ii) Contracts continued*

contract can be estimated reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

iii) Equipment

Equipment is charged at a fixed rate per week or included as part of fixed price contracts. Revenue for the hire of equipment is recognised in the profit and loss in the period in which the equipment was utilised.

(k) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(l) Finance income and finance costs

Finance income comprises interest income on funds invested and dividend income. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group’s right to receive payment is established.

Finance costs comprise interest expense on borrowings and impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(m) Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for 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 the following temporary differences:

- the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit;
- differences relating to investments in subsidiaries 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
- for taxable temporary differences arising on the initial recognition of goodwill.

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

(m) Income tax continued

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is 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. 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.

Additional income taxes that arise from the distribution of cash dividends are recognised at the same time as the liability to pay the related dividend is recognised. The Group does not distribute non-cash assets as dividends to its shareholders.

(n) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO), it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amounts of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(o) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for shares held by the Company’s sponsored employee share plan trust, for the effects of all dilutive potential ordinary shares and all share options.

(p) Segment reporting

Determination and presentation of operating segments

The Group determines and presents operating segments based on the information that internally is provided to the CEO, who is the Group’s chief operating decision maker.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group’ s other components. All operating segment’s operating results are regularly reviewed by the Group’s CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(p) Segment reporting continued

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and head office expenses.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

(q) Assets held for sale

Non-current assets are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on measurement are recognised in profit or loss.

Once classified as held-for-sale, plant and equipment are no longer amortised or depreciated.

(r) New accounting standards and interpretations

A number of new standards, amendments to standards and interpretations are effective, but not mandatory for annual periods beginning after 1 July 2013, and have not been applied in preparing these consolidated financial statements. Those standards with the most significant impact on Group's consolidated financial statements are outlined below:

AASB 9 Financial Instruments (2013), AASB 9 Financial Instruments (2010) and AASB 9 Financial Instruments (2009) (together AASB 9)

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additional changes relating to financial liabilities. AASB 9 (2013) introduces new requirements for hedge accounting.

The AASB has yet to approve the latest version of IFRS 9 which was issued by the IASB in July 2014. This version includes limited amendments to the classification and measurement requirements and the new requirements for impairment of financial assets.

AASB 9 is effective for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of AASB 9.

4. Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial asset liabilities.

The Group has established control framework with respect to the measurement of fair values. The management team has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Board of Directors.

The management team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, is used to measure fair values, then the management team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of AASBs, including the level in the fair value hierarchy in which, such valuations should be classified.

Significant valuation issues are reported to the Group's Audit and Compliance Committee.

When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

4. Measurement of fair values continued

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 13 Assets held for sale

Note 24 Share-based payment transactions (share options)

The methodology for determining the fair value for disclosure purposes of trade and other receivables and non-derivative financial liabilities is as follows:

a) Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress receivables, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes or when acquired in a business combination.

b) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, 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. For finance leases the market rate of interest is determined by reference to similar lease agreements.

c) Share-based payment transactions

The fair value of employee share options is measured using a binomial model. Measurement inputs include share price on measurement date, strike price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

5. Controlled Entities

Delta SBD Limited is the ultimate Parent Entity of the Group. The country of incorporation is Australia.

Name of Entity	Country of incorporation	Principal Activity	Percentage Owned (%) 2014	Percentage Owned (%) 2013
Delta Mining Pty Ltd	Australia	Mining Services	100%	100%
SBD Services Pty Ltd	Australia	Mining Services	100%	100%
Delta Coal Mining Pty Ltd	Australia	Mining Services	100%	100%

6. Revenue

In thousands of dollars	**2014**	**2013**
Contracting services	69,346	145,114
Total Revenue	69,346	145,114

7. Finance income and finance costs

In thousands of dollars	**2014**	**2013**
Interest income	34	163
Finance income	34	163
Interest expense on financial liabilities measured at amortised cost	(1,658)	(2,285)
Finance costs	(1,658)	(2,285)
Net finance costs recognised in profit or loss	(1,624)	(2,122)

The above finance income and finance costs include the following in respect of assets (liabilities) (not at fair value through profit or loss):

Total interest income on financial assets	34	163
Total interest expense on financial liabilities	(1,658)	(2,285)

8. Income tax expense

In thousands of dollars		
Current tax expense	**2014**	**2013**
Current year	14	2,239
Adjustment for prior periods	(278)	(430)
	(264)	1,809
Deferred tax expense		
Origination and reversal of temporary differences	(1,907)	888
Income tax (benefit)/expense from continuing operations	(2,171)	2,697
Total income tax (benefit)/expense	(2,171)	2,697

Numerical reconciliation between tax expense and pre-tax accounting profit

In thousands of dollars	**2014**	**2013**
(Loss)/Profit for the year	(42,826)	7,072
Total income tax (benefit)/expense	(2,171)	2,697
(Loss)/Profit excluding income tax	(44,997)	9,769
Income tax using the Company's domestic tax rate of 30%	(13,499)	2,931
Increase in income tax due to:		
Non-deductible expenses	8,773	-

Decrease in income tax due to:		
Tax incentives including research & development, investment allowance	-	(41)
Derecognition of tax losses	2,646	-
Other deductible expenses	-	-
	(2,080)	2,890
Under/(over) provided in prior years	(91)	(193)
Total income tax expense	(2,171)	2,697

9. Cash and cash equivalents

In thousands of dollars	**2014**	**2013**
Current		
Bank balances	1,048	5,934
Total cash and cash equivalents in the statement of financial position	1,048	5,934
Finance facility used for cash management purposes	(3,330)	-
Cash and cash equivalents in the statement of cash flows	(2,282)	5,934

9b Reconciliation of cash flows from operating activities

In thousands of dollars	**2014**	**2013**
Cash flows from operating activities		
(Loss)/Profit for the year	(42,826)	7,072
Adjustments for:		
Depreciation	3,781	4,571
Amortisation of intangible assets	55	137
Impairment of goodwill	29,247	-
Impairment of property, plant and equipment	10,091	-
Inventory write down	541	-
Net finance costs	1,624	2,122
Underwriting fees	-	(20)
Long term incentive plan	-	428
Loss/(Profit) on sale of property plant and equipment	505	(12)
Income tax expense	(2,171)	2,697
Operating profit before changes in working capital and provisions	847	16,995
Change in trade and other receivables	11,870	(862)
Change in inventories	300	(941)
Change in trade and other payables	(9,697)	94
Change in other assets	(24)	97
Change in employee benefits	(1,498)	1,229
Interest paid	(1,658)	(2,285)
Income taxes paid	(1,263)	(2,103)
Net cash from operating activities	(1,123)	12,224

10. Trade and other receivables

In thousands of dollars	**2014**	**2013**
Current		
Trade receivables	12,035	21,344
Loans to related parties	131	396
Other receivables	144	29
Amounts due from customers for contracts (work in progress)	669	3,345
	12,979	25,114

	2014	**2013**
Non-current		
Loans to related parties	-	402
	-	402

Trade receivables are non-interest bearing and settlement terms are generally within 30 days.

A provision for impairment is recognised when there is objective evidence that an individual or trade receivable is impaired.

There is $669 thousand (2013: $3,345 thousand) receivable for construction contracts for assets which are not completed and services performed at 30 June 2014 for which an invoice has not been raised. This amount is disclosed net of GST.

11. Inventories

In thousands of dollars	**2014**	**2013**
Raw materials and consumables	863	1,534
Finished goods	863	1,534

During the year ended 30 June 2014, inventories of $1,251 thousand were written down to a net realisable value of $710 thousand.

12. Other current assets

In thousands of dollars	**2014**	**2013**
Current		
Prepaid insurance	200	171
Other	45	50
	245	221

	2014	**2013**
Non-current		
Security deposits	192	1,684
	192	1,684

13. Assets held for sale

In the second half of FY 2014 the Board was heavily engaged in revising its strategic direction and had resolved to implement a debt reduction strategy and improve cash flow by disposal of selected assets which had been identified for sale pre 30 June 2014. These selected assets related to the Group's current longwall mobile fleet and mining equipment assets. Various assets that are necessary for sustaining and expanding current operations have been retained. Efforts to sell assets commenced with a sale via auction held in August 2014 with continuing private treaty sales expected to be concluded by end of September 2014.

(a) Impairment loss relating to assets held for sale
An impairment loss of $9.598 million has been included in the "Impairment - Property, plant and equipment" line in the profit or loss. This impairment is in relation to recognizing assets at the lower of their carrying amount or fair value less costs to sell when transferred from property, plant and equipment to assets held for sale.

In thousands of dollars	**2014**	**2013**
Assets Held for Sale		-
Plant and Equipment	2,102	-
Plant and Equipment under Finance	14,909	-
Assets Held for Sale	**17,011**	**-**

(b) Measurement of fair values
The non-recurring fair value measurement for the disposal group of $17.011 million (before costs) has been categorised as a Level 3 fair value based on the inputs to the valuation used. The valuation technique used by the Group was to engage an external professional valuer to appraise all material equipment and subsequently to sell all said equipment. The Group has relied on the expertise of the valuer to ascertain and report their independent professional opinion of asset values.
Of this total $10.112 million relates to assets that have been sold subsequent to balance date either via auction or negotiated sale. These assets have been measured at the lower of their carrying amount or fair value less costs to sell – being the actual sale proceeds received adjusted for the costs of disposal.
The remaining balance of assets held for sale of $6.889 million represents assets that remain unsold. These assets have been valued at the lower of the independent valuer's assessment of each asset's auction value or Director's valuation of the likely sale price.

14. Property, Plant and Equipment

In thousands of dollars	**2014**	**2013**
Plant and equipment cost		
Balance at start of year	14,876	12,952
Additions	510	1,924
Reclassification to assets held for sale	(2,102)	-
Disposals	(49)	-
Balance at end of year	13,235	14,876
Depreciation and impairment losses		
Balance at start of year	(5,868)	(4,425)
Depreciation for the year	(1,574)	(1,443)
Impairment loss	(1,674)	
Disposals	5	-
Balance at end of year	(9,111)	(5,868)
Carrying value at end of year	4,124	9,008
Plant and equipment – under finance cost		
Balance at start of year	43,307	35,185
Additions	134	8,122

Reclassification to assets held for sale	(14,909)	-
Disposals	(6,083)	-
Balance at end of year	22,449	43,307
Depreciation and impairment losses		
Balance at start of year	(7,870)	(4,870)
Depreciation for the year	(2,114)	(3,000)
Impairment loss	(8,417)	-
Disposals	515	-
Balance at end of year	(17,886)	(7,870)
Carrying value at end of year	4,563	35,437
Motor Vehicles cost		
Balance at start of year	481	506
Additions	32	14
Disposals	(75)	(39)
Balance at end of year	438	481
Depreciation and impairment losses		
Balance at start of year	(415)	(405)
Depreciation	(24)	(49)
Disposals	39	39
Balance at end of year	(400)	(415)
Carrying value at end of year	38	66
Fixtures & Fittings cost		
Balance at start of year	585	515
Additions	9	70
Balance at end of year	594	585
Depreciation and impairment losses		
Balance at start of year	(420)	(341)
Depreciation for the year	(69)	(79)
Balance at end of year	(489)	(420)
Carrying value at end of year	105	165
Total property, plant and equipment		
Total cost	36,716	59,249
Total accumulated depreciation and impairment losses	(27,886)	(14,573)
At year end	8,830	44,676

15. Intangible assets

In thousands of dollars	**2014**	**2013**
Goodwill cost		
Balance at start of year	29,247	29,247
Additions	-	-
Balance at end of year	29,247	29,247
Accumulated impairment losses		
Balance at start of year	-	-
Impairment loss	(29,247)	-
Balance at end of year	(29,247)	-
Carrying value at end of year	-	29,247
Business systems cost		
Balance at start of year	470	305
Additions	-	165
Balance at end of year	470	470
Accumulated amortisation losses		
Balance at start of year	(305)	(168)
Amortisation for the year	(55)	(137)
Balance at end of year	(360)	(305)
Carrying value at end of year	110	165
Carrying amounts		
At year end	110	29,412

Following the operating loss within the group's one cash generating unit during the six months ended 31 December 2013 together with downgrades to future revenue as a result of the current sector downturn an impairment loss of $29,247 million was recognised. This impairment loss was allocated fully to goodwill reducing the goodwill to nil and is included in the impairment- goodwill expense in the consolidated statement of profit and loss or other comprehensive income.

The recoverable amount of Delta SBD's CGU was based upon its value in use. Value in use was determined by discounting the future cash flows expected to be generated. Value in use as at 31 December 2013 was based on the following key assumptions:

- cash flow projections covering an initial five (5) year period and based on maintaining assets, actual operating results, budgets and market announcements regarding expected growth. The budget was based on contractual obligations where appropriate and then expectations of growth based on external and internal views of the sector being 5%. The current downturn in the coal and services sector was reflected in the budget.
- beyond this five (5) year period a long term growth rate of 3% into perpetuity was determined based on management's estimate of the long term growth rates applicable to the mining services industry;
- a pre-tax discount rate of 19.2% (2013: 19.2% was applied in determining the recoverable amount of the CGU. The discount rate was estimated based on Delta SBD's weighted average cost of capital within the mining services sector, the current risk free rate of return based on using a two year average 5 and 10 year government bond rate adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systemic risk of the CGU; and
- the values assigned to the key assumptions represented management's assessment of future trends in the mining industry and were based on both external and internal sources including historical data.

16. Trade and other payables

In thousands of dollars	**2014**	**2013**
Trade payables	3,623	11,559
Other payables and accrued expenses	1,552	3,313
	5,175	14,872

17. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings which are measured at amortised cost.

In thousands of dollars		**2014**	**2013**
Current			
Hire purchase loans		6,829	10,350
Unexpired hire purchase charges		(542)	(1,388)
Finance lease liabilities		37	113
Finance Facility	24 (c)	3,330	-
		9,654	9,075

In thousands of dollars		**2014**	**2013**
Non-current			
Hire Purchase loans		4,471	16,021
Loans from shareholders	27	1,278	1,150
Unexpired hire purchase charges		(265)	(1,145)
		5,484	16,026

Hire Purchase Liabilities

Hire Purchase Liabilities of the Group are payable as follows:

	Future minimum lease payments	Unexpired hire purchase charges	Present value of minimum lease payments	Future minimum lease payments	Unexpired hire purchase charges	Present value of minimum lease
In thousands of dollars	**2014**	**2014**	**2014**	**2013**	**2013**	**2013**
Less than one year	6,829	542	6,287	10,350	1,388	8,962
Between one year and five years	4,471	265	4,206	16,021	1,145	14,876
More than five years	-	-	-	-	-	-
	11,300	807	10,493	26,371	2,533	23,838

The hire purchase liabilities are fixed interest liabilities with an average interest rate of 7.22% p.a. and contractual terms of up to five (5) years.

Hire purchase liabilities are secured against the individual assets with a carrying value of $5,117 thousand (refer note 14).

Further details of the hire purchases and lease repayments are included at note 23(c).

As detailed in Note 33 the Group realised net proceeds from the sale of the assets at auction which will be applied in reducing the Group's hire purchase liabilities. The above details regarding hire purchase repayments do not include any repayments from these asset sales.

18. Tax assets and liabilities

Current tax assets and liabilities

The consolidated entity's net current tax asset of $338 thousand (2013: $1,189 thousand net liability) represents the amount of income tax receivable (2013: payable) in respect of current and prior periods that arise from the payment of tax in surplus (2013: deficit) of the amounts due to the relevant tax authorities.

Recognised deferred tax assets and liabilities
Deferred tax assets and liabilities are attributable to the following:

In thousands of dollars	**2014**	**2013**
Deferred tax asset		
The balance comprises temporary differences attributable to:		
Property, plant and equipment	110	116
Merger capital costs	4	7
Finance leases	-	-
Employee provisions	814	1,629
Other accruals	129	176
Tax losses recognised	639	350
Total deferred tax assets	1,696	2,278
Current tax assets		
Income tax receivable	362	716
Total current tax receivable	362	716
Current tax liabilities		
Income tax payable	24	1,905
Total current tax liability	24	1,905
Deferred tax liability		
The balance comprises temporary differences attributable to:		
Property, plant and equipment	1,192	3,115
Inventory	157	723
Prepayment	-	-
Total deferred tax liabilities	1,349	3,838
Movements		
Deferred Tax Asset		
Opening balance at 1 July	2,278	1,462
(Charge)/credit to the income statement	(582)	816
Closing balance at 30 June	1,696	2,278
Deferred Tax Liabilities		
Opening balance at 1 July	3,838	2,134
Charge/(credit) to the income statement	(2,489)	1,704
Closing balance at 30 June	1,349	3,838

18. Tax assets and liabilities continued

Unrecognised deferred tax assets and liabilities

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits:

	2014	2013
Deductible temporary differences	709	-
Tax losses	1,937	-
	2,646	-

Tax losses do not expire under the current tax legislation.

19. Employee benefits

In thousands of dollars	2014	2013
Current		
Liability for employee entitlements	5,252	6,663
Total employee benefits – current	5,252	6,663
	2014	**2013**
Non-current		
Liability for employee entitlements	174	261
Total employee benefits – non-current	174	261

Superannuation contributions for the year amounted to $3,440 thousand (2013: $5,244 thousand). These contributions have been included in employee benefits expense.

20. Capital

Share capital

In thousands of AUD (except for shares)	2014	2013
a) Share capital		
Authorised, issued and fully paid up ordinary shares 47,628,648 (2013: 46,518,766)	38,591	38,035

b) Movements in shares on issue

	2014 No. of shares (000's)	2013 $000's
Beginning of the period	46,519	38,035
Ordinary shares		
Dividend Reinvestment Plan (DRP)	1,110	556
New issue DRP underwriting agreement		
Employee Share Plan (ESP)		
IPO Cost (GST)		
Total	47,629	38,591

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

20 Capital continued

Dividends

The following dividends were declared and paid by the Group:

In thousands of dollars	**Cents per share**	**Total Amount $'000**	**Franked/ Unfranked**	**Date of payment**
2013				
Final 2013 Ordinary	1.8	$837	Franked	26 September 2013

Prior year

In thousands of dollars	**Cents per share**	**Total Amount $'000**	**Franked/ Unfranked**	**Date of payment**
2013				
Interim 2013 Ordinary	1.8	$807	Franked	17 April 2013
2012				
Final 2012 Ordinary	2.5	$1,121	Franked	21 September 2012

Franked dividends declared or paid during the year were franked at the tax rate of 30%.

Declared after the end of year

After the balance sheet date no dividends have been declared for the 2014 financial year.

Dividend franking Account

In thousands of dollars	**2014**	**2013**
Dividend franking account 30% franking credits available for subsequent financial years – Group	2,490	3,120
30% franking credits available for subsequent financial years - Company	330	415

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

a) Franking credits that will arise from the payment of the current tax liabilities;
b) Franking debits that will arise from the payment of dividends recognised as a liability at the year-end;
c) Franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon the ability to declare dividends.

The above amounts represent the balance of the franking account adjusted for franking credits that will arise from the payment of any current tax liability. The Group is not consolidated for tax purposes.

21. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 30 June 2014 was based on the loss attributable to ordinary shareholders of ($42,826) thousand (2013: profit of $7,072 thousand) and a weighted average number of ordinary shares outstanding of 47.4 million (2013: 45.1 million), calculated as follows:

In thousands of dollars	**2014**	**2013**
Loss attributable to ordinary shareholders		
(Loss)/Profit for the period	(42,826)	7,072
Weighted average number of ordinary shares		
In thousands of shares		
Issued ordinary shares at 1 July	46,519	44,820
Effect of shares issued - Dividend reinvestment plan September 2013	848	-
Effect of shares issued – Dividend reinvestment plan (underwritten) April 2013	-	113
Effect of shares issued - Dividend reinvestment plan April 2013	-	179
Effect of shares issued – Employee Share Plan June 2013		3
Weighted average number of ordinary shares (basic)	47,367	45,115

	Cents per share	Cents per share
Basic Earnings per share	(90.41)	15.68c

Diluted Earnings per share

The calculation of diluted earnings per share at 30 June 2014 was based on the loss attributable to ordinary shareholders of ($42,826) thousand (2013: profit of $7,072 thousand) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 50.8 million (2013: 48.5 million), calculated as follows:

Loss attributable to ordinary shareholders	**2014**	**2013**
In thousands of dollars		
(Loss)/Profit for the period	(42,826)	7,072
Weighted average number of ordinary shares (diluted)		
In thousands of shares		
Issued ordinary shares at 1 July	49,957	48,257
Effect of shares issued – Dividend reinvestment plan (underwritten) April 2013	848	113
Effect of shares issued - Dividend reinvestment plan April 2013	-	179
Effect of shares issued – Employee Share Plan June 2013	-	3
Weighted average number of ordinary shares (diluted)	50,805	48,552

	Cents per share	Cents per share
Diluted earnings per share	(84.30c)	14.57c

22. Share options reserve

	2014	2013
Balance as at 1 July	946	946
Movement in share options reserve	-	-
Balance as at 30 June	946	946

The fair value of share options granted is recognised in the share options reserve over the vesting period. This reserve will be reversed against shares when and if, the options are exercised.

The fair value at grant date is determined using a binomial option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets and performance and service criteria). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

23. Financial Instruments

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

a) Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework and for developing and monitoring risk management policies.

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 develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board 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.

b) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

b) Credit Risk continued

i) Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk. Approximately 83% of the Group's revenue is attributable to sales transactions with three customers (2013: 58% and three customers). These customers for financial year 2013 and the customers in financial year 2012 are rated A1 by Moody's and A+ by Standards & Poor's. Geographically there is little concentration of credit risk.

Risks associated with customer revenue concentration are managed through the maintenance of regular customer contact and the monitoring of the delivery of service quality and customer satisfaction as well as the provision of a diverse range of specialised services to these customers plus other customer sites.

New customers are analysed individually for creditworthiness before the Group's standard payment and conditions are offered. The Group's review includes external ratings, when available.

More than 99% (2013: 77%) of the Group's customers have been transacting with the Group for over five (5) years. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including parent company, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. The Group's trade and other receivables relate to the Group's wholesale customers. Customers that are graded as "high risk" are closely monitored by the senior management team.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables, as required.

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

In thousands of dollars	*Note*	**2014**	**2013**
Cash & cash equivalents	*9*	1,048	5,934
Other non-current assets	*12*	192	1,684
Trade Receivables	*10*	12,179	21,373
Loans to related parties	*10*	131	798
Amounts due from customers for contracts	*10*	669	3,345
		12,979	25,516
		14,219	33,134

The ageing of trade and other receivables and related party receivables at the reporting date was as follows:

In thousands of dollars	**Gross 2014**	**Impairment 2014**	**Gross 2013**	**Impairment 2013**
Not past due	7,184	-	21,126	-
Past due 0 to 30 days	3,769	-	2,069	-
Past due 31 to 90 days	1,546	-	788	-
Past due 91 to 180 days	480	-	1,533	-
More than 181 days	-	-	-	-
	12,979	-	25,516	-

Trade receivables are non-interest bearing and settlement terms are generally within 30 days.

b) Credit Risk continued

The movement in the allowance for impairment in respect of loan and receivables during the year was as follows:

In thousands of dollars	**2014**	**2013**
Balance at 1 July	-	-
Impairment loss recognised	-	-
Balance at 30 June	-	-

Based on historic default rates, the Group believes that no impairment allowance is necessary in respect of trade and other receivables not past due nor impaired.

ii) Investments

The Group limits its exposure to credit risk by only investing in major Australian Banks which have a credit rating of at least A-1 from Standard and Poor's and A from Moody's. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

c) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable loss or risking damage to the Group's reputation.

The Group uses activity-based costing to its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments. Typically the Group ensures that it has access to available cash to meet expected operational expenses; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. To assist in managing liquidity risk, the Group maintains the following line of credit:

- $4,650,000 invoice discounting facility with Bibby Financial Services which charges interest based on Westpac Indicator Lending Rate. The facility is subject to quarterly reviews. For the purpose of calculating the ratio, shareholders loans are subordinated and Grouped with shareholder funds. Bibby has a fixed and floating charge over the assets of the Group as security for this facility. As at reporting date this facility has been drawn down to $3,330,000.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

30 June 2014	**Carrying amount 2014**	**Contractual cash flows**	**Less than one year**	**1-5 years**
Finance Facility	3,330	3,330	3,330	-
Trade and other payables	5,175	5,175	5,175	-
Hire purchase obligations	10,493	11,300	6,829	4,471
Finance lease liabilities	-	-	-	-
Shareholder loan repayments	1,278	1,600	667	933
	20,276	21,405	16,001	5,404

30 June 2013	Carrying amount 2013	Contractual cash flows	Less than one year	1-5 years
Trade and other payables	14,872	14,872	14,872	-
Hire purchase obligations	23,838	26,371	10,350	16,021
Finance lease liabilities	113	113	113	-
Shareholder loan repayments	1,150	1,248	-	1,248
	39,973	42,604	25,335	17,269

Other than the early repayment of hire purchase obligations and selected shareholder loans following the sale of selected assets after balance date, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

The interest rate is based on market rates at the time of draw down.

d) Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) Interest Rate risk

The Group adopts a policy of ensuring that between 25% and 100% percent of its exposure to changes in interest rates on borrowings is on a fixed rate basis. This is achieved by entering into fixed interest hire purchase agreements for financing major asset purchases. At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

In thousands of dollars	**Carrying amount**	
	2014	**2013**
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	11,808	25,101
	11,808	25,101
	2014	**2013**
Variable rate instruments		
Financial assets	1,048	5,934
Financial liabilities	(3,330)	-
	(2,282)	5,934

Fair value sensitivity analysis for fixed rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit and loss after tax by $95 thousand (2013: $175 thousand) .

A change of 100 basis points in interest rates would have increased or decreased the Group's equity by $nil (2013: $nil).

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2014.

d) Market risk continued

Cash flow sensitivity analysis for variable rate instruments

In thousands of dollars	Profit or loss after tax		Equity	
30 June 2014	**100bp increase**	**100bp decrease**	**100bp increase**	**100bp decrease**
Variable rate instruments	50	(50)		
	50	(50)		
30 June 2013	**100bp increase**	**100bp decrease**	**100bp increase**	**100bp decrease**
Variable rate instruments	50	(50)	-	-
	50	(50)	-	-

e) Capital management

The Board's position is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital, and retained earnings of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

At present the Board has not set specific targets for employee holdings of the Company's shares, but does encourage participation by employees in acquisition of share capital.

Following is a summary of the current debt to equity position of the Group. The Board periodically reviews the financial ratios and targets at each meeting and the reported position is in line with financial risk management policy.

	Consolidated	
In thousands of dollars	**2014**	**2013**
Total liabilities	26,908	52,640
Less: cash and cash equivalents and non-current deposits	1,240	7,618
Net debt	25,668	45,022
Total equity	16,224	59,331
Net debt-to equity ratio at 30 June	158%	76%

f) Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

In thousands of dollars	30 June 2014		30 June 2013	
	Carrying amount	**Fair Value**	**Carrying amount**	**Fair Value**
Assets carried at fair value				
Nil	-	-	-	-
	-	-	-	-
Assets carried at amortised cost				
Loans and receivables	12,979	12,979	25,516	25,516
Cash and cash equivalents and non-current deposits	(2,090)	(2,090)	7,618	7,618
	10,889	10,889	33,134	33,134

f) Fair values continued

Liabilities carried at fair value				
Nil	-	-	-	-
	-	-	-	-
Liabilities carried at amortised cost				
Trade and other payables	5,175	5,175	14,872	14,872
Hire purchase obligations	10,493	10,493	23,838	23,838
Finance lease liabilities	-	-	113	113
Shareholder loan repayments	1,278	1,278	1,150	1,150
	16,946	16,946	39,973	39,973

The basis for determining fair value is disclosed at note 4.

Interest rates used for determining fair values

The interest rates used to discount estimated cash flows, when applicable, are based on market rates at the reporting date plus an adequate credit spread, and were as follows:

	2014	**2013**
Loans and borrowings	7.2%	8.5%
Hire purchase finance and leases	7.2%	8.5%

24. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

In thousands of dollars	**2014**	**2013**
Less than one year	167	266
Between one and five years	-	136
	167	402

The Group leases a number of office facilities under operating leases. The leases typically run for a period of five (5) years with an option to renew the lease after that date.

During the year ended 30 June 2014 $355 thousand was recognised as an expense in profit or loss in respect of operating leases (2013: $392 thousand).

The leases were entered into as combined leases of land and buildings. Since the land title does not pass, the rent paid to the landlord of the building is increased by the consumer price index at annual intervals, and the Group does not participate in the residual value of the building, it was determined that substantially all the risks and rewards of the building are with the landlord. As such, the Group determined that the leases are operating leases.

25. Capital commitments

In thousands of dollars	**2014**	**2013**
Plant and equipment		
Contracted but not provided for and payable		
Within one year	-	9
One year or later and no later than five years	-	-
	-	9

26. Contingent liabilities

No contingent liabilities have been identified.

27. Share-based payments

(a) Advisory

The following were outstanding at year end as part of the consideration for acting as advisors to the Company. It is the opinion of the Directors that the advisory roles are not material to the Group.

Party	Number of options and Shares to which they relate	Exercise price (being 25% above the Offer Price)	Exercise period	Vesting conditions for the exercise of the options	Expiry date
New Holland Capital (an entity associated with Gordon Galt, a Director) (1)	2,500,000 exercisable over 2,500,000 shares	$1.00	From Quotation Date until the Expiry Date	12 months from quotation date	5 years after quotation on the ASX - 20 December 2015
Sydney Capital Partners (2)	625,000 exercisable over 625,000 shares	$1.00	From 1 July 2012 until 5 years after the quotation date	12 months from the quotation date	5 years after quotation on the ASX – 20 December 2015
Geoff Garside Executive Director (1)	312,500 Exercisable over 312,500 shares	$1.00	From the date that is one year after the quotation date until the expiry date	The vesting conditions described in the paragraph below	4 years after the date the quotation on ASX – December 2014
Total	**3,437,500**				

1) the fair value of employee share options is measured using a binomial model. Measurement inputs include share price on measurement date, strike price of the instrument, expected volatility (based on weighted average volatility adjusted for changes expected due to holder behavior), and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value; and

2) the Sydney Capital Partners options has been calculated based on the fair value and was measured at a market price for the services received.

Details of the number of share options:

	Number of options
Outstanding at the beginning of the period	3,437,500
Granted during the period	-
Forfeited during the period	-
Outstanding at the end of the period	3,437,500

Share based payments expensed during the year ended 30 June 2014 are $nil (2013: $nil).

The Options issued to New Holland Capital (Gordon Galt) can only be exercised if the Share price on or after the beginning of the exercise period exceeds the Share price that Shares would have attained if they had appreciated at a rate which was at or above the small ordinaries accumulation index over the period since the Quotation Date. In addition, he must continue to be engaged as either a Director or a consultant to the Company at the exercise date.

(b) Employee Share Plan (ESP)

The Group has previously implemented an Employee Share Plan (ESP) trust to achieve objectives supporting employee retention, enhanced employee involvement and focus, and increased wealth distribution among the nominated employees. Participation in the ESP is by way of unit holding in the trust. One (1) unit represents one (1) share. Loans to nominated employees will be repaid over five (5) years at not less than 20% per annum. No interest is chargeable on the loan. The units in the ESP must be held for three (3) years.

(c) Long Term Incentive Plan (LTIP)

The objective of the Long Term Incentive Plan (LTIP) is to recognise the commitment and efforts of selected key personnel for their contribution to the success of the business and in growing the Group.

The Group has implemented a LTIP with the following objectives:

- the retention of key personnel;
- enhance employee involvement and focus;
- earnings per share growth;
- wealth creation and distribution among the key personnel; and
- focus key personnel on the achievement of targets leading to improved Group performance and ultimately generation of Shareholder wealth.

The LTIP offers shares in the company under a service condition to nominated key employees. It is based on a percentage value of their current salary package allocated in the form of shares. These shares are held in trust via the Employee Share Plan (ESP) and no entitlement exists until service conditions are achieved including being an employee at the end of the service period.

28. Related party transactions

Key management personnel compensation

Key management personnel compensation comprised:

In dollars	**$2014**	**$2013**
Short-term employee benefits	2,250,551	2,693,941
Long-term employee benefits	37,141	59,690
Long-term incentive plan	-	393,944
Post-employment benefits	170,180	148,202
Termination benefits	204,820	-
	2,662,692	3,295,777

In addition to their salaries, the Group also provides non-cash benefits to executive Directors and executive officers, and contributes to a post-employment superannuation fund on their behalf.

Individual Director's and executive's compensation disclosures

Information regarding individual Director's and executive's compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 are provided in the remuneration report section of the Director's report.

Apart from the details disclosed in this note, no Director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year end.

Key management personnel and director transactions

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

28. Related party transactions continued

	Transactions value ($)		Balance outstanding	
	2014	**2013**	**2014**	**2013**
Titanwood Holdings Pty Ltd (1)	60,000	60,000	-	-
Dawkins Enterprises Pty Ltd (2)	9,350	16,000	-	-
Total	69,350	76,000	-	-

(1) On 2nd April 2007, the Group entered into a five (5) year contract with Titanwood Holdings P/L a company controlled by Mr. Stephen Bizzaca for the hire of a motor vehicle. The contract value is $300 thousand. Contract terms are based on market rates for the type of vehicle and amounts are payable on a monthly basis. This contract has been extended for a further 4 year period based on the same terms and conditions expiring 2 April 2016.

(2) The Group has entered into a professional services agreement with Dawkins Enterprises P/L for the provision of administrative services for the period July 2013 to June 2014. Contract terms are based on market rates for the type of services provided and amounts are payable on a quarterly basis.

29. Segment Reporting

The Group has one (1) reportable segment being Mining contracting. The Group has established the operating segment based on information provided to the Chief Executive Officer (CEO) demonstrating that resources are allocated to the whole Group based on supporting our clients with service combined with equipment in the underground coal mines throughout Australia.

Entity wide disclosures in relation to the Group's mining contracting, geographical and major customers are detailed below.

Mining contracting

The Group specialises in the provision of services for the underground coal mine industry within Australia embodying the following activities:

- whole of mine operations
- whole of mine care and maintenance
- roadway development
- bord and pillar extraction
- mine service
  - secondary support installation
  - excavation
  - ventilation device installation
  - services/utility installation/recovery
- longwall relocations and support conveyor installations and maintenance
- plant hire and maintenance
- mining products
- supplementary labour

Geographical information

Consolidated Group's operations are primarily located in one (1) segment which is Australia. Accordingly, no secondary reporting on geographical segments has been applied.

Major customers

Revenue from three (3) customers of the Group represent approximately $57,669 thousand (83%) of total revenue (2013: $84,613 thousand (58%)).

30. Deed of Cross Guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned subsidiaries listed below are relieved from the *Corporations Act 2001* requirement for preparation, audit and lodgement of financial reports and Directors' Report.

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries. The Company will only be liable in the event that any creditor has not been paid in full after six months. The subsidiaries have also given similar guarantees in the event that the Company is wound up. The deed took effect on 5 May 2011.

The subsidiaries subject to the deed are:

- Delta Mining Pty Ltd;
- SBD Services Pty Ltd; and
- Delta Coal Mining Pty Ltd.

As all subsidiaries in the wholly owned Group are a party to the deed, the consolidated statement of profit or loss and comprehensive income and consolidated statement of financial position disclosed in these financial statements represent the consolidated financial position and performance of the parties to the deed.

31. Auditor's Remuneration

Auditor's remuneration

In dollars	**2014**	**2013**
Audit services		
Auditors of the Group *KPMG Australia*:		
Audit and review of financial reports	136,370	146,645
Other services		
KPMG Australia:		
Tax Compliance and Advisory	15,100	14,318
Contributions Coal Mines long service leave Board	5,000	2,100
Tax advisory in relation to Research & Development	10,000	60,000
GST Review	-	5,175
Total recurring other services	30,100	81,593
Total other services	30,100	81,593

32. Subsequent Events

(a) Restructuring
In July 2014, the Group announced its intention to implement a cost-reduction programme and to take further measures to reduce costs. Additionally, to enable the Group to adapt its size to current market conditions, it intends to amalgamate some business units and personnel duties and reduce the Group's workforce. The Group expects the restructuring associated with the reduction in positions to lower overheads by at least $1m for FY15.

(b) Debt Reduction Plan
Significant capital equipment was disposed of during August 2014. In the fourth quarter of 2014 the Board was heavily engaged with reviewing its strategic direction and had resolved to implement a debt reduction strategy by disposal of selected assets which had been identified pre 30 June 2014.
Further details are disclosed in note 2 (f).

33. Parent Entity Disclosure

As at, and throughout, the financial year ended 30 June 2014 the parent company of the Group was Delta SBD Limited.

In thousands of dollars	Company	
	2014	**2013**
Result in parent entity		
(Loss)/Profit for the period	(16,991)	1
Other comprehensive income	-	-
Total comprehensive income for the period	(16,991)	1
Financial position of parent entity at year end		
Current assets	144	725
Total assets	24,330	40,575
Current liabilities	2,557	2,285
Total liabilities	2,667	2,477
Net Assets	21,663	38,098
Total equity of the parent entity comprising of		
Share Capital	38,592	38,036
Options reserve	946	946
Retained profits/(losses)	(17,875)	(884)
Total Equity	21,663	38,098

Parent entity guarantees in respect of the debts of its subsidiaries

The parent entity has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of its subsidiaries.

Further details on the Deed of Cross Guarantee and the subsidiaries subject to the deed are disclosed in note 30.

Directors' Declaration

1. In the opinion of the Directors of Delta SBD Limited ("the Company"):
   a) the consolidated financial statements and notes set out on pages 39 to 73 and the Remuneration report in section ten (10) in the Directors' report, are in accordance with the Corporations Act 2001, including:
      i) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance, for the financial year ended on that date; and
      ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
   b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. There are reasonable grounds to believe that the Company and the Group entities identified in note 30 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those Group entities pursuant to ASIC Class Order 98/1418.
3. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and interim Finance Director for the financial year ended 30 June 2014.
4. The Directors draw attention to note 2(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

Gordon Galt

Director

Dated this 30 day of September 2014

Independent auditor's report to the members of Delta SBD Limited

Report on the financial report

We have audited the accompanying financial report of Delta SBD Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2014, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 33 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2a, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2a.

Report on the remuneration report

We have audited the Remuneration Report included in Section 10 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Delta SBD Limited for the year ended 30 June 2014, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Richard Drinnan
Partner

Wollongong

Dated on this 30th day of September 2014

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Delta SBD Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2014 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Richard Drinnan
Partner

Wollongong

Dated on this 30th day of September 2014

DELTA SBD LIMITED

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below:

SHAREHOLDINGS

Substantial shareholders

The number of shares held by substantial shareholders and their associates as advised in substantial shareholder notices to the Company are set out below:

Shareholder	Percentage (%) of capital held	Number of ordinary shares held
SBD Nominees Pty Ltd	27.9	12,362,420
Titanwood Holdings Pty Ltd	10.4	4,590,599
Trinity Management Group Pty Ltd (Via the Delta SBD Employee Long Term Incentive Plan)	0.4	171,484
Total (related parties of Stephen Bizzaca)	38.7	17,124,503
Dawkins Enterprises Pty Ltd	24.2	10,708,930
Glyn Dawkins and Pamela Dawkins (Dawkins Family S/F Account)	4.9	2,180,373
Total (related parties of Glyn Dawkins)	29.1	12,889,303

Voting rights

Ordinary shares

Refer to note 19 in the financial statements.

Options

There are no voting rights attached to the options.

Distribution of equity security holders.

Category	Number of equity security holders
1 – 1,000	52
1,001 – 5,000	165
5,001 – 10,000	121
10,001 – 100,000	139
100,001 and over	31

There are three (3) holders of options over ordinary shares. Refer to note 26 in the financial statements.

The number of shareholders holding less than a marketable parcel of ordinary shares is thirty seven (37).

SECURITIES EXCHANGE

The Company is listed on the Australian Securities Exchange.

OTHER INFORMATION

Delta SBD Limited incorporated and domiciled in Australia, is a publicly listed company limited by shares.

ASX additional information continued

Name	Number of ordinary shares and options held	Percentage capital held
SBD Nominees Pty Ltd	12,362,420	26.0
Dawkins Enterprises Pty Ltd	10,708,930	22.5
Titanwood Holdings Pty Ltd	4,590,599	9.6
Trinity Management Group Pty	3,528,891	7.4
Glyn Dawkins and Pamela Dawkins (Dawkins Family S/F Account)	2,180,373	4.6
Nehemine Pty Ltd	868,173	1.8
Michael William Nash & Adrianne Lesley Nash (Nash Family Super Fund)	742,977	1.6
Mrs. Christine Gardner	710,113	1.5
Omicron Enterprises Pty Ltd	675,587	1.4
Susan Holt	430,460	0.9
Mase Investments Pty Ltd	351,868	0.7
C & L Dawkins Pty Ltd	323,719	0.7
Mesdam Pty Ltd	323,719	0.7
Tania Withers	322,659	0.7
Blade Equities Pty Ltd	296,719	0.6
L & C Gardner Pty Ltd	295,569	0.6
Mr Martinus Vlekkert	289,000	0.6
Tambuti Pty Ltd	262,719	0.6
Taurus Funds Management Pty Ltd	250,000	0.5
BT Portfolio Services Ltd	200,000	0.4
Nachal Pty Limited	196,300	0.4

Twenty (20) largest shareholders.

This information is current as at 28 August 2014 *Number and class of securities subject to voluntary escrow on issue and the date the escrow period ends.*

Class	Number	Date Escrow ends
Ordinary Shares as at 30 June 2014	-	-

Prior year

Class	Number	Date Escrow ends
Ordinary Shares as at 30 June 2013	7,957,033	20 December 2012

DELTA SBD LIMITED

CORPORATE DIRECTORY

BOARD OF DIRECTORS
Gordon Galt – Chairman
Steve Bizzaca – Managing Director and CEO
Glyn Dawkins – Non Executive Director
Geoff Garside – Executive Director

COMPANY SECRETARY
Geoff Garside

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ASX Code: DSB

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Gordon Galt
Chairperson

Geoff Garside
Executive Director and Company Secretary

Stephen Bizzaca
Managing Director and CEO

Glyn Dawkins
Non-Executive Director