Mincon Group plc
2015 Half Year Financial Results

Mincon Group plc *(ESM:MIO AIM:MCON),* the Irish engineering group specialising in the design, manufacture, sale and servicing of rock drilling tools and associated products, announces its half year results for the six months ended 30 June 2015.

	30 June 2015	30 June 2014	Percentage change in period
Product revenue:			
Sale of Mincon product (€'000)	25,460	18,887	35%
Sale of third party product (€'000)	7,280	4,525	61%
Total revenue (€'000)	32,740	23,412	40%
Sale of Mincon product as a % of total revenue	*78%*	*81%*	
Operating profit (€'000)	4,507	5,157	(13%)
Profit before tax (€'000)	4,499	5,458	(18%)
Profit attributable to shareholders of the parent company (€'000)	3,514	4,371	(20%)
Earnings per share (€)	0.017	0.021	(21%)

Joe Purcell, Chief Executive Officer, commenting on the results, said:

"The significant growth in the Mincon Group in the past 12 months is evidenced by the 40% increase in revenue in the first half of 2015 as compared to the same period in 2014. This growth has been largely driven by additional revenue from acquisitions completed in the intervening period.

Revenue continued to increase in Q2 2015, with a 32% increase in sales compared to Q1. This increase in revenue contributed to an improvement in the gross margin to 43% in Q2 2015 compared to 38% in Q1 2015. We have also seen an improvement in our profit before tax margin from 12% in Q1 2015 to 15% in Q2 2015, despite the impact of currency weakness in Q2.

The continued downturn in the mining industry has had an impact on market pricing and also on global sales of exploration product and capital equipment. This cyclical decline in our largest sector has been driven by the further decline in the commodity prices of base and precious metals. Given this market environment, we are pleased that demand for Mincon manufactured product has remained stable, on a like for like basis.

Our operating profit margin has reduced from 22% in H1 2014 to 14% in H1 2015 due to the combination of lower margins from acquired entities and a pressure on pricing in our market. Additionally, our operating profit in H1 2015 has been impacted by one-time costs of €380,000 associated with acquisitions and restructuring.

Mincon is continuing to make progress against targets outlined at the time of the initial public offering in November 2013 with the addition of a carbide manufacturer (Marshalls) in March 2015 in addition to a Rotary manufacturer (Rotacan) in August 2014. We have also significantly expanded our sales footprint over the past 12 months in South America, Australia and Africa. In conjunction with a focus on integration of the businesses acquired, including cost discipline, we are in discussions with potential acquisition targets with a view to further extending the Group's product range.

Overall we have significantly improved our market position. The investment strategy remains intact and we are ambitious for further growth.

In conjunction with the release of these half year results, the Board of Mincon Group plc has recommended the payment of an interim dividend in the amount of €0.01 (1 cent) per ordinary share, payable in September 2015."

Products & markets

Revenue from our conventional down-the-hole (DTH) hammer represented 54% (H1 2014: 68%) of Group turnover with other manufactured product sales representing 24% (H1 2013: 13%) of Group turnover. The addition of rotary and carbide product during the past 12 months has increased the sales of other manufactured product. Demand for our DTH product continues to grow each period due to product improvements and increasing market presence. The demand for RC product is more cyclical depending largely on the global prices for precious metals and the corresponding demand for exploration product. This market is at an extremely low ebb currently, resulting in a significant reduction in invoiced sales of Mincon RC product.

EMEA continues to be the most significant market for Mincon, representing 49% (H1 2014: 57%) of our revenue. Revenue in this region increased €2.6 million mainly due to acquisitions (Marshalls Carbide, Mincon Namibia and Mincon Tanzania). Excluding these acquisitions, revenue declined 2% due to the fact there were no capital equipment equipment sales in H1 2015 (H1 2014: €1.1m).

The Americas represents Mincon's second most significant market, representing 29% (H1 2014: 28%) of our revenue. Revenue in this region increased by €3.0 million (66%) primarily due to the acquisition of Rotacan. Excluding the impact of acquisitions and currency, revenue in the Americas declined 13% due to market weakness in the first half and the slowdown in the exploration market in the region. Mincon has now expanded its presence in this region with the acquisition of Rotacan Canada, a leading manufacturer of rotary bits and other rotary consumables and a direct sales presence in Chile.

Revenues in the Australasia region represented 22% (H1 2014: 15%) of our revenue. Revenue in this region increased by €3.7m (88%) due to the acquisition of two new sales offices in the region. Excluding the impact of acquisitions and currency, revenue has increased approximately 10% as Mincon continues to increase presence and market share in the region. This is despite the slowdown in exploration and the continuing weakness of the Australian dollar impacting on the reported revenue and profit margin from this region. The increase in revenue in this region has been driven by an increase in Mincon's market share of the conventional DTH hammer market (Mincon's core product).

Profit margins

The group's gross margin of 41% reduced 6% compared to the first half of 2014 (47%) but was largely consistent with the margin for the second half of 2014 (40%). The largest impact on gross margins has been the impact of acquisitions made in the past 12 months which have added products with lower gross margins (Rotary and Carbide) and a larger component of traded product sales. Management's primary focus is on the growth in sales of Mincon manufactured product, which generates a significantly higher margin compared to the distributorship margin received on the sale of third party product. Mincon manufactured product represented 78% of Group revenue compared to 81% in the prior year.

Excluding one-time costs, operating expenses have increased 46% in the period compared to H1 2014 compared to the 40% increase in revenue. The significant expansion of the group with the addition of nine additional trading companies in the past 18 months is the largest driver of the increase in operating expenses. The seven acquisitions completed since 30 June 2014 have added €2.45 million to the Group's operating expenses in the half year. Operating expenses include approximately €380,000 of non-recurring costs relating to acquisitions and subsequent restructuring costs.

Profit attributable to shareholders decreased by 20% largely due to the reduction in gross margin. The effective rate of tax of 21% for the half year is largely in line with expectations.

Given the price pressure noted above, management are taking measures to adjust the Group cost base. Management expects the benefits of these efforts will begin to be reflected in the Group's net margin in the second half of 2015 as it takes a number of months to work through the working capital cycle. Additionally, the Group's recent investment in its geographic footprint, and its focus on growing sales of Mincon manufactured product, should position the Group for future increases in own manufactured revenue and profitability.

Balance sheet and cash flows

Mincon's balance sheet remains very strong with net assets of €98.7 million. Receivables have increased by €3.4 million since December 2014 of which €1.8 million is attributable to acquisitions and currency improvements. 76% of the outstanding balance at 30 June 2015 is current compared to 75% at year-end. This is reflective of the increase in demand in Q2 2015 compared to the first three months, when demand and invoiced sales were weak. The Group has invested an additional €0.5 million (in inventory) as Mincon made the last down-payment on rigs in Southern Africa. Finished goods inventory levels have increased €4.5 million since December 2014 of which €3.1 million is attributable to acquisitions and foreign currency gains. Management remain cognisant of the need for a disciplined approach to working capital management and are taking initiatives to reduce working capital levels while continuing to invest for future growth.

The Group had net cash of approximately €34.3 million at 30 June 2015 (December 2014: €41.7 million), with €3.8 million invested in acquisitions and a final dividend of €2.1 million paid in May 2015.

Dividend

The Board of Mincon Group plc has recommended the payment of an interim dividend in the amount of €0.01 (1 cent) per ordinary share, which will be paid on 25 September 2015 to shareholders on the register at the close of business on 28 August 2015.

Outlook

The business environment in our market segment remains challenging and we have no evidence that demand in our market segment will change significantly in the second half of 2015. Management are taking steps to adjust the Group's cost base and working capital to current trading levels. The risk posed by the volatility in currency markets remains a concern.

We continue to increase our international sales network and maintain a strong emphasis on continued and new product development aimed at improving and expanding the existing product range. Additionally, we are continuing discussions with a number of potential acquisition targets with a view to extending the Group's product range and adding new customers and new geographic markets.

ENDS

19 AUGUST 2015

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Mincon Group plc

Unaudited condensed consolidated income statement
For the 6 months ended 30 June 2015

	Notes	2015 H1 €'000	2014 H1 €'000
Continuing operations			
Revenue	2	32,740	23,412
Cost of sales	4	(19,262)	(12,371)
Gross profit		**13,478**	**11,041**
General, selling and distribution expenses	4	(8,971)	(5,884)
Operating profit		**4,507**	**5,157**
Finance cost		(98)	(115)
Finance income		179	443
Foreign exchange gain/(loss)		2	(27)
Fair value movement on contingent consideration		(91)	-
Profit before tax		**4,499**	**5,458**
Income tax expense	6	(951)	(1,003)
Profit for the period		**3,548**	**4,455**
Profit attributable to:			
- owners of the Parent		3,514	4,371
- non-controlling interests		34	84
Earnings per Ordinary Share			
Basic earnings per share, €	7	0.017	0.021
Diluted earnings per share, €	7	0.017	0.021
Weighted average number of ordinary shares in issue ('000)		210,541	207,471

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

Mincon Group plc

Unaudited condensed consolidated statement of comprehensive income
For the 6 months ended 30 June 2015

	2015 H1 €'000	2014 H1 €'000
Profit for the period	3,548	4,455
Other comprehensive income/(loss):		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation – foreign operations	1,829	407
Other comprehensive income/(loss) for the period	1,829	407
Total comprehensive income for the period	**5,377**	**4,862**
Total comprehensive income attributable to:		
- owners of the Parent	**5,343**	4,778
- non-controlling interests	**34**	84

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

Unaudited consolidated statement of financial position
As at 30 June 2015

	Notes	30 June 2015 €'000	31 December 2014 €'000
Non-Current Assets			
Goodwill	9	12,218	9,870
Property, plant and equipment	10	18,227	16,399
Deferred tax asset	6	502	278
Other non-current assets		577	573
Total Non-Current Assets		**31,524**	**27,120**
Current Assets			
Inventory	11	32,997	28,365
Trade and other receivables	12	15,255	11,822
Other current assets		963	116
Current tax asset	6	307	408
Short term deposits	14(a)	30,781	30,630
Cash and cash equivalents		7,281	14,082
Total Current Assets		**87,584**	**85,423**
Total Assets		**119,108**	**112,543**
Equity			
Ordinary share capital		2,105	2,105
Share premium		67,647	67,647
Merger reserve		(17,393)	(17,393)
Capital redemption reserve		39	39
Share based payment reserve		16	16
Foreign currency translation reserve		1,713	(116)
Retained earnings		44,124	42,715
Equity attributable to owners of Mincon Group plc		98,251	95,013
Non-controlling interests		451	417
Total Equity		**98,702**	**95,430**
Non-Current Liabilities			
Loans and borrowings	13	2,580	2,065
Deferred tax liability	6	468	757
Deferred contingent consideration	14(c)	7,788	6,717
Other liabilities		719	140
Total Non-Current Liabilities		**11,555**	**9,679**
Current Liabilities			
Loans and borrowings	13	1,167	893
Trade and other payables		4,814	3,804
Accrued and other liabilities		2,467	2,320
Current tax liability	6	403	417
Total Current Liabilities		**8,851**	**7,434**
Total Liabilities		**20,406**	**17,113**
Total Equity and Liabilities		**119,108**	**112,543**

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

Unaudited condensed consolidated statement of cash flows
For the 6 months ended 30 June 2015

	H1 2015 €'000	H1 2014 €'000
Operating activities:		
Profit for the period	3,548	4,455
Adjustments to reconcile profit to net cash provided by operating activities:		
Depreciation	1,146	907
Interest cost	98	115
Interest income	(179)	(443)
Income tax expense	951	1,003
Other non-cash movements	128	229
	5,783	6,266
Changes in trade and other receivables	(2,925)	(1,284)
Changes in prepayments and other assets	(747)	(161)
Changes in inventory	(1,357)	(1,386)
Changes in capital equipment inventory	(498)	(1,300)
Changes in trade and other payables	246	(741)
Cash provided by operations	502	1,394
Interest received	179	443
Interest paid	(98)	(115)
Income taxes paid	(1,183)	(1,654)
Net cash provided by/(used in) operating activities	**(600)**	**68**
Investing activities		
Purchase of property, plant and equipment	(840)	(1,123)
Investment in short term deposits	(151)	(3,000)
(Investment in)/proceeds from joint venture investments	46	(20)
Acquisitions, net of cash acquired	(3,832)	-
Net cash provided by/(used in) investing activities	**(4,777)**	**(4,143)**
Financing activities		
Capital contribution	-	953
Dividends paid	(2,105)	-
Repayment of loans and finance leases	(510)	(270)
Drawdown of loans	1,100	1,513
Net cash provided by/(used in) financing activities	**(1,515)**	**2,196**
Effect of foreign exchange rate changes on cash	91	166
Net increase/(decrease) in cash and cash equivalents	**(6,801)**	**(1,713)**
Cash and cash equivalents at the beginning of the year	14,082	10,119
Cash and cash equivalents at the end of the period	**7,281**	**8,406**

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

Unaudited condensed consolidated statement of changes in equity for the 6 months ended 30 June 2015

	Share capital €'000	Share premium €'000	Merger reserve €'000	Other reserve €'000	Capital redemption reserve €'000	Capital contribution €'000	Share based payment reserve €'000	Foreign currency translation reserve €'000	Retained earnings €'000	Total €'000	Non-controlling interests €'000	Total equity €'000
Balances at 31 December 2013	**2,113**	**145,036**	**(17,393)**	**(79,300)**	**-**	**953**		**(1,934)**	**35,883**	**85,358**	**979**	**86,337**
Comprehensive income:												
Profit for the period	-	-	-	-	-	-	-	-	4,371	**4,371**	84	**4,455**
Other comprehensive income/(loss):												
Foreign currency translation	-	-	-	-	-	-	-	407	-	**407**	-	**407**
Total comprehensive income								407	4,371	**4,778**	84	**4,862**
Transactions with Shareholders:												
Share-based payments	-	-	-	-	-	-	6	-	-	**6**	-	**6**
Recycle of capital contribution to retained earnings	-	-	-	-	-	(953)	-	-	953	**-**	-	**-**
Reduction of share premium account	-	(79,300)	-	79,300	-	-	-	-	-	**-**	-	**-**
Balances at 30 June 2014	**2,113**	**65,736**	**(17,393)**	**-**	**-**	**-**	**6**	**(1,527)**	**41,207**	**90,142**	**1,063**	**91,205**
Comprehensive income:												
Profit for the period	-	-	-	-	-	-	-	-	4,763	**4,763**	46	**4,809**
Other comprehensive income/(loss):												
Foreign currency translation	-	-	-	-	-	-	-	1,411	-	**1,411**	-	**1,411**
Total comprehensive income								1,411	4,763	**6,174**	46	**6,220**
Transactions with Shareholders:												
Acquisition of non-controlling interest	31	1,911	-	-	-	-	-	-	(1,142)	**800**	(800)	**-**
Recognition of non-controlling interest on acquisition	-	-	-	-	-	-	-	-	-	**-**	108	**108**
Dividend payment	-	-	-	-	-	-	-	-	(2,074)	**(2,074)**	-	**(2,074)**
Share-based payments	-	-	-	-	-	-	10	-	-	**10**	-	**10**
Redemption of subscriber shares	(39)	-	-	-	39	-	-	-	(39)	**(39)**	-	**(39)**
Balances at 31 December 2014	**2,105**	**67,647**	**(17,393)**	**-**	**39**	**-**	**16**	**(116)**	**42,715**	**95,013**	**417**	**95,430**
Comprehensive income:												
Profit for the period	-	-	-	-	-	-	-	-	3,514	**3,514**	34	**3,548**
Other comprehensive income/(loss):												
Foreign currency translation	-	-	-	-	-	-	-	1,829	-	**1,829**	-	**1,829**
Total comprehensive income								1,829	3,514	**5,343**	34	**5,377**
Transactions with Shareholders:												
Dividend payment	-	-	-	-	-	-	-	-	(2,105)	**(2,105)**	-	**(2,105)**
Balances at 30 June 2015	**2,105**	**67,647**	**(17,393)**	**-**	**39**	**-**	**16**	**1,713**	**44,124**	**98,251**	**451**	**98,702**

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

Notes to the condensed consolidated interim financial statements

1 General information and basis of preparation

Mincon Group plc ("the Company") is a company incorporated in the Republic of Ireland. The unaudited condensed consolidated interim financial statements of the Company for the six months ended 30 June 2015 (the "Interim Financial Statements") include the Company and its subsidiaries (together referred to as the "Group"). The Interim Financial Statements were authorised for issue by the Directors on 18 August 2015.

The Interim Financial Statements have been prepared in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the EU. The Interim Financial Statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2014 as set out in the 2014 Annual Report (the "2014 Accounts").

The Interim Financial Statements do not constitute statutory financial statements. The statutory financial statements for the year ended 31 December 2014, extracts from which are included in these Interim Financial Statements, were prepared under IFRSs as adopted by the EU and will be filed with the Registrar of Companies with the Company's 2014 annual return. They are available from the Company, from the website ww.mincon.com and, when filed, from the registrar of companies. The auditor's report on those statutory financial statements was unqualified.

The Interim Financial Statements are presented in Euro, rounded to the nearest thousand, which is the functional currency of the parent company and also the presentation currency for the Group's financial reporting.

The financial information contained in the Interim Financial Statements has been prepared in accordance with the accounting policies applied in the 2014 Accounts. The annual improvements to IFRSs 2011-2013 cycle is effective for the Group for the first time for the financial year beginning 1 January 2015. This did not have a material impact on the Group for the six month period ended 30 June 2015.

Critical accounting estimates and judgements
The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from these estimates. In preparing the Interim Financial Statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2014 Accounts.

2. Revenue

	H1 2015 €'000	H1 2014 €'000
Product revenue:		
Sale of Mincon product	25,460	18,887
Sale of third party product	7,280	4,525
Total revenue	**32,740**	**23,412**

3. Operating Segments

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

Having assessed the aggregation criteria contained in IFRS 8 operating segments and considering how the Group manages its business and allocates resources, the Group has determined that it has one reportable segment. In particular the Group is managed as a single business unit that sells drilling equipment, primarily manufactured by Mincon manufacturing sites.

Entity-wide disclosures

The business is managed on a worldwide basis but operates manufacturing facilities and sales offices in Ireland, Australia, the United States and Canada and sales offices in nine other locations including South Africa, Senegal, Ghana, Namibia, Tanzania, Sweden, Poland, Chile and Peru. In presenting information on geography, revenue is based on the geographical location of customers and non-current assets based on the location of these assets.

Revenue by region (by location of customers):

	H1 2015 €'000	H1 2014 €'000
Region:		
Ireland	371	264
Americas	9,508	6,468
Australasia	7,083	3,449
Europe, Middle East, Africa	15,778	13,231
Total revenue from continuing operations	**32,740**	**23,412**

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

	30 June 2015 €'000	31 December 2014 €'000
Region:		
Ireland	5,861	5,871
Americas	13,217	12,852
Australasia	7,250	5,645
Europe, Middle East, Africa	4,694	2,474
Total non-current assets(1)	**31,022**	**26,842**

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

4. Cost of Sales and operating expenses

Included within cost of sales, selling and distribution expenses and general and administrative expenses were the following major components:

Cost of sales

	H1 2015 €'000	H1 2014 €'000
Raw materials	7,310	4,454
Third party product purchases	5,706	3,448
Employee costs	3,287	2,235
Depreciation	854	723
Other	2,105	1,511
Total cost of sales	**19,262**	**12,371**

Other operating expenses

	H1 2014 €'000	H1 2014 €'000
Employee costs (including director emoluments)	5,030	3,038
Depreciation	292	325
Other	3,649	2,521
Total other operating costs	**8,971**	**5,884**

5. Employee information

	H1 2015 €'000	H1 2014 €'000
Wages and salaries – including directors	7,276	4,845
Social security costs	622	219
Pension costs of defined contribution plans	418	209
Total employee costs	**8,316**	**5,273**

The average number of employees was as follows:

	H1 2015 Number	H1 2014 Number
Sales and distribution	79	53
General and administration	52	27
Manufacturing, service and development	144	83
Average number of persons employed	**275**	**163**

6. Income Tax

The Group's consolidated effective tax rate in respect of operations for the six months ended 30 June 2015 was 21.3% (30 June 2014: 18.4%). The increase in the effective rate of tax to 21.3% in 2015 was due to the change in the geographic spread of profits of the Group entities, reflective of (i) the impact on margins of the strengthening of currencies in non-euro jurisdictions, and (ii) the increase in sales of third party product in 2015, due to acquisitions, as compared to the prior period. The margin on third party product sales are primarily earned in countries with higher rates of tax than Ireland. The tax charge for the six months ended 30 June 2015 of €1 million (30 June 2014: €1.0m) comprises a deferred tax charge relating to movements in provisions, net operating losses forward and the temporary differences for property, plant and equipment recognised in the income statement.

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

	30 June 2015 €'000	31 December 2014 €'000
Current tax prepayments	307	408
Current tax payable	(403)	(417)
Net current tax	(96)	(9)

The net deferred tax liability at period-end was as follows:

	30 June 2015 €'000	31 December 2014 €'000
Deferred tax asset	502	278
Deferred tax liability	(468)	(757)
Net deferred tax	34	(479)

7. Earnings per share

Basic earnings per share (EPS) is computed by dividing the profit for the period available to ordinary shareholders by the weighted average number of Ordinary Shares outstanding during the period. Diluted earnings per share is computed by dividing the profit for the period by the weighted average number of Ordinary Shares outstanding and, when dilutive, adjusted for the effect of all potentially dilutive shares. The following table sets forth the computation for basic and diluted net profit per share for the six months ended 30 June:

	H1 2015	H1 2014
Numerator (amounts in €'000):		
Profit attributable to owners of the Parent	3,514	4,371
Earnings per Ordinary Share		
Basic earnings per share, €	0.017	0.021
Diluted earnings per share, €	0.017	0.021
Denominator (Number):		
Basic weighted-average shares outstanding	210,541,102	207,471,264
Diluted weighted-average shares outstanding	210,541,102	207,471,264

8. Acquisitions

A key strategy of the Group is to increase and diversify its product portfolio and to extend its distribution network through acquisitions. In line with this strategy, the principal acquisitions completed by the Group during the six months ended 30 June 2015, together with percentages acquired, were as follows:

- the acquisition of 100% of Marshalls Carbide, one of Europe's leading tungsten carbide manufacturers located in Sheffield, England. Marshalls Carbide Limited, a 100% subsidiary of Mincon Group plc acquired the entire business and assets of Marshalls Hard Metals Limited.
  Tungsten carbide inserts are a key raw material in Mincon manufactured product and this strategic investment further strengthens Mincon's control over the production process and quality control procedures employed in the manufacturing process. The deal was completed in March 2015.
- the acquisition of 100% of Ozmine International Pty Limited, a sales and distribution company located in Western Australia. Ozmine will extend Mincon's distribution network in Western Australia, Indonesia and Papua New Guinea in line with the Mincon stated strategy to supply product directly to the end user where possible. The deal was completed in January 2015.
- the acquisition of 70% of Two Tusks Tanzania Limited, a sales and distribution company based in Tanzania, completed in March 2015.
- the acquisition of 100% of Rotacan Sudamericana SA, a sales and distribution company based in Chile, completed in March 2015.

In the six months to June 2015, these acquisitions contributed revenue of €3.8 million and €100,000 net loss to the Group's results. If all the acquisitions had occurred on 1 January 2015, management estimates that revenues from these acquisitions would have been €6.2 million. Consolidated profit for the year would not have changed materially. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2015.

A. Consideration transferred

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

	Total
	€'000
Cash	4,288
Deferred contingent consideration	774
Total consideration transferred	**5,062**

Deferred contingent consideration

Ozmine

The previous owners of Ozmine will receive additional payments up to a maximum of €680,000 over three years based on the achievement of certain profits by the business during the years ending 31 December 2015, 2016 and 2017. This deferred contingent consideration is included in the fair value of the consideration transferred in the table above.

Two Tusks

Mincon has an option to purchase the remaining 30% of Two Tusks in three years (for consideration based on a profit after tax multiple). The 30% shareholder will also have a put option beginning in three years' time.

In accordance with IFRS 3 *Business Combinations,* the Group has accounted for the put and call option arrangement under the anticipated acquisition method and accordingly the financial liability arising from the arrangement is included in the fair value of the consideration transferred as deferred contingent consideration in the table above. No non-controlling interests are presented on the basis that the Group has treated the put option as a financial liability that is outside management control.

8. Acquisitions (continued)

B. Identifiable assets acquired and liabilities assumed

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

	Total €'000
Property, plant and equipment	1,668
Inventories	1,772
Trade receivables	1,477
Cash and cash equivalents	456
Other assets	195
Other liabilities	(537)
Trade and other payables	(2,006)
Fair value of identifiable net assets acquired	**3,025**

Measurement of fair values

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

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

If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

C. Goodwill

Goodwill arising from the acquisition has been recognised as follows.

	Total €'000
Consideration transferred	**5,062**
Fair value of identifiable net assets	**(3,025)**
Goodwill	**2,037**

The goodwill created on the acquisitions in the period is primarily related to the synergies expected to be achieved from integrating these companies into the Group's existing structure. Manufactured carbide product will be sold to the Group's existing manufacturing facilities and the new sales offices are expected to increase Mincon's market share and sale of own manufactured product.

D. Acquisition-related costs

Acquisition related costs amounted to approximately €175,000 and were included in "operating expenses" in the income statement for the six months ended 30 June 2015.

9. Goodwill

	€'000
Balance at 1 January 2015	**9,870**
Acquisitions	2,037
Translation differences	311
Balance at 30 June 2015	**12,218**

10. Property, Plant and Equipment

Capital expenditure in the first half-year amounted to €0.8 million (30 June 2014: €1.1 million) of which €0.1 million (30 June 2014: €0.5 million) was invested in buildings and €0.7 million (30 June 2014: €0.6 million) was invested in plant and machinery. The Group had no outstanding capital commitments at 30 June 2015.

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

	H1 2015 €'000	H1 2014 €'000
Cost of sales	854	723
Selling, general and administrative expenses	292	325
Total depreciation charge for property, plant and equipment	**1,146**	**1,048**

11. Inventory

	30 June 2015 €'000	31 December 2014 €'000
Finished goods and work-in-progress	22,910	18,454
Capital equipment	4,730	4,232
Raw materials	5,357	5,679
Total inventory	**32,997**	**28,365**

There was no material write-down of inventories to net realisable value during the period ended 30 June 2015 (30 June 2014: €Nil).

12. Trade and other receivables

	30 June 2015	31 December 2014
	€'000	€'000
Gross receivable	15,733	12,110
Provision for impairment	(478)	(288)
Net trade and other receivables	**15,255**	**11,822**

	30 June 2015	31 December 2014
	€'000	€'000
Less than 60 days	11,568	8,846
61 to 90 days	2,163	1,570
Greater than 90 days	1,524	1,406
Net trade and other receivables	**15,255**	**11,822**

At 30 June 2015, €1.5 million (10%) of trade receivables of our total trade and other receivables balance was past due but not impaired (31 December 2014, €1.4 million (12%)).

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

Credit Risk

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

	30 June 2015	31 December 2014
	€'000	€'000
Ireland	154	39
Americas	3,728	4,243
Australasia	2,684	2,020
Europe, Middle East, Africa	8,689	5,520
Total amounts owed, net of provision for impairment	**15,255**	**11,822**

13. Loans and borrowings

	Maturity	30 June 2015 €'000	31 December 2014 €'000
Bank loans	2015-2028	3,087	1,398
Finance leases	2015	660	1,560
Total Loans and borrowings		**3,747**	**2,958**
Current		1,167	893
Non-current		2,580	2,065

The Group has a number of bank loans and finance leases in Australia, the United States, Canada and Namibia with a mixture of variable and fixed interest rates. The Group has been in compliance with all debt agreements during the periods presented. None of the debt agreements carry restrictive financial covenants.

On 16 March 2015, Mincon Rockdrills USA Inc. drew down USD$1,200,000 (circa €1.1million) on a five year variable interest loan which is secured on assets of that company with a net book value of approximately USD$2.0 million (circa €1.8 million).

14. Financial Risk Management

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

The half-year financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the 2014 Annual Report. There have been no changes in our risk management policies since year-end and no material changes in our interest rate risk.

a) Liquidity and Capital

The Group defines liquid resources as the total of its cash, cash equivalents and short term deposits. During the period, the Group utilised approximately €7.4 million of liquid resources for acquisitions (€3.4 million), dividends ((€2.1 million), additions to property, plant and equipment (€0.8 million) and working capital investments in newly acquired and existing operations.

At 30 June 2015, the Group had €30.8 million (31 December 2014: €30.6 million) on fixed deposit with a government backed financial institution in Ireland, which can be withdrawn at any time for corporate purposes, but has a nominal maturity date of December 2015. IAS 7 *Statement of Cash Flows* requires any investment with a maturity date of greater than three months to be disclosed other than as cash or cash equivalents.

14. Financial Risk Management *(continued)*

b) Foreign currency risk

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

The Group's global operations create a translation exposure on the Group's net assets since the financial statements of entities with non-euro functional currencies are translated to euro when preparing the consolidated financial statements. The Group does not use derivative instruments to hedge these net investments. The principal foreign currency risks to which the Group is exposed relate to movements in the exchange rate of the euro against US dollar, South African rand, Australian dollar and Swedish Krona.

Almost 50% of Mincon's revenue is generated in these currencies, compared to less than 10% of the Group's cost of sales. This had a significant translational impact on revenue when sales in local currency are converted into euro with a knock-on impact on the Group's gross margin and net margin. The majority of the group's manufacturing base has a euro or US dollar cost base. While Group management makes every effort to reduce the impact of this currency volatility, it is impossible to eliminate or significantly reduce given the fact that the highest grades of our key raw materials are either not available or not denominated in these markets and currencies. Additionally, the ability to increase prices for our products in these jurisdictions is limited by the current market factors.

Currency also has a significant transactional impact on the group as outstanding balances in foreign currencies are retranslated at closing rates at each period end. The strengthening of the US Dollar and other currencies has impacted upon equity with an increase in recognised net assets of non-Euro reporting subsidiaries of €1.8 million due to foreign exchange movements in the year on the retranslation of the net investment in foreign operations.

Average and closing exchange rates for the Group's primary currency exposures were as disclosed in the table below for the period presented.

Euro exchange rates	30 June 2015 Closing	H1 2015 Average	31 December 2014 Closing	H1 2014 Average
US Dollar	1.11	1.12	1.22	1.37
Australian Dollar	1.45	1.43	1.49	1.50
South African Rand	13.62	13.31	14.10	14.64
Swedish Krona	9.23	9.34	9.48	9.10

There has been no material change in the Group's currency exposure since 31 December 2014. Such exposure comprises the monetary assets and monetary liabilities that are not denominated in the functional currency of the operating unit involved.

c) Fair values

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

There are no material differences between the carrying amounts and fair value of our financial liabilities as at 31 December 2014 or 30 June 2015.

14. Financial Risk Management *(continued)*

c) Fair values (continued)

Financial instruments carried at fair value

The deferred contingent consideration payable represents management's best estimate of the fair value of the amounts that will be payable, discounted as appropriate using a market interest rate. The fair value was estimated by assigning probabilities, based on management's current expectations, to the potential pay-out scenarios. The fair value of deferred contingent consideration is primarily dependent on the future performance of the acquired businesses against predetermined targets and on management's current expectations thereof. An increase and decrease of 10% in management's expectation as to the amounts that will be paid out would increase or decrease the value of contingent deferred contingent consideration at 30 June 2015 by €0.8 million. The significant unobservable inputs are the performance of the acquired businesses and the timing of the pay-out.

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

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

	Deferred contingent consideration €'000
Balance at 1 January 2015	**6,717**
Acquisitions	774
Fair value movement	91
Translation differences	206
Balance at 30 June 2015	**7,788**

15. Litigation

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

16. Related Parties

We have related party relationships with our subsidiaries, directors and senior key management personnel. All transactions with subsidiaries eliminate on consolidation and are not disclosed.

As at 30 June 2015 and 31 December 2014, the share capital of Mincon Group plc was 56.84% owned by Kingbell Company which is ultimately controlled by Patrick Purcell and members of the Purcell family. Patrick Purcell is also a director of the Company. Ballybell Limited, a company controlled by Kevin Barry, non-Executive Director holds 14.21% of the equity of the Company. In June 2015, the Group paid a final dividend of €0.01 to all shareholders on the register at 29 May 2015. The total dividend paid to Kingbell and Ballybell Limited was €1,196,712 and €299,178 respectively.

There were no other related party transactions in the half year ended 30 June 2015 that affected the financial position or the performance of the Company during that period and there were no changes in the related party transactions described in the 2014 Annual Report that could have a material effect on the financial position or performance of the Company in the same period.

17. Events after the reporting date

Dividend

On 17 August 2015, the Board of Mincon Group plc approved the payment of an interim dividend in the amount of €0.01 (1 cent) per ordinary share. This amounts to a total dividend payment of €2,105,411 which will be paid on 25 September 2015 to shareholders on the register at the close of business on 28 August 2015.

18. Approval of financial statements

The Board of Directors approved the interim condensed consolidated financial statements for the six months ended 30 June 2015 on 18 August 2015.