

## APPENDIX 4E PRELIMINARY FINAL REPORT

**MASTERMYNE GROUP LIMITED**  
**ABN 96 142 490 579**

**Reporting period: Financial year ended 30 June 2016**  
**Previous Corresponding period: Financial year ended 30 June 2015**

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

	<b>2016 \$'000</b>	<b>2015 \$'000</b>	<b>Change \$'000</b>	<b>Change %</b>
Revenue from Ordinary Activities	168,434	174,195	(5,761)	(3.3%)
Profit for the year attributable to equity holders of the parent	(13,156)	(4,376)	(8,780)	(200.6%)

### DIVIDENDS

<b>DIVIDEND</b>	<b>Record Date</b>	<b>Payment Date</b>	<b>Amount per Security</b>	<b>Franked Amount per Security</b>
Final Dividend for year ended 30 June 2016	N/A	N/A	Nil	Nil
Final Dividend for year ended 30 June 2015	25/09/2015	15/10/2015	1.0 cps	1.0 cps

## FINANCIAL RESULTS

### Profit for the year

Mastermyne Group Limited and its controlled subsidiaries recorded a loss after tax of \$13.186 million for the year ended 30 June 2016, down on the previous corresponding period (net loss after tax for the year ended 30 June 2015 of \$4.354 million). The result included a non-cash goodwill impairment of \$7.999 million (2015: \$4.538 million), and a loss on sale of assets of \$2.003 million (2015: \$0.006 million) as a result of the Group selling its Mackay and Rockhampton Workshops during the period. The impact of these items increased the loss after tax by \$9.401 million.

The Group's revenues were lower than the previous corresponding period by 3.3%, down to \$168.434 million (2015: \$174.195 million) as a result of continued slower economic conditions in the Coal sector and the continued focus on costs by the Group's clients. The remainder of the Group's revenue decreased on the previous corresponding period as a result of lower contracting activity. Profit margins have also decreased resulting from the lower contracting activity, lower equipment utilisation and contraction in margins due to the current market climate.

### Balance Sheet and Cash Flows

The overall cash position reduced at year ending 30 June 2016 with a net decrease in cash and cash equivalents of \$6.887 million (2015: net decrease of \$0.087 million). The reduction was a result of some of the Group's major clients delaying payments due at 30 June 2016 until July, with \$4.2 million overdue paid in the first week of July. Total cash flow movements were as follows:

- Net cash inflows from operating activities for the year were \$0.381 million (2015: net cash inflows of \$7.135 million), the reduction on last year is largely driven by delayed payments from clients as detailed above;
- Net cash outflows from investing activities for the year of \$1.994 million (2015: net cash outflows of \$11.293 million), down as a result of the acquisition of subsidiary that occurred in the prior year which utilised \$10.581 million in cash;
- Net cash outflows from financing activities for the year of \$5.274 million (2015: net cash inflows of \$4.071 million), resulting from repayment of borrowings of \$4.363million (2015: \$5.461 million), paying dividends of \$0.911 million (2015: \$1.968 million) and nil proceeds from borrowings (2015: \$11.500 million).

The balance sheet remains healthy despite net debt increasing by \$2.682 million to \$11.115 million (2015: \$8.433 million), largely as a result of reduction in cash to \$1.836 million (2015: \$11.043 million). The reduction in cash is a result of the delayed client payments as detailed above. The Group still maintains headroom in its current bank facilities with working capital facilities totaling \$6 million, of which \$0.321 million is drawn in bank guarantees.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**For the year ended 30 June 2016**

*In thousands of AUD*

	2016	2015
Revenue	168,434	174,195
Other income	257	35
Contract disbursements	(35,612)	(31,929)
Personnel expenses	(120,866)	(126,061)
Office expenses	(7,672)	(7,790)
Depreciation and amortisation expense	(7,562)	(7,515)
Gain on bargain purchase	-	2,221
Impairment loss	(7,999)	(4,538)
Other expenses	(3,173)	(2,268)
<b>Results from operating activities</b>	<b>(14,193)</b>	<b>(3,650)</b>
Finance income	59	202
Finance expense	(907)	(1,101)
<b>Net finance expense</b>	<b>(848)</b>	<b>(899)</b>
<b>Loss before income tax</b>	<b>(15,041)</b>	<b>(4,549)</b>
Income tax benefit	1,855	195
<b>Loss for the period</b>	<b>(13,186)</b>	<b>(4,354)</b>
Other comprehensive income for the period, net of income tax	-	-
<b>Total comprehensive income for the period</b>	<b>(13,186)</b>	<b>(4,354)</b>
<b>Attributable to:</b>		
Owners of the Company	(13,156)	(4,376)
Non-controlling interests	(30)	22
<b>Loss for the period</b>	<b>(13,186)</b>	<b>(4,354)</b>
<b>Earnings per share</b>		
Basic earnings per share (AUD)	(0.14)	(0.05)
Diluted earnings per share (AUD)	(0.14)	(0.05)

Please refer to the annual financial statements lodged with the ASX on 16 August 2016 for the notes to the consolidated statement of profit or loss and other comprehensive income.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**At 30 June 2016**

*In thousands of AUD*

	2016	2015
<b>Assets</b>		
Cash and cash equivalents	1,836	8,723
Trade and other receivables	29,084	38,568
Inventories	3,408	3,002
Current tax assets	226	259
<b>Total current assets</b>	<b>34,554</b>	<b>50,552</b>
Deferred tax assets	8,579	7,146
Property, plant and equipment	21,540	29,070
Intangible assets	7,089	14,912
<b>Total non-current assets</b>	<b>37,208</b>	<b>51,128</b>
<b>Total assets</b>	<b>71,762</b>	<b>101,680</b>
<b>Liabilities</b>		
Trade and other payables	11,039	18,101
Loans and borrowings	3,543	4,363
Employee benefits	3,237	7,725
<b>Total current liabilities</b>	<b>17,819</b>	<b>30,189</b>
Loans and borrowings	9,408	12,793
Employee benefits	102	197
<b>Total non-current liabilities</b>	<b>9,510</b>	<b>12,990</b>
<b>Total liabilities</b>	<b>27,329</b>	<b>43,179</b>
<b>Net assets</b>	<b>44,433</b>	<b>58,501</b>
<b>Equity</b>		
Share capital	55,234	55,234
Reserves	(21,915)	(21,944)
Retained earnings	10,716	24,783
<b>Total equity attributable to equity holders of the Company</b>	<b>44,035</b>	<b>58,073</b>
<b>Non-controlling interests</b>	<b>398</b>	<b>428</b>
<b>Total equity</b>	<b>44,433</b>	<b>58,501</b>

Please refer to the annual financial statements lodged with the ASX on 16 August 2016 for the notes to the consolidated statement of financial position.

**CONSOLIDATED CASH FLOW STATEMENT**  
**For the year ended 30 June 2016**

*In thousands of AUD*

	2016	2015
<b>Cash flows from operating activities</b>		
Cash receipts from customers	204,277	199,535
Cash paid to suppliers and employees	(203,443)	(190,741)
Cash generated from operations	834	8,794
Interest paid	(907)	(1,101)
Income tax received / (paid)	454	(558)
<b>Net cash flows from operating activities</b>	<b>381</b>	<b>7,135</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	418	104
Acquisition of property, plant and equipment	(2,244)	(1,018)
Acquisition of intangibles	(227)	-
Interest received	59	202
Acquisition of subsidiary, net of cash acquired	-	(10,581)
<b>Net cash flows used in investing activities</b>	<b>(1,994)</b>	<b>(11,293)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	-	11,500
Repayment of borrowings	(4,363)	(5,461)
Dividends paid	(911)	(1,968)
<b>Net cash flows from / (used in) financing activities</b>	<b>(5,274)</b>	<b>4,071</b>
Net decrease in cash and cash equivalents	(6,887)	(87)
Cash and cash equivalents at beginning of period	8,723	8,810
<b>Cash and cash equivalents at end of period</b>	<b>1,836</b>	<b>8,723</b>

Please refer to the annual financial statements lodged with the ASX on 16 August 2016 for the notes to the consolidated cash flow statement.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 30 June 2016**

*In thousands of AUD*

	Attributable to owners of the Company				Non-Controlling interests	Total
	Share capital	Retained earnings	Share-based payment reserve (note 20)	Common Control Reserve (note 20)		
<b>Consolidated</b>						
<b>Balance at 1 July 2014</b>	51,108	31,127	2,258	(24,237)	406	60,662
<b>Total comprehensive income for the period</b>						
Loss for the period	-	(4,376)	-	-	22	(4,354)
Total comprehensive income for the period	-	(4,376)	-	-	22	(4,354)
<b>Transactions with owners recorded directly in equity</b>						
Share options exercised	4,126	-	-	-	-	4,126
Share-based payment transactions	-	-	35	-	-	35
Dividends to equity holders	-	(1,968)	-	-	-	(1,968)
Total contributions by and distributions to owners	4,126	(1,968)	35	-	-	2,193
<b>Balance at 30 June 2015</b>	55,234	24,783	2,293	(24,237)	428	58,501
<b>Balance at 1 July 2015</b>	55,234	24,783	2,293	(24,237)	428	58,501
<b>Total comprehensive income for the period</b>						
Loss for the period	-	(13,156)	-	-	(30)	(13,186)
Total comprehensive income for the period	-	(13,156)	-	-	(30)	(13,186)
<b>Transactions with owners recorded directly in equity</b>						
Issue of ordinary shares in relation to business combinations	-	-	-	-	-	-
Share-based payment transactions	-	-	29	-	-	29
Dividends to equity holders	-	(911)	-	-	-	(911)
Total contributions by and distributions to owners	-	(911)	29	-	-	(882)

Please refer to the annual financial statements lodged with the ASX on 16 August 2016 for the notes to the consolidated statement of changes in equity.

## EARNINGS PER SHARE

### Basic earnings per share

The calculation of basic earnings per share at 30 June 2016 was based on the loss attributable to ordinary shareholders of \$13,156 thousand (2015: \$4,376 thousand) and a weighted average number of ordinary shares outstanding of 91,088 thousand (2015: 83,580 thousand), calculated as follows:

#### Profit attributable to ordinary shareholders

*In thousands of AUD*

	2016	2015
Loss attributable to ordinary shareholders	(13,156)	(4,376)

#### Weighted average number of ordinary shares

*In thousands of shares*

	2016	2015
Issued ordinary shares at 1 July	91,088	75,518
Shares issued in relation to business combination	-	8,062
Weighted average number of ordinary shares at 30 June	91,088	83,580

### Diluted earnings per share

The calculation of diluted earnings per share at 30 June 2016 was based on the loss attributable to ordinary shareholders of \$13,156 thousand (2015: \$4,376 thousand) and a weighted average number of ordinary shares outstanding of 91,088 thousand (2015: 83,580 thousand), calculated as follows:

#### Profit attributable to ordinary shareholders (diluted)

*In thousands of AUD*

	2016	2015
Loss attributable to ordinary shareholders	(13,156)	(4,376)

#### Weighted average number of ordinary shares (diluted)

*In thousands of shares*

	2016	2015
Weighted average number of ordinary shares (basic)	91,088	83,580
Weighted average number of ordinary shares (diluted) at 30 June	91,088	83,580

## NET TANGIBLE ASSET BACKING

	2016	2015
Net tangible assets per ordinary share (dollars per share)	0.41	0.52

## Business Segments

	Mastermyne		Mastertec		Consolidated	
<i>In thousands of AUD</i>	2016	2015	2016	2015	2016	2015
External revenues	130,585	140,863	37,849	33,332	168,434	174,195
Intersegment revenue	73	5,600	2,564	1,801	2,637	7,401
Reportable segment revenue	130,658	146,463	40,413	35,133	171,071	181,596
Depreciation and amortisation	(6,086)	(6,082)	(1,485)	(1,463)	(7,571)	(7,545)
Net finance costs	(856)	(827)	8	(72)	(848)	(899)
Goodwill Impairment	-	-	(7,999)	(4,538)	(7,999)	(4,538)
Reportable Segment profit/(loss)	2,040	3,256	(16,335)	(5,137)	(14,295)	(1,881)
Segment assets	45,303	60,400	27,714	35,441	73,017	95,841
Capital expenditure	1,113	752	1,132	347	2,245	1,099
Segment liabilities	(22,067)	(26,368)	(12,194)	(14,469)	(34,261)	(40,837)

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

<i>in thousands of AUD</i>	2016	2015
<b>Revenues</b>		
Total revenue for reportable segments	171,071	181,596
Elimination of inter-segment revenue	(2,637)	(7,401)
Consolidated revenue	168,434	174,195
<b>Profit or loss</b>		
Total loss for reportable segments	(14,295)	(1,881)
Elimination of inter-segment profits	-	(159)
Unallocated amounts: net corporate expenses	(746)	(2,509)
Consolidated loss before income tax	(15,041)	(4,549)
<b>Assets</b>		
Total assets for reportable segments	73,017	95,841
Other assets	719	3,014
Representation of segment liabilities	(8,640)	-
Unallocated amounts: corporate tax asset	6,666	2,825
Consolidated total assets	71,762	101,680
<b>Liabilities</b>		
Total liabilities for reportable segments	(34,261)	(40,837)
Other liabilities	(1,708)	(2,342)
Representation of segment liabilities	8,640	-
Consolidated total liabilities	(27,329)	(43,179)



#### **CONTROL GAINED OVER ENTITIES HAVING A MATERIAL EFFECT**

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

#### **LOSS OF CONTROL OF ENTITIES HAVING A MATERIAL EFFECT**

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

#### **DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES**

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

#### **ANNUAL GENERAL MEETING**

The details of the Annual General Meeting are as follows:

Place: MACKAY QLD 4740

Date: 15 November 2016

Time: 11.00am