



## Results for announcement to the market

			<b>March 2016 \$'000</b>	<b>March 2015 \$'000</b>
<b>Financial Results</b>				
Revenue from ordinary activities	<i>Down</i>	<i>12.50%</i>	118,481	135,415
(Loss)/Profit from ordinary activities after tax attributable to members	<i>Down</i>	<i>351.49%</i>	(7,092)	2,820
Net (loss)/profit for the period attributable to members	<i>Down</i>	<i>351.49%</i>	(7,092)	2,820

<b>Dividends</b>	Amount per Ordinary Security	Franked amount per security
Interim dividend paid on 23 December 2015 Record date 8 December 2015	\$0.08	100%
2016 final dividend	Nil	Nil

<b>Net Tangible Asset Backing</b>	<b>March 16</b>	<b>March 15</b>
Net tangible asset backing per ordinary security	\$0.953	\$1.133

### Other explanatory notes

All other information required to be disclosed by Neptune Marine in the Appendix 4E is either not applicable or has been included in the attached financial report.



# **NEPTUNE MARINE SERVICES LIMITED AND CONTROLLED ENTITIES**

**ABN: 76 105 665 843**

**Preliminary Final Report for the Year Ended  
31 March 2016**

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# **NEPTUNE MARINE SERVICES LIMITED AND CONTROLLED ENTITIES PRELIMINARY FINAL REPORT (UNAUDITED)**

**31 March 2016**  
**ABN: 76 105 665 843**

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**CONSOLIDATED INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2016**

		<b>Consolidated</b>	
	<b>Note</b>	<b>2016</b>	<b>2015</b>
		<b>\$000</b>	<b>\$000</b>
<b>Continuing operations</b>			
Revenue	2(a)	118,481	135,415
Other revenue	2(a)	123	112
Total Revenue		118,604	135,527
Cost of sales and services rendered		(89,351)	(95,314)
Gross Profit		29,253	40,213
Other income	2(b)	2,591	13
Marketing expenses		(475)	(456)
Occupancy expenses		(4,503)	(4,697)
Corporate, shared services and board expenses		(3,878)	(4,898)
Business operating expenses		(22,190)	(24,823)
Technical expenses		(266)	(255)
Finance costs		(248)	(253)
Fixed Asset Impairment		(6,919)	-
Other expenses	3(a)	(1,798)	(671)
<b>Profit / (loss) from continuing operations before income tax</b>		<b>(8,433)</b>	<b>4,173</b>
Income tax benefit / (expense)		1,341	(1,353)
<b>Net profit / (loss) for the period</b>		<b>(7,092)</b>	<b>2,820</b>
<b>Earnings / (Loss) Per Share</b>			
Basic earnings / (loss) per share (cents per share)	6	(0.115)	0.046
Diluted earnings / (loss) per share (cents per share)	6	(0.115)	0.045

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	Consolidated	
	2016	2015
	\$000	\$000
<b>Net profit / (loss) for the period</b>	<b>(7,092)</b>	<b>2,820</b>
<b>Other Comprehensive income</b>		
Items in other comprehensive income that may be recycled subsequently through profit and loss		
Foreign currency translation	(101)	4,097
Net profit / (loss) on cash flow hedges	298	(73)
<b>Other comprehensive income for the period</b>	<b>197</b>	<b>4,024</b>
<b>Total comprehensive profit / (loss) for the period attributable to members of the parent</b>	<b>(6,895)</b>	<b>6,844</b>

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	Consolidated	
	31 March	31 March
Note	2016	2015
	\$000	\$000
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	14,165	17,594
Trade and other receivables	26,476	26,081
Inventories	901	802
Other current assets	10,618	11,670
<b>TOTAL CURRENT ASSETS</b>	<b>52,160</b>	<b>56,147</b>
<b>NON-CURRENT ASSETS</b>		
Trade and other receivables	20	374
Property, plant and equipment	7 20,072	33,140
Deferred tax assets	6,166	4,836
Intangible assets and goodwill	8 14,248	14,747
<b>TOTAL NON-CURRENT ASSETS</b>	<b>40,506</b>	<b>53,097</b>
<b>TOTAL ASSETS</b>	<b>92,666</b>	<b>109,244</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	14,194	17,582
Current tax liability	3,078	3,396
Interest bearing loans and borrowings	70	239
Derivative financial instruments	-	115
Provisions	1,170	1,678
<b>TOTAL CURRENT LIABILITIES</b>	<b>18,512</b>	<b>23,010</b>
<b>NON-CURRENT LIABILITIES</b>		
Trade and other payables	447	135
Interest bearing loans and borrowings	15	87
Deferred tax liabilities	224	818
Provisions	669	585
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,355</b>	<b>1,625</b>
<b>TOTAL LIABILITIES</b>	<b>19,867</b>	<b>24,635</b>
<b>NET ASSETS</b>	<b>72,799</b>	<b>84,609</b>
<b>EQUITY</b>		
Contributed equity	9 273,540	273,540
Reserves	(13,722)	(13,919)
Accumulated losses	(187,019)	(175,012)
<b>TOTAL EQUITY</b>	<b>72,799</b>	<b>84,609</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	Ordinary Shares	Retained Earnings/ (Accumulated Losses)	Foreign Currency Translation Reserve	Employee Equity Benefits Reserve	Hedge Reserve	Total
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Consolidated Group</b>						
<b>Balance at 1 April 2014</b>	273,804	(177,832)	(24,240)	6,560	170	78,462
Profit / (loss) for the period	-	2,820	-	-	-	2,820
Other comprehensive income	-	-	4,097	-	(73)	4,024
<b>Total comprehensive income for the year</b>	-	2,820	4,097	-	(73)	6,844
<b>Transactions with owners in their capacity as owners</b>						
Share buyback during the period	(264)	-	-	-	-	(264)
Cost of share based payments	-	-	-	86	-	86
Cash settlement of retention rights	-	-	-	(519)	-	(519)
Sub-total	(264)	2,820	4,097	(433)	(73)	6,147
<b>Balance at 31 March 2015</b>	273,540	(175,012)	(20,143)	6,127	97	84,609
<b>Balance at 1 April 2015</b>	273,540	(175,012)	(20,143)	6,127	97	84,609
Profit / (loss) for the period	-	(7,092)	-	-	-	(7,092)
Other comprehensive income	-	-	(101)	-	298	197
<b>Total comprehensive income for the year</b>	-	(7,092)	(101)	-	298	(6,895)
<b>Transactions with owners in their capacity as owners</b>						
Shares issued during the period	-	-	-	-	-	-
Dividends paid	-	(4,915)	-	-	-	(4,915)
Sub-total	-	(12,007)	(101)	-	298	(11,810)
<b>Balance at 31 March 2016</b>	273,540	(187,019)	(20,244)	6,127	395	72,799

The above statement of changes in equity should be read in conjunction with accompanying notes.

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	<b>Consolidated</b>	
	<b>31 March 2016 \$000</b>	<b>31 March 2015 \$000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	122,446	135,181
Interest received	123	112
Payments to suppliers and employees	(117,792)	(121,209)
Interest paid	(248)	(253)
Income tax paid	(741)	(1,510)
Net cash flows derived from operating activities	11(a) 3,788	12,321
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property, plant and equipment	3,028	-
Purchase of property, plant and equipment	(4,985)	(9,092)
Purchase of intangible assets	-	(99)
Net cash flows used in investing activities	(1,957)	(9,191)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(4,915)	-
Repayment of borrowings	(240)	(248)
Payment for cancelled retention/performance rights	-	(562)
Share buyback	-	(264)
Receipt of deposits	126	2,247
Net cash flows (used in)/derived from financing activities	(5,029)	1,173
Net increase / (decrease) in cash and cash equivalents held	(3,198)	4,303
Cash and cash equivalents at beginning of financial year	17,594	11,955
Net foreign exchange difference	(231)	1,336
<b>Cash and cash equivalents at end of financial year</b>	<b>14,165</b>	<b>17,594</b>

The accompanying notes form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

**Note 1 Statement of Significant Accounting Policies**

The preliminary final report has been prepared in accordance with the Australian Securities Exchange Listing Rules as set out in Appendix 4E and in accordance with the measurement and recognition (but not disclosure) requirements of the Australian Accounting Standards, *Corporations Act 2001* and other pronouncements of the Australian Accounting Standards.

As such, this Preliminary Final Report does not include all the notes of the type included in an annual financial report and accordingly, should be read in conjunction with the annual report for the year ended 31 March 2016 and with any public announcements made by Neptune Marine Services Limited during the reporting period in accordance with the disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous year.

**New Standards, Interpretations and Amendments thereof, adopted by the Group**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2016.

The Group did not early adopt any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group did not adopt any new and or revised standards, amendments or interpretations from 1 April 2015 which had any effect on the financial position or performance of the Group.

**Note 2 Revenue**

		<b>Consolidated Group</b>	
		<b>2016</b>	<b>2015</b>
		<b>\$000</b>	<b>\$000</b>
a) Revenue			
— Rendering of services revenue from operating activities		118,481	135,415
— Other revenue - interest received		123	112
Total Revenue		118,604	135,527
b) Other Income			
— Insurance proceeds		2,510	-
— Other income		81	13
Total Other Income		2,591	13

During the year several assets were subject to insurance claims and in line with the relevant provisions of AASB 116, any associated loss or damage of the asset, compensation subsequently received and any subsequent replacement have been disclosed as separate events. Refer to note 3(a) for details on loss on disposal of property, plant and equipment.

**Note 3 Other Expenses**

		<b>Consolidated Group</b>	
		<b>2016</b>	<b>2015</b>
		<b>\$000</b>	<b>\$000</b>
a) Other Expenses			
— Loss on sale of property, plant and equipment		1,273	553
— Other		525	118
Total Other Expenses		1,798	671

**Note 4 Income Tax**

The major components of income tax expense in the income statement for the year are:

	<b>Consolidated Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$000</b>	<b>\$000</b>
<b>Income taxes</b>		
Current income tax expense	573	3,609
Adjustments in respect of current income tax or previous years	(16)	(16)
Deferred income tax benefit relating to origination and reversal of temporary differences	(1,898)	(335)
<b>Income tax (benefit) / expense</b>	<b>(1,341)</b>	<b>1,353</b>
Income tax recognised in other comprehensive income	(123)	-
<b>Total income taxes from continuing operations</b>	<b>(1,464)</b>	<b>1,353</b>

**Note 5 Dividends**

	<b>Consolidated Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$000</b>	<b>\$000</b>
<b>Cash dividends on ordinary shares declared and paid</b>		
Interim dividend for 2016: 8 cents per share (2015: nil)	4,915	-
	<u>4,915</u>	<u>-</u>
<b>Franking credit balance</b>		
The amount of franking credits available for subsequent financial year are:		
Franking account balance as at end of the financial year	7,250	9,357

**Note 6 Earnings per Share**

	<b>Consolidated Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$000</b>	<b>\$000</b>
(a) Earnings used in calculating earnings per share		
<b>For basic earnings per share</b>		
Net profit /(loss) attributable to ordinary equity holder of the parent	(7,092)	2,820
<b>For diluted earnings per share</b>		
Net profit / (loss) attributable to ordinary equity holders of the parent	(7,092)	2,820
	<b>No.</b>	<b>No.</b>
	<b>Thousands</b>	<b>Thousands</b>
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	61,441	61,627
Dilutive effect of options	100	133
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	61,541	61,760

**Note 7 Property, Plant and Equipment**

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial period

	Office Furniture, Equipment & Software \$000	Leasehold Improvements \$000	Plant and Equipment \$000	Leased Vehicle \$000	ROV's & Vessels \$000	Construction in Progress \$000	Total \$000
<b>Consolidated Group:</b>							
<b>Balance at 1 April 2014</b>	<b>1,406</b>	<b>680</b>	<b>10,176</b>	<b>224</b>	<b>10,660</b>	<b>5,939</b>	<b>29,085</b>
Additions	370	10	4,441	159	746	3,366	9,092
Disposals	(17)	-	(80)	(9)	(579)	(61)	(746)
Transfers	305	-	5,275	-	157	(5,737)	-
Transfer to intangible assets	-	-	(109)	-	-	-	(109)
Depreciation expense	(486)	(168)	(3,085)	(52)	(1,880)	-	(5,671)
Foreign exchange	14	5	72	-	1,370	28	1,489
<b>Balance at 31 March 2015</b>	<b>1,592</b>	<b>527</b>	<b>16,690</b>	<b>322</b>	<b>10,474</b>	<b>3,535</b>	<b>33,140</b>
Cost	4,245	1,880	27,837	547	25,595	3,535	63,639
Accumulated depreciation & impairment	(2,653)	(1,353)	(11,147)	(225)	(15,121)	-	(30,499)
<b>Net carrying amount</b>	<b>1,592</b>	<b>527</b>	<b>16,690</b>	<b>322</b>	<b>10,474</b>	<b>3,535</b>	<b>33,140</b>
<b>Balance at 1 April 2015</b>	<b>1,592</b>	<b>527</b>	<b>16,690</b>	<b>322</b>	<b>10,474</b>	<b>3,535</b>	<b>33,140</b>
Additions	105	-	423	12	207	4,237	4,984
Disposals	(192)	(443)	(2,855)	(14)	(679)	(137)	(4,320)
Transfers	1,093	1,769	(1,627)	-	5,763	(6,998)	-
Depreciation expense	(569)	(247)	(3,192)	(75)	(2,661)	-	(6,744)
Impairment expense	-	-	-	-	(6,919)	-	(6,919)
Foreign exchange	-	-	(9)	(2)	20	(78)	(69)
<b>Balance at 31 March 2016</b>	<b>2,029</b>	<b>1,606</b>	<b>9,430</b>	<b>243</b>	<b>6,205</b>	<b>559</b>	<b>20,072</b>
Cost	4,658	1,856	21,179	433	29,939	559	58,624
Accumulated depreciation & impairment	(2,629)	(250)	(11,749)	(190)	(23,734)	-	(38,552)
<b>Net carrying amount</b>	<b>2,029</b>	<b>1,606</b>	<b>9,430</b>	<b>243</b>	<b>6,205</b>	<b>559</b>	<b>20,072</b>

Impairment testing was performed at 31 March 2016 and an impairment loss of \$6,919,000 was recognised. The recoverable amount was based on value in use calculations.

**Note 8 Intangible Assets and Goodwill**

	<b>Consolidated Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$000</b>	<b>\$000</b>
<b>Goodwill</b>		
Balance at 1 April	13,255	12,938
Foreign exchange differences	(144)	317
Balance at 31 March	13,111	13,255
<b>Other Intangible Assets</b>		
Balance at 1 April	1,492	1,551
Additions	-	208
Amortisation	(355)	(267)
Balance at 31 March	1,137	1,492
<b>Total Intangible Assets</b>	<b>14,248</b>	<b>14,747</b>

**Note 9 Issued Capital**

	<b>Consolidated Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$000</b>	<b>\$000</b>
61,441,291 (2015: 61,441,291) fully paid ordinary shares	273,540	273,540

<b>(a) Ordinary Shares</b>	<b>Consolidated Group</b>	
	<b>No.</b>	<b>\$000</b>
At 1 April 2014	61,651,610	273,804
Movements during the prior period – share buyback	(210,319)	(264)
At 31 March 2015	61,441,291	273,540
At 1 April 2015	61,441,291	273,540
Movements during the current period - none	-	-
At 31 March 2016	61,441,291	273,540

**Note 10 Operating Segments****Identification of Reportable Segments**

The Group has identified its operating segments based on the internal reports that are reviewed and used by Neptune's management team in assessing performance and in determining the allocation of resources. The operating segments are identified by management based on the nature of the services provided to customers. Discrete financial information about each of these operating businesses is reported to Neptune's management team on at least a monthly basis.

**Types of Products and Services**

The reportable segments are based on aggregated operating segments determined by the similarity of the products produced and sold and/or services provided, as these are the sources of the Group's major risks and have the most effect on the rates of return. Neptune Marine Services comprises the two distinct divisions: Offshore Services and Engineering Services. Globally, the company has operational bases in Australia, South East Asia and the United Kingdom. The services provided to customers are on an offshore and engineering basis and can combine services from multiple regions.

*Offshore Services*

The Offshore Services division provides the oil and gas, marine and associated industries with a range of specialised services, including: commercial diving, inspection, repair and maintenance support, difficult and confined area access via rope access, tension netting and modular platforms, remotely operated vehicles (ROVs), subsea pipeline/cable stabilisation and protection, hydro graphic surveying, positioning and geophysical support, and project management.

*Engineering Services*

The Engineering Services division provides the oil and gas, marine, renewable energy and associated industries with a range of specialised services, including: subsea and pipeline engineering, fabrication, assembly and testing, refurbishment, installation, maintenance, the patented NEPSYS® dry underwater welding technology, and project management.

**Accounting Policies and Inter-Segment Transactions**

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 2 to the Annual Report and in the prior period, except as detailed below:

*Inter-entity sales*

Inter-entity sales are recognised based on an internally set transfer price. The price aims to reflect what the business operation could achieve if they sold their output and services to external parties at arm's length.

*Corporate charges*

Corporate charges comprise non-segmental expenses such as head office expenses and interest. Corporate charges are allocated to each business segment on a proportionate basis linked to segment revenue so as to determine a segmental result.

It is the Group's policy that if items of revenue and expense are not allocated to operating segments then any associated assets and liabilities are also not allocated to segments. This is to avoid asymmetrical allocations within segments which management believe would be inconsistent.

*Unallocated items*

The following items and associated assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Finance costs
- Corporate, shared service and Board expenses
- Technical expenses
- Share-based payments
- Foreign exchange gain/ (loss)
- Deferred tax assets

**Note 10 Operating Segments (continued)**

The following table presents revenue and profit information for the reportable segments:

	Continuing Operations					
	Engineering		Offshore Services		Total	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Revenue</b>						
Sales to external customers	26,501	43,420	91,980	91,995	118,481	135,415
Intersegment sales	11,248	15,749	24,630	13,784	35,878	29,533
Other revenue	7	10	116	103	123	112
Total sales revenue	37,756	59,179	116,726	105,882	154,482	165,060
Internal sales elimination					(35,878)	(29,533)
Total revenue per the income statement					118,604	135,527

	Continuing Operations					
	Engineering		Offshore Services		Total	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Result</b>						
Segment result before impairments, asset write downs and items below:	1,671	5,876	5,447	8,719	7,118	14,595
Fixed Asset Impairment	-	-	(6,919)	-	(6,919)	-
Segment results after impairment and before items below:	1,671	5,876	(1,472)	8,719	199	14,595

**Reconciliation of segment net profit before tax to net profit before tax**

Finance costs	(248)	(253)
Unallocated Corporate, shared services and Board expenses	(7,549)	(9,285)
Share-based payments	(46)	(511)
Technical expenses	(266)	(255)
Foreign exchange loss	(523)	(118)
Net profit / (loss) from continuing operations before tax per the income statement	(8,433)	4,173

**Note 10 Operating Segments (continued)**

	Continuing Operations					
	Engineering		Offshore Services		Total	
	2016	2015	2016	2015	2016	2015
	\$000	\$000	\$000	\$000	\$000	\$000
Segment assets						
Segment operating assets	13,924	22,427	59,465	68,726	73,389	91,153
Goodwill	4,270	4,270	8,841	8,985	13,111	13,255
Segment assets	18,194	26,697	68,306	77,711	86,500	104,408

**Reconciliation of segment assets to the statement of financial position**

Deferred tax assets	6,166	4,836
Total assets from continuing operations per the statement of financial position	92,666	109,244

**Entity Wide Information**

Revenue from external customers by geographical locations is detailed below:

	Segment Revenues from External Customers		Carrying Amount of Total Assets	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Australia - country of domicile	72,700	79,232	50,195	53,544
Asia and Middle East	18,587	9,922	12,574	14,702
United Kingdom	27,194	46,261	29,897	40,998
	118,481	135,415	92,666	109,244

**Note 11 Cash Flow Information**

	Consolidated Group	
	2016 \$000	2015 \$000
<b>(a) Reconciliation of net profit after tax to net cash flows from operations</b>		
Profit / (loss) after income tax	(7,092)	2,820
<b>Cash flows excluded from profit attributable to operating activities:</b>		
<b>Non-cash flows in profit</b>		
Depreciation / Amortisation	7,099	5,938
Fixed Asset Impairment	6,919	-
Loss on disposal of plant and equipment	1,273	553
Share based payment expense	46	511
Foreign exchange loss	523	119
Other non-cash movements	109	-
<b>Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries</b>		
(Increase)/decrease in trade and term receivables	(507)	(1,122)
Decrease/(Increase) in prepayments/other current assets	1,226	1,123
Decrease/(Increase) in inventories	(109)	138
Increase in deferred tax assets and liabilities	(1,775)	(1,970)
Increase/(decrease) in trade payables and accruals	(3,303)	1,783
Increase in income taxes payable	(307)	2,077
Increase in provisions	(314)	351
<b>Cash flow from operations</b>	<b>3,788</b>	<b>12,321</b>

(b) Bank Facilities	Consolidated Group	
	2016	2015
	\$000	\$000
ANZ Banking Facility	10,000	10,000
Bank Guarantees on Issue	1,979	2,803
Unutilised Facility	<u>8,021</u>	<u>7,197</u>

## Note 12 Events after the Balance Sheet Date

Subsequent to the year end Neptune signed a 12 month vessel charter. Neptune expects to take delivery of the vessel in late July 2016 and the agreement comes with various extension options.

## Note 13 Commitments

(a) Finance Lease Commitments	Consolidated Group	
	2016	2015
	\$000	\$000
Payable — minimum lease payments		
— not later than 12 months	91	250
— between 12 months and 5 years	<u>0</u>	<u>93</u>
Minimum lease payments	91	343
Less future finance charges	<u>(6)</u>	<u>(17)</u>
Present value of minimum lease payments	<u>85</u>	<u>326</u>

The finance leases relate to software and equipment financing. All finance leases will be settled within the next 5 years. The carrying value of finance leases and hire purchase contracts for various items of plant and machinery is \$227,118 (2015: \$276,000). There are no restrictions placed upon the lessee by entering into these leases.

(b) Operating Lease Commitments	Consolidated Group	
	2016	2015
	\$000	\$000
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable — minimum lease payments		
— not later than 12 months	2,521	3,485
— between 12 months and 5 years	8,115	6,860
— more than 5 years	<u>4,774</u>	<u>4,774</u>
Minimum lease payments	<u>15,410</u>	<u>15,119</u>

All operating leases of the Group relate to the leasing of premises. All leases are payable monthly. These leases have a varied life of between one and ten years. There are no restrictions placed upon the lessee by entering into these leases.

## (c) Capital Expenditure Commitments

The Group had contractual obligations to purchase plant and equipment for \$87,744 at balance date (2015: \$3,038,000). Commitments are in relation to survey equipment in Asia. This commitment is expected to be settled within 12 months of the balance sheet date. The 2015 commitment was settled during 2016.

**Audit Report**

The preliminary final report is based on financial statements which are in the process of being audited.