Resource Development Group Limited

ABN 33 149 028 142

Annual Report
30 JUNE 2012

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Contents

CORPORATE INFORMATION

ABN 33 149 028 142

Directors

Mr. Mel Ashton, Non-Executive Chairman
Mr. Jeff Brill, Managing Director
Mr. Damir Panzich, Executive Director
Mr. Chris Ryan, Non-Executive Director

Company secretary

Mr. Ben Donovan

Registered office

Level 10, Carillon City Office Tower
207 Murray Street, PERTH, WA 6000
Telephone: +61 8 6460 0360
Facsimile: +61 8 6460 0361

Principal place of business

Level 10, Carillon City Office Tower
207 Murray Street, PERTH, WA 6000
Telephone: +61 8 6460 0360
Facsimile: +61 8 6460 0361
Website: www.resdevgroup.com.au

Share register

Security Transfer Registrars Pty Ltd
770 Canning Highway, APPLECROSS, WA 6153
Telephone: +61 8 9315 2333
Facsimile: +61 8 9315 2233

Solicitors

Hilary Macdonald
Corporate & Resources Lawyer
Suite 29, 18 Stirling Highway, NEDLANDS, WA 6009

Bankers

Westpac Banking Corporation
7 & 9A Queen Street, FREMANTLE, WA 6160

Auditors

HLB Mann Judd
Level 4, 130 Stirling Street, PERTH WA 6000

Stock exchange listing

Resource Development Group Limited shares are listed
on the Australian Securities Exchange (ASX: RDG)

DIRECTORS' REPORT

Your directors submit the annual financial report of the consolidated entity consisting of Resource Development Group Limited and the entities it controlled during the period for the financial year ended 30 June 2012. In order to comply with the provisions of the Corporations Act, the directors report as follows:

Directors

The names of directors who held office throughout the year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Mr Mel Ashton (Non-Executive Chairman)

Mr Ashton holds a Bachelor of Commerce degree from the University of Western Australia, is a fellow of the Institute of Chartered Accountants and a fellow of the Australian Institute of Company Directors.

Mr Ashton also currently holds a number of board appointments, including a National Director of the Institute of Chartered Accountants, Director of The Hawaiian Group of Companies and Chairman of Cullen Wines (Australia) Pty Ltd.

In the three years immediately before the end of the financial year, Mr Ashton also served as a director of the following listed companies:

- Empired Limited since 2005*
- Gryphon Minerals Limited since 2004*
- Venture Minerals Limited since 2006*
- Barra Resources Limited since 2011*
- Renaissance Minerals Limited since 2010*

* denotes current directorships

Mr Ashton is a member of the Company's Audit Committee and is Chairman of the Nomination and Remuneration Committees.

Mr Jeff Brill (Managing Director)

Mr Brill holds a Bachelor of Engineering degree (First Class Honours) from the University of Western Australia and is a member of the Australian Institute of Company Directors. Mr Brill has over 20 years experience in project management and engineering and was a founding director of Engenium Pty Ltd. Between 1998 and 2003, Mr Brill was employed as a senior project engineer for a number of companies including Rio Tinto and the Clough Group. Mr Brill was Engenium's managing director from inception in July 2003 until June 2010.

In the three years immediately before the end of the financial year, Mr Brill has not served as a director of any other listed companies.

Mr Damir Panzich (Executive Director)

Mr Panzich holds a Bachelor of Engineering degree from the University of Western Australia and is a member of the Australian Institute of Company Directors. Mr Panzich has over 20 years experience in project management and engineering including various project and construction management roles and senior project engineering roles between 1992 and 2009 for companies such as Rio Tinto and BHP Billiton particularly in relation to feasibility studies and construction projects including new railway infrastructure in WA. Mr Panzich was a founding shareholder of Engenium.

Mr Panzich was also an executive director of Calibre Engenium Joint Venture Pty Ltd.

Mr Panzich is a member of the Company's Audit, Nomination and Remuneration Committees.

In the three years immediately before the end of the financial year, Mr Panzich has not served as a director of any other listed companies.

DIRECTORS' REPORT (continued)

Directors (continued)

Mr Chris Ryan (Non-Executive Director)

Mr Ryan holds a Bachelor of Business degree, is a fellow of the Australian Human Resources Institute, a fellow of the Australian Institute of Management and a graduate member of the Australian Institute of Company Directors.

Mr Ryan has over 20 years experience in senior Human Resources (HR) roles, including General Manager of Human Resources for Wesfarmers Limited between 1999 and 2008 where he was responsible for the HR aspects of acquisitions. He currently provides corporate advisory services, is a member of Curtin University's School of Management Advisory Board (since 2008) and is an Advisory Director to the Board of a privately held construction contractor.

Mr Ryan is a member of the Company's Nomination and Remuneration Committees, and is Chairman of the Audit Committee.

In the three years immediately before the end of the financial year, Mr Ryan has not served as a director of any other listed companies.

Company Secretary

Mr Ben Donovan

Mr Donovan holds a Bachelor of Commerce (Honours) in finance and commercial law. He is a director and company secretary of several ASX listed and public unlisted companies. He is a Chartered Secretary and currently provides corporate advisory and consultancy services to a number of companies. Mr Donovan spent three years with the Perth office of ASX, providing ASX listing rule advice as Senior Adviser, to listed companies. Prior to joining the ASX, Mr Donovan worked for a boutique stock broking institution in Perth focusing on stock broking and corporate advisory areas.

Interests in the shares and options of the company and related bodies corporate

The following relevant interests in shares of the Company or a related body corporate were held by the directors as at the date of this report.

Directors	Number of fully paid ordinary shares
Mr Mel Ashton	187,500
Mr Jeff Brill*	75,889,606
Mr Damir Panzich*	75,889,606
Mr Chris Ryan	62,500

* Mr Brill and Mr Panzich are shareholders and directors of Lightshare Investments Pty Ltd.

Mr Ashton and Mr Ryan each hold an additional 62,500 incentives issued under the Employee Incentive Plan.

Dividends

No dividends have been paid or declared during the financial year.

DIRECTORS' REPORT (continued)

Principal Activities

The principal activities of the entities within the consolidated entity during the year were the provision of engineering and consulting services to mining companies.

Review of Operations

Resource Development Group Limited (RDG) is an ASX listed company that has been incorporated to build an Australian based vertically integrated resource and mining services business. RDG acts as the holding company for a group of businesses that work across the complete project development life cycle. The globalisation of the resource industry has reinforced the need for cost management and value adding through the contracted outsourcing of specialised skills.

The key skills provided by Resource Development Group Limited are:

• Assisting in identifying and determining the viability of projects through studies and business case evaluations.

• Structuring and designing engineering and delivery solutions to fast track projects into production, thereby generating cash flow.

Working in a vertically integrated manner, the RDG portfolio of companies can operate individually or as a group, thus allowing clients to select the services they require, tailoring an outcome which best suits their individual structure and project requirements. Being vertically integrated allows RDG to streamline its service.

Resource Development Group Limited achieved the following significant milestones during the year:

- acquisition of Intellect Systems Pty Ltd in October 2011
- restarted rail services via Engenium Pty Ltd in February 2012
- acquisition of Pacer Corporation Pty Ltd in March 2012
- acquisition of Ecologia Environmental Consultants Pty Ltd in May 2012

At the close of the period Resource Development Group Limited consisted of four wholly owned subsidiaries capable of developing mining and infrastructure projects from exploration into production and subsequent handover to operations groups.

Our Operations

Resource Development Group Limited is a vertically integrated mining services business and consists of four wholly owned operating subsidiaries, Ecologia Environmental Consultants Pty Ltd (environmental consultancy), Engenium Pty Ltd (studies and project delivery), Intellect Systems Pty Ltd (end to end control systems and IT solutions) and Pacer Corporation Pty Ltd (engineering construction contractor).

Ecologia Environmental Consultants Pty Ltd (Ecologia) is an environmental consultancy servicing the Australian resource sector and during the year completed projects for blue chip miners with the provision of environmental management and biological science services. Ecologia's head office is in West Perth and the bulk of their activities was coordinated from this office and completed in the field.

Ecologia's scope of services include:

- Environmental management (approvals, impact assessments, auditing, training, management plans, due diligence)
- Biological science consultancy services (zoology, botany, flora and fauna surveys, environmentally sensitive areas, DNA taxonomic services, indigenous heritage, marine and environmental hydrology)

DIRECTORS' REPORT (continued)

Our Operations (continued)

Engenium is a progressive project delivery company servicing the Australian and international resource, rail, and infrastructure sectors. Engenium's services help clients to develop and deliver their mining projects into production.

Engenium's scope of services include:

- Project management
- Multi-disciplined engineering from mine to port
- Procurement and contract management
- Construction management

Focused on fit-for-purpose project solutions from mine through to port, Engenium has developed a reputation for responsiveness, flexible approach and successfully delivering value for money to its clients. Through Engenium's services clients have increased the financial value of their assets and fast tracked their projects into production.

All of the divisions were successful during the year in delivering their projects. Engenium's head office is in Perth, where the bulk of the activity for the year was completed. Engenium also has an office in Brisbane where rail projects were undertaken and an office in London to service an African iron ore project. The support of this project required the establishment of a UK based entity in 2011, Engenium Projects Ltd, wholly owned by Engenium Pty Ltd. Resource Development Group Limited currently co-habits the Engenium offices for efficiency and effective communications.

Intellect Systems Pty Ltd (Intellect Systems) is a specialist provider of end to end industrial technology solutions in control systems and automation, electrical engineering and industrial IT. During the year Intellect Systems serviced a wide range of clients including blue chip miners, mid tier miners, start up operations and construction contractors. Intellect Systems' head office is in Northbridge where the bulk of their activities were undertaken.

Intellect Systems' scope of services include:

- Control systems, electrical engineering and instrumentation
- Industrial IT, telemetry and communications
- Control systems technical support, optimisation and maintenance
- Panel manufacture and electrical installation

Intellect Systems has continued its solid track record of specialist engineering delivery throughout the project life cycle as well as customised turnkey applications.

Pacer Corporation Pty Ltd (Pacer) is a provider of low cost, high value multi discipline engineering and construction solutions to the Australia resource sector. With a core business focus on materials handling systems, process plants and associated infrastructure, Pacer's services target the whole of asset life cycle and extend to delivering engineering, procurement and construction services in an EPC or D&C business model and ongoing maintenance and operations services for new mines or processing plants, upgrades, expansions and refurbishment of existing facilities and plant relocations.

Pacer's scope of services include:

- Engineering
- Procurement
- Construction & Commissioning
- Maintenance
- Operations

During the year Pacer serviced mid tier miners and began the delivery of a large EPC contract for a gold mine including processing plant and supporting infrastructure. Pacer's head office is in Bunbury and currently co-habits Intellect Systems Northbridge office to provide a Perth presence.

DIRECTORS' REPORT (continued)

Our Approach

With the aim to build the Company into a complete supplier of solutions to mining and infrastructure clients, the Company is continuing organic growth opportunities by expanding the client base, service offering and geographical footprint for all subsidiaries. Cross selling opportunities and internal support of project delivery between subsidiaries has been effective throughout the period.

The Company is also evaluating further potential acquisitions that fit with the strategy of becoming a vertically integrated mining services business.

The Company's acquisition policy has been to identify assets that;

- expand the Company's current business activities, service offering and geographical footprint;
- have a strong reputation, management team and client list that adds value to the Company;
- can be successfully integrated into the Company; and
- are earnings accretive.

The Company will also seek to identify and assess resource projects that it can take an equity position in to add value and facilitate the development to production.

Outlook

Resource Development Group will consolidate the operations of its four subsidiaries over the coming year with a focus on organic growth. The outlook for the services market is softening however the diversified nature of the Company will assist in managing this and the three to five year outlook is positive.

Resource Development Group's immediate objectives are:

- To consolidate the Company as a vertically integrated resource and mining services business.
- To expand the Company's current business activities by a combination of organic growth, increased service offerings and geographical expansion.
- To exploit synergies between Group companies and leverage off existing client relationships with a view to delivering larger projects and providing additional services.

Resource Development Group will look to build the Company through organic growth as well as through acquisitions.

Information on the financial position of the Company is set out on pages 25 to 63 of the annual report.

Operating results for the year

The Group reported a net profit after income tax for the reporting year ended 30 June 2012 of $2,756,697 up 80% on the previous year profit after tax of $1,532,297. Revenues from continuing operations were $36,367,270, up 156% on the previous year of $14,201,899.

Risk management

The Group has taken decisions as to how it should manage the various categories of risk exposure and they include the imposition of Standard Operating Procedures (SOP's) for routine business transactions; and mitigation policies to lessen or obviate risks such as Insurance Policies.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the consolidated entity to the date of this report.

Significant events after balance date

On 10 August, the Company announced that its subsidiary, Engenium Pty Ltd had appointed Mr Greg O'Rourke as an Executive Director. Mr O'Rourke was a founding director of Engenium and will be responsible for the growth of the rail division.

Likely developments and expected results

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Therefore, this information has not been presented in this report.

DIRECTORS' REPORT (continued)

Environmental legislation

The consolidated entity is not subject to any significant environmental legislation.

Indemnification and insurance of Directors and Officers

The Company has agreed to indemnify all the directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Company paid a premium in respect of a contract insuring the directors and officers of the Company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Remuneration report

This report outlines the remuneration arrangements in place for the key management personnel of Resource Development Group Limited (the "Company") for the financial year ended 30 June 2012. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for key management personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

Key Management Personnel

(i) Directors

Mr Mel Ashton (Non-Executive Chairman)

Mr Jeff Brill (Managing Director)

Mr Damir Panzich (Executive Director)

Mr Chris Ryan (Non-Executive Director)

(ii) Executives

Mr Troy Ventriss (Chief Financial Officer)

Remuneration philosophy

The performance of the Company depends upon the quality of the directors and executives. The philosophy of the Company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

Remuneration committee

The Remuneration Committee of the Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the directors, the CEO and the executive team.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of directors and executives on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

DIRECTORS' REPORT (continued)

Remuneration report (continued)

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The latest determination was at a General Meeting held on 3 February 2011 when shareholders approved an aggregate remuneration of $500,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each director receives a fee for being a director of the company, and includes any committee on which a director sits.

The remuneration of directors for the period ended 30 June 2012 is detailed in Table 1 of this report.

Senior manager and executive director remuneration

Remuneration consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

Fixed Remuneration

Fixed remuneration is reviewed annually by the Remuneration Committee. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Committee has access to external, independent advice where necessary.

Senior managers are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group.

The fixed remuneration component of the key management personnel is detailed in Table 1.

Variable Remuneration

The objective of the short term incentive program is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential short term incentive available is set at a level so as to provide sufficient incentive to the senior manager to achieve the operational targets and such that the cost to the Group is reasonable in the circumstances.

Actual payments granted to each senior manager depend on the extent to which specific operating targets set at the beginning of the financial year are met.

The aggregate of annual payments available for executives across the Group is subject to the approval of the Remuneration Committee. Payments made are delivered as a cash bonus in the following reporting period.

The Company also makes long term incentive payments to reward senior executives in a manner that aligns this element of remuneration with the creation of shareholder wealth.

Bonus payments of $82,569 were made during the year (2011: $Nil).

DIRECTORS' REPORT (continued)

Remuneration report (continued)

Employment Contracts

Mr Jeff Brill (Managing Director)

The Company has continued a Service Agreement effective 8 February 2011 with Jeff Brill, employing him as Managing Director for an indefinite term commencing 8 February 2011, for Total Fixed Remuneration ("TFR") of $300,000 per annum, and an annual incentive capped at 30% of TFR, resulting in total possible remuneration of approximately $390,000 per annum for the financial year ended 30 June 2012.

The incentive targets which must be met to receive the incentive component of the remuneration package will be set at the beginning of each financial year. A portion of Mr. Brill's remuneration is therefore 'at risk', subject to achievement of key performance measures set by the Board which for the current financial year include NPAT (50% of incentive target), completion of acquisitions consistent with the Company's business plan (25% of incentive target) and effective leadership of the business of the Company (25% of incentive target).

The agreement may be terminated by either party giving three months written notice, or terminated immediately with cause. Restraint and non solicitation provisions will apply for six months following termination of the contract, and other usual and appropriate commercial conditions of employment are included to protect the interests of the Company during and following his term of employment.

Mr Damir Panzich (Executive Director)

The Company has entered into a Service Agreement effective 6 February 2012 with Damir Panzich, employing him as Executive Director for an indefinite term commencing 6 February 2012, for TFR of $290,000 per annum, pro-rated for the financial year ended 30 June 2012.

The agreement may be terminated by either party giving three months written notice, or terminated immediately with cause. Restraint and non solicitation provisions will apply for six months following termination of the contract, and other usual and appropriate commercial conditions of employment are included to protect the interests of the Company during and following his term of employment.

Mr Troy Ventriss (Chief Financial Officer)

The Company has continued a Service Agreement effective 10 March 2011 with Troy Ventriss, employing him as Chief Financial Officer for an indefinite term commencing 10 March 2011, for TFR of $225,000 per annum, and an annual incentive capped at 15% of TFR, resulting in total possible remuneration of approximately $258,750 per annum for the financial year ended 30 June 2012. The incentive targets which must be met to receive the incentive component of the remuneration package will be set at the beginning of each financial year.

A portion of Mr Ventriss' remuneration is therefore 'at risk', subject to achievement of key performance measures set by the Board which for the current financial year include NPAT (50% of incentive target), and effective leadership in all financial aspects of the business of the Company (50% of incentive target).

The agreement may be terminated by either party giving three months written notice, or terminated immediately with cause. Restraint and non solicitation provisions will apply for six months following termination of the contract, and other usual and appropriate commercial conditions of employment are included to protect the interests of the Company during and following his term of employment.

DIRECTORS' REPORT (continued)

Remuneration report (continued)

Remuneration of directors and named executives

Table 1: Key Management Personnel remuneration for the years ended 30 June 2012 and 30 June 2011

		Short-term employee benefits				Post-employment benefits	Other long-term benefits	Equity		
		Salary & Fees $	**Bonuses $**	**Non-Monetary Benefits $**	**Other $**	**Super-annuation $**	**Long-service leave $**	**Incentives $**	**Total $**	**Performance Related %**
Mr Mel Ashton	2012	65,001	-	-	-	-	-	429	65,430	-
	2011	27,083	-	-	-	-	-	-	27,083	-
Mr Jeff Brill	2012	254,058	55,046	-	-	27,819	-	-	336,923	16.3
	2011	124,381	-	-	-	11,193	-	-	135,574	-
Mr Damir Panzich	2012	127,649	-	-	-	10,140	-	-	137,789	-
	2011	18,750	-	-	-	-	-	-	18,750	-
Mr Chris Ryan	2012	45,000	-	-	-	-	-	429	45,429	-
	2011	18,750	-	-	-	-	-	-	18,750	-
Mr Troy Ventriss	2012	200,828	27,523	-	-	20,480	-	-	248,831	11.1
	2011	77,357	-	-	-	6,962	-	-	84,319	-

No options have been granted during the year.

DIRECTORS' REPORT (continued)

Remuneration report (continued)

Details of employee share option plans

Under the terms of the Plan, the Board may offer free options to persons ("Eligible Persons") who are full-time or part-time employees (including a person engaged by the Company under a consultancy agreement); or Directors of the Company or any subsidiary based on a number of criteria including contribution to the Company, period of employment, potential contribution to the Company in the future and other factors the Board considers relevant. Upon receipt of such an offer, the Eligible Person may nominate an associate to be issued with the options. The maximum number of options issued under the Plan at any one time is 5% of the total number of Shares on issue in the Company provided that the Board may increase this percentage, subject to the Corporations Act and the Listing Rules.

Each option entitles the holder, on exercise, to one ordinary fully paid share in the Company. There is no issue price for the options. The exercise price for the options will be such price as determined by the Board (in its discretion) on or before the date of issue provided that in no event shall the exercise price be less than 80% of the weighted average sale price of Shares sold on ASX during the five Business Days prior to the date of issue.

Shares issued on exercise of options will rank equally with other ordinary shares of the Company.

Options may not be transferred other than to a nominee of the holder. Quotation of options on ASX will not be sought. However, the Company will apply to ASX for official quotation of Shares issued on the exercise of options.

An option may only be exercised after that option has vested and any other conditions imposed by the Board on exercise satisfied. The Board may determine the vesting period (if any). An option will lapse upon the first to occur of the expiry date, the holder acting fraudulently or dishonestly in relation to the Company, the employee ceasing to be employed by the Company or on certain conditions associated with a party acquiring a 90% interest in the Shares of the Company.

If, in the opinion of the Board any of the following has occurred or is likely to occur, the Company entering into a scheme of arrangement, the commencement of a takeover bid for the Company's Shares, or a party acquiring a sufficient interest in the Company to enable them to replace the Board, the Board may declare an option to be free of any conditions of exercise. Options which are so declared may, subject to the lapsing conditions set out above, be exercised at any time on or before their expiry date and in any number.

There are no participating rights or entitlements inherent in the options and option holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the options. However, the Company will ensure that the record date for determining entitlements to any such issue will be at least 6 Business Days after the issue is announced. Option holders shall be afforded the opportunity to exercise all options which they are entitled to exercise pursuant to the Plan prior to the date for determining entitlements to participate in any such issue.

If the Company makes an issue of Shares to Shareholders by way of capitalisation of profits or reserves ("Bonus Issue"), each option holder holding any options which have not expired at the time of the record date for determining entitlements to the Bonus Issue shall be entitled to participate in the Bonus Issue by exercising their options before the record date determining entitlements under the Bonus Issue. They will then be issued the shares under the Bonus Issue in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise.

The Bonus Shares will be paid by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the Bonus Issue and upon issue rank pari passu in all respects with the other Shares issued upon exercise of the options. In the event of any reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the expiry of any options, the number of options to which each option holder is entitled or the exercise price of his or her options or both or any other terms will be reconstructed in a manner determined by the Board which complies with the provisions of the Listing Rules.

Under current taxation laws any taxation liability in relation to the options, or the Shares issued on exercise of the options, will fall on the participants. The Company will not be liable to fringe benefits tax in relation to options or Shares issued under the Plan.

Although Directors are eligible to be offered options under the Plan, this first requires specific Shareholder approval due to the requirements of the ASX Listing Rules and the Corporations Act.

DIRECTORS' REPORT (continued)

Remuneration report (continued)

Details of Employee Incentive Plan

In February 2011 the Company adopted an Employee Incentive Plan allowing the Board to invite employees to apply for incentives, for nil consideration. The incentives may be exercised for nil consideration when certain vesting conditions occur, at which point one share will be issued for each incentive exercised. An example of a vesting condition the Company may impose is the requirement that the employee remains continuously employed for two years from issue of the incentives.

At the date of the report there were 2,660,040 incentives on issue to employees (2011: 2,896,433). 236,393 incentives were forfeited on cessation of individuals' employment with the company during the year.

There was no share-based compensation or options paid to directors or executives during the current financial year.

Directors' Meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director was as follows:

	Directors' Meetings	Audit Committee	Remuneration Committee
Number of meetings including meetings held via circular resolution:	15	2	1
Number of meetings attended:			
Mr Mel Ashton	15	2	1
Mr Jeff Brill	15	2*	1*
Mr Damir Panzich	12	2	1
Mr Chris Ryan	15	2	1

*** indicates attendance by invitation**

Proceedings on behalf of the Group

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

Auditor Independence and Non-Audit Services

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 23 and forms part of this directors' report for the year ended 30 June 2012.

DIRECTORS' REPORT (continued)

Non-Audit Services

No non-audit services were provided by the auditor or any entity associated with the auditor during the year.

Signed in accordance with a resolution of the directors.

M. Ashton

Mr Mel Ashton

Non-Executive Chairman
Perth, Western Australia
28 September 2012

CORPORATE GOVERNANCE STATEMENT

Resource Development Group Limited ("Company") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. These policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("**Principles & Recommendations**"), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and reason for the adoption of its own practice, in compliance with the "if not, why not" regime.

Disclosure of Corporate Governance Practices

Summary Statement

	ASX P & R[1]	If not, why not[2]		ASX P & R[1]	If not, why not[2]
Recommendation 1.1	✓		Recommendation 4.3	✓	
Recommendation 1.2	✓		Recommendation 4.4[3]	n/a	n/a
Recommendation 1.3[3]	n/a		Recommendation 5.1	✓	
Recommendation 2.1	-	✓	Recommendation 5.2[3]	n/a	n/a
Recommendation 2.2	✓		Recommendation 6.1	✓	
Recommendation 2.3	✓		Recommendation 6.2[3]	n/a	n/a
Recommendation 2.4	✓		Recommendation 7.1	✓	
Recommendation 2.5	✓		Recommendation 7.2	✓	
Recommendation 2.6[3]	✓		Recommendation 7.3	✓	
Recommendation 3.1	✓		Recommendation 7.4[3]	n/a	n/a
Recommendation 3.2	✓		Recommendation 8.1	✓	
Recommendation 3.3	✓		Recommendation 8.2		✓
Recommendation 3.4	✓		Recommendation 8.3	✓	
Recommendation 3.5[3]	n/a	n/a	Recommendation 8.4[3]	n/a	n/a
Recommendation 4.1	✓				
Recommendation 4.2	✓				

1 Indicates where the Company has followed the Principles & Recommendations.

2 Indicates where the Company has provided "if not, why not" disclosure.

3 Indicates an information based recommendation. Information based recommendations are not adopted or reported against using "if not, why not" disclosure – information required is either provided or it is not.

CORPORATE GOVERNANCE STATEMENT (continued)

Website Disclosures

Further information about the Company's charters, policies and procedures may be found at the Company's website at www.resdevgroup.com.au, under the section marked Corporate Governance. A list of the charters, policies and procedures which are referred to in this Corporate Governance Statement, together with the Recommendations to which they relate, are set out below.

Charters	**Recommendation(s)**
Board	1.3
Audit Committee	4.4
Nomination Committee	2.6
Remuneration Committee	8.3
Policies and Procedures	
Selection and Appointment of New Directors	2.6
Performance Evaluation of the Board, Board Committees and Individual Directors	1.2, 2.5
Diversity Policy (summary)	3.2, 3.3, 3.4
Code of Conduct	3.1, 3.3
Compliance Procedures for ASX Listing Rule Disclosure Requirements (summary)	5.1, 5.2
Selection, Appointment and Rotation of External Auditor	4.4
Shareholder Communication Strategy	6.1, 6.2
Risk Management Policy (summary)	7.1, 7.4

Disclosure – Principles & Recommendations

The Company reports below on how it has followed (or otherwise departed from) each of the Principles and Recommendations during the 2011/2012 financial year ("**Reporting Period**").

Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1: Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

Disclosure:

The Group has established the functions reserved to the Board and has set out these functions in its Board Charter. The Board is collectively responsible for promoting the success of the Group through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

The Company has established the functions delegated to senior executives and has set out these functions in its Board Charter. Senior executives are responsible for supporting the Chief Executive Officer and assisting the Chief Executive Officer in implementing the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Chief Executive Officer or, if the matter concerns the Chief Executive Officer, then directly to the Chair or the lead independent director, as appropriate.

Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.

Disclosure:

The Managing Director is responsible for evaluating the senior executives by holding formal and informal discussions with the senior executives on an ongoing basis, as required. The Chair reviews and evaluates the Managing Director's performance.

CORPORATE GOVERNANCE STATEMENT (continued)

Recommendation 1.3: Companies should provide the information indicated in the *Guide to reporting on Principle 1.*

Disclosure:

During the Reporting Period a review of senior executives occurred with the Managing Director reporting to the board via informal evaluations.

Principle 2 – Structure the board to add value

Recommendation 2.1: A majority of the Board should be independent directors. As at 30 June 2012 the following directors were appointed to the Board of the Group:

Name	Position	Independent
Mr Mel Ashton	Non-executive Director	Yes
Mr Jeff Brill	Executive Director	No
Mr Damir Panzich	Executive Director	No
Mr Chris Ryan	Non-executive Director	Yes

An independent director is defined as a non-executive director and;

- Is not a substantial shareholder of the Company or an officer of or directly or indirectly associated with a substantial shareholder of the Company;
- Within the last three years has not been employed in an executive capacity by the Company, or been a director after ceasing to hold any such employment;
- Within the past three years has not been a principal of a material professional advisor or a material consultant to the Company or an employee associated with a such a material service provider or advisor; and,
- Does not have a material contractual relationship with the Company other than as a director of the Company.

Disclosure:

The Board comprises four directors, two of which are independent, namely Mel Ashton and Chris Ryan. The remaining directors are not independent because Jeff Brill and Damir Panzich are employed in an executive capacity. The Board considers that the merits of appointing an additional director in order to achieve majority independent status are outweighed by the Board's wish to maintain a relatively small board of four directors, which the Board believes is adequate having regard to the operations of the Company.

Recommendation 2.2: The Chair should be an independent director.

Disclosure:

The independent Chair of the Board is Mr Mel Ashton.

Recommendation 2.3: The roles of the Chair and Chief Executive Officer (or equivalent) should not be exercised by the same individual.

Disclosure:

During the Reporting Period, Mr Jeff Brill was Managing Director and Mr Mel Ashton was Chairman.

Recommendation 2.4: The Board should establish a Nomination Committee.

Disclosure:

The Nomination Committee consists of three members including two independent directors, being Mr Mel Ashton as Chairman, along with Mr Chris Ryan and Mr Damir Panzich. The Committee has a charter setting out the criteria and responsibilities for the selection of new directors.

CORPORATE GOVERNANCE STATEMENT (continued)

Recommendation 2.5: Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.

Disclosure:

The Chair evaluates the Board, individual directors, any applicable committees and the Managing Director by holding informal discussions with these parties on an ongoing basis, as required. During the year a formal feedback process was conducted. Each new director is required to complete an induction process.

Recommendation 2.6: Companies should provide the information indicated in the *Guide to reporting on Principle 2*.

Disclosure:

Skills, Experience, Expertise and term of office of each Director

A profile of each director containing their skills, experience, expertise and term of office is set out in the Directors' Report.

Identification of Independent Directors

The independent directors of the Company are Mr Mel Ashton and Mr Chris Ryan. These directors are independent as they are non-executive directors who are not members of management and who are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment.

Independence is measured having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Group's materiality thresholds. The materiality thresholds are set out below.

Group's Materiality Thresholds

The Board has agreed on the following guidelines for assessing the materiality of matters, as set out in the Company's Board Charter:

- Statement of Financial Position items are material if they have a value of more than 10% of net assets.
- Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, they could affect the Company's rights to its assets, if accumulated they would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items, or they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.

Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests, contain or trigger change of control provisions, they are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

Statement concerning availability of Independent Professional Advice

If a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval for incurring such expense from the Chair, the Company will pay the reasonable expenses associated with obtaining such advice.

Nomination Matters

The Nomination Committee did not meet during the Reporting Period.

Principle 3 – Promote ethical and responsible decision-making

Recommendation 3.1: Companies should establish a Code of Conduct and disclose the code or a summary of the code as to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Disclosure:

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, practices necessary to take into account their legal obligations and the expectations of their stakeholders and responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

CORPORATE GOVERNANCE STATEMENT (continued)

Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them.

Disclosure:

The Company has established a diversity policy, which encourages and fosters an environment where individual differences of employees are recognised. The Company's policy recognises the need for women to be employed in the business and actively sets targets for the number of women employed in different roles, the comparative remuneration and seeks to establish a workforce free of harassment arising out of gender, race or age.

The Board is looking to implement KPI's as an incentive for achieving these targets.

Recommendation 3.3: Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them*.*

Disclosure:

As above.

Recommendation 3.4: Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board*.*

Disclosure:

The Company employs the following ratio of women and men throughout the organisation and its subsidiaries:

Women – 25%

Men – 75%

Women represent 20% of senior executives at the Group level.

Recommendation 3.5: Companies should provide the information indicated in the *Guide to reporting on Principle 3.*

Disclosure:

Please refer to the section above marked Website Disclosures.

The Company has also established a policy concerning trading in the Company's securities by directors, senior executives and employees.

The policy includes blackout periods where no trading in Group securities shall take place between:

- up to and including six weeks prior to the announcement of the annual results, due to be lodged by no later than 30 September of each calendar year;
- up to and including six weeks prior to the announcement of the half year results, due to be lodged by no later than 31 March of each calendar year; and
- as directed in writing by the Company's Board at any time in its sole discretion.

If directors including the Managing Director wish to trade securities outside the blackout period, they must obtain approval from the Chairman. Employees must obtain the approval of the Managing Director, and the Chairman must obtain the approval of the Board.

Principle 4 – Safeguard integrity in financial reporting

Recommendation 4.1 and Recommendation 4.2:

The Board should establish an Audit Committee and the Audit Committee should be structured so that it:

- consists only of non-executive directors;
- consists of a majority of independent directors;
- is chaired by an independent Chair, who is not Chair of the Board; and
- has at least three members.

Disclosure:

The Board has established an Audit committee that is structured in accordance with Recommendation 4.2. Mr Chris Ryan is the chair of committee along with Mr Mel Ashton and Mr Damir Panzich. Mr Ashton and Mr Ryan are independent directors. Mr Panzich is not considered independent but is a member due to the small size of the Board.

CORPORATE GOVERNANCE STATEMENT (continued)

Recommendation 4.3: The Audit Committee should have a formal charter.

Disclosure:

The Company has adopted an Audit Committee Charter which sets out the responsibilities and role of the Committee and how it reports to the Board.

Recommendation 4.4: Companies should provide the information indicated in the *Guide to reporting on Principle 4.*

Disclosure:

The Audit Committee met twice during the Reporting Period in accordance with the Audit Committee Charter.

Details of each of the director's qualifications are set out in the Directors' Report. The Chairman of the Board has formal qualifications in the area of accounting and insolvency, while the other members have industry knowledge and experience and consider themselves to be financially literate. Further, the Company's Audit Committee Charter provides that the Board meet with the external auditor without management present, as required.

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Group through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

Disclosure:

The Company has established written policies designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance. The policies also include examples of disclosure requirements and who can communicate with media outlets.

Recommendation 5.2: Companies should provide the information indicated in the *Guide to reporting on Principle 5.*

Disclosure:

Please refer to the section marked Website Disclosures.

Principle 6 – Respect the rights of shareholders

Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

Disclosure:

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings. This includes all relevant information being disclosed on the Company’s website and a regular email mail out of announcements.

Recommendation 6.2: Companies should provide the information indicated in the *Guide to reporting on Principle 6.*

Disclosure:

Please refer to the section marked Website Disclosures.

CORPORATE GOVERNANCE STATEMENT (continued)

Principle 7 – Recognise and manage risk

Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Disclosure:

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegates day-to-day management of risk to the Managing Director, who is responsible for identifying, assessing, monitoring and managing risks. The Managing Director and the Chief Financial Officer are responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the Managing Director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management which, if exceeded, will require prior Board approval;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Group's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.

Recommendation 7.2: The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

Disclosure:

Management report to the Board as to the effectiveness of the Company's management of its material business risks via the Audit Committee meetings. In addition at every board meeting, the Board is provided with an update to ensure all relevant risks and systems are in place and working effectively.

Recommendation 7.3: The Board should disclose whether it has received assurance from the Managing Director (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Disclosure:

The Managing Director (or equivalent) and the Chief Financial Officer (or equivalent) have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risk.

Recommendation 7.4: Companies should provide the information indicated in the *Guide to reporting on Principle 7.*

Disclosure:

The Board has received an informal report from management under Recommendation 7.2.

The Board has received the assurance from the Managing Director (or equivalent) and the Chief Financial Officer (or equivalent) under Recommendation 7.3.

CORPORATE GOVERNANCE STATEMENT (continued)

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1 and 8.2: The Board should establish a Remuneration Committee, which consists of mainly independent directors.

Disclosure:

The Company has established a Remuneration Committee. The Committee has adopted a formal charter setting out the responsibilities and considerations in determining remuneration of executives and non-executives. The Committee consists of Mr Mel Ashton as Chairman, Mr Chris Ryan and Mr Damir Panzich. Mr Ashton and Mr Ryan are independent directors, while Mr Panzich is required due to the size of the Board.

Recommendation 8.3: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Disclosure:

Non-executive directors are remunerated at a fixed fee for their time and their responsibilities to various committees.

The non-executive directors are however eligible to participate in the Company's incentive plan and two of the non-executive directors, Mel Ashton and Chris Ryan, have previously received a grant of incentives under that plan which are convertible into shares in the Company. The Board considers that this is a necessary motivation to attract the highest calibre candidates to the Board at this stage in the Company's operations.

Recommendation 8.4: Companies should provide the information indicated in the *Guide to reporting on Principle 8.*

Disclosure:

Details of remuneration, including the Group's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report.

The Remuneration Committee met twice during the Reporting Period to amongst other items, discuss the employment terms of the Managing Director. To assist the Remuneration Committee, it has adopted a Remuneration Committee Charter.

There are no termination or retirement benefits for non-executive directors (other than for superannuation).

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Resource Development Group Limited for the year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Resource Development Group Limited.

Perth, Western Australia
28 September 2012

W M CLARK
Partner, HLB Mann Judd

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
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Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

	Notes	Consolidated 2012 $	2011 $
Revenue from continuing operations	2	36,367,270	14,201,899
Employee benefits expense		(20,689,444)	(10,772,403)
Depreciation and amortisation expense		(295,169)	(134,994)
Finance costs		(50,378)	(9,678)
Share based payments		(18,267)	-
Other expenses	2	(11,370,763)	(1,094,412)
Profit before income tax expense		3,943,249	2,190,412
Income tax expense	3	(1,186,552)	(658,115)
Profit for the year		2,756,697	1,532,297
Other comprehensive Income			
Exchange differences on translation of foreign operations		(2,296)	(39)
Other comprehensive income for the year, net of tax		(2,296)	(39)
Total comprehensive income for the year		2,754,401	1,532,258
Basic earnings per share (cents per share)	5	2.64	2.13
Diluted earnings per share (cents per share)	5	2.57	2.10

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Notes	Consolidated 2012 $	2011 $
Current Assets			
Cash and cash equivalents	7	4,680,847	4,378,527
Trade and other receivables	8	16,317,940	2,964,812
Inventories	9	57,115	-
Total Current Assets		21,055,902	7,343,339
Non-Current Assets			
Property, plant and equipment	10	1,743,950	733,013
Intangible assets	11	13,784,179	-
Deferred tax assets	3	1,232,964	341,536
Total Non-Current Assets		16,761,093	1,074,549
Total Assets		37,816,995	8,417,888
Current Liabilities			
Trade and other payables	12	11,009,317	921,313
Dividends payable	6	2,664,305	-
Borrowings	13	1,596,032	-
Current tax liabilities	3	1,498,829	434,216
Provisions	14	1,056,583	205,294
Total Current Liabilities		17,825,066	1,560,823
Non-Current Liabilities			
Dividend payable	6	3,000,000	3,700,000
Borrowings	13	2,280,667	-
Deferred tax liabilities	3	19,487	2,268
Provisions	14	93,780	98,296
Total Non-Current Liabilities		5,393,934	3,800,564
Total Liabilities		23,219,000	5,361,387
Net Assets		14,597,995	3,056,501
Equity			
Issued capital	15	12,074,297	3,305,471
Reserves	16	15,932	(39)
Retained earnings/(accumulated losses)	16	2,507,766	(248,931)
Total Equity		14,597,995	3,056,501

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

Consolidated	Notes	Issued Capital $	(Accumulated Losses)/ Retained Earnings $	Foreign Currency Transaction Reserve $	Share Based Payment Reserve $	Total $
Balance as at 1 July 2010		1,200	20,707,772	-	-	20,708,972
Profit for the year		-	1,532,297	-	-	1,532,297
Exchange differences arising on translation of foreign operations		-	-	(39)	-	(39)
Total comprehensive income for the year		-	1,532,297	(39)	-	1,532,258
Dividends paid or provided for	6	-	(22,489,000)	-	-	(22,489,000)
Shares issued during the year, net of costs		3,177,807	-	-	-	3,177,807
Recognition of share-based payments		126,464	-	-	-	126,464
Balance at 30 June 2011		3,305,471	(248,931)	(39)	-	3,056,501
Balance as at 1 July 2011		3,305,471	(248,931)	(39)	-	3,056,501
Profit for the year		-	2,756,697	-	-	2,756,697
Exchange differences arising on translation of foreign operations		-	-	(2,296)	-	(2,296)
Total comprehensive income for the year		-	2,756,697	(2,296)	-	2,754,401
Shares issued during the year, net of costs		8,768,826	-	-	-	8,768,826
Recognition of share-based payments		-	-	-	18,267	18,267
Balance at 30 June 2012		12,074,297	2,507,766	(2,335)	18,267	14,597,995

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

	Notes	Consolidated 2012 $	Consolidated 2011 $
		Inflows/(Outflows)	
Cash flows from operating activities			
Receipts from customers		26,335,372	13,812,070
Payments to suppliers and employees		(25,116,178)	(12,798,400)
Interest received		66,253	561,764
Finance costs		(50,378)	(9,678)
Income tax paid		(1,484,469)	(9,153,757)
Net cash used in operating activities	7	(249,400)	(7,588,001)
Cash flows from investing activities			
Purchase of property, plant and equipment		(559,563)	(292,913)
Proceeds from disposal of investments		-	5,000,000
Purchase of intangibles		(11,889)	-
Payments for subsidiaries, net of cash acquired	18	(2,010,476)	-
Net cash (used in)/provided by investing activities		(2,581,928)	4,707,087
Cash flows from financing activities			
Proceeds from issue of shares		-	3,500,015
Payments for share issue costs		-	(390,358)
Proceeds from borrowing		2,188,256	-
Reduction in finance lease and hire purchase liabilities		(57,147)	-
Dividends paid		(516,123)	(13,789,000)
Net cash provided by/(used in) financing activities		1,614,986	(10,679,343)
Net decrease in cash and cash equivalents		(1,216,342)	(13,560,257)
Cash and cash equivalents at beginning of period		4,378,527	17,938,786
Effect of exchange rate fluctuations on cash held		(1)	(2)
Cash and cash equivalents at end of period		3,162,184	4,378,527

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

Resource Development Group Ltd ("Company") is a company domiciled in Australia. The consolidated balances of the Company for the year ended 30 June 2012 include the Company and its subsidiaries, including Engenium Pty Ltd ("Engenium"). The Company acquired Engenium on 17 May 2011. In accordance with AASB 3 *Business Combinations*, this acquisition was determined to be a "reverse acquisition."

(b) Adoption of new and revised standards

Changes in accounting policies on initial application of Accounting Standards

In the year ended 30 June 2012, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

It has been determined by the directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2012. As a result of this review the directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

(c) Statement of compliance

The financial report was authorised for issue on 28 September 2012.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Resource Development Group Limited ('Company' or 'parent entity') as at 30 June 2012 and the results of all subsidiaries for the year then ended. Resource Development Group Limited and its subsidiaries are referred to in this financial report as the Group or the consolidated entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Business combinations have been accounted for using the acquisition method of accounting (refer note 1(l)).

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Basis of consolidation (continued)

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(e) Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that sufficient future tax profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

I*mpairment of goodwill and intangibles with indefinite useful lives:*

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units to which the goodwill and intangibles with indefinite useful lives are allocated.

Share-based payment transactions:

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted.

(f) Going concern

The financial statements are prepared on a going concern basis.

At balance date, the Group had a working capital surplus of $3,230,836.

The Board of the Group considers that based on its assessment of operating cash flows, that it is appropriate to the Group's current circumstances, to prepare its financial statements on a going concern basis.

(g) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Resource Development Group Limited.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Foreign currency translation

Both the functional and presentation currency of Resource Development Group Limited and its Australian subsidiaries is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

The functional currency of the foreign subsidiary, Engenium Projects Limited is British Pound (£).

As at the balance date the assets and liabilities of the foreign subsidiary is translated into the presentation currency of Resource Development Group Limited at the rate of exchange ruling at the balance date and its statement of comprehensive income is translated at the weighted average exchange rate for the year.

The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

(i) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Rendering of services

Revenue from the rendering of services is recognised by reference to the stage of completion of the contract.

(ii) Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(iii) Dividends

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(l) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or business under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified as either equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(m) Impairment of assets other than goodwill

The Group assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

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. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Impairment of assets other than goodwill (continued)

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(n) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with AASB 8 *Operating Segments*.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

(o) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(q) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Land and buildings are measured at fair value less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation.

Depreciation is calculated on a reducing balance basis over the estimated useful life of the assets as follows:

Plant and equipment – over 2 to 20 years

Motor Vehicle – over 4 to 6 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each balance date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. 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.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to approximate fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of comprehensive income in the cost of sales line item. However, because land and buildings are measured at revalued amounts, impairment losses on land and buildings are treated as a revaluation decrement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Property, plant and equipment (continued)

(ii) Revaluations

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and any subsequent accumulated impairment losses.

Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Any revaluation increment is credited to the asset revaluation reserve included in the equity section of the statement of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss.

Any revaluation decrease is recognised in profit or loss, except that a decrease offsetting a previous revaluation increase for the same asset is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amounts of the assets and depreciation based on the assets' original costs.

Additionally, any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Independent valuations are performed with sufficient regularity to ensure that the carrying amounts do not differ materially from the assets' fair values at the balance date.

(iii) Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(r) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(s) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Provisions (continued)

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

(t) Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the balance date are recognised in other payables in respect of employees' services up to the balance date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the balance date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(u) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

(v) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(w) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Parent entity financial information

The financial information for the parent entity, Resource Development Group Limited, disclosed in Note 18 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Resource Development Group Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Share-based payments

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

(y) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised.

Finance lease assets are depreciated on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(z) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

Raw materials – purchase cost on a first-in, first-out basis.

Finished goods and work-in-progress – cost of direct materials and labour incurred to date plus profits recognised to date less recognised losses and progress billings.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(aa) Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ab) Share-based payment transactions

Equity settled transactions:

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

There is currently one plan in place to provide these benefits:

- the Employee Share Option Plan (ESOP), which provides benefits to directors and senior executives.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Resource Development Group Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 5).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 2: REVENUE AND EXPENSES

	Consolidated	
	2012	2011
	$	$
(a) Revenue		
Sales revenue		
Rendering of services	26,912,440	13,856,279
Sales of goods	9,388,577	-
Bank interest receivable	66,253	345,620
	36,367,270	14,201,899
(b) Expenses		
Net foreign exchange losses	(531)	(611)
Depreciation of non-current assets	(295,169)	(134,994)
Operating lease rental expense	(60,568)	(60,267)
Share based payments expense	-	(83,637)

NOTE 3: INCOME TAX

	Consolidated	
	2012	2011
	$	$
Income tax recognised in profit or loss		
The major components of tax expense are:		
Current tax expense	1,998,624	913,742
Deferred tax (income) relating to the origination and reversal of temporary differences	(812,072)	(130,319)
Benefit arising from previously unrecognised tax losses, tax credits or temporary differences of a prior period that is used to reduce:		
• deferred tax expense	-	(125,308)
Total tax expense	1,186,552	658,115

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 3: INCOME TAX (continued)

	Consolidated 2012 $	Consolidated 2011 $
The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:		
Accounting profit before income tax	3,943,249	2,190,412
Income tax expense calculated at 30%	1,182,975	657,124
Add:		
Tax effect of:		
Entertainment	17,274	991
Foreign exchange loss – accounting	159	-
Prepayments	938	-
Share based payments	5,480	-
Less:		
Tax effect of:		
Difference in overseas tax rates	(10,473)	-
Section 40-880 deductions acquired on acquisition	(9,801)	-
Income tax expense reported in the consolidated statement of comprehensive income	1,186,552	658,115

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in this tax rate since the previous reporting period.

	Consolidated 2012 $	Consolidated 2011 $
Amounts recognised directly in equity		
The following current and deferred amounts were charged/(credited) directly to equity during the period:		
Current tax:		
• Share-issue costs	-	25,991
Deferred tax:		
• Share issue costs deductible over 5 years	-	103,965
	-	129,956
Current tax liabilities comprise:		
Income tax payable	1,498,829	434,216
	1,498,829	434,216

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 3: INCOME TAX (continued)

	Consolidated	
	2012	2011
	$	$
Deferred tax assets comprise:		
Losses available for offset against future taxable income	572,553	125,308
Provisions – employee benefits	334,959	82,171
Retention monies	64,766	-
Accrued expenses	131,132	9,184
Shares in controlled entities	14,235	-
Blackhole expenditure	111,425	124,219
Depreciable property, plant and equipment	3,894	654
	1,232,964	341,536
Deferred tax liabilities comprise:		
Prepayments	7,241	2,268
Provision for FBT – overpaid	64	-
Borrowing costs	638	-
Accrued Income	11,544	-
	19,487	2,268

The Group has tax losses arising in Australia of $1,908,511 (2011: $417,694) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose.

At 30 June 2012, there is no recognised or unrecognised deferred income tax liability (2011: $Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, associate or joint venture, as the Group has no liability for additional taxation should such amounts be remitted.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 3: INCOME TAX (continued)

Reconciliation of deferred tax assets/(liabilities):

	Consolidated				
2012	Opening balance $	Charged to income $	Charged to equity $	Acquisitions/ disposals $	Closing balance $
Temporary differences	131,135	172,294	-	(1,358)	302,071
Property, plant and equipment	654	3,240	-	-	3,894
Provisions	82,171	189,293	-	63,495	334,959
Tax losses carried forward	125,308	447,245	-	-	572,553
	339,268	812,072	-	62,137	1,213,477

	Consolidated				
2011	Opening balance $	Charged to income $	Charged to equity $	Acquisitions/ disposals $	Closing balance $
Temporary differences	(105,996)	107,175	129,956	-	131,135
Property, plant and equipment	-	654	-	-	654
Provisions	59,681	22,490	-	-	82,171
Tax losses carried forward	-	125,308	-	-	125,308
	(46,315)	255,627	129,956	-	339,268

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 4: SEGMENT REPORTING

AASB 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are reviewed by the chief operating decision maker in order to allocate resources to the segment and assess its performance.

The Board of Directors of Resource Development Group Limited reviews internal reports prepared as consolidated financial statements and strategic decisions of the Company are determined upon analysis of these internal reports.

The Group operates predominantly in one business segment being the provision of engineering and consulting services to mining clients in Australia. The Board of Directors is of the opinion that the statement of comprehensive income of the Group is equivalent to the operating segment identified above and as such no further disclosure is required in the notes to the consolidated financial statements in relation to business segments.

Revenue by geographical region

Revenue by geographical region attributable to external customers is disclosed below, based on the location of the external customer.

	Consolidated	
	2012 $	2011 $
Australia	34,235,135	13,516,335
Africa	2,132,135	685,564
Total	36,367,270	14,201,899

Major customers

The Group has a number of customers to whom it provides services where the revenue from each customer was in excess of 10% of the Group's revenue for the financial year.

	2012 $	2012 % of total revenue
Customer #1	11,288,384	31
Customer #2	5,901,090	16
Customer #3	4,842,698	13

	2011 $	2011 % of total revenue
Customer #1	4,580,272	33
Customer #2	2,686,590	19
Customer #3	2,013,071	15

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 5: EARNINGS PER SHARE

	Consolidated	
	2012	2011
	Cents per share	Cents per share
Basic earnings per share:	2.64	2.13

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

	$	$
Earnings (refer (i))	2,756,697	1,532,257
	Number	Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	104,602,738	71,876,937

(i) Earnings used in the calculation of total basic earnings per share reconciles to net profit in the statement of comprehensive income as follows:	$	$
Net profit after tax from continuing operations	2,756,697	1,532,257
Earnings used in the calculation of basic earnings per share	2,756,697	1,532,257

	Cents per share	Cents per share
Diluted earnings per share:	2.57	2.10

Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share is as follows:

	$	$
Earnings (refer (ii))	2,756,697	1,532,257
	Number	Number
Weighted average number of ordinary shares for the purposes of diluted earnings per share (refer (iii))	107,152,486	72,876,801

(ii) Earnings used in the calculation of total diluted earnings per share reconciles to net profit in the statement of comprehensive income as follows:	$	$
Net profit after tax from continuing operations	2,756,697	1,532,257
Earnings used in the calculation of diluted earnings per share	2,756,697	1,532,257

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 5: EARNINGS PER SHARE (continued)

	Number	Number
(iii) The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:		
Weighted average number of shares used in the calculation of basic earnings per share	104,602,738	71,876,937
Shares deemed to be issued for no consideration in respect of:		
• Employee incentives	2,896,433	999,864
Weighted average number of converted, lapsed, or cancelled potential ordinary shares included in the calculation of diluted earnings per share:	(263,393)	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	107,152,486	72,876,801

NOTE 6: DIVIDENDS

	Consolidated	
	2012 $	2011 $
Current		
Opening Balance	-	-
Declared during year	-	18,789,000
Paid during year	(516,123)	(18,789,000)
Arising on business acquisition	2,480,428	-
Transfer from non-current	700,000	-
Balance at end of year	2,664,305	-
Non-Current		
Opening Balance	3,700,000	-
Declared during year	-	3,700,000
Transfer to current	(700,000)	-
Balance at end of year	3,000,000	3,700,000

All dividends declared above relate to:

(i) dividends declared by Engenium Pty Ltd prior to being acquired by Resource Development Group Ltd; or
(ii) dividends declared by other entities prior to being acquired by Resource Development Group Ltd.

All dividends paid during the year relate to dividends declared by acquired businesses prior to being acquired by Resource Development Group Ltd.

Refer to Note 18 Business Combinations for breakdown of dividends arising from business acquisitions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 7: CASH AND CASH EQUIVALENTS

	Consolidated	
	2012	2011
	$	$
Cash at bank and on hand	4,177,561	4,077,136
Security deposits	503,286	301,391
	4,680,847	4,378,527

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Security deposits are restricted cash used as collateral to obtain bank guarantee facilities. These deposits are interest bearing and the interest is compounded and added to operating cash reserves.

(i) Reconciliation to the Statement of Cash Flows:

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank and investments in money market instruments, net of outstanding bank overdrafts.

Cash and cash equivalents as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2012	2011
	$	$
Cash and cash equivalents	4,680,847	4,378,527
Bank Overdraft	(1,518,663)	-
	3,162,184	4,378,527

(ii) Reconciliation of profit for the year to net cash flows from operating activities

Profit for the year	2,756,697	1,513,281
Loss on sale or disposal of assets	419	265
Foreign exchange loss	531	611
Depreciation	295,169	134,994
Equity settled share based payment	18,267	83,637
Provision for employee leave benefits	395,179	-
(Increase)/decrease in operating assets:		
Trade and other receivables	(9,384,713)	(1,353,857)
Other assets	1,355	(185,168)
Increase/(decrease) in operating liabilities:		
Trade and other payables	5,965,611	531,831
Other liabilities	(297,915)	(8,313,595)
Net cash used in operating activities	(249,400)	(7,588,001)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 8: CURRENT TRADE AND OTHER RECEIVABLES

	Consolidated	
	2012	2011
	$	$
Trade receivables	15,405,693	2,157,313
Other receivables	898,084	754,520
Deposits	12,370	10,394
Other related parties	1,793	42,585
	16,317,940	2,964,812

(i) The average credit period on sales of goods and rendering of services is 38 days. Interest is not charged. No allowance has been made for estimated irrecoverable trade receivable amounts arising from the past sale of goods and rendering of services, determined by reference to past default experience.

(ii) For details of the terms and conditions of related party receivables refer to Note 20.

	Consolidated	
	2012	2011
Aging of past due but not impaired	$	$
< 30 days	12,476,114	1,475,384
30 – 60 days	1,756,656	499,465
60 – 90 days	941,852	121,218
90 – 120 days	231,071	61,246
Total	15,405,693	2,157,313

NOTE 9: INVENTORIES

	Consolidated	
	2012	2011
	$	$
Finished goods – at net realisable value	57,115	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

	Consolidated		
	Motor vehicles	Plant and equipment	Total
	$	$	$
Year ended 30 June 2012			
At 1 July 2011, net of accumulated depreciation and impairment	-	733,013	733,013
Additions	38,866	520,697	559,563
Disposals	-	(445)	(445)
Acquired through business combinations net of depreciation	146,013	600,975	746,988
Depreciation charge for the year	(13,220)	(281,949)	(295,169)
At 30 June 2012, net of accumulated depreciation and impairment	171,659	1,572,291	1,743,950
At 1 July 2011			
Cost or fair value	-	1,374,093	1,374,093
Accumulated depreciation and impairment	-	(641,080)	(641,080)
Net carrying amount	-	733,013	733,013
At 30 June 2012			
Cost or fair value	254,413	3,281,539	3,535,952
Accumulated depreciation and impairment	(82,754)	(1,709,248)	(1,792,002)
Net carrying amount	171,659	1,572,291	1,743,950

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 10: PROPERTY, PLANT AND EQUIPMENT (continued)

	Consolidated		
	Motor vehicle	Plant and equipment	Total
	$	$	$
Year ended 30 June 2011			
At 1 July 2010, net of accumulated depreciation and impairment	-	584,727	584,727
Additions	-	283,545	283,545
Disposals	-	(265)	(265)
Depreciation charge for the year	-	(134,994)	(134,994)
At 30 June 2011, net of accumulated depreciation and impairment	-	733,013	733,013
At 1 July 2010			
Cost or fair value	-	1,095,072	1,095,072
Accumulated depreciation and impairment	-	(510,345)	(510,345)
Net carrying amount	-	584,727	584,727
At 30 June 2011			
Cost or fair value	-	1,374,093	1,374,093
Accumulated depreciation and impairment	-	(641,080)	(641,080)
Net carrying amount	-	733,013	733,013

The useful life of the assets was estimated as follows for both 2011 and 2012

- Plant and equipment 2 to 20 years
- Motor vehicles 4 to 6 years

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 11: INTANGIBLE ASSETS

	Consolidated			
	Trademark	Borrowing costs	Goodwill	Total
	$	$	$	$
1 July 2011	-	-	-	-
Additions	-	11,889	-	11,889
Acquisitions through business combinations	890	2,333	13,769,067	13,772,290
Amortisation	-	-	-	-
30 June 2012	890	14,222	13,769,067	13,784,179
At 30 June 2011				
Cost or fair value	-	-	-	-
Accumulated amortisation	-	-	-	-
Net carrying amount	-	-	-	-
At 30 June 2012				
Cost or fair value	890	14,222	13,769,067	13,784,179
Accumulated amortisation	-	-	-	-
Net carrying amount	890	14,222	13,769,067	13,784,179
1 July 2010	-	-	-	-
Additions	-	-	-	-
Acquisitions through business combinations	-	-	-	-
Amortisation	-	-	-	-
30 June 2011	-	-	-	-
At 30 June 2010				
Cost or fair value	-	-	-	-
Accumulated amortisation	-	-	-	-
Net carrying amount	-	-	-	-
At 30 June 2011				
Cost or fair value	-	-	-	-
Accumulated amortisation	-	-	-	-
Net carrying amount	-	-	-	-

No impairment loss was recognised in the 2012 financial year.

Refer to Note 18 Business Combinations for breakdown of goodwill arising from business acquisitions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 12: TRADE AND OTHER PAYABLES

	Consolidated	
	2012	2011
Current	$	$
Trade payables[1]	11,009,317	921,313

[1] Trade payables are non-interest bearing and are normally settled on 30-day terms.

NOTE 13: BORROWINGS

		Consolidated	
		2012	2011
		$	$
Current			
Bank Overdraft		1,518,663	-
Finance lease liabilities		77,369	-
		1,596,032	-
Non-current			
Bank Loan		2,188,256	-
Finance lease liabilities		92,411	-
		2,280,667	-
Secured	Maturity		
Bank overdraft	2012	1,518,663	
Bank loan	2014	2,188,256	-
Lease liabilities	2016	169,780	-
Total secured borrowings		3,876,699	-
Total borrowings		3,876,699	-

Summary of borrowing arrangements

The Group has secured a working capital facility of $4,000,000 at an interest rate of 7.7% which expires on 30 November 2012. The facility is secured by a fully interlocking guarantee and indemnity by the Group and supported by a general security agreement by the Group over all existing and future assets and undertakings.

During the year the Group secured a loan with a limit of $3,000,000 at a variable interest rate of 7.12% to assist in the purchase of a subsidiary. The loan is due to expire on 31 May 2014. The loan is secured by a fully interlocking guarantee and indemnity by the Group and supported by a general security agreement by the Group over all existing and future assets and undertakings.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 13: BORROWINGS (continued)

Financing facilities available

At balance date, the following financing facilities had been negotiated and were available:

	Consolidated 2012 $	Consolidated 2011 $
Total facilities:		
• bank overdraft	4,000,000	-
• bank loans	3,000,000	-
	7,000,000	-
Facilities used at balance date		
• bank overdraft	1,518,663	-
• bank loans	2,188,256	-
	3,706,919	-
Facilities unused at balance date		
• bank overdraft	2,481,337	-
• bank loans	811,744	-
	3,293,081	-
Total facilities	7,000,000	-
Facilities used at balance date	3,706,919	-
Facilities unused at balance date	3,293,081	-

NOTE 14: PROVISIONS

	Other $	Employee benefits $	Total $
Consolidated			
At 1 July 2011	29,686	273,904	303,590
Arising on acquisition of subsidiaries	4,119	406,963	411,082
Other movements	28	435,663	435,691
At 30 June 2012	33,833	1,116,530	1,150,363
Current 2012	33,833	1,022,750	1,056,583
Non-current 2012	-	93,780	93,780

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 15: ISSUED CAPITAL

	Consolidated	
	2012	2011
	$	$
129,971,723 Ordinary shares issued and fully paid (2011: 89.604,868)	12,074,297	3,305,471

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

	2012		2011	
	Number	$	Number	$
Movement in ordinary shares on issue				
Balance at beginning of financial year	89,604,868	3,305,471	68,957,135	1,200
Issued on 24 October 2011 to acquire Intellect Systems Pty Ltd	13,203,886	3,267,962	-	-
Issued on 5 March 2012 to acquire Pacer Corporation Pty Ltd	15,321,759	3,000,000	-	-
Issued on 31 May 2012 to acquire Ecologia Environmental Consultants Pty Ltd	11,841,210	2,500,864	-	-
Issue of shares to acquire Resource Development Group Limited	-	-	1,897,733	-
Issued on 16 May 2011 under prospectus	-	-	17,500,000	3,500,000
Issued on 16 May 2011 to 3rd party advisors as part of Sponsoring Broker's Mandate	-	-	500,000	100,000
Issued on 16 May 2011 to 3rd party advisor as part of Corporate Advisor's Mandate	-	-	750,000	7,500
Share issue costs	-	-	-	(433,185)
Related income tax	-	-	-	129,956
Balance at end of financial year	129,971,723	12,074,297	89,604,868	3,305,471

Options

The Company has not issued any options.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 15: ISSUED CAPITAL (continued)

In February 2011 the Company adopted an Employee Incentive Plan allowing the Board to invite employees to apply for incentives, for nil consideration. The incentives may be exercised for nil consideration when certain vesting conditions occur, at which point one share will be issued for each incentive exercised. At 30 June 2012 there were 2,660,040 (2011: 2,896,433) incentives on issue to employees, with a vesting condition being that the employee remains continuously employed for two years from issue of the incentives.

	Consolidated	
	2012	2011
Movement in employee incentives	Number	Number
Balance at beginning of financial year	2,896,433	-
Issued during year	-	2,896,433
Forfeited on cessation of employment	(236,393)	-
Balance at end of financial year	2,660,040	2,896,433

NOTE 16: RETAINED EARNINGS AND RESERVES

Retained earnings
Movements in retained earnings/(accumulated losses) were as follows:

	Consolidated	
	2012	2011
	$	$
Balance at beginning of financial year	(248,931)	20,707,772
Net profit for the year	2,774,964	1,532,297
Dividends paid or provided	-	(22,489,000)
Balance at end of financial year	2,526,033	(248,931)

Reserves		Consolidated	
	Share based payments reserve	Foreign currency translation reserve	Total
	$	$	$
At 1 July 2011	-	39	39
Currency translation differences	18,267	2,296	2,296
At 30 June 2012	18,267	2,335	2,335

Nature and purpose of reserves

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the effect of hedging net investments in foreign operations.

Share based payment reserve
This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 17: FINANCIAL INSTRUMENTS

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from 2011.

The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

None of the Group's entities are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, dividends and general administrative outgoings.

Gearing levels are reviewed by the Board on a regular basis in line with its target gearing ratio, the cost of capital and the risks associated with each class of capital.

	Consolidated	
	2012	2011
	$	$
(b) Categories of financial instruments		
Financial assets		
Cash and cash equivalents	4,680,847	4,378,527
Trade and other receivables	16,317,940	2,964,812
Other financial assets	57,115	-
Financial liabilities		
Trade and other payables	11,009,317	921,313
Borrowings	3,876,699	-
Dividends payable	5,664,305	3,700,000

(c) Financial risk management objectives

The Group is exposed to market risk including currency risk, fair value interest rate risk and price risk, credit risk, liquidity risk and cash flow interest rate risk.

(d) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, commodity prices and exchange rates.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

The Group does not have sufficient investments that would expose it to unmanageable market risks.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 17: FINANCIAL INSTRUMENTS (continued)

(e) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Group does not have sufficient investments that would expose it to unmanageable foreign currency risks.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the balance date expressed in Australian dollars are as follows:

	Liabilities		Assets	
	2012	2011	2012	2011
	$	$	$	$
US Dollar	-	-	4,253	3,991
British Pound	52,689	14,265	128,464	15,167

Foreign currency sensitivity analysis

The Group is not exposed to any significant foreign currency fluctuations. The Group also mitigates its exposure to foreign currency risk by minimising excess foreign currency balances in overseas jurisdictions not required for working capital.

(f) Interest rate risk management

The Company and the Group are exposed to interest rate risk as entities in the Group borrow funds at variable interest rates. The Group's policy is to manage its exposure to movements in interest rates by fixing the interest rate on financial instruments, including bank loans, finance leases and hire purchase liabilities, wherever possible. In addition, the Group utilises a number of financial institutions to obtain the best interest rate possible and to manage its risk. The Group does not enter into interest rate hedges.

Interest rate risk sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the balance date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represent management's assessment of the change in interest rates

At balance date, if interest rates had been 50 basis points lower or higher and all other variables were held constant, the Group's net profit would increase by $18,535 ($2011: $Nil) and decrease by $18,535 (2011: $Nil). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

(g) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses publicly available financial information and its own trading record to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 17: FINANCIAL INSTRUMENTS (continued)

(h) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group currently utilises financing facilities in the form of bank loans and hire purchase liabilities.

The following table details the Company's and the Group's expected contractual maturity for its non-derivative financial liabilities. These have been drawn up based on undiscounted contractual maturities of the financial liabilities based on the earliest date the Group can be required to repay.

	Weighted average effective interest rate %	Total $	1 year or less $	1 – 5 years $	5+ years $
2012					
Non-interest bearing	-	16,673,622	13,673,622	3,000,000	-
Finance lease liabilities	7.0	169,780	77,369	92,411	-
Variable interest rate instruments	7.4	3,706,919	1,518,663	2,188,256	-
		20,550,321	15,269,654	5,280,667	-
2011					
Non-interest bearing	-	4,621,313	921,313	3,700,000	-
Finance lease liabilities	-	-	-	-	-
Variable interest rate instruments	-	-	-	-	-
		4,621,313	921,313	3,700,000	-

(a) Fair value of financial instruments

The following table presents the Group's assets and liabilities measured and recognised at fair value at 30 June 2012.

Consolidated	2012 Carrying amount $	2012 Fair value $	2011 Carrying amount $	2011 Fair value $
Financial assets				
Cash and cash equivalent	4,680,847	4,680,847	4,378,527	4,378,527
Trade and other receivables	16,317,940	16,317,940	2,964,812	2,964,812
Other financial assets	57,115	57,115	-	-
Financial liabilities				
Trade and other payables	11,009,317	11,009,317	921,313	921,313
Borrowings	3,876,699	3,876,699	-	-
Dividends payable	5,664,305	5,664,305	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 18: BUSINESS COMBINATIONS

Acquisition of Intellect Systems Pty Ltd

On 24 October 2011, the parent entity acquired 100% of the voting shares of Intellect Systems Pty Ltd (“Intellect Systems”), an electrical and control systems firm based in Perth with over 20 personnel. Established in 2005, Intellect Systems provides electrical engineering, control systems engineering and industrial information technology services to predominantly the mining and resource sector ranging from feasibility studies through to project design, construction, commissioning and operations.

The total cost of the acquisition was $4,517,962, comprising the issue of 13,203,886 ordinary shares with a fair value of $0.2475 each and cash payment of $1,250,000.

The assets and liabilities comprising the acquisition as at the date of acquisition are as follows:

	Fair value at acquisition date $
Property, plant and equipment	83,722
Deferred tax asset	41,242
Cash and cash equivalents	589,784
Trade and other receivables	1,408,595
Inventories	58,470
Intangible asset	890
Trade and other payables	(780,994)
Provisions	(179,877)
Dividends payable	(934,117)
Deferred tax liability	(287,713)
Provisional fair value of identifiable net assets	2
Goodwill arising on acquisition	4,517,960
Net assets acquired	4,517,962
Acquisition date fair value of consideration transferred:	
Cash paid	1,250,000
Shares issued, at fair value	3,267,962
Total consideration	4,517,962

Direct costs relating to the acquisition of $6,330 have been expensed.

	Consolidated $
The cash outflow on acquisition is as follows:	
Cash paid	1,250,000
Net cash acquired with the subsidiary	(589,784)
Net cash outflow	660,216

Revenue of Intellect Systems Pty Ltd included in the consolidated revenue of the Group since the acquisition date on 24 October 2011 amounted to $3,772,814. Profit of Intellect Systems Pty Ltd included in consolidated profit after income tax of the Group since the acquisition date amounted to $367,263.

Had the results of Intellect Systems Pty Ltd been consolidated from 1 July 2011, revenue of the consolidated group would have been $38,348,433 and consolidated profit after income tax would have been $3,019,568 for the year ended 30 June 2012.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 18: BUSINESS COMBINATIONS (continued)

Acquisition of Pacer Corporation Pty Ltd

On 5 March 2012, the parent entity acquired 100% of the voting shares of Pacer Corporation Pty Ltd ("Pacer"), a provider of low cost, high value multi discipline engineering and construction firm based in Bunbury. Pacer was founded in 2001, to provide engineering services to the resource and infrastructure industries with expertise in project management, engineering design and construction.

The total cost of the acquisition was $3,000,000, being the issue of 15,321,759 ordinary shares with a fair value of $0.1958 each.

The assets and liabilities comprising the acquisition as at the date of acquisition are as follows:

	Fair value at acquisition date $
Property, plant and equipment	219,822
Deferred tax asset	22,254
Cash and cash equivalents	512,947
Trade and other receivables	1,369,976
Intangible asset	2,333
Trade and other payables	(1,735,216)
Dividends payable	(241,123)
Provisions	(74,883)
Finance Lease	(73,702)
Deferred tax liability	(1,358)
Provisional fair value of identifiable net assets	1,050
Goodwill arising on acquisition	2,998,950
Net assets acquired	3,000,000
Acquisition date fair value of consideration transferred:	
Shares issued, at fair value	3,000,000
Total consideration	3,000,000

	Consolidated $
The cash inflow on acquisition is as follows:	
Cash paid	-
Net cash acquired with the subsidiary	512,947
Net cash inflow	512,947

Revenue of Pacer Corporation Pty Ltd included in the consolidated revenue of the Group since the acquisition date on 5 March 2012 amounted to $11,754,194. Profit of Pacer Corporation Pty Ltd included in consolidated profit after income tax of the Group since the acquisition date amounted to $954,010.

Had the results of Pacer Corporation Pty Ltd been consolidated from 1 July 2011, revenue of the consolidated group would have been $42,122,377 and consolidated profit after income tax would have been $2,964,185 for the year ended 30 June 2012.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 18: BUSINESS COMBINATIONS (continued)

Acquisition of Ecologia Environmental Consultants Pty Ltd

On 31 May 2012, the parent entity acquired 100% of the voting shares of Ecologia Environmental Consultants Pty Ltd ("Ecologia"), an environmental services firm based in West Perth with nearly 40 personnel. Established in 1989, Ecologia offers a diverse range of environmental services focusing on practical solutions that achieve protection and conservation outcomes alongside sustainable development.

The total cost of the acquisition was $6,252,159, comprising the issue of 11,841,210 ordinary shares with a fair value of $0.2112 each and cash payment of $3,751,295 of which $781,520 6 months after completion date and $781,520 is payable 12 months after completion date.

The assets and liabilities comprising the acquisition as at the date of acquisition are as follows:

	Fair value at acquisition date $
Property, plant and equipment	443,444
Cash and cash equivalents	325,048
Trade and other receivables	1,245,071
Trade and other payables	(511,539)
Provisions	(196,834)
Dividends payable	(1,305,188)
Provisional fair value of identifiable net assets	2
Goodwill arising on acquisition	6,252,157
Net assets acquired	6,252,159
Acquisition date fair value of consideration transferred:	
Cash paid	2,188,255
Deferred cash due 25 November 2012	781,520
Deferred cash due 25 May 2013	781,520
Shares issued, at fair value	2,500,864
Total consideration	6,252,159

	Consolidated $
The cash outflow on acquisition is as follows:	
Cash paid	2,188,255
Net cash acquired with the subsidiary	(325,048)
Net cash outflow	1,863,207
Cash payable	1,563,040
	3,426,247

Revenue of Ecologia Environmental Consultants Pty Ltd included in the consolidated revenue of the Group since the acquisition date on 31 May 2012 amounted to $1,075,683. Profit of Ecologia Environmental Consultants Pty Ltd included in consolidated profit after income tax of the Group since the acquisition date amounted to $187,021.

Had the results of Ecologia Environmental Consultants Pty Ltd been consolidated from 1 July 2011, revenue of the consolidated group would have been $41,014,339 and consolidated profit after income tax would have been $3,332,437 for the year ended 30 June 2012.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 19: COMMITMENTS AND CONTINGENCIES

Operating lease commitments – Group as lessee

The Group has entered into commercial leases on certain items of computer equipment. These leases have an average life of three years with renewal options included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	Consolidated		Parent	
	2012 $	2011 $	2012 $	2011 $
Within one year	63,285	34,197	-	-
After one year but not more than five years	86,764	38,273	-	-
More than five years	-	-	-	-
	150,049	72,470	-	-

Finance lease and hire purchase commitments - Group as lessee

The Group has finance leases and hire purchase contracts for various items of plant and machinery. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease.

Future minimum lease payments under finance leases and hire purchase contracts together with the present value of the net minimum lease payments are as follows:

	2012		2011	
Consolidated	Minimum Lease payments $	Present value of lease payments $	Minimum lease payments $	Present value of lease payments $
Within one year	78,193		-	-
After one year but not more than five years	114,300		-	-
Total minimum lease payments	192,493		-	-
Less amounts representing finance charges		(22,712)		-
Present value of minimum lease payments		169,781		-

Capital commitments

At 30 June 2012 the Group had no capital commitments that have not otherwise been recorded as a liability (2011: $Nil).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 20: RELATED PARTY DISCLOSURE

The consolidated financial statements include the financial statements of Resource Development Group Limited and the subsidiaries listed in the following table.

Name	Country of Incorporation	% Equity Interest 2012	% Equity Interest 2011	Investment ($) 2012	Investment ($) 2011
Engenium Pty Ltd	Australia	100	100	13,791,427	13,791,427
Engenium Projects Ltd	UK	100	100	2	2
Intellect Systems Pty Ltd	Australia	100	-	4,517,962	-
Pacer Corporation Pty Ltd	Australia	100	-	3,000,000	-
Ecologia Environmental Consultants Pty Ltd	Australia	100	-	6,252,159	-

Resource Development Group Limited is the intermediate Australian parent entity and intermediate parent of the Group.

Lightshare Investments Pty Ltd is the ultimate Australian parent entity and ultimate parent of the Group.

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year:

Related party		Income from Related Parties $	Expenditure to Related Parties $	Amounts Owed by Related parties $	Amounts Owed to Related parties $
Consolidated					
Entities with significant influence over the Group:					
Lightshare Investments Pty Ltd	2012	60,851	15,117	1,793	-
	2011	171,873	116,621	42,585	-
Associate:					
Pacer Corporation Pty Ltd*	2012	59,087	-	-	-
	2011	41,510	128,710	14,889	20,391
E2G Australia Pty Ltd	2012	82,791	139,095	27,870	-
	2011	41,678	-	72,919	-

* Pacer Corporation Pty Ltd was part of the Group from 5 March 2012.

Transactions with Key Management Personnel

Refer to Note 24 for details of transactions with key management personnel.

Entity with significant influence over the Group

Lightshare Investments Pty Ltd owns 58.39% of the ordinary shares in Resource Development Group Limited (2011: 76.96 %).

Associate

Lightshare Investments Pty Ltd has a 33.33% interest in E2G Australia Pty Ltd (2011: 33.33%).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 20: RELATED PARTY DISCLOSURE (continued)

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms.

Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash.

No guarantees are provided or received for any related party receivables or payables.

For the year ended 30 June 2012, the Group has not made any allowance for doubtful debts relating to amounts owed by related parties due to solid payment history (2011: $Nil). An impairment assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates to determine whether there is objective evidence that a related party receivable is impaired. When such objective evidence exists, the Group recognises an allowance for the impairment loss.

NOTE 21: PARENT ENTITY DISCLOSURES

Financial position

	30 June 2012 $	30 June 2011 $
Assets		
Current assets	1,045,144	2,845,960
Non-current assets	28,329,447	14,089,124
Total assets	29,374,591	16,935,084
Liabilities		
Current liabilities	2,711,817	124,735
Non-current liabilities	2,198,274	7,721
Total liabilities	4,910,091	132,456
Equity		
Issued capital	25,883,501	17,114,675
Reserves	18,267	-
Accumulated losses	(1,437,268)	(312,047)
Total equity	24,464,500	16,802,628

Financial performance

	Year ended 30 June 2012 $	Year ended 30 June 2011 $
Loss for the year	(1,125,221)	(312,047)
Other comprehensive income	-	-
Total comprehensive result	(1,125,221)	(312,047)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 22: EVENTS AFTER THE REPORTING PERIOD

No matters or circumstance has arisen since 30 June 2012 that in the opinion of the directors has significantly affected, or may significantly affect in future financial years:

(i) the Group's operations;

(ii) the results of those operations; or

(iii) the Group's state of affairs.

NOTE 23: AUDITOR'S REMUNERATION

The auditor of Resource Development Group Limited is HLB Mann Judd.

	Consolidated	
	2012	2011
Amounts received or due and receivable by HLB Mann Judd for:	$	$
An audit or review of the financial report of the entity and any other entity in the Group	48,000	25,000
Preparation of an Independent Accountant's report	-	20,000
	48,000	45,000

NOTE 24: DIRECTORS AND EXECUTIVES DISCLOSURES

(a) Details of Key Management Personnel

(i) Directors

Mr Mel Ashton	Chairman (non-executive)
Mr Jeff Brill	Managing Director
Mr Damir Panzich	Director (executive)
Mr Chris Ryan	Director (non-executive)

(ii) Executives

Mr Troy Ventriss	Chief Financial Officer

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

The totals of remuneration paid to key management personnel of the companies in the Group during the year are as follows:

	Consolidated	
	2012	2011
	$	$
Short-term employee benefits	775,105	266,321
Post-employment benefits	58,439	18,155
Other long-term benefits	-	-
Share-based payments	858	-
	834,402	284,476

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 24: DIRECTORS AND EXECUTIVES DISCLOSURES (continued)

(b) Shareholdings of Key Management Personnel

Ordinary shares held in Resource Development Group Limited (number)

30 June 2012	Balance at beginning of period	Granted as remuneration	On exercise of options	Net change other	Balance at end of period
Directors					
Mr Mel Ashton	187,500	-	-	-	187,500
Mr Jeff Brill[1]	68,958,335	-	-	6,931,271	75,889,606
Mr Damir Panzich[1]	68,958,335	-	-	6,931,271	75,889,606
Mr Chris Ryan	62,500	-	-	-	62,500
Executives					
Mr Troy Ventriss[1]	68,958,335	-	-	6,931,271	75,889,606
30 June 2011					
Directors					
Mr Mel Ashton	-	62,500	-	125,000	187,500
Mr Jeff Brill[1]	-	-	-	68,958,335	68,958,335
Mr Damir Panzich[1]	-	-	-	68,958,335	68,958,335
Mr Chris Ryan	-	62,500	-	-	62,500
Executives					
Mr Troy Ventriss[1]	-	-	-	68,958,335	68,958,335

1 Mr Brill, Mr Panzich and Mr Ventriss are shareholders of Lightshare Investments Pty Ltd, a company which originally held 68,958,335 shares in Resource Development Group Limited and were issued with a further 6,931,271 shares following the acquisition of Pacer Corporation Pty Ltd as approved by shareholders at an Extraordinary General Meeting held on 24 February 2012.

All equity transactions with key management personnel have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 24: DIRECTORS AND EXECUTIVES DISCLOSURES (continued)

(c) Incentive holdings of Key Management Personnel

Incentives held in Resource Development Group Limited (number)

30 June 2012	Balance at beginning of period	Granted as remuneration	On exercise of incentives	Net change other	Balance at end of period
Directors					
Mr Mel Ashton	62,500	-	-	-	62,500
Mr Jeff Brill	-	-	-	-	-
Mr Damir Panzich	-	-	-	-	-
Mr Chris Ryan	62,500	-	-	-	62,500
Executives					
Mr Troy Ventriss	-	-	-	-	-
30 June 2011					
Directors					
Mr Mel Ashton	-	62,500	-	-	62,500
Mr Jeff Brill[1]	-	-	-	-	-
Mr Damir Panzich	-	-	-	-	-
Mr Chris Ryan	-	62,500	-	-	62,500
Executives					
Mr Troy Ventriss	-	-	-	-	-

DIRECTORS' DECLARATION

1. In the opinion of the directors of Resource Development Group Limited (the 'Company'):

   a. the accompanying financial statements and notes 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 2012 and of its performance for the year then ended; and

      ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.

   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.

   c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2012.

This declaration is signed in accordance with a resolution of the Board of Directors.

M. Ashton

Mel Ashton

Director

Dated this 28 day of September 2012

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Resource Development Group Limited

Report on the Financial Report

We have audited the accompanying financial report of Resource Development Group Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the consolidated entity. The consolidated entity comprises 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 1(c), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the consolidated financial report complies 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. Those 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 and fair presentation of the financial report 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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the 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*.

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HLB Mann Judd

Accountants | Business and Financial Advisers

Matters relating to the electronic presentation of the audited financial report and remuneration report

This auditor's report relates to the financial report and remuneration report of Resource Development Group Limited for the financial year ended 30 June 2012 published in the annual report and included on the company's website. The company's directors are responsible for the integrity of the company's website. We have not been engaged to report on the integrity of this website. The auditor's report refers only to the financial report and remuneration report. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report and remuneration report. If users of the financial report and remuneration report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information contained in this website version of the financial report and remuneration report.

Auditor's opinion

In our opinion:

(a) the financial report of Resource Development Group Limited is in accordance with the *Corporations Act 2001*, including:
   - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
   - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(c).

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2012. 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 Australian Auditing Standards.

Auditor's opinion

In our opinion the remuneration report of Resource Development Group Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB MANN JUDD
Chartered Accountants

WM Clark

Perth, Western Australia
28 September 2012

W M CLARK
Partner

Additional Information for Listed Public Companies

Additional information included in accordance with the Listing Rules of the Australian Securities Exchange Limited. The information is current as at 25 September 2012.

1. Shareholdings

Substantial shareholders of Resource Development Group Limited:

Name of shareholder	Shares held
Lightshare Investments Pty Ltd	75,889,606
Mr Jason Carmelo Monzu (J Monzu Family A/c)	6,601,943
Mr Christopher Noel Kane and Mrs Nicole Dianne Kane (C & N Kane Family A/c)	6,601,943

Distribution of equity – Listed securities:

Size of holding	Number of Shareholders
1 – 1,000	3
1,001 – 5,000	9
5,001 – 10,000	32
10,001 – 100,000	419
100,001 – and over	33
Total	**496**

At the date of this report there were 7 shareholders who held less than a marketable parcel of shares.

Listed securities in Resource Development Group Limited (RDG) are quoted on all member exchanges of the Australian Securities Exchange.

The Company has the following ordinary shares subject to voluntary escrow:

- 70,332,135 ordinary shares ending on 19 May 2013;
- 13,203,886 ordinary shares ending on 24 October 2013;
- 8,390,488 ordinary shares ending on 5 March 2014; and
- 11,841,210 ordinary shares ending on 25 May 2014.

SHAREHOLDER	SHARES	% OF ISSUED CAPITAL
LIGHTSHARE INVESTMENTS PTY LTD	75,889,606	58.39%
MR JASON CARMELO MONZU (J MONZU FAMILY A/C)	6,601,943	5.08%
MR CHRISTOPHER NOEL KANE & MRS NICOLE DIANNE KANE	6,601,943	5.08%
MR GARRY WILLIAM CONNELL	5,920,605	4.56%
MS CAROL JUNE MACPHERSON	5,920,605	4.56%
MR JON PAUL WRIGHT	4,815,410	3.70%
TIMESFIVE PTY LTD	2,115,862	1.63%
MR TOBIN SINCLAIR WALKER	729,608	0.56%
MS JODIE ANNE TEASDALE	729,608	0.56%
MR CRAIG MATTHEW JONES	547,770	0.42%
BLACKSWAN CORPORATE PTY LTD	500,000	0.38%
MR RUBEN GABRIEL PINDAR	400,000	0.31%
ELOHIM NOMINEES PTY LTD	375,000	0.29%
HILLBOI NOMINEES PTY LTD	280,000	0.22%
MR CHRISTOPHER AINSLEY	268,750	0.21%
MR CRAIG MATTHEW JONES	262,500	0.20%
MR EDWARD PATRICK JACOBSON	231,981	0.18%
KINGSREEF PTY LTD	225,000	0.17%
CORUMBA CAPITAL PTY LTD	203,410	0.16%
MR ANTHONY THOMAS & MRS GERALDINE THOMAS (AEC & GL THOMAS S/F A/C)	155,000	0.12%
TOP 20	**112,774,601**	**86.77%**
REMAINING	**17,197,122**	**13.23%**
TOTAL SHARES ON ISSUE	**129,971,723**	**100.00%**