Appendix 4E

PRELIMINARY FINAL REPORT
12 MONTHS ENDED 30 JUNE 2013

Details of the reporting period and the previous corresponding period

Name of entity

Resource Development Group Limited

ABN	Reporting period	Previous corresponding period
33 149 028 142	12 months ended 30/06/13	12 months ended 30/06/12

Results for announcement to the market

Revenues from continuing activities	Up	182%	to	$102,689,054
Loss from ordinary activities after tax attributable to members	Down	313%	to	($5,870,915)
Comprehensive income for the year attributable to members	Down	313%	to	($5,870,595)

Dividends	Amount per share	Franked amount per share
Interim dividend	Nil	Nil
Final dividend	Nil	Nil

Record date for determining entitlements to the dividend	N/A

REVIEW OF OPERATIONS

Resource Development Group Limited (RDG) has a long term business strategy to create an integrated resource development company, which will provide its clients in the resource, energy and infrastructure sectors with a more expanded and diversified service offering. Resource Development Group Limited intends to consolidate its operations and maximise the earnings capacity of the business with its four subsidiaries whilst diversifying the service offerings, industries serviced and geographical footprint of the group by a combination of organic growth and further acquisitions.

REVIEW OF 2013

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

- Completion of the integration of all subsidiaries into the Group
- Completion of the transition of management control of Ecologia from previous owners to new management
- Delivery of major EPC project (Tuckabianna); completed by Pacer with technical success

Pacer Corporation Pty Ltd (Pacer) completed the delivery of a large EPC contract for Silver Lake Resources Limited (Silver Lake) for a gold mine including processing plant and supporting infrastructure. In the third quarter of 2013, a commercial dispute with Silver Lake arose which was subsequently settled in the final quarter of 2013 resulting in a significant write down of profit. Notwithstanding this commercial dispute, Pacer personnel were engaged by the client throughout the remainder of 2013 to assist completion of commissioning for the project. All technical aspects of the project were delivered satisfactorily. Resolving this dispute was very disruptive to Pacer's operations and following the close out of this project Pacer downsized their team appropriately to suit market conditions. The outlook for 2014 is a difficult market with high levels of competition.

During the first quarter of the year Engenium Pty Ltd (Engenium) experienced a rapid downturn in the mining sector and a reduction in projects, requiring rationalisation and reductions to the size of its workforce, with the second quarter being a period of stabilisation. The second half of the financial year was much better with Engenium experiencing an excellent growth period. The outlook for 2014 is similar to 2013 with a bias of earnings towards the second half of the year.

Intellect Systems Pty Ltd (Intellect Systems) workload has been steady throughout 2013 and they have managed to gain new strategic clients as well as win repeat work from existing clients. The outlook for 2014 is competitive but expected to provide a steady workload.

Ecologia Environmental Consultants Pty Ltd (Ecologia) completed projects for blue chip, mid-tier and junior clients with the provision of environmental management and biological science services. Ecologia also completed an international package of work for the government of Ecuador. In the third quarter of the financial year a combination of weather and client delays to the mobilisation for site surveys extended the traditionally slow post-Christmas period well into the third quarter of 2013. Management utilised business flexibility to manage this quiet period. This was followed by an intense survey period in the final quarter as work was compressed into shorter timeframes. Ecologia has continued to diversify into monitoring style works which has yielded multi-year contracts as opposed to traditional greenfields development works. This places Ecologia in good stead for 2014 with a comprehensive technical team and a good base load of work. Ecologia's market remains highly competitive and a reduction in expenditure on greenfields projects is expected for 2014.

NET ASSETS

Net assets for the Group at the end of the financial year are down $5,630,015 to $8,967,980. The cash balances are $3,842,749 after paying off the bank overdraft and paying down borrowings in an effort to reduce debt and interest levels. A 30% increase in net working capital over the year are a result of both the closing out of the Tuckabianna EPC project and the cash generating ability of the group. The completion of the EPC project is also reflected in the reduction of both trade receivables and payables at balance date. Intangibles decreased by $7,784,179 during the year with significant goodwill write downs which is discussed in detail below. An acceleration of leasehold depreciation reduced the carrying value of property plant and equipment during the year to ready the subsidiaries for the office relocation.

The conversion of employee share incentives increased the issued capital during the year whilst the increase in reserves is a reflection of the accounting for current employee share schemes. The loss after tax result for the year has resulted in the retained earnings moving to an accumulated loss position. The net tangible asset backing per share has increased 255% from 0.63c to 2.24c as the majority of the year's result is based on write-downs of intangibles.

REVIEW OF OPERATIONS (continued)

CASH FLOW, LIQUIDITY AND DEBT

The total net inflows of cash for the year to June 2013 were $680,245 compared to a net outflow of $1,216,342 in the previous year. Operating cash flows during the year reflected the completion of the large scale EPC project and included the associated reductions of receivables and payable balances on the Balance Sheet.

Non-operational cash flows included a $781,520 drawdown on banking facilities to complete a business acquisition, $459,211 used in purchase of plant and equipment and $465,827 used to repayment of borrowings.

Bank covenants were breached at 30 June following the settlement of the commercial dispute with Silver Lake. The Group has kept the bank informed of the breach. The current facility expires on 7 May 2014 and an extension to the loan facility is being negotiated with the bank.

There was a continued focus to pay down borrowings associated with the acquisition of subsidiaries in the 2012 financial year, which is supported by the net debt (defined as borrowings offset with cash and cash equivalents) being reduced by $1,025,022 during the year.

IMPAIRMENT OF INTANGIBLE ASSETS

As part of its year end process of asset impairment testing and taking into account the current difficult market conditions the Board has decided that it is appropriate to write down part of the goodwill associated with its investments in subsidiaries Intellect Systems Pty Ltd ($1,517,960) and Ecologia Environmental Consultants Pty Ltd ($3,252,157). These write downs are in addition to the write down of goodwill associated with its subsidiary Pacer Corporation Pty Ltd ($2,998,950) which was advised to the market in July 2013. While both Intellect Systems and Ecologia remain an important part of the RDG service offering and continue to operate as normal, the board believes the part write down of its investment in these subsidiaries is an appropriate course of action in these difficult markets. These write downs do not in any way impact on the group's ability to continue to deliver its complete suite of resource and mining services and are of a non-cash nature.

OUTLOOK

Given the outlook in June 2013, the market in 2014 is expected to be difficult with business sentiment at low levels. Resource Development Group Limited's reaction to the current and expected market conditions and subsequent planning is based around a consolidation approach to strip costs and overheads out of the group and provide resilient earnings. All subsidiary businesses are being relocated into RDG's head office to maximise synergies and take advantage of any cost saving measures. The targets of becoming a resilient business, in both revenue and earnings, plus developing the ability to navigate changing market conditions, whilst strengthening our balance sheet remain our primary goals.

INCOME STATEMENT

	2013 $	2012 $
Continuing operations		
Revenue	102,527,837	36,301,017
Interest income	160,694	66,253
Profit on sale of fixed asset	523	-
Employee benefits expense	(31,785,571)	(20,689,444)
Depreciation and amortisation expense	(719,918)	(295,169)
Finance costs	(293,253)	(50,378)
Impairment	(7,769,067)	-
Share based payments	(240,580)	(18,267)
Other expenses	(66,769,945)	(11,370,763)
Share of net loss of associates and jointly controlled entities accounted for using the equity method	(32,034)	-
(Loss)/profit before income tax expense	(4,921,314)	3,943,249
Income tax expense	(949,601)	(1,186,552)
(Loss)/profit for the year	(5,870,915)	2,756,697
Other comprehensive income		
Exchange differences on translation of foreign operations	320	(2,296)
Other comprehensive income/(loss) for the year, net of tax	320	(2,296)
Total comprehensive (loss)/income for the year	(5,870,595)	2,754,401

Basic (loss)/earnings per share (cents per share)	(4.51)	2.64
Diluted (loss)/earnings per share (cents per share)	(4.37)	2.57

BALANCE SHEET

	2013 $	2012 $
Current Assets		
Cash and cash equivalents	3,842,749	4,680,847
Trade and other receivables	7,450,251	16,317,940
Current tax assets	997,956	-
Inventories	-	57,115
Total Current Assets	12,290,956	21,055,902
Non-Current Assets		
Investments accounted for using the equity method	1	-
Property, plant and equipment	1,526,645	1,743,950
Intangible assets	6,000,000	13,784,179
Deferred tax assets	659,730	1,232,964
Total Non-Current Assets	8,186,376	16,761,093
Total Assets	20,477,332	37,816,995
Current Liabilities		
Trade and other payables	2,418,547	11,009,317
Borrowings	4,620,355	4,260,337
Current tax liabilities	-	1,498,829
Provisions	1,001,673	1,056,583
Total Current Liabilities	8,040,575	17,825,066
Non-Current Liabilities		
Borrowings	3,057,529	5,280,667
Deferred tax liabilities	172,287	19,487
Provisions	238,961	93,780
Total Non-Current Liabilities	3,468,777	5,393,934
Total Liabilities	11,509,352	23,219,000
Net Assets	8,967,980	14,597,995
Equity		
Issued capital	12,098,769	12,074,297
Reserves	232,360	15,932
(Accumulated losses)/retained earnings	(3,363,149)	2,507,766
Total Equity	8,967,980	14,597,995

STATEMENT OF CHANGES IN EQUITY

	Issued Capital	(Accumulated Losses)/ Retained Earnings	Foreign Currency Transaction Reserve	Share Based Payment Reserve	Total
	$	$	$	$	$
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 (loss)/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
Balance as at 1 July 2012	12,074,297	2,507,766	(2,335)	18,267	14,597,995
Loss for the year	-	(5,870,915)	-	-	(5,870,915)
Exchange differences arising on translation of foreign operations	-	-	320	-	320
Total comprehensive (loss)/income for the year	-	(5,870,915)	320	-	(5,870,595)
Shares issued during the year, net of costs	24,472	-	-	-	24,472
Lapsed incentives converted into shares	-	-	-	(24,472)	(24,472)
Recognition of share-based payments	-	-	-	240,580	240,580
Balance at 30 June 2013	12,098,769	(3,363,149)	(2,015)	234,375	8,967,980

STATEMENT OF CASH FLOWS

	2013 $	2012 $
	Inflows/(Outflows)	
Cash flows from operating activities		
Receipts from customers	111,579,534	26,335,372
Payments to suppliers and employees	(107,243,390)	(25,116,178)
Interest received	160,694	66,253
Finance costs	(171,887)	(50,378)
Income tax paid	(2,720,354)	(1,484,469)
Net cash provided by/(used in) operating activities	1,604,597	(249,400)
Cash flows from investing activities		
Purchase of property, plant and equipment	(459,211)	(559,563)
Proceeds from sale of property, plant and equipment	1,300	-
Purchase of investments	(1)	-
Purchase of intangibles	(613)	(11,889)
Payments for subsidiaries, net of cash acquired	(781,520)	(2,010,476)
Net cash used in investing activities	(1,240,045)	(2,581,928)
Cash flows from financing activities		
Proceeds from borrowing	781,520	2,188,256
Repayment of borrowings	(387,635)	(516,123)
Reduction in finance lease and hire purchase liabilities	(78,192)	(57,147)
Net cash provided by financing activities	315,693	1,614,986
Net increase/(decrease) in cash and cash equivalents	680,245	(1,216,342)
Cash and cash equivalents at beginning of period	3,162,184	4,378,527
Effect of exchange rate fluctuations on cash held	320	(1)
Cash and cash equivalents at end of period	3,842,749	3,162,184

Reconciliation to Cash Flow Statement
For the purposes of the cash flow statement, 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:

Cash and cash equivalents as per balance sheet	3,842,749	4,680,847
Bank overdraft	-	(1,518,663)
Cash and cash equivalents as per cash flow statement	3,842,749	3,162,184

NOTES

1. BASIS OF PREPARATION

The preliminary final report of Resource Development Group Limited (the Company) for the year ended 30 June 2013 does not include all notes of the type normally included within the annual financial report and therefore can not be expected to provide as full an understanding of the financial performance, financial position and cash flow of the Company as the full financial report.

(a) Basis of accounting

The preliminary final report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities, which the fair value basis of accounting has been applied.

All amounts are presented in Australian dollars, unless otherwise stated.

Unless otherwise detailed in this note, accounting policies have been consistently applied by the Company and are consistent with those applied in the 30 June 2012 annual report.

2. REVENUE

	2013 $	2012 $
Operating activities		
Rendering of services	30,961,909	26,912,440
Sales of goods	71,565,928	9,388,577
Bank interest receivable	160,694	66,253
	102,688,531	36,367,270

3. FINANCIAL RESULTS

The Group recorded a net loss of $5,870,915 for the year ended 30 June 2013 compared to a net profit of $2,756,697 for the year ended 30 June 2012.

4. RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH PROFIT / (LOSS) AFTER INCOME TAX

Reconciliation of (loss)/profit for the year to net cash flows from operating activities	2013 $	2012 $
(Loss)/profit for the year	(5,870,915)	2,756,697
Amortisation of goodwill	7,784,792	-
(Profit)/loss on sale or disposal of assets	(218)	419
Foreign exchange loss	(231)	531
Depreciation	719,918	295,169
Provision for doubtful debts	395,152	-
Equity settled share based payment	240,580	18,267
Provision for employee leave benefits	90,271	395,179
(Increase)/decrease in operating assets:		
Trade and other receivables	8,472,537	(9,384,713)
Other assets	57,115	1,355
Increase/(decrease) in operating liabilities:		
Trade and other payables	(8,545,919)	5,965,611
Other liabilities	(1,738,485)	(297,915)
Net cash used in operating activities	1,604,597	(249,400)

5. DETAILS OF INDIVIDUAL AND TOTAL DIVIDENDS AND DIVIDEND PAYMENTS

Date the final dividend is payable	N/A
Record date to determine entitlements to the dividend	N/A
Has the dividend been declared?	N/A

6. NET ASSET BACKING

	2013 Cents per share	2012 Cents per share
Net tangible assets per share	2.24	0.63

7. CONTINGENT LIABILITY

The Group has provided a fully inter-locking debt and interest guarantee and indemnity in respect of banking facilities totalling $3,000,000 supported by a general security agreement over all existing and future assets and undertakings of the parent entity and controlled entities.

No losses are anticipated in respect to the above contingent liabilities. Due to the commercial dispute with Silver Lake Resources mentioned above there has been a technical breach of the financial covenants at 30 June 2013 held with Westpac Banking Corporation. The current facility expires on 7 May 2014 and an extension to the loan facility is being negotiated with the bank.

8. ISSUED AND QUOTED SECURITIES AT END OF CURRENT PERIOD

Category of securities	Total number	Number quoted
Ordinary shares	132,418,895	132,418,895

9. EARNINGS PER SHARE (EPS)

	2013	2012
	Cents per share	Cents per share
Basic (loss)/earnings per share:	(4.51)	2.64

Basic (loss)/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))	(5,870,915)	2,756,697
	Number	Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	130,266,725	104,602,738

(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 (loss)/profit after tax from continuing operations	(5,870,915)	2,756,697
Earnings used in the calculation of basic earnings per share	(5,870,915)	2,756,697

9. EARNINGS PER SHARE (EPS) (continued)

	2013	2012
	Cents per share	Cents per share
Diluted (loss)/earnings per share:	(4.37)	2.57

Basic (loss)/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 (ii))	(5,870,915)	2,756,697

	2013	2012
	Number	Number
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	130,266,725	104,602,738
Shares deemed to be issued for no consideration in respect of:		
• Employee incentives	4,891,410	2,896,433
Weighted average number of converted, lapsed, or cancelled potential ordinary shares included in the calculation of diluted earnings per share:	(900,202)	(236,393)
Weighted average number of ordinary shares for the purposes of diluted earnings per share	134,257,933	107,252,778

(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 (loss)/profit after tax from continuing operations	(5,870,915)	2,756,697
Earnings used in the calculation of diluted earnings per share	(5,870,915)	2,756,697

10. DETAILS OF CONTROLLED ENTITIES

Resource Development Group Limited and its subsidiaries.

Wholly owned	
Engenium Pty Ltd	100%
Engenium Projects Ltd	100%
Pacer Corporation Pty Ltd	100%
Intellect Systems Pty Ltd	100%
Ecologia Environmental Consultants Pty Ltd	100%
Australian Quarries Pty Ltd	100%

11. ASSOCIATES AND JOINT VENTURES

The Group entered into a 50% participating interest in Pulse Signalling and Electrical Pty Ltd ("Pulse"), an incorporated jointly controlled entity with Australian Railway Signalling & Electrical Pty Ltd ("ARS&E"). The joint venture is accounted for using the equity method under AASB 131 'Interests in Joint Ventures'. The contribution to the Group's profit/(loss) from the Pulse joint venture for the current year ended 30 June 2013 amounted to a loss of $32,064.

A dispute with ARS&E over amounts owing to the joint venture has resulted in the group providing for the full $282,663 loan to the related party.

12. FOREIGN ENTITIES

The Company is an Australian entity and reports under Australian accounting standards.

13. AUDIT DISPUTES AND QUALIFICATIONS

There are no known audit disputes or qualifications.

14. STATEMENTS IN RELATION TO ACCOUNTS AND AUDIT

This report is based on accounts to which one of the following applies.

- ☐ The accounts have been audited (refer audit attached report).
- ☐ The accounts have been subject to review (refer attached review report).
- ☑ The accounts are in the process of being audited or subject to review.
- ☐ The accounts have not yet been audited or reviewed.

Sign here: .... (Company Secretary)   Date: 29 August 2013

Print name: Mark Pugsley