



Resource
Development
Group

Resource Development Group Limited

ABN 33 149 028 142

Interim Financial Report
31 December 2014

Resource Development Group Limited

ABN 33 149 028 142

Half-Year Financial Report

31 December 2014

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CORPORATE INFORMATION

ABN 33 149 028 142

Directors

Mr. Mel Ashton, Non-Executive Chairman
Mr. Jeff Brill, Managing Director
Mr. Richard Eden, Executive Director
Mr. Andrew Ellison, Executive Director

Company secretary

Mr. Mark Pugsley

Registered office

Level 8, 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 8, 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
ANZ Banking Group Limited
L10 77 St Georges Terrace Perth WA 6000

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 financial report of the consolidated entity (or "Group") consisting of Resource Development Group Limited ("Company") and the entities it controlled during the period for the half year ended 31 December 2014. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

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

Mr Mel Ashton	(Non-Executive Chairman)
Mr Jeff Brill	(Managing Director)
Mr Andrew Ellison	(Executive Director) Appointed 18 September 2014
Mr Richard Eden	(Executive Director) Appointed 18 September 2014
Mr Damir Panzich	(Executive Director) Resigned 18 September 2014
Mr Chris Ryan	(Non-Executive Director) Resigned 18 September 2014

Principal Activities

The principal activities of the entities within the consolidated entity during the half year were the provision of consulting and contracting services to the mining sector within Australia.

Review of operations

The half year ended 31 December 2014 has provided continuing difficult market conditions in which Resource Development Group Limited ("RDG") achieved respectable financial and operational results.

The Australian resources sector has continued to face challenging conditions and during the half, RDG announced and completed the transformative acquisition of Central Systems Pty Ltd (Centrals), a contracting company providing multi-discipline construction services to the mining, energy, infrastructure and defence sectors. Since completion of the acquisition Centrals has been integrated into RDG which involved the integration and rationalisation of two corporate structures and the co-location of Centrals with the rest of RDG's businesses. With the addition of the Centrals business, RDG has been restructured into two divisions, Consulting (the combination of Ecologia Environment, Engenium and Intellect Systems brands under the Engenium brand) and Contracting (the combination of Centrals and Pacer Corporation under the Centrals brand).

These businesses can operate individually or in an integrated manner, allowing clients to select the services they require. RDG can now offer in-house design and construct project delivery which is attractive to clients given the current market conditions. Additionally, RDG has increased not just the breadth of its services but the scale of its operations and it is well positioned to face the challenges of the current market conditions.

Significant Events

During the half year ended 31 December 2014 the directors negotiated to acquire all the shares in Central Systems Pty Ltd (Centrals), a multi-disciplined, self-performing construction contractor and provider of remedial and maintenance services to the mining, energy and defence sectors in Australia.

The acquisition was in line with RDG's stated strategy of acquisitive growth and based on the impressive operational and financial performance of Central Systems Pty Ltd and its ability to secure and complete work in a highly competitive environment, despite the negative sentiment in the industry.

RDG and Centrals have come together in a proactive and productive manner to satisfy all the conditions precedent to completing the acquisition process, which commenced early July 2014 and was completed on 31 August 2014 with legal ownership of Central Systems Pty Ltd being transferred to Resource Development Group Limited on 3 October 2014.

The legal structure of the group subsequent to the completion of the acquisition process remained unchanged with Resource Development Group Limited as the parent entity. However, the principles of reverse acquisition accounting applied where the owners of the acquired entity (in this case, Central Systems Pty Ltd) obtained control of the acquiring entity (in this case, Resource Development Group Limited) as a result of the businesses' combination.

On 10 December 2014 RDG announced that Centrals had successfully negotiated the assignment of two contracts from Killarnee Civil & Concrete Contractors Pty Ltd (Killarnee) for construction works on Barrow Island for Chevrons' Gorgon LNG project. Prior to Killarnee placing themselves into voluntary administration on 1st September 2014 an agreement was signed between Centrals and Killarnee for the purchase/sale of assets and assignment of construction contracts.

DIRECTORS' REPORT (continued)**Significant Events (continued)**

The contracts included LNG tank construction for CB&I Constructors Pty Ltd (CB&I) and a minor civil works contract for Leighton Holdings. Both contracts are reimbursable on a rates and materials basis. In addition 72 personnel including supervision and workforce plus assorted plant and equipment on the island were transferred to Centrals. Mr Paul Thompson, the owner of Killarnee, also joined Centrals to lead the newly formed oil & gas division.

Employee Long Term Incentive Plan

On 8 August 2014, an agreement was reached between Resource Development Group Limited and the employees who had incentives under the Employee Long Term Incentive Plan. The incentive plan originally set up in February 2011 was dissolved prior to the acquisition of Central Systems Pty Limited with the view of a post-acquisition incentive plan being established. Of the remaining 3,900,000 incentives on issue, 1,810,000 incentives vested during the half-year ended 31 December 2014 and shares were issued with the balance of incentives being cancelled.

On 16 January 2015 in accordance with the Resource Development Group Limited Employee Incentive Plan 2014, 11,500,000 incentives were granted to key employees of the expanded group. The incentive plan is based on the same structure as its predecessor which had been cancelled prior to the acquisition of Central Systems Pty Ltd.

Key Information

- Revenues of \$182,368,129, up 137.9% on the previous period
- EBIT of \$9,094,303
- Completion of the co-location of Central Systems Pty Ltd personnel into our Perth offices
- Consolidation of corporate services at the Group level to provide consistency and cost benefits

Operations

Headquartered in Perth, RDG provides diversified services to the resource, infrastructure, energy, government, utilities and defence sectors within Australia. RDG has offices in Perth, Karratha, Newman, Brisbane and Townsville.

RDG provides a 'whole of project' life-cycle service offering, including:

- Environmental consultancy services
- Studies and business case evaluations
- Multi-disciplinary engineering design services (process, civil, structural, mechanical, electrical and PLC)
- Multi-disciplinary construction services (civil, SMPT, E&I)
- Ancillary, remedial and protective maintenance services
- EPCM, PMC or integrated team project delivery solutions
- EPC project delivery solutions
- Design and construct (D&C) package delivery solutions
- Optimising services including debottlenecking existing operations

Resource Development Group Limited has two wholly owned operating subsidiaries:

- Engenium Pty Ltd ("Engenium"), which provides environmental, engineering and technology services to the resources, energy, infrastructure and defence sectors of Australia and internationally
- Central Systems Pty Ltd ("Centrals"), which provides multi-discipline construction, remedial and maintenance services to the resources, energy, infrastructure and defence sectors in Australia and internationally

Two other wholly owned subsidiaries Ecologia Environmental Consultants Pty Ltd and Intellect Systems Pty Ltd that respectively conducted environmental management and biological sciences consulting services and end to end industrial technology solutions in control systems and automation have had their services rolled into Engenium under the Group's restructure of the consulting division. Similarly Pacer Corporation Pty Ltd's operations have been rolled in Centrals.

RDG consists of a Consultancy business (Engenium) and a Contracting business (Centrals) who can operate individually or in an integrated manner, allowing clients to select the services they require, tailoring an outcome which best suits their individual structure and project requirements. Being integrated allows RDG to provide services from a single point of contact, resulting in safe and successful project delivery on time and on budget.

Engenium delivered sustaining works for major blue chip clients throughout the half year as the junior and mid-tier clients minimised their spending. Engenium provides services via several multi-year contracts for a range of large mining clients including BHP Billiton Iron Ore, Rio Tinto Iron Ore and Fortescue Metals Group.

DIRECTORS' REPORT (continued)**Operations (continued)**

Centrals delivered two major packages in the half being the Roy Hill rail bridges contract for Samsung C&T in addition to circa 80% of the SMP package for Ironbridge's (FMG's) Northstar magnetite plant. In addition Centrals delivered multiple sustaining works projects for BHP Billiton Iron Ore, including several D&C contracts in partnership with Engenium, remediation works for CBH Group and defence related works.

Workforce Capacity and Capability

Staff numbers have increased over the past half year peaking at 895 as construction projects were delivered and falling towards the end of the half year as projects were demobilised, notably the bridges project mentioned previously. At the time of this report Resource Development Group Limited employed 525 people. Each subsidiary carries a core capability skillset that can be rapidly increased to meet project requirements without compromising quality of service. In addition resources can be seamlessly moved between subsidiaries to address project requirements.

Strategy and Outlook

Resource Development Group Limited remains committed to building a diversified services business using a combination of organic growth, exploitation of intercompany synergies and further acquisitions as demonstrated by the Centrals transaction. Whilst the bulk of our revenue in the half year was derived from construction projects in the resources sector, significant inroads continue to be made against our strategic plan for 2012 to 2016. This plan is underpinned by consolidation of operations in Western Australia followed by geographical and sector diversification within Australia and then internationally. The Centrals transaction has provided an extension to RDG's service offering to include construction services and design and construct project delivery. In addition the acquisition by Centrals of two contracts to provide workforce, plant and equipment on Barrow Island to support Chevrans Gorgon project is a clear diversification into the energy sector.

Resource Development Group Limited has a focus on flexibility and growing our recurring revenue streams to provide resilience in dynamic markets. We have continued the strategy to co-locate our operations in Perth allowing us to all work smarter as a Group and providing for further cost savings.

Auditor Independence Declaration

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 review of the interim financial report. This Independence Declaration is set out on page 6 and forms part of this directors' report for the half year ended 31 December 2014.

Signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.



Mr Mel Ashton

Non-Executive Chairman
Perth, Western Australia
27 February 2014

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Resource Development Group Limited for the half-year ended 31 December 2014, 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 review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
27 February 2015



W M Clark
Partner

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	Notes	Consolidated	
		31 December 2014 \$	31 December 2013 \$
Revenue	3	182,368,129	76,641,624
Interest income		263,338	163,890
Employee benefits expense		(82,614,560)	(34,728,819)
Depreciation and amortisation expense	3	(2,476,695)	(1,882,446)
Finance costs		(951,752)	(372,593)
Share-based payments	3	(3,084,071)	-
Other expenses		(85,098,500)	(26,279,870)
Profit before income tax		8,405,889	13,541,786
Income tax expense	4	(4,141,062)	(4,393,074)
Profit after income tax		4,264,827	9,148,712
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive income for the period		4,264,827	9,148,712
Basic earnings per share (cents per share)		0.76	1.84
Diluted earnings per share (cents per share)		0.75	1.84

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Notes	Consolidated	
		31 December 2014 \$	30 June 2014 \$
Assets			
Current assets			
Cash and cash equivalents		20,409,352	15,675,752
Trade and other receivables		23,929,710	32,081,348
Other financial assets		-	3,343,191
Inventories		13,331,362	11,213,567
Total current assets		57,670,424	62,313,858
Non-current assets			
Property, plant and equipment		25,847,564	25,852,587
Deferred tax assets		4,469,135	1,665,205
Intangible assets	7	2,451,534	-
Total non-current assets		32,768,233	27,517,792
Total assets		90,438,657	89,831,650
Liabilities			
Current liabilities			
Trade and other payables		25,725,470	36,587,347
Borrowings	9	8,560,059	6,229,984
Current tax provisions		3,331,574	1,054,142
Provisions		4,521,772	4,933,196
Total current liabilities		42,138,875	48,804,669
Non-current liabilities			
Borrowings	9	35,533,317	4,485,994
Deferred tax liabilities		87,794	-
Provisions		275,855	828,119
Total non-current liabilities		35,896,966	5,314,113
Total liabilities		78,035,841	54,118,782
Net assets		12,402,816	35,712,868
Equity			
Issued capital	5	9,019,360	100
Share-based payments reserve		101,020	-
Retained earnings		3,282,436	35,712,768
Total equity		12,402,816	35,712,868

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

Consolidated	Notes	Issued capital \$	Retained earnings \$	Share-based payments reserve \$	Total equity \$
Balance as at 1 July 2013		100	19,781,023	-	19,781,123
Total comprehensive income for the period		-	9,148,712	-	9,148,712
Dividends paid or provided for		-	(400,000)	-	(400,000)
Balance at 31 December 2013		100	28,529,735	-	28,529,835
Balance as at 1 July 2014		100	35,712,768	-	35,712,868
Total comprehensive income for the period		-	4,264,827	-	4,264,827
Dividends paid or provided for	6	-	(36,695,159)	-	(36,695,159)
Issued during the half year	5	2,983,051	-	-	2,983,051
Issue of shares to acquire Resource Development Group Limited due to reverse acquisition	5	6,036,209	-	-	6,036,209
Issue of options	5	-	-	101,020	101,020
Balance at 31 December 2014		9,019,360	3,282,436	101,020	12,402,816

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	Consolidated	
	31 December 2014	31 December 2013
Notes	\$	\$
	Inflows/(Outflows)	
Cash flows from operating activities		
Receipts from customers	196,589,830	82,743,017
Payments to suppliers and employees	(184,353,045)	(62,240,116)
Interest received	263,338	159,377
Finance costs	(951,752)	(372,593)
Income tax paid	(4,085,537)	(2,280,720)
Net cash inflow from operating activities	7,462,834	18,008,965
Cash flows from investing activities		
Payments for property, plant and equipment	(1,747,265)	(2,793,523)
Proceeds from sale of property, plant and equipment	179,981	543,700
Payment for subsidiary, net of cash acquired	14 3,218,183	-
Proceeds from repayment of loans to related parties	2,828,891	-
Net cash outflow from investing activities	4,479,790	(2,249,823)
Cash flows from financing activities		
Proceeds from borrowings	1,262,113	1,808,576
Repayment of borrowings	(750,000)	(1,000,000)
Reduction in finance lease and hire purchase liabilities	(2,974,001)	(2,716,850)
Dividends paid	(4,747,136)	(400,000)
Net cash inflow from financing activities	(7,209,024)	(2,308,274)
Net increase in cash held	4,733,600	13,450,868
Cash and cash equivalents at the beginning of the period	15,675,752	291,006
Cash and cash equivalents at the end of the period	20,409,352	13,741,874

The accompanying notes form part of these financial statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Reporting entity

Resource Development Group Limited ("RDG" or "Company") is a company domiciled in Australia. The consolidated balances of the Company for the half-year ended 31 December 2014 include the Company and its subsidiaries, including Central Systems Pty Limited ("CS"). Resource Development Group Limited acquired Central Systems Pty Ltd on 31 August 2014 (the agreed purchase date), however transfer of legal ownership was completed on 3 October 2014. In accordance with AASB 3 *Business Combinations*, this acquisition was determined to be a "reverse acquisition" as described in Note 2.

As a result of this accounting treatment, the consolidated financial statements presented in this report represent a continuation of the financial statements of Central Systems Pty Ltd and comprise the following:

(i) Statement of Financial Position:

- Comparative Statement of Financial Position – Central Systems Pty Ltd as at 30 June 2014.
- Current Statement of Financial Position – Central Systems Pty Ltd and Resource Development Group Limited (and their controlled entities) as at 31 December 2014. In accordance with AASB 3 *Business Combinations*, whilst Resource Development Group Limited was the "legal acquirer" of Central Systems Pty Ltd, Central Systems Pty Ltd is treated as the parent for accounting purposes and therefore the balances as presented in the Statement of Financial Position are based on:
 - 1) the historical balances of Central Systems Pty Ltd; and
 - 2) the balances of Resource Development Group Limited based on fair value at the acquisition date of 31 August 2014.

(ii) Statement of Comprehensive Income and Statement of Cash Flows:

- Comparative financial information – Central Systems Pty Ltd and its controlled entities for the half-year ended 31 December 2013.
- Current half-year financial information – Central Systems Pty Ltd (and its controlled entities) for the half-year ended 31 December 2014 and Resource Development Group Limited (and its controlled entities) from 1 September 2014 to 31 December 2014.

(iii) Statements of Changes in Equity

- Comparative financial information – Central Systems Pty Ltd and its controlled entities for the half-year ended 31 December 2013.
- Current half-year financial information – Central Systems Pty Ltd (and its controlled entities) for the half-year ended 31 December 2014 and Resource Development Group Limited (and its controlled entities) from 1 September 2014 to 31 December 2014.

b) Statement of compliance

These half-year consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 '*Interim Financial Reporting*', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 '*Interim Financial Reporting*'.

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the consolidated financial statements of Central Systems Pty Ltd for the year ended 30 June 2014 and any public announcements made by Resource Development Group Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

c) Basis of preparation

This half-year report has been prepared as described in Note 1(a). Cost is based on the fair value of the consideration given in exchange for assets and all amounts are presented in Australian dollars, unless otherwise noted. For the purpose of preparing this report, the half-year has been treated as a discrete reporting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Accounting policies and methods of computation

The accounting policies are consistent with those adopted by Central Systems Pty Ltd for the previous financial year. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

e) Significant accounting judgements and key estimates

The preparation of half-year financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2014.

In the half year ended 31 December 2014, management reassessed its estimates in respect of:

- Goodwill (Note 7).

f) Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2014, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company's operations and effective for the current annual reporting periods beginning on or after 1 July 2014.

It has been determined by the directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Company 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 half-year ended 31 December 2014. 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 the Company and, therefore, no change necessary to Group accounting policies.

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 Executive Committee of Resource Development Group Limited.

NOTE 2: REVERSE ACQUISITION ACCOUNTING

The transaction involving Resource Development Group Limited acquiring all the issued shares of Central Systems Pty Ltd has been accounted for under the principles of Reverse Acquisitions included in Australian Accounting Standard AASB 3 *Business Combinations*.

The legal structure of the Resource Development Group Limited subsequent to the acquisition of Central Systems Pty Ltd will be that Resource Development Group Limited will remain as the parent entity. However, the principles of reverse acquisition accounting apply where the owners of the acquired entity (in this case, Central Systems Pty Ltd) obtain control of the acquiring entity (in this case, Resource Development Group Limited) as a result of the businesses' combination.

Under reverse acquisition accounting, the consolidated financial statements are issued under the name of the legal parent (Resource Development Group Limited) but are a continuation of the financial statements of the legal subsidiary (Central Systems Pty Ltd), with the assets and liabilities of the legal subsidiary being recognised and measured at their pre-combination carrying amounts rather than their fair values.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 3: REVENUE AND EXPENSES

	Consolidated	
	31 December 2014	31 December 2013
	\$	\$
(a) Revenue		
<i>Sales revenue</i>		
Rendering of services	181,926,172	76,641,624
Bargain purchase – Killarnee contracts	441,957	-
	<u>182,368,129</u>	<u>76,641,624</u>
(b) Expenses		
Depreciation of non-current assets	(2,476,695)	(1,882,446)
Operating lease rental expense	(909,430)	(298,540)
Share based payments expense	(3,084,071)	-

NOTE 4: INCOME TAX

	Consolidated	
	31 December 2014	31 December 2013
	\$	\$
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	8,405,889	13,541,786
Income tax expense calculated at 30%	2,521,767	4,062,536
Add:		
Tax effect of:		
Share based payments	925,221	-
Under provision for tax relating to prior periods due to over claimed depreciation	837,777	-
Less:		
Tax effect of:		
Other items	(143,703)	330,538
Income tax expense reported in the consolidated statement of comprehensive income	<u>4,141,062</u>	<u>4,393,074</u>

(i) Resource Development Group Ltd and its Australian 100% controlled subsidiaries formed a tax consolidated group effective from 1 July 2011. Central Systems Pty Ltd joined the tax consolidated group effective from 3 October 2014 upon the completion of its acquisition by the Resource Development Group Ltd.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 5: ISSUED CAPITAL

	31 December 2014		30 June 2014	
	Number of shares	\$	Number of shares	\$
(a) Paid up capital:	631,404,067	9,019,360	5,000,000	100
(b) Movements in ordinary share capital:				
	Six months to 31 December 2014		Year to 30 June 2014	
	Number of shares	\$	Number of shares	\$
Balance at beginning of financial period	5,000,000	100	5,000,000	100
Issued by Central Systems Pty Ltd prior to reverse acquisition (i)	882,353	2,983,051	-	-
Elimination of Central Systems Pty Ltd shares at the date of legal acquisition by Resource Development Group Limited	(5,882,353)	-	-	-
Resource Development Group Limited shares issued for the legal acquisition of Central Systems Pty Ltd (ii)	497,175,172	-	-	-
Shares on issue in Resource Development Group Limited at date of legal acquisition of Central Systems Pty Ltd (iii)	134,228,895	6,036,209	-	-
Balance at end of financial period	631,404,067	9,019,360	5,000,000	100

- (i) on 30 July 2014 Central Systems Pty Ltd entered into a Deed of Settlement between the company and Mr Steve Batchelor in relation to a Memorandum of Understanding entered into between shareholders of the company and Mr Batchelor on 3 September 2012. The Deed provides that 882,353 B class shares be issued to Mr Batchelor in exchange for the release of all claims Mr Batchelor had against the company in relation to the Memorandum of Understanding.
- (ii) on 4 August 2014 Resource Development Group Limited entered into a conditional Share Sale Agreement to acquire 100% of the issued capital of Central Systems Pty Ltd. This transaction was completed on 3 October 2014. Under the terms of the Share Sale Agreement, RDG issued Central Systems Limited shareholders a total of 497,175,172 RDG shares for 100% of the issued capital of Centrals. The founding shareholders of Centrals each received a dividend from Centrals before Completion. The dividend of \$31.9m was calculated based on the unaudited net tangible assets (NTA) of Centrals and RDG as at 31 August 2014, and was funded by way of loans from the Central Systems Pty Ltd's founding shareholders to Central Systems Pty Ltd. The net effect was that no cash was paid out by Central Systems Pty Ltd to the founding shareholders before Completion, however Central Systems has a liability to repay loans to each relevant Central Systems Pty Ltd shareholder reflecting their respective proportion of the dividend. Formal loan agreements and a security deed in respect of these loans have been entered into between Central Systems Pty Ltd and the Central Systems Pty Ltd shareholders. These loan agreements are on commercial terms and are secured over the assets of Central Systems Pty Ltd on a subordinated basis behind Central Systems Pty Ltd existing financiers. Interest accrues at 7% p.a. on these loans and will be paid quarterly, however, the principal will only be repaid where the independent members of the Resource Development Group Limited board are satisfied that RDG has sufficient working capital and cash flow.

	Number
(iii) Shares on issue by Resource Development Group Limited as at 30 June 2014	132,418,895
Issue of shares under Employee Long Term Incentive Plan	1,810,000
Shares on issue at date of legal acquisition of Centrals Systems Pty Ltd	134,228,895

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 5: ISSUED CAPITAL (continued)

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.

Options

On 3 October 2014 the Company issued 6,000,000 Options exercisable at 4 cents on or before 28 July 2017. The Options were issued to an adviser in relation to the Company's acquisition of 100% of the share capital in Central Systems Pty Ltd, and were issued under the Company's 15% placement capacity. To date no Options have been exercised.

The fair value of the options issued was assessed at \$101,020 determined using a Black & Scholes pricing model. The following table lists the inputs to the model for options issued during the six months ended 31 December 2014:

Dividend yield	Nil	Expected life of options (years)	3 years
Expected volatility	60%	Exercise price	4.0 cents
Risk free interest rate	3.0%	Unit price	4.0 cents
		Fair value	\$101,020

Incentives

On 1 July 2014 625,000 incentives vested in accordance with the Employee Incentive Plan. On 8 August 2014, an agreement was reached between Resource Development Group Limited and the employees who had incentives under the Employee Incentive Plan. The incentive plan originally set up in February 2011 was dissolved prior to the legal acquisition of Central Systems Pty Ltd by Resource Development Group Limited with the view of a post acquisition incentive plan being established. Of the remaining 3,275,000 incentives on issue at the time the agreement was reached, 1,185,000 incentives were vested on 8 August 2014 with the balance of incentives (2,090,000) being cancelled.

	Consolidated	
	Six months ended 31 December 2014	Year ended 30 June 2014
	Number	Number
<i>Movement in employee incentives</i>		
Balance at beginning of financial period	-	-
Held in Resource Development Group Limited prior to acquisition	3,900,000	-
Vested during period	(1,810,000)	-
Cancelled during the period	(2,090,000)	-
Balance at end of financial period	-	-

The Employee Long Term Incentive Plan was re-introduced subsequent to the reporting period. Refer to Note 12 for further details.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 6: DIVIDENDS

	Consolidated	
	\$	\$
<i>Dividends declared during the period:</i>		
On fully paid ordinary shares:		
• Final franked dividends for 2014	-	-
• Interim franked dividends for 2014	36,695,159	400,000
	36,695,159	400,000
<i>Dividends declared but not paid during the period:</i>		
On fully paid ordinary shares:		
• Interim franked dividends for 2014	31,948,023	-
	31,948,023	-

Of the \$36,695,159 dividends declared during the half year 31 December 2014, \$31,948,023 was converted into a loan payable to the shareholders of Central Systems Pty Ltd in accordance with the agreement for the legal acquisition of Central Systems Pty Ltd. Refer to Note 9 for terms of the loan agreement.

All dividends recorded above relate to dividends declared by Central Systems Pty Ltd under the agreement for the legal acquisition of Central Systems Pty Ltd by Resource Development Group Ltd.

NOTE 7: INTANGIBLES

	Consolidated
	\$
Goodwill	
Balance at 30 June 2014	-
Resource Development Group Limited acquisition	2,451,534
Balance at 31 December 2014	2,451,534
 Carrying value	
31 December 2014	2,451,534
30 June 2014	-

Goodwill Allocation

Goodwill acquired through business combinations has been allocated to specific cash generating units for impairment testing as follows:

	Consolidated	
	31 December 2014	30 June 2014
	\$	\$
Engenium Pty Ltd	2,451,534	-
	2,451,534	-

Impairment

During the half-year ended 31 December 2014, following the completion of intangible asset impairment testing no impairment of goodwill was noted.

Reasonably possible change

The recoverable amount of goodwill relating to the Resource Development Group Limited would be impacted by an adverse movement in earnings, discount rate or terminal growth rate.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 8: CONTINGENT ASSETS AND LIABILITIES

Contingent Assets

An insurance claim relating to a Superannuation Guarantee Charge paid by CS Civil Construction Pty Ltd (a wholly-owned subsidiary of Central Systems Pty Ltd) has been submitted to the company's insurers. The Directors have appointed legal counsel to assist in determining whether or not this claim should be approved by the insurance company. At the reporting date the company has received advice from the insurance company rejecting its claim. This has not been accepted by the company and further legal advice is being obtained. Given the uncertain nature of this event no amount has been recognised in the financial statements for this claim.

An insurance claim has also been submitted under a Principal provided insurance policy for damages and reinstatement works caused by flooding on a major construction project. A claim has been completed and submitted and all information requested has been provided to the insurer's appointed loss adjustor. At the reporting date the claim has not been rejected or approved by the insurance company. Given the uncertain nature of this event no amount has been recognised in the financial statements for this claim.

The tax expense for the six months ended 31 December 2014 includes an adjustment for a prior year income tax under-provision due to an over claim of depreciation. The adjustment increased the company's tax expense for the six months ended 31 December 2014 by \$837,777.

Under the sale agreement between Centrals and RDG this adjustment can potentially be claimed back from the former owners of Centrals by adjusting the completion dividend and the related loan payable. The directors are currently assessing whether or not this adjustment will be made accordingly no amounts have been recorded for this potential adjustment as at 31 December 2014.

There are no other contingent assets or liabilities as at or subsequent to balance date.

NOTE 9: BORROWINGS

		Consolidated	
		31 December 2014	30 June 2014
		\$	\$
Current			
Bank loan		1,775,982	-
Commercial bill		750,000	1,500,000
Vendors/shareholders loans		1,900,000	-
Finance lease liabilities		4,134,077	4,729,984
		<u>8,560,059</u>	<u>6,229,984</u>
Non-current			
Vendors/shareholders loans		31,948,023	-
Finance lease liabilities		3,585,294	4,485,994
		<u>35,533,317</u>	<u>4,485,994</u>
Secured			
	Maturity		
Bank loan	2015	1,775,982	-
Commercial bill	2015	750,000	1,500,000
Lease liabilities	2016	7,719,371	9,215,978
Total secured borrowings		<u>10,245,353</u>	<u>10,715,978</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 9: BORROWINGS (continued)

		Consolidated	
		31 December 2014	30 June 2014
		\$	\$
Unsecured			
Vendors/Shareholders loans	2015	1,900,000	-
Vendors/Shareholders loans	2019	31,948,023	-
Total unsecured borrowings		33,848,023	-
Total borrowings		44,093,376	10,715,978

Summary of borrowing arrangements

General Security Agreement over all present and after acquired property by the ANZ Banking Group Ltd. Individual guarantees and indemnities by the Directors of Central Systems Pty Ltd.

Bank and Finance facilities as at 31 December 2014 include the following:

- ANZ Working capital facility used: \$Nil. Unused facility at 31 December 2014: \$10,000,000;
- ANZ Bank performance guarantee facility used: \$4,389,830. Unused bank performance guarantee facility at 31 December 2014: \$10,610,170;
- ANZ Bank financial guarantee facility used: \$25,000. Unused bank financial guarantee facility at 31 December 2014: \$75,000;
- ANZ Interchangeable short term loan facility used: \$750,000. Unused facility at 31 December 2014: \$Nil;
- ANZ Asset finance facility used \$824,358. Unused asset finance facility at 31 December 2014: \$4,675,642;
- ANZ Bank Business card limit facility at 31 December 2014: \$250,000; and
- Performance bond facility with Asset Insure Ltd of \$1,937,898 available out of total facility of \$20,000,000 at 31 December 2014.

The secured bank loan with Westpac Banking Corporation has a reducing limit, currently at \$1,775,982, with a variable interest rate of 6.6% which was used to assist in the purchase of a subsidiary. The loan is due to expire on 7 May 2017. 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. Note this security does not include Central Systems Pty Ltd.

Due to difficult market conditions and the incurring of one-off costs relating to the acquisition of Central Systems Pty Ltd and redundancy costs, Resource Development Group Limited breached a number of its financial covenants relating to its loan from Westpac Banking Corporation. The bank has been kept informed at all times of the Company's situation and has agreed to forbear from seeking a remedy against the breach pending its quarterly review and subject to there being no other adverse features arising that in the sole discretion of the bank, may prejudice the Bank's position.

Resource Development Group Limited entered an agreement with the ultimate parent entity at the time, Lightshare Investments Pty Ltd on 28 June 2013, whereby \$2,000,000 of the outstanding deferred acquisition consideration has been converted into an interest bearing loan for a minimum period of two years. Under the terms of the loan facility, interest of 7% is payable annually on 30 June 2014 and 30 June 2015. The facility also ensures that Lightshare Investments Pty Ltd cannot request repayment of the \$2,000,000 before 30 June 2015. The balance of this loan at 31 December 2014 is \$1,900,000.

On 31 August 2014 a dividend of \$31,948,023 was declared as payable to the shareholders of Central Systems Pty Ltd in accordance with the agreement for the legal acquisition of Central Systems Pty Ltd. Resource Development Group Limited entered into an agreement with the shareholders of Central Systems Pty Ltd whereby the dividend payable to the shareholders was converted into an interest bearing loan for a minimum period of 5 years. Under the terms of the loan agreement, interest of 7% is payable annually on 30 June each financial year. The agreement also ensures that the shareholders of Central Systems Pty Ltd, at the time, cannot request repayment of the loan amount other than in accordance with the terms of the Share Sale Agreement entered into by the company to acquire 100% of the issued capital of Central Systems Pty Ltd. The balance of this loan at 31 December 2014 was \$31,948,023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 10: 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		Investment (\$)	
		31 December 2014	30 June 2014	31 December 2014	30 June 2014
Central Systems Pty Ltd	Australia	100	-	6,036,209	-
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	100	4,517,962	4,517,962
Pacer Corporation Pty Ltd	Australia	100	100	3,000,000	3,000,000
Ecologia Environmental Consultants Pty Ltd	Australia	100	100	6,252,159	6,252,159
Australian Quarries Pty Ltd	Australia	100	100	2	2

Resource Development Group Limited is the Legal Australian parent entity.

Central Systems Pty Ltd is the accounting parent under the principles of reverse acquisition in AASB 3 *Business Combinations*; hence the consolidated financial statements are a continuation of the financial statements of Central Systems Pty Ltd.

As at 30 June 2014 Central Systems Pty Ltd held as receivables, related entity loans which were repaid prior to the completion of the reverse acquisition of Resource Development Group Limited. Each loan was maintained in accordance with its respective loan agreement. Interest was charged at a rate equivalent to the Benchmark Interest Rate as required by Section 109N (2) of the ITAA (interest has been included in the loan balances to 30 June 2014 where applicable). Repayment of the loans were in accordance with Sections 109E(6) and 109N(3)(b) of the ITAA. Loan balances at 30 June 2014 were:

- Grisam Investments Pty Ltd as trustee for the Grisam Property Trust - loan amount: \$173,873, interest amount included: \$16,654 and repayment date: 14 August 2014;
- Riga WA Pty Ltd as trustee for the Riga Unit Trust - loan amount: \$2,175,018, interest amount included: \$9,328, repayment date: 14 August 2014;
- Mathew Reid Project Management Pty Ltd - loan amount: \$350,000, interest amount included: \$Nil, repayment date: 31 July 2014; and
- Amphora Pty Ltd as trustee for the Purple Trust - loan amount: \$130,000, interest amount included: \$Nil, repayment date: 31 July 2014.

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 the half-year are unsecured, interest free and settlement occurs in cash. No guarantees were provided or received for any related party receivables or payables.

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 11: FINANCIAL INSTRUMENTS

The directors consider that the carrying value of financial assets and financial liabilities as recognised in the consolidated financial statements approximate their fair values.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 12: EVENTS AFTER THE REPORTING PERIOD

On 16 January 2015 the Employee Long Term Incentive Plan 2014 was introduced with 11,500,000 incentives being granted at nil cents per incentive and progressive vesting dates through to 16 January 2019. The incentive plan is based on the same structure as its predecessor which had been cancelled prior to the acquisition of Central Systems Pty Ltd.

NOTE 13: COMMITMENTS

Operating lease commitments – Group as lessee

The Group has entered into commercial leases on premises and certain items of computer equipment. These leases are of varying periods up to 10 years with renewal options included in some of the contracts. There are no restrictions placed upon the lessee by entering into these leases.

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

	Consolidated	
	31 December 2014	30 June 2014
	\$	\$
Within one year	2,365,116	1,156,312
After one year but not more than five years	4,858,384	3,666,305
Greater than 5 years	3,688,054	3,872,071
	<u>10,911,554</u>	<u>8,694,688</u>

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:

	31 December 2014		30 June 2014	
	Minimum Lease payments \$	Present value of lease payments \$	Minimum lease payments \$	Present value of lease payments \$
Consolidated				
Within one year	4,443,027		4,975,726	
After one year but not more than five years	3,773,524		4,894,554	
Total minimum lease payments	<u>8,216,551</u>		<u>9,870,280</u>	
Less amounts representing finance charges		(497,180)		(654,302)
Present value of minimum lease payments		<u>7,719,371</u>		<u>9,215,978</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

Capital commitments

No capital expenditure commitments have been made for items of plant and machinery for the half-year ended 31 December 2014.

Capital expenditure commitments contracted for are as follows:

	Consolidated		Parent	
	31 December 2014	30 June 2014	31 December 2014	30 June 2014
	\$	\$	\$	\$
Within one year	-	155,286	-	155,286
After one year but not more than five years	-	-	-	-
Greater than 5 years	-	-	-	-
	-	155,286	-	155,286

NOTE 14: BUSINESS COMBINATIONS

Acquisition of Central Systems Pty Limited

During the year, the shareholders of Resource Development Group Limited approved the acquisition of all the issued share capital of Central Systems Pty Ltd for the consideration of 497,175,172 Resource Development Group Limited shares. The transaction was completed on 3 October 2014, effective from 1 September 2014.

Due to the nature of the acquisition, the acquisition of Central Systems Pty Ltd was considered a reverse acquisition for accounting purposes. Therefore the following represents the net assets and consideration paid by Central Systems Pty Ltd for Resource Development Group Limited.

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

	\$
Cash and cash equivalents	3,218,183
Trade and other receivables	5,555,762
Other financial assets	1
Property, plant and equipment	1,086,578
Deferred tax assets	453,667
Trade and other payables	(2,289,206)
Borrowings	(3,976,204)
Current tax liabilities	173,633
Current provisions	(288,409)
Deferred tax liabilities	(133,070)
Non-current provisions	(216,260)
Net tangible assets acquired	3,584,675
Goodwill	2,451,534
Total consideration	6,036,209
Consideration paid	
134,228,895 ordinary shares	6,036,209

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 14: BUSINESS COMBINATIONS (continued)

Assignment of Barrow Island Contracts

During the reporting period Central Systems Pty Ltd successfully negotiated the assignment of two contracts from Killamee Civil & Concrete Contractors Pty Ltd for construction works on Barrow Island for Chevron's Gorgon LNG Project.

The assets and liabilities comprising the assignment as at the date of the assignment were as follows:

	\$
Employee entitlements and associated costs liability taken over	(2,552,612)
Future tax benefit relating to employee entitlements	765,783
Cash retentions and payments received	1,614,141
Cash retentions payable	614,645
Killamee plant	369,154
Killamee hire purchase	(369,154)
Bargain purchase	<u>441,957</u>

The bargain realised on the assignment of the contracts has been taken to account in the reporting period.

NOTE 15: 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 regularly reviewed by the Chief Operating decision maker in order to allocate resources to the segment and to assess its performance.

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

The following tables are an analysis of the Group's revenue and results by reportable segment provided to the Executive Committee for the half year ended 31 December 2014 and 31 December 2013.

31 December 2014	Construction \$	Services \$	Other \$	Corporate \$	Consolidated \$
Revenue	134,192,779	27,892,261	20,283,089	-	182,368,129
Gross profit	16,546,984	131,332	4,137,969	-	20,816,285
Corporate expenses	-	-	-	(12,410,396)	(12,410,396)
Profit before income tax	-	-	-	-	8,405,889
31 December 2013	Construction \$	Services \$	Other \$	Corporate \$	Consolidated \$
Revenue	66,193,273	8,347,230	2,101,121	-	76,641,624
Gross profit	17,292,133	1,779,595	(1,352,944)	-	17,718,784
Corporate expenses	-	-	-	(4,176,998)	(4,176,998)
Profit before income tax	-	-	-	-	13,541,786

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. These customers generated 36% (2013: 26%), 26% (2013: 13%) and 0% (2013: 12%) of the Group's revenue for the period.

DIRECTORS' DECLARATION

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

1. the attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a. giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year then ended; and
 - b. complying with Australian Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.



Mel Ashton
Non-Executive Chairman

Dated this 27th day of February 2015

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Resource Development Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Resource Development Group Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2014, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year 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 half year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Resource Development Group Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



HLB Mann Judd
Chartered Accountants



W M Clark
Partner

Perth, Western Australia
27 February 2015