

## Appendix 4E

Preliminary final report  
Financial Year Ended 30 June 2015  
Previous corresponding reporting period 30 June 2014

<b>RESOURCE DEVELOPMENT GROUP LIMITED</b>		
ABN: 33 149 028 142		
<b>Results for announcement to the market</b>	\$A	
Revenues from ordinary activities	Up	21.4%
	To	\$232,353,041
Profit from ordinary activities from continuing operations after tax attributable to the members of Resource Development Group Limited	Down	32.3%
	To	\$11,048,514
Profit for the period attributable to the members of Resource Development Group Limited	Down	49.7%
	To	\$8,213,590
	30 June 2015	30 June 2014
<b>Net tangible asset backing per security</b>	\$0.02	\$0.07
Weighted average number of shares as the denominator in calculating basic and diluted Earnings Per Share	596,391,764	497,175,172
Basic earnings per share	1.38 cents	3.28 cents
Basic earnings per share from continuing operations	1.85 cents	3.28 cents
Diluted earnings per share	1.37 cents	3.28 cents
Diluted earnings per share from continuing operations	1.84 cents	3.28 cents
<b>Dividends</b>	<b>Amount per security</b>	<b>Franking %</b>
Final dividend declared	-	-
Previous corresponding period	-	-
Interim dividend declared	\$0.0738	100%
Previous corresponding period	\$0.0008	100%

## **COMMENTARY ON RESULTS**

Resource Development Group Ltd (“RDG” or “Company”) reported a net profit after tax of \$8.2 million on revenues of \$232.3 million from continuing operations for the year ended 30 June 2015. Earnings before interest, depreciation, amortisation and taxation (EBITDA) of \$19.6 million were down 28% from the prior year. A \$2.8 million loss on discontinued operations was also included in these figures. Cash from operating activities remained strong and virtually unchanged from last financial year at just over \$27 million.

The last 12 months has been one of significant change for RDG, caused by declining construction activity in the Resources Industry. The acquisition of Central Systems Pty Ltd (“Centrals”) saw the introduction of a much larger contracting and construction focus within the Group which has resulted in a cultural change more aligned with contracting risk and opportunity a down turn in the construction market brings.

There have been some significant highlights, including successfully completing the Company’s largest ever project (circa AUD\$100 million) on the Roy Hill project. Eleven rail bridges were constructed for Samsung C&T which were completed in approximately 15 months and were on schedule. The Company further strengthened its experience and profile in the oil and gas sector following the acquisition of the Killarnee Civil & Concrete business with ongoing contracts on the Gorgon project. The Company also consolidated its position on the BHP Billiton Iron Ore contractor panel as part of its ongoing framework agreement. The Company also successfully completed its largest structural, mechanical and piping construction project for FMG’s Northstar project under the joint venture entity Iron Bridge Operations Pty Ltd. The Company purchased a large yard in Newman and opened a regional branch office to service its existing clients in the Newman region, allowing equipment to be mobilised to surrounding sites with minimal notice.

Whilst the financial performance for FY15 was broadly in line with the approved budget it was evident during the second half that a reducing market in terms of available opportunities coupled with increasing competitiveness for these opportunities would have an earnings impact on the Group.

The increasingly competitive market conditions led to a Board decision to subsequently dispose of the consulting subsidiaries of long term brands Engenium, Intellect Systems and Ecologia. The Board was pleased to be able to successfully work with and complete management buyouts of the three consulting subsidiaries to the respective existing senior management teams and wishes the new owners every success operating in the privately owned consultancy space. This now leaves Centrals as the sole operating subsidiary of RDG.

The second half of FY15 has been a period of extensive overhead review and consolidation with significant cost reduction measures implemented including reduction in property, staff, plant & equipment and other operating costs. The RDG head office has now been co-located with Centrals at the Osborne Park premises and the CBD leases have all been terminated and paid out by RDG. The Lightshare shareholders have agreed to a two year extension to their existing loan repayment with the same interest-free period that Centrals shareholders have also agreed to. This has enabled RDG

to maintain a profitable position based on the reduced turnover during this period. As a result, RDG now has a significantly lower overhead structure business with a smaller, but dedicated and hardworking team of professionals. The Company also has cash in the bank and is well placed for the future.

It has been a year for new business direction, diversification and setting targets on new directions and business growth areas away from our traditional construction market, with the entry of Centrals into the residential construction market. Ongoing contracts from former home builder Free Life Homes were acquired subsequent to 30 June 2015 and an increased focus was put into new markets such as recently prequalifying to Main Roads WA, Department of Housing, Water Corporation and Department of Defence to name a few examples. Whilst this is a relatively new direction for RDG, the Company remains confident they will provide opportunities whilst still leveraging off our existing proven capability and skill base.

There are a number of potential acquisition targets currently being explored by the Board that will reduce the dependency of the Group on the construction mining sector and take it in a new direction. We are excited and confident these will provide increased diversification for the Group so that the future has a positive outlook. The Board shall keep shareholders informed of these opportunities as they develop further in the future.

**Preliminary Consolidated Statement of Profit or Loss  
and Other Comprehensive Income**

For the year ended 30 June 2015

	Notes	30 June 2015 \$	30 June 2014 \$
<b>Continuing operations</b>			
Revenue		232,353,041	191,411,117
Interest income		537,127	471,461
Employee benefits expense		(103,058,588)	(93,097,363)
Depreciation and amortisation		(4,970,794)	(4,171,002)
Finance costs		(1,413,088)	(1,126,101)
Share based payments		(179,380)	-
Other expenses		(107,219,354)	(71,572,640)
<b>Profit before income tax</b>		<b>16,048,964</b>	<b>21,915,472</b>
Income tax expense		(5,000,450)	(5,583,726)
<b>Profit after income tax from continuing operations</b>		<b>11,048,514</b>	<b>16,331,746</b>
<b>Discontinued operations</b>			
Loss after tax from discontinued operations	9	(2,834,924)	-
<b>Net profit for the year</b>		<b>8,213,590</b>	<b>16,331,746</b>
<b>Other comprehensive income for the period, net of income tax</b>			
		-	-
<b>Total Comprehensive Income</b>		<b>8,213,590</b>	<b>16,331,746</b>
Basic earnings per share		<b>1.38 cents</b>	<b>3.28 cents</b>
Basic earnings per share from continuing operations		<b>1.85 cents</b>	<b>3.28 cents</b>
Diluted earnings per share		<b>1.37 cents</b>	<b>3.28 cents</b>
Diluted earnings per share from continuing operations		<b>1.84 cents</b>	<b>3.28 cents</b>

The accompanying notes form part of this preliminary final report

**Preliminary Consolidated Statement of Financial Position**  
For the year ended 30 June 2015

	Notes	30 June 2015 \$	Restated 30 June 2014 \$
<b>Current Assets</b>			
Cash and cash equivalents	3	34,317,752	15,675,752
Trade and other receivables		10,509,747	32,081,348
Inventories	4	3,168,333	11,213,567
Financial assets		-	3,343,191
<b>Total current assets</b>		<b>47,995,832</b>	<b>62,313,858</b>
<b>Non-current assets</b>			
Property, plant and equipment	5	21,407,226	25,852,587
Deferred tax asset		3,041,748	1,665,205
<b>Total non-current assets</b>		<b>24,448,974</b>	<b>27,517,792</b>
<b>Total assets</b>		<b>72,444,806</b>	<b>89,831,650</b>
<b>Current liabilities</b>			
Trade and other payables	6	18,101,308	36,587,347
Borrowings	7	8,711,953	6,229,984
Current tax provisions		1,976,513	1,054,142
Provisions	10	1,574,025	4,933,196
<b>Total current liabilities</b>		<b>30,363,799</b>	<b>48,804,669</b>
<b>Non-current liabilities</b>			
Borrowings	7	28,533,098	4,485,994
Provisions	10	64,731	828,119
Deferred tax liabilities		36,291	-
<b>Total non-current liabilities</b>		<b>28,634,120</b>	<b>5,314,113</b>
<b>Total liabilities</b>		<b>58,997,919</b>	<b>54,118,782</b>
<b>Net assets</b>		<b>13,446,887</b>	<b>35,712,868</b>
<b>Equity</b>			
Issued capital	8	7,836,308	1,800,100
Share-based payments reserves		179,380	-
Retained earnings		5,431,199	33,912,768
<b>Total equity</b>		<b>13,446,887</b>	<b>35,712,868</b>

The accompanying notes form part of this preliminary final report

**Preliminary Consolidated Statement of Changes in Equity**

For the year ended 30 June 2015

<b>Consolidated</b>	Notes	Issued capital \$	Retained earnings \$	Share-based payments reserve \$	Total equity \$
<b>Restated Balance as at 1 July 2013</b>		1,800,100	17,981,022	-	19,781,122
Total comprehensive income for the period		-	16,331,746	-	16,331,746
Dividends paid or provided for		-	(400,000)	-	(400,000)
<b>Restated Balance at 30 June 2014</b>		1,800,100	33,912,768	-	35,712,868
<b>Balance as at 1 July 2014</b>		1,800,100	33,912,768	-	35,712,868
Total comprehensive income for the period		-	8,213,590	-	8,213,590
Dividends paid or provided for		-	(36,695,159)	-	(36,695,159)
Vesting of incentives		-	-	78,360	78,360
Issue of shares to acquire Resource Development Group Limited due to reverse acquisition		6,036,208	-	-	6,036,208
Issue of options		-	-	101,020	101,020
<b>Balance at 30 June 2015</b>	<b>8</b>	7,836,308	5,431,199	179,380	13,446,887

The accompanying notes form part of this preliminary final report

**Preliminary Consolidated Statement of Cash Flows**

For the year ended 30 June 2015

	Notes	30 June 2015 \$	30 June 2014 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		304,773,425	187,246,215
Payments to suppliers and employees		(272,326,419)	(153,627,360)
Interest received		565,563	326,872
Finance costs paid		(1,493,026)	(1,062,329)
Income tax paid		(4,210,232)	(5,411,687)
<b>Net cash provided by operating activities</b>		<b>27,309,311</b>	<b>27,471,711</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(2,005,528)	(8,680,500)
Proceeds from sale of property, plant and equipment		1,307,993	1,165,138
Proceeds from sale of subsidiaries, net of cash disposed		11,142	-
Payments for subsidiaries, net of cash acquired		3,218,183	-
Loan advanced to third party		-	(514,300)
Loans advanced to related party		-	(2,374,629)
Proceeds from repayment of loans to related and other parties		3,343,191	-
Loans advanced to former subsidiary		(400,000)	-
<b>Net cash provided by / (used in) investing activities</b>		<b>5,474,981</b>	<b>(10,404,291)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(5,283,435)	(2,000,000)
Dividends paid		(4,747,137)	(400,000)
Repayments of finance lease and hire purchase liabilities		(6,763,984)	(7,874,821)
Proceeds from finance lease and hire purchase liabilities		2,652,264	8,592,147
<b>Net cash used in financing activities</b>		<b>(14,142,292)</b>	<b>(1,682,674)</b>
Net increase in cash and cash equivalents		18,642,000	15,384,746
Cash and equivalents at beginning of the period		15,675,752	291,006
<b>Cash at end of financial year</b>	<b>3</b>	<b>34,317,752</b>	<b>15,675,752</b>

The accompanying notes form part of this preliminary final report

Notes to the Preliminary Final Report  
For the year ended 30 June 2015

**1 Correction of Prior Year Error**

On 30 July 2014, Central Systems Pty Ltd entered into a Deed of Settlement between the company and Mr Stephen Batchelor in relation to a Memorandum of Understanding entered into between shareholders of that company and Mr Batchelor on 3 September 2012. The Deed provided 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. As a result of the unconditional nature of the arrangements in the Memorandum of Understanding, there was a requirement pursuant to accounting standards by the company to account for the issue of shares as at 3 September 2012. The original cost should have been debited to the company's profit and loss in the 2012/13 financial year. The error has been corrected in this financial year and as a result of restating the 2013/14 financial year, has only impacted the equity section of the opening balance sheet as at 1 July 2014.

This prior year error has been corrected by restating each of the financial statement line items for the prior period as follows:

For the year ended 30 June 2015	Prior Year before correction of error 30 June 2014 \$	Correction of error \$	Prior Year restated for correction of error 30 June 2014 \$
<i>Consolidated statement of financial position (extract)</i>			
Issued capital	(100)	(1,800,000)	(1,800,100)
Retained earnings	(35,712,768)	1,800,000	(33,912,768)
<b>Total equity</b>	<b>(35,712,868)</b>	-	<b>(35,712,868)</b>

**2 Basis of Preparation**

The preliminary final report of Resource Development Group Ltd ("RDG" or "Company") for the year ended 30 June 2015 does not include all notes of the type normally included within an annual financial report and therefore cannot 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 accrual basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities, to which the fair value basis of accounting has been applied.



**Notes to the Preliminary Final Report  
For the year ended 30 June 2015**

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 previous annual financial statements.

(b) Reporting entity

The Resource Development Group Limited (“RDG” or “Company”) is a company domiciled in Australia. The consolidated balances of the Company for the year ended 30 June 2015 include the Company and its subsidiaries, including Central Systems Pty Limited (“Centrals”). 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 (c).

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 30 June 2015. 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 period ended 30 June 2014.
- Current period financial information – Central Systems Pty Ltd (and its controlled entities) for the period ended 30 June 2015 and Resource Development Group Limited (and its controlled entities) from 1 September 2014 to 30 June 2015.

(iii) Statements of Changes in Equity

- Comparative financial information – Central Systems Pty Ltd and its controlled entities for the period ended 30 June 2014.

Notes to the Preliminary Final Report  
For the year ended 30 June 2015

- Current period financial information – Central Systems Pty Ltd (and its controlled entities) for the period ended 30 June 2015 and Resource Development Group Limited (and its controlled entities) from 1 September 2014 to 30 June 2015.

(c) 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.

	30 June 2015 \$	30 June 2014 \$
<b>3 Reconciliation of cash and cash equivalents</b>		
Cash at bank and on hand	34,317,752	15,675,752
<b>4 Inventories</b>		
At cost:		
Raw materials and stores	45,819	47,513
Work in progress	3,122,514	11,166,054
	3,168,333	11,213,567
<b>5 Property, plant and equipment</b>		
Motor vehicles at cost	6,807,233	7,686,057
Less: accumulated depreciation	(2,952,796)	(2,479,871)
	3,854,437	5,206,186

Notes to the Preliminary Final Report  
For the year ended 30 June 2015

	30 June 2015 \$	30 June 2014 \$
Computers and software	1,588,947	1,215,647
Less: accumulated depreciation	(1,192,308)	(656,231)
	<u>396,639</u>	<u>559,416</u>
Leasehold improvements	199,271	199,271
Less: accumulated depreciation	(68,356)	(53,995)
	<u>130,915</u>	<u>145,276</u>
Office equipment	143,608	143,608
Less: accumulated depreciation	(120,846)	(110,773)
	<u>22,762</u>	<u>32,835</u>
Furniture & fittings	221,769	217,839
Less: accumulated depreciation	(133,881)	(115,667)
	<u>87,888</u>	<u>102,172</u>
Plant and equipment at cost	27,905,394	27,829,400
Less: accumulated depreciation	(10,990,809)	(8,022,698)
	<u>16,914,585</u>	<u>19,806,702</u>
Property, plant and equipment	<u>21,407,226</u>	<u>25,852,587</u>

**6 Trade and Other Payables**

Current		
Trade payables	4,699,028	8,924,682
Income billed in advance	8,878,756	16,990,641
Other payables	4,523,524	10,672,024
	<u>18,101,308</u>	<u>36,587,347</u>

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

**7 Borrowings**

<b>Current</b>		
Commercial bill	-	1,500,000
Vendors/shareholders loans	5,791,693	-
Finance lease liabilities	2,920,260	4,729,984
	<u>8,711,953</u>	<u>6,229,984</u>

Notes to the Preliminary Final Report  
For the year ended 30 June 2015

		30 June 2015	30 June 2014
		\$	\$
<b>Non-current</b>			
Vendors/shareholders loans		26,259,100	-
Finance lease liabilities		2,273,998	4,485,994
		28,533,098	4,485,994
<b>Secured</b>	<b>Maturity</b>		
Commercial bill	2015	-	1,500,000
Finance lease liabilities	2016	5,194,258	9,215,978
		5,194,258	10,715,978
<b>Unsecured</b>	<b>Maturity</b>		
Vendors/shareholder loans (Lightshare)	2015	1,900,000	-
Vendors/shareholder loans (Centrals)	2019	30,150,793	-
		32,050,793	10,715,978

Interest on the Lightshare loan has been waived from 1 January 2015 and is subject to quarterly review. The principal repayment date for the Lightshare loan has been extended from 30 June 2015 until 30 June 2017, with a minimum of \$400,000 to be repaid prior to 30 June 2016. The loan will be reviewed on a quarterly basis and additional principal repayments made only if deemed to be commercially responsible.

Interest on the Centrals founding shareholders loan has been waived from 1 January 2015 and is also subject to quarterly review. The principal repayment date for the Centrals founding shareholders loan is unchanged at 3 October 2019. The loan will be reviewed on a quarterly basis and additional principal repayments made only if deemed to be commercially responsible.

Notes to the Preliminary Final Report  
For the year ended 30 June 2015

8 Issued Capital

	Number of Shares	\$
<b>2015</b>		
Ordinary shares at 1 July 2014	5,882,353	1,800,100
Elimination of Central Systems Pty Ltd shares at date of legal acquisition by Resource Development Group Ltd	(5,882,353)	-
Resource Development Group Limited shares issued for the legal acquisition of Central Systems Pty Ltd (i)	497,175,172	-
Shares on issue in Resource Development Group Limited at date of legal acquisition of Central Systems Pty Ltd (ii)	134,228,895	6,036,208
Balance at end of financial year	631,404,067	7,836,308
<b>2014</b>	Number of Shares	\$
Ordinary shares at 1 July 2013	5,000,000	1,800,100
Contributed equity 30 June 2014	5,000,000	1,800,100

- (i) 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 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

**Notes to the Preliminary Final Report  
For the year ended 30 June 2015**

Systems Pty Ltd on a subordinated basis behind Central Systems Pty Ltd existing financiers. These loans have been on an interest-free basis since 31 December 2014. Any principal payments 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.

(ii)	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 Central Systems Pty Ltd	<u>134,228,895</u>

***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.

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

**Notes to the Preliminary Final Report  
For the year ended 30 June 2015**

January 2019. 3,000,000 incentives were forfeited on termination of employment. 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. The fair value of the incentives issued was valued at \$0.059 per incentive based on the share price at grant date. A vesting expense of \$78,359 was recorded at 30 June 2015 with the remainder of the expense of \$423,141 vesting in future periods.

	Year ended 30 June 2015	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	-
Granted during the year	11,500,000	
Vested during the year	(1,810,000)	-
Cancelled during the year	(2,090,000)	
Forfeited on termination of employment	(3,000,000)	-
Balance at end of financial year	8,500,000	-

**9 Discontinued operations**

On 3 June and 23 June 2015, the Company made announcements in relation to the sales of its wholly owned subsidiaries, Ecologia Environmental Consultants Pty Ltd (Ecologia), Intellect Systems Pty Ltd (Intellect) and Engenium Pty Ltd (Engenium) to each of their respective management teams. The effective dates of those sales were 30 April 2015 for both Intellect and Ecologia and 31 May 2015 Engenium. Each of the divisions disposed of has been reported in the financial statements for the year ended 30 June 2015 as discontinued operations.

***Consideration received or receivable***

	Engenium \$	Ecologia \$	Intellect \$	Total \$
Disposal consideration	1	22,277	2	22,280
Less: net assets disposed of	(718,768)	(1,036,794)	(928,283)	(2,683,845)
Loss on disposal before income tax	(718,767)	(1,014,517)	(928,281)	(2,661,565)
Income tax benefit/(expense)	-	-	-	-
Loss on disposal after income tax	(718,767)	(1,014,517)	(928,281)	(2,661,565)

Notes to the Preliminary Final Report  
For the year ended 30 June 2015

**Financial performance**

The financial performance presented is for the period from the date of the reverse acquisition, 1 September 2014 until the effective date of disposal as noted above. No comparatives are shown for the previous 12 month period given that these financial statements are a continuation of those of Central Systems Pty Ltd as a result of the reverse acquisition of the Company as described in note 2 (c) above.

*Financial performance from discontinued operations*

	<b>2015</b>			
	<b>Engenium</b>	<b>Ecologia</b>	<b>Intellect</b>	<b>Total</b>
	\$	\$	\$	\$
Revenue	6,670,544	1,190,619	4,531,819	12,398,982
Expenses	8,021,162	1,336,369	3,396,606	12,754,137
Profit/(loss) before tax	(1,350,618)	(145,750)	1,135,213	(361,155)
Income tax benefit/(expense)	471,220	58,089	(341,513)	187,796
Profit/(loss) from discontinued operations	(879,398)	(87,661)	793,700	(173,359)
Loss on disposal after tax	(718,767)	(1,014,519)	(928,281)	(2661,565)
<b>Total Loss from discontinued operations</b>	<b>(1,598,165)</b>	<b>(1,102,178)</b>	<b>(134,581)</b>	<b>(2,834,924)</b>

**Net assets at date of sale**

The carrying amount of assets and liabilities disposed of were:

	<b>Engenium</b>	<b>Ecologia</b>	<b>Intellect</b>	<b>Total</b>
	\$	\$	\$	\$
Current assets	62,381	4,649	10,735	77,765
Plant & equipment	155,000	84,320	33,515	272,835
Deferred tax asset	84,222	30,492	13,275	127,989
Goodwill	517,556	1,018,970	915,008	2,451,534
	819,159	1,138,431	972,533	2,930,123
Current liabilities	(100,391)	(76,041)	(44,250)	(220,682)
Non-current liabilities	-	(25,596)	-	(25,596)
Net assets	718,768	1,036,794	928,283	2,683,845

**Net cash inflow on disposal**

Net cash inflow on disposal is as follows:

Cash and cash equivalents consideration received	\$ 11,142
Cash and cash equivalents consideration receivable	11,138
Net cash inflow on disposal	<u>22,280</u>



Notes to the Preliminary Final Report  
For the year ended 30 June 2015

	30 June 2015 \$	30 June 2014 \$
<b>10 Provisions</b>		
Current		
Employee benefits	1,574,025	4,933,196
	1,574,025	4,933,196
Non-current		
Employee benefits	64,731	828,119
	64,731	828,119

**11 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 this transaction, 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:

Notes to the Preliminary Final Report  
For the year ended 30 June 2015

	\$
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	(2,289,207)
Borrowings	(3,976,204)
Current tax receivable	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	<u>6,036,208</u>
Consideration paid	
134,228,895 ordinary shares	<u>6,036,208</u>

***Assignment of Barrow Island Contracts***

During the reporting period Central Systems Pty Ltd successfully negotiated the assignment of two contracts from Killarnee 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
Killarnee plant	369,154
Killarnee 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.

Notes to the Preliminary Final Report  
For the year ended 30 June 2015

**12 After balance date events**

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future years.

**13 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
	<hr/>	<hr/>
	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	-
	<hr/>	<hr/>

**Compliance statement**

This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Interpretations and the Corporations Act 2001.

*Compliance with IFRS*

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial statements and notes of Resource Development Group Limited comply with International Financial Reporting Standards (IFRS).

This report, and the accounts upon which the report is based (if separate), use the same accounting policies.

This report does give a true and fair view of the matters disclosed.

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

*(Tick one)*

- |                                     |   |                          |   |
|-------------------------------------|---|--------------------------|---|
| <input type="checkbox"/>            | The accounts have been audited  | <input type="checkbox"/> | The accounts have been subject to review                  |
| <input checked="" type="checkbox"/> | The accounts are in the process of being audited or subject to review | <input type="checkbox"/> | The accounts have <i>not</i> yet been audited or reviewed |



Sign here: .....  
(Managing Director)

Date: 31 August 2015

Print name: Andrew Ellison