

**Appendix 4D**  
**Resource Development Group Limited**  
**ABN 33 149 028 142**  
**FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

**Results for announcement to the market**

Extracts of the Resource Development Group Limited results for the half year ended 31 December 2015

Revenues from continuing activities	Down	77%	to	\$41,166,865
Profit from ordinary activities after tax attributable to members	Down	58%	to	\$3,077,171
Comprehensive income for the period attributable to members	Down	58%	to	\$3,077,171
<b>Dividends</b>	<b>Amount per share</b>	<b>Franked amount per share</b>		
Interim dividend	Nil	Nil		
Final dividend	Nil	Nil		
Record date for determining entitlements to the dividend	N/A			
<b>Other information</b>				
Net asset backing per ordinary share	\$0.026 per share (2014:\$0.02 per share)			
Net tangible asset backing per ordinary share	\$0.026 per share (2014:\$0.016 per share)			
Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the 31 December 2015 half-year financial statements.				



Resource  
Development  
Group

# **Resource Development Group Limited**

**ABN 33 149 028 142**

**Interim Financial Report  
31 December 2015**

**Resource Development Group Limited**

**ABN 33 149 028 142**

**Half-Year Financial Report**

**31 December 2015**

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## **CORPORATE INFORMATION**

**ABN 33 149 028 142**

### **Directors**

Mr. Andrew Ellison, Chairman  
Mr. Richard Eden, Executive Director  
Mr. Gary Reid, Executive Director

### **Company secretary**

Mr. Michael Kenyon

### **Registered office**

Level 1, 46 Edward Street  
OSBORNE PARK WA 6017  
Telephone: +61 8 9443 2928  
Facsimile: +61 8 9443 2926

### **Principal place of business**

Level 1, 46 Edward Street  
OSBORNE PARK WA 6017  
Telephone: +61 8 9443 2928  
Facsimile: +61 8 9443 2926  
Website: [www.resdevgroup.com.au](http://www.resdevgroup.com.au)

### **Share registry**

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 23, 18 Stirling Highway, NEDLANDS WA 6009

### **Bankers**

ANZ Banking Group Limited  
Level 10, 77 St Georges Terrace PERTH WA 6000

### **Auditors**

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

### **Securities 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 2015. 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.

<b>Mr Andrew Ellison</b>	(Chairman)
<b>Mr Richard Eden</b>	(Executive Director)
<b>Mr Gary Reid</b>	(Executive Director)

### Principal Activities

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

### Review of operations

The half year ended 31 December 2015 has provided further continuing difficult market conditions in which the Group achieved respectable financial results as a result of some continuing projects.

Since the commencement of the financial year, RDG only has one wholly-owned subsidiary, Central Systems Pty Ltd (Centrals), a contracting company providing multi-discipline construction services to the mining, energy, infrastructure and defence sectors. In the last quarter of the previous financial year, the Company divested of its smaller operating subsidiaries, Engenium Pty Ltd, Intellect Systems Pty Ltd and Ecologia Environmental Consultants Pty Ltd after suffering through highly competitive market conditions.

Although tendering activity was at times at a reasonably high level during the period, competition amongst peers remains fierce for project awards. The Board is committed to ensure that focus is maintained on projects with quality clients that will yield margins, rather than bidding for work that may see no returns.

The Board also continues to maintain a strong focus on costs which has resulted in various staff redundancies and other restructuring activities.

### Significant Events

There were no significant events during the period.

### Operations

Headquartered in Perth, Western Australia, RDG through its wholly-owned subsidiary Central Systems Pty Ltd provides diversified services to the resource, infrastructure, energy, government, utilities and defence sectors within Australia. RDG has offices in Perth, Newman, Brisbane and Townsville.

Centrals continued to do work for Samsung C&T at the Roy Hill iron ore mine as well as various other smaller projects during the period. The construction works on Barrow Island for Chevron's Gorgon LNG project continued during the period however those works came to a conclusion in December 2015.

Ongoing residential building contracts from former home builder, Free Life Homes were acquired prior to the commencement of the financial year and construction activity continued during the financial period on approximately 85 new homes.

### Workforce Capacity and Capability

Staff numbers have decreased substantially during the past half year as a result of a reduction in the number of projects being won and delivered. At the time of this report, RDG employed approximately 170 personnel.

## **DIRECTORS' REPORT (continued)**

### **Strategy and Outlook**

Given the downturn in the resources market, the specific challenges facing mining services businesses over the past 18 months and the likelihood that the forecast for the next 2 years will result in similar conditions, the Board are reviewing the future direction of the Group to ensure shareholder value is enhanced where possible.

The Board has been exploring a number of potential acquisitions outside of the mining services sector across Australia with a view to establishing a Group with other arms capable of future earnings growth. This process naturally takes some time as quality companies being sold at the right price in the current economic climate are difficult to find. The Board has been examining several prospective targets over the past 12 months as it seeks out opportunities for diversification and will keep shareholders apprised of future developments.

The Company has cash at bank and the directors are seeking suitable businesses to grow the Company which have recurring revenue and sustainable profitability.

### **Auditor's 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 5 and forms part of this directors' report for the half year ended 31 December 2015.

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



Mr Andrew Ellison  
Chairman  
Perth, Western Australia  
25 February 2016



Accountants | Business and Financial Advisers

## 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 2015, 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  
25 February 2016

A handwritten signature in black ink, appearing to read 'L Di Giallonardo'.

L Di Giallonardo  
Partner



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Notes	Consolidated	
		31 December 2015 \$	Restated 31 December 2014 \$
Revenue	2	41,166,865	182,368,129
Interest income		408,185	263,338
Employee benefits expense		(22,551,422)	(82,614,560)
Depreciation and amortisation expense	2	(1,644,976)	(2,476,695)
Finance costs		(1,213,940)	(951,752)
Share-based payments	2	-	(101,020)
Other expenses		(11,250,813)	(85,098,500)
<b>Profit before income tax</b>		<b>4,913,899</b>	<b>11,388,940</b>
Income tax expense	3	(1,836,728)	(4,141,062)
<b>Profit after income tax</b>		<b>3,077,171</b>	<b>7,247,878</b>
<b>Other comprehensive income for the period, net of income tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>3,077,171</b>	<b>7,247,878</b>
Basic earnings per share (cents per share)		0.49	1.29
Diluted earnings per share (cents per share)		0.49	1.29

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2015**

	Notes	Consolidated	
		31 December 2015 \$	30 June 2015 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		36,105,990	34,317,752
Trade and other receivables		7,837,623	10,109,747
Current tax asset		504,109	-
Other financial assets		-	400,000
Inventories		85,630	3,168,333
<b>Total current assets</b>		<b>44,533,352</b>	<b>47,995,832</b>
<b>Non-current assets</b>			
Property, plant and equipment		16,090,601	21,407,226
Deferred tax assets		777,135	3,209,626
<b>Total non-current assets</b>		<b>16,867,736</b>	<b>24,616,852</b>
<b>Total assets</b>		<b>61,401,088</b>	<b>72,612,684</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		14,208,139	18,101,308
Borrowings	7	8,035,733	7,211,953
Current tax provisions		-	1,976,513
Provisions		1,524,181	1,574,025
<b>Total current liabilities</b>		<b>23,768,053</b>	<b>28,863,799</b>
<b>Non-current liabilities</b>			
Borrowings	7	20,687,278	30,033,098
Deferred tax liabilities		310,203	204,169
Provisions		111,496	64,731
<b>Total non-current liabilities</b>		<b>21,108,977</b>	<b>30,301,998</b>
<b>Total liabilities</b>		<b>44,877,030</b>	<b>59,165,797</b>
<b>Net assets</b>		<b>16,524,058</b>	<b>13,446,887</b>
<b>Equity</b>			
Issued capital	4	7,836,308	7,836,308
Share-based payments reserve		179,380	179,380
Retained earnings		8,508,370	5,431,199
<b>Total equity</b>		<b>16,524,058</b>	<b>13,446,887</b>

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

<b>Consolidated</b>	Notes	Issued capital	Retained earnings	Share-based payments reserve	Total equity
		\$	\$	\$	\$
<b>Balance as at 1 July 2014 (Restated)</b>		1,800,100	32,250,677	-	34,050,777
Total comprehensive income for the period		-	7,247,878	-	7,247,878
Dividends paid or provided for		-	(36,695,159)	-	(36,695,159)
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 31 December 2014</b>		<b>7,836,308</b>	<b>2,803,396</b>	<b>101,020</b>	<b>10,740,724</b>
<b>Balance as at 1 July 2015</b>		<b>7,836,308</b>	<b>5,431,199</b>	<b>179,380</b>	<b>13,446,887</b>
Total comprehensive income for the period		-	3,077,171	-	3,077,171
<b>Balance at 31 December 2015</b>		<b>7,836,308</b>	<b>8,508,370</b>	<b>179,380</b>	<b>16,524,058</b>

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Consolidated	
	31 December 2015	31 December 2014
	\$	\$
	Inflows/(Outflows)	
<b>Cash flows from operating activities</b>		
Receipts from customers	51,562,266	196,589,830
Payments to suppliers and employees	(42,947,198)	(184,353,045)
Interest received	344,373	263,338
Finance costs	(243,283)	(951,752)
Income tax paid	(1,778,825)	(4,085,537)
<b>Net cash inflow from operating activities</b>	<b>6,937,333</b>	<b>7,462,834</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(4,470)	(1,747,265)
Proceeds from sale of property, plant and equipment	2,493,916	179,981
Payment for subsidiary, net of cash acquired	14	3,218,183
Proceeds from repayment of loans to related parties	-	2,828,891
<b>Net cash inflow from investing activities</b>	<b>2,489,446</b>	<b>4,479,790</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	-	1,262,113
Repayment of borrowings	(4,991,694)	(750,000)
Reduction in finance lease and hire purchase liabilities	(2,646,847)	(2,974,001)
Dividends paid	-	(4,747,136)
<b>Net cash outflow from financing activities</b>	<b>(7,638,541)</b>	<b>(7,209,024)</b>
Net increase in cash held	1,788,238	4,733,600
Cash and cash equivalents at the beginning of the period	34,317,752	15,675,752
<b>Cash and cash equivalents at the end of the period</b>	<b>36,105,990</b>	<b>20,409,352</b>

The accompanying notes form part of these financial statements

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

### 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 2015 include the Company and its subsidiaries, including Central Systems Pty Limited ("Centrals").

#### 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 Resource Development Group Ltd for the year ended 30 June 2015 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.

#### d) Accounting policies and methods of computation

The accounting policies are consistent with those adopted by Resource Development Group 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 2015.

#### f) Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2015, 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 2015.

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 2015. As a result of this review, other than as set out below, 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. The potential impact of AASB15: Revenue from Contracts with Customers, AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB15, has not yet been determined.

#### g) Segment reporting

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

**NOTE 2: REVENUE AND EXPENSES**

	Consolidated	
	31 December 2015	31 December 2014
	\$	\$
<b>(a) Revenue</b>		
<i>Sales revenue</i>		
Rendering of services	41,865,569	181,926,172
Profit/(Loss) on sale of assets	(1,098,704)	-
Loan forgiven (i)	400,000	-
Bargain purchase – Killarnee contracts	-	441,957
	<u>41,166,865</u>	<u>182,368,129</u>

(i) A Deed of Assignment of Debt and Debt Forgiveness between the Company, Lightshare Investments Pty Ltd (Lightshare) and Intellect Systems Pty Ltd (Intellect) was signed on 23 December 2015. The outcome of these deeds was that Lightshare agreed to a \$400,000 reduction of their loan to \$1.4m in exchange for the early repayment of that loan. Further, the \$400,000 debt owed by Intellect to the Company was assigned to Lightshare at the same time, resulting in a net payment of \$1m to Lightshare on 24 December 2015.

**(b) Expenses**

Depreciation of non-current assets	(1,644,976)	(2,476,695)
Operating lease rental expense	(479,867)	(909,430)
Share based payments expense	-	(101,020)

**NOTE 3: INCOME TAX**

	Consolidated	
	31 December 2015	Restated 31 December 2014
	\$	\$
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	4,913,899	11,388,940
Income tax expense calculated at 30%	1,474,170	3,416,682
Add:		
Tax effect of:		
Share based payments	-	30,306
Under provision for tax relating to prior periods	222,036	837,777
Derecognition of deferred tax asset on tax losses	257,775	-
Other items	2,747	-
Less:		
Tax effect of:		
Non-assessable gain on debt forgiven	(120,000)	-
Other items	-	(143,703)
Income tax expense reported in the consolidated statement of comprehensive income	<u>1,836,728</u>	<u>4,141,062</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

### NOTE 3: INCOME TAX (continued)

(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 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.

### NOTE 4: ISSUED CAPITAL

	31 December 2015		30 June 2015	
	Number of shares	\$	Number of shares	\$
(a) Paid up capital:	631,404,067	7,836,308	631,404,067	7,836,308
(b) Movements in ordinary share capital:				
	Six months to 31 December 2015		Year to 30 June 2015	
	Number of shares	\$	Number of shares	\$
Balance at beginning of financial period	631,404,067	7,836,308	5,882,353	1,800,100
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 (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 period	631,404,067	7,836,308	631,404,067	7,836,308

(i) On 4 August 2014 RDG 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.

	Number
(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 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.

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 year ended 30 June 2015:

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

### NOTE 4: ISSUED CAPITAL (continued)

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.

There were 4,250,000 incentives forfeited (30 June 2015: 3,000,000 incentives forfeited) during the financial period as a result of termination of employment.

	Consolidated	
	Six months ended	Year ended
	31 December 2015	30 June 2015
	Number	Number
<i>Movement in employee incentives</i>		
Balance at beginning of financial period	8,500,000	-
Held in Resource Development Group Limited prior to acquisition	-	3,900,000
Granted during the year	-	11,500,000
Vested during period	-	(1,810,000)
Cancelled during the period	-	(2,090,000)
Forfeited on termination of employment	(4,250,000)	(3,000,000)
Balance at end of financial period	4,250,000	8,500,000

### NOTE 5: DIVIDENDS

	31 December 2015		31 December 2014	
	Cents per share	\$'000	Cents per share	\$'000
<i>Dividends provided for or paid during the half-year</i>				
Interim dividend on fully paid ordinary shares franked at 100%	-	-	7.4	36,695,159

### NOTE 6: CONTINGENT ASSETS AND LIABILITIES

#### Contingent Assets

An insurance claim was submitted under a Principal provided insurance policy for damages and reinstatement works caused by flooding on a major construction project in a prior financial period. A claim was 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, however the directors consider that it is probable that a claim will be approved.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

### NOTE 6: CONTINGENT ASSETS AND LIABILITIES (continued)

This contingent asset has not been recognised in the financial statements.

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

### NOTE 7: BORROWINGS

		Consolidated	
		31 December 2015	30 June 2015
		\$	\$
<b>Current</b>			
Vendor's/shareholder's loans		6,175,601	4,291,693
Finance lease liabilities		1,860,132	2,920,260
		<u>8,035,733</u>	<u>7,211,953</u>
<b>Non-current</b>			
Vendor's/shareholder's loans		20,000,000	27,759,100
Finance lease liabilities		687,278	2,273,998
		<u>20,687,278</u>	<u>30,033,098</u>
Total borrowings		<u>28,723,011</u>	<u>37,245,051</u>
<b>Secured</b>			
	Maturity		
Finance lease liabilities	2017	2,547,410	5,194,258
Vendor's/shareholder's loans	2017	26,175,601	30,150,793
Total secured borrowings		<u>28,723,011</u>	<u>35,345,051</u>
<b>Unsecured</b>			
Vendor's/shareholder's loans (Lightshare)	2017	-	1,900,000
Total unsecured borrowings		<u>-</u>	<u>1,900,000</u>
<b>Total borrowings</b>		<u>28,723,011</u>	<u>37,245,051</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

### NOTE 7: BORROWINGS (continued)

#### Summary of borrowing arrangements

- General Security Agreement over all present and after acquired property by the ANZ Banking Group Ltd
- General Security Agreement over all present and after acquired property by Assetinsure Pty Ltd
- General Security Agreement over all present and after acquired property by CGU Insurance Ltd
- General Security Agreement over all present and after acquired property by Kroll Holdings Pty Ltd, GM Reid Investments Pty Ltd, Project Fever Pty Ltd, EI Design (WA) Pty Ltd, Management & Project Solutions (MPS) Pty Ltd, Seafire Holdings Pty Ltd and ITECO Pty Ltd
- Deed of Priority and Subordination between all of the above parties and the Company's wholly-owned subsidiary, Central Systems Pty Ltd

Bank and other finance facilities as at 31 December 2015 include the following:

- ANZ Bank performance guarantee facility of \$10,000,000 (amount used \$2,000,018; amount unused \$7,999,982);
- ANZ Asset finance facility of \$510,000 (amount used \$510,000; amount unused \$Nil);
- ANZ Bank electronic Payaway facility limit of \$250,000;
- ANZ Bank Business card limit facility of \$150,000;
- Assetinsure performance bond facility of \$7,768,656 (amount used \$7,768,656; amount unused \$Nil, as the facility is in run-off);
- CGU Insurance performance bond facility of \$10,000,000 (amount used \$419,673; amount unused \$9,580,327).

The Lightshare loan which was in existence at 30 June 2015 was reduced by an amount of \$100,000 at 30 September 2015 pursuant to the loan agreement in place with the Company. Subsequent to this, management reached an arrangement with the Lightshare party to reduce the amount owing by \$400,000 in exchange for an early repayment. The balance of \$1,400,000 was then offset by an amount of \$400,000 which was owing to the Company from Intellect (this amount was assigned to Lightshare) and the net amount of \$1,000,000 was repaid prior to 31 December 2015. There is no further liability owing to the Lightshare party as at 31 December 2015.

### NOTE 8: 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 2015	30 June 2015	31 December 2015	30 June 2015
Central Systems Pty Ltd	Australia	100	100	1,800,100	1,800,100
Engenium Projects Ltd	UK	100	100	2	2
Pacer Corporation Pty Ltd	Australia	- (i)	100	-	3,000,000
Australian Quarries Pty Ltd	Australia	- (i)	100	-	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.

(i) These companies were deregistered during the period.

#### 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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

### NOTE 8: RELATED PARTY DISCLOSURE (continued)

#### (a) Operating lease agreements

The company has entered into operating lease agreements for rental premises with the following shareholder related entities:

##### *Slipstream Property Partnership*

Allmont Pty Ltd as trustee for the Allmont Trust;  
Matthew Reid Project Management Pty Ltd;  
Richard James Eden as trustee for the Eden Family Trust; and  
Amphora Pty Ltd as trustee for the Purple Trust.

This lease commenced on the 1 May 2015 with a termination date of 30 April 2019.

Rental payments made for the period 1 July 2015 to 31 December 2015 were \$85,500 (31 December 2014: \$85,500). At balance date, \$14,250 was payable to the Slipstream Property Trust (31 December 2014: \$1,131).

##### *Grisam Investments Pty Ltd as trustee for the Grisam Property Trust*

Allmont Pty Ltd as trustee for the Allmont Trust;  
Gary Reid as trustee for the Gary Reid Family Trust; and  
Richard James Eden as trustee for the Eden Family Trust; and  
Amphora Pty Ltd as trustee for the Purple Trust.

This lease commenced on the 1 July 2013 with a termination date of 30 June 2020.

Rental payments made for the period 1 July 2015 to 31 December 2015 were \$264,396 (31 December 2014: \$119,658). At balance date, there were no amounts payable to Grisam Investments Pty Ltd (31 December 2014: \$Nil).

##### *Riga WA Pty Ltd as trustee for the Riga Unit Trust*

Andrew Blair Ellison & Serena Maxine Ellison as trustee for the AB & SM Ellison Superannuation Fund (Andrew Ellison);  
Deeper Water Super Pty Ltd as trustee for the Deeper Water Super Fund (Gary Reid);  
Richard James Eden & Karen Maree Eden as trustee for the Eden Superannuation Fund; and  
4ZA Investments Pty Ltd as trustee for the Super Superannuation Fund (Ivan Ruefli).

This lease commenced on the 31 March 2014 with a termination date of 30 March 2021.

Rental payments made for the period 1 July 2015 to 31 December 2015 were \$251,070 (31 December 2014: \$251,070). At balance date, there were no amounts payable to Riga WA Pty Ltd (31 December 2014: \$Nil).

#### (b) Related Party Loans

Andrew Ellison has a loan with the Company through a related entity, Seafire Holdings Pty Ltd. The balance payable on the loan at 31 December 2015 is \$6,682,705 (30 June 2015: \$7,576,181). The interest charged on the loan for the period was \$247,811 (31 December 2014: \$136,326).

Gary Reid has a loan with the Company through a related entity, GM Reid Investments Pty Ltd. The balance payable on the loan at 31 December 2015 is \$6,682,705 (30 June 2015: \$7,576,181). The interest charged on the loan for the period was \$247,811 (31 December 2014: \$136,326).

Richard Eden has a loan with the Company through a related entity, Management & Project Solutions (MPS) Pty Ltd. The balance payable on the loan at 31 December 2015 is \$3,584,335 (30 June 2015: \$4,256,398). The interest charged on the loan for the period was \$132,916 (31 December 2014: \$77,690).

### NOTE 9: 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.

### NOTE 10: EVENTS AFTER THE REPORTING PERIOD

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

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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

### NOTE 11: COMMITMENTS

#### Operating lease commitments – Group as lessee

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

	Consolidated	
	31 December 2015	30 June 2015
	\$	\$
Within one year	959,500	845,689
After one year but not more than five years	3,628,313	3,650,295
Greater than 5 years	-	802,138
	<u>4,587,813</u>	<u>5,298,122</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 2015		30 June 2015	
	Minimum Lease payments \$	Present value of lease payments \$	Minimum lease payments \$	Present value of lease payments \$
Consolidated				
Within one year	1,944,365	1,944,365	3,121,607	3,121,607
After one year but not more than five years	706,363	706,363	2,384,662	2,384,662
Total minimum lease payments	<u>2,650,728</u>	<u>2,650,728</u>	<u>5,506,269</u>	<u>5,506,269</u>
Less amounts representing finance charges		<u>(103,318)</u>		<u>(312,011)</u>
Present value of minimum lease payments		<u>2,547,410</u>		<u>5,194,258</u>

#### Capital commitments

No capital expenditure commitments have been made for items of plant and machinery as at 31 December 2015.

### NOTE 12: 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 Board for the half years ended 31 December 2015 and 31 December 2014.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

### NOTE 12: SEGMENT REPORTING (continued)

31 December 2015	Construction \$	Services \$	Oil & Gas \$	Other \$	Corporate \$	Consolidated \$
Revenue	30,211,290	2,756,024	4,140,522	4,765,175	(297,961)	41,575,050
Profit before income tax	8,030,614	496,088	992,901	419,608	(5,025,312)	4,913,899
Restated 31 December 2014	Construction \$	Services \$	Oil & Gas \$	Other \$	Corporate \$	Consolidated \$
Revenue	134,192,779	27,892,261	9,671,979	10,874,448	-	182,631,467
Profit before income tax	16,546,984	131,332	1,423,830	2,714,139	(9,427,345)	11,388,940

### 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 56% (31 December 2014: 27%), 10% (31 December 2014: 1%), 6% (31 December 2014: 11%) and 5% (31 December 2014: 28%) of the Group's revenue for the period.

### NOTE 13: 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. A share-based payment of \$2,983,051 was recorded for these shares in the 31 December 2014 Condensed Consolidated Statement of Comprehensive Income. The original cost should have been charged to the company's profit and loss in the 2012/13 financial year. The error has been corrected in the comparatives for the financial period ended 31 December 2014 and is shown in the Condensed Consolidated Statement of Comprehensive Income below:

	Prior Period before correction of error 31 December 2014 \$	Correction of error \$	Prior Period restated for correction of error 31 December 2014 \$
<b><u>Condensed Consolidated Statement of Comprehensive Income</u></b>			
<b>For the period ended 31 December 2014</b>			
<i>Condensed Consolidated Statement of Comprehensive Income (extract)</i>			
Profit before income tax	8,405,889	2,983,051	11,388,940
Income tax expense	(4,141,062)	-	(4,141,062)
<b>Profit after income tax from continuing operations</b>	<b>4,264,827</b>	<b>2,983,051</b>	<b>7,247,878</b>
<b>Total comprehensive income</b>	<b>4,264,827</b>	<b>2,983,051</b>	<b>7,247,878</b>

### NOTE 14: ACQUISITION OF CENTRAL SYSTEMS PTY LTD

As noted in the financial report for the half-year ended 31 December 2014, during that period, the shareholders of the Company approved the acquisition of all of the issued capital of Central Systems Pty Ltd. The cash assumed as part of this acquisition amounted to \$3,218,183.

## 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 2015 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.



Andrew Ellison  
Chairman

Dated this 25th day of February 2016



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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Resource Development Group Limited

### Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Resource Development Group Limited ("the company") which comprises the condensed statement of financial position as at 31 December 2015, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed 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 Group 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 Group's financial position as at 31 December 2015 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*.



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*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 Group's financial position as at 31 December 2015 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*

**HLB Mann Judd**  
**Chartered Accountants**

A handwritten signature in black ink, appearing to read 'L Di Giallonardo'.

**L Di Giallonardo**  
**Partner**

**Perth, Western Australia**  
**25 February 2016**