

Appendix 4D
Resource Development Group Limited
ABN 33 149 028 142
FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

Results for announcement to the market

Extracts of the Resource Development Group Limited results for the half year ended 31 December 2016

Revenues from continuing activities	Down	83%	to	\$7,101,639
Profit from ordinary activities after tax attributable to members	Down	91%	to	\$274,235
Comprehensive income for the period attributable to members	Down	91%	to	\$274,235
Dividends	Amount per share	Franked amount per share		
Interim dividend	Nil	Nil		
Final dividend	Nil	Nil		
Record date for determining entitlements to the dividend	N/A			
Other information				
Net asset backing per ordinary share	\$0.031 per share (2015:\$0.026 per share)			
Net tangible asset backing per ordinary share	\$0.031 per share (2015:\$0.026 per share)			
Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the 31 December 2016 half-year financial statements.				



Resource
Development
Group

Resource Development Group Limited

ABN 33 149 028 142

**Interim Financial Report
31 December 2016**

Resource Development Group Limited

ABN 33 149 028 142

Half-Year Financial Report

31 December 2016

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CORPORATE INFORMATION

ABN 33 149 028 142

Directors

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

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OSBORNE PARK WA 6017
Telephone: +61 8 9443 2928
Facsimile: +61 8 9443 2926
Website: 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

Gilbert & Tobin
1202 Hay Street, WEST PERTH WA 6005

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" or "RDG") and the entities it controlled during the period for the half year ended 31 December 2016. 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 Andrew Ellison	(Chairman)
Mr Gary Reid	(Executive Director)
Mr Richard Eden	(Non-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 2016 has continued to provide continuing difficult market conditions however the Group was able to achieve a small profit before tax of \$99,816 (2015: \$4,913,899) on very low revenues of \$7,101,639 (2015: \$42,273,754). The Group's focus on reducing headcount and overhead costs has therefore borne some fruit which is now allowing it to operate on a very low cost base.

Since the commencement of the financial year, Resource Development Group Ltd ("RDG") had one wholly-owned subsidiary with operations, Central Systems Pty Ltd (Centrals), a contracting company providing multi-discipline construction services to the mining, energy, infrastructure, defence, residential housing and commercial property sectors.

Although some tendering activity was undertaken during the period in its traditional mining services space, due to the current highly competitive environment, the Group chose to focus on M&A opportunities as well as the completion of its residential projects and other smaller projects awarded during the period in its core business.

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, defence, residential housing and commercial sectors within Australia. RDG has offices in Perth, Newman and Townsville.

Centrals was able to undertake work for BHP during the period however the size and scope of these projects was quite small. As announced during the period, a contract with the Department of Housing was awarded. Although interest has been high, the Group is currently awaiting committed pre-sales to occur before it can proceed further with this project.

The finalisation of approximately 85 residential building contracts from former home builder, Free Life Homes was also achieved during the period.

The Group is also exploring opportunities for construction works internationally with several major projects being considered in Eastern Europe and West Africa. In this regard, the Company has recently established a joint venture with a local company in Kazakhstan to seek out opportunities in that region. We have been working on this for several months now and given the due diligence and pre-qualification requirements necessary to secure works in these regions, tenders are now being received by the Company. Further details will be provided once the directors are confident that there are opportunities of our core work on offer to us.

Workforce Capacity and Capability

Staff numbers have decreased dramatically this 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 50 personnel.

Whilst a significant reduction, RDG has focused on retaining key personnel to enable a speedy ramp up in delivery capacity once additional works are secured.

DIRECTORS' REPORT

Strategy and Outlook

The resources market continues to be very challenging however some "green shoots" seem to be appearing. Several projects previously priced by Centrals in the last 12-24 months have come back to the market for re-pricing and indications are that with some commodity prices improving a number of these projects look like crystallising in the near to mid-term.

The Board has patiently spent the last 18 months identifying potential acquisitions for the Group. Whilst there has been substantial progress on several opportunities ultimately at this time none have come to fruition, however the Board remains optimistic that it will be able to communicate positive news in the next half.

The Company continues to manage its cash very carefully and the directors are seeking suitable businesses to grow the Company which have recurring revenue and sustainable profitability.

Centrals are also in discussions with a property development syndicate in relation to a turn-key redevelopment of a premium beachfront site in South Fremantle. With the potential to yield 24 luxury townhouses this project, if secured, could generate much needed revenue over a two year period.

The Company has also completed the sale of all surplus equipment whilst the remaining assets are continually being reviewed. Ownership of key equipment will allow the Group to offer competitive prices to our clients.

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 2016.

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
24 February 2017

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 2016, 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
24 February 2017



L Di Giallonardo
Partner

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Notes	Consolidated	
		31 December 2016 \$	31 December 2015 \$
Revenue	2(a)	7,101,639	42,273,754
Other income	2(b)	6,306	400,000
Profit/(loss) on sale of assets		196,885	(1,098,704)
Cost of sales		(2,858,048)	(9,556,128)
Employee benefits expense		(2,185,715)	(22,551,422)
Depreciation and amortisation expense	2(c)	(815,674)	(1,644,976)
Finance costs		10,765	(1,213,940)
Share-based payments	2(c)	(6,914)	-
Other expenses	2(c)	(1,349,428)	(1,694,685)
Profit before income tax		99,816	4,913,899
Income tax benefit/(expense)	3	174,419	(1,836,728)
Profit after income tax		274,235	3,077,171
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive income for the period		274,235	3,077,171
Basic earnings per share (cents per share)		0.04	0.49
Diluted earnings per share (cents per share)		0.04	0.49

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Notes	Consolidated	
		31 December 2016 \$	30 June 2016 \$
Assets			
Current assets			
Cash and cash equivalents	4	12,458,231	13,192,429
Trade and other receivables	5	994,717	3,917,648
Current tax assets	3	264,678	-
Inventories	6	304,042	73,039
Total current assets		14,021,668	17,183,116
Non-current assets			
Property, plant and equipment		7,872,486	9,292,977
Deferred tax assets	3	288,927	633,080
Investment in JV	9	114,025	-
Total non-current assets		8,275,438	9,926,057
Total assets		22,297,106	27,109,173
Liabilities			
Current liabilities			
Trade and other payables		1,346,573	6,072,191
Current tax provisions	3	-	1,341,345
Provisions		233,902	333,220
Total current liabilities		1,508,475	7,746,756
Non-current liabilities			
Deferred tax liabilities	3	1,257,530	170,079
Provisions		50,821	65,207
Total non-current liabilities		1,308,351	235,286
Total liabilities		2,888,280	7,982,042
Net assets		19,408,280	19,127,131
Equity			
Issued capital	7	7,836,308	7,836,308
Share-based payments reserve		186,294	179,380
Retained earnings		11,385,678	11,111,443
Total equity		19,408,280	19,127,131

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

Consolidated	Notes	Issued capital \$	Retained earnings \$	Share-based payments reserve \$	Total equity \$
Balance as at 1 July 2015		7,836,308	5,431,199	179,380	13,446,887
Profit for the period			3,077,171		3,077,171
Other comprehensive income for the period		-	-	-	-
Balance at 31 December 2015		7,836,308	8,508,370	179,380	16,524,058
Balance as at 1 July 2016		7,836,308	11,111,443	179,380	19,127,131
Profit for the period			274,235	6,914	281,149
Other comprehensive income for the period		-	-	-	-
Balance at 31 December 2016		7,836,308	11,385,678	186,294	19,408,280

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Consolidated	
	31 December 2016	31 December 2015
	\$	\$
	Inflows/(Outflows)	
Cash flows from operating activities		
Receipts from customers	6,859,601	51,562,266
Payments to suppliers and employees	(8,269,535)	(39,646,264)
Interest received	119,563	344,373
Finance costs	11,155	(243,283)
Income tax paid	-	(1,778,825)
GST paid	(136,354)	(3,300,934)
Net cash (outflows)/inflows from operating activities	(1,415,570)	6,937,333
Cash flows from investing activities		
Payments for property, plant and equipment	-	(4,470)
Proceeds from sale of property, plant and equipment	795,397	2,493,916
Payments for investment in JV / subsidiary	(114,025)	-
Net cash inflow from investing activities	681,372	2,489,446
Cash flows from financing activities		
Repayment of borrowings	-	(4,991,694)
Reduction in finance lease and hire purchase liabilities	-	(2,646,847)
Net cash outflow from financing activities	-	(7,638,541)
Net (decrease)/increase in cash held	(734,198)	1,788,238
Cash and cash equivalents at the beginning of the period	13,192,429	34,317,752
Cash and cash equivalents at the end of the period	12,458,231	36,105,990

The accompanying notes form part of these financial statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

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 2016 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 2016 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 2016, 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 2016.

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 2016. 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 and 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 2016

NOTE 2: REVENUE AND EXPENSES

	Consolidated	
	31 December 2016	31 December 2015
	\$	\$
(a) Revenue		
Rendering of services	6,994,582	41,865,569
Interest income	107,057	408,185
	<u>7,101,639</u>	<u>42,273,754</u>
(b) Other income		
Loan forgiven (i)	-	400,000
Other income	6,306	-
	<u>6,306</u>	<u>400,000</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.

(c) Expenses

Depreciation of non-current assets	(815,674)	(1,644,976)
Operating lease rental expense	(452,082)	(479,867)
Share based payments expense	(6,914)	-

NOTE 3: INCOME TAX

	Consolidated	
	31 December 2016	31 December 2015
	\$	\$
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	99,816	4,913,899
Income tax expense calculated at 30%	29,945	1,474,170
Add:		
Tax effect of:		
Share based payments	2,074	-
Under provision for tax relating to prior periods	-	222,036
Derecognition of deferred tax asset on tax losses	-	257,775
Other items	736	2,747
Less:		
Tax effect of:		
Non-assessable gain on debt forgiven	-	(120,000)
Prior year tax losses	(199,907)	-
Other items	(7,267)	-
Income tax (benefit)/expense reported in the consolidated statement of comprehensive income	<u>(174,419)</u>	<u>1,836,728</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 3: INCOME TAX

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

	Consolidated	
	31 December 2016	30 June 2016
	\$	\$
Current tax assets/(liabilities) comprise:		
Income tax receivable/(payable)	264,678	(1,341,435)
	<u>264,678</u>	<u>1,341,435</u>
Deferred tax assets comprise:		
Superannuation payable	12,003	-
Provisions – employee benefits	85,417	119,528
Provisions – doubtful debts	18,694	-
Accrued expenses	14,400	308,074
Work in progress	5,219	5,219
Intangibles	-	16,866
Blackhole expenditure and borrowing costs	153,194	183,393
	<u>288,927</u>	<u>633,080</u>

	Consolidated	
	31 December 2016	30 June 2016
	\$	\$
Deferred tax liabilities comprise:		
Prepayments	25,537	25,208
Stock on hand	10,342	13,040
Other	-	20,743
Depreciable property, plant and equipment	1,221,651	111,088
	<u>1,257,530</u>	<u>170,079</u>
Net	<u>(968,603)</u>	<u>463,001</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 Resource Development Group Ltd.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 4: CASH AND CASH EQUIVALENTS

	Consolidated	
	31 December	30 June
	2016	2016
	\$	\$
Cash at bank and on hand	12,458,231	13,192,429

NOTE 5: CURRENT TRADE AND OTHER RECEIVABLES

	Consolidated	
	31 December	30 June
	2016	2016
	\$	\$
Trade receivables	850,654	2,385,668
Allowance for doubtful debts	(62,312)	-
	788,342	2,385,668
Other receivables	51,125	1,133,374
Prepayments	155,250	398,606
	994,717	3,917,648

NOTE 6: INVENTORIES

	Consolidated	
	31 December	30 June
	2016	2016
	\$	\$
At cost:		
Raw materials and stores	34,474	43,466
Work in progress	269,568	29,573
	304,042	73,039

NOTE 7: ISSUED CAPITAL

	31 December 2016		30 June 2016	
	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 2016		Year to 30 June 2016	
	Number of shares	\$	Number of shares	\$
Balance at beginning of financial period	631,404,067	7,836,308	631,404,067	7,836,308
Balance at end of financial period	631,404,067	7,836,308	631,404,067	7,836,308

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 7: ISSUED CAPITAL (continued)

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.

Incentives

There were no incentives issued during the half-year ended 31 December 2016.

A total of 500,000 incentives were forfeited (30 June 2016: 5,750,000 incentives forfeited) during the financial period as a result of termination of employment. There are currently 2,250,000 incentives on issue. The incentives vest on 16 January 2019.

	Consolidated	
	Six months ended 31 December 2016	Year ended 30 June 2016
	Number	Number
<i>Movement in employee incentives</i>		
Balance at beginning of financial period	2,750,000	8,500,000
Forfeited on termination of employment	(500,000)	(5,750,000)
Balance at end of financial period	2,250,000	2,750,000

NOTE 8: CONTINGENT ASSETS AND LIABILITIES

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

NOTE 9: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Consolidated	
	31 December 2016	30 June 2016
	\$	\$
Investments in joint ventures	114,025	-

The Group has a new investment in a joint venture in Kazakhstan and the balance above represents the Group's initial investment.

NOTE 10: 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 11: 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 12: COMMITMENTS

Operating lease commitments – Group as lessee

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

	Consolidated	
	31 December 2016 \$	30 June 2016 \$
Within one year	384,850	650,812
After one year but not more than five years	580,069	1,009,771
Greater than 5 years	-	-
	<u>964,919</u>	<u>1,660,583</u>

Capital commitments

No capital expenditure commitments have been made for items of plant and machinery as at 31 December 2016.

NOTE 13: 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, results, assets and liabilities by reportable segment provided to the Board for the half years ended 31 December 2016 and 31 December 2015.

31 December 2016	Construction \$	Services \$	Oil & Gas \$	Other \$	Corporate \$	Consolidated \$
Revenue	6,994,582	-	-	107,057	-	7,101,639
Profit before income tax	2,567,696	-	-	(1,073,137)	(1,394,743)	99,816
Segment assets	1,029,063	-	-	-	21,268,043	22,297,106
Segment liabilities	393,425	-	-	-	2,494,855	2,888,280
31 December 2015	Construction \$	Services \$	Oil & Gas \$	Other \$	Corporate \$	Consolidated \$
Revenue	30,211,290	2,756,024	4,140,522	4,757,733	408,185	42,273,754
Profit before income tax	8,030,614	496,088	992,901	419,608	(5,025,312)	4,913,899
Segment assets	601,200	939,042	514,906	1,982,150	56,859,680	60,896,978
Segment liabilities	7,252,314	454,696	916,688	1,171,099	34,577,132	44,371,929

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

NOTE 13: SEGMENT REPORTING (continued)

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 77% (31 December 2015: 73%) 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 2016 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 24th day of February 2017

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 2016, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the 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, for 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 gives a true and fair view and 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 2016 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 Group's financial position as at 31 December 2016 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
24 February 2017