

ANNUAL REPORT 2017

RPMGLOBAL

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CHAIRMAN'S REPORT

Dear Fellow Shareholders,

The past twelve months has seen commodity prices strengthen right across the board. Mining companies that have been able to reduce their cost structure over the last four years are reporting healthy profits and speaking with confidence about their future financial performance.

The majority of mining companies have spent the last year repairing their balance sheets by decreasing their debt and debt gearing ratios. In the current reporting period we have seen a marked increase in dividend payouts by the major mining companies which suggests they foresee a continuation of the current improvement in cash generation out of their operations.

While early days, there have been a few brownfield expansion announcements from the majors which would indicate that they have turned their minds to replenishing their depleted reserves which should see an increase in capital spending over the next four or five years.

While we expect the focus to remain firmly on keeping a lid on operational costs, it is likely that there will be more opportunities for mining services companies to support their customers through the provision of products and services.

For the first time in five years our Advisory and GeoGAS businesses have started to grow again. Those two divisions have latent capacity to grow on their current cost bases, so we expect to see continued improvements in their financial contributions in FY2018.

FY2017 was another year of above industry average investment by RPM in software development. This investment delivered three new software products during the period (Open Cut Coal, Stratigraphic Metals and Operations Manager) as well as significant enhancements to RPM's Financial, Simulation,

Scheduling, Execution and Maintenance suites of products.

We are not aware of any other technical mining software provider investing in software development to the level that we are. It is clear to us that the company's strategic move from providing desktop applications to enterprise systems has the support of the world's major mining companies.

The breadth and depth of our software offering along with the innovative nature of the functionality within these solutions has seen us become more competitive in the market place. The sizeable investment in Research and Development made by the company during the mining downturn has positioned us well to respond once competitive software tenders begin to filter out from the major mining companies.

It is clear that the next wave of productivity improvements will come through software innovation and integration between the major system providers to the mining industry. We have positioned ourselves to be at the forefront of this endeavour which has in turn facilitated the company holding a number of strategic conversations with the executive and senior management representatives of our customers.

It has been interesting to see how quickly mining companies have turned their attention towards better understanding the projected cost of maintenance across the lifecycle of their mobile mining fleet and the potential strategies to reduce that cost. RPM's market leading AMT software products are finding real favour in this space which is certainly pleasing given how recently RPM acquired these products.

At the start of the year RPM acquired the AMT solutions through its acquisition of iSolutions, an enterprise asset maintenance software business headquartered in Sydney Australia. Consideration for this acquisition was made up

CHAIRMAN'S REPORT

of \$8 million in cash, earn-out payments estimated to total \$7.1 million over three years and 9.16m company shares. These shares were issued to the outgoing shareholders of iSolutions and were held in voluntary escrow for 12 months before being released on 1 July 2017. The earn-out payment is based on a combination of successful collections and ongoing retention and growth in sales of software and annuity revenue from the software products which came with the business.

In September 2016 the company concluded a successful placement of 28.9 million ordinary shares at an issue price of 45 cents per share to institutional and sophisticated investors, raising \$13 million before costs. This placement was significantly oversubscribed.

In October 2016 the company provided its retail investors with the ability to acquire up to \$15,000 of the company's shares at the same price at which they were issued under the institutional placement (45 cents per share) via a Share Purchase Plan (SPP). The SPP was capped at \$1.5 million. However, because of the demand the Board chose to close the SPP early to remove the arbitrage risk given that at the time the company's stock was trading at an average 20% premium to the SPP offer price during the SPP period. The SPP raised \$1.72 million through the issue of 3.82 million ordinary shares at 45 cents per share.

At the time of the capital raise, the company confirmed that these funds would provide RPM with the capacity to continue to expand the business through further investments in our planning suite of software products, including being able to fund potential strategic acquisition opportunities to accelerate the delivery of these solutions for our customers.

Consistent with that objective, the capital raised has enabled the company to achieve the following strategic objectives during the period:

In December 2016 the company acquired a copy of the source code and intellectual property rights of the Fewzion Short Interval Control (SIC) and Work Management software product. Fewzion is an Australian company headquartered in Newcastle and under the terms of this acquisition RPM acquired the non-exclusive right to rebrand, commercialise and further develop the Fewzion software. This product subsequently became RPM's Operations Manager solution.

In May 2017 RPM announced it had entered into a Software License and Distribution Agreement with Alford Mining Systems (AMS) to enable RPM to rebrand, bundle, market and distribute the AMS Stope Optimisation software (StopeOpt) within RPM's Underground software solutions.

During June 2017 the company reported that it had entered into a Software Integration Agreement with Chasm Consulting Pty Ltd (Chasm) which would see RPM and Chasm develop an integration between the industry leading Chasm mine ventilation software Ventsim™ and RPM's Underground software solutions.

In early August 2017 RPM announced the company had entered into a Share Purchase Agreement to acquire 100% of the issued share capital of MineOptima, a leading global private company with more than 20 years' experience developing software applications which design the optimal equipment access layouts for underground mines.

The company held an Extraordinary General meeting on 27 March 2017, where shareholders overwhelmingly voted to change the company's name from RungePincockMinarco Limited to RPMGlobal Holdings Limited (RPM).

CHAIRMAN'S REPORT

On 31 May 2017, the company announced it was going to conduct an unmarketable parcel (minimum holding) buy-back which was concluded on 18 July. A total of 14,811 ordinary shares (\$8,590.38) were acquired from 57 registered shareholders under the Buy-Back at a price of 58 cents per share which have since been cancelled.

RPM maintains a strong balance sheet with over \$20 million of cash in the bank (as at 30 June 2017) and no debt. During FY2017 the company paid out the post completion payments for the iSolutions acquisition due during that period. The company also paid both the upfront and the five-year guaranteed earn-out cash consideration components associated with the purchase of the Fewzion short interval control and work management software product.

The Board has resolved not to pay a dividend this financial year.

I would again like to acknowledge the effort and commitment of our staff who continue to perform especially well. The Board is particularly pleased on the ability of our management and staff to execute on a clearly defined strategy that we believe will result in increased value for our shareholders.

The Board thanks its shareholders for their ongoing support of the company's software strategy and remains firmly of the opinion that the investments made by the company in both internal software development and in strategic software acquisitions will provide the growth engine for the business in 2018 and beyond.



Allan Brackin
Chairman

MANAGING DIRECTOR'S REPORT

Software Division

Our Software business now represents 67% of the company's annual Total Revenue (up from 59% in FY2016).

FY2017 again saw the company continue to invest heavily in its software business with \$12.8 million invested on internal software development all of which was expensed. This represents a 23% (\$2.4 million) increase on the previous year's investment of \$10.4 million.

This investment directly contributed to the company's 101% increase in Software License Revenue in FY2017 and has established the foundation for continued Software Revenue growth in FY2018.

On 17 May 2016 the company announced it had agreed to acquire the iSolutions business with completion to occur on 1 July 2016. The transaction closed as planned, however as can often occur during an acquisition, the transaction had the effect of distracting the prior iSolutions management team during May and June of 2016 away from closing new sales. As a result, very little AMT software was sold in the last few months of their 2016 financial year which resulted in little to no consulting backlog coming across with the business on the 1st of July. As a result, revenue from the AMT software products (Software License Revenue and Consulting Revenue) got off to a slow start in the first half of FY2017.

There were also two large non-core AMT development commitments which were made by the outgoing iSolutions management team prior to closing which, whilst considered by RPM to be non-strategic, were honoured but in the process almost 10 months of strategic AMT development time was lost.

The acquisition of iSolutions was built on the simple premise that our sales team (who understand enterprise asset management very well) would be able to sell more AMT software than the previous owners. In addition, due to

the operational relationship between maintenance and production activities in the mine, and our view that mining companies would turn their attention to maintenance budgeting and costing once the industry picked up again, we also believed that the AMT product would help us sell more of our other software products.

This is exactly what happened in the second half of FY2017. As our sales team started to better understand the AMT value proposition and the value it added to our scheduling and budgeting systems the size and strategic value of our deals increased. We are really pleased with the momentum that the AMT products have provided to our software division and look forward to their continuing upward trajectory in FY2018.

Just before year-end we released our latest Scheduling Solution - Underground Metals. This is an important product for us as it fills what was a large gap in our product offering. As with all of our new products it has been built with an innovative user experience in mind. The first installation of this product is currently underway in Kazakhstan with positive results reported so far. Given the new user experience inherent within this product, we expect it to become very competitive in the second half of FY2018 once (as Allan referred to in his Chairman Report) the product includes the Stope Optimisation, Ventilation and Decline Optimisation functionality.

Our Ultra Short Term Scheduling product XECUTE is also undergoing its final user acceptance testing in the Oil Sands region of Canada. We remain really excited about the potential disruption this product could make in the market and are expecting it to have a big year in FY2018.

We have been pleased with the market acceptance of our relaunched Open Cut Coal Solution and have committed to significant enhancements to our Underground Coal

MANAGING DIRECTOR'S REPORT

Solution and development of a Steeply Dipping Coal Solution this financial year.

Advisory Division

Demand for our mining Advisory services stabilised during FY2017 after four years of revenue decline. Management firmly believe that our mining Advisory market share again increased during FY2017, particularly in the areas of Mergers and Acquisitions, Independent Expert Advice and Asset Valuations. The Advisory team were again engaged to provide advice on the industry's largest Merger and Acquisition activities most of which came out of North Asia.

During the year we continued to maintain our vigilance over collections for historical work undertaken in the advisory division which for the most part has been a successful exercise. However, as has been previously highlighted, it has not been without pain – specifically the unexpected judgement received by the company in Russia stemming from an attempt to recover payment in that region. By way of reminder, back in June 2015, we took legal action against a Russian company for unpaid invoices (US\$955.5k) relating to advisory services which we had completed in relation to a coal mine in Russia under a contract originally entered into in February 2014. The case travelled through the Russian legal system until July 2016 when we received an unexpected adverse court judgement from the Arbitration Court of Moscow which saw the court award against RPM. This resulted in RPM fully providing for this debt in the 2016 financial year while at the same time appealing the finding that the contract should be terminated due to fault on the part of RPM to the appellate courts in Moscow. As highlighted in our half year report on 21 February, RPM was ultimately unsuccessful in this appeal process. On 9 August 2017, RPM received advice from its Russian counsel that upon completion of the appeal process the trial judge had quantified that RPM would be required to pay approximately \$0.8 million in

damages, interest and refund of fees previously paid to RPM by the Russian company. RPM's Russian based legal counsel have recommended that RPM again appeal this judgement to the appellate courts which we will.

We expect demand for our Advisory services to rise in FY2018 as mining companies begin investigating new projects with a view to growing or replacing their resources and reserves base.

As the industry shifts to an "efficiency regime" post the downturn we are more and more involved in operations whereby utilising RPM's technology we are able to work with our clients on assessing multiple planning scenarios to a high level of confidence to assist them in re-setting their mine plans from survival to sustainable long term growth.

The increasing number of companies planning to raise finance through equity markets is driving activity to our Advisory division and is an area where we maintain an industry leading position as demonstrated by some of the recent large transactions filed for China Molybdenum and Yancoal on the Hong Kong Exchange. Of course if a sudden drop in commodity prices occurs this activity will quickly be put on hold again.

GeoGAS Division

The substantial increase in price for both thermal coal and coking coal during the year has seen a real pickup in coal exploration. For at least the past four years, miners have consistently reduced their development expenditure which has in turn reduced the longwall float (time between development and production) in their underground coal mines. The only two ways to increase the longwall float are (a) do more development work (exploration) or (b) stop production - which given the current prices is unlikely to happen. Therefore, as you would expect, the miners have ramped up exploration which in turn has

MANAGING DIRECTOR'S REPORT

seen a significant increase in coal gas testing undertaken by our two laboratories in Mackay (Queensland) and Wollongong (New South Wales).

While coal prices stay strong we expect the laboratories to remain busy.

Company Expenses

The company's costs (excluding development costs and incentives) for the full year were \$44.2 million, 1% lower than FY2016 (\$44.4 million). This amount includes the costs of the iSolutions business which came onto our books at the start of the year with a cost base of \$4.8 million.

The development costs incurred by the company in FY2017 increased by \$2.4 million to \$12.8 million (FY2016: \$10.4 million). Based on our current product strategy we expect development costs to rise by 10% in FY2018 but then start to drop back to be more aligned with the industry average.

Due to the doubling of software license revenue, \$3.0 million in once-off management incentives and software sales manager commissions were earned during the period.

The company incurred \$0.8 million in redundancy costs during the period as it continued to streamline its management structures. The annual employment cost savings associated with this expenditure was \$2.8 million. Whilst we will continue to carefully review the shape of our business, we are not expecting to see further headcount reductions in FY2018.

Future Outlook

The last 12 months have seen us invest \$12.8 million in internal software development, fully integrate the iSolutions business, acquire the intellectual property rights to a Short Internal Control system, sign integration agreements with the industry's leading Stope Optimisation and Ventilation software vendors and announce the acquisition of the industry's leading provider of software for equipment access layout for underground mines. All of which provide us with a much more complete and richer set of software products than we had this time last year.

While we see little change in the demand for desktop software products, we remain enthusiastic about the potential growth in our enterprise, simulation, asset management and ultra-short term scheduling products in FY2018.



Richard Mathews

Managing Director and Chief Executive Officer

DIRECTORS' REPORT

Your Directors present their report on RPMGlobal Holdings Limited (the "Company") and its subsidiaries (referred to hereafter as the "Group") for the year ended 30 June 2017.

1. Directors

The Directors of RPMGlobal Holdings Limited at any time during or since the end of the period were:

Non-executive

Allan Brackin – *Chairman*

Dr Ian Runge

Ross Walker

Executive

Richard Mathews – *CEO and Managing Director*

2. Principal Activities

The Group's principal activities during the financial year consisted of:

- a) Software licensing, consulting, implementation and support;
- b) Technical, advisory and training services to the resources industry; and
- c) Laboratory gas testing.

There were no significant changes in the nature of the Group's principal activities during the financial year.

3. Dividends

No dividends were paid or declared during the financial year.

4. Review and Results of Operations

Gross revenue in the 2017 financial year grew by 31% to \$74.8 million (2016: \$57.1 million). Software revenue increased by \$16.8 million (50.3%) on the previous year driven by higher licence sales as well as from the maintenance and consulting revenue from the acquired iSolutions business.

	2017 \$m	2016 \$m	Change %
Software			
- Licence Sales	23.7	11.8	100.8%
- Maintenance	17.5	15.0	16.7%
- Consulting	9.0	6.6	36.4%
Total Software	50.2	33.4	50.3%
Advisory	20.4	20.3	0.5%
GeoGAS	3.2	3.2	-
Other Revenue	1.0	0.2	450.0%
Total Revenue	74.8	57.1	31.0%
Direct Costs	(8.0)	(4.5)	77.8%
Net Revenue	66.8	52.6	27.0%

DIRECTORS' REPORT

4. Review and Results of Operations (Continued)

Reconciliation between IFRS and non-IFRS financial performance items used in the Directors Report is presented below:

	2017	2016	Change
	\$m	\$m	%
Net Revenue	66.8	52.6	27.0%
Operating Expenses	(62.2)	(55.9)	11.3%
EBITDA¹	4.6	(3.2)	-
Depreciation and Amortisation	(2.8)	(1.9)	47.4%
Redundancy – staff	(0.8)	(0.4)	100.0%
Acquisition Costs and Restructure	(0.4)	-	-
Goodwill impairment costs	-	(4.0)	-
Net Finance (costs)/income	0.2	0.3	-33.3%
Profit/(Loss) before income tax	0.8	(9.2)	-
Income tax benefit/(expense)	(0.8)	-	-
Profit/(Loss)	-	(9.2)	-94.6%
Earnings Per Share (cents per share)	0.02	(5.3)	-

¹ Earnings before Interest, Tax, Depreciation, Amortisation, Impairment and Redundancies

Software field costs increased by \$4.8 million in FY2017 to \$22.5 million (2016 \$17.7 million). This increase was due to (a) the annual cost structure of the iSolutions business which RPM acquired on the 1st of July 2017 was \$4.8 million when it came into the business and (b) because of the over 100% increase in software license sales \$2.6 million in once-off management incentives were earned.

The Company increased its investment in Research and Development by 23%, with software development costs (which are all expensed) finishing the year at \$12.8 million (2016: \$10.4 million).

Advisory operating costs dropped by 6% on the prior year to finish at \$15.3 million (2016: \$16.2 million).

GeoGAS operating costs reduced to \$2.0 million a decrease of 17% on the prior year (2016: \$2.4 million).

Redundancy costs in this financial year were \$0.8 million (2016: \$0.4 million) and will provide \$3.3 million in annual savings.

The 101% growth in software licence revenue was the key driver for a \$7.8 million improvement in EBITDA (Earnings before Interest, Tax, Depreciation, Amortisation, Redundancies and Impairment) from a loss of \$3.2 million in FY2016 to a profit of \$4.6 million in FY2017.

During the year the Company raised \$14.7 million from institutional and retail investors at \$0.45 cents per share.

The Group had cash of \$20.3 million (2015: \$18.1 million) and no bank debt at the end of the financial year.

The Company's name was changed from RungePincokMinarco Limited to RPMGlobal Holdings Limited on 31 March 2017 following shareholder approval at the Extraordinary General Meeting on 27 March 2017.

Software Division

The Software division provides mine scheduling, financial costing/budgeting, simulation and asset management software solutions to the mining industry. It also provides software consulting, implementation, training and support for these products.

DIRECTORS' REPORT

4. Review and Results of Operations (Continued)

Software Division (Continued)

The Group increased its investment in R&D to \$12.8 million (2016: \$10.4 million). This investment enabled the Group to fast-track three new products to market.

The Software division contributed 67% of annual revenue in FY2017, up from 59% last year. Licence revenue increased by more than 100% to \$23.7 million, the highest result ever achieved by the Group.

On 1 July 2016 the Company acquired the iSolutions business which directly contributed \$7.2 million to the Group's revenue in AMT licences, maintenance and consulting revenue. When the actual direct revenue result from this acquisition is compared against what the Company was projecting to achieve in the first year post acquisition, both the license and maintenance revenue from these software products finished pretty much in line with expectations. However, the consulting revenue fell well short of initial projections. Given the cost base of this business was reduced markedly during the year and the fact that the iSolutions software products facilitated considerably more RPM software product sales than we could have envisaged in the first year of operating this business, the Company's first year expectations from a contribution perspective will have been achieved.

Software licence sales in the fourth quarter of the year increased to \$9.1 million (2016: \$4.4 million) and included \$3.5 million of a total \$6.3 million license deal which was concluded in June.

Software consulting revenue increased by 36% to \$9.0 million (2016: \$6.6 million).

Direct costs increased by \$2.0 million as the Company now engages more third party agents and partners to sell, support and implement its software products particularly in Russia.

Recurring revenue for software maintenance and support continued its growth with a 17% increase to \$17.5 million in FY2017 (2016: \$15.0 million).

Advisory Division

The Advisory division provides independent consulting and advisory services which cover technical and economic analysis and assessment of mining activities and resources on behalf of mining companies, financial institutions, government agencies and suppliers to mining projects. The market for Advisory services is heavily reliant on expansion, development, financing and transacting of mining assets and projects.

Revenue from Advisory services for the year was \$20.4 million (2016: \$20.3 million) with revenue for the year halting the decline that has occurred since 2012.

The division increased its contribution by 83% to \$1.1 million (2016: \$0.6 million).

GeoGAS

The GeoGAS business provides mine gas consulting and laboratory testing services to the coal industry on the East Coast of Australia.

Revenue from the GeoGAS business has also stabilised, remaining at \$3.2 million (2016: \$3.2 million), however, the contribution from this division improved to \$1.1 million (2016: \$0.7 million).

Operating Expenses

Total Operating expenses increased by 11% (\$6.3 million) to \$62.2 million during the year (2016: \$55.9 million).

Development costs came in at \$12.8 million a \$2.4 million (23%) increase on the previous year (2015: \$10.4 million).

The Group also reported \$5.2 million in once-off commissions and management incentives which was \$4.1 million up on FY2016 (\$1.1 million).

DIRECTORS' REPORT

5. Likely Future Developments - Business Strategies and Prospects for Future Financial Years

Software Division

Our Software business now makes up 67% of the Total Revenue of our Company (up from 59% in FY2016).

As a Board and management team we remain fully invested in growing our enterprise, simulation, financial and new asset management products and to further harnessing existing and new global framework agreements to expand RPM's solution offerings within the global miners.

Continuing to build on the strong foundations of the past four years, which have seen us deliver innovative enterprise, financial, simulation and commodity based scheduling solutions, we look forward to further extending our commodity based scheduling footprint during FY2018 to include Steeply Dipping Coal and a major upgrade to Underground Coal – whilst at the same time building on the iSolutions acquisition to deliver the first fully integrated production and maintenance system to the mining industry.

Advisory and GeoGAS

As with previous years, the near term outlook for these businesses remains tough; however we are confident that our internationally respected Advisory team is well placed to benefit from its increased market share and to continue to assist mining companies as they focus on productivity improvements and any associated acquisition and divestiture activity.

With respect to our GeoGAS business, at some stage we expect coal companies on the east coast of Australia will need to invest in exploration activities and once they do this should result in a slow and steady contribution improvement from the GeoGAS business.

The operating costs of both of these businesses were reduced during the 2017 financial year and therefore both businesses carry less downside risk and more upside potential.

6. Legal Proceedings on Behalf of the Group

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

7. Significant Changes in the State of Affairs

There was no matter or circumstance during the financial year that has significantly affected the state of affairs of the Group not otherwise disclosed.

8. Matters Subsequent to the End of the Financial Year

Since 30 June 2017 the Group has agreed to acquire 100% of the issued shares in MineOptima Holdings Limited and MineOptima Operations Limited (MineOptima).

On 9 August 2017, RPM received advice from its external Russian legal counsel that the Russian company had been awarded approximately \$0.8 million in damages, interest and refund of fees previously paid to RPM (see note 26).

No other matter or circumstance has arisen since 30 June 2017 that has significantly affected the Group's operations, results or state of affairs, or may do so in future years.

DIRECTORS' REPORT

9. Information on Current Directors and Company Secretary

Directors	Experience	Special responsibilities
Allan Brackin	<p>Chairman, Non-executive Director. Joined the Board in November 2011. Allan has been involved in the technology industry for over 30 years at both executive and non- executive level. Allan was formerly Director and Chief Executive Officer of Volante Group Limited from 2000-2004. From 1986 – 2000 Allan cofounded a number of IT companies which all became part of the Volante Group.</p> <p>Qualifications: Bachelor of Applied Science.</p> <p>Other listed company directorships in last three years: Chairman of GBST Holdings Limited since 2005</p>	<p><i>Chairman</i></p> <p><i>Member and Chairman – HR and Remuneration Committee</i></p> <p><i>Member -Audit and Risk Committee</i></p>
Dr Ian Runge	<p>Non-executive Director, company founder. Director since December 1986.</p> <p>Qualifications: M.E.(Mining Engineering), Ph D. (Economics), FAusIMM, FAICD</p> <p>Other listed company directorships in last three years: None</p>	<p><i>Non-executive Director</i></p> <p><i>Member – Audit and Risk Committee</i></p>
Ross Walker	<p>Non-executive Director. Joined the Board in March 2007.</p> <p>Joined Pitcher Partners Brisbane (previously Johnston Rorke) in 1985, Managing Partner in 1992 – 2008 and again from 2014 to 2017.</p> <p>Predominantly involved in corporate finance, auditing, valuations, capital raisings and mergers and acquisitions for the past 20 years.</p> <p>Qualifications: Bachelor of Commerce, FCA</p> <p>Other listed company directorships in last three years: None</p>	<p><i>Non-executive Director</i></p> <p><i>Member and Chairman – Audit and Risk Committee</i></p> <p><i>Member – HR and Remuneration Committee</i></p>
Richard Mathews	<p>Appointed Managing Director 28 August 2012.</p> <p>Richard's previous roles includes Senior Vice President, International at J D Edwards, CEO of Mincom Ltd, Chief Executive Officer and then Non-Executive Chairman of eServGlobal Limited.</p> <p>Qualifications: Bachelor of Commerce, Bachelor of Science, ACA</p> <p>Other listed company directorships in last three years: Non-executive chairman and director of eServGlobal Ltd in 2009 - 2014. Richard also previously sat on the Board of METS Ignited and has recently accepted a role on the newly created Telstra Health Advisory Panel.</p>	<p><i>Executive Managing Director</i></p> <p><i>Member – HR and Remuneration Committee</i></p>

Company Secretary

James O'Neill, Group General Counsel and Company Secretary, joined RPMGlobal Holdings Limited in December 2012. Qualifications: Bachelor of Laws and Bachelor of Information Technology from Queensland University of Technology, Graduate Diploma in Applied Corporate Governance from the Governance Institute of Australia, Solicitor and Member of the Queensland Law Society and Associate Member of the Governance Institute of Australia (AGIA) and Chartered Institute of Secretaries (ACIS).

DIRECTORS' REPORT

10. Meetings of Directors

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2017 and the number of meetings attended by each Director were:

	Full meetings of Board of Directors		Audit & Risk Committee		HR & Remuneration Committee	
	Attended	Held	Attended	Held	Attended	Held
Allan Brackin	9	9	4	4	2	2
Dr Ian Runge	8	9	2	4	-	-
Ross Walker	9	9	4	4	2	2
Richard Mathews	9	9	-	-	2	2

11. Insurance of Officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a Director or Executive, for which they may be personally liable, except where there is a lack of good faith.

During the financial year, the Company paid insurance premiums to insure the Directors and Officers of the Company against certain risks associated with their activities as Officers of the Company. The terms of that policy prohibit disclosure of the nature of liability covered, the limit of such liability and the premium paid.

12. Shares Under Option

Unissued ordinary shares of RPMGlobal Holdings Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under option
29/11/2013 ¹	29/11/2018	\$0.68	918,000
31/03/2014	31/03/2019	\$0.73	250,000
31/10/2014	31/10/2019	\$0.61	100,000
03/03/2015 ¹	03/03/2020	\$0.59	4,187,000
15/07/2015	15/07/2020	\$0.57	250,000
08/09/2015 ¹	08/09/2020	\$0.56	3,430,000
31/10/2015	31/10/2020	\$0.54	50,000
03/03/2016	03/03/2021	\$0.39	300,000
29/08/2016	29/08/2021	\$0.49	325,000
29/11/2016	29/11/2021	\$0.54	1,100,000
09/02/2017 ¹	09/02/2022	\$0.59	3,000,000
08/06/2017	08/06/2022	\$0.57	340,000
			14,250,000

¹ Included in these options were options granted as remuneration to the five highest remunerated officers during the year. Details of options granted to the five highest remunerated officers who are also key management personnel are disclosed in section 20E of the Remuneration Report. There are no Officers in the Company who are not also identified as key management personnel.

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

DIRECTORS' REPORT

13. Shares issued on the exercise of options

As at the date of this report, 71,666 shares have been issued following exercise of the options granted on 8 September 2015 and 116,666 shares have been issued following exercise of the options granted on 3 March 2015.

14. Environmental Legislation

RPMGlobal Holdings Limited and its controlled entities are not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory.

15. Non-audit Services

Details of the amounts paid or payable to the Company's auditor and related practices of the auditor for audit and non-audit services provided during the year are set out below.

The Board has considered the position and in accordance with advice received from the Audit Committee, is satisfied that the provision of non-audit services is compatible with the general standard of independence of auditors imposed by the Corporations Act 2001.

	2017	2016
BDO (QLD) Pty Ltd	\$	\$
Preparation of Income tax return and other taxation services	12,414	14,725

16. Indemnity of Auditors

The Company has agreed to indemnify and hold harmless its auditors, BDO Audit Pty Ltd, against any and all losses, claims, costs, expenses, actions, demands, damages, liabilities or any other proceedings whatsoever incurred by the auditors in respect of any claim by a third party arising from or connected to any breach by the Company.

17. Auditor's Independence Declaration

In accordance with Section 307C of the Corporations Act 2001, a copy of the auditor's independence declaration is enclosed on page 22.

18. Directors' Interests

The relevant interest of each director in the shares and options issued by the Company, as notified by the Directors to the ASX in accordance with section 205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	RPMGlobal Holdings Limited	
	Ordinary shares	Options over ordinary shares
A Brackin	1,098,311	-
Dr I Runge	16,368,817	-
R Walker	958,333	-
R Mathews ¹	8,220,138	-

¹ Includes 175,560 shares held by R Mathews as trustee under a bare trust arrangement for a third party.

19. Rounding of Amounts

The Company is a type of company referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest \$1,000, or in certain cases, the nearest dollar.

DIRECTORS' REPORT

20. Remuneration Report - Audited

The remuneration report is set out under the following main headings:

- A. Principles used to determine the nature and amount of remuneration;
- B. Service agreements;
- C. Details of remuneration;
- D. Bonus and share-based compensation benefits;
- E. Equity instruments held by key management personnel; and
- F. Other transactions with key management personnel.

20A. Principles Used to Determine the Nature and Amount of Remuneration

Remuneration and compensation have the same meaning in this report.

This report discusses the Group's policies in regard to compensation of key management personnel (KMP). The identified KMP have authority and responsibility for planning, directing and controlling the activities of the Group.

In addition to the Directors, the Company assessed the Chief Financial Officer, Group General Counsel & Company Secretary and the Executive General Managers of the Software Division (who ceased to be a key management person during the year) and Advisory Division as having authority and responsibility for planning, directing and controlling all activities of the Group, directly or indirectly, during the 2017 financial year.

The Board has established a HR and Remuneration Committee to assist with remuneration and incentive policies enabling the Group to attract and retain KMP and Directors who will create value for shareholders and support the Group's mission. The HR and Remuneration Committee obtains independent advice if required on the appropriateness of compensation packages given trends in comparative companies. In the 2017 financial year the Committee did not use a remuneration consultant. The Group's Corporate Governance Statement provides further information on the role of this Committee.

The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic, operational objectives and achieve the broader outcome of creation of value for shareholders.

Executive Director and other Key Management Personnel

The compensation structures take into account:

- The capability and experience of the KMP;
- Their ability to control the relevant segment's performance; and
- The segment or Group earnings.

Compensation packages include a mix of fixed and short-term and long-term performance-based incentives. In addition to their salaries, the Group also provides non-cash benefits to its KMP and contributes to a defined contribution superannuation plan (or equivalent pension plan) on their behalf.

Fixed Compensation

Fixed compensation is calculated on a total cost basis and includes salary, allowances, non-cash benefits, employer contributions to superannuation funds and any fringe benefits tax charges related to employee benefits, including motor vehicles.

Compensation levels are reviewed using an individual approach, based on evaluation of the individual, and a comparison to the market. A KMP compensation is also reviewed on promotion.

DIRECTORS' REPORT

20. Remuneration Report - Audited (Continued)

20A. Principles Used to Determine the Nature and Amount of Remuneration (Continued)

Performance Linked Compensation

Performance linked compensation includes both short-term and long-term incentives and is designed to reward KMP for meeting and exceeding their Key Performance Objectives (KPOs). The Short-Term Incentive (STI) is an 'at risk' incentive provided in the form of cash, while the Long-Term Incentive (LTI) is provided as options over ordinary shares of the Company under the rules of the Employee Share Option Plan (ESOP) (see note 24 to the financial statements). The current long-term performance incentive structure was first implemented in the 2013 year and was most recently approved by shareholders at the 24 November 2016 Annual General Meeting.

The table below sets out the performance based compensation paid to KMP together with earnings for the same period. Performance based compensation consists of STI cash bonus and LTI share-based payments.

Year ended 30 June	Performance based compensation			EBITDA ¹ \$'000	Dividends \$'000	Share price \$
	STI \$'000	LTI \$'000	Total \$'000			
2013	-	(71)	(71)	1,850	2,482	0.47
2014	-	33	33	(945)	-	0.58
2015	1,072	90	1,162	2,600	-	0.56
2016	112	230	342	(3,224)	-	0.41
2017	968	70	1,038	4,582	-	0.55

¹ Earnings before Interest, Tax, Depreciation, Impairment and Restructuring costs

Short-term Incentive Bonus

Effective 1 July 2012, the Group implemented a variable pay structure, referred to as the Executive General Manager Incentive Plan (EGMIP). Each of the identified KMP has a portion of their remuneration linked to the EGMIP. The key objective of the EGMIP is to create clear alignment between individual and business performance and remuneration by providing a performance-based reward to participants in line with their relative contribution to the Group. The EGMIP achieves the alignment by focusing participants on achieving goals which contribute to sustainable shareholder value, and providing a clear link between performance and the Group financial result. In 2017 R Mathews, M Kochanowski, J O'Neill, C Halliday (Software – who ceased to be a key management person during the year) and P Baudry (Advisory) had 100% of their STI based on the Company's adjusted EBITA performance. Cash bonuses are paid, provided for or forfeited in the year to which they relate.

The Board assessed performance of the KMP against the EGMIP's for the 2017 Financial Year as shown in the table below:

	Fixed Compensation	Variable Compensation	STI awarded	STI forfeited
R Mathews	50%	50%	100%	-
M Kochanowski	83%	17%	100%	-
J O'Neill	83%	17%	100%	-
C Halliday	50%	50%	-	100%
P Baudry	50%	50%	100%	-

DIRECTORS' REPORT

20. Remuneration Report - Audited (Continued)

20A. Principles Used to Determine the Nature and Amount of Remuneration (Continued)

Long-term Incentive

Options were issued in the 2012, 2013, 2014, 2015, 2016 and 2017 financial years under the Company's Employee Share Option Plan (ESOP) to KMP at the discretion of the Board. Consistent with the current ESOP plan terms last approved by shareholders at the Company's 2016 Annual General Meeting, the rules of the ESOP Plan enable the Board to determine the applicable vesting criteria and to set a timetable for vesting of options in the Offer Document, including vesting in tranches over a defined period. The Board has the discretion on whether or not to set performance hurdles for vesting or to link vesting solely to a defined service period in order to drive key staff retention and reward longevity of service. The options issued since November 2013 vest in tranches over a three year period from the date of grant, have vesting conditions linked to the holder maintaining employment with the Group over that period and are issued at an exercise price based on the volume weighted average price of the Company's shares in the five days prior to each grant.

The Board has a Margin Loan policy that restricts Directors and Executives of the Group from entering into financial contracts secured by shares and other securities of the Company. This policy requires the approval of the Chairman of the Board for any financial arrangements or facilities related to Company shares held by the Directors and Executives.

Non-executive Directors

Fees and payments to Non-executive Directors reflect the demands which are made on, and the responsibilities of the Directors. Non-executive Directors' fees and payments are reviewed periodically by the Board and are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by shareholders. The pool currently stands at \$500,000, unchanged since it was approved in the 2009 Annual General Meeting.

Non-executive Directors' base remuneration was last reviewed with effect from 31 December 2014. Both the Chairman's and Non-executive Directors' remuneration is inclusive of committee fees.

20B. Service Agreements

Details of contracts with Directors and KMP of the Group are set out below.

	Terms of agreement	Base salary including superannuation	Termination benefit	Notice Period
A Brackin	Unlimited in term	\$100,000	Nil	Nil
Dr I Runge	Unlimited in term	\$80,000	Nil	Nil
R Walker	Unlimited in term	\$70,000	Nil	Nil
R Mathews	Unlimited in term	\$502,293	6 months	6 months
M Kochanowski	Unlimited in term	\$280,000	3 months	3 months
J O'Neill	Unlimited in term	\$280,000	2 months	2 months
C Halliday ¹	Unlimited in term	\$493,828	1 month	1 month
P Baudry ²	Unlimited in term	\$340,179	1 month	1 month

¹ Australian dollar equivalent, salary of C Halliday set and paid in US Dollars. C Halliday ceased to be a KMP during the year.

² Australian dollar equivalent, salary of P Baudry is set and paid in Chinese Yuan and Russian Rubles.

The KMP are also entitled to receive upon termination of employment their statutory entitlements of accrued annual and long service leave (where applicable), together with any superannuation benefits (where applicable). Compensation levels are reviewed each year to meet the principles of the remuneration policy.

DIRECTORS' REPORT

20. Remuneration Report - Audited (Continued)

20C. Details of Remuneration

Directors

Chairman (Non-executive)

Allan Brackin

Executive Directors

Richard Mathews – CEO and Managing Director

Non-executive Directors

Dr Ian Runge

Ross Walker

Other Key Management Personnel

In addition to executive Directors mentioned above, the following persons were assessed by the Company as the executives who had the greatest authority and responsibility for planning, directing and controlling all activities of the Group, directly or indirectly, during the 2017 financial year:

Name	Position
Michael Kochanowski	Chief Financial Officer
James O'Neill	Group General Counsel and Company Secretary
Craig Halliday	Executive General Manager – Software Division (ceased to be KMP during the year)
Philippe Baudry	Executive General Manager - Advisory Division

Details of remuneration of each Director of RPMGlobal Holdings Limited and each of the other KMP of the Group are set out in the following tables.

	Short-term benefits				Post - employ ment benefits	Share- based payment (options)	Total	Proportion of remun- eration perform- ance related	Value of options as proportion of remun- eration
	Cash salary and fees	Movement in leave entitle- ments	STI cash bonus	Non – monetary benefits ¹					
2017	\$	\$	\$	\$	\$	\$	\$	%	%
Directors									
A Brackin	91,324	-	-	-	8,676	-	100,000	-	-
Dr I Runge	80,000	-	-	-	-	-	80,000	-	-
R Walker	70,000	-	-	-	-	-	70,000	-	-
R Mathews	467,553	89,476	502,293	10,296	34,740	-	1,104,358	45%	-
	708,877	89,476	502,293	10,296	43,416	-	1,354,358	37%	-
Other Key Management Personnel									
M Kochanowski	255,708	10,196	63,927	10,296	24,292	30,014	394,433	24%	8%
J O'Neill	255,708	3,424	63,927	10,296	24,292	29,787	387,434	24%	8%
C Halliday ²	326,240	(9,615)	-	20,827	13,216	(42,288)	308,380	-14%	-14%
P Baudry	375,278	25,464	337,563	12,090	-	52,167	802,562	49%	7%
	1,212,934	29,469	465,417	53,509	61,800	69,680	1,892,809	28%	4%
Total	1,921,811	118,945	967,710	63,805	105,216	69,680	3,247,167	32%	2%

¹ Includes car park and health insurance

² Ceased to be key management personnel during the year

DIRECTORS' REPORT

20. Remuneration Report - Audited (Continued)

20C. Details of Remuneration (Continued)

	Short-term benefits				Post - employ- ment benefits	Share- based payment Options	Total	Proportio n of remun- eration perform- ance related	Value of options as propor- tion of remun- eration
	Cash salary and fees ¹	Movement in leave entitle- ments	STI cash bonus	Non – monetary benefits ²					
2016	\$	\$	\$	\$	\$	\$	\$	%	%
Directors									
A Brackin	91,324	-	-	-	8,676	-	100,000	-	-
Dr I Runge	80,000	-	-	-	-	-	80,000	-	-
R Walker	70,000	-	-	-	-	-	70,000	-	-
R Mathews	467,293	(39,075)	-	9,994	35,000	-	473,212	-	-
	708,617	(39,075)	-	9,994	43,676	-	723,212	-	-
Other Key Management Personnel									
M Kochanowski	235,945	21,750	-	9,994	22,415	40,330	330,434	12%	12%
J O'Neill	235,945	4,538	-	9,994	22,415	41,064	313,956	13%	13%
C Halliday	481,057	2,497	112,190	30,786	24,875	65,615	717,020	25%	9%
P Baudry	394,842	(760)	-	12,433	-	82,820	489,335	17%	17%
	1,347,790	28,024	112,190	63,207	69,705	229,829	1,850,745	18%	12%
Total	2,056,407	(11,051)	112,190	73,201	113,381	229,829	2,573,957	13%	9%

¹ Includes movement in accrued leave entitlements

² Includes car park and health insurance

The termination benefit includes contractual termination benefit and superannuation (where applicable).

20D. Bonuses and Share-based Compensation Benefits

All options refer to options over ordinary shares of RPMGlobal Holdings Limited, which are exercised on a one-for-one basis under the ESOP Plan.

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, based on an estimate of the number of options likely to vest, and the amount is included in the remuneration tables above. Fair values at grant date are determined using Trinominal Lattice and Hoadley's Hybrid models that take into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. Model inputs for options granted during the year are disclosed in note 25 in the financial report.

Details of options over ordinary shares in the Company provided as remuneration to each director and each of the KMP and the Group are set out below. When exercisable, each option is convertible into one ordinary share of RPMGlobal Holdings Limited. Further information on the options is set out in note 25 to the financial statements.

Options granted under the ESOP plan carry no dividend or voting rights until the options vest, are exercised and converted to ordinary shares whereupon those ordinary shares carry dividend and voting rights consistent with all other ordinary shares of the Company.

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above.

DIRECTORS' REPORT

20. Remuneration Report - Audited (Continued)

20D. Bonuses and Share-based Compensation Benefits (Continued)

	Number of options granted during the year	Value of options at grant date ¹ \$	Number of options vested during the year ²
A Brackin	-	-	-
Dr I Runge	-	-	-
R Walker	-	-	-
R Mathews	-	-	-
M Kochanowski	150,000	30,350	149,999
J O'Neill	150,000	30,350	150,000
C Halliday	-	-	-
P Baudry	150,000	30,350	283,333

¹ The value at grant date calculated in accordance with AASB 2 Share-based Payment of options granted during the year as part of remuneration.

² Options granted in November 2013 vested in November 2016 with an exercise price of \$0.68 cents expiring in November 2018 and to-date no options in this grant have been exercised by the KMP. Options granted in March 2015 vested in March 2016 with an exercise price of \$0.59 cents expiring in March 2020 and to-date no options in this grant have been exercised by the KMP. Options granted in September 2015 vested in September 2016 with an exercise price of \$0.56 cents expiring in September 2020 and to-date no options in this grant have been exercised by the KMP.

Details of remuneration: Bonuses and share-based compensation benefits

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

Grant date	Vesting and exercise date	Expiry date	Exercise Price \$	Value per option at grant date
29/11/2013	30/11/2014	29/11/2018	0.68	\$0.21
29/11/2013	30/11/2015	29/11/2018	0.68	\$0.23
29/11/2013	30/11/2016	29/11/2018	0.68	\$0.25
03/03/2015	03/03/2016	03/03/2020	0.59	\$0.19
03/03/2015	03/03/2017	03/03/2020	0.59	\$0.23
03/03/2015	03/03/2018	03/03/2020	0.59	\$0.25
8/09/2015	8/09/2016	8/09/2020	0.56	\$0.17
8/09/2015	8/09/2017	8/09/2020	0.56	\$0.19
8/09/2015	8/09/2018	8/09/2020	0.56	\$0.21
09/02/2017	09/02/2018	09/02/2022	0.59	\$0.17
09/02/2017	09/02/2019	09/02/2022	0.59	\$0.21
09/02/2017	09/02/2020	09/02/2022	0.59	\$0.23

DIRECTORS' REPORT

20. Remuneration Report - Audited (Continued)

20D. Bonuses and Share-based Compensation Benefits (Continued)

Details of options over ordinary shares in the Company provided as remuneration to key management personnel are shown below. The vesting conditions are set out in Section 20A. The table also shows the percentages of the options granted that vested and were forfeited during the year. Further information on the options is set out in note 25 to the financial statements.

	Year (FY) of grant	Years in which option may vest	Number of options granted	Value of option at grant date ¹	Number of options vested during the year	Vested %	Number of options forfeited during the year	Value at date of forfeiture ²	Forfeited %
A Brackin	-	-	-	-	-	-	-	-	-
Dr I Runge	-	-	-	-	-	-	-	-	-
R Walker	-	-	-	-	-	-	-	-	-
R Mathews	-	-	-	-	-	-	-	-	-
M Kochanowski	2014	2015-2017	50,000	\$0.21 - \$0.25	16,667	33%	-	-	-
	2015	2016-2018	200,000	\$0.19 - \$0.25	66,666	33%	-	-	-
	2016	2017-2019	200,000	\$0.17 - \$0.21	66,666	33%	-	-	-
	2017	2018-2020	150,000	\$0.17 - \$0.23	-	-	-	-	-
J O'Neill	2014	2015-2017	50,000	\$0.21 - \$0.25	16,667	33%	-	-	-
	2015	2016-2018	225,000	\$0.19 - \$0.25	75,000	33%	-	-	-
	2016	2017-2019	175,000	\$0.17 - \$0.21	58,333	33%	-	-	-
	2017	2018-2020	150,000	\$0.17 - \$0.23	-	-	-	-	-
C Halliday	2014	2015-2017	500,000	\$0.21 - \$0.25	-	-	500,000	-	100%
	2015	2016-2018	100,000	\$0.19 - \$0.25	-	-	100,000	-	100%
	2016	2017-2019	400,000	\$0.17 - \$0.21	-	-	400,000	-	100%
P Baudry	2014	2015-2017	50,000	\$0.21 - \$0.25	16,667	33%	-	-	-
	2015	2016-2018	550,000	\$0.19 - \$0.25	183,333	33%	-	-	-
	2016	2017-2019	250,000	\$0.17 - \$0.21	83,333	33%	-	-	-
	2017	2018-2020	150,000	\$0.17 - \$0.23	-	-	-	-	-

¹ The value at grant date calculated in accordance with AASB 2 Share-based Payment of options granted during the year as part of remuneration

² The value of the options that were granted as part of remuneration and that were forfeited (lapsed) during the year because a vesting condition was not satisfied was determined at the time of lapsing, but assuming the condition was satisfied.

20E. Equity Instruments held by Key Management Personnel

No shares were granted as compensation in 2017 (2016: nil). The number of shares and options over shares in the Company held during the financial year by each Director of RPMGlobal Holdings Limited and each of the other key management personnel of the Group, including their personally-related entities, is set out below:

(i) Options

Name	Balance at the start of the year	Granted as compensation	Forfeited, exercised and expired	Balance at the end of the year	Vested and exercisable
A Brackin	-	-	-	-	-
Dr I Runge	-	-	-	-	-
R Walker	-	-	-	-	-
R Mathews	-	-	-	-	-
M Kochanowski	450,000	150,000	-	600,000	249,998
J O'Neill	450,000	150,000	-	600,000	258,333
C Halliday	1,000,000	-	1,000,000	-	-
P Baudry	850,000	150,000	-	1,000,000	499,999

DIRECTORS' REPORT

20. Remuneration Report - Audited (Continued)

20E. Equity Instruments held by Key Management Personnel (Continued)

(ii) Ordinary Shares

	Balance at the start of the year	Sold during the year	Exercise of Options	Acquired during the year (on market)	Balance at the end of the year
Directors					
A Brackin	1,064,978	-	-	33,333 ²	1,098,311
Dr I Runge	16,335,484	-	-	33,333 ²	16,368,817
R Walker	925,000	-	-	33,333 ²	958,333
R Mathews ¹	8,186,805	-	-	33,333 ²	8,220,138
Other key management personnel of the Group					
M Kochanowski	150,000	-	-	33,333 ²	183,333
J O'Neill	30,000	-	-	10,000 ²	40,000
C Halliday ¹	2,966,115	-	-	1,111,112 ³	4,077,227
P Baudry	273,909	-	-	33,333 ²	307,242

¹ Includes 175,560 shares held by R Mathews as trustee under a bare trust arrangement for C Halliday.

² Acquired at A\$0.45 under Share Purchase Plan announced on 28 September 2016

³ Acquired at A\$0.45 under Institutional Placement announced on 28 September 2016

No options were exercised during the 2017 year by the KMP.

20F. Other Transactions with Key Management Personnel

The Group employs the services of Pitcher Partners Chartered Accountants, an entity associated with Ross Walker. Pitcher Partners received \$31,632 (2016: nil) for advisory and valuation services. Amount payable at year end is nil (2016: nil).

Aggregate amounts of each of the above types of other transactions with key management personnel of RPMGlobal Holdings Limited:

	2017 \$	2016 \$
Amounts recognised as expense		
Professional fees	31,632	-
	31,632	-

No other transactions with Key Management Personnel occurred during the 2017 financial year.

2016 Annual General Meeting (AGM)

The Company's 2016 remuneration report was unanimously adopted by show of hands at 2016 AGM. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Remuneration report - End

This report is made in accordance with a resolution of the Directors.



Allan Brackin

Chairman

Dated: 28 August 2017

DECLARATION OF INDEPENDENCE BY T R MANN TO THE DIRECTORS OF RPMGLOBAL HOLDINGS LIMITED

As lead auditor of RPMGlobal Holdings Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of RPMGlobal Holdings Limited and the entities it controlled during the period.



T R Mann
Director

BDO Audit Pty Ltd

Brisbane, 28 August 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 \$'000	2016 \$'000
Revenue from continuing operations			
Services		32,315	30,026
Licence sales		23,728	11,752
Software maintenance		17,451	15,010
Other revenue		1,297	338
Revenue		74,791	57,126
Rechargeable expenses		(8,016)	(4,476)
Net Revenue		66,775	52,650
Expenses			
Amortisation	13	(1,982)	(931)
Depreciation	12	(831)	(948)
Employee benefits expense		(43,516)	(41,479)
Commissions and incentives		(5,165)	(1,067)
Other employee costs		(672)	(726)
Office expenses		(3,120)	(3,033)
Professional services		(1,763)	(1,596)
Rent		(3,621)	(3,886)
Acquisition reorganisation costs	5	(465)	-
Impairment of goodwill	13	-	(4,055)
Redundancy costs		(766)	(361)
Travel expenses		(2,658)	(2,166)
Other expenses		(1,679)	(1,920)
		(66,238)	(62,168)
Profit/(Loss) before finance costs and income tax		538	(9,518)
Finance income		269	335
Finance costs		(24)	(38)
Net finance costs		245	297
Profit/(Loss) before income tax		783	(9,221)
Income tax benefit/(expense)	6	(739)	(42)
Profit/(Loss) after income tax		44	(9,263)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 \$'000	2016 \$'000
Profit/(Loss)		44	(9,263)
Other comprehensive income			
Items that will not be classified subsequently to profit or loss:			
Remeasurements of retirement benefit obligations		(43)	-
Items that may be classified subsequently to profit or loss:			
Foreign currency translation differences		(714)	(69)
Other comprehensive income / (loss), net of tax		(757)	(69)
Total comprehensive income		(713)	(9,332)
Earnings per share			
Basic earnings per share (cents)	24	0.02	(5.3)
Diluted earnings per share (cents)	24	0.02	(5.3)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Notes	2017 \$'000	2016 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	8	20,278	18,142
Trade and other receivables	9	24,814	12,648
Work in progress	10	1,784	1,471
Current tax receivable		285	239
Other assets	11	1,607	1,658
Total current assets		48,768	34,158
Non-current assets			
Trade and other receivables	9	215	283
Investments accounted for using the equity method	27(c)	-	26
Property, plant and equipment	12	2,096	2,137
Deferred tax assets	7	9,195	8,656
Intangible assets	13	33,985	17,499
Total non-current assets		45,491	28,601
Total assets		94,259	62,759
LIABILITIES			
Current liabilities			
Trade and other payables	14	8,588	5,210
Provisions	15	3,546	3,049
Current tax liabilities		608	183
Other Liabilities	16	14,620	8,480
Total current liabilities		27,362	16,922
Non-current liabilities			
Provisions	15	1,545	1,691
Deferred tax liabilities	7	30	17
Other Liabilities	16	3,521	475
Total non-current liabilities		5,096	2,183
Total liabilities		32,458	19,105
Net assets		61,800	43,654
EQUITY			
Contributed equity	17	85,175	67,048
Reserves	18	(2,995)	(3,013)
Retained earnings	18	(20,380)	(20,381)
Total equity		61,800	43,654

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	Contributed equity	Reserves	Retained profits	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2016	67,048	(3,013)	(20,381)	43,654
Profit for the year	-	-	44	44
Other comprehensive income	-	(714)	(43)	(757)
Total comprehensive income	-	(714)	1	(713)
Transactions with owners in their capacity as owners				
Contributions of equity, net of transaction costs	18,127	-	-	18,127
Employee share options	-	732	-	732
	18,127	732	-	18,859
Balance at 30 June 2017	85,175	(2,995)	(20,380)	61,800
Balance at 1 July 2015	69,894	(3,857)	(11,118)	54,919
Loss for the year	-	-	(9,263)	(9,263)
Other comprehensive income	-	(69)	-	(69)
Total comprehensive income	-	(69)	(9,263)	(9,332)
Transactions with owners in their capacity as owners				
Share buyback, net of transaction costs	(2,846)	-	-	(2,846)
Employee share options	-	913	-	913
	(2,846)	913	-	(1,933)
Balance at 30 June 2016	67,048	(3,013)	(20,381)	43,654

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 \$'000	2016 \$'000
Cash flows from operating activities			
Receipts from customers		70,892	64,184
Payments to suppliers and employees		(71,680)	(63,909)
		(788)	275
Interest received		269	335
Finance costs		(24)	(38)
Redundancies		(766)	(608)
Onerous leases payments		(353)	(626)
Acquisition reorganisation costs		(371)	-
Income taxes refunded		-	167
Income taxes paid		(1,032)	(301)
Net cash (outflow) / inflow from operating activities	22	(3,065)	(796)
Cash flows from investing activities			
Payments for property, plant and equipment		(625)	(563)
Proceeds from sale of property, plant and equipment		-	22
Payments for acquisitions of subsidiaries net of cash acquired		(6,672)	-
Payments for intangible assets		(1,580)	(241)
Net cash outflow from investing activities		(8,877)	(782)
Cash flows from financing activities			
Share buyback		-	(2,847)
Contributions of equity	17	14,730	-
Transaction costs		(361)	-
Net cash inflow/(outflow) from financing activities		14,369	(2,847)
Net increase/(decrease) in cash and cash equivalents held		2,427	(4,425)
Cash and cash equivalents at the beginning of the financial year		18,142	22,557
Effects of exchange rate changes on cash and cash equivalents		(291)	10
Cash and cash equivalents at the end of the financial year	8	20,278	18,142

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

SELECTED NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

RPMGlobal Holdings Limited is a listed public company, incorporated and domiciled in Australia.

The financial report comprises the consolidated entity ("Group") consisting of RPMGlobal Holdings Limited and its subsidiaries.

The Company's name was changed from RungePincockMinarco Limited to RPMGlobal Holdings Limited on 31 March 2017 following shareholder approval at the Extraordinary General Meeting on 27 March 2017.

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. RPMGlobal Holdings Limited is a for-profit entity for the purposes of preparing the financial statements.

Compliance with IFRS

The consolidated financial statements of RPMGlobal Holdings Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention.

(b) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by RPMGlobal Holdings Limited as at 30 June 2017 and the results of all controlled entities for the year then ended. RPMGlobal Holdings Limited and its controlled entities together are referred to in this financial report as the "consolidated entity" or the "Group".

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1(k)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

SELECTED NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(c) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses in the tax jurisdiction in which they arose.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Tax consolidation legislation

RPMGlobal Holdings Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, RPMGlobal Holdings Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, RPMGlobal Holdings Limited also recognises the current tax liabilities or assets and the deferred tax assets arising from the unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable or payable to other entities in the Group. Details about the tax funding agreements are disclosed in note 6.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

SELECTED NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(d) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operational 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 Managing Director.

The assets and liabilities of the Group are regularly reviewed on a consolidated basis but are not regularly reported to the chief operating decision maker at a segment level. As such this information has not been included in the Operating Segment note 2.

(e) Foreign Currency Translation

i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is RPMGlobal Holdings Limited's functional and presentation currency.

ii) *Transactions and balances*

Foreign currency transactions are initially translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities whose changes in the fair value are presented in other comprehensive income are recognized in other comprehensive income.

iii) *Group entities*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities on consolidation are translated at the closing rate at the reporting date;
- income and expenses are translated at the exchange rates prevailing at the dates of the transaction; and
- all resulting exchange differences are recognised in other comprehensive income.

In disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit and loss.

Fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

SELECTED NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(f) Revenue Recognition

i) *Sale of licences*

Revenue from the sale of licences is recognised when the amount can be reliably measured and all significant risks and rewards of ownership have been transferred to the buyer. In most cases this coincides with the transfer of legal title or the passing of possession to the buyer.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group completed a transaction for the sale of \$6,295,000 of perpetual licenses to a customer on 30 June 2017. The transaction included multiple elements and required management judgement on allocation of the value to the different revenue components as well as assessing whether the Group has transferred to the buyer significant risks and rewards of ownership due to the inclusion of a reconfiguration right (between licences and maintenance) that is only exercisable in limited specified circumstances. The Group is confident that these rights can be reliably estimated and the significant risks and rewards have transferred to the customer.

The Group has deferred revenue allocated to the rights to future upgrades and reliably measured reconfiguration. As a result an amount of \$2,833,000 of revenue has been deferred resulting in the recognition of \$3,462,000 of revenue in the 30 June 2017 year. Deferred revenue will be recognised as revenue when it satisfies the Company's revenue recognition policies.

ii) *Consulting*

Revenue from the provision of consulting services is recognised on an accruals basis in the period in which the consulting service is provided. Revenue from the provision of these services is calculated with reference to the professional staff hours incurred on each client assignment adjusted for any time that may not be recoverable.

iii) *Software maintenance*

When the outcome of a transaction involving software maintenance can be estimated reliably, revenue associated with the transaction is recognised on a straight-line basis over the service period.

iv) *Interest revenue*

Interest revenue is recognised using the effective interest method. It includes the amortisation of any discount or premium.

(g) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable may be impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

SELECTED NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(g) Trade Receivable (Continued)

The amount of the allowance is recognised in other expenses in profit or loss. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(h) Work in Progress

Work in progress represents costs incurred and profit recognised on client assignments and services that are in progress at balance date. Work in progress is valued at net realisable value after providing for any foreseeable losses.

(i) Investments and Other Financial Assets

Equity investments that are held for trading are measured at fair value through profit or loss. For all other equity investments, the group can make an irrevocable election at initial recognition of each investment to recognise changes in fair value through other comprehensive income (OCI) rather than profit or loss.

All current investments in equity investments are classified as at fair value through other comprehensive income. Such investments are initially and subsequently measured at fair value, with the initial fair value being cost.

Unrealised gains or losses on investments in an equity instrument are recognised in a reserve until the investment is sold, collected or otherwise disposed of, at which time the cumulative gain or loss is transferred to the Asset Realisation Reserve.

The Company derecognises an investment in an equity instrument when it is sold or it transfers the investment and the transfer qualifies for derecognition in accordance with AASB 9. Upon derecognition, unrealised gains/losses net of tax relating to the investment are transferred from the revaluation reserve to the realisation reserve.

Interest bearing investments are recognised initially at fair value and are subsequently measured at amortised cost. Amortised cost is calculated with any difference between cost and redemption value being recognised in the statement of comprehensive income over the period of the investment on an effective interest basis.

(j) Leases

Leases of property, plant and equipment, where the Group as lessee has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term borrowings. Each lease payment is allocated between the liability and finance cost.

The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight line basis over the period of the lease.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight line basis over the lease term.

SELECTED NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(k) Business Combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group.

The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(l) Impairment of Non-Financial Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(m) Cash and Cash Equivalents

For statement of cashflow presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily converted to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position.

SELECTED NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(n) Property, Plant and Equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on a straight line basis to write off the net cost of each item of property, plant and equipment over its estimated useful life to the consolidated entity, or in case of lease hold improvements, the shorter lease term. Estimates of remaining useful lives are made on a regular basis for all assets.

The estimated useful lives for plant and equipment is ranging between 2 and 20 years. Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the assets. These are included in profit or loss.

(o) Intangible Assets

i) *Software developed or acquired for sales and licensing*

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new areas of products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs and acquired software are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight line basis over its useful life, which varies from three to five years.

ii) *Software – internal management systems*

Software licences used in internal management systems, whether acquired or internally developed are stated at cost less amortisation. They are amortised on a straight line basis over the useful life from 2.5 to 5 years.

iii) *Patents and trademarks*

Costs associated with patents and trademarks are expensed as incurred.

iv) *Customer Contracts and Relationships*

The net assets acquired as a result of a business combination may include intangible assets other than goodwill. Any such intangible assets are amortised in a straight line over their expected future lives. The estimated useful lives of customer contracts is 5 years.

v) *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/business at the date of acquisition. Goodwill on acquisition is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

Goodwill is allocated to cash generating units for the purposes of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from business combination in which goodwill arose, identified according to operating segments or components of operating assets (note 2).

SELECTED NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(p) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(q) Borrowing Costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(r) Employee Benefits

i) Short term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and long service leave is recognised in the provision for employee benefits.

Other long-term employee benefit obligations

The liability for long service leave and other benefits which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

ii) Bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

iii) Superannuation

The Group has a defined contribution superannuation plan for its eligible employees. Contributions to the defined contribution fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

iv) Share-based payments

Share-based compensation benefits are provided to employees via the RPMGlobal Holdings Limited employee share option plan (ESOP) and an employee share purchase plan. Information relating to these schemes is set out in note 25.

SELECTED NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(s) Employee Benefits (Continued)

The fair value of options granted under the ESOP is recognised as an employee benefit expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions, but excludes the impact of any service and non-market performance vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(s) Value Added Taxes (Including Goods and Services Tax)

Revenues, expenses and assets are recognised net of the amount of Value Added Tax (VAT), except where the amount of VAT is not recoverable from the relevant tax authority. In these circumstances the VAT is recognised as part of the cost of acquisition of the asset or as part of the item as expense.

Receivables and payables are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable to, the relevant tax authority is included as a current asset or liability in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The VAT components of the cash flows arising from investing and financing activities which are recoverable from, or payable to, the relevant tax authority are classified as operating cash flows.

(t) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(u) Earnings per Share

i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year.

ii) Diluted earnings per share

Dilutive earnings per share adjusts the figures used in determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

SELECTED NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(v) Financial Guarantee Contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate.

(w) Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191 and accordingly, amounts in the financial statements and directors' report have been rounded off to the nearest \$1,000, or in certain cases, the nearest dollar.

(x) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(y) Critical Accounting Estimates and Significant Judgments

The preparation of the financial report in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the accounting policies. The notes in the financial statements set out areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the financial report such as:

- intangible assets, including goodwill (note 13),
- impairment of receivables (note 9, 23(a) and note 1(g)),
- deferred tax assets (note 7).
- revenue recognition (note 1f).

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Management believes the estimates used in preparation of the financial report are reasonable.

(aa) Parent Entity Financial Information

The financial information for the parent entity, RPMGlobal Holdings Limited, disclosed in note 27 has been prepared on the same basis as the consolidated financial statements, except as set out below:

(i) Investments in subsidiaries

Investment in subsidiaries are accounted for at cost in the financial statements of RPMGlobal Holdings Limited.

SELECTED NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(bb) New Accounting Standards and Interpretations Not Yet Adopted

Relevant accounting standards and interpretations that have recently been issued or amended but are not yet effective and have not been adopted for the annual reporting period ended 30 June 2017, are as follows:

(i) *IFRS 15 Revenue from Contracts with Customers*

This standard and its consequential amendments are currently applicable to annual reporting periods beginning on or after 1 January 2018. This standard requires recognised revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue. The Group has not yet evaluated the impact adoption of this standard will have.

(j) *AASB16 Leases*

This standard and its consequential amendments are currently applicable to annual reporting periods beginning on or after 1 January 2019. When effective, this standard will replace the current accounting requirements applicable to leases in AASB117 Leases and related interpretations. AASB16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. This means that for all leases, a right-to-use asset and a liability will be recognised, with the right-to-use asset being depreciated and the liability being unwound in principal and interest components over the life of the lease. The Group has not yet evaluated the impact adoption of this standard will have.

(k) *AASB 9: Financial Instruments* and associated Amending Standards

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting applicable to annual reporting periods beginning on or after 1 January 2018.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Although, the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

(cc) New and amended standards adopted by the Group

The Group has adopted all new Accounting Standards and Interpretations effective for the year ended 30 June 2017.

The adoption of these standards did not have any material impact on the current or any prior period and is not likely to materially affect future periods.

Early adoption of standards

The Group has not elected to apply any pronouncements before their operative date.

SELECTED NOTES TO THE FINANCIAL STATEMENTS

2. Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the CEO in order to make decisions about resource allocations and to assess performance of the Group. The reports are split into functional divisions: Software Division, Advisory Division and GeoGAS.

Software Division provides all of the Group's Software offerings, including maintenance (support), training and implementation services to mining companies.

Advisory Division provides consulting and advisory services which cover technical and economic analysis and assessment of mining activities and resources on behalf of mining companies, financial institutions, customers of mining companies (e.g. coal fired electricity generators), lessors and potential lessors of mineral rights to mining companies, government departments and agencies and suppliers to mining companies and projects.

GeoGAS provides services to coal mining clients in respect of gas content testing and relevant consulting services.

Segment revenue, expenses and results include transfers between segments. Such transfers are priced on an "arms-length" basis and are eliminated on consolidation.

Information about reportable segments

	2017				2016			
	Software Division	Advisory Division	GeoGAS	Total	Software Division	Advisory Division	GeoGAS	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue								
External Sales	50,208	20,377	3,154	73,739	33,388	20,291	3,208	56,887
Inter-segment sales	430	1,063	37	1,530	603	287	104	994
Total Revenue	50,638	21,440	3,191	75,269	33,991	20,578	3,312	57,881
Inter-segment expenses	(1,061)	(467)	(2)	(1,530)	(262)	(698)	(34)	(994)
Rechargeable expenses	(3,340)	(4,599)	(77)	(8,016)	(1,333)	(3,009)	(134)	(4,476)
Net revenue	46,237	16,374	3,112	65,723	32,396	16,871	3,144	52,411
Total Expenses	(22,710)	(15,331)	(2,012)	(40,053)	(17,699)	(16,228)	(2,428)	(36,355)
Software Development	(12,825)	-	-	(12,825)	(10,361)	-	-	(10,361)
Segment profit/(loss)	10,702	1,044	1,100	12,845	4,336	643	716	5,695

SELECTED NOTES TO THE FINANCIAL STATEMENTS

2. Operating Segments (Continued)

Reconciliation of segment profit to reported net profit:	2017 \$'000	2016 \$'000
Segment result	12,845	5,695
Adjustments:		
Foreign exchange gains/(losses)	-	(82)
Employment benefits – corporate and IT	(5,130)	(3,883)
Other unallocated costs – corporate and IT	(4,185)	(5,192)
Acquisition reorganisation costs	(465)	-
Impairment	-	(4,055)
Redundancy costs	(766)	(361)
Depreciation and amortisation	(2,812)	(1,879)
Net finance costs	245	297
Unallocated income	1,051	239
Profit/(Loss) before income tax	783	(9,221)
Income tax benefit	(739)	(42)
Net Profit/(Loss)	44	(9,263)

Geographical Information

Segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

	2017		2016	
	Revenues \$'000	Non-current assets ¹ \$'000	Revenues \$'000	Non-current assets ¹ \$'000
Australia	20,385	35,712	19,789	19,260
Asia	16,764	227	12,995	287
Americas	18,168	223	14,889	236
Africa & Europe	18,422	134	9,214	162
Operating Segment	73,739	36,296	56,887	19,945
Unallocated Revenue	1,052	-	239	-
Reported	74,791	36,296	57,126	19,945

¹Excludes financial instruments and deferred tax assets.

3. Business Combinations

On 1 July 2016 the Group acquired 100% of the issued share capital of iSolutions International Pty Ltd and iSolutions Holdings Pty Ltd (iSolutions Group), a leading global asset management software company with over 20 years' experience in the provision of asset management, life cycle costing and budgeting software solutions to the mining industry. The addition of iSolutions software products extended RPM's leadership in the areas of mine planning, scheduling, execution, simulation and financial costing and budgeting.

SELECTED NOTES TO THE FINANCIAL STATEMENTS

3. Business Combinations (Continued)

The fair values of the assets and liabilities of iSolutions as at date of acquisition are as follows:

Purchase consideration	\$000
Cash	8,000
Ordinary shares	3,758
Deferred consideration	1,064
Contingent consideration	7,087
Total Purchase Consideration	19,909

The fair value of the 9,166,666 shares issued as part of the consideration paid for the iSolutions Group (\$3,758,000) was based on the closing share price on 1 July 2016 of \$0.41 per share.

Deferred consideration comprises retention payments to the staff of iSolutions payable over two financial years, which will revert to the sellers in the event of staff resignations.

Contingent consideration comprises successful collection of debtors and ongoing retention and growth of annuity revenues by iSolutions. The potential undiscounted amount of future payments was estimated at \$8,000,000.

The fair value of the contingent consideration of \$7,087,000 has been estimated by calculating the present value of the future expected cash outflows based on a discount rate of 4%.

Acquisition related costs are shown separately in the statement of comprehensive income amount to \$465,000 and include staff redundancies, onerous leases, stamp duty and professional fees.

The fair values of the assets and liabilities recognised as at the date of the acquisition are as follows:

	\$000
Cash and cash equivalents	3,562
Trade and other receivables	1,609
Other assets	45
Property, plant and equipment	208
Software acquired for sale	4,555
Customer contracts	257
Other intangible assets	19
Trade and other payables	(547)
Provisions	(406)
Current tax liabilities	(159)
Other Liabilities	(1,290)
Net Assets	7,853
Goodwill	12,056

The goodwill is attributable to the significant synergies that are expected to arise after the acquisition.

Revenue from Licences, Maintenance and Consulting services solely relating to the AMT products which were acquired amounted to \$7,221,000 in the current financial year. It is impracticable to determine the net profit contribution from the iSolutions business since the start of the financial year due to its staff and costs being absorbed into three separate divisions (Software, Software Development and Corporate) and eight subsidiaries of the Group in four countries.

SELECTED NOTES TO THE FINANCIAL STATEMENTS

4. Loss Before Income Tax

	2017 \$'000	2016 \$'000
Loss before income tax includes the following specific expenses / (income)		
Defined contributions superannuation expense – related party	2,495	2,225
<i>Rental expense relating to operating leases</i> - Minimum lease payments	3,400	3,676
Foreign exchange (gains) / losses	-	82
Impairment losses – Trade receivables	247	1,317
Impairment gains – Trade receivables	(302)	(1,021)

5. Acquisition and Restructure Costs

iSolutions Acquisition costs:

Employment termination costs	175	-
Onerous lease obligations	112	-
Professional fees and transaction costs	178	-
	465	-

6. Income Tax Benefit / (Expense)

Tax Recognised in profit or loss

<i>Income tax benefit/(expense)</i>		
Current tax	(1,130)	(246)
Deferred tax	387	61
Adjustments to prior periods	4	143
Income tax expense	(739)	(42)

Numerical reconciliation of income tax expense to prima facie tax

Profit/(Loss) before income tax	783	(9,221)
Tax at the Australian tax rate of 30% (2016: 30%)	(235)	2,766
Tax effect of amounts which are not taxable/(deductible) in calculating taxable income:		
Non-deductible expense/non-assessable income	(74)	(210)
Research and development deduction	425	600
Unutilised foreign tax credits	(596)	(13)
Unrecognised deferred tax assets	(320)	(3,316)
	(800)	(173)
Difference in overseas tax rates	(16)	(73)
Foreign Exchange movements	73	61
Over/(under) provision in prior years	4	143
Income tax benefit / (expense)	(739)	(42)

SELECTED NOTES TO THE FINANCIAL STATEMENTS

6. Income Tax Benefit / (Expense) (Continued)

Tax consolidation legislation

RPMGlobal Holdings Limited and its wholly-owned Australian controlled entities implemented the tax consolidation regime from 13 March 2007. On adoption of the tax consolidation legislation, the entities in the tax consolidated Group entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liabilities of the wholly-owned entities in the case of a default by the head entity, RPMGlobal Holdings Limited. The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate RPMGlobal Holdings Limited for any current tax payable assumed and are compensated for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to RPMGlobal Holdings Limited under the tax consolidated legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

Significant Estimates – Deferred Tax Assets

An assessment of the recoverability of the net deferred tax assets has been made to determine the carrying value. Completion of restructure in Australia significantly lowers the Company's cost base and it is expected to have taxable profits in the future. At each reporting period, the recoverability of the net deferred tax assets will be reassessed. This may lead to the recognition of this unrecognized tax benefit in future reporting periods or the de-recognition of deferred tax assets that are currently recognised on the consolidated statement of financial position.

7. Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

	2017 \$'000	2016 \$'000
Provision for impairment of receivables	148	221
Employee benefits provision	2,461	1,285
Lease incentive liabilities	426	502
Tax loss	4,632	6,405
Unearned income	1,420	439
Accrued expenses	27	105
Share capital raising costs	249	171
Intangibles	491	249
Work in progress	(88)	(69)
Property, plant and equipment	(27)	(39)
Prepayments	(230)	(192)
Unrealised foreign exchange	(322)	(368)
Other deferred tax liabilities	(22)	(70)
Deferred tax assets	9,195	8,656
Deferred tax liabilities	(30)	(17)
Net Deferred tax assets	9,165	8,639

SELECTED NOTES TO THE FINANCIAL STATEMENTS

7. Deferred Tax Assets and Liabilities (Continued)

Movements	2017 \$'000	2016 \$'000
Balance at 1 July	8,639	8,639
Recognised in profit or loss	387	61
Recognised in other comprehensive income	(15)	(49)
Recognised in equity	152	-
Over/(under) provision in prior years	2	(12)
Balance at 30 June	9,165	8,639

Unrecognised deferred tax assets

Foreign tax credits	284	271
Tax losses	5,817	5,498
Capital losses	485	485
Deductible temporary differences	5,118	5,072
Unrecognised deferred tax assets	11,704	11,326
Unrecognised gross temporary differences	42,451	40,516

The group has not recognised deferred tax assets for a portion of tax losses in the parent entity and its subsidiaries located in China, Russia, Chile, Brazil and USA because it is not probable that sufficient future taxable profit will be available. Foreign tax credits will expire in 2018. Capital losses do not expire, however, it is not probable that the Group would generate capital gains to utilise the benefit. Deductible temporary differences in subsidiaries located in China, Russia, Chile, Brazil and USA have not been recognised because it is not probable that sufficient future taxable profit will be available.

8. Cash and Cash Equivalents

Cash at bank	9,143	9,412
Short-term bank deposits	11,135	8,730
	20,278	18,142

9. Trade and Other Receivables

Current		
Trade receivables	25,816	15,116
Provision for impairment of receivables	(1,014)	(2,468)
	24,802	12,648
Other receivables	12	-
	24,814	12,648
Non-current		
Other receivables and deposits	215	283
	215	283

10. Work in Progress

Work in progress	1,784	1,471
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SELECTED NOTES TO THE FINANCIAL STATEMENTS

11. Other Assets

	2017 \$'000	2016 \$'000
Prepayments	1,607	1,658

12. Property, Plant and Equipment

Plant and equipment - at cost	7,331	6,526
Less: accumulated depreciation	(5,234)	(4,389)
	2,096	2,137

Balance at 1 July	2,137	2,564
Exchange differences	3	(35)
Additions	625	563
Acquisition of subsidiary	23 171	-
Disposals	(9)	(7)
Depreciation	(831)	(948)
Balance at 30 June	2,096	2,137

13. Intangible Assets

Software for sale and licensing – at cost	11,678	5,594
Less: accumulated amortisation	(4,620)	(2,865)
	7,058	2,729
Software for internal use – at cost	4,783	4,717
Less: accumulated amortisation	(4,595)	(4,424)
	188	293
Customer relationships – at cost	257	-
Less: accumulated amortisation	(51)	-
	206	-
Goodwill – at cost	36,824	24,829
Less: impairment losses	(10,291)	(10,352)
	26,533	14,477
	33,985	17,499

SELECTED NOTES TO THE FINANCIAL STATEMENTS

13. Intangible Assets (Continued)

	Customer relationships \$'000	Software For Sales to Customers ¹ \$'000	Software For Internal Use \$'000	Goodwill \$'000	Total \$'000
Balance at 1 July 2016	-	2,729	293	14,477	17,499
Additions	-	1,437	144	-	1,580
Acquisition of subsidiaries	257	4,555	19	12,056	16,886
Amortisation	(51)	(1,663)	(267)	-	(1,981)
Balance at 30 June 2017	206	7,058	188	26,533	33,985
Balance at 1 July 2015	-	3,318	407	18,532	22,257
Additions	-	135	105	-	240
Exchange differences	-	-	(12)	-	(12)
Impairment ²	-	-	-	(4,055)	(4,055)
Amortisation	-	(724)	(207)	-	(931)
Balance at 30 June 2016	-	2,729	293	14,477	17,499

¹ Software consists of capitalised development costs.

² The carrying amount of intangible assets has been reduced to its recoverable amount through recognition of an impairment loss against goodwill. This loss has been disclosed separately in the consolidated statement of comprehensive income.

(a) Impairment Tests for Goodwill

Goodwill is allocated to the Group's cash generating units (CGUs) according to business unit. A segment level summary of the goodwill is presented below.

	2017 \$'000	2016 \$'000
Software Division	21,612	9,556
GeoGAS	4,921	4,921
	26,533	14,477

SELECTED NOTES TO THE FINANCIAL STATEMENTS

13. Intangible Assets (Continued)

(b) Key assumptions used for value-in-use calculations

In the current and prior years the recoverable amount of the CGUs has been determined by value-in-use calculations. These calculations were based on the following key assumptions:

	Margin ¹		Growth Rate ²		Discount Rate ³	
	2017	2016	2017	2016	2017	2016
Advisory Division	8%	4%	2.5%	2.5%	14%	14%
Software Division	55%	49%	2.5%	2.5%	12%	13%
GeoGAS	33%	35%	1.5%	-	12%	11%

¹ Budgeted gross margin

² Weighted average growth rate used to extrapolate cash flows beyond the budget period

³ In performing the value-in-use calculations for each CGU, the group has applied post-tax discount rates to discount the forecast future attributable post-tax cash flows. The equivalent pre-tax discount rates are disclosed above

These assumptions have been used for the analysis of each CGU. Cash flows were projected based on approved financial budgets and management projections over a five year period. Management determined budgeted gross margin based on past performance and its expectations for the future. The weighted average growth rates used are consistent with forecasts included in industry reports. The discount rates used reflect specific risks relating to the relevant segments.

(c) Impact of possible changes in key assumptions

20% changes to any of the key assumptions do not indicate impairment for GeoGAS and Software Goodwill.

14. Trade and Other Payables

	2017 \$'000	2016 \$'000
Current		
Trade payables	2,071	2,541
Other payables and accruals	6,517	2,669
	8,588	5,210

15. Provisions

Current		
Onerous sublease contracts	277	265
Employee benefits	3,269	2,784
	3,546	3,049
Non-current		
Make good obligations	369	352
Onerous sublease contracts	360	626
Employee benefits	816	713
	1,545	1,691

SELECTED NOTES TO THE FINANCIAL STATEMENTS

16. Other Liabilities

	2017 \$'000	2016 \$'000
Current		
Unearned income - software maintenance and licences	10,069	6,632
Unearned income - consulting and other	1,823	1,778
Contingent consideration	2,302	-
Deferred consideration	274	-
Property lease incentives and straightlining	150	70
	14,620	8,480
Non-current		
Contingent consideration	3,179	-
Property lease incentives and straightlining	342	475
	3,521	475

17. Contributed Equity

	2017 Number	2016 Number	2017 \$'000	2016 \$'000
Share capital				
Ordinary shares - fully paid	212,368,012	170,468,892	85,175	67,048

Ordinary Shares

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 showing 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

Information relating to the RPMGlobal Holdings Limited Employee Share Option Plan (ESOP), including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of financial year, is set out in note 25.

SELECTED NOTES TO THE FINANCIAL STATEMENTS

17. Contributed Equity (Continued) Movements in Share Capital:

Date		Ordinary shares	
		Number	\$'000
30/06/2015	Balance	177,653,062	69,894
	Share buyback at \$0.39 per share	(7,184,170)	(2,811)
	Costs of buyback	-	(35)
30/06/2016	Balance	170,468,892	67,048
	Shares issued for acquisition of iSolutions	9,166,666	3,758
	Costs of issue		(20)
	Placement of Shares at \$0.45 per share	28,900,000	13,005
	Costs of issue		(301)
	Share Purchase Plan at \$0.45 per share	3,827,454	1,722
	Costs of issue		(39)
	Exercise of Options at \$0.56 per share	5,000	3
	Costs of issue		(1)
30/07/2017		212,368,012	85,175

Capital Risk Management

The Group's objectives when managing capital include safeguarding the ability to continue as a going concern, so they continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group does not have any externally imposed capital requirements.

Consistent with the industry practice, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'borrowings' and 'trade and other payables' as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

As the Group does not have any debt, the gearing ratios at 30 June 2017 and 30 June 2016 were not applicable:

	Notes	2017 \$'000	2016 \$'000
Total borrowings, trade and other payables		14,343	5,210
Less: cash and cash equivalents	7	(20,278)	(18,142)
Net (cash) / debt		(5,935)	(12,932)
Total equity		61,233	43,654
Total capital		55,298	30,722

SELECTED NOTES TO THE FINANCIAL STATEMENTS

18. Reserves and Retained Profits

Reserves	2017 \$'000	2016 \$'000
Share-based payments (i)	2,770	2,038
Foreign currency translation (ii)	(2,630)	(1,916)
Financial assets revaluation reserve (iii)	(1,601)	(1,601)
Revaluation surplus	18	18
Reserve arising from an equity transaction (iv)	(1,552)	(1,552)
	(2,995)	(3,013)

Nature and Purpose of Reserves

(i) Share-based payments

The fair value of options issued to employees is recognised as an employment cost during the option vesting period with corresponding increase in equity recognised in this reserve.

(ii) Foreign currency translation

Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in accounting policy note 1(e).

(iii) Financial assets revaluation reserve

Changes in the fair value of investments are recognised in equity securities in other comprehensive income. These changes are accumulated in a separate reserve within equity. The entity has a policy on transferring amounts from this reserve to an asset realization reserve.

(iv) Reserve arising from an equity transaction

Arose from the acquisition of an additional interest in the controlled entity, MRM Mining Services (Pty) Ltd.

Movement in Reserves

	Share-based payments		Foreign Currency Translation	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Balance at 1 July	2,038	1,125	(1,916)	(1,846)
Options expensed	732	913	-	-
Foreign currency translation	-	-	(714)	(69)
Balance at 30 June	2,770	2,038	(2,630)	(1,916)

There were no other movements in reserves in 2017 and 2016.

	2017 \$'000	2016 \$'000
Retained Profits		
Balance at 1 July	(20,381)	(11,118)
Net profit / (loss) for the year	(44)	(9,263)
Other comprehensive income	(43)	-
Balance at 30 June	(20,380)	(20,381)

SELECTED NOTES TO THE FINANCIAL STATEMENTS

19. Dividends

	Cents per share		Total	
	2017 Cents	2016 Cents	2017 \$'000	2016 \$'000
Fully paid ordinary shares	-	-	-	-

No dividend was declared in respect of the current financial year. Parent's franking account balance is nil (2016: nil).

20. Remuneration of Auditors

During the year the following fees were paid or payable for services provided by the auditors of the Group, its related entities, its network forms and unrelated firms.

Audit services - Audit and review of the financial reports:	2017	2016
Auditor of the parent entity:	\$	\$
BDO Audit Pty Ltd	175,500	166,561
Auditors of subsidiaries:		
BDO South Africa (network firm)	27,704	23,270
BDO Hong Kong (network firm)	22,236	24,461
BDO Indonesia (network firm)	17,913	17,504
	243,353	231,796

During the year the company related to the Auditor of the parent entity BDO (QLD) Pty Ltd provided the following services and received the following fees:

Preparation of Income tax return and other taxation services	12,414	14,725
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21. Commitments

(a) Non-cancellable Operating Leases

The Group leases various offices under non-cancellable operating leases expiring within one to seven years. The leases have varying terms, escalation clauses and renewal rights. On renewal the terms of the lease are generally renegotiated. Excess office space is sub-let to third parties also under non-cancellable operating leases.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable:

	2017 \$'000	2016 \$'000
Within one year	2,766	2,594
Later than one year but not later than 5 years	4,301	5,657
Later than 5 years	-	-
Commitments not recognised in the financial statements	7,067	8,251

Sub-lease payments

Future minimum lease payments to be received in relation to non-cancellable sub-leases of operating leases:

Within one year	(183)	(134)
Later than one year but not later than 5 years	-	(30)
Commitments not recognised in the financial statements	(183)	(164)

SELECTED NOTES TO THE FINANCIAL STATEMENTS

22. Reconciliation of Net Profit to Net Cash Inflow / (outflow) from Operating Activities

	2017 \$'000	2016 \$'000
Net profit/(loss)	44	(9,263)
Depreciation and amortisation	2,813	1,879
Net (gain)/ loss on sale of property, plant and equipment	34	38
Impairments and fair value movements	(367)	4,055
Net exchange differences	11	(82)
Employee share options	732	913
Change in operating assets and liabilities		
Decrease / (increase) in trade and other receivables	(10,489)	4,869
Decrease / (increase) in current tax asset	(1)	(134)
Decrease / (increase) in deferred tax asset	(538)	(17)
Decrease / (increase) in work in progress	(313)	(323)
Decrease / (increase) in other assets	51	-
Increase / (decrease) in trade and other payables	2,319	(2,794)
Increase / (decrease) in other liabilities	2,414	262
Increase / (decrease) in current tax liabilities	266	110
Increase / (decrease) in deferred tax liability	13	17
Increase / (decrease) in provisions	(54)	(326)
Net cash inflow / (outflow) from operating activities	(3,065)	(796)

23. Financial Risk Management

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Group's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk.

The Board of Directors is ultimately responsible for reviewing, ratifying and monitoring systems of internal controls and risk management. The Board has established an Audit and Risk Committee, which is responsible for overseeing risk management systems. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group's finance division is responsible for development and maintenance of policies which deal with each type of risk related to use of financial instruments.

SELECTED NOTES TO THE FINANCIAL STATEMENTS

23. Financial Risk Management (Continued)

The Group holds the following financial instruments:

	2017 \$'000	2016 \$'000
Financial assets		
Cash and cash equivalents	20,278	18,142
Trade and other receivables ¹	24,814	12,648
	45,092	30,790
Financial liabilities		
Trade and other payables ²	8,588	5,210
Contingent and deferred consideration ³	5,755	-
	14,343	5,210

¹ Loans and receivables

² At amortised cost

³ At amortised cost and fair value

(a) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or a counter party to a financial instrument fails to meet its contractual obligations and arises principally from the Group's cash and cash equivalents and its receivables from customers.

The Group does not require guarantees or collateral of its trade and other receivables. In some foreign regions the Group works on a prepayment basis to avoid credit risk.

The Group has established an allowance for impairment that represents an estimate of incurred losses in respect of trade receivables. This allowance is determined based on the specific information regarding conditions of a particular individual debt. The information regarding the receivables ageing is monitored by both finance and operations management.

The maximum credit risk exposure of financial assets of the Group is represented by the carrying amounts of financial assets set out above. The Group had no significant concentrations of credit risk with any single counterparty or group of counterparties, other than banks or financial institutions. The Group holds its cash with AA-rated banks, except for the banks located in Brazil (B), China (A), Chile (A), Mongolia (B) and South Africa (BBB).

The Group assesses the credit risk by the country where the debt is located. The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	2017 \$'000	2016 \$'000
Australia	4,611	4,961
Americas	5,507	3,419
Asia	3,609	1,877
Africa and Europe	11,087	2,391
	24,814	12,648

SELECTED NOTES TO THE FINANCIAL STATEMENTS

23. Financial Risk Management (Continued)

(a) Credit Risk (Continued)

As at 30 June 2017, trade receivables of \$7,059,000 (2016: \$4,788,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing of the trade receivables past due at the reporting date but not impaired was:

	2017 \$'000	2016 \$'000
Past due less than 30 days	1,898	1,253
Past due between 31-90 days	2,473	1,846
Past due more than 90 days	2,687	1,689
	7,059	4,788

The movement in the provision for impairment of trade receivables was as follows:

Balance at 1 July	2,467	1,909
Provision no longer required	(1,820)	(1,021)
Unearned Income moved to provision	37	177
Impairment loss recognised	470	1,317
Effect of foreign exchange	(140)	85
Balance at 30 June	1,014	2,467

The provision for impairment of trade receivables in 2017 and 2016 relates to receivables that are past due for more than 90 days, which are not considered recoverable.

(b) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Group's reputation.

The Group regularly reviews cashflow forecasts, maintains sufficient cash on demand and has unutilised borrowing facilities disclosed in note 23(c) below.

Contractual maturities of the Group's financial liabilities, including interest thereon, are as follows:

2017	Carrying amount \$'000	Contractual cash flows \$'000	6 mths or less \$'000	6-12 mths \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
Trade and other payables	8,588	8,588	8,588	-	-	-	-
Deferred consideration	274	274	-	274	-	-	-
Contingent consideration	5,481	5,481	2,302	-	3,179	-	-
Total	14,343	14,343	10,890	274	3,179	-	-
2016							
Trade and other payables	5,210	5,210	5,210	-	-	-	-

The Group manages its exposure to interest rate and foreign currency fluctuations through a policy approved by the Board of Directors. There are no other significant market risks affecting the Group.

SELECTED NOTES TO THE FINANCIAL STATEMENTS

(c) Market Risk

Currency Risk

The current policy is not to take any forward positions. At 30 June 2017 and 30 June 2016 the Group had not entered into any derivative contracts to hedge these exposures. The Group does not engage in any significant transactions which are speculative in nature.

As a multinational corporation, the Group maintains operations in foreign countries and as a result of these activities, the Group is exposed to changes in exchange rates which affect its results of operations and cash flows.

The Group's exposure to foreign currency risk at balance date expressed in Australian Dollars was as follows:

2017	USD \$'000	CAD \$'000	ZAR \$'000	Other \$'000	Total \$'000
Cash and deposits	6,625	908	3,883	1,343	12,758
Trade and other receivables	15,410	1,139	2,046	1,456	20,050
Trade and other payables	(1,075)	(175)	(717)	(390)	(2,357)
Net balance sheet exposure	20,960	1,872	5,212	2,408	30,452
2016					
Cash and deposits	5,097	981	1,159	1,810	9,047
Trade and other receivables	6,735	1,000	788	675	9,198
Trade and other payables	(784)	(141)	(471)	(654)	(2,050)
Net balance sheet exposure	11,048	1,840	1,476	1,831	16,195

A 10 percent strengthening of the Australian dollar against the above currencies at 30 June 2017 based on assets and liabilities at 30 June 2017 would have increased/(decreased) equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2016.

	2017		2016	
	Equity \$'000	Profit/(Loss) \$'000	Equity \$'000	Profit/(Loss) \$'000
	(1,398)	(1,654)	(697)	(923)

A 10 percent weakening of the Australian dollar against the above currencies at 30 June 2017 would have had equal but opposite effect on the above currencies to the amounts shown above.

Interest rate risk

Details of the Group's borrowing facilities are presented below.

Borrowing facilities	Currency	Nominal interest rate	Maturity	2017		2016	
				Facility \$'000	Utilised \$'000	Facility \$'000	Utilised \$'000
Other facilities							
Bank guarantee	AUD	1.95%	n/a	1,000	870	1,000	925
Bank guarantee	EUR	2.50%	n/a	70	70	70	70

In both 2017 and 2016 financial years bank guarantees were secured by the Group's term deposits.

SELECTED NOTES TO THE FINANCIAL STATEMENTS

23. Financial Risk Management (Continued)

(d) Fair Value of financial instruments

Fair value hierarchy

AASB 13 Fair Value Measurement requires disclosure of fair value measurements by level in the fair value measurement hierarchy as follows:

- Level 1 - the instrument has quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - a valuation technique is used using inputs other than quoted prices within level 1 that are observable for the financial instrument, either directly (i.e. as prices), or indirectly (i.e. derived from prices)
- Level 3 - a valuation technique is used using inputs that are not observable based on observable market data (unobservable inputs).

Recurring fair value measurements

The following financial instruments are subject to recurring fair value measurements:

	2017 \$'000	2016 \$'000
Contingent consideration – level 3	5,481	-

The fair value of the contingent consideration of \$5,481,000 has been estimated by calculating the present value of the future expected cash outflows for the annuity of \$5,673,000 based on a discount rate of 4%.

Changes to discount rate by 100 basis points would result in a change of the contingent consideration by \$48,000. Changes to the annuity revenue by 10% would result in change of the contingent consideration by \$541,000.

Reconciliation of level 3 movements

The following table sets out the movements in level 3 fair values for contingent consideration payable.

	2017 \$'000	2016 \$'000
Opening balance 1 July	-	-
Recognised on business combination	7,087	-
Payments of contingent consideration	(1,453)	-
Fair value adjustment – Other Revenue	(153)	-
Closing balance 30 June	5,481	-

Valuation processes for level 3 fair values

Valuations are performed every six months to ensure that they are current for the half-year and annual financial statements. Valuations are reviewed and approved by the audit committee.

NOTES ON THE FINANCIAL STATEMENTS

24. Earnings Per Share

	2017 Cents	2016 Cents
Basic earnings per share	0.02	(5.3)
Diluted earnings per share	0.02	(5.3)
Earnings used in Calculating Earnings Per Share	2017 \$'000	2016 \$'000
Profit / (loss) attributable to the ordinary equity holders used in calculating earnings per share	44	(9,263)
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	203,294,989	175,135,174
Dilutive options	13,455,432	-
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	216,750,421	175,135,174

25. Share Based Payments

Tax Exempt Share Plan

The Employee Share Scheme enables the Board to issue up to \$1,000 of shares tax free per employee of the Group each year.

There were no shares issued under the \$1,000 Share Purchase Plan in FY2017 or FY2016.

Eligibility for the tax exempt share plan is approved by the board having regard to individual circumstances and performance. No directors or key management personnel are eligible for the Tax Exempt Share Plan.

Employee Share Option Plan (ESOP)

The Employee Share Option Plan (ESOP) was approved by the Board of Directors on 5 February 2008, amended on 7 October 2009, 28 October 2011, 29 October 2013 and most recently on 24 November 2016 following approval of shareholders at the Company's 2016 Annual General Meeting.

Eligible participants of the ESOP include any person who is employed by, or is a director, officer or executive (or their approved permitted nominee), of the Group and whom the Board or its nominee determines is eligible to participate in the Option Plan. A permitted nominee includes a company controlled by the employee, a trust in which the employee has, or may have entitlements or such other entity as approved by the Board. Options are granted at the discretion of the Board of Directors.

All options under the ESOP are to be offered to eligible employees for no consideration. The offer to the eligible participant must be in writing and specify amongst other things, the number of options for which the eligible employee may apply, the period within which the options may be exercised, any conditions to be satisfied before exercise, the option expiry date and the exercise price of the options, as determined by the Board. The Board can impose any restrictions on the exercise of options as it considers fit.

NOTES ON THE FINANCIAL STATEMENTS

25. Share Based Payments (Continued)

The rules of the ESOP plan enable the Board to determine the applicable vesting criteria and to set a timetable for vesting of options in the offer document, including vesting in tranches over a defined period. The Board has the discretion on whether or not to set performance hurdles for vesting or to link vesting solely to a defined service period in order to drive key staff retention and reward longevity of service.

The options may be exercised, in part or full, subject to the employee continuing to be employed at the relevant vesting dates, by the participant giving a signed notice to the Company and paying the exercise price in full. The Company will apply for official quotation of any Shares issued on exercise of any options.

The rules of the plan allow the Board to set the exercise price per Option in the offer document.

Subject to the accelerated expiry terms set out in the ESOP plan (explained further below), options will expire five years after the date of grant subject to the option holder remaining employed by the Group. Unexercised options will automatically lapse upon expiry. Unless determined otherwise by the Board, in the event of stated events detailed in the plan, including termination of employment or resignation, redundancy, death or disablement or in the event of a change of control of an employee's permitted nominee, unvested options shall lapse and the expiry date of any vested options will be adjusted in accordance with the accelerated timetables set out in the ESOP plan rules (subject to the Board's discretion to extend the term of exercise in restricted cases).

Once shares are allotted upon exercise of the options the participant will hold the shares free of restrictions. The shares will rank equally for dividends declared on or after the date of issue but will carry no right to receive any dividend before the date of issue. Should the Company undergo a reorganisation or reconstruction of capital or any other such change, the terms of the options (including number or exercise price or both) will be correspondingly changed to the extent necessary to comply with the Listing Rules. With this exception, the terms for the exercise of each Option remains unchanged. In the event of a change of control of the Company, all options will vest immediately and may be exercised by the employee (regardless of whether the vesting conditions have been satisfied). A holder of options is not entitled to participate in dividends, a new or bonus issue of Shares or other securities made by the Company to Shareholders merely because he or she holds options.

The Options are not transferable, assignable or able to be encumbered, without Board consent and the options will immediately lapse upon any assignment, transfer or encumbrance, with the exception of certain dealings in the event of death of the option holder.

The ESOP plan will be administered by the Board which has an absolute discretion to determine appropriate procedures for its administration and resolve questions of fact or interpretation and formulate terms and conditions (subject to the Listing Rules) in addition to those set out in the ESOP plan.

The ESOP plan may be terminated or suspended at any time by the Board. The ESOP plan may be amended or modified at any time by the Board except where the amendment reduces the rights of the holders of options, unless required by the Corporations Act or the Listing Rules, to correct any manifest error or mistake or for which the option holder consents. The Board may waive or vary the application of the ESOP plan rules in relation to any eligible employee at any time.

Employee Benefits expense	2017 \$'000	2016 \$'000
Share-based payment expense recognised during the financial year		
Options issued under employee option plan	732	913
	732	913

The vesting conditions attached to the options are set out in the Remuneration Report (20A) of the Directors' Report.

NOTES ON THE FINANCIAL STATEMENTS

25. Share Based Payments (Continued)

Grant date	Vesting date	Expiry date	Exercise Price \$	Number beginning of year	Granted	Forfeited	Exercised	Share Price \$ ¹	Number at end of year
2017									
<i>Options granted to management</i>									
29/11/13	30/11/14	29/11/18	0.68	530,989	-	(224,998)	-	-	305,991
29/11/13	30/11/15	29/11/18	0.68	531,003	-	(225,000)	-	-	306,003
29/11/13	30/11/16	29/11/18	0.68	531,008	-	(225,002)	-	-	306,006
19/02/14	19/02/15	19/02/19	0.67	66,666	-	(66,666)	-	-	0
19/02/14	19/02/16	19/02/19	0.67	66,666	-	(66,666)	-	-	0
19/02/14	19/02/17	19/02/19	0.67	33,334	-	(33,334)	-	-	0
31/03/14	31/03/15	31/03/19	0.73	83,333	-	-	-	-	83,333
31/03/14	31/03/16	31/03/19	0.73	83,333	-	-	-	-	83,333
31/03/14	31/03/17	31/03/19	0.73	83,334	-	-	-	-	83,334
31/10/14	31/10/15	31/10/19	0.61	33,332	-	-	-	-	33,332
31/10/14	31/10/16	31/10/19	0.61	33,334	-	-	-	-	33,334
31/10/14	31/10/17	31/10/19	0.61	33,334	-	-	-	-	33,334
3/03/15	3/03/16	3/03/20	0.59	1,610,643	-	(149,998)	-	-	1,460,645
3/03/15	3/03/17	3/03/20	0.59	1,593,977	-	(133,332)	-	-	1,460,645
3/03/15	3/03/18	3/03/20	0.59	1,594,046	-	(133,336)	-	-	1,460,710
15/07/15	15/07/16	15/07/20	0.57	83,333	-	-	-	-	83,333
15/07/15	15/07/17	15/07/20	0.57	83,333	-	-	-	-	83,333
15/07/15	15/07/18	15/07/20	0.57	83,334	-	-	-	-	83,334
8/09/15	8/09/16	8/09/20	0.56	1,444,976	-	(233,332)	(5,000)	0.61	1,206,644
8/09/15	8/09/17	8/09/20	0.56	1,444,976	-	(233,332)	-	-	1,211,644
8/09/15	8/09/18	8/09/20	0.56	1,445,048	-	(233,336)	-	-	1,211,712
31/10/15	31/10/16	31/10/20	0.54	16,667	-	-	-	-	16,667
31/10/15	31/10/17	31/10/20	0.54	16,667	-	-	-	-	16,667
31/10/15	31/10/18	31/10/20	0.54	16,666	-	-	-	-	16,666
3/03/16	3/03/17	3/03/21	0.39	100,000	-	-	-	-	100,000
3/03/16	3/03/18	3/03/21	0.39	100,000	-	-	-	-	100,000
3/03/16	3/03/19	3/03/21	0.39	100,000	-	-	-	-	100,000
29/08/16	29/08/17	29/08/21	0.49	-	241,666	(133,334)	-	-	108,332
29/08/16	29/08/18	29/08/21	0.49	-	241,667	(133,333)	-	-	108,334
29/08/16	29/08/19	29/08/21	0.49	-	241,667	(133,333)	-	-	108,334
29/11/16	29/11/17	29/11/21	0.54	-	399,997	-	-	-	399,997
29/11/16	29/11/18	29/11/21	0.54	-	399,997	-	-	-	399,997
29/11/16	29/11/19	29/11/21	0.54	-	400,006	-	-	-	400,006
9/02/17	9/02/18	9/02/22	0.59	-	999,985	-	-	-	999,985
9/02/17	9/02/19	9/02/22	0.59	-	999,985	-	-	-	999,985
9/02/17	9/02/20	9/02/22	0.59	-	1,000,030	-	-	-	1,000,030

NOTES ON THE FINANCIAL STATEMENTS

25. Share Based Payments (Continued)

Grant date	Vesting date	Expiry date	Exercise Price \$	Number beginning of year	Granted	Forfeited	Exercised	Share Price \$	Number at end of year
2017									
<i>Options granted to management (cont.)</i>									
8/06/17	8/06/18	8/06/22	0.57		113,331				113,331
8/06/17	8/06/19	8/06/22	0.57		113,331				113,331
8/06/17	8/06/20	8/06/22	0.57		113,338				113,338
Total				11,843,332	5,265,000	(2,358,332)	(5,000)		14,745,000
Weighted average exercise price, \$				0.59	0.56	0.60	0.56	0.61	0.58

¹ Weighted average share price at the exercise date

Grant date	Vesting date	Expiry date	Exercise Price \$	Number beginning of year	Granted	Forfeited	Exercised	Weighted Average Share Price at the exercise date	Number at end of year
2016									
<i>Options granted to management</i>									
29/11/13	30/11/14	29/11/18	0.68	575,987	-	44,998	-	-	530,989
29/11/13	30/11/15	29/11/18	0.68	571,004	-	40,001	-	-	531,003
29/11/13	30/11/16	29/11/18	0.68	571,009	-	40,001	-	-	531,008
19/02/14	19/02/15	19/02/19	0.67	116,666	-	50,000	-	-	66,666
19/02/14	19/02/16	19/02/19	0.67	116,666	-	50,000	-	-	66,666
19/02/14	19/02/17	19/02/19	0.67	116,668	-	83,334	-	-	33,334
31/03/14	31/03/15	31/03/19	0.73	83,333	-	-	-	-	83,333
31/03/14	31/03/16	31/03/19	0.73	83,333	-	-	-	-	83,333
31/03/14	31/03/17	31/03/19	0.73	83,334	-	-	-	-	83,334
31/10/14	31/10/15	31/10/19	0.61	33,332	-	-	-	-	33,332
31/10/14	31/10/16	31/10/19	0.61	33,334	-	-	-	-	33,334
31/10/14	31/10/17	31/10/19	0.61	33,334	-	-	-	-	33,334
3/03/15	3/03/16	3/03/20	0.59	1,692,308	-	81,665	-	-	1,610,643
3/03/15	3/03/17	3/03/20	0.59	1,692,308	-	98,331	-	-	1,593,977
3/03/15	3/03/18	3/03/20	0.59	1,692,384	-	98,338	-	-	1,594,046
15/07/15	15/07/16	15/07/20	0.57	-	83,333	-	-	-	83,333
15/07/15	15/07/17	15/07/20	0.57	-	83,333	-	-	-	83,333
15/07/15	15/07/18	15/07/20	0.57	-	83,334	-	-	-	83,334
8/09/15	8/09/16	8/09/20	0.56	-	1,503,308	58,332	-	-	1,444,976
8/09/15	8/09/17	8/09/20	0.56	-	1,503,308	58,332	-	-	1,444,976
8/09/15	8/09/18	8/09/20	0.56	-	1,503,384	58,336	-	-	1,445,048

NOTES ON THE FINANCIAL STATEMENTS

25. Share Based Payments (Continued)

Grant date	Vesting date	Expiry date	Exercise Price \$	Number beginning of year	Granted	Forfeited	Exercised	Weighted Average Share Price at the exercise date	Number at end of year
<i>Options granted to management (cont.)</i>									
31/10/15	31/10/16	31/10/20	0.54	-	16,667	-	-	-	16,667
31/10/15	31/10/17	31/10/20	0.54	-	16,667	-	-	-	16,667
31/10/15	31/10/18	31/10/20	0.54	-	16,666	-	-	-	16,666
3/03/16	3/03/17	3/03/21	0.39	-	100,000	-	-	-	100,000
3/03/16	3/03/18	3/03/21	0.39	-	100,000	-	-	-	100,000
3/03/16	3/03/19	3/03/21	0.39	-	100,000	-	-	-	100,000
Total				7,495,000	5,110,000	(761,668)	-	-	11,843,332
Weighted average exercise price				0.62	0.55	0.62			0.59

The weighted average remaining contractual life of share options outstanding at the end of the period was 3.4 years (2016: 2.6 years).

The fair values at grant date for the options were estimated using a Trinomial Lattice model which defines the conditions under which employees are expected to exercise their options after vesting in terms of the stock price reaching a specified multiple of the exercise price.

The model inputs for options granted during the 2017, 2016, 2015, 2014 financial years included:

Grant date	Vesting date	Share price \$	Exercise price \$	Expected volatility %	Weighted average life, years	Expected dividends %	Risk-free interest rate ¹ , %	Fair value at grant Date, \$
<i>With market hurdles</i>								
14/12/10	31/08/12	0.57	0.57	70	3.8	5	5.31	0.20
14/12/10	31/08/13	0.57	0.57	70	3.8	5	5.31	0.19
14/12/10	31/08/14	0.57	0.57	70	3.8	5	5.31	0.19
<i>With non-market hurdles</i>								
14/12/10	31/08/12	0.57	0.57	70	3.8	5	5.31	0.24
14/12/10	31/08/13	0.57	0.57	70	3.8	5	5.31	0.25
14/12/10	31/08/14	0.57	0.57	70	3.8	5	5.31	0.24
29/05/12	1/09/14	0.40	0.40	50	3.8	6	2.60	0.12
3/05/13	1/09/14	0.60	0.40	50	3.3	4	2.50	0.20
26/08/13	1/09/14	0.50	0.40	38	3.0	4	2.75	0.10
29/11/13	30/11/14	0.68	0.68	40	5.0	nil	3.44	0.21
29/11/13	30/11/15	0.68	0.68	40	5.0	nil	3.44	0.23
29/11/13	30/11/16	0.68	0.68	40	5.0	nil	3.44	0.25
19/02/14	19/02/15	0.65	0.67	50	5.0	nil	3.42	0.22
19/02/14	19/02/16	0.65	0.67	50	5.0	nil	3.42	0.25
19/02/14	19/02/17	0.65	0.67	50	5.0	nil	3.42	0.27
31/03/14	31/03/15	0.72	0.73	50	5.0	nil	3.44	0.24
31/03/14	31/03/16	0.72	0.73	50	5.0	nil	3.44	0.27
31/03/14	31/03/17	0.72	0.73	50	5.0	nil	3.44	0.30

NOTES ON THE FINANCIAL STATEMENTS

25. Share Based Payments (Continued)

Grant date	Vesting date	Share price \$	Exercise price \$	Expected volatility %	Weighted average life, years	Expected dividends %	Risk-free interest rate ¹ , %	Fair value at grant Date, \$
31/10/14	31/10/15	0.60	0.61	55	5.0	nil	2.81	0.21
3/03/15	3/03/16	0.56	0.59	55	5.0	nil	1.84	0.19
3/03/15	3/03/17	0.56	0.59	55	5.0	nil	1.84	0.23
3/03/15	3/03/18	0.56	0.59	55	5.0	nil	1.84	0.25
15/07/15	15/07/16	0.57	0.57	46	5.0	nil	2.29	0.18
15/07/15	15/07/17	0.57	0.57	46	5.0	nil	2.29	0.20
15/07/15	15/07/18	0.57	0.57	46	5.0	nil	2.29	0.22
8/09/15	8/09/16	0.55	0.56	46	5.0	nil	2.04	0.17
8/09/15	8/09/17	0.55	0.56	46	5.0	nil	2.04	0.19
8/09/15	8/09/18	0.55	0.56	46	5.0	nil	2.04	0.21
31/10/15	31/10/16	0.53	0.54	46	5.0	nil	2.04	0.17
31/10/15	31/10/17	0.53	0.54	46	5.0	nil	2.04	0.19
31/10/15	31/10/18	0.53	0.54	46	5.0	nil	2.04	0.20
3/03/16	3/03/17	0.36	0.39	46	5.0	nil	2.08	0.10
3/03/16	3/03/18	0.36	0.39	46	5.0	nil	2.08	0.10
3/03/16	3/03/19	0.36	0.39	46	5.0	nil	2.08	0.09
29/08/16	29/08/17	0.51	0.49	43	5.0	nil	1.57	0.13
29/08/16	29/08/18	0.51	0.49	43	5.0	nil	1.57	0.16
29/08/16	29/08/19	0.51	0.49	43	5.0	nil	1.57	0.18
29/11/16	29/11/17	0.50	0.54	43	5.0	nil	2.16	0.11
29/11/16	29/11/18	0.50	0.54	43	5.0	nil	2.16	0.14
29/11/16	29/11/19	0.50	0.54	43	5.0	nil	2.16	0.16
9/02/17	9/02/18	0.63	0.59	43	5.0	nil	2.12	0.17
9/02/17	9/02/19	0.63	0.59	43	5.0	nil	2.12	0.21
9/02/17	9/02/20	0.63	0.59	43	5.0	nil	2.12	0.23
8/06/17	8/06/18	0.54	0.57	43	5.0	nil	1.95	0.12
8/06/17	8/06/19	0.54	0.57	43	5.0	nil	1.95	0.15
8/06/17	8/06/20	0.54	0.57	43	5.0	nil	1.95	0.17

¹ based on government bonds

The expected price volatility is based on the historic volatility compared to that of similar listed companies and the remaining life of the options.

26. Contingent liabilities and contingent assets

On 9 August 2017, RPM received advice from its Russian counsel that a Russian Advisory client had been awarded approximately \$0.8 million in damages, interest and refund of fees previously paid to RPM. RPM's legal counsel have recommended that RPM appeal the judgement and the quantum and basis of the award against RPM. As the matter continues before the courts RPM is not able to provide further details at this time.

There are no other contingent liabilities or contingent assets that require disclosure in the financial report.

NOTES ON THE FINANCIAL STATEMENTS

27. Parent Entity Disclosures

As at and throughout the financial year ending 30 June 2017 the parent entity of the Group was RPMGlobal Holdings Limited.

Summary financial information

The individual financial statements for the parent entity show the following aggregation:

	2017 \$000	2016 \$000
Result of parent entity		
Profit/(loss)	(2,245)	(8,778)
Other comprehensive income	-	-
Total comprehensive income	(2,245)	(8,778)
Financial position of parent entity at year end		
Current assets	51,077	23,449
Total assets	81,557	57,776
Current liabilities	18,515	10,669
Total liabilities	19,805	12,638
Total equity of the parent entity comprising of:		
Issued capital	85,175	67,048
Share-based Payments Reserve	2,770	2,038
Revaluation Surplus Reserve	18	18
Reserve Arising From an Equity Transaction	(600)	(600)
Retained profits	(25,611)	(23,366)
Total equity	61,752	45,138
Contingent liabilities	-	-
Contractual commitments for the acquisition or property, plant or equipment	-	-

The parent entity has provided guarantees to third parties in relation to the performance and obligations of its subsidiary, GeoGAS Pty Ltd in respect of property lease rentals. The guarantees are for the terms of the leases and total \$37,125 (2016: \$98,000). The periods covered by the guarantees range from two to three years.

No deficiency of net assets existed in the controlled entities covered by guarantees at 30 June 2017 or 30 June 2016. No liability was recognised by the parent entity in relation to these guarantees, as the fair value of the guarantee is immaterial.

NOTES ON THE FINANCIAL STATEMENTS

28. Interests in other entities

(a) Material subsidiaries

The Group's principal subsidiaries at 30 June 2017 are set out below. All subsidiaries have share capital consisting solely of ordinary shares that are 100% held directly by the Group, and the proportions of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/ incorporation	Principal Activities
GeoGAS Pty Ltd	Australia	Laboratory Services
RPM Software Pty Ltd	Australia	Software Sales and Services
RPM Advisory Services Pty Ltd	Australia	Advisory Services
RPM Software International Pty Ltd (previously Runge Indonesia Technology Pty Ltd)	Australia	Software Sales and Services
RPMGlobal USA, Inc.	USA	Software and Advisory Services
RPM Software USA, Inc.	USA	Software Sales and Services
RPMGlobal Canada Ltd (previously RungePinecockMinarco (Canada) Limited)	Canada	Software Sales and Services
PT RungePinecockMinarco	Indonesia	Advisory Services
RPMGlobal Asia Limited (previously Runge Asia Limited t/as RungePinecockMinarco)	Hong Kong	Advisory Services
Core Global Mining Solutions Beijing Co. Ltd	China	Advisory Services
RPMGlobal LLC (previously RungePinecockMinarco LLC)	Mongolia	Advisory Services
CJSC Runge	Russia	Software and Advisory Services
RPMGlobal Africa (Pty) Ltd (previously MRM Mining Services (Pty) Ltd t/as RungePinecockMinarco)	South Africa	Software Sales and Services
RPMGlobal Chile Limitada (previously RungePinecockMinarco Limitada)	Chile	Software Sales and Services
RPMGlobal Software Do Brasil Ltda (previously Runge Servios De Consultoria Do Brasil Ltda)	Brazil	Software Sales and Services
iSolutions International Pty Ltd	Australia	Software Sales and Services
iSolutions Holdings Pty Ltd	Australia	Software Sales and Services
RPM Global Turkey Danışmanlık Hizmetleri ve Ticaret A.Ş.	Turkey	Advisory Services

All entities other than GeoGAS Pty Ltd trade as RPM and RPMGlobal.

(b) Significant Restrictions

Cash and Short term deposits held in Chile, Brazil, South Africa, China, Indonesia, Mongolia and Russia are subject to local exchange control regulations. These regulations provide restrictions on exporting capital from those countries other than through normal trading transactions or dividends.

The carrying amount of cash included within the consolidated financial statements to which these restrictions apply is \$6,682,000 (2016: \$5,058,000).

NOTES ON THE FINANCIAL STATEMENTS

28. Interest in other entities (Continued)

(c) Interests in joint ventures

The Group has a 49% interest in RungePincockMinarco India Pte Ltd, an entity registered in India, which is accounted for using the equity method.

The Group is in the process of winding up the legal entity in India. The summary of amounts in the reports for this entity is disclosed below:

	2017 \$'000	2016 \$'000
Carrying Amount	-	26
Group's share of:		
Profit/(loss) from continuing operations	-	-
Other comprehensive income	-	-
Total comprehensive income	-	-

29. Key Management Personnel Disclosures

(a) Compensation

	2017 \$	2016 \$
Short term employee benefits	3,072,271	2,230,747
Post-employment benefits	105,216	113,381
Share-based payments	69,680	229,829
	3,247,167	2,573,957

(b) Other Transactions with Key Management Personnel

The Group employs the services of Pitcher Partners Chartered Accountants, an entity associated with Ross Walker. Pitcher Partners received \$31,632 (2016: nil) for advisory and valuation services. Amount payable at year end is nil (2016: nil).

Aggregate amounts of each of the above types of other transactions with key management personnel of RPMGlobal Holdings Limited:

Amounts recognised as expense		
Professional fees	31,632	-
	31,632	-

No other transactions with Key Management personal occurred during the year.

NOTES ON THE FINANCIAL STATEMENTS

30. Events occurring after the reporting period

Since 30 June 2017 the Group has agreed to acquire 100% of the issued shares in MineOptima Holdings Limited and MineOptima Operations Limited (MineOptima). This transaction has not completed as at the date of these financial statements.

As further detailed in Note 26, on 9 August 2017, RPM received advice from its Russian counsel that a Russian Advisory Client had been awarded approximately \$0.8 million in damages, interest and refund of fees previously paid to RPM. RPM's legal counsel have recommended that RPM appeal the judgement and the quantum and basis of the award against RPM. As the matter continues before the courts RPM is not able to provide further details at this time.

No other matter or circumstance has arisen since 30 June 2017 that has significantly affected the Group's operations, results or state of affairs, or may do so in the future years.

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes thereto comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 (a) to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the financial year ended on that date;
- the remuneration disclosures included in pages 14 to 21 of the directors' report (as part of audited Remuneration Report), for the year ended 30 June 2017, comply with section 300A of the *Corporations Act 2001*; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors



Allan Brackin,
Chairman

Dated this 28 day of August 2017

INDEPENDENT AUDITOR'S REPORT

To the members of RPMGlobal Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of RPMGlobal Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Acquisition of iSolutions

Key audit matter	How the matter was addressed in our audit
<p>The Group's disclosures about the acquisition of iSolutions are included in Note 3, which details the accounting treatment of the acquisition and the determination of the fair value of the assets and liabilities acquired.</p> <p>The acquisition of iSolutions is a key audit matter due to the significance of the consideration (purchase consideration of \$19,909,000 including contingent consideration of \$7,087,000) and the complexity of the allocation of the purchase price to identifiable intangible assets.</p> <p>Management have completed a process to determine the purchase consideration and the fair value of the identifiable net assets acquired, including software and customer relationships and the allocation of the difference to goodwill. This process involved estimation and judgement to calculate both the contingent consideration and the fair value of identified intangible assets.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> Assessing management's determination of whether the acquisition was a business combination or an asset acquisition Challenging management's calculation of contingent consideration in accordance with requirements of AASB 3 <i>Business Combinations</i>. This involved evaluating the assumptions and inputs applied to the contingent consideration including those relating to expected maintenance invoicing, discount rates, customer attrition rates and growth rates and evaluating the mathematical accuracy of the model used Evaluating management's assessment of the fair value of the identifiable assets and liabilities acquired including: <ul style="list-style-type: none"> Obtaining management's external valuation of the identifiable assets and liabilities acquired Assessing the professional competence and objectivity of the valuer Evaluating the appropriateness of the methods and assumptions used Challenging management in relation to the inputs and assumptions used by the valuer Providing the external valuation to BDO's internal experts to assess the reasonableness of the structure and assumptions applied in the model including the discount rate. Assessing the disclosures related to the acquisition by comparing these disclosures to our understanding of the matter and the applicable accounting standards.

Carrying Value of Goodwill - Impairment Assessment

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Group's disclosures about goodwill impairment are included in Note 13, which details the allocation of goodwill to the groups various Cash Generating Units (CGU's), sets out the key assumptions for value-in-use calculations and the impact of possible changes in these assumptions.</p> <p>This annual impairment test was significant to our audit because the balance of \$26,533,000 as of 30 June 2017 is material to the financial statements.</p> <p>In addition, management's assessment process is complex, highly judgmental and is based on assumptions such as margins, growth rates, and discount rates that are affected by expected future market or economic conditions.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the 'Value in Use' models and critically evaluating management's methodologies and their key assumptions • Assessing management's allocation of goodwill and assets and liabilities, including corporate assets to CGU's • Evaluating the inputs used in the value in use calculation including the growth rates, discount rates and underlying cash flows applied by management • Involving our internal specialists to assess the discount rates and terminal growth rates against comparable market information • Assessing the disclosures related to the goodwill and the impairment assessment by comparing these disclosures to our understanding of the matter and the applicable accounting standards.

Revenue Recognition

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The group generates revenue from multiple streams including software sales & maintenance services as disclosed in Note 1 (f).</p> <p>The amount of revenue recognised during the year for software sales is dependent on the appropriate identification on the timing of transfer of the significant risks and rewards of ownership to the buyer.</p> <p>The amount of revenue recognised for maintenance services is dependent on identifying the maintenance portion and period in each sales contract.</p> <p>In our view, revenue recognition is significant to our audit due to the significance of revenue to the financial report and the complex nature of accounting for the appropriate timing of revenue related to the sale of software and related maintenance services.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> Assessing the Group's revenue recognition policy's for compliance with Australian Accounting Standards Selecting a sample of license sales, maintenance services and consulting fees recognised as revenue in the general ledger and agreeing to supporting invoices, signed customer contracts and proof of delivery where applicable Evaluating whether a significant transaction that had been entered into by the group met the requirements to be recognised as a sale at 30 June 2017 and assessing the allocation of the transaction price between the various elements of the transaction being the sale of licenses, upgrade protection and reconfiguration right. This included assessment of whether the significant risks and rewards of ownership had passed to the buyer given the existence of the reconfiguration right Obtaining and evaluating credit notes issued post year end and the first and last invoices issued post and pre year end, to ensure an appropriate cut-off was achieved at balance date Analytical review procedures on all significant revenue streams on a disaggregated basis and against expected trends and prior year Selecting a sample of receipts and maintenance invoices from the clients' income in advance schedule and recalculating the appropriate deferred portion of maintenance revenue.

Recognition of Deferred Tax Assets

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>Refer to Note 7.</p> <p>The Group's recognised net deferred tax assets of \$8,597,000 at 30 June 2017 which includes temporary differences and brought forward tax losses.</p> <p>Australian Accounting Standards require deferred tax assets to be recognised only to the extent that it is probable that sufficient future taxable profits will be generated in order for the benefits of the deferred tax assets to be realised. These benefits are realised by reducing tax payable in future taxable profits.</p> <p>This was a key audit matter as the assessment of the future taxable profits involves judgement by management.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Evaluating managements forecast of future taxable profits and assessing whether it is probable that there will be sufficient future profits to utilise the deferred tax assets recognised • Assessing the key assumptions used in the forecast period including revenue, expenditure and growth rates applied against actual results achieved • Comparing the taxable income generated for the year ended 30 June 2017 with the forecast taxable income provided during the 30 June 2016 audit • Assessing the disclosures related to the recognition of the deferred tax assets and unrecognised deferred tax assets

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 22 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of RPMGlobal Holdings Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd



T R Mann
Director

Brisbane, 28 August 2017

CORPORATE GOVERNANCE STATEMENT

Corporate Governance Statement – Year Ended 30 June 2017

The Board and Management consider that it is crucial to the Group's long term performance and sustainability and to protect and enhance the interests of the Company's shareholders and other stakeholders, that it adopts an appropriate corporate governance framework pursuant to which the Company and its related companies globally will conduct its operations in Australia and internationally with integrity, accountability and in a transparent and open manner.

The Company regularly reviews its governance arrangements as well as developments in market practice, expectations and regulation.

The Company's Corporate Governance Statement has been approved by the Board of RPMGlobal Holdings Limited and explains how the Group addresses the requirements of the Corporations Act 2001, the ASX Listing Rules 2001 and the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations - 3rd Edition' (the 'ASX Principles and Recommendations') and is **current as at 30 June 2017**.

The Company's ASX Appendix 4G, which is a checklist cross-referencing the ASX Principles and Recommendations to the relevant disclosures in the statement Corporate Governance Statement, the Company's 2017 Annual Report and other relevance governance documents and materials on the Company's website, are provided in the corporate governance section of the Company's website at <http://www.rpmglobal.com/about-us/investor-centre/corporate-governance/>. The Company's Corporate Governance Statement together with the ASX Appendix 4G and this Annual Report, were also lodged with the ASX on **28 August 2017**.

The Board of the Company strives to meet the highest standards of Corporate Governance, but recognises that it is also crucial that the Company's governance framework appropriately reflects the current size, operations and industry in which the Company operates.

The Company has complied with the majority of recommendations of the ASX Principles and Recommendations with the exception of a few. The Board believes the areas of non-conformance, which are explained in the Corporate Governance Statement and the ASX Appendix 4G do not materially impact on the Company's ability to achieve the highest standards of Corporate Governance, whilst at the same time ensuring the Company is able to achieve the expectations of its shareholders and other stakeholders.

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 18 August 2017.

A. Distribution of Equity Securities

Analysis of number of equity security holders by size of holding:

	Ordinary Shares	Options
1 – 1,000	80	-
1,001 – 5,000	275	-
5,001 – 10,000	143	2
10,001 – 100,000	267	45
100,001 – and over	111	32
	876	79

The number of shareholdings held in less than marketable parcels of 715 shares is 72 (Close Price 18 August \$0.70).

B. Equity Security Holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Number held	Percentage of issued
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	47,230,404	22.23
NATIONAL NOMINEES LIMITED	25,053,772	11.79
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	16,678,366	7.85
RUNGE INTERNATIONAL PTY LTD <RUNGE FAMILY A/C>	15,810,389	7.44
CITICORP NOMINEES PTY LIMITED	13,328,680	6.27
J P MORGAN NOMINEES AUSTRALIA LIMITED	10,826,897	5.10
PAUA PTY LTD <THE PAUA A/C>	6,795,753	3.20
ONE MANAGED INVESTMENT FUNDS LIMITED <LAKEHOUSE SMALL COMPANIES A/C>	5,348,100	2.52
ELGIE INVESTMENTS PTY LTD <ELGIE FAMILY A/C>	4,604,416	2.17
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <BKCUST A/C>	4,182,055	1.97
FEYDER INVESTMENTS PTY LTD <ROBERT FEYDER FAMILY A/C>	2,889,333	1.36
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	2,817,055	1.33
MR STEPHEN JOHN BALDWIN + MRS ANDREA MAREE BALDWIN <THE STEVE BALDWIN S/FUND A/C>	2,642,511	1.24
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LTD <VFA A/C>	2,300,000	1.08
MR JOHN CRAIG HALLIDAY	2,247,653	1.06
BNP PARIBAS NOMS PTY LTD <DRP>	1,676,952	0.79
THE RIDGE NZ PTY LTD <THE RIDGE NZ SUPER FUND A/C>	1,424,385	0.67
MS TRACY ROWLANDS	1,234,891	0.58
BOND STREET CUSTODIANS LIMITED <BURBPQ - D03058 A/C>	1,161,804	0.55
MRS DONNA MARGARET LUXTON	1,123,001	0.53
	169,376,417	79.74

Unquoted equity securities

14,250,000 options over unissued shares (as at the date of this report): for further details see note 25.

SHAREHOLDER INFORMATION

C. Substantial Holders

The names of the substantial shareholders listed in the holding register as at 30 June 2017 are:

Estimated beneficial holdings as at 31 July 2017	Number held	Percentage
Ruffer LLP	26,766,010	12.60
IOOF Holdings Limited (Perennial Value)	26,278,596	12.37
Discovery Asset Management Pty Ltd	16,850,218	7.93
Paradice Investment Management	16,750,850	7.89
Runge International Pty Ltd (Ian Runge)	16,368,817	7.71

D. Voting Rights

Refer to note 17 for voting rights attached to ordinary shares.

CORPORATE DIRECTORY

Directors

Allan Brackin
Chairman

Richard Mathews
Managing Director

Dr Ian Runge
Non-executive Director

Ross Walker
Non-executive Director

Company Secretary

James O'Neill
Group General Counsel and Company Secretary

Registered Office

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Web: www.rpmglobal.com

Auditor

BDO Audit Pty Ltd
Level 10, 12 Creek St
Brisbane QLD 4000

Share Registry

Computershare Investor Services Pty Limited
117 Victoria Street
West End QLD 4101

Stock Exchange Listing

The Company is listed on the Australian Securities
Exchange Limited (ASX: RUL)

ABN 17 010 672 321

RPMGLOBAL

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