Resource Development Group

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1 September 2017

ASX Market Announcements
Via e-lodgement

AMENDED APPENDIX 4E – FINANCIAL REPORT

Resource Development Group Ltd (RDG) advises that it has made two minor amendments to the written content contained within its Appendix 4E – Financial Report.

- On page 4 under "Review of Operations", $0.8 million of current and non-current liabilities should read $1.9m of current and non-current liabilities.
- On page 6 under "Operating results for the year", net profit before income tax should read net loss before income tax.

Michael Kenyon
Company Secretary

For further information, please contact Michael Kenyon on (08) 9443 2928 or at michael.kenyon@resdevgroup.com.au

Appendix 4E

Preliminary final report
Financial Year Ended 30 June 2017
Previous corresponding reporting period 30 June 2016

RESOURCE DEVELOPMENT GROUP LIMITED
ABN: 33 149 028 142

Results for announcement to the market				$A
Revenues from ordinary activities	Down	86.6%	To	$9,256,201
Loss from ordinary activities from continuing operations after tax attributable to the members of Resource Development Group Limited	Down	120.5%	To	$1,167,055
Loss for the period attributable to the members of Resource Development Group Limited	Down	120.5%	To	$1,167,055

Commentary on the above figures is included in the attached financial report for the year ended 30 June 2017 on pages 4 to 6.

	30 June 2017	**30 June 2016**
Net tangible asset backing per security	$0.03	$0.03
Dividends	**Amount per security**	**Franking %**
Final dividend declared	$Nil	n/a
Previous corresponding period	$Nil	n/a
Interim dividend declared	$Nil	n/a
Previous corresponding period	$Nil	n/a

Statement of comprehensive income
Refer attached financial report for the year ended 30 June 2017.

Statement of financial position
Refer attached financial report for the year ended 30 June 2017.

Statement of cash flows
Refer attached financial report for the year ended 30 June 2017.

Dividend reinvestment plans
Not applicable.

Statement of changes in equity
Refer attached financial report for the year ended 30 June 2017.

This Appendix 4E Preliminary Final Report is provided to the ASX under Listing Rule 4.3B and should be read in conjunction with the accompanying financial report for the year ended 30 June 2017.

Gain or loss of control over entities
Refer attached financial report for the year ended 30 June 2017.

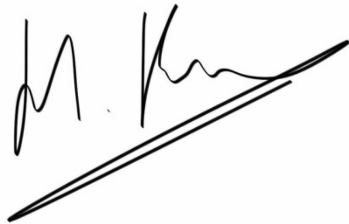
Associates and joint ventures
Refer attached financial report for the year ended 30 June 2017.

Other significant information
Not applicable.

Foreign entities
Refer attached financial report for the year ended 30 June 2017.

Commentary on results for the period
Commentary on the above figures is included in the attached financial report for the year ended 30 June 2017 on pages 4 to 6.

Status of audit
The financial report for the year ended 30 June 2017 has been audited and is not subject to dispute or qualification. Refer to the Independent Auditor's Report on page 54 of the attached financial report.



Signed: Michael Kenyon
CFO & Company Secretary
Resource Development Group Ltd

Date: 31 August 2017

Resource Development Group Limited

ABN 33 149 028 142

Annual Financial Report
30 June 2017

Resource Development Group Limited

ABN 33 149 028 142

Annual Financial Report

30 June 2017

Contents

Contents	Page
Corporate Information	**2**
Directors' Report	**3**
Auditor's Independence Declaration	**15**
Consolidated Statement of Profit or Loss and Other Comprehensive Income	**16**
Consolidated Statement of Financial Position	**17**
Consolidated Statement of Changes in Equity	**18**
Consolidated Statement of Cash Flows	**19**
Notes to the Consolidated Financial Statements	**20**
Directors' Declaration	**53**
Independent Auditor's Report	**54**
ASX Additional Information	**59**

CORPORATE INFORMATION

ABN 33 149 028 142

Directors

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

Company secretary

Mr. Michael Kenyon

Registered office

Level 1, 46 Edward Street
OSBORNE PARK WA 6017
Telephone: +61 8 9443 2928
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Principal place of business

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Website: www.resdevgroup.com.au

Share registry

Security Transfer Registrars Pty Ltd
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Telephone: +61 8 9315 2333
Facsimile: +61 8 9315 2233

Solicitors

Culshaw Miller Lawyers
Level 1, 16 St George's Terrace, PERTH WA 6000

Bankers

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

Auditors

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

Securities exchange listing

Resource Development Group Limited shares are listed
on the Australian Securities Exchange (ASX: RDG)

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity (or "Group") consisting of Resource Development Group Limited ("Company" or "RDG") and the entities it controlled during the period for the year ended 30 June 2017. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

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

Mr Andrew Ellison (Chairman)

Mr Ellison is a highly experienced contractor with a successful track record in delivering business growth. Mr Ellison is responsible for strategic business development, development of new capabilities and services, identification of new territories and markets and key client relationship management. He has over 30 years' experience in maintenance and construction contracting across Australia and West Africa including civil and concrete, commercial building, structural mechanical and piping, tanks and electrical services.

In the three years immediately before the end of the financial year Mr Ellison has not served as a director of any other listed companies.

Mr Gary Reid (Executive Director)

Mr Reid has over 25 years' experience in civil and concrete projects for the infrastructure, commercial building, mining and oil & gas sectors in Queensland, Northern Territory & Western Australia. Having worked his way up from the tools, he is intimately experienced in every aspect of civil & concrete construction which underpins more than 15 years of experience as a Site/Project Manager on packages up to A$250M.

In the three years immediately before the end of the financial year, Mr Reid has not served as a director of any other listed companies.

Mr Richard Eden (Non-Executive Director)

Mr Eden has an extensive track record in managing business growth with a strong focus on solid contract and financial management. Mr Eden was previously responsible for corporate and commercial functions at Central Systems. For over 24 years he has worked in the maintenance and construction contracting arenas across Australia and has held senior management and directorship roles in private companies.

In the three years immediately before the end of the financial year, Mr Eden has not served as a director of any other listed companies.

Company Secretary

Mr Michael Kenyon (Chief Financial Officer/Company Secretary)

Mr Kenyon is a Chartered Accountant, holds a Bachelor of Business degree from the Edith Cowan University and is also a graduate member of the Australian Institute of Company Directors. Mr Kenyon has held Chief Financial Officer roles in a number of public companies over the past 15 years and is also a director of several not-for-profit organisations.

Interests in the shares, options and incentives of the Company and related bodies corporate

The following relevant interests in shares, options and incentives of the Company or a related body corporate were held by the directors as at the date of this report.

Directors	Fully paid ordinary shares Number	Share options Number	Incentives Number
Andrew Ellison	105,649,724	-	-
Gary Reid	105,649,724	-	-
Richard Eden	61,330,343	-	-

Shares under option or issued on exercise of options

There are no shares under option as at the date of this report.

DIRECTORS' REPORT (continued)

Incentives granted and subject to vesting
At the date of this report unissued ordinary shares or interests of the Company in relation to unvested incentives are:

Date incentives granted	Number of incentives subject to vesting	Exercise price of incentive	Expiry date of incentives
16 January 2015	2,250,000	$Nil	16 January 2019

During the year ended 30 June 2017, there were 500,000 incentives cancelled as a result of resignations or terminations of employment with the Company.

There were no ordinary shares issued by the Company during or since the end of the financial year as a result of the exercise of an option or vesting of an incentive.

Share options/incentives granted to directors and senior management
During and since the financial year, there were no share options/incentives granted to any key management personnel of the Company and the entities it controlled as part of their remuneration.

Principal Activities

The principal activities of the entities within the consolidated entity during the year were the provision of contracting, remedial and construction services to the mining and oil and gas sectors within Australia as well as residential building and development.

Review of operations

Resource Development Group Ltd ("RDG" or "Company") reported a net loss after tax of $1.2 million on revenues of $9.3 million for the year ended 30 June 2017. Earnings before interest, depreciation, amortisation and taxation (EBITDA) of ($0.7 million) were down 105% from the prior year.

The Board has continued to maintain a focus on the overheads of the business whilst navigating a particularly bleak landscape insofar as mining services companies were concerned. Although losses are mitigated wherever possible, an EBITDA loss of $0.7 million was respectable given the challenges the Company faced during the period.

From a financial perspective, the balance sheet is simple – there were $11.3 million of cash and receivables, $6.9 million of plant and equipment and $1.9 million of current and non-current liabilities as at 30 June 2017. The 2016 financial year was transformational for the Company's balance sheet as it paid down all existing debt. The 2017 financial year has seen no new debt facilities and/or hire purchase agreements entered into.

Significant Events
During the year ended 30 June 2017, management continued to perform several construction contracts for BHP Billiton. The Company also continued its foray into the residential building market that it had commenced in 2016, albeit with a focus on niche residential projects.

On 16 November 2016, the Company announced that it's wholly owned subsidiary, Central Systems Pty Ltd ("Centrals') had executed a Contract for Sale with the Western Australian Housing Authority (HA) to acquire a block of land located in Secret Harbour, Rockingham area, Western Australia for the purpose of constructing a combined residential and commercial development. Although the process for satisfying all stakeholder requirements has been very slow, progress has been made in terms of development approvals, pre-sales and project funding and the board is optimistic this project with reach construction phase in the next financial year.

On 9 March 2017, the Company announced that Centrals had been awarded a contract with property developer, Blue Ocean Enterprises for the redevelopment of a beachfront site known as "Oceanfront Development", situated immediately south of South Beach, Fremantle, Western Australia. Centrals has been engaged to demolish the existing car-park structures and redevelop the site to accommodate 24 luxury townhouses with an anticipated total contract value of circa AUD$27m.

The Services division continued to deliver minor projects over the last financial year until it was ultimately wound-down due to the lack of sustainable, profitable work.

As foreshadowed in last year's Annual Report, the Company continued to reduce its significant exposure to property leases it held in both Western Australia and Queensland. It currently only leases one floor at its head office in Osborne Park, Western Australia, a depot located in Newman, Western Australia which houses a substantial amount of the Company's plant and equipment and a periodical sub-lease.

DIRECTORS' REPORT (continued)

The past 12 months has seen a continued drive by the directors to identify acquisition targets that might fit into the Board's strategy for the future of the Company. Although several opportunities were identified and actively pursued, these ultimately led to no transaction being completed. In two substantial possibilities, the gap between the vendor(s) and the Company's expectations was too wide and could not be bridged. The Board continues to actively search for further opportunities to explore.

Employee Long Term Incentive Plan

On 8 August 2014, an agreement was reached between the Company and the employees who had incentives under the Employee Incentive Plan. The incentive plan originally set up in February 2011 was dissolved prior to the acquisition of Centrals with the view of a post-acquisition incentive plan being established. Of the remaining 3,275,000 incentives on issue, 1,185,000 incentives vested on 8 August 2014 with the balance of the incentives (2,090,000) being cancelled.

On 16 January 2015 the Employee Long Term Incentive Plan 2014 was introduced with 11,500,000 incentives being granted at nil cents per incentive and progressive vesting dates through to 16 January 2019. A total of 9,250,000 have been subsequently forfeited on termination of employment during the 2015, 2016 and 2017 financial years. The incentive plan is based on the same structure as its predecessor which had been cancelled prior to the acquisition of Centrals. A total of 2,250,000 incentives remained on hand at 30 June 2017.

Key Information

- Revenues from continuing operations of $9.3m, down 86.6% on the previous period;
- Loss before tax from continuing operations of $2.1m; and
- Cash and cash equivalents of $10.1m at balance date.

Operations

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

RDG has one wholly owned operating subsidiary as at 30 June 2017:

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

Centrals provide a 'whole of project' life-cycle service offering, including:

- Multi-disciplinary construction services (civil, SMPT, E&I and non-process building works)
- Ancillary, remedial and protective maintenance services
- EPCM, PMC or integrated team project delivery solutions
- EPC project delivery solutions
- Design and construct (D&C) package delivery solutions
- Optimising services including debottlenecking existing operations

Workforce Capacity and Capability

Staff numbers decreased over the past year as construction projects were delivered and diminished towards the end of the financial year as projects were demobilised. At 30 June 2017, the Company employed approximately 15 people (2016: 53 people).

Strategy and Outlook

As communicated in previous reports to Shareholders, the Company's strategy for the last 18 months has been based on four major elements;

- Firstly to reduce overheads and restructure the company for a period of reduced activity;
- Secondly, to continue to actively pursue and deliver projects aligned with our traditional skills and market sector despite the reduced activity levels;
- Thirdly, to diversify our construction capability and explore opportunities in the areas of residential construction and property development; and
- Lastly, to identify acquisition opportunities that will diversify RDG into new, yet synergistic market sectors.

In terms of our progress against this strategy, the Board is disappointed to report the small loss in the previous financial year however given our level of revenue we hope the shareholders see the significant efforts made by the Board and management to protect the Shareholders' value.

We have continued to secure some work with our traditional clients in the mining services sector albeit at a smaller level of activity than we would have hoped. As also outlined earlier in this report, several projects have been secured by

DIRECTORS' REPORT (continued)

Central Systems Pty Ltd in residential construction and property development during the year. We are confident that as these projects progress and the Company's capability in this area is proven, further opportunities will present in the future.

Perhaps the area that has taken the majority of the directors' energy and focus has been in relation to mergers and acquisitions. In the last 18 months, the Board has explored and considered three major acquisition targets. All have progressed to preliminary term sheets and due diligence however to date, two of the opportunities have been terminated due to the Board not being satisfied with the value proposition for the existing shareholders. The directors continue to explore the remaining target and intend to update Shareholders further on this matter in the future.

The outlook for the Company for the next 12-24 months will continue to be a period of reduced activity in our traditional mining services work with an increase in residential construction and development and the potential for an acquisition transaction being completed.

Operating results for the year

The Group reported a net loss before income tax from continuing operations for the reporting year ended 30 June 2017 of $2,103,328 (2016: profit before tax of $8,636,294). Revenues from continuing operations were $9,256,201, down 86.6% on the previous year of $69,258,688.

Risk management

Senior management have made decisions on how we should manage the various categories of risk exposure and this includes the imposition of Standard Operating Procedures (SOP's) for routine business transactions; and mitigation initiatives such as insurance policies to lessen or obviate risks.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the consolidated entity to the date of this report.

Significant events after balance date

There are no significant events to report after balance date.

Likely developments and expected results

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Therefore, this information has not been presented in this report.

Environmental legislation

The consolidated entity is not subject to any significant environmental legislation.

Indemnification and insurance of Directors and Officers

The Company has agreed to indemnify all the directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Company paid a premium in respect of a contract insuring the directors and officers of the Company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Remuneration report

This report outlines the remuneration arrangements in place for the key management personnel of Resource Development Group Limited for the financial year ended 30 June 2017. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for key management personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

DIRECTORS' REPORT (continued)

Remuneration report (continued)

Key management personnel

(i) Directors

Mr Andrew Ellison	(Chairman)
Mr Gary Reid	(Executive Director)
Mr Richard Eden	(Non-Executive Director)

(ii) Executives

Mr Michael Kenyon (Chief Financial Officer)

Remuneration philosophy

The performance of the Company depends upon the quality of the directors and executives. The philosophy of the Company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- Establish appropriate, demanding performance hurdles for variable executive remuneration.

Remuneration committee

The Remuneration Committee of the Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the directors and the executive team.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of directors and executives on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The latest determination was at a General Meeting held on 3 February 2011 when shareholders approved an aggregate remuneration of $500,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each director receives a fee for being a director of the Company, and includes any committee on which a director sits.

The remuneration of directors for the year ended 30 June 2017 is detailed in Table 1 of this report.

Senior manager and executive director remuneration

Remuneration consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

Fixed remuneration

Fixed remuneration is reviewed annually by the Remuneration Committee and/or the Board. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Committee has access to external, independent advice where necessary.

Senior managers are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group.

The fixed remuneration component of the key management personnel is detailed in Table 1 of this report.

DIRECTORS' REPORT (continued)

Remuneration report (continued)

Variable remuneration

The objective of a short term incentive program is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential short term incentive available can be set at a level so as to provide sufficient incentive to the senior manager to achieve the operational targets and such that the cost to the Group is reasonable in the circumstances.

Although there were some informal arrangements in place in relation to the payment of variable remuneration, no performance-based payments were paid during the 2017 year (2016: $Nil).

Service/Employment contracts

Mr Andrew Ellison (Chairman)

Mr Ellison has a Contract Services Agreement dated 10 September 2014 with the Company, engaging him as Chairman for an indefinite term commencing 19 September 2014, for an agreed rate of up to $25,000 per calendar month depending on time committed plus ancillary work-related expenses.

The agreement may be terminated by either party giving four weeks written notice, or terminated immediately with cause. Restraint and non-solicitation provisions will apply for six months following termination of the contract, and other usual and appropriate commercial conditions of employment are included to protect the interests of the Company during and following his term of engagement.

Mr Gary Reid (Executive Director)

Mr Reid has an Executive Service Agreement (ESA) dated 10 September 2014 with the Company, employing him as Executive Director for an indefinite term commencing on 19 September 2014, for Total Fixed Remuneration (TFR) of $463,085 per annum, and an annual incentive capped at 20% of TFR.

On 6 January 2015, Mr Reid agreed to a variation to the above-mentioned ESA, which included the following changes:

- A 20% reduction in the base salary cash component of $433,085 to a new base salary of $346,468 with effect from 1 January 2015. The reduction in remuneration is implemented for 12 months only and will be reviewed at that time;
- The introduction of an Short Term Incentive (STI) scheme being 20% of the new base salary amount linked to mutually agreed KPI's from 1 January 2015; and
- A review and payment of the STI scheme on a six monthly basis.

Further to the above, a new variation was put in place on 10 June 2016, which included the following changes:

- A 20% reduction in the base salary cash component of $346,468 to a new base salary of $277,174 with effect from 15 June 2016;
- Removal of the project uplift payment amount of $40,515; and
- A reduction in working days to a 4-day week.

The agreement may be terminated by either party giving three months' written notice, or terminated immediately with cause. The Company may choose to pay Mr Reid an amount in lieu of the applicable remaining notice period. Restraint and non-solicitation provisions will apply for six months following termination of the contract, and other usual and appropriate commercial conditions of employment are included to protect the interests of the Company during and following his term of employment. If Mr Reid's employment is terminated by reason of redundancy, the Company will comply with redundancy provisions in accordance with the National Employment Standards.

Mr Richard Eden (Non-Executive Director)

Mr Eden has a Contract Services Agreement (CSA) dated 27 November 2015 with the Company's subsidiary, Central Systems Pty Ltd. The CSA includes the following conditions:

- An hourly rate of $175 per hour, capped at $1,500 per day;
- The agreement may be terminated by either party giving one week's written notice, or terminated immediately with cause. Restraint and non-solicitation provisions will apply for six months following termination of the contract, and other usual and appropriate commercial conditions of employment are included to protect the interests of the Company during and following his term of employment.

DIRECTORS' REPORT (continued)

Remuneration report (continued)

Further to the above CSA, Mr Eden has an additional CSA with the Company for the fulfilment of his duty as director of the Company. The CSA includes the following conditions:

- A fee of $3,000 per month;
- The agreement may be terminated by either party giving one week's written notice, or terminated immediately with cause. Restraint and non-solicitation provisions will apply for six months following termination of the contract, and other usual and appropriate commercial conditions of employment are included to protect the interests of the Company during and following his term of employment.

Mr Michael Kenyon (Chief Financial Officer/Company Secretary)

The Company entered into a Contract Services Agreement (CSA) effective 19 May 2015 with Mr Kenyon, engaging him as Chief Financial Officer / Company Secretary for a 6 month term ending on 26 November 2015 for a TFR of $10,000 per calendar month for a two day working week. Effective 1 December 2015, the Company agreed to an extension of the terms of the CSA with the working days to be determined on an "as needed" basis at a day rate of $1,250 per day.

The agreement may be terminated by either party giving four weeks written notice, or terminated immediately with cause. Other usual and appropriate commercial conditions of employment are included to protect the interests of the Company during and following his term of engagement.

DIRECTORS' REPORT (continued)

Remuneration report (continued)

Remuneration of directors and named executives

Table 1: Key Management Personnel remuneration for the years ended 30 June 2017 and 30 June 2016

		Short-term employee benefits				Post-employment benefits	Other long-term benefits	Equity		
		Salary & fees $	Bonuses $	Non-monetary benefits $	Other $	Superannuation $	Long-service leave $	Incentives $	Total $	Performance related %
Mr Andrew Ellison	2017	140,000	-	-	-	-	-	-	140,000	-
	2016	205,065	-	-	-	-	-	-	205,065	-
Mr Richard Eden	2017	143,275	-	-	-	-	-	-	143,275	-
	2016	264,034	-	-	-	6,950	-	-	270,984	-
Mr Gary Reid	2017	265,962	-	-	-	30,523	-	-	296,485	-
	2016	368,869	-	16,690	-	19,307	-	-	404,866	-
Mr Michael Kenyon	2017	125,125	-	-	-	-	-	-	125,125	-
	2016	186,250	-	-	-	-	-	-	186,250	
Totals	**2017**	**674,362**	**-**	**-**	**-**	**30,523**	**-**	**-**	**704,885**	**-**
	2016	**1,024,218**	**-**	**16,690**	**-**	**26,257**	**-**	**-**	**1,067,165**	-

No options or incentives were granted during the year

DIRECTORS' REPORT (continued)

Remuneration report (continued)

Key Management Personnel equity holdings

Ordinary shares held in Resource Development Group Limited (number)

30 June 2017	Balance at beginning of period	Granted as remuner-ation	Purchased	On exercise of incentives	Net change other	Balance on resignation	Balance at end of period
Directors							
Mr Andrew Ellison	105,649,724	-	-	-	-	-	105,649,724
Mr Richard Eden	61,330,343	-	-	-	-	-	61,330,343
Mr Gary Reid	105,649,724	-	-	-	-	-	105,649,724
Executives							
Mr Michael Kenyon	1,000,000	-	-	-	-	-	1,000,000

Incentives held in Resource Development Group Limited (number)

Net change other	Balance at beginning of period	Granted as remuneration	On exercise of incentives	Net change other	Balance at end of period
Directors					
Mr Andrew Ellison	-	-	-	-	-
Mr Richard Eden	-	-	-	-	-
Mr Gary Reid	-	-	-	-	-
					-
Executives					
Mr Michael Kenyon	-	-	-	-	-

Details of employee share option plans

Under the terms of the plan, the Board may offer free options to persons ("Eligible Persons") who are full-time or part-time employees (including a person engaged by the Company under a consultancy agreement); or Directors of the Company or any subsidiary based on a number of criteria including contribution to the Company, period of employment, potential contribution to the Company in the future and other factors the Board considers relevant. Upon receipt of such an offer, the Eligible Person may nominate an associate to be issued with the options. The maximum number of options issued under the Plan at any one time is 5% of the total number of Shares on issue in the Company provided that the Board may increase this percentage, subject to the Corporations Act and the Listing Rules.

Each option entitles the holder, on exercise, to one ordinary fully paid share in the Company. There is no issue price for the options. The exercise price for the options will be such price as determined by the Board (in its discretion) on or before the date of issue provided that in no event shall the exercise price be less than 80% of the weighted average sale price of Shares sold on ASX during the five Business Days prior to the date of issue.

Shares issued on exercise of options will rank equally with other ordinary shares of the Company.

Options may not be transferred other than to a nominee of the holder. Quotation of options on ASX will not be sought. However, the Company will apply to ASX for official quotation of Shares issued on the exercise of options.

DIRECTORS' REPORT (continued)

Remuneration report (continued)

Details of employee share option plans (continued)

An option may only be exercised after that option has vested and any other conditions imposed by the Board on exercise satisfied. The Board may determine the vesting period (if any). An option will lapse upon the first to occur of the expiry date, the holder acting fraudulently or dishonestly in relation to the Company, the employee ceasing to be employed by the Company or on certain conditions associated with a party acquiring a 90% interest in the Shares of the Company.

If, in the opinion of the Board any of the following has occurred or is likely to occur, the Company entering into a scheme of arrangement, the commencement of a takeover bid for the Company's Shares, or a party acquiring a sufficient interest in the Company to enable them to replace the Board, the Board may declare an option to be free of any conditions of exercise. Options which are so declared may, subject to the lapsing conditions set out above, be exercised at any time on or before their expiry date and in any number.

There are no participating rights or entitlements inherent in the options and option holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the options. However, the Company will ensure that the record date for determining entitlements to any such issue will be at least six Business Days after the issue is announced. Option holders shall be afforded the opportunity to exercise all options which they are entitled to exercise pursuant to the Plan prior to the date for determining entitlements to participate in any such issue.

If the Company makes an issue of shares to Shareholders by way of capitalisation of profits or reserves ("Bonus Issue"), each option holder holding any options which have not expired at the time of the record date for determining entitlements to the Bonus Issue shall be entitled to participate in the Bonus Issue by exercising their options before the record date determining entitlements under the Bonus Issue. They will then be issued the shares under the Bonus Issue in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise.

The Bonus Shares will be paid by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the Bonus Issue and upon issue rank pari passu in all respects with the other Shares issued upon exercise of the options. In the event of any reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the expiry of any options, the number of options to which each option holder is entitled or the exercise price of his or her options or both or any other terms will be reconstructed in a manner determined by the Board which complies with the provisions of the Listing Rules.

Under current taxation laws any taxation liability in relation to the options, or the Shares issued on exercise of the options, will fall on the participants. The Company will not be liable to fringe benefits tax in relation to options or Shares issued under the Plan.

Although Directors are eligible to be offered options under the Plan, this first requires specific Shareholder approval due to the requirements of the ASX Listing Rules and the Corporations Act 2001.

Details of Employee Incentive Plan

The Group continued the Employee Incentive Plan which was first adopted in February 2011, which allowed the Board to invite employees to apply for incentives. The incentives may be exercised for nil consideration when certain vesting conditions occur, at which point one share will be issued for each incentive exercised.

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

On 16 January 2015 the Employee Long Term Incentive Plan 2014 was introduced with 11,500,000 incentives being granted at nil cents per incentive and have progressive vesting dates through to 16 January 2019. A total of 9,250,000 incentives were forfeited on termination of employment. The incentive plan is based on the same structure as its predecessor which had been cancelled prior to the acquisition of Central Systems Pty Ltd. The fair value of the incentives issued was valued at $0.059 per incentive based on the share price at grant date.

A total of 2,250,000 incentives remain as at 30 June 2017. These incentives were granted at nil cents per incentive and have progressive vesting dates through to 16 January 2019.

DIRECTORS' REPORT (continued)

Remuneration report (continued)

Related Party disclosures

(a) Operating lease agreements

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

Slipstream Property Partnership
Amphora Pty Ltd as trustee for the Purple Trust (Ivan Ruefli);
Allmont Pty Ltd as trustee for the Allmont Trust (Andrew Ellison);
Matthew Reid Project Management Pty Ltd (Gary Reid); and
Richard James Eden as trustee for the Eden Family Trust.
The lease for the property located in Osborne Park, Western Australia lease commenced on 1 May 2015 with a termination date of 30 April 2019.
Rental payments made for the year 1 July 2016 to 30 June 2017 were $136,800 (2016: $171,000). At balance date, $Nil (2016: $Nil) was payable to the Slipstream Property Trust.

Grisam Investments Pty Ltd as trustee for the Grisam Property Trust
Amphora Pty Ltd as trustee for the Purple Trust (Ivan Ruefli);
Allmont Pty Ltd as trustee for the Allmont Trust (Andrew Ellison);
Gary Reid as trustee for the Gary Reid Family Trust; and
Richard James Eden as trustee for the Eden Family Trust
The lease for the property located in Newman, Western Australia commenced on 1 October 2014 with a termination date of 30 September 2019. The lease for the property located in Townsville, Queensland commenced on 1 July 2013 with a termination date of 30 June 2020.
Rental payments made for the year 1 July 2016 to 30 June 2017 were $224,658 (2016: $239,316). At balance date, $Nil (2016: $Nil) was payable to Grisam Investments Pty Ltd.

RIGA WA Pty Ltd as trustee for the Riga Unit Trust
4ZA Investments Pty Ltd as trustee for the Super Superannuation Fund (Ivan Ruefli);
Andrew Blair Ellison & Serena Maxine Ellison as trustee for the AB & SM Ellison Superannuation Fund (Andrew Ellison);
Deeper Water Super Pty Ltd as trustee for the Deeper Water Super Fund (Gary Reid); and
Richard James Eden & Karen Maree Eden as trustee for the Eden Superannuation Fund.
This lease for the property located in Hope Valley, Western Australia commenced on 31 March 2014 with a termination date of 30 March 2021.
Rental payments made for the year 1 July 2016 to 30 June 2017 were $234,332 (2015: $502,140). At balance date, $Nil (2016: $Nil) was payable to RIGA WA Pty Ltd.

Given the deteriorating trading conditions encountered by the Group, the leases for both the Townsville property with Grisam Investments Pty Ltd and the Hope Valley property held by RIGA WA Pty Ltd were terminated during the year in order to reduce the future lease commitments. The Group and RIGA WA Pty Ltd entered into an arrangement in the previous financial year to terminate the lease as at 31 December 2016, by payment of an amount of $892,632 which was recorded in the accounts at 30 June 2016. The termination of the lease in Townsville did not require a termination payment.

(b) Other transactions

The Company entered into a building construction agreement with GM Reid Investments Pty Ltd (Gary Reid) for a unit development in Innaloo, Western Australia.

GM Reid Investments Pty Ltd was invoiced $471,900 for the year ended 30 June 2017 (2016: $Nil). At balance date, $82,500 (2016: $Nil) was owing by GM Reid Investments Pty Ltd.

Directors' Meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director was as follows:

DIRECTORS' REPORT (continued)

Remuneration report (continued)

	Directors' Meetings	Eligible to attend	Audit Committee*	Remuneration Committee*
Number of meetings held:	10	10	-	-
Number of meetings attended:				
Mr Andrew Ellison	10	10	-	-
Mr Richard Eden	10	10	-	-
Mr Gary Reid	9	10	-	-

****given the size of the Board and the Company, the directors also fulfilled the roles required in the committees***

Proceedings on behalf of the Group

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to 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 part of those proceedings.

Auditor Independence and Non-Audit Services

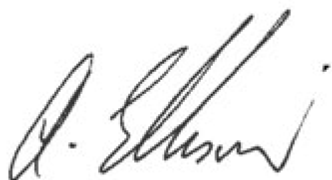
Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 15 and forms part of this directors' report for the year ended 30 June 2017.

Non-Audit Services

The Directors review any non-audit services to be provided to ensure they are compatible with the general standard for independence for auditors imposed by the Corporations Act 2001.

During the year, the auditors did not provide any non-audit services to the Group.

Signed in accordance with a resolution of the directors.



Mr Andrew Ellison
Chairman
Perth, Western Australia
31 August 2017

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Resource Development Group Limited for the year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

HLB Mann Judd
Chartered Accountants

L Di Giallonardo
Partner

Perth, Western Australia
31 August 2017

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Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (WA Partnership) is a member of HLB International, a world-wide organisation of accounting firms and business advisers

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Consolidated 2017 $	Consolidated 2016 $
Continuing operations			
Revenue	3(a)	9,256,201	69,258,688
Other income	3(b)	274,432	956,785
Cost of sales		(4,022,251)	(15,824,620)
Employee benefits expense		(3,629,593)	(33,354,735)
Depreciation and amortisation	3(c)	(1,606,040)	(3,236,375)
Finance costs		(9,249)	(1,921,873)
Impairment expense	3(d)	(263,402)	-
Profit/(loss) on sale of assets		153,685	(3,097,614)
Share based payments	3(c)	(6,915)	-
Other expenses		(2,250,196)	(4,143,962)
(Loss)/profit before income tax		(2,103,328)	8,636,294
Income tax benefit/(expense)	4	936,273	(2,956,050)
(Loss)/profit after income tax from continuing operations		(1,167,055)	5,680,244
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive (loss)/income		**(1,167,055)**	**5,680,244**
Basic (loss)/earnings per share (cents per share)	6	(0.18)	0.90
Diluted (loss)/earnings per share (cents per share)	6	(0.18)	0.90

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

		Consolidated	
		2017	2016
Assets	Notes	$	$
Current assets			
Cash and cash equivalents	7	10,131,801	13,192,429
Trade and other receivables	8	1,187,233	3,917,648
Income tax refundable	4	8,287	-
Inventories	9	747,482	73,039
Total current assets		12,074,803	17,183,116
Non-current assets			
Property, plant and equipment	10	6,945,123	9,292,977
Deferred tax assets	4	892,709	633,080
Total non-current assets		7,837,832	9,926,057
Total assets		19,912,635	27,109,173
Liabilities			
Current liabilities			
Trade and other payables	11	603,415	6,072,191
Current tax provisions	4	-	1,341,345
Provisions	13	198,946	333,220
Total current liabilities		802,361	7,746,756
Non-current liabilities			
Provisions	13	45,014	65,207
Deferred tax liabilities	4	1,098,269	170,079
Total non-current liabilities		1,143,283	235,286
Total liabilities		1,945,644	7,982,042
Net assets		17,966,991	19,127,131
Equity			
Issued capital	14	7,836,308	7,836,308
Share-based payments reserve	15	186,295	179,380
Retained earnings		9,944,388	11,111,443
Total equity		17,966,991	19,127,131

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

Consolidated	Issued capital	Retained earnings	Share-based payments reserve	Total
30 June 2016				
Balance as at 1 July 2015	7,836,308	5,431,199	179,380	13,446,887
Profit/loss for the year	-	5,680,244	-	5,680,244
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss) for the year	-	5,680,244	-	5,680,244
Balance at 30 June 2016	7,836,308	11,111,443	179,380	19,127,131
30 June 2017				
Balance as at 1 July 2016	7,836,308	11,111,443	179,380	19,127,131
Profit/loss for the year	-	(1,167,055)	-	(1,167,055)
Other comprehensive income	-	-	-	-
Total comprehensive (loss)/income for the year	-	(1,167,055)	-	(1,167,055)
Share-based payments	-	-	6,915	6,915
Balance at 30 June 2017	7,836,308	9,944,388	186,295	17,966,991

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Consolidated 2017 $	Consolidated 2016 $
Cash flows from operating activities			
Receipts from customers		9,053,308	75,827,269
Payments to suppliers and employees		(13,213,783)	(63,563,720)
Interest received		201,392	674,205
Finance costs refunded/(paid)		11,155	(1,790,485)
Income tax refunded/(paid)		255,203	(1,358,963)
Net cash (used in)/provided by operating activities	7(ii)	(3,692,725)	9,788,306
Cash flows from investing activities			
Purchase of property, plant and equipment		(8,000)	(128,233)
Proceeds from sale of property, plant and equipment		903,499	5,565,017
Proceeds from sale of subsidiaries, net of cash disposed	7(iv)	-	11,138
Investment in joint venture		(149,377)	-
Loan advanced to related and other parties		(114,025)	-
Net cash provided by investing activities		632,097	5,447,922
Cash flows from financing activities			
Repayment of borrowings		-	(30,150,793)
Repayments of finance lease and hire purchase liabilities		-	(6,210,758)
Net cash(used in) financing activities		-	(36,361,551)
Net decrease in cash and cash equivalents		(3,060,628)	(21,125,323)
Cash and cash equivalents at the beginning of the period		13,192,429	34,317,752
Cash and cash equivalents at the end of the period	7(i)	10,131,801	13,192,429

The accompanying notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Adoption of new and revised standards

Standards and Interpretations applicable to 30 June 2017
In the year ended 30 June 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted

Certain new accounting standards and interpretations have been publishes that are not mandatory for 30 June 2017 reporting periods. Those which may have a significant to the Group are set out below. The Group does not plan to adopt these standards early.

AASB 9 Financial Instruments (2014)

AASB 9 (2014), published in December 2014, replaces the existing guidance AASB 9 (2009), AASB 9 (2010) and AASB 139 *Financial Instruments: Recognition and Measurement* and is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The new standard results in changes to accounting policies for financial assets and liabilities covering classification and measurement, hedge accounting and impairment. The Group has assessed these changes and determined that based on the current financial assets and liabilities held at reporting date, the Group will need to reconsider its accounting policies surrounding impairment recognition. The new impairment requirements for financial assets are based on a forward looking 'expected loss model' (rather than the current 'incurred loss model').

The Group does not expect a significant effect on the financial statements resulting from the change of this standard however the Group is in the process of evaluating the impact of the new financial instrument standard. The changes in the Group's accounting policies from the adoption of AASB 9 will be applied from 1 July 2018 onwards.

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised, including in respect of multiple element arrangements. It replaces existing revenue recognition guidance, AASB 111 *Construction Contracts*, AASB 118 *Revenue* and AASB 1004 *Contributions.* AASB 15 is effective from annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The core principle of AASB 15 is that it requires identification of discrete performance obligations within a transaction and associated transaction price allocation to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of goods or services is transferred, rather than on transfer of risks and rewards. Revenue received for a contract that includes a variable amount is subject to revised conditions for recognition, whereby it must be highly probable that no significant reversal of the variable component may occur when the uncertainties around its measurement are removed.

The Group has commenced the process of evaluating the impact of the new standard on existing revenue streams and will first apply AASB 15 in the financial year beginning 1 July 2018.

AASB 16 Leases

AASB 16 replaces the current AASB 17 *Leases standard.* AASB 16 removes the classification of leases as either operating leases or finance leases- for the lessee - effectively treating all leases as finance leases. Most leases will be capitalised on the balance sheet by recognising a 'right-of-use' asset and a lease liability for the present value obligation. This will result in an increase in the recognised assets and liabilities in the statement of financial position as well as a change in expense recognition, with interest and deprecation replacing operating lease expense.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Adoption of new and revised standards (continued)

Lessor accounting remains similar to current practice, i.e. lessors continue to classify leases as finance and operating leases.

AASB 16 is effective from annual reporting periods beginning on or after 1 January 2019, with early adoption permitted for entities that also adopt AASB 15.

This standard will primarily affect the accounting for the Group's operating lease. As at 30 June 2017, the Group has $749,712 of non-cancellable operating lease commitments, predominantly relating to property lease. The Group is considering the available options to account for this transition but the Group expects an increase in reported earnings before interest, tax, depreciation and amortisation (EBITDA) and increase in lease assets and liabilities recognition. This will however be dependent on the lease arrangements in place when the new standard is effective. The Group has commenced the process of evaluating the impact of the new lease standard.

No other new standards, amendments to standards and interpretations are expected to affect the Group's consolidated financial statements.

(b) Statement of compliance

The financial report was authorised for issue on 31 August 2017.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(c) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Resource Development Group Ltd (‘Company’ or ‘parent entity’) as at 30 June 2017 and the results of all subsidiaries for the year then ended. Resource Development Group Ltd and its subsidiaries are referred to in this financial report as the Group or the consolidated entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Business combinations are accounted for using the acquisition method of accounting (refer note 1(m)).

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group’s interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Going concern

The financial statements are prepared on a going concern basis.

At balance date, the Group had a working capital surplus of $11,272,442 and cash balances of $10,131,801.

The Board considers that based on its assessment of operating cash flows, that it is appropriate to the Group's current circumstances, to prepare its financial statements on a going concern basis.

(e) Segment reporting

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

(f) Foreign currency translation

Both the functional and presentation currency of Resource Development Group Limited and its Australian subsidiaries is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity.

These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

(g) Revenue recognition

Revenue is measured at 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. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Rendering of services

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

(ii) Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(iii) Dividends

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

(h) Income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Income tax (continued)

situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity or entities within a tax consolidated group and the same taxation authority.

Tax consolidation legislation

Resource Development Group Limited and its 100% owned Australian resident subsidiaries have implemented the tax consolidation legislation. See Note 4 for further information on how the Group accounts for income tax consolidation.

(i) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Other taxes (continued)

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(j) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or business 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 value 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 as either 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.

(k) Impairment of assets

The Group assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(m) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

(n) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

Raw materials – purchase cost on a first-in, first-out basis; and

Finished goods and work-in-progress – cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Inventories are measured at the lower of cost and net realisable value.

(o) Work in Progress

Work in progress is measured at cost, plus profit recognised to date less any provision for anticipated future losses. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to the contract activity in general and that can be allocated on a reasonable basis.

Profits are recognised on the stage of completion basis and measured using the proportion of costs incurred to date compared to expected actual costs. Where losses are anticipated they are provided for in full.

Revenue has been recognised on the basis of the terms of the contract adjusted for any variations or claims allowable under the contract.

(p) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a reducing balance basis over the estimated useful life of the assets as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Property, plant and equipment (continued)

Plant and equipment – over 2 to 20 years

Motor Vehicle – over 4 to 6 years

Leasehold improvements – over 10 to 13 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(ii) Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(q) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(r) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

(s) Employee leave benefits

(i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the balance date are recognised in other payables in respect of employees' services up to the balance date. They are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities accruing to employees in respect of wages and salaries, annual leave and long service leave not expected to be settled within 12 months of the balance date are recognised in non-current other payables in respect of employees' services up to the balance date. They are measured as the present value of the estimated future outflows to be made by the Group.

(ii) Long service leave

The liability for long service leave 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 balance date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the balance

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Employee leave benefits (continued)

(ii) Long service leave (continued)

date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(t) Issued capital

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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

(u) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(v) Earnings per share

Basic earnings per share is calculated as net profit/loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit/loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(w) Parent entity financial information

The financial information for the legal parent entity, disclosed in Note 19 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Central Systems Pty Ltd. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Share-based payments

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

(x) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Leases (continued)

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised.

Finance lease assets are depreciated on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(y) Share-based payment transactions

Equity settled transactions:

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

There is currently one plan in place to provide these benefits:

- the Employee Share Option Plan (ESOP), which provides benefits to directors, senior executives and other parties.

The cost of these equity-settled transactions with the grantees is measured by reference to the fair value of the equity instruments at the date at which they are granted.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Resource Development Group Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 6).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(aa) Investments in associates and joint ventures

An associate is an entity over which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is an arrangement where the parties have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position and adjusted thereafter to recognise the Group's share of the profit or loss in other comprehensive income of the associate if joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in associate or joint venture, the Group discontinues to recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of ASSB 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in associate or joint venture. When necessary, the entire carrying amount if the investment (including goodwill) is tested for impairment in accordance with AASB 136 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(aa) Investments in associates and join ventures (continued)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the a group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with AASB 139. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gains or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit and loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

(ab) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(ac) Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ac) Critical accounting estimates and judgements (continued)

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that sufficient future tax profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

Share-based payment transactions:

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted.

Consideration of impairment of property, plant and equipment

As a result of the Group incurring a loss for the year, the Group considered the requirements of AASB 136 *Impairment of Assets*, and specifically whether an indicator of impairment existed in relation to the carrying value of the Group's property, plant and equipment. The Group commissioned an independent valuation of higher value items included in this asset category, which concluded that no impairment expense was required to be recognised in respect of these items at balance date.

NOTE 2: REVERSE ACQUISITION ACCOUNTING

The transaction involving Resource Development Group Limited acquiring all the issued shares of Central Systems Pty Ltd in 2015 has been accounted for under the principles of Reverse Acquisitions included in Australian Accounting Standard AASB 3 *Business Combinations*.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 3: REVENUE AND EXPENSES

	Consolidated	
	2017	2016
	$	$
(a) Revenue		
Rendering of services	9,066,232	68,560,268
Interest income	189,969	698,420
	9,256,201	69,258,688
(b) Other income		
GST refund	268,126	-
Miscellaneous	6,306	-
Settlement proceeds	-	556,785
Loan forgiven	-	400,000
	274,432	956,785
(c) Expenses		
Depreciation of non-current assets	(1,606,040)	(3,236,375)
Operating lease rental expense	(616,695)	(1,826,284)
Share based payments expense	(6,915)	-
(d) Impairment expense		
Impairment of loan and investment in related party joint venture (refer to Note 23)	(263,402)	-

NOTE 4: INCOME TAX

	Consolidated	
	2017	2016
	$	$
Income tax recognised in profit or loss:		
The major components of tax expense are:		
Current tax expense	-	5,276,468
Deferred tax (income) relating to the origination and reversal of temporary differences	(936,273)	(2,542,456)
Under/(Over) provision of income tax in respect to prior years	-	222,038
Total tax (benefit)/expense	(936,273)	2,956,050

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 4: INCOME TAX (continued)

	Consolidated	
	2017	2016
	$	$
The prima facie income tax expense on pre-tax accounting profit/(loss) from operations reconciles to the income tax expense/(benefit) in the financial statements as follows:		
Accounting (loss)/profit from continuing operations before income tax	(2,103,328)	8,636,294
Income tax (benefit)/expense calculated at 30%	(630,998)	2,590,889
Add:		
Tax effect of:		
Entertainment	1,877	5,164
Share based payments	2,074	-
Other non-deductible expenses	-	184
Tax losses forfeited	-	257,775
Under-provision of income tax in respect of prior years	-	222,038
Less:		
Tax effect of:		
Recognition of tax losses	(309,226)	-
Debt forgiven	-	(120,000)
Income tax expense reported in the statement of profit or loss and other comprehensive income	(936,273)	2,956,050

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 4: INCOME TAX (continued)

	Consolidated	
	2017	2016
	$	$
Current tax assets/ liabilities comprise:		
Income tax (refundable)/payable	(8,287)	1,341,345
	(8,287)	1,341,345
Deferred tax assets comprise:		
Superannuation payable	6,567	-
Provisions – employee benefits	73,188	119,528
Accrued expenses	15,900	308,074
Work in progress	5,219	5,219
Intangibles	-	16,866
Tax losses	624,867	-
Blackhole expenditure and borrowing costs	166,968	183,393
	892,709	633,080
Deferred tax liabilities comprise:		
Prepayments	6,418	25,208
Stock on hand	6,269	13,040
Other	-	20,743
Depreciable property, plant and equipment	1,085,582	111,088
	1,098,269	170,079
Net	(205,560)	463,001

The Group has capital losses of approximately $11,335,974 arising in Australia (2016: $11,335,974) that are available indefinitely for offset against future capital gains of the tax consolidated group, subject to satisfying the relevant company loss provisions. No deferred tax asset has been recognised for capital losses as it is not probable that capital gains will be available against which the carried forward capital losses can be utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 4: INCOME TAX (continued)

Reconciliation of deferred tax assets/(liabilities):

	Consolidated				
2017	Opening balance $	Charged to income $	Charged to equity $	Acquisitions/ disposals $	Closing balance $
Temporary differences	454,561	(5,343)	(267,251)	-	181,967
Property, plant and equipment	(111,088)	253,740	(1,228,234)	-	(1,085,582)
Provisions	119,528	(46,340)	-	-	73,188
Tax losses carried forward	-	624,867	-	-	624,867
	463,001	826,924	(1,495,485)		(205,560)

	Consolidated				
2016	Opening balance $	Charged to income $	Charged to equity $	Acquisitions/ disposals $	Closing balance $
Temporary differences	523,809	(69,248)	-	-	454,561
Property, plant and equipment	(167,878)	56,790	-	-	(111,088)
Provisions	495,491	(375,963)	-	-	119,528
Tax losses carried forward	2,154,035	(2,154,035)	-	-	-
	3,005,457	(2,542,456)	-	-	463,001

Tax consolidation

Effective 1 July 2011, for the purposes of income taxation, Resource Development Group Ltd and its 100% owned Australian resident subsidiaries formed a tax consolidated group. Central Systems Pty Ltd and CS Civil Pty Ltd joined the tax consolidated group as subsidiary members on 3 October 2014. Prior to joining, Central Systems Pty Ltd and CS Civil Pty Ltd had formed a tax consolidated group, effective from 1 July 2013.

The members of the Group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly-owned subsidiaries on a pro-rata basis. The agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. The head entity of the tax consolidated group is Resources Development Group Ltd. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

Tax effect accounting by members of the tax consolidated group

The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 *Income Taxes*.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 4: INCOME TAX (continued)

Franking credits

The Group has franking credits of $4,064,349 as at 30 June 2017 (2016: $4,318,654) to attach to future dividends declared by the Company. The franking credits of the subsidiaries are assumed by Resources Development Group Ltd as the head company of the tax consolidated group. Franking credits of $800,038 were transferred from Central Systems Pty Ltd to Resource Development Group Ltd on joining the tax consolidated group on 3 October 2014.

NOTE 5: SEGMENT REPORTING

AASB 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating decision maker in order to allocate resources to the segment and to assess its performance.

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

The following tables are an analysis of the Group's revenue and results by reportable segment provided to the Board for the year ended 30 June 2017 and 30 June 2016.

30 June 2017	Construction $	Corporate $	Consolidated Total $
Revenue and other income	9,066,232	189,969	9,256,201
Profit/(loss) before income tax	2,574,146	(4,677,474)	(2,103,328)
Income tax benefit	-	936,273	936,273
Profit/(loss) after income tax	2,574,146	(3,741,201)	(1,167,055)
Interest revenue	-	189,969	189,969
Interest expense	-	6,103	6,103
Depreciation and amortisation	-	1,606,040	1,606,040
Segment assets	1,473,922	17,813,846	19,912,635
Segment liabilities	146,172	1,799,472	1,945,644
Acquisition of non-current assets	8,000	-	8,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 5: SEGMENT REPORTING (continued)

30 June 2016	Construction $	Services $	Oil & Gas $	Housing $	Corporate $	Consolidated Total $
Revenue and other income	50,009,858	4,467,520	5,114,338	8,968,552	698,420	69,258,688
Profit/(loss) before income tax	16,477,511	899,099	1,900,220	1,008,177	(11,648,713)	8,636,294
Income tax expense	-	-	-	-	(2,956,050)	(2,956,050)
Profit/(loss) after income tax	16,477,511	899,099	1,900,220	1,008,177	(14,604,763)	5,680,244
Interest revenue	-	-	-	-	698,420	698,420
Interest expense	-	-	-	-	(1,921,873)	(1,921,873)
Depreciation and amortisation	-	-	-	-	(3,236,375)	(3,236,375)
Segment assets	946,346	933,562	167,386	127,149	24,934,730	27,109,173
Segment liabilities	2,202,013	455,226	95,041	475,266	4,754,496	7,982,042

Major Customers

The Group has one customer to whom it provided services where the revenue from that customer was in excess of 10% of the Group's revenue. This customer generated 50% (2016: 55%) of the Group's revenue for the period.

NOTE 6: EARNINGS PER SHARE

	Consolidated 2017 Cents per share	Consolidated 2016 Cents per share
Basic (loss)/earnings per share	(0.18)	0.90

Basic (loss)/earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

	$	$
(Loss)/Earnings (refer below)	(1,167,055)	5,680,244

(i) The earnings used in the calculation of total basic earnings per share reconciles to net earnings in the statement of profit or loss and other comprehensive income as follows:

	$	$
a) (Loss)/profit after income tax used to calculate basic (loss)/earnings per share	(1,167,055)	5,680,244

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 6: EARNINGS PER SHARE (continued)

	Number	Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	631,404,067	631,404,067

	Consolidated	
	2017	2016
	Cents per share	Cents per share
Diluted (loss)/earnings per share	(0.18)	0.90

Diluted (loss)/earnings per share

The (loss)/earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share is as follows:

	$	$
(Loss)/Earnings (refer below)	(1,167,055)	5,680,244

(i) The (loss)/earnings used in the calculation of total basic (loss)/earnings per share reconciles to net earnings in the statement of profit or loss and other comprehensive income as follows:	$	$
a) (Loss)/profit after income tax used to calculate basic (loss)/earnings per share	(1,167,055)	5,680,244

	Number	Number
Weighted average number of ordinary shares for the purposes of basic (loss)/earnings per share	631,404,067	631,404,067
Shares deemed to be issued for no consideration in respect of:		
• Employee options	-	-
• Incentives	-	-
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share:	631,404,067	631,404,067

NOTE 7: CASH AND CASH EQUIVALENTS

	Consolidated	
	2017	2016
	$	$
Cash at bank and on hand	10,131,801	13,192,429

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Security deposits are restricted cash used as collateral to obtain bank guarantee facilities. These deposits are interest bearing and the interest is compounded and added to operating cash reserves.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 7: CASH AND CASH EQUIVALENTS (continued)

(i) Reconciliation to the Statement of Cash Flows:

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank and investments in money market instruments, net of outstanding bank overdrafts.

Cash and cash equivalents as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2017	2016
	$	$
Cash and cash equivalents	10,131,801	13,192,429

(ii) Reconciliation of net profit for the year to net cash flows from operating activities

	2017	2016
Net (loss)/profit for the year	(1,167,055)	5,680,244
(Profit)/loss on sale or disposal of assets	(153,685)	3,097,614
Depreciation	1,606,040	3,236,375
Equity settled share based payment	6,915	-
Provision for employee leave benefits	-	(1,240,329)
Impairment expense	263,402	(400,000)
(Increase)/decrease in operating assets:		
Trade and other receivables	2,730,416	9,596,744
Other assets	(673,241)	2,353
Deferred tax assets	(624,867)	1,907,288
Increase/(decrease) in operating liabilities:		
Trade and other payables	(5,526,180)	(11,764,730)
Other liabilities	(154,470)	(327,253)
Net cash (used in)/provided by operating activities	(3,692,725)	9,788,306

(iii) Non-cash Financing and Investing Activities

During the year, the Group acquired plant and equipment with an aggregate value of $Nil (2016: $128,233) by means of hire purchase. These acquisitions are reflected in the statement of cash flows.

(iv) Proceeds from sale of subsidiaries, net of cash disposed

The receipt of $11,138 in 2016 related to the sale consideration receivable from the sale of the Ecologia Environmental Consultants Pty Ltd subsidiary that was completed in the 2015 financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 8: CURRENT TRADE AND OTHER RECEIVABLES

	Consolidated	
	2017	2016
	$	$
Trade receivables	962,863	2,385,668
Allowance for doubtful debts	-	-
	962,863	2,385,668
Other receivables	20,721	1,133,374
Prepayments	203,649	398,606
	1,187,233	3,917,648

(i) The average credit period on sales of goods and rendering of services is 40 days (2016: 18 days). Interest is not charged. No allowance is required to be made for estimated irrecoverable trade receivable amounts and related party loans arising from the past sale of goods and rendering of services, determined by reference to past default experience.

(ii) For details of the terms and conditions of related party receivables refer to Note 18.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Consolidated	
	2017	2016
Aging of past due but not impaired	$	$
30 – 60 days	433,761	945,004
60 – 90 days	-	294
90+ days	-	63,661
Total	433,761	1,008,959

Movement in the allowance for doubtful debts

	Consolidated	
	2017	2016
	$	$
Balance at the beginning of the year	-	(12,875)
Impairment gains/(losses) recognised on receivables	-	12,875
Balance at the end of the year	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 9: INVENTORIES

	Consolidated	
	2017	2016
	$	$
At cost:		
Raw materials and stores	20,892	43,466
Work in progress (i)	726,590	29,573
	747,482	73,039

(i) Work in progress

	Consolidated	
	2017	2016
	$	$
Contract costs incurred	107,049,436	198,273,862
Recognised profits	18,751,918	31,001,870
	125,801,354	229,275,732
Progress billings	(125,220,936)	(232,473,704)
Work in progress	580,418	(3,197,972)
Income in advance	146,172	3,227,545
	726,590	29,573

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

	Consolidated			
	Motor vehicles	Plant and equipment	Leasehold Improvements	Total
	$	$	$	$
Year ended 30 June 2017				
At 1 July 2016, net of accumulated depreciation and impairment	1,375,218	7,913,277	4,482	9,292,977
Additions	-	8,000	-	8,000
Disposals	(242,409)	(507,405)	-	(749,814)
Depreciation charge for the year	(210,142)	(1,394,105)	(1,793)	(1,606,040)
At 30 June 2017, net of accumulated depreciation and impairment	922,667	6,019,767	2,689	6,945,123
At 30 June 2016				
Cost or fair value	2,472,305	17,142,918	5,356	19,620,579
Accumulated depreciation and impairment	(1,097,087)	(9,229,641)	(874)	(10,327,602)
Net carrying amount	1,375,218	7,913,277	4,482	9,292,977
At 30 June 2017				
Cost or fair value	2,003,274	16,066,927	5,356	18,075,557
Accumulated depreciation and impairment	(1,080,607)	(10,047,160)	(2,667)	(11,130,434)
Net carrying amount	922,667	6,019,767	2,689	6,945,123

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 10: PROPERTY, PLANT AND EQUIPMENT (continued)

	Consolidated			
	Motor vehicles	Plant and equipment	Leasehold Improvements	Total
	$	$	$	$
Year ended 30 June 2016				
At 1 July 2015, net of accumulated depreciation and impairment	3,854,437	17,421,874	130,915	21,407,226
Asset Reclass	(10,902)	133,227	(122,325)	-
Additions	84,234	43,999	-	128,233
Disposals	(1,872,332)	(7,133,775)	-	(9,006,107)
Depreciation charge for the year	(680,219)	(2,552,048)	(4,108)	(3,236,375)
At 30 June 2016, net of accumulated depreciation and impairment	1,375,218	7,913,277	4,482	9,292,977
At 30 June 2015				
Cost or fair value	6,807,233	29,859,717	199,271	36,866,221
Accumulated depreciation and impairment	(2,952,796)	(12,437,843)	(68,356)	(15,458,995)
Net carrying amount	3,854,437	17,421,874	130,915	21,407,226
At 30 June 2016				
Cost or fair value	2,472,305	17,142,918	5,356	19,620,579
Accumulated depreciation and impairment	(1,097,087)	(9,229,641)	(874)	(10,327,602)
Net carrying amount	1,375,218	7,913,277	4,482	9,292,977

The useful life of the assets was estimated as follows for both 2017 and 2016:

- Plant and equipment 2 to 20 years
- Motor vehicles 4 to 6 years
- Leasehold improvements 10 to 13 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 11: TRADE AND OTHER PAYABLES

	Consolidated	
	2017	2016
Current	$	$
Trade payables	302,263	978,527
Other payables	154,980	1,866,119
Income received in advance	146,172	3,227,545
	603,415	6,072,191

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

NOTE 12: BORROWINGS

The Company does not have any debt, hire purchase or lease facilities as at balance date, except for the facilities described below:

Bank facility

On 15 November 2016, following a review of the Company's banking facilities, the ANZ Bank provided a restated Letter of Offer to the Company which included the following continuing facilities that the Company has agreed to:

- Performance guarantee facility of $2,500,000 (at 30 June 2017, amount used: $35,000; amount unused $2,465,000);
- Electronic Payaway Facility limit at 30 June 2017: $250,000; and
- Commercial card facility limit at 30 June 2017: $150,000.

The proposed bank facilities are secured by way of a General Security Agreement over all of the assets of the Group. A Deed of Priority and Subordination between ANZ Bank and performance bond provider CGU Insurance Ltd is also in place.

Performance bond facility

The Company has these arrangements in place:

- Performance bond facility with CGU Insurance Ltd of $10,000,000 (at 30 June 2017 amount used $312,174 (30 June 2016: $674,313); amount unused $9,687,826 (30 June 2016: $9,325,687).

The performance bond facility is secured by way of a General Security Agreement over all of the assets of the Group. A Deed of Priority and Subordination between ANZ Bank and CGU Insurance Ltd is in place.

NOTE 13: PROVISIONS

Employee Entitlements:	2017	2016
Consolidated	$	$
At 1 July 2016	398,427	1,638,756
Net movements	(154,467)	(1,240,329)
At 30 June 2017	243,960	398,427

2017	Employee benefits	Total
Consolidated	$	$
Current	198,946	198,946
Non-current	45,014	45,014
At 30 June 2016	243,960	243,960

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 13: PROVISIONS (continued)

2016	Employee benefits	Total
Consolidated	$	$
Current	333,220	333,220
Non-current	65,207	65,207
At 30 June 2016	398,427	398,427

NOTE 14: ISSUED CAPITAL

	30 June 2017		30 June 2016	
	Number of shares	$	Number of shares	$
(a) Paid up capital:	631,404,067	7,836,308	631,404,067	7,836,308

(b) Movements in ordinary share capital:

	Year to 30 June 2017		Year to 30 June 2016	
	Number of shares	$	Number of shares	$
Balance at beginning of financial period	631,404,067	7,836,308	631,404,067	7,836,308
Balance at end of financial period	631,404,067	7,836,308	631,404,067	7,836,308

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Options

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

The fair value of the options issued was assessed at $101,020 determined using a Black & Scholes pricing model. The following table lists the inputs to the model for options issued during the year ended 30 June 2015:

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

Incentives

There were no incentives issued during the year ended 30 June 2017.

A total of 500,000 (2016: 5,750,000) incentives were forfeited on termination of employment during the year ended 30 June 2017. There are currently 2,250,000 (2016: 2,750,000) incentives on issue. The incentives vest on 16 January 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 14: ISSUED CAPITAL (continued)

	Consolidated	
	Year ended 30 June 2017	Year ended 30 June 2016
Movement in employee incentives	Number	Number
Balance at beginning of financial period	2,750,000	8,500,000
Forfeited on termination of employment	(500,000)	(5,750,000)
Balance at end of financial period	2,250,000	2,750,000

NOTE 15: SHARE BASED PAYMENTS AND RESERVE

	Consolidated	
	Share based payments reserve	Total
	$	$
At 1 July 2016	179,380	179,380
Recognition of share based payments	6,915	6,915
At 30 June 2017	186,295	186,295

Nature and purpose of reserves

Share based payment reserve

This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration.

NOTE 16: FINANCIAL INSTRUMENTS

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from 2016.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings/(accumulated losses).

None of the Group's entities are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, dividends and general administrative outgoings.

Gearing levels are reviewed by the Board on a regular basis in line with its target gearing ratio, the cost of capital and the risks associated with each class of capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 16: FINANCIAL INSTRUMENTS (continued)

	Consolidated	
	2017	2016
	$	$
(b) Categories of financial instruments		
Financial assets		
Cash and cash equivalents	10,131,801	13,192,429
Trade and other receivables	1,187,233	3,917,648
Financial liabilities		
Trade payables	603,415	6,072,191

(c) Financial risk management objectives

The Group is exposed to market risk including currency risk, fair value interest rate risk and price risk, credit risk, liquidity risk and cash flow interest rate risk.

(d) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, commodity prices and exchange rates.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

The Group does not have sufficient investments that would expose it to unmanageable market risks.

(e) Interest rate risk management

The Company and the Group are exposed to interest rate risk as entities in the Group borrow funds at variable interest rates. The Group's policy is to manage its exposure to movements in interest rates by fixing the interest rate on financial instruments, including bank loans, finance leases and hire purchase liabilities, wherever possible. In addition, the Group utilises a number of financial institutions to obtain the best interest rate possible and to manage its risk. The Group does not enter into interest rate hedges.

Interest rate risk sensitivity analysis

The Company had no fixed rate borrowings at 30 June 2017, therefore interest rate sensitivity analysis is not required to be undertaken for the purpose of this report.

(f) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses publicly available financial information and its own trading record to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 16: FINANCIAL INSTRUMENTS (continued)

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

(g) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group currently has no financing facilities in place.

(h) Fair value of financial instruments

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

NOTE 17: COMMITMENTS AND CONTINGENCIES

Operating lease commitments – Group as lessee

The Group has entered into commercial leases on premises. These leases are of varying periods up to 5 years with renewal options included in some of the contracts. There are no restrictions placed upon the lessee by entering into these leases.

Given the deteriorating trading conditions encountered by the Group, the leases for both the Townsville property with Grisam Investments Pty Ltd and the Hope Valley property held by RIGA WA Pty Ltd were terminated during the year in order to reduce the future lease commitments. The Group and RIGA WA Pty Ltd entered into an arrangement in the previous financial year to terminate the lease as at 31 December 2016, by payment of an amount of $892,632 which was recorded in the accounts at 30 June 2016. The termination of the lease in Townsville did not require a termination payment.

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

	Consolidated	
	30 June 2017 $	30 June 2016 $
Within one year	352,997	650,812
After one year but not more than five years	396,715	1,009,771
Greater than 5 years	-	-
	749,712	1,660,583

Capital commitments

No capital expenditure commitments have been made for items of plant and machinery for the year ended 30 June 2017 (2016: $Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 18: RELATED PARTY DISCLOSURE

Resource Development Group Limited is the legal Australian parent entity. The legal subsidiaries are as follows:

Name	Country of Incorporation	% Equity Interest		Investment ($)	
		30 June 2017	30 June 2016	30 June 2017	30 June 2016
Central Systems Pty Ltd	Australia	100	100	1,800,100	1,800,100
Engenium Projects UK Ltd	UK	100	100	-	-
RDG Centrals Private Ltd	Singapore	82	-	770	-

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

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms. Outstanding balances at the year are unsecured, interest free and settlement occurs in cash. No guarantees were provided or received for any related party receivables or payables.

An impairment assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates to determine whether there is objective evidence that a related party receivable is impaired. When such objective evidence exists, the Group recognises an allowance for the impairment loss.

(a) Operating lease agreements

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

Slipstream Property Partnership
Amphora Pty Ltd as trustee for the Purple Trust (Ivan Ruefli);
Allmont Pty Ltd as trustee for the Allmont Trust (Andrew Ellison);
Matthew Reid Project Management Pty Ltd (Gary Reid); and
Richard James Eden as trustee for the Eden Family Trust.
The lease for the property located in Osborne Park, Western Australia lease commenced on 1 May 2015 with a termination date of 30 April 2019.

Rental payments made for the year 1 July 2016 to 30 June 2017 were $136,800 (2016: $171,000). At balance date, $Nil (2016: $Nil) was payable to the Slipstream Property Trust.

Grisam Investments Pty Ltd as trustee for the Grisam Property Trust
Amphora Pty Ltd as trustee for the Purple Trust (Ivan Ruefli);
Allmont Pty Ltd as trustee for the Allmont Trust (Andrew Ellison);
Gary Reid as trustee for the Gary Reid Family Trust; and
Richard James Eden as trustee for the Eden Family Trust
The lease for the property located in Newman, Western Australia commenced on 1 October 2014 with a termination date of 30 September 2019. The lease for the property located in Townsville, Queensland commenced on 1 July 2013 with a termination date of 30 June 2020.
Rental payments made for the year 1 July 2016 to 30 June 2017 were $224,658 (2016: $239,316). At balance date, $Nil (2016: $Nil) was payable to Grisam Investments Pty Ltd.

RIGA WA Pty Ltd as trustee for the Riga Unit Trust
4ZA Investments Pty Ltd as trustee for the Super Superannuation Fund (Ivan Ruefli);
Andrew Blair Ellison & Serena Maxine Ellison as trustee for the AB & SM Ellison Superannuation Fund (Andrew Ellison);
Deeper Water Super Pty Ltd as trustee for the Deeper Water Super Fund (Gary Reid); and
Richard James Eden & Karen Maree Eden as trustee for the Eden Superannuation Fund.
This lease for the property located in Hope Valley, Western Australia commenced on 31 March 2014 with a termination date of 30 March 2021.

Rental payments made for the year 1 July 2016 to 30 June 2017 were $234,332 (2015: $502,140). At balance date, $Nil (2016: $Nil) was payable to RIGA WA Pty Ltd.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 18: RELATED PARTY DISCLOSURE (continued)

Given the deteriorating trading conditions encountered by the Group, the leases for both the Townsville property with Grisam Investments Pty Ltd and the Hope Valley property held by RIGA WA Pty Ltd were terminated during the year in order to reduce the future lease commitments. The Group and RIGA WA Pty Ltd entered into an arrangement in the previous financial year to terminate the lease as at 31 December 2016, by payment of an amount of $892,632 which was recorded in the accounts at 30 June 2016. The termination of the lease in Townsville did not require a termination payment.

(b) Other transactions

The Company entered into a building construction agreement with GM Reid Investments Pty Ltd (Gary Reid) for a unit development in Innaloo, Western Australia.

GM Reid Investments Pty Ltd was invoiced $471,900 for the year ended 30 June 2017 (2016: $Nil). At balance date, $82,500 (2016: $Nil) was owing by GM Reid Investments Pty Ltd.

NOTE 19: PARENT ENTITY DISCLOSURES

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

The legal structure of the Resource Development Group Limited subsequent to the acquisition of Central Systems Pty Ltd will be that Resource Development Group Limited will remain as the parent entity.

	30 June 2017 $	30 June 2016 $
Assets		
Current assets	425,795	1,296,895
Non-current assets	84,257	62,070
Total assets	510,052	1,358,965
Liabilities		
Current liabilities	53,268	25,000
Non-current liabilities	-	-
Total liabilities	53,268	25,000
Equity		
Issued capital	7,886,705	7,886,705
Reserves	441,904	434,990
Accumulated losses	(7,871,825)	(6,987,735)
Total equity	456,784	1,333,960

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 19: PARENT ENTITY DISCLOSURES (continued)

Financial performance

	Year ended 30 June 2017 $	Year ended 30 June 2016 $
Loss for the year	(884,091)	(156,617)
Other comprehensive income	-	-
Total comprehensive loss	(884,091)	(156,617)

Commitments

The parent entity does not have any commitments of its own.

NOTE 20: EVENTS AFTER THE REPORTING PERIOD

There are no significant events to report after the end of the reporting period.

NOTE 21: AUDITOR'S REMUNERATION

The auditor of Resource Development Group Limited is HLB Mann Judd.

	Consolidated	
Amounts received or due and receivable by HLB Mann Judd for:	2017 $	2016 $
An audit or review of the financial report of the entity and any other entity in the Group	70,000	75,000

NOTE 22: DIRECTORS AND EXECUTIVES DISCLOSURES

The aggregate compensation made to directors and other key management personnel of Resource Development Group Limited is set out below:

	Consolidated	
	2017 $	2016 $
Short-term employee benefits	674,362	1,040,908
Post-employment benefits	30,523	26,257
Share-based payments	-	-
	704,885	1,067,165

The comparative for aggregate compensation made to directors and other key management personnel includes the directors and other key management personnel of both Resource Development Group Ltd and Central Systems Pty Ltd.

NOTE 23: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Centrals PNG Limited Joint Venture

During the year ended 30 June 2015, the Group formed the Centrals PNG Limited Joint Venture with LCS Electrical & Mechanical Contractors Limited. The Group has a 50% participating interest in Centrals PNG Limited. Centrals PNG Limited is incorporated in PNG and was established to initially tender on work on the Wafi-Golpu Gold and Copper mine which is a joint venture between Newcrest and Harmony, managed by Newcrest in Papua New Guinea.

During the year ended 30 June 2016, the Resource Development Group Limited subsidiary, Central Systems Pty Ltd, chose, together with its joint venture partner to terminate the joint venture on the basis that there was unlikely to be any immediate or

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 23: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

future work emanating from this project. An investment in Joint Venture was not recognised at the previous balance date and the Joint Venture does not have any further balances.

Kazakhstan Joint Venture

The Company formed a joint venture in Kazakhstan during the financial year and held a 45% share in it through its Singapore registered subsidiary, RDG Centrals Private Ltd. Although the directors identified several opportunities that were within the core work that the Company performs, the directors assessed that there were too many hurdles to overcome in order to be sustainable and ultimately deliver a positive outcome for the Company's shareholders. An initial investment of $149,377 was made in the joint venture, together with a loan of $114,025. The Directors chose to terminate this joint venture prior to the end of the financial year and expensed the investment and loan in the accounts in the sum of $263,402.

NOTE 24: DIVIDENDS

There were no dividends declared or paid during the year ended 30 June 2017 (30 June 2016: $Nil).

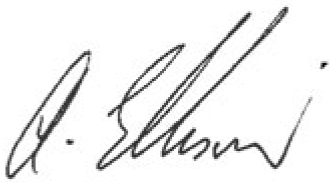
	Consolidated	
	2017	2016
Franking account balance	$	$
The amount of franking credits available for subsequent financial years are:		
Franking account balance as at the end of the financial year at 30% (2016: 30%)	4,064,349	4,318,654
Franking credits that will arise from the payment of income tax payable as at the end of the financial year	-	1,362,976
	4,064,349	5,681,630

The tax rate at which any dividends have been franked is 30% (2016: 30%).

DIRECTORS' DECLARATION

1. In the opinion of the directors of Resource Development Group Limited (the 'Company'):
    a. the accompanying financial statements and notes are 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 performance for the year then ended; and
        ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
    b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
    c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2017.

This declaration is signed in accordance with a resolution of the Board of Directors.



Andrew Ellison
Chairman

Dated this 31st August 2017

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Resource Development Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Resource Development Group Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, 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:

a) 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 then ended; and

b) 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 auditor independence requirements of 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 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.

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HLB Mann Judd

Key Audit Matter	How our audit addressed the key audit matter
Impairment assessment of property, plant and equipment Note 10 of the financial report	
The Group has property, plant and equipment of $6,945,123 at balance date. The Group is required to assess whether there are any indicators of impairment in relation to this class of assets. Management has determined that an indicator of impairment existed at balance date. Accordingly, management has conducted an impairment assessment of the carrying amount of property, plant and equipment, and concluded that no impairment expense was required to be recognised in respect of property, plant and equipment at balance date. The assessment of impairment of the carrying value of property, plant and equipment is a key audit matter as there are a number of judgements required in determining the recoverable value of these assets due to the current economic conditions and potential contraction in the market.	Our procedures included but were not limited to the following: - We obtained an understanding of the key controls associated with the assessment of impairment; - We evaluated management's assessment of the recoverable value of property, plant and equipment (which included the use of an external independent valuation obtained by the Group to support the carrying value of assets at reporting date); - We assessed the valuation methodology adopted by the valuer and the competence of the valuer; - We considered if the appropriate level of costs to dispose were included in management's assessment of fair value less costs to disposal; - We performed a sensitivity analysis in relation to the recoverable amount; and - We assessed the appropriateness of the disclosures included in the financial report.
Revenue recognition on long term contracts and accounting for work in progress Notes 3 and 9 of the financial report	
A substantial amount of the Group's revenue relates to revenue from the rendering of services and construction contracts. Many of these contracts are of long-term duration and revenue and margins are recognised based on the stage of completion of the individual contracts. This is calculated on the proportion of total costs incurred at the reporting date compared to management's estimation of total costs of the contract. We focused on this area as a key audit matter due to the number and type of estimation events that may occur over the course of the contract life, leading to complex and judgemental revenue recognition from these contracts.	Our procedures included but were not limited to the following: - We examined and tested the Group's key controls over revenue and related work-in-progress; - We recalculated the net work in progress balance based on revenue, costs and profit to date ensuring that the profit is recognised on stage of completeness, that all forecasted losses were recognised and any profit on contracts where management were unable to forecast the final contract result as the contract was not at a sufficient level of completeness was excluded; - We inquired about contract margins that were higher than the expected margin; - We tested contract value on a sample basis by agreeing to contracts and approved variations; - We assessed the estimation of costs to complete on a sample basis by agreeing key forecast cost assumptions to underlying evidence; - We assessed the Group's ability to forecast margins on contracts by analysing the accuracy of previous margin forecasts to actual outcomes, on a sample basis;

- We compared the contract performance at balance date to subsequent months for evidence of deteriorating contract performance and that the Group was recording loss making contracts;
- We reviewed the board meeting minutes to identify contracts with poor performance;
- We tested contract costs to the underlying documentation on a sample basis;
- We tested contract revenue to the underlying documentation on a sample basis;
- We tested completeness of work in progress by comparing management reports to accounting records; and
- We considered if there were any legal or contentious matters that may indicate the inappropriate recognition of variations and claims. We checked the consistency of this to the inclusion or otherwise of an amount in the estimates used for revenue recognition.

Information other than the financial report and auditor's report thereon

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

Our opinion on the financial report does not cover the other information and accordingly 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 have 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 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to

  events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

HLB Mann Judd

Report on the Remuneration Report

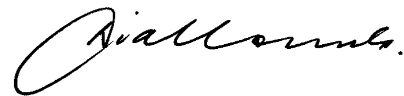
Opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2017.

In our opinion, the remuneration report of Resource Development Group 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.



HLB Mann Judd
Chartered Accountants

L Di Giallonardo
Partner

Perth, Western Australia
31 August 2017

Additional Information for Listed Public Companies

Additional information included in accordance with the Listing Rules of the Australian Securities Exchange Limited.
The information is current as at 22 August 2017.

1. Shareholdings

Substantial shareholders of Resource Development Group Limited:

Name of shareholder	Shares held
SEAFIRE HOLDINGS PTY LTD (SEAFIRE A/C)	105,649,724
MATHEW REID PROJECT MANAGEMENT PTY LTD (GM REID FAMILY A/C)	105,649,724
AMPHORA PTY LTD (PURPLE A/C)	105,649,724
	316,949,172

Distribution of equity – Listed securities:

Size of holding	Number of Shareholders
1 – 1,000	11
1,001 – 5,000	11
5,001 – 10,000	50
10,001 – 100,000	252
100,001 – and over	138
Total	462

At the date of this report there were 189 shareholders who held less than a marketable parcel of shares.

Listed securities in Resource Development Group Limited (RDG) are quoted on all member exchanges of the Australian Securities Exchange.

Additional Information for Listed Public Companies (continued)
Updated as at 22 August 2017

SHAREHOLDER	SHARES	% OF ISSUED CAPITAL
SEAFIRE HOLDINGS PTY LTD (SEAFIRE A/C)	105,649,724	16.73%
MATHEW REID PROJECT MANAGEMENT PTY LTD (GM REID FAMILY A/C)	105,649,724	16.73%
AMPHORA PTY LTD (PURPLE A/C)	105,649,724	16.73%
RICHARD JAMES EDEN (EDEN FAMILY TRUST)	61,330,343	9.71%
AWIN GLOBAL PTY LTD (BATCHELOR CONCRETE A/C)	40,034,655	6.34%
STEPHEN KROLL (KROLL FAMILY A/C)	26,412,431	4.18%
OMEGA RED PTY LTD (SOUTHPORT FAMILY A/C)	14,028,302	2.22%
MICHAEL JOHN BEGLEY (QUARTZ A/C)	13,653,303	2.16%
CORRINE RACHEL PANZICH (C&D PANZICH FAMILY A/C)	13,653,303	2.16%
CORUMBA CAP PTY LTD	13,653,302	2.16%
JEFFREY BRILL (BRILL FAMILY A/C)	13,653,302	2.16%
GRAEME FLOWER (FLOWER FAMILY A/C)	8,451,978	1.34%
CHRISTOPHER BENSON (BENSON FAMILY A/C)	8,379,098	1.33%
TROY MICHAEL VENTRISS (VENTRISS FAMILY A/C)	7,623,094	1.21%
HUGH JONATHAN GREEN	5,120,000	0.81%
FULLERTON PRIVATE CAP PTY LTD	4,000,000	0.63%
DAVID JOHN MAIRINGER	3,179,346	0.50%
JON PAUL WRIGHT (J&B WRIGHT FAMILY A/C)	2,960,940	0.47%
JP MORGAN NOM AUST PTY LTD	2,900,000	0.46%
CAP ROCK INV PTY LTD (GR & KM COX S/F A/C)	2,465,109	0.39%
TOP 20	**558,447,688**	**88.45%**
REMAINING	**72,956,389**	**11.55%**
TOTAL SHARES ON ISSUE	**631,404,067**	**100.00%**