

ANNUAL REPORT 2013

Runge Pincock Minarco

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CHAIRMAN'S REPORT

Dear fellow shareholders,

Over the past twelve months the industry in which we operate has changed substantially.

The overriding imperative for a mining company in recent years has been production – increasing production from existing mines, and developing new mines. With increasing demand outstripping supply, commodity prices have been at historic highs.

To accelerate production, companies invested heavily in exploration, green field developments, brown field extensions, mining equipment purchases, advisory services and technology.

In 2012 the industry recognised that this “production at all costs” approach was unsustainable. Commodity prices have declined as supply has come more in line with demand. The availability of cheap gas in the USA has undermined the competitiveness of coal as an energy source around the world. The gold price has also been impacted by monetary policy changes worldwide. In Australia in particular, the competitiveness of many mines has been seriously eroded by higher costs and less efficient mining practices coupled with the high value of the Australian dollar.

These changes triggered a major pull back in production investment which was replaced by a focus on cost cutting.

We have seen a major pull back in new capital investments by the major mining companies. The juniors have also been affected as capital is now viewed as a scarce resource which is focusing them on cash preservation rather than expansion.

This drive to reduce both capital and operating costs throughout the mining supply chain has had a major impact on suppliers to the industry with small and large companies announcing profit downgrades, asset write-downs and employee retrenchments.

We, like most contributors to the industry, have been negatively impacted. Our advisory, desktop software and laboratory business units have all seen a reduction in demand. Not only has absolute demand dropped but pricing competition has intensified which are both driving down project margins.

In last year's report I assured our shareholders that we would closely monitor unfolding dynamics within the market and respond swiftly and decisively if needed, which we have. As soon as it became apparent that mining companies were changing their operational strategies, we reacted to reduce our operating costs and capital expenditure.

As a result of restructuring activities undertaken by Richard and his management team the run rate of operating expenditure in the 4th quarter of the year reduced by 27%, or the annualised equivalent of over \$24 million, from the comparative 4th quarter in 2012. As the majority of our costs are employee related, this down-sizing cost the company \$2.5 million in redundancy and \$2.9 million in other one-off impairment and restructuring expenditure.

Right throughout this difficult process we have ensured that we retained our core capabilities and capacity. The Board believes that our current cost structure is now appropriate for our current revenue expectations but we will continue to remain vigilant and monitor the industry situation closely.

While we have reduced the operating costs of the business, we have also invested in our technology products. We have continued to add additional features and functions to our desktop suite of products, while at the same time we have released our first two Commodity Based Products (Underground Coal and Open Cut Coal). We have also delivered our first enterprise product (XERAS for Enterprise) which is fully integrated with SAP's suite of corporate products. The Board

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is firmly of the opinion that these investments, along with the products that will be released in the first half of 2014, will lay a strong foundation for growth once their value propositions are clearly understood and accepted by the market.

In last year's report I referred to our new Brisbane GeoGAS laboratory which had just been completed. Unfortunately, due to the dramatic drop off in coal exploration in Queensland and New South Wales, this laboratory was subsequently closed in November 2012.

For the second year in a row we are pleased to report there has been good liquidity in the company's shares which has enabled longer term shareholders with medium sized parcels to trade out of the stock if desired. We have also seen another year of shareholder consolidation resulting in the number of shareholders falling from 1,386 in August 2011 to 966 in August 2013.

Given demand for the stock, in April the company executed an Institutional Share Placement Scheme (SPS), placing 15,776,000 ordinary shares at \$0.55 cents (a 4% discount to the then trading price) and \$8.67 million in capital was raised. No single institution became a substantial shareholder as part of the raising, however, institutional representation has continued to climb and is now greater than 30% of the register. The company also undertook a Share Purchase Plan (SPP), for retail shareholders who were able to purchase up to \$15,000 of the company's stock. Participation in this plan included a high percentage of Directors and Senior Managers. The SPP placed 1,473,482 shares at \$0.55 cents, raising \$810,000.

The company now has 141,345,216 shares on issue and 2,881,002 options. As at 30 June 2013 the business had a cash balance of \$6.9 million and no bank debt.

In January 2013 Christian Larsen resigned as a Director of the company. Christian had been an integral part of the business for many years and we thank him for this service as both an Officer and Director.

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

It has been a difficult year which has tested everyone in the business and I would like to acknowledge the effort and commitment our staff continue to demonstrate. As a Board, we support and commend Richard and his management team for making timely and appropriate decisions in response to market conditions and the significant progress made in the year on delivery of our software strategy.

With no signs that the market is about to turn any time soon, we are expecting another tough year for our Advisory and GeoGAS businesses. However, we do believe the new software products which the business is bringing to market leave us well positioned for the future and will make our company more competitive and relevant.

Allan Brackin



Chairman

MANAGING DIRECTOR'S REPORT

FINANCIAL RESULTS

The company's financial performance in 2013 was a poor one. It became evident early in the year that the demand for mining advisory services, desktop software products and coal gas exploration testing would be severely impacted by the correction in commodity prices and the associated reaction from the mining companies and financiers to the industry.

Group net revenue dropped by 26% to \$73.9 million (2012: \$99.3 million) with advisory and consulting revenue decreasing by 30% to \$51.6 million (2012: \$73.7 million). Software license revenue finished the year at \$6.8 million, 37% behind the previous year's result, however, software support revenue increased by 15% to \$11.3 million (2012: \$9.8 million). Laboratory testing and consulting revenue from the GeoGAS business finished the year at \$8.4 million (2012: \$11.4 million) a 27% reduction from the previous year.

All operational areas of the business were impacted by the sharp contraction throughout the industry resulting in a net loss after tax of \$7.6 million which included \$5.4 million in one-off restructuring and asset write-downs. Basic earnings per share decreased to a loss of 5.9 cents per share after last year reporting a profit of 5.0 cents per share.

OPERATIONAL RESTRUCTURING

The overriding objective of our major customers during the year was to reduce both their capital and operating costs as quickly as possible, thereby directly impacting revenue in their supplier base which included ourselves. Our advisory business and GeoGAS business are both sensitive to coal exploration activities which were severely curtailed. There was also a reduction in Mergers and Acquisition activities as a result of the industry coming to terms with the new economic reality.

In the advisory space, there was both less work available due to mining companies

having limited external consultants' budget and the work that was available was hotly contested. While we certainly have a brand that carries with it a premium, that premium was reduced markedly. We saw our competitors quoting for work at prices which appeared to be at or even under cost.

Like other suppliers we also had to 'do more with less' which meant reducing the number of employees in the business, stop investing in underperforming activities, insourcing wherever possible and retendering essential services.

Employee costs make up 72% of the total operating costs for our business. At the end of the financial year we had 341 employees which represents a reduction of 28% employees from the same period in the prior year.

During the year we closed down the CORELATE business, GeoGAS Brisbane laboratory, Kuala Lumpur Development Centre and South American Advisory business. We insourced our Payroll Processing, Leadership and Strategic Training, Executive Coaching, Management Coaching, Sales Training, Presentation Training and Exit Interviews. In the same way our customers had us retender our services, we did so to our suppliers, achieving improved terms and significant savings from new agreements associated with the annual audit, insurance brokerage contract and Microsoft support contract.

We also found ways to reduce the variable costs in the business such as travel, accommodation, professional fees and the like. While the drive to be more and more productive is never finished, we have made significant progress over the last ten months.

GROUP MARKETING

2013 saw a complete rebuild of the marketing department within the Company. The company has a proud and successful

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engineering heritage which does not naturally cultivate a commanding sales and marketing focus. Following the re-resourcing of the marketing team, the external image of the Company was our first priority. We continued our investment in our new website which is the store window to our business. Its modern look and updated content, in both English and Spanish, was a major leap forward with regards to how we present ourselves to the marketplace as well as being an important step in bringing our multiple brands together. It replaced 11 websites which were either dedicated to a specific product (e.g. XACT) or previous company (e.g. Pincock Allen Holt). The number of visitors to our website has increased substantially as it has become the central point of information for clients and investors globally.

At the 2012 Company's AGM, our shareholders approved changing the Company's name to RungePincockMinarco which is a consolidation of the Company's three main brands. We used this name change and brand consolidation to bring the business together under one message and strategy. Through this change, many of our clients learnt that the Company they were dealing with had a good deal more products and services that could be of value to them. It took less than a week for the Company to start to be widely referred to as 'RPM'.

The second half of the year was focused on developing enterprise marketing collateral to support our XERAS for Enterprise launch. Enterprise sales require a much higher level of engagement and hence marketing promotion and positioning. We have now delivered a series of high quality videos and marketing collateral focusing on the key value propositions of our products.

Given the excellent progress that has been made over the last twelve months, we are now in a position to take more of a strategic marketing approach to our sales

engagements, particularly with our large advisory and software engagement.

While we have looked to reduce costs across the business we increased our investment in Marketing because we believe that the Company has hidden its bushel for far too long.

RESEARCH AND DEVELOPMENT

Over the last year, we have concentrated on four key software development areas, all of which are interlinked.

Firstly, we had to deliver upgrades to our key desktop mining products. Our customers pay us maintenance fees to improve and protect their past investments in our products so they are always looking for new features and functions to be incorporated into these products. During the second half of the year, we released new versions of the following desktop products - TALPAC, XERAS, XPAC, XACT and DRAGSIM.

Secondly, we released (or rereleased) four new desktop productivity tools to the market which work with our other desktop products. These were HAULNET, Block Aggregation (BLOCKAGG), Coal Seam Aggregation (COALSEAMAGG) and Underground TALPAC.

Thirdly, we started building standalone Commodity Based Solutions constructed on top of our flagship XPAC product platform. While XPAC can be used across all resource commodities, junior miners and single commodity miners really want a product that caters specifically to their business requirements. They want a solution that is fully integrated with the necessary auxiliary products (e.g. HAULNET) so that the product is easy to use and simple to configure and install. We believe these products will be attractive to the juniors, the majors who want to roll out a standard solution across multiple mines and mining contractors in emerging markets. In the second half of the year we released 'Underground Coal Solution' which

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was our first solution to the coal industry and in July 2013 we released our 'Open Cut Coal Solution'. These products were well received however they will benefit from a turnaround in sentiment towards coal.

Fourthly, in late calendar 2012, we committed to a corporate strategy which involves migrating our successful mining desktop applications to enterprise solutions which can be run at the corporate level. To successfully deliver on this strategy, there were a number of investments the Company first needed to make. A key one being to hire new people into the business who truly understand, have operated in and have been successful in the world of enterprise software development, which we did.

Right at the end of the year, and after a lot of work by many people, we released our first enterprise enabled product 'XERAS for Enterprise'. This product takes our existing desktop product XERAS (that is used extensively for budgeting across mining operations) and provides seamless two way industry standard integration with SAP - the ERP standard in the mining industry. XERAS for Enterprise integrates SAP's Financial and Maintenance Management modules with the financial modelling capabilities of XERAS. This integration allows for unprecedented levels of financial visibility and cost control, from individual mine sites through to corporate management reporting systems. With a centralised platform for conducting analysis and generating different scenarios using auditable and validated information, XERAS for Enterprise bridges the gap between the mine and the boardroom.

This is a significant development in the evolution of our software business. It is a product for the time and we have been very encouraged by the response this product has received to date given its launch during a period of major austerity.

Similarly to our Marketing area, we have increased investment in the company's software products this year, as we believe it is imperative that we get more products to market more quickly than we have in the past.

MARKET DEVELOPMENT

As detailed above, we have released upgraded products, new products, our first Commodity Based Products and our first enterprise offerings, all of which have been focused on delivering cost and productivity improvements to our clients. While new products are important, so too are the distribution channels used to deliver these products to market. We have looked to broaden the accessibility of our products and services, particularly into countries which we have already made investments.

During the year we entered into a Strategic Collaboration Memorandum of Understanding with China Kingho Energy Group (Kingho). Kingho is one of China's leading private mining and energy companies. This agreement laid the foundation for RPM and Kingho to become strategic partners as Kingho takes its highly successful business model globally, with a focus on Africa, the Commonwealth of Independent States (CIS) and Asia. Kingho has confirmed RPM as a preferred supplier which gives Kingho access to RPM's global network of mining specialists to provide expertise in project assessments and development advisory, along with operational support and technology services. This agreement formalises an already strong relationship between the two companies as RPM's Beijing Office has been providing assistance on two smaller, long term Kingho projects in Africa.

This year we entered into a Joint Venture with Deepak Mining Services Private Limited ('Deepak'). Deepak are engaged in the business of mining services in India and is a wholly owned subsidiary of Deepak Fertilisers and Petrochemicals Corporation Limited ('DFPCL'), a Public Limited Company. The Joint

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Venture established an Indian-based incorporated company to pursue the delivery of RPM's software and advisory expertise across the natural resource sectors of India, Pakistan, Bangladesh, Sri Lanka, Nepal and Bhutan. The new Joint Venture company is well-positioned to take advantage of the continually increasing demand for power and steel in the Indian continent, which can only be met by the application of best-practice advisory and technology products, for which RPM is respected globally. As Indian resource companies look to expand their supply of natural resources from outside India, the local Joint Venture will be able to capitalise on RPM's existing long-term relationships with global miners and investment houses, as well as draw on the wealth of knowledge that exists in the technical experts in the RPM offices around the world.

Late in the year we signed a strategic distribution agreement with one of Russia's largest IT system integrators, CJSC NVision Group (NVision Group). NVision Group is a leader in integration services and consulting in the Russian IT industry. Founded in 2001, NVision Group has over 4,500 employees operating out of 22 offices in Russia. NVision Group boasts an extensive network of business partners, software application vendors and customers. They operate a large SAP business unit and this agreement is their first with a dedicated mining software provider. Under this non-exclusive agreement NVision Group will sell and support RPM software and solutions including its market leading mine scheduling and financial modelling products to customers in Russia and the CIS. Working closely with RPM's team based in Moscow, NVision Group will leverage their thorough understanding of local customer needs and knowledge of innovations and trends in the development of information technologies, to provide comprehensive up-to-date solutions that meet mining's unique challenges in these regions.

Just after the end of the year we signed another strategic distribution agreement, with Information Technology Experts LLC (IT Experts), a Mongolian-based mining software consultancy firm. IT Experts was established in 2010 and proudly supports local and multi-national companies involved in the Mongolian mining industry. Their team is comprised of internationally experienced Mongolian professionals, allowing IT Experts to offer international excellence to the sector. Under this non-exclusive agreement, IT Experts will sell and support RPM software and solutions including its market leading mine scheduling and financial modelling products to customers in Mongolia. This is an important step for the growth of our Mongolian business as it complements RPM's existing local team with a key regional partner.

EMPLOYEES

It was a tough year for our employees who saw many of their friends and colleagues leave the business as we looked to right size the Company. I thank them for their understanding during this difficult time.

RPM's HR Strategy is based on the strategic HR imperatives of leadership capability, engagement and collaboration with the key objectives being to increase the core competencies of our employees, strengthen our succession pipeline, reduce our attrition rates and increase our attractiveness to potential employees.

Over the past 10 months, we have been focusing on management capability at all levels of the business. Strong leadership, an engaged workforce and collaboration across the business are central to successful outcomes. Emphasis from HR has been placed on the important non-technical domains of management: leading and managing people, performance management, communicating, resolving conflict and managing change.

A shift in management capability has been evidenced by our ability to get the right

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people into the right job, make the tough calls in relation to employee cutbacks and an increase in Performance Management, whereby poor performance is no longer tolerated and addressed accordingly.

During 2013, RPM rolled out a Capability Leadership Model built on dedicated Centres of Excellence in relation to collaboration, development and the sharing of core skills and capabilities between our offices globally. These capabilities are relevant to all RPM employees and include disciplines such as independent public reporting, project management, advisory, software development and business development. During the year we rolled out the Independent Public Reporting Centre of Excellence which has proven to be exceptionally helpful in this key area of the business.

OUTLOOK

We are expecting mining companies to continue to focus on productivity improvements in the year ahead. We believe our advisory business will remain under pricing pressure, however, if we can continue to win large projects in India and China, then we will continue to hold our own.

The GeoGAS business will likely remain under pricing pressure and given its high market share it will be important for it to react to competitive pressures and differentiate itself through superior customer and consulting services.

While we see little change in the demand for desktop products, we are enthusiastic about the release of our Commodity Based Solutions and enterprise products. Our relationship with SAP and Accenture is supporting our positioning as a credible enterprise vendor to the major mining houses of the world. We appreciate that it will take time to win the hearts and minds of the corporate offices across the industry but we are determined to do so.

Our cost structure and the productivity improvements we have made position us well for a successful year ahead.

Richard Mathews



Managing Director and Chief Executive Officer

REGIONAL REVIEW

AUSTRALIA

Given the Australian mining companies focus on reducing spend on external advisory services in Australia, our advisory business has been positioning itself to undertake more pre-feasibility (PFS), feasibility (FS) and life of mine planning studies. This shift towards larger and more detailed studies has been driven by the desire to increase our book of work and to utilise RPM software in our advisory consulting work. These types of studies, due to their size and level of detail, best enable the use of RPM software.

Acknowledging that client demand in the PFS/FS market will not be strong in Australia in the near term, we are shifting our business development focus to developing markets (e.g. India, Africa and Russia) for this style of work. Our efforts to date, which have predominately been in India, have been well received.

Within Australia, given current commodity prices and the high operating cost base of many mines, we believe there will be opportunities in assisting companies to understand their project's economic drivers and then complete updated life of mine plans to increase operating margins. Although few companies appear to have taken this step to date, once the initial cost cutting measures and in-house mine optimisation processes are completed, we anticipate that some operators will seek external assistance.

2013 saw a major pull back in Independent Technical Reviews and Technical Due Diligence studies. This was driven by a reduction in M&A activity during the year. We anticipate that as the Australian dollar weakens and as junior and mid-tier miners become more cash strapped, M&A activity will increase. Based on our recent experience, investment activity appears to be coming from Korea, China, India and, to a lesser extent, Japan.

RPM have successfully partnered with larger infrastructure groups throughout 2013. We believe strategic partnering will be a key factor in our success on larger projects in 2014.

Our software revenues in Australia were poor and nowhere in our business was the differentiation between the coal sector and the iron ore sector more pronounced. The coal miners focused on absolute variable expenditure, which negatively impacted our revenues, however the iron ore miners viewed variable expenditure in relative terms which positively impacted our revenue streams. Unfortunately the reduction in coal outweighed the increase in iron ore.

2014 will see our sales strategy and effort focused on finding new markets and new opportunities. The development and release of the Commodity Based Solutions is the first step in the execution of this strategy. The solution products represent a new opportunity for RPM as we are able to sell these to both new and existing customers.

XERAS for Enterprise (X4E) and XACT for Enterprise (A4E) represent significant product differentiation in the market for RPM. Considerable marketing and promotion effort will be provided to these products as we lay the foundation for our entry into the corporate systems arena.

ASIA

The **Indonesian** market continues to be impacted by government changes in local exportation laws which impact particularly metals projects. As a large global exporter of coal, the reduction in the coal price has hindered their coal industry, as it has Australia. Late in the year we saw a slight increase in M&A activity as clients started early stage exploration having had two years to digest the government changes. Large miners in Indonesia are focused on margin

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preservation which is resulting in life of mine planning work for both our advisory and software teams. The Indonesia business will continue to focus on both the Advisory and Software space during 2014 with a view to expanding in South East Asia and growing our 'local' Indonesian market share.

Delays in Hong Kong Exchange transactions during the year significantly impacted on our **Chinese** advisory revenue. Increased competition from Australian and recently established Asia-based consulting firms is also putting pressure on project margins for listing style work. Focus will be given to SOEs and large accounts with whom we already have established relationships to further develop the range of work undertaken by RPM for them. To date, this work has been primarily focused on financial transactions and needs to shift to more operational style advisory work where opportunities for exposure to our software can be generated.

Our **Hong Kong** business is continuing to build close relationships with our key market segments including long term existing Asian listed clients, Financial Institutions and Private Equity funds. Through our presence in Hong Kong, we are gaining exposure to a broader client base in both Hong Kong and the remainder of South East Asia, Japan and Korea, to the benefit of the broader RPM business through jobs won. Hong Kong is a well-established hub of funding for mining projects; our Hong Kong office is leveraging our existing global office client network to provide introductions to various finance and investment institutions in Hong Kong to improve our client experience. This approach maintains our cross regional client management approach which is preferred by our clients and will ensure RPM recognition as a global brand.

Ongoing negative sentiment from international mining investors towards **Mongolia** are forecast to continue into 2014 as the new government works through key

issues with the Oyu Tolgoi (OT) and Tavan Tolgoi (TT) agreements. Competitor activity has dropped as less established firms pulled out of the country during 2013 due to lack of work. The key objective for the Mongolia business in 2014 is to ensure that we maintain our presence and networks in the market through regular communication with both local Mongolian and international investors in country. Projects are still being developed by a number of foreign funded companies and we have positioned ourselves to secure work from these clients for both geological advisory and mine planning style work. The office will continue to provide geological advisory work which provides an introduction to new projects which are likely to either move towards development where our mine planning and software can be leveraged or towards financial transactions through our presence in the various financial mining markets. We expect our new relationship with IT Experts, who were appointed as a distributor and partner in Mongolia in early August, to bear fruit during 2014.

The **Indian** coal mining industry is in dire need of modernisation as acknowledged by all of the major players in the local coal industry. Very little technology is actually used in the mines. Most mines are using 20 year old Russian best practice mining methods. Whereas developed markets are in lockdown, the general sentiment in India is: if we can show value, they will invest. Our Indian office was opened in late 2013 with our joint venture partner Deepak. We are confident that we have teamed up with a partner who is well respected and well networked in the industry and who has similar business ethics and standards.

The Advisory projects secured in India are sold and resourced largely out of Australia and will continue to be so for at least the next two years while the Joint Venture builds capacity and reputation. Coal India (CIL) is the national coal producer with some 450 mines producing 80% of India's coal. Increasing output from

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these mines is a national priority. Non-CIL businesses are generally private and family owned or at least connected. These organisations have a positive view towards investing for value or production increases. Many provide captive coal to their own power stations or mills and present an opportunity to sell both Software and Advisory services. New private coal block owners have been under scrutiny for the last two years as corruption investigations are finalised. When this is finalised there will be 100+ new mines starting at the same time, mostly owned by companies who have never been in mining before, all looking for the products and services we can offer.

RUSSIA and CIS

During 2013 we signed up our first substantial **Russian** vertically integrated steel manufacturer who has both coal and iron ore mines throughout Russia. During 2014 we will continue to work with this customer as they focus on improving their supply chains. Once this project is complete, it will give us a new level of credibility in that market.

Our Commodity Based Solutions are being translated into Russian and, once available to the market, they will fit well with the thinking behind the Russian Design Institutes, who are also looking to improve the productivity of the industry through purpose built technology. Our brand awareness in both the software and advisory space is maturing and we are seeing an increased level of invitations to tenders, ranging in size from US\$100,000 to more than US\$1 million both in Russia and the CIS. Most tenders we receive have a technology component included as the Russian mining industry attempts to modernise its methodologies. Continuing to promote our brand in the advisory space is critical to being provided access to these opportunities which have a high likelihood of leading to software sales.

In June 2013 we announced a strategic distribution agreement with one of Russia's

largest IT system integrators, NVision. Software sales training has been completed with NVision's reseller team and we are in the process of establishing ongoing support from our local technical team to assist them during their initial set up period.

AFRICA

The **South African** business was rebranded to RPM during the year, following local management's view that the renewed branding would drive growth in the region. The South African mining industry has been decimated by labour unrest and general instability which has manifested itself in loss of investor confidence, no new projects or expansions of any substance are planned and there has been a significant downsizing and capital budgets are frozen. No one is expecting an upturn during the next two years. The South Africa business has historically been focussed on software sales and product consultancy that accompanies this. RPM have a dominant presence in the coal market in the region, both underground and opencast, with an estimated market penetration of 80%.

Attempts to expand the Advisory capability in the region over the last two years have been unsuccessful and subsequently unwound with a subsequent reduction in employees.

The key objectives for 2014 will be to increase software sales through the introduction of new products into the market.

AMERICAS

The **Canadian** mining industry is clearly in a slowdown period. All of our customers are feeling different levels of pain depending upon the commodity they are mining. Junior companies in Toronto and Vancouver and the gold miners appear to be the hardest hit, however, the oil sands and diamond producers are trading reasonably well. Potash and coking coal is somewhere in the middle.

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The Canadian offices in Calgary and Toronto will remain focused on the delivery of technology products and the associated consulting and training that go with them. Advisory services will still be important. This is particularly the case for existing clients where we have strong relationships already in place and where our technology provides us with a natural advantage over our competitors. We are also targeting new clients where the use of our software in completing the advisory projects gives us the opportunity to showcase our technology to new clients who may then see value in purchasing our products.

Our **North American** (NAM) office which is based in Denver has an established advisory business made up of geologists, mining engineers, processing engineers, environmental engineers and mineral economists. They work on all commodities, including base metals, precious metals, coal and industrial minerals. The types of projects undertaken typically include scoping studies, prefeasibility studies, feasibility studies, due diligence and mine audits. With the exception to the feasibility studies, RPM performs all tasks with its own employees. For feasibility studies, we team up with an engineering company which is generally responsible for design of the plant and infrastructure. We also utilise the services of outside associates when we require specialists in certain technical areas where we lack a particular specialty, or we need additional help to meet the client's schedules. When using outside associates, with rare exception, we have our own staff manage the project.

The North American mining industry is also experiencing tough and challenging times. Many companies have had very large write downs and corresponding losses. The investment community has punished these companies harshly with dramatic stock price declines.

In recent years, the majority of software sales in NAM have eventuated mainly from repeat

business via cross-sell and on-sell. Whilst repeat business is important, we must also cultivate new business with new customers. For our scheduling products XPAC and XACT, we must gain traction in the metals marketplace. Our XERAS product is well positioned to help customers through these difficult times as 'understanding and controlling costs' is a key and common customer deficiency, XERAS' zero-based-costing and activity-based-costing capability will help mining companies 'get their costs under control'.

Whilst **Latin America** is a geographically large region (three times the land mass of Australia) and is composed of nineteen different markets, RPM's products and services are best targeted at Brazil, Chile, Colombia and Peru. Mexico is a special case given it is closer both economically and culturally to the United States of America. It is important to note that Brazil has a GDP that is equivalent to all other Latin American countries combined and hence is a key development market for RPM.

The business strategy for RPM in Latin America will be focused on the four markets referred to above given that mining makes up a significant proportion of the total GDP of these markets.

In Brazil, we have a number of ongoing advisory projects and prospects that will sustain our cash flow and operating margins. The focus in the technology space will be to up sell and cross sell our new products into our existing clients as well as sign up new customers. Developing partnerships with key consulting firms will be important in this region.

GEOGAS

As a result of the heavy drop in the coal price, coal exploration programmes on the east coast of Australia were either cancelled or severely cutback and adversely impacted on both consulting and testing revenues during the year. In the area of coal gas compliance

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we saw a number of major contracts retendered in the past six months and, as expected, our competitors have priced their offering aggressively.

The new Brisbane laboratory that was commissioned during 2012 on the back of major growth (which was forecast to continue), was decommissioned during 2013 due to lack of work and demonstrated the sharp contraction in activity that disrupted our business in 2013.

GeoGAS was formally recognised for its technical competence and business management in gas chromatography testing by the National Association of Testing Authorities, Australia (NATA), a respected industry body for laboratory testing. The NATA accreditation certifies that the stringent systems and processes used in GeoGAS' laboratories in Mackay and Wollongong meet the relevant international standard in gas chromatography testing which is used to determine the breakdown of gas composition obtained from a coal sample.

In June, Jim Chisholm left the role of GM GeoGAS following the return of the company's founder Ray Williams to head the consulting arm of the business. Geoff Williams also returned to GeoGAS at the end of the year to provide oversight and leadership to the laboratories. Adding value to our clients through the tight integration of consulting expertise and laboratory testing services is the key competitive focus of the business in 2014.

BOARD OF DIRECTORS

ALLAN BRACKIN

Non-Executive Director and Chairman

Appointed to the Board of Directors in November 2011, Allan is also a Director of ASX listed GBST Holdings Limited, Chairman of Emagine Pty Ltd, and acts in an advisory capacity to several IT companies. Allan has been in the technology industry for more than 25 years.

Allan was formerly Director and Chief Executive Officer of Volante Group Limited, and prior to this, co-founder of Applied Micro Systems (AMS), Netbridge Systems Integration, Prion Technology Distribution, Quadriga Consulting Group and Affinity Recruitment. These businesses were all part of AAG Holdings of which Allan was Managing Director.

Allan holds a Bachelor of Applied Science from the Queensland University of Technology and has completed the OPM (Owner/President Management) Program at Harvard Business School.

RICHARD MATHEWS

Managing Director and Chief Executive Officer

Richard was appointed as Chief Executive Officer in August 2012. Richard was previously a Non-Executive Director on the RungePincockMinarco Limited Board of Directors. Richard is also the Non-Executive Chairman and former Chief Executive Officer of eServGlobal Limited. He has more than 20 years of management experience in telecommunications, software and investment. He is a founding partner of MHB Holdings. Richard has extensive knowledge of the mining and technology space and proven track record of running global businesses and creating shareholder value. Richard was formerly CEO of Mincom, Australia's largest enterprise software company. Richard has also held the role of Senior Vice President, International at J D Edwards.

Richard holds a Bachelor of Commerce and a Bachelor of Science from Otago University and is an Associate Chartered Accountant.

DR IAN RUNGE

Non-Executive Director

Ian Runge founded RungePincockMinarco Limited in 1977 after previously working in the mining industry in central Queensland, Europe and the United States of America. He transitioned from full-time operational involvement in 1992, but has continued to make significant contributions to the company and to the industry since that time in the areas of governance processes and business strategy.

He is recognised as a leading expert in the field of mining economics and strategy and is the author of two books in this field, including the textbook "Mining Economics and Strategy", published by the Society of Mining, Metallurgy and Exploration (Denver).

Ian holds a Master of Engineering (Mining) from the University of Queensland and a Master of Arts and PhD in Economics from George Mason University (Virginia, USA). Ian is a Fellow of the Australasian Institute of Mining and Metallurgy and a Fellow of the Australian Institute of Company Directors.

ROSS WALKER

Non-Executive Director

Appointed to the Board of Directors in March 2007, Ross is also a partner of Pitcher Partners (Chartered Accountants) having joined them in 1985. Pitcher Partners has more than 120 staff and 14 partners. Ross held previous roles at Arthur Andersen, having worked locally and in various offices throughout the United States of America.

Ross has experience in corporate finance, auditing, valuations and capital raisings. Ross holds a Bachelor of Commerce from the University of Queensland and is a member of the Institute of Chartered Accountants.

EXECUTIVE GENERAL MANAGERS

KIERAN WALLIS

Executive General Manager – Corporate Services

Kieran was appointed as Executive General Manager – Corporate Services in September 2012, having previously held the roles of Chief Operating Officer (COO) and Chief Financial Officer (CFO) since he joined RungePincockMinarco Limited in October 2010. Kieran is a Chartered Accountant with more than 20 years' experience in professional services and technology industries.

Kieran has previously held CFO roles in the ASX-listed technology company GBST Holdings and prior to joining RungePincockMinarco Limited was CFO of the mining services company Industrea Limited. Kieran's background includes substantial international management and operational experience including the negotiation and execution of major corporate finance transactions.

Kieran holds a Bachelor of Business (Accountancy) from the Queensland University of Technology and is a member of the Institute of Chartered Accountants in Australia.

MICHAEL KOCHANOWSKI

Executive General Manager – Chief Financial Officer

Appointed Chief Financial Officer in February 2012, Michael's prior role with RungePincockMinarco Limited included four years as Group Financial Controller.

Michael is a Certified Public Accountant and Fellow of the Tax Institute of Australia. Prior to joining RungePincockMinarco Limited Michael held a senior management position in the business advisory division of chartered accounting firm Moore Stephens.

Michael holds a Bachelor of Commerce and Master of Business Administration from the University of Queensland.

JAMES O'NEILL

Executive General Manager – Group General Counsel and Company Secretary

James was appointed as Executive General Manager – Group General Counsel and Company Secretary in December 2012.

James has broad experience acting in an in-house legal capacity for multi-national companies, has served as company secretary and has experience in corporate governance, joint ventures, acquisitions and contract negotiation with multi-national licensing and consulting service businesses.

James' most recent role was as Regional General Counsel with Hyder Consulting Pty Ltd, a multi-national advisory and design engineering firm, and he has previously held Senior Legal Counsel roles at Ansaldo STS Australia Pty Ltd and Mincom Pty Ltd respectively.

James holds a Bachelor of Laws and Bachelor of Information Technology from Queensland University of Technology and is a Solicitor and Member of the Queensland Law Society.

CORPORATE DIRECTORY

Directors

Allan Brackin

Chairman

Richard Mathews

Managing Director

Dr Ian Runge

Non-executive Director

Ross Walker

Non-executive Director

Group General Counsel and Company Secretary

James O'Neill

Registered Office

Level 12, 333 Ann Street

Brisbane QLD 4000

Ph: +61 7 3100 7200

Fax: +61 7 3100 7297

Web: www.rpmglobal.com

Auditor

BDO Audit Pty Ltd

Level 10, 12 Creek St

Brisbane QLD 4000

Share Registry

Computershare Investor Services Pty Limited

117 Victoria Street

West End QLD 4101

Stock Exchange Listing

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

ABN 17 010 672 321

DIRECTORS' REPORT

Your Directors present their report on RungePincockMinarco Limited and its subsidiaries for the year ended 30 June 2013 (referred to hereafter as the "Group").

1. Directors

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

Non-executive

Allan Brackin – *Chairman*

Dr Ian Runge

Ross Walker

Christian Larsen – *resigned as an Executive 30 September 2012, resigned as a Director 31 January 2013*

Executive

Richard Mathews - *appointed Managing Director and resigned as a Non-executive Director 28 August 2012*

David Meldrum - *Managing Director - resigned 28 August 2012*

2. Principal Activities

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

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

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

3. Dividends

Dividends paid during the financial year were as follows:

	Date of payment	Cents per share	Total amount \$ '000
2012 Full year dividend ordinary share 50% franked	5 October 2012	1.0	1,241
2012 Special dividend ordinary share unfranked	5 October 2012	1.0	1,241
			2,482

4. Review and Results of Operations

The 2013 financial year saw a marked deterioration in trading conditions for consulting services and software license sales from the previous financial year. Net revenue in the year decreased by 26% to \$73.9 million (2012: \$99.3 million). The reduction in revenue was primarily related to consulting services and was experienced across all regions with revenue and utilisation levels being adversely impacted by increased competition for fewer projects.

The cost base of the business was significantly reduced during the year in response to market conditions however the fall in revenue resulted in Operating EBITDA (Earnings before Interest, Tax, Depreciation, Amortisation, Restructure and Impairment) of \$1.9 million (2012: \$12.0 million).

The Group reported an \$7.6 million loss after tax inclusive of restructuring and impairment charges (2012: profit \$6.2 million) with an earnings loss of 5.9 cents per share (2012: 5.0 cents earnings per share).

The Group had cash reserves of \$6.9 million and no bank debt at the end of the financial year.

DIRECTORS' REPORT

4. Review and Results of Operations (continued)

The company name was changed from Runge Limited to RungePincockMinarco Limited to provide unified brand recognition in all trading regions following shareholder approval at the Annual General Meeting of 23 November 2012.

Consulting Services

The Group's consulting services include mining advisory, software consulting services and professional development training courses.

Gross revenue from consulting services decreased by 33% to \$51.7 million (2012: \$76.7 million) with Australian and African regions falling by 39% and 45% respectively. The downturn in mining industry activity, in particular for coal related consulting services, increased competition for fewer projects and negatively impacted margins and utilisations of consultants.

Software License and Maintenance

Software license sales for the year amounted to \$6.8 million (2012: \$10.9 million), with second half software sales of \$2.7 million reflecting difficult trading conditions for desktop software and tight constraints on capital and operating expenditure within the mining sector. The normal seasonally strong finish to the year for software, as experienced in previous years, was not replicated this year due to strong fiscal directives on capital expenditure across the mining industry.

Recurring revenue from annual Software Maintenance grew by 15% to \$11.3 million (2012: \$9.8 million) with a strong renewal rate from the existing software client base.

GeoGAS

The GeoGAS business provides mine gas consulting and laboratory testing services to the coal industry on the East Coast of Australia. The laboratory testing business was similarly affected by a sharp decline in coal exploration activity and associated consulting and testing experienced during the year with net revenue down by 31% to \$7.7 million (2012: \$11.1 million). In response to the slowdown the Brisbane laboratory, which had been commissioned to take overflow from the Wollongong and Mackay laboratories was closed in November 2012.

Operating expenses

Operating expenses before amortisation and depreciation decreased by 18% to \$72.0 million during the year (2012: \$87.3 million). Most significantly, Employee Benefits expense was reduced to \$51.7 million (2012: \$62.7 million) due to the decrease in staff headcount to 341 (2012: 474) as a result of restructuring and redundancies.

As a result of the restructuring activities the run rate of operating expenditure in the 4th quarter of the year reduced to \$16.0 million, down by \$6.0 million or 27% from operating expenditure in the comparative 4th quarter in 2012 of \$22.0 million.

Restructure and Impairment costs

Following the appointment of Richard Mathews to the role of Managing Director and Chief Executive Officer at the end of August 2012, the Group undertook a program of cost reduction and restructuring initiatives to better align the business with the change in the operating environment. The costs incurred in these activities amounted to \$5.4 million and include:

- Redundancy costs following the restructure of corporate and administrative functions, closure of the Malaysian software development office and Brisbane laboratory and re-organisation of advisory consulting operations which amounted to \$2.7 million;
- Costs arising from sub-letting surplus office space and cancellation of the Brisbane Laboratory lease, of \$1.3 million;

DIRECTORS' REPORT

4. Review and Results of Operations (continued)

- Non-cash impairment losses of \$1.4 million from:
 - \$0.7 million fitout impairment of GeoGAS Brisbane Laboratory;
 - \$0.3 million in capitalised software development costs write-off as the company re-focused on a new enterprise software strategy; and
 - \$0.4 million impairment of goodwill in the South African region.
- Closure of Corelate business unit at a cost of \$0.1 million.

Financial Position

During the year the company raised \$9.2 million (net of costs of issue) from institutional investors and a Share Purchase Plan. The purpose of the capital raisings was to replace monies used in restructuring activities and to provide additional capacity to deliver enterprise software solutions to the market.

The Group had no bank debt at 30 June 2013 (2012: \$5.0 million) and net assets of \$47.7 million (2012: \$48.3 million).

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

The 2013 financial year saw a continued contraction in Australian sourced advisory opportunities and a growing demand for both advisory and technology consulting skills in the Asian, Russian and Indian markets. In response to this shift in market conditions the Asian and Australian operations were consolidated under one, flatter management structure at the end of the financial year to better facilitate the delivery of projects to clients in these markets going forward. The new structure aligns consulting capabilities along commodity lines and better enables client projects to be managed and undertaken by teams of consultants across office locations in Australia and Asia. Sales management of advisory and software prospects have also been consolidated across these regions to provide better visibility and management of large, cross regional opportunities.

To assist in developing local client relationships and service delivery in emerging markets, the Group entered into a joint venture in India, with the Deepak mining services group, and a strategic distribution agreement in Russia with the NVision Group during the year. Deepak and RPM have worked together on a number of client projects over the last two years and formalised this relationship in February 2013 to jointly target the expanding technology and advisory market in India. RPM entered a strategic distribution agreement with NVision in June 2013 to provide NVision's network of over 4,500 staff in Russia and the Commonwealth of Independent States (CIS) with the ability to sell and support RPM's software products.

The GeoGAS business continued to invest in safety and quality systems throughout the year and was certified for its technical competence and quality management in gas chromatography testing by the National Association of Testing Authorities (NATA) in May 2013. GeoGAS was also successful in June 2013 in securing the return of business founder, Ray Williams, to lead and direct the consulting capabilities of the business and ensure tight integration between consulting and laboratory testing services.

In accordance with its stated software product strategy the Group released a series of product upgrades and new products over the second half of the year including its first software product targeted at the enterprise software market. These new products include:

- Underground Coal Solution – the first in a series of specifically designed mine scheduling solutions based on commodity type and mining method;
- Open Cut Coal Solution – standardised mine scheduling solution designed specifically for open cut coal mines;
- Block Aggregation – designed for open pit metals mines to facilitate the transfer of geological model information into scheduling tools;
- Coal Seam Aggregation – similar functionality to Block Aggregation for open cut coal mines;

DIRECTORS' REPORT

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

- Underground Coal TALPAC – simulates activity at a longwall face, enabling mine operators to pinpoint areas of saving and productivity improvement in their longwall operation; and
- Xeras for Enterprise – the first fully integrated enterprise financial modelling software application specifically built for the mining industry. Launched in May 2013 with the support of global enterprise software vendor SAP AG, Xeras for Enterprise is designed to integrate with SAP's financial and maintenance management modules to allow unprecedented levels of financial visibility and cost control.

The 2013 financial year was one of challenge and change for mining services providers as the industry moved through a cyclical change in focus from expansion to protection of cashflow and returns from existing assets.

The Group has responded to the volatility and uncertainty created by this shift by aggressively cutting costs and reshaping the business to meet the changing needs of its clients. The change in market conditions is also reflected in the software strategy of delivering standardised solutions that drive productivity improvements and greater visibility and financial control at the enterprise level. As a result the Group has seen a step change in the seniority and level of client engagement that is more consistent with its positioning as an enterprise vendor and industry expert.

The Board believes that the changes made during the year to the structure and cost base of the business, and the progress made in delivering the software strategy leave the business well positioned to benefit from the new market conditions and deliver profitable growth in the next financial year.

6. Legal Proceedings on Behalf of the Group

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

The Group was not a party to any such proceedings during the year.

7. Significant Changes in the State of Affairs

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

8. Matters Subsequent to the End of the Financial Year

No matter or circumstance has arisen since 30 June 2013 that has significantly affected, or may significantly affect:

- a) The Group's operations in future financial years; or
- b) The results of those operations in future financial years; or
- c) The Group's state of affairs in future financial years.

DIRECTORS' REPORT

9. Information on Current Directors and Company Secretary

Directors	Experience	Special responsibilities
Allan Brackin	<p>Chairman, Non-executive Director. Joined the Board in November 2011. Allan was formerly Director and Chief Executive Officer of Volante Group Limited, and prior to this, co-founder of Applied Micro Systems (AMS), Netbridge Systems Integration, Prion Technology Distribution, Quadriga Consulting Group and Affinity Recruitment.</p> <p>Qualifications: Bachelor of Applied Science</p> <p>Other listed company directorships in last three years: Director of GBST Holdings Limited since 2005</p>	<p><i>Chairman</i></p> <p><i>Member and Chairman – HR and Remuneration Committee</i></p>
Dr Ian Runge	<p>Non-executive Director, company founder. Director since December 1986.</p> <p>Qualifications: M.E.(Mining Engineering), Ph D. (Economics), FAusIMM, FAICD</p> <p>Other listed company directorships in last three years: None</p>	<p><i>Non-executive Director</i></p> <p><i>Committee and Member – Audit and Risk Committee</i></p>
Ross Walker	<p>Non-executive Director. Joined the Board in March 2007. Joined Pitcher Partners (previously Johnston Rorke) in 1985, Managing Partner in 1995 - 2013. Predominantly involved in corporate finance, auditing, valuations, capital raisings and mergers and acquisitions for the past 20 years.</p> <p>Qualifications: Bachelor of Commerce, FCA</p> <p>Other listed company directorships in last three years: None</p>	<p><i>Non – executive Director</i></p> <p><i>Member and Chairman – Audit and Risk Committee</i></p> <p><i>Member – HR and Remuneration Committee</i></p>
Richard Mathews	<p>Appointed Managing Director 28 August 2012.</p> <p>Richard is also the Non-Executive Chairman and former Chief Executive Officer of eServGlobal Limited. He has more than 20 years' of management experience in telecommunications, software and investment. He is a founding partner of MHB Holdings Pty Ltd.</p> <p>Richard was formerly CEO of Mincom, Australia's largest enterprise software company. Richard has also held the role of Senior Vice President, International at J D Edwards and Director of TransLink Transport Authority.</p> <p>Qualifications: Bachelor of Commerce, Bachelor of Science, ACA</p> <p>Other listed company directorships in last three years: Non-executive chairman of eServGlobal Ltd</p>	<p><i>Executive Director</i></p> <p><i>Member – HR and Remuneration</i></p>

All Directors are members of the Nominations Committee.

DIRECTORS' REPORT

9. Information on Current Directors and Company Secretary (Continued)

Company Secretary

James O'Neill, Group General Counsel and Company Secretary. Joined RungePincockMinarco Limited in December 2012. Qualifications: Bachelor of Laws and Bachelor of Information Technology from Queensland University of Technology and is a Solicitor and Member of the Queensland Law Society.

10. Meetings of Directors

The number of meetings of the company's Board of Directors and of each Board committee held during the year ended 30 June 2013 and the number of meetings attended by each Director were:

	Full meetings of Directors		Audit & Risk Committee		HR & Remuneration Committee		IP & Technology Committee ¹	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held
Allan Brackin	11	11	-	-	2	2	-	-
Dr Ian Runge	11	11	3	3	-	-	2	2
Ross Walker	10	11	3	3	2	2	-	-
Richard Mathews	11	11	-	-	2	2	2	2
Christian Larsen	6	6	-	-	-	-	2	2
David Meldrum	3	3	-	-	-	-	-	-

¹ IP & Technology Committee incorporated as an agenda item in the board meetings from December 2012.

11. Shares Under Option

Options granted to directors and executives of the company

During the year the company granted options for no consideration over unissued ordinary shares in the Company to the following directors and to the following officers of the Company as part of their remuneration:

Officers	Number of options granted
K Wallis	2,800
M Kochanowski	33,400
J O'Neill	115,000
	151,200

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

Date options granted	Expiry date	Issue price of shares	Number under option
14/12/2010	30/09/2014	\$0.57	346,402
29/05/2012	31/08/2016	\$0.40	1,956,000
03/05/2013	31/08/2016	\$0.55	578,600
			2,881,002

No option holder has any right under the options to participate in any other share issue of the company or any other entity. 15,734 shares were issued under exercise of options in 2013.

DIRECTORS' REPORT

12. Insurance of Officers

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

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

13. Environmental Legislation

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

14. Auditor

BDO Audit Pty Ltd was appointed in November 2012 by a vote of members at the company's Annual General Meeting.

There were no non-audit services provided by BDO Audit Pty Ltd in the 2013 financial year.

15. Auditor's Independence Declaration

In accordance with Section 307C of the Corporations Act 2001, a copy of the auditor's independence declaration is enclosed on page 30 .

16. Directors' Interests

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

	RungePincockMinarco Limited	
	Ordinary shares	Options over ordinary shares
A Brackin	327,273	-
Dr I Runge	16,310,484	-
R Walker	627,273	-
R Mathews	6,512,003	-

17. Rounding of Amounts

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

18. Remuneration Report - Audited

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

- A. Principles used to determine the nature and amount of remuneration;
- B. Service agreements;
- C. Details of remuneration; and
- D. Bonus and share-based compensation.

Remuneration and compensation have the same meaning in this report.

DIRECTORS' REPORT

18. Remuneration Report - Audited (Continued)

18A. Principles Used to Determine the Nature and Amount of Remuneration

This report discusses the Group's policies in regard to compensation of key management personnel (KMP). The identified KMP have authority and responsibility for planning, directing and controlling the activities of the Group. In addition to the Directors, the Company assessed the Chief Financial Officer, Group General Counsel & Company Secretary and the EGM Corporate Services roles within the Group as having authority and responsibility for planning, directing and controlling all activities of the Group, directly or indirectly, during the 2013 financial year.

The Board has established an HR and Remuneration Committee to assist with remuneration and incentive policies enabling the Group to attract and retain KMP and Directors who will create value for shareholders and support the Group's mission. The HR and Remuneration Committee obtains independent advice if required on the appropriateness of compensation packages given trends in comparative companies. In the 2013 financial year the Committee has not used a remuneration consultant. The Corporate Governance Statement provides further information on the role of this Committee.

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

The compensation structures take into account:

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

Compensation packages include a mix of fixed and short-term and long-term performance-based incentives.

In addition to their salaries, the Group also provides non-cash benefits to its KMP and contributes to a defined contribution superannuation plan on their behalf.

Fixed Compensation

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

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

Performance Linked Compensation

Performance linked compensation includes both short-term and long-term incentives and is designed to reward KMP for meeting and exceeding their Key Performance Objectives (KPOs). The Short-term Incentive (STI) is an 'at risk' bonus provided in the form of cash, while the Long-term Incentive (LTI) is provided as options over ordinary shares of the Company under the rules of the Employee Share Option Plan (ESOP) (see note 26 to the financial statements). The current long-term performance incentive structure was implemented in the 2008 year and amended in 2010 and 2012 years.

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

DIRECTORS' REPORT

18. Remuneration Report - Audited (Continued)

18A. Principles Used to Determine the Nature and Amount of Remuneration (Continued)

Year ended 30 June	Performance based compensation			Net profit/(Loss) \$'000	Dividends \$'000	Share price \$
	STI \$'000	LTI \$'000	Total \$'000			
2009	-	91	91	7,918	4,343	0.52
2010	55	115	170	2,288	4,343	0.40
2011	75	-	75	3,590	1,241	0.37
2012	56	68	124	6,237	2,482	0.35
2013	-	(71)	(71)	(7,565)	2,482	0.47

Short-term Incentive Bonus

Effective 1 July 2012, the Group implemented a variable pay structure, referred to as the Executive General Manager Incentive Plan (EGMIP). Each of the identified KMP have a portion of their remuneration linked to the EGMIP. The key objective of the EGMIP is to create clear alignment between individual and business performance and remuneration by providing a performance-based reward to participants in line with their relative contribution to the business. The EGMIP achieves the alignment by focusing participants on achieving goals which contribute to sustainable shareholder value, and providing a clear link between performance and the company financial result.

There are two components of the EGMIP, outlined as follows:

Company NPAT Target: 80% of STI %

Individual Performance: 20% of STI %

The Company NPAT Target component has a qualification threshold of 80% of target, i.e. once 80% of target has been reached eligibility for both components activate, and are lined in step thereafter until the total STI is achieved.

An individual KMP's entitlement under the Individual Performance component of the EMIP is subject to the review and discretion of the CEO.

Cash bonuses are paid, provided for or forfeited in the year to which they relate. All payments under the EGMIP for the 2013 year were forfeited.

Long-term Incentive

Options were issued in 2011, 2012 and 2013 under the Employee Share Option Plan (ESOP) to KMP at the discretion of the Board.

The rules allow the Board to set a timetable for vesting of options in order to reward the longer term performance by setting performance hurdles which must be met for the option holder to be entitled to exercise the options.

The options issued in 2011 include vesting conditions related to Earnings per Share growth, EBITA margin and TSR peer comparison. The performance hurdles for each condition are as follows:

DIRECTORS' REPORT

18. Remuneration Report - Audited (Continued)

18A. Principles Used to Determine the Nature and Amount of Remuneration (Continued)

Vesting Condition	Hurdle	% of Options which vest if vesting condition satisfied
EPS average annual growth from the year preceding grant to the year following grant above average annual Australian CPI increase in the corresponding period.	Less than 4%	0%
	4% or more, but less than 8%	20% plus an additional 5% for each 1% increment
	8% or more	40%
EBITA margin in the year following grant	Less than 15%	0%
	15% or more but less than 20%	20% plus an additional 4% for each 1% increment
	20% or more	40%
TSR growth above peer comparison group	Less than 50th percentile	0%
	50 th percentile or higher but lower than 75 th percentile	10% plus, from 51 st to 75 th percentile, 0.4% for every 1 percentile
	75 th percentile or higher	20%

The options issued in 2012 and 2013 vest in accordance with the following table if the Company's average annual earnings per share (EPS) growth (Average EPS Growth) over the performance period comprising the 2012, 2013 and 2014 financial years (Performance Period), is at least 10 percentage points above the Average Australian Consumer Price Index (CPI) Increase for the corresponding period.

EPS Vesting Condition

Average EPS Growth over the Performance Period above Average Australian CPI Increase in the corresponding period	% of Options which vest
Less than 10 percentage points	0%
10 percentage points or more, but less than 20 percentage points	50% plus an additional 5% for each 1% increment
20 percentage points or more	100%

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

Non-executive Directors

Fees and payments to Non-executive Directors reflect the demands which are made on, and the responsibilities of the Directors. Non-executive Directors' fees and payments are reviewed periodically by the Board and are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by shareholders. The pool currently stands at \$500,000 (2012: \$500,000).

Non-executive Directors' base remuneration was last reviewed with effect from 1 March 2008. Both the Chairman's and Non-executive Directors' remuneration is inclusive of committee fees.

DIRECTORS' REPORT

18. Remuneration Report - Audited (Continued)

18B. Service Agreements

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

	Terms of agreement	Base salary including superannuation	Termination benefit	Notice Period
A Brackin	Unlimited in term	\$120,000	Nil	Nil
Dr I Runge	Unlimited in term	\$80,000	Nil	Nil
R Walker	Unlimited in term	\$80,000	Nil	Nil
R Mathews	Unlimited in term	\$500,000	6 months	6 months
K Wallis	Unlimited in term	\$359,700	6 months	3 months
M Kochanowski	Unlimited in term	\$239,800	3 months	3 months
J O'Neill	Unlimited in term	\$250,000	2 months	2 months

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

18C. Details of Remuneration

Directors

Chairman (Non-executive)

Allan Brackin

Executive Directors

Richard Mathews - appointed Managing Director 28 August 2012 and resigned as a Non-executive Director

David Meldrum - Managing Director - resigned 28 August 2012 and resigned as KMP 12 November 2012.

Non-executive Directors

Dr Ian Runge

Ross Walker

Christian Larsen – resigned as an Executive 30 September 2012, resigned as a Director 31 January 2013

Other Key Management Personnel

In addition to executive Directors mentioned above, the following persons were assessed by the Company as the executives who had the greatest authority and responsibility for planning, directing and controlling all activities of the Group, directly or indirectly, during the 2013 financial year:

Name	Position
Kieran Wallis	Executive General Manager – Corporate Services
Michael Kochanowski	Chief Financial Officer
Ken Lewis	Group General Counsel and Company Secretary (resigned 10 Oct 2012)
James O'Neill	Group General Counsel and Company Secretary (appointed 10 Dec 2012)

Details of remuneration of each Director of RungePincockMinarco Limited and each of the other KMP of the Group are set out in the following tables. The Board has reassessed the executive group and reduced the disclosures in the below tables to remove those individuals who act solely in a support function.

DIRECTORS' REPORT

18. Remuneration Report - Audited (Continued)

18C. Details of Remuneration (Continued)

	Short-term benefits			Post - employment benefits		Share-based payment	Total	Proportion of remuneration performance related	Value of options as proportion of remuneration
	Cash salary and fees	STI cash bonus	Non – monetary benefits ¹	Superannuation	Termination benefits	Options			
2013	\$	\$	\$	\$	\$	\$	\$	%	%
Directors									
A Brackin	110,088	-	-	9,912	-	-	120,000	-	-
Dr I Runge	80,000	-	-	-	-	-	80,000	-	-
R Walker	80,000	-	-	-	-	-	80,000	-	-
R Mathews	415,121	-	7,941	20,966	-	-	444,028	-	-
D Meldrum	86,985	-	54,551	15,627	607,556	(37,611)	727,108	(5.2)	(5.2)
C Larsen	104,959	-	-	4,118	252,899	(25,102)	336,874	(7.5)	(7.5)
	877,153	-	62,492	50,623	860,455	(62,713)	1,788,010	(3.5)	(3.5)
Other Key Management Personnel									
K Wallis	334,950	-	9,472	24,750	-	4,545	373,717	1.2	1.2
M Kochanowski	198,294	-	31,178	19,800	-	2,046	251,318	0.8	0.8
K Lewis ³	87,995	-	2,647	14,971	95,409	(17,247)	183,775	(9.4)	(9.4)
J O'Neill ²	128,793	-	5,268	11,591	-	1,915	147,567	1.3	1.3
	750,032	-	48,565	71,112	95,409	(8,741)	956,377	(0.9)	(0.9)
Total	1,627,185	-	111,057	121,735	955,864	(71,454)	2,744,387	(2.6)	(2.6)
2012									
Directors									
A Brackin	64,218	-	-	5,782	-	-	70,000	-	-
D Meldrum	361,661	-	84,900	38,836	-	37,671	523,068	7.2	7.2
C Larsen	388,499	-	-	15,199	-	19,318	423,016	4.6	4.6
V Gauci	36,229	-	3,191	3,261	-	1,759	44,440	4.0	4.0
Dr I Runge	80,000	-	-	-	-	-	80,000	-	-
R Walker	83,750	-	-	-	-	-	83,750	-	-
R Mathews	30,580	-	-	2,752	-	-	33,332	-	-
N Hatherly	47,500	-	-	-	-	-	47,500	-	-
	1,092,437	-	88,091	65,830	-	58,748	1,305,106	4.5	4.5
Other Key Management Personnel									
K Wallis	311,667	-	8,876	27,885	-	10,985	359,412	3.1	3.1
K Lewis	317,481	55,872	8,876	23,353	-	14,257	419,839	16.7	3.4
M Kochanowski ²	168,519	-	33,472	18,055	-	6,467	226,513	2.9	2.9
S Henderson ³	31,423	-	(2,843)	3,848	76,667	12,118	96,977	(12.5)	(12.5)
P Olsen ³	162,929	-	10,962	12,534	-	10,582	175,843	(6.0)	(6.0)
	992,019	55,872	59,343	85,675	76,667	9,009	1,278,585	5.0	0.6
Total	2,084,456	55,872	147,434	151,505	76,667	67,757	2,583,691	4.4	2.3

¹ Includes car park and salary sacrifice vehicle

² Became Key Management Personnel during the year

³ Resigned during the year

The termination benefit includes contractual termination benefit, and any statutory entitlements such as unused annual and long service leave.

DIRECTORS' REPORT

18. Remuneration Report - Audited (Continued)

18D. Bonuses and Share-based Compensation Benefits

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

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, based on an estimate of the number of options likely to vest, and the amount is included in the remuneration tables above. Fair values at grant date are determined using Trinominal Lattice and Hoadley's Hybrid models that take into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. Model inputs for options granted during the year are disclosed in note 26 in the financial report.

Details of options over ordinary shares in the company provided as remuneration to each director and each of the KMP and the Group are set out below. When exercisable, each option is convertible into one ordinary share of RungePincockMinarco Limited. Further information on the options is set out in note 26 to the financial statements.

	Number of options granted during the year ¹	Value of options at grant date ² \$	Number of options vested during the year ³	Number of options lapsed during the year	Value at lapse date ⁴ \$
A Brackin	-	-	-	-	-
Dr I Runge	-	-	-	-	-
R Walker	-	-	-	-	-
R Mathews	-	-	-	-	-
D Meldrum	-	-	22,400	810,600	138,150
C Larsen	-	-	22,400	295,600	29,396
K Wallis	2,800	557	15,734	70,800	-
M Kochanowski	33,400	6,647	10,534	47,400	-
K Lewis	-	-	15,734	252,266	6,000
J O'Neill	115,000	22,885	-	-	-

¹ Options granted during the year aligned the total number of options issued for similar positions in the company. (Refer note 20)

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

³ Options with a grant date of 2010 vested in October 2012 with an exercise price of \$0.57.

⁴ The value at lapse date of options that were granted as part of remuneration and that lapsed during the year because a vesting condition was not satisfied. The value is determined at the time of lapsing, but assuming the condition was satisfied. The value of options which lapsed during the 2013 financial year is calculated using the closing share price on the lapse date with the exercise price subtracted.

DIRECTORS' REPORT

18. Remuneration Report - Audited (Continued)

18D. Bonuses and Share-based Compensation Benefits (Continued)

Details of remuneration: Bonuses and share-based compensation benefits

The terms and conditions of each grant of options issued in 2013 are as follows:

Term/Condition	
Value at option grant date	\$0.199
Exercise price	\$0.55
Grant Date	03/05/2013
Expiry date	31/08/2016
Vesting and exercise date	1/09/2014

During the reporting period the following shares were issued on the exercise of the options previously granted as compensation:

	Number of shares	Amount paid per share \$	Value of options exercised in year ¹ \$
K Wallis	15,734	0.57	-

¹ The value of the options exercised during the year is calculated as the market price of shares of the Company as at close of trading on the date the options were exercised after deducting the price paid to exercise the option.

There are no amounts unpaid on the shares issued as a result of the exercise of the options in the 2013 financial year.

All cash bonuses for KMP and Executive Directors were forfeited in 2013.

2012 Annual General Meeting (AGM)

The Company's 2012 remuneration report was adopted at 2012 AGM with 95% of shareholders voting for the report.

Remuneration report - End

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



Allan Brackin

Chairman

Brisbane

Dated: 22 August 2013

DECLARATION OF INDEPENDENCE BY A S LOOTS TO THE DIRECTORS OF RUNGEPINCOCKMINARCO LIMITED

As lead auditor of RungePincocKMinarco Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect RungePincocKMinarco Limited and the entities it controlled during the period.



A S Loots

Director

BDO Audit Pty Ltd

Brisbane, 22 August 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 \$'000	2012 \$'000
Revenue from continuing operations			
Services		60,287	85,588
Licence sales		6,823	10,895
Software maintenance		11,348	9,826
Other revenue		1,238	604
Revenue		79,696	106,913
Rechargeable expenses		(5,795)	(7,563)
Net Revenue		73,901	99,350
Other income – insurance proceeds		-	1,969
Expenses			
Amortisation	12	(1,554)	(2,510)
Depreciation	11	(2,240)	(2,762)
Employee benefits expense		(51,745)	(62,723)
Other employee costs		(2,037)	(3,316)
Office expenses		(4,110)	(4,673)
Professional services		(2,112)	(2,889)
Rent		(6,920)	(6,904)
Restructure and Impairment costs	4	(5,416)	-
Travel expenses		(1,903)	(3,000)
Other expenses		(3,224)	(3,781)
		(81,261)	(92,558)
Profit/(Loss) before finance costs and income tax		(7,360)	8,761
Finance income		152	148
Finance costs		(584)	(661)
Net finance costs		(432)	(513)
Profit/(Loss) before income tax	3	(7,792)	8,248
Income tax benefit/(expense)	5	227	(2,011)
Profit/(Loss)		(7,565)	6,237

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 \$'000	2012 \$'000
Profit / (Loss)		(7,565)	6,237
Other comprehensive income			
Items that may be classified subsequently to profit or loss:			
Foreign currency translation differences		658	(172)
Items that will not be classified subsequently to profit or loss:			
Financial assets at fair value through other comprehensive income		-	(103)
Income tax attributable to financial assets		(480)	31
Other comprehensive income / (loss), net of tax		178	(244)
Total comprehensive income		(7,387)	5,993
Earnings per share			
Basic earnings per share (cents)	25	(5.9)	5.0
Diluted earnings per share (cents)	25	(5.9)	5.0

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	Notes	2013 \$'000	2012 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	7	6,928	12,141
Trade and other receivables	8	16,887	22,959
Work in progress	9	1,998	2,566
Current tax receivable		1,201	263
Other assets	10	1,583	2,048
Total current assets		28,597	39,977
Non-current assets			
Trade and other receivables	8	348	269
Property, plant and equipment	11	8,200	10,199
Deferred tax assets	6	6,143	4,807
Intangible assets	12	27,333	28,676
Total non-current assets		42,024	43,951
Total assets		70,621	83,928
LIABILITIES			
Current liabilities			
Trade and other payables	13	5,154	7,397
Borrowings	14	14	5
Provisions	15	3,285	7,906
Current tax liabilities		112	873
Other Liabilities	16	9,799	10,666
Total current liabilities		18,364	26,847
Non-current liabilities			
Borrowings	14	-	5,013
Provisions	15	640	197
Deferred tax liabilities	6	236	47
Other Liabilities	16	3,713	3,504
Total non-current liabilities		4,589	8,761
Total liabilities		22,953	35,608
Net assets		47,668	48,320
EQUITY			
Contributed equity	17	48,664	39,418
Reserves	18	(3,986)	(4,135)
Retained earnings	18	2,990	13,037
Total equity		47,668	48,320

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2013

	Contributed equity	Reserves	Retained profits	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2012	39,418	(4,135)	13,037	48,320
Profit for the year	-	-	(7,565)	(7,565)
Other comprehensive income	-	178	-	178
Total comprehensive income	-	178	(7,565)	(7,387)
Transactions with owners in their capacity as owners				
Contributions of equity, net of transaction costs	9,246	-	-	9,246
Employee share options	-	(29)	-	(29)
Dividends paid	-	-	(2,482)	(2,482)
	9,246	(29)	(2,482)	6,735
Balance at 30 June 2013	48,664	(3,986)	2,990	47,668
Balance at 1 July 2011	39,408	(3,999)	9,282	44,691
Profit for the year	-	-	6,237	6,237
Other comprehensive income	-	(244)	-	(244)
Total comprehensive income	-	(244)	6,237	5,993
Transactions with owners in their capacity as owners				
Contributions of equity, net of transaction costs	10	-	-	10
Employee share options	-	108	-	108
Dividends paid	-	-	(2,482)	(2,482)
	10	108	(2,482)	(2,364)
Balance at 30 June 2012	39,418	(4,135)	13,037	48,320

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

CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 \$'000	2012 \$'000
Cash flows from operating activities			
Receipts from customers		89,634	112,195
Payments to suppliers and employees		(89,278)	(100,072)
		356	12,123
Proceeds from Key Man insurance		-	1,969
Interest and dividends received		152	148
Finance costs		(584)	(661)
Restructure costs		(2,670)	-
Income taxes paid		(3,102)	(2,514)
Net cash (outflow) / inflow from operating activities	23	(5,848)	11,065
Cash flows from investing activities			
Payments for property, plant and equipment		(888)	(3,831)
Proceeds from sale of property, plant and equipment		5	45
Investments		(26)	-
Payments for intangible assets		(735)	(1,404)
Net cash outflow from investing activities		(1,644)	(5,190)
Cash flows from financing activities			
Contributions of equity, net of transaction costs		9,247	10
Repayment of finance leases		(4)	(5)
Proceeds from borrowings		-	5,650
Repayment of borrowings		(5,000)	(6,100)
Dividends paid		(2,482)	(2,482)
Net cash inflow/(outflow) from financing activities		1,761	(2,927)
Net increase/(decrease) in cash and cash equivalents held		(5,731)	2,948
Cash and cash equivalents at the beginning of the financial year		12,141	9,344
Effects of exchange rate changes on cash and cash equivalents		518	(151)
Cash and cash equivalents at the end of the financial year	7	6,928	12,141

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

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

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

The financial report comprises the consolidated entity (“Group”) consisting of RungePincockMinarco Limited and its subsidiaries. The company name was changed from Runge Limited to RungePincockMinarco Limited following shareholder approval at the Annual General Meeting of 23 November 2012.

(a) Basis of Preparation

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

Compliance with IFRS

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

Historical cost convention

These financial statements have been prepared under the historical cost convention, except for available-for-sale financial assets at fair value. The method used to measure fair values is discussed further below.

New and amended standards adopted by the Group

The following amendment to standard is mandatory for the first time for the financial year beginning 1 July 2012: AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income.

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

(b) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by RungePincockMinarco Limited as at 30 June 2013 and the results of all controlled entities for the year then ended. RungePincockMinarco Limited and its controlled entities together are referred to in this financial report as the “consolidated entity” or the “Group”.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

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

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

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

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(c) Income Tax

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

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

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

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

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

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

Tax consolidation legislation

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

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

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

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable or payable to other entities in the Group. Details about the tax funding agreements are disclosed in note 5.

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

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(d) Segment Reporting

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

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

(e) Foreign Currency Translation

i) *Functional and presentation currency*

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

ii) *Transactions and balances*

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

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

iii) *Group entities*

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

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement and statement of comprehensive income are translated at daily exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

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

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(f) Revenue Recognition

i) Sale of licences

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

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

ii) Consulting

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

iii) Software maintenance

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

iv) Interest revenue

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

(g) Trade Receivables

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

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the allowance is recognised in other expenses in profit or loss. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(h) Work in Progress

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

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(i) Investments and Other Financial Assets

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

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

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

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

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

(j) Leases

Leases of property, plant and equipment, where the Group as lessee has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term borrowings. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

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

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

(k) Business Combinations

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

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

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(k) Business Combinations (Continued)

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

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

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

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

(l) Impairment of Assets

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

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

(m) Cash and Cash Equivalents

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

(n) Property, Plant and Equipment

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

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(n) Property, Plant and Equipment (Continued)

The estimated useful lives are as follows:

Plant and equipment	2 – 13 years
Plant and equipment under finance lease	4 years

Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the assets. These are included in profit or loss.

(o) Intangible Assets

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

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

ii) *Software – internal management systems*

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

iii) *Patents and trademarks*

Costs associated with patents and trademarks are expensed as incurred.

iv) *Goodwill*

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

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

(p) Trade and Other Payables

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

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(q) 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.

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 balance sheet date.

(r) Borrowing Costs

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

(s) Employee Benefits

i) Short term obligations

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

Other long-term employee benefit obligations

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

ii) Bonus plans

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

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

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(s) Employee Benefits (Continued)

iii) Superannuation

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

iv) Share-based payments

Share-based compensation benefits are provided to employees via the RungePincockMinarco Limited employee share option plan (ESOP) and an employee share purchase plan. Information relating to these schemes is set out in note 26.

The fair value of options granted under the ESOP is recognised as an employee benefit expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions, but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

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

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

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

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

(u) Contributed Equity

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

(v) Earnings per Share

i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(v) Earnings per Share (Continued)

ii) Diluted earnings per share

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

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

(w) Financial Guarantee Contracts

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

(x) Rounding of Amounts

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

(y) Comparative Figures

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

(z) Critical Accounting Estimates and Significant Judgments

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

- intangible assets, including goodwill (note 12),
- impairment of receivables (note 8 and note 1(g)).

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

(aa) Parent Entity Financial Information

The financial information for the parent entity, RungePincockMinarco Limited, disclosed in note 28 has been prepared on the same basis as the consolidated financial statements, except as set out below:

(i) Investments in subsidiaries

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

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(bb) New Accounting Standards and Interpretations Not Yet Adopted

Relevant accounting standards and interpretations that have recently been issued or amended but are not yet effective and have not been adopted for the annual reporting period ended 30 June 2013, are as follows:

Standard/Interpretation	Application date*	Application date for the Group*
AASB 10 Consolidated Financial Statements	1 Jan 2013	1 Jul 2013
AASB 11 Joint Arrangements	1 Jan 2013	1 Jul 2013
AASB 12 Disclosure of Interests in Other Entities	1 Jan 2013	1 Jul 2013
AASB 13 Fair Value Measurement	1 Jan 2013	1 Jul 2013
AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosures	1 Jul 2013	1 Jul 2013
AASB 2012-2 & AASB 2012-3 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & AASB 132]	1 Jan 2013 & 1 Jan 2014	1 Jul 2013 & 1 Jul 2014
AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle [AASB 1, AASB 101, AASB 116, AASB 132 & AASB 134 and Interpretation 2]	1 Jan 2013	1 Jul 2013

* *Application date is for annual reporting periods beginning on or after the date shown in the above table.*

The Directors anticipate that the adoption of these Standards and Interpretations in future years may have the following impacts:

AASB 10 - This standard replaces part of AASB 127: 'Consolidated and Separated Financial Statements' and introduces a new definition of control that determines which entities are consolidated, which requires that three elements of control (power over investee, exposure or rights to variable returns, and ability to use power to affect such returns) must be present in order to conclude that an investor controls an investee. The Group does not consider that the application of this new standard will have an impact upon the composition of the consolidated entity.

AASB 11 – The group's interest in a joint venture will be equity accounted. The Group does not consider that the application of this new standard will have an impact upon the composition of the consolidated entity.

AASB 12 - provides the disclosure requirements for entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. As such, it pulls together and replaces disclosure requirements from many existing standards. The Group is not expecting the standard to have a significant impact on the Group's financial statements.

AASB 13 - Establishes a single course of guidance for determining the fair value of assets and liabilities. The application of this standard is not expected to impact upon the Group's fair value measurements or disclosures thereof.

AASB 2012-2, AASB 2012-3 and AASB 2012-5 – These amendments introduce various changes to IFRS. The Group is not expecting the amendments to have a significant impact on the Group's financial statements.

NOTES ON THE FINANCIAL STATEMENTS

2. Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Managing Director in order to make decisions about resource allocations and to assess performance of the Group. The reports are split into geographical areas. GeoGAS operations are based in Australia and are reported separately.

Segment revenue, expenses and results include transfers between segments. Such transfers are priced on an “arms-length” basis and are eliminated on consolidation. Each segment, other than GeoGAS, sells all the products and services provided by the Group.

Previously the software development department was part of the “Australia” segment and received notional revenue from sales of software and maintenance from other segments. The department is now included in “unallocated costs – software development and IT”. June 2012 segments were restated to align with the current internal reporting structure.

Information about reportable segments

2013	Australia \$'000	Asia \$'000	America \$'000	Africa \$'000	GeoGAS \$'000	Consolidated \$'000
Revenue						
Services	20,732	14,222	15,139	1,644	8,550	60,287
Licence sales	2,452	1,551	1,714	1,106	-	6,823
Software maintenance	4,944	853	3,112	2,439	-	11,348
Other revenue	8	100	32	-	21	161
Total External sales	28,136	16,726	19,997	5,189	8,571	78,619
Inter-segment sales	3,290	(2,806)	(382)	84	(186)	-
Total Revenue	31,426	13,920	19,615	5,273	8,385	78,619
Rechargeable expenses	(923)	(1,284)	(2,720)	(143)	(725)	(5,795)
Net revenue	30,503	12,636	16,895	5,130	7,660	72,824
Total Expenses	(21,530)	(9,301)	(12,729)	(3,656)	(5,528)	(52,744)
Segment profit/(loss)	8,973	3,335	4,166	1,474	2,132	20,080
2012						
Revenue						
Services	33,996	18,418	18,407	2,927	11,839	85,587
Licence sales	5,341	1,619	2,327	1,608	-	10,895
Software maintenance	4,210	684	2,845	2,087	-	9,826
Other revenue	6	128	5	-	13	152
Total External sales	43,553	20,849	23,584	6,622	11,852	106,460
Inter-segment sales	2,965	(2,406)	(180)	60	(439)	-
Total Revenue	46,518	18,443	23,404	6,682	11,413	106,460
Rechargeable expenses	(2,194)	(1,905)	(2,861)	(331)	(272)	(7,563)
Net revenue	44,324	16,538	20,543	6,351	11,141	98,897
Total Expenses	(29,706)	(10,567)	(12,965)	(4,829)	(7,176)	(65,243)
Segment profit/(loss)	14,618	5,971	7,578	1,522	3,965	33,654

NOTES ON THE FINANCIAL STATEMENTS

2. Operating Segments (Continued)

Geographical Information

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

	2013		2012	
	Revenues \$,000	Non-current assets ¹ \$,000	Revenues \$,000	Non-current assets ¹ \$,000
Australia	31,053	27,209	49,555	27,818
Indonesia	9,346	183	9,024	318
Canada	7,951	102	8,728	59
USA	5,502	1,747	5,021	1,596
South Africa	4,971	384	4,862	838
Hong Kong	2,757	131	4,432	118
Mongolia	2,333	20	2,213	18
China	1,995	181	3,469	206
Brazil	1,920	81	1,757	105
Japan	1,391	-	1,713	-
India	1,169	-	1,111	-
Other	8,231	77	14,575	84
	78,619	30,115	106,460	31,160

¹Excludes financial instruments and deferred tax assets.

	2013 \$'000	2012 \$'000
Reconciliation of segment profit to reported net profit:		
Segment profit	20,080	33,654
Adjustments:		
Foreign exchange gains/(losses)	153	(81)
Employment benefits - corporate	(5,001)	(6,211)
Employment benefits - Software development and IT	(6,647)	(6,411)
Other unallocated costs - corporate	(5,402)	(5,888)
Other unallocated costs - Software development and IT	(2,257)	(3,451)
Restructure and impairment costs	(5,416)	-
Depreciation and amortisation	(3,794)	(5,272)
Net finance costs	(432)	(514)
Life insurance proceeds	-	1,969
Unallocated income	924	453
Profit/(loss) before income tax	(7,792)	8,248
Income tax benefit/(expense)	227	(2,011)
Net profit/(loss)	(7,565)	6,237

NOTES ON THE FINANCIAL STATEMENTS

2. Operating Segments (Continued)

Reconciliation of operating segment revenue and non-current assets to amounts reported in the consolidated statement of comprehensive income:

	2013		2012	
	Net Revenue \$'000	Non-current Assets ¹ \$'000	Net Revenue \$'000	Non-current Assets ¹ \$'000
Operating segment	72,824	30,115	98,897	31,160
Head office sublease	924	-	453	-
Foreign exchange gains	153	-	-	-
Unallocated corporate assets	-	5,766	-	7,984
Reported	73,901	35,881	99,350	39,144

¹ Excludes financial instruments and deferred tax assets

3. Profit Before Income Tax

	2013 \$'000	2012 \$'000
Profit before income tax includes the following specific expenses / (income)		
Defined contributions superannuation expense	2,548	2,628
Impairment of receivables	578	60
Increase/(Reduction) in provision for impairment of receivables	320	(141)
<i>Rental expense relating to operating leases - Minimum lease payments</i>	6,144	6,018
Net loss on disposal of plant and equipment	6	63
Foreign exchange (gains) / losses	(153)	81

4. Restructure and Impairment Costs

Following the appointment of Richard Mathews to the role of Managing Director and Chief Executive Officer at the end of August 2012, the Group undertook a program of cost reduction and restructuring initiatives to better align the business with the change in the operating environment. The costs incurred in these activities include:

<i>Impairment costs:</i>		
Plant and equipment (fitout)	701	-
Goodwill – South Africa	384	-
Software development costs	321	-
	1,406	-
<i>Other Restructure costs:</i>		
Employment termination costs	2,540	-
Onerous lease obligations	1,284	-
Other closure costs	186	-
	4,010	-
	5,416	-

NOTES ON THE FINANCIAL STATEMENTS

5. Income Tax Expense

Tax Recognised in profit or loss

	2013 \$'000	2012 \$'000
<i>Income tax expense</i>		
Current tax	(1,390)	(2,813)
Deferred tax	1,641	899
Adjustments to prior periods	(24)	(97)
Income tax benefit/(expense)	227	(2,011)
<i>Numerical reconciliation of income tax expense to prima facie tax</i>		
Profit/(Loss) before income tax	(7,792)	8,248
Tax at the Australian tax rate of 30% (2012: 30%)	2,338	(2,474)
Tax effect of amounts which are not taxable/(deductible) in calculating taxable income:		
Attributed income	(9)	(30)
Non-assessable income/(non-deductible expense)	(202)	323
Research and development deduction	222	232
Unutilised foreign tax credits	(960)	-
Derecognised deferred tax assets	(1,030)	-
	359	(1,949)
Difference in overseas tax rates	(108)	35
Adjustments to prior periods	(24)	(97)
Income tax benefit/(expense)	227	(2,011)

Tax consolidation legislation

RungePincockMinarco Limited and its wholly-owned Australian controlled entities implemented the tax consolidation regime from 13 March 2007.

On adoption of the tax consolidation legislation, the entities in the tax consolidated Group entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, RungePincockMinarco Limited.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate RungePincockMinarco Limited for any current tax payable assumed and are compensated for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to RungePincockMinarco Limited under the tax consolidated legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

NOTES ON THE FINANCIAL STATEMENTS

6. Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

	2013 \$'000	2012 \$'000
Provision for impairment of receivables	76	79
Employee benefits provision	1,115	2,239
Lease incentive liabilities	1,358	1,274
Tax loss	3,493	482
Unearned income	478	333
Accrued expenses	76	726
Share capital raising costs	154	60
Financial assets at fair value	3	483
Other deferred tax assets	189	427
Work in progress	(89)	(91)
Intangibles	(376)	47
Property, plant and equipment	(346)	(986)
Prepayments	(194)	(266)
Other deferred tax liabilities	(30)	(47)
Deferred tax assets	6,143	4,807
Deferred tax liabilities	(236)	(47)
Net tax assets	5,907	4,760
Movements		
Balance at 1 July	4,760	4,152
Recognised in profit or loss	1,641	899
Recognised in other comprehensive income	(480)	31
Recognised in equity	105	-
Adjustments to prior periods	(119)	(322)
Balance at 30 June	5,907	4,760
Unrecognised deferred tax assets		
Foreign tax credits	211	-
Tax losses	136	-
Capital losses	485	-
Deductible temporary differences	889	-
	1,721	-

Foreign tax credits will expire in 2017. Tax Losses expire in 2015. Capital losses do not expire, however, it is not probably that the Group would generate capital gains to utilise the benefit. Deductible temporary differences have not been recognised because it is not probably that sufficient future taxable profit will be available.

NOTES ON THE FINANCIAL STATEMENTS

7. Cash and Cash Equivalents

	2013 \$'000	2012 \$'000
Cash at bank	4,541	8,190
Deposits	2,387	3,951
	6,928	12,141

8. Trade and Other Receivables

	2013 \$'000	2012 \$'000
Current		
Trade receivables	17,413	23,141
Provision for impairment of receivables	(602)	(282)
	16,811	22,859
Other receivables	76	100
	16,887	22,959
Non-current		
Other receivables - refundable deposits	348	269
	348	269

As at 30 June 2013, trade receivables of \$9,601,000 (2012: \$10,733,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing of the trade receivables past due at the reporting date but not impaired was:

Past due less than 30 days	3,928	5,184
Past due between 31-90 days	3,263	3,016
Past due more than 90 days	2,410	2,533
	9,601	10,733

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

Balance at 1 July	282	415
Provision no longer required	(18)	(141)
Debtors written off	(277)	(58)
Impairment loss recognised	578	60
Effect of foreign exchange	37	6
Balance at 30 June	602	282

The provision for impairment of trade receivables in 2013 and 2012 relates to receivables that are past due for more than 90 days.

9. Work in Progress

Work in progress	1,998	2,566
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10. Other Assets

Prepayments	1,583	2,048
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NOTES ON THE FINANCIAL STATEMENTS

11. Property, Plant and Equipment

	2013 \$'000	2012 \$'000
Plant and equipment - at cost	17,944	17,977
Less: accumulated depreciation	(9,745)	(7,787)
	8,199	10,190
Plant and equipment under finance lease	33	31
Less: accumulated depreciation	(32)	(22)
	1	9
	8,200	10,199

	Note	Plant and equipment		Total \$'000
		Owned	Under finance lease	
		\$'000	\$'000	
2013				
Balance at 1 July 2012		10,190	9	10,199
Exchange differences		40	1	41
Additions		970	-	970
Impairment	4	(701)	-	(701)
Disposals		(69)	-	(69)
Depreciation		(2,231)	(9)	(2,240)
Balance at 30 June 2013		8,199	1	8,200
2012				
Balance at 1 July 2011		9,034	17	9,051
Exchange differences		(57)	1	(56)
Additions		4,074	-	4,074
Disposals		(108)	-	(108)
Depreciation		(2,753)	(9)	(2,762)
Balance at 30 June 2012		10,190	9	10,199

NOTES ON THE FINANCIAL STATEMENTS

12. Intangible Assets

	2013 \$'000	2012 \$'000
Software for sale and licensing – at cost	5,623	5,714
Less: accumulated amortisation	(4,039)	(3,856)
	1,584	1,858
Software for internal use – at cost	6,756	6,399
Less: accumulated amortisation	(5,073)	(3,871)
	1,683	2,528
Customer relationships and contracts – at cost	1,494	1,494
Less: accumulated amortisation	(1,494)	(1,494)
	-	-
Goodwill – at cost	24,450	24,290
Less: impairment losses	(384)	-
	24,066	24,290
	27,333	28,676

	Software		Customer relationships and contracts	Goodwill	Total
	For Sales to Customers ¹	For Internal Use			
	\$'000	\$'000	\$'000	\$'000	\$'000
2013					
Balance at 1 July 2012	1,858	2,528	-	24,290	28,676
Additions	341	394	-	-	735
Disposal	-	-	-	-	-
Exchange differences	-	21	-	160	181
Impairment ²	(227)	(94)	-	(384)	(705)
Amortisation ³	(388)	(1,166)	-	-	(1,554)
Balance at 30 June 2013	1,584	1,683	-	24,066	27,333
2012					
Balance at 1 July 2011	2,413	2,678	400	24,226	29,717
Additions	454	950	-	-	1,404
Impairment	-	-	-	-	-
Disposal	-	-	-	-	-
Exchange differences	-	1	-	64	65
Amortisation ³	(1,009)	(1,101)	(400)	-	(2,510)
Balance at 30 June 2012	1,858	2,528	-	24,290	28,676

¹ Software consists of capitalised development costs.

² The carrying amount of intangible assets has been reduced to its recoverable amount through recognition of an impairment loss against software and goodwill. This loss has been disclosed as a separate line item in profit and loss.

³ Amortisation of \$1,554,000 (2012: \$2,510,000) is included in amortisation expense in profit or loss.

(a) Impairment Tests for Goodwill

Goodwill is allocated to the Group's cash generating units (CGUs) according to business unit and the country of operation.

NOTES ON THE FINANCIAL STATEMENTS

12. Intangible Assets (Continued)

A segment level summary of the goodwill is presented below.

	2013 \$'000	2012 \$'000
Australia	17,547	17,547
Australia – GeoGAS	4,921	4,921
USA	1,598	1,439
Africa	-	383
	24,066	24,290

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

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

	Margin ¹		Growth Rate ²		Discount Rate ³	
	2013	2012	2013	2012	2013	2012
Australia	16%	16%	1.0%	2.5%	19%	15%
Australia – GeoGAS	35%	31%	1.0%	2.5%	18%	15%
USA ⁴	20%	16%	1.0%	1.0%	22%	12%
Africa	8%	10%	0.0%	2.5%	19%	17%

¹ Budgeted gross margin

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

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

⁴ Part of the American operating segment

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

(c) Impairment charges

Based on the above and three years of poor performance, impairment of \$384,000 has been applied as the carrying amount of goodwill exceeded its recoverable amount for the African region.

(d) Sensitivity analysis

If the pre-tax discount rate applied to the cash projections of all CGUs was increased by 500 basis points to be in a range between 23% and 27%, the recoverable amount of Australian and American CGU's goodwill is still greater than its carrying amount.

13. Trade and Other Payables

	2013 \$'000	2012 \$'000
Current		
Trade payables	1,976	3,332
Other payables and accruals	3,178	4,065
	5,154	7,397

NOTES ON THE FINANCIAL STATEMENTS

14. Borrowings

	2013 \$'000	2012 \$'000
Current		
Lease liabilities (note 22)	14	5
	14	5
Non-current		
Lease liabilities (note 22)	-	13
Bank loans - secured	-	5,000
	-	5,013

Terms and Conditions

Borrowing facilities	Currency	Nominal interest rate	Maturity	2013		2012	
				Facility \$'000	Utilised \$'000	Facility \$'000	Utilised \$'000
Secured loan	AUD	6.13%	Sep 2014	15,000	-	15,000	5,000
Finance leases	CAD	4.90%	Oct 2013	14	14	18	18
Loans and Borrowings				15,014	14	15,018	5,018
Other facilities							
Bank guarantee	AUD	2%		3,112	2,635	3,112	2,539

The Australian dollar loan facilities including the bank guarantee are secured by a first registered equitable mortgage over the Group's assets, including uncalled capital.

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

15. Provisions

	2013 \$'000	2012 \$'000
Current		
Employee benefits	3,285	7,906
Non-current		
Employee benefits	640	197

16. Other Liabilities

Current		
Unearned income - software maintenance	5,660	5,528
Unearned income - consulting and other	3,146	4,459
Lease incentive and make good obligations	993	679
	9,799	10,666
Non-current		
Lease incentive and make good obligations	3,713	3,504

NOTES ON THE FINANCIAL STATEMENTS

17. Contributed Equity

		2013 Number	2012 Number	2013 \$'000	2012 \$'000
Share capital					
Ordinary shares	- fully paid	141,345,216	124,034,845	48,664	39,402
	- partially paid	-	45,155	-	16
		141,345,216	124,080,000	48,664	39,418

Movements in Share Capital:

Date		Ordinary shares	
		Number	\$'000
30/06/2011	Balance	124,080,000	39,408
	Partly paid shares paid up	-	10
30/06/2012	Balance	124,080,000	39,418
	Partly paid shares paid up	-	2
	Issue of share capital	17,249,482	9,487
	Costs of issue	-	(252)
	Exercise of employee options	15,734	9
30/06/2013	Balance	141,345,216	48,664

Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a showing of hands every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Issue of ordinary shares

In April 2013 the company issued 15,776,000 ordinary shares at an issue price of \$0.55 per share to institutional investors in Australia. Additionally in May 2013 the company issued 1,473,482 new shares at an issue price of \$0.55 per share as a result of a share purchase plan.

Options

Information relating to the Runge Employee Share Option Plan (ESOP), including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of financial year, is set out in note 26.

Capital Risk Management

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

NOTES ON THE FINANCIAL STATEMENTS

17. Contributed Equity (Continued)

Capital Risk Management (Continued)

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

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

The gearing ratios at 30 June 2013 and 30 June 2012 were as follows:

	Notes	2013 \$'000	2012 \$'000
Total borrowings, trade and other payables		5,168	12,415
Less: cash and cash equivalents	7	(6,928)	(12,141)
Net (cash) / debt		(1,760)	274
Total equity		47,668	48,320
Total capital		45,908	48,594
Gearing ratio		n/a	0.6%

18. Reserves and Retained Profits

Reserves

Share-based payments (i)	697	726
Foreign currency translation (ii)	(1,547)	(2,205)
Financial assets revaluation reserve (iii)	(1,601)	(1,121)
Revaluation surplus	18	18
Reserve arising from an equity transaction (iv)	(1,553)	(1,553)
	(3,986)	(4,135)

Nature and Purpose of Reserves

(i) Share-based payments

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

(ii) Foreign currency translation

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

(iii) Financial assets revaluation reserve

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

(iv) Reserve arising from an equity transaction

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

NOTES ON THE FINANCIAL STATEMENTS

18. Reserves and Retained Profits (Continued)

Movement in Reserves

	Share-based payments		Foreign Currency Translation		Financial Assets Revaluation Reserve	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Balance at 1 July	726	618	(2,205)	(2,033)	(1,121)	(1,049)
Options expensed	(29)	108	-	-	-	-
Change in fair value	-	-	-	-	-	(103)
Income tax	-	-	-	-	(480)	31
Foreign currency translation	-	-	658	(172)	-	-
Balance at 30 June	697	726	(1,547)	(2,205)	(1,601)	(1,121)

There were no other movements in reserves in 2013 and 2012.

	2013 \$'000	2012 \$'000
Retained Profits		
Balance at 1 July	13,037	9,282
Net profit / (loss) for the year	(7,565)	6,237
Dividends provided for or paid	(2,482)	(2,482)
Balance at 30 June	2,990	13,037

19. Dividends

Dividends paid in cash during the year were:

	2013 \$'000	2012 \$'000
Full year dividend of 1.0 cents per share 50% franked paid on 5 October 2012	1,241	-
Special dividend of 1.0 cents per share unfranked paid on 5 October 2012	1,241	-
Final dividend of 1.0 cents per share unfranked paid on 6 October 2011	-	1,241
Interim dividend of 1.0 cents per share unfranked paid on 5 April 2012	-	1,241
	2,482	2,482

Franked Dividends

	2013 \$'000	2012 \$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2012: 30%)	-	433

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for any:

- franking credits that will arise from the payment of the current tax liability;
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date;
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date;
- franking credits that may be prevented from being distributed in subsequent financial years; and
- franking credits acquired with subsidiaries that form a tax consolidated group with the parent entity.

NOTES ON THE FINANCIAL STATEMENTS

20. Key Management Personnel Disclosures

	2013	2012
(a) Key Management Personnel Compensation	\$	\$
Short term employee benefits	1,738,242	2,287,762
Post-employment benefits	121,735	151,505
Termination benefits	955,864	76,667
Share-based payments	(71,454)	67,757
	2,744,387	2,583,691

(b) Shareholdings by Key Management Personnel

The number of shares and options over shares in the Company held during the financial year by each Director of RungePincockMinarco Limited and each of the other key management personnel of the Group, including their personally-related entities, is set out below:

(i) Ordinary Shares

	Balance 1 July 2011	Sold during the year	Acquired during the year *	Balance 30 June 2012	Sold during the year	Acquired during the year**	Balance 30 June 2013
Directors							
A Brackin	-	-	300,000	300,000	-	27,273	327,273
Dr I Runge	16,091,945	-	191,266	16,283,211	-	27,273	16,310,484
R Walker	400,000	-	200,000	600,000	-	27,273	627,273
R Mathews	6,202,874	-	-	6,202,874	-	309,129	6,512,003
D Meldrum	5,692,910	-	191,266	5,884,176	-	-	***5,884,176
C Larsen	4,634,375	-	-	4,634,375	-	-	***4,634,375
Other key management personnel of the Group							
K Wallis	-	-	-	-	-	17,552	17,552
M Kochanowski	69,371	-	-	69,371	-	-	69,371
J O'Neill	-	-	-	-	-	-	-
K Lewis	-	-	-	-	-	-	***-

* Acquired off-market at the closing price on ASX on the date of transfer, except for Ross Walker who bought 8,734 shares on market.

** Acquired through share purchase plan, on market or from exercise of options.

*** Balance at resignation date.

No shares were granted as compensation in 2013 (2012: nil).

NOTES ON THE FINANCIAL STATEMENTS

20. Key Management Personnel Disclosures (Continued)

(ii) Options

Name	Balance 1 July 2011	Options granted as compen- sation	Options forfeited and expired	Balance 30 June 2012	Options granted as compen- sation	Options forfeited and expired	Options exer- cised	Balance 30 June 2013	Options vested and exercise- able
Directors									
A Brackin	-	-	-	-	-	-	-	-	-
Dr I Runge	-	-	-	-	-	-	-	-	-
R Walker	-	-	-	-	-	-	-	-	-
R Mathews	-	-	-	-	-	-	-	-	-
D Meldrum	370,749	665,000	(202,749)	833,000	-	(810,600)	-	*22,400	22,400
C Larsen	370,749	150,000	(202,749)	318,000	-	(295,600)	-	*22,400	22,400
Other key management personnel of the Group									
K Wallis	118,000	150,000	-	268,000	2,800	(70,800)	(15,734)	184,266	-
M Kochanowski	79,000	50,000	-	129,000	33,400	(47,400)	-	125,534	10,534
J O'Neill	-	-	-	-	115,000	-	-	115,000	-
K Lewis	254,116	150,000	(136,116)	268,000	-	(252,266)	-	*10,354	10,534

* Balance at resignation date.

(c) Other Transactions with Key Management Personnel

The Group employs the services of Pitcher Partners Chartered Accountants (Previously Johnston Rorke Chartered Accountants), an entity associated with Ross Walker. Pitcher Partners received \$80,290 (2012: \$48,660) for taxation and advisory services. Amount payable at year end \$nil (2012: \$nil)

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

	2013 \$	2012 \$
Amounts recognised as expense		
Professional fees	80,290	48,660
	80,290	48,660

NOTES ON THE FINANCIAL STATEMENTS

21. Remuneration of Auditors

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

	2013	2012
	\$	\$
Audit services - Audit and review of the financial reports: Auditor of the parent entity:		
BDO Audit Pty Ltd	150,000	181,801
Auditors of subsidiaries:		
PKF Malaysia	2,053	5,064
BDO South Africa	21,725	-
BDO Hong Kong	14,400	-
BDO Indonesia	13,650	-
PKF South Africa	-	23,215
PKF Hong Kong	-	11,324
Johan Malonda Mustika & Rekan Indonesia	-	9,973
Unistar – Mongolia	2,997	2,963
	204,825	234,340

22. Commitments

(a) Non-cancellable Operating Leases

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

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

	2013	2012
	\$'000	\$'000
Within one year	6,074	5,512
Later than one year but not later than 5 years	10,684	13,086
Later than 5 years	1,566	2,856
Commitments not recognised in the financial statements	18,324	21,454

Sub-lease payments

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

Within one year	602	803
Later than one year but not later than 5 years	133	205
	735	1,008

NOTES ON THE FINANCIAL STATEMENTS

22. Commitments (Continued)

(b) Finance Leases

	2013 \$'000	2012 \$'000
Commitments in relation to finance leases are payable:		
Within one year	14	6
Later than one year but not later than 5 years	1	13
Minimum lease payments	15	19
Less: future finance charges	(1)	(1)
Recognised as a liability	14	18
Representing lease liabilities:		
Current	14	5
Non-current	-	13
	14	18

Finance leases relate to motor vehicles which have residual payments with options to purchase at the end of the lease term.

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

Net profit / (loss)	(7,565)	6,237
Depreciation and amortisation	3,794	5,272
Provision for impairment of receivables	320	(133)
Net loss on sale of property, plant and equipment	63	63
Impairment	1,406	-
Net exchange differences	(81)	(32)
Employee share options	(29)	108
Change in operating assets and liabilities		
Decrease / (increase) in trade and other receivables	6,242	(2,569)
Decrease / (increase) in current tax asset	(938)	(64)
Decrease / (increase) in deferred tax asset	(97)	(621)
Decrease / (increase) in work in progress	568	(267)
Decrease / (increase) in other assets	(79)	17
Increase / (decrease) in trade and other payables	(2,243)	869
Increase / (decrease) in other liabilities	(1,180)	997
Increase / (decrease) in current tax liabilities	(761)	169
Increase / (decrease) in deferred tax liability	(1,530)	13
Increase / (decrease) in provisions	(3,738)	1,006
Net cash inflow / (outflow) from operating activities	(5,848)	11,065
Non cash financing and investing activities include:		
Additions to plant and equipment	82	243
Total non cash financing and investing activities	82	243

NOTES ON THE FINANCIAL STATEMENTS

24. Financial Risk Management

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

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

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

The Board of Directors is ultimately responsible for reviewing, ratifying and monitoring systems of internal controls and risk management. The Board has established an Audit and Risk Committee, which is responsible for overseeing risk management systems.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group's finance division is responsible for development and maintenance of policies which deal with each type of risk related to use of financial instruments.

The Group holds the following financial instruments:

	2013 \$'000	2012 \$'000
Financial assets		
Cash and cash equivalents	6,928	12,141
Trade and other receivables ¹	17,235	23,228
	24,163	35,369
Financial liabilities		
Trade and other payables ²	5,154	7,397
Borrowings ²	14	5,018
	5,168	12,415

¹ Loans and receivables

² At amortised cost

(a) Credit Risk

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

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

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

NOTES ON THE FINANCIAL STATEMENTS

24. Financial Risk Management (Continued)

(a) Credit Risk (Continued)

The maximum credit risk exposure of financial assets of the Group is represented by the carrying amounts of financial assets set out above. The Group had no significant concentrations of credit risk with any single counterparty or group of counterparties, other than banks or financial institutions.

53% of cash and trade receivables are held with 'A', 'BAA', 'BAA' or 'BA' – rated customers and banks (2012: 57%). The ratings used are set by Moody's as at the end of the financial year. Analysis of the maximum exposure to credit risk for financial assets at balance date by counterparties' credit rating:

	2013 \$'000	2012 \$'000
A - rated counterparties	5,871	18,955
B - rated counterparties	6,877	1,376
Unrated counterparties	11,415	15,038
	24,163	35,369

(b) Liquidity Risk

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

The Group regularly reviews cashflow forecasts, maintains sufficient cash on demand and has unutilised borrowing facilities disclosed in note 14.

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

2013	Carrying amount	Contractual cash flows	6 mths or less	6-12 mths	1-2 years	2-5 years	More than 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Finance lease liabilities	14	15	15	-	-	-	-
Trade and other payables	5,154	5,154	5,154	-	-	-	-
	5,168	5,169	5,169	-	-	-	-
2012							
Secured bank loans	5,000	5,647	144	144	288	5,359	-
Finance lease liabilities	18	19	3	3	13	-	-
Trade and other payables	7,397	7,397	7,397	-	-	-	-
	12,415	13,063	7,544	147	301	5,359	-

NOTES ON THE FINANCIAL STATEMENTS

24. Financial Risk Management (Continued)

(c) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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

Currency Risk

The current policy is not to take any forward positions. At 30 June 2013 and 2012 the Group had not entered into any derivative contracts to hedge these exposures. The Group does not engage in any significant transactions which are speculative in nature.

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

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

2013	USD \$'000	CAD \$'000	ZAR \$'000	Other \$'000	Total \$'000
Cash and deposits	2,059	561	1,559	1,641	5,820
Trade and other receivables	9,201	806	1,235	784	12,026
Trade and other payables	(319)	(182)	(93)	(733)	(1,327)
Interest bearing liabilities	-	(14)	-	-	(14)
Net balance sheet exposure	10,941	1,171	2,701	1,692	16,505
2012					
Cash and deposits	5,341	719	1,102	2,401	9,563
Trade and other receivables	8,947	414	1,705	89	11,155
Trade and other payables	(1,600)	(410)	(275)	(462)	(2,747)
Interest bearing liabilities	-	(18)	-	-	(18)
Net balance sheet exposure	12,688	705	2,532	2,028	17,953

A 10 percent strengthening of the Australian dollar against the above currencies at 30 June 2013 based on assets and liabilities at 30 June 2013 would have increased/(decreased) equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2012.

	2013		2012	
	Equity \$'000	Profit/(Loss) \$'000	Equity \$'000	Profit/(Loss) \$'000
	(1,172)	(328)	(1,292)	(733)

A 10 percent weakening of the Australian dollar against the above currencies at 30 June 2013 would have had equal but opposite effect on the above currencies to the amounts shown above.

NOTES ON THE FINANCIAL STATEMENTS

25. Earnings Per Share

	2013	2012
	Cents	Cents
Basic earnings per share	(5.9)	5.0
Diluted earnings per share	(5.9)	5.0
Earnings used in Calculating Earnings Per Share		
	2013	2012
	\$'000	\$'000
Profit / (loss) attributable to the ordinary equity holders used in calculating earnings per share	(7,565)	6,237
<hr/>		
	2013	2012
	Number '000	Number '000
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	128,022	124,080
Dilutive options	-	27
<hr/>		
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	128,022	124,107

26. Share Based Payments

Tax Exempt Share Plan

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

There were no shares issued under \$1,000 Share Purchase Plan in 2013 or 2012.

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

Employee Share Option Plan (ESOP)

The Employee Share Option Plan (ESOP) was approved by the Board of Directors on 5 February 2008, amended on the 7 October 2009 and amended on 28 October 2011.

Eligible participants of the ESOP include any person who is employed by, or is a director, officer or executive, of the Group and whom the Board or its nominee determines is eligible to participate in the Option Plan. Options are granted at the discretion of the Board of Directors.

Consideration for granting options, grant periods, vesting and exercise dates and exercise periods are determined by the Board of Directors in each case. Options issued under the plan may not exceed 5% of the total number of the diluted ordinary shares of the Company at the date of issue and carry no dividend or voting rights.

Options are not transferable and lapse following the resignation of employees before vesting date. The terms and conditions of the options are that all options are to be settled by the physical delivery of shares.

The vesting conditions attached to the options are set out in the Remuneration Report (18A) of the Directors' Report.

NOTES ON THE FINANCIAL STATEMENTS

26. Share Based Payments (Continued)

The number and weighted average exercise prices of share options are as follows:

Grant date	Vesting date	Expiry date	Exercise Price \$	Number beginning of year	Granted	Forfeited	Exercised	Number at end of year
2013								
<i>Options granted to management</i>								
14/12/2010	31/08/2012	30/09/2014	0.57	448,346	-	(272,334)	(15,734)	160,278
14/12/2010	31/08/2013	30/09/2014	0.57	448,327	-	(355,265)	-	93,062
14/12/2010	31/08/2014	30/09/2014	0.57	448,327	-	(355,265)	-	93,062
30/11/2011	1/09/2014	30/09/2015	0.35	500,000	-	(500,000)	-	-
29/05/2012	1/09/2014	31/08/2016	0.40	2,374,000	*386,000	(804,000)	-	1,956,000
03/05/2013	1/09/2014	31/08/2016	0.55	-	688,600	(110,000)	-	578,600
Total				4,219,000	1,074,600	(2,396,864)	(15,734)	2,881,002
Weighted average exercise price				0.45	0.50	0.47	0.57	0.45
* Options granted 8 August 2012 and 22 August 2012 on the same terms as options issued in May 2012.								
2012								
<i>Options granted to management</i>								
21/05/2008	30/08/2011	29/02/2012	1.32	416,500	-	(416,500)	-	-
12/01/2010	1/09/2011	30/09/2013	0.88	748,661	-	(748,661)	-	-
12/01/2010	1/09/2012	30/09/2013	0.88	748,655	-	(748,655)	-	-
12/01/2010	1/09/2013	30/09/2013	0.88	748,646	-	(748,646)	-	-
14/12/2010	31/08/2012	30/09/2014	0.57	807,356	-	(359,010)	-	448,346
14/12/2010	31/08/2013	30/09/2014	0.57	807,322	-	(358,995)	-	448,327
14/12/2010	31/08/2014	30/09/2014	0.57	807,322	-	(358,995)	-	448,327
30/11/2011	1/09/2014	30/09/2015	0.35	-	500,000	-	-	500,000
29/05/2012	1/09/2014	31/08/2016	0.40	-	2,374,000	-	-	2,374,000
Total				5,084,462	2,874,000	(3,739,462)	-	4,219,000
Weighted average exercise price				0.77	0.39	0.84	-	0.45

The weighted average remaining contractual life of share options outstanding at the end of the period was 2.87 years (2012 – 1.57 years).

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

NOTES ON THE FINANCIAL STATEMENTS

26. Share Based Payments (Continued)

The fair values at grant date for market options (TSR vesting condition) were estimated using a Monte Carlo simulation and a trinomial tree (Hoadley's Hybrid Employee Share Option model - outperform index).

The model inputs for options granted during the 2013, 2012 and 2011 financial years included:

	Options with TSR hurdles		Options without TSR hurdles		
	Dec 2010	Dec 2010	Nov 2012	May 2012	May 2013
<i>Fair value of share options at grant date:</i>					
Options vesting 1/09/2012	-	-	-	-	-
Options vesting 1/09/2013	-	-	-	-	-
Options vesting 31/08/2012	\$0.196	\$0.24	-	-	-
Options vesting 31/08/2013	\$0.193	\$0.25	-	-	-
Options vesting 31/08/2014	\$0.193	\$0.24	-	-	-
Options vesting 1/09/2014	-	-	\$0.119	-	-
Options vesting 1/09/2014	-	-	-	\$0.118	-
Options vesting 1/09/2014	-	-	-	-	\$0.199
<i>Assumptions:</i>					
Share price	\$0.57	\$0.57	\$0.40	\$0.38	\$0.595
Exercise price	\$0.57	\$0.57	\$0.40	\$0.35	\$0.55
Expected volatility (weighted average volatility)	70%	70%	50%	50%	50%
Option weighted average life	3.8 years	3.8 years	3.8 years	4.3 years	3.3 years
Expected dividends	5%	5%	6%	6%	3.5%
Risk-free interest rate (based on government bonds)	5.31%	5.31%	2.60%	3.26%	2.5%

The expected price volatility is based on the historic volatility compared to that of similar listed companies and the remaining life of the options. This has been adjusted to take into consideration the recent extreme market movements using a mean reversion tendency of volatilities (the concept of volatility returning to normal levels after going to an extreme).

Employee Expenses

	Consolidated	
	2013 \$'000	2012 \$'000
Share-based payment expense recognised during the financial year		
Options issued under employee option plan	(29)	108
	(29)	108

27. Contingent liabilities and contingent assets

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

NOTES ON THE FINANCIAL STATEMENTS

28. Parent Entity Disclosures

As at and throughout the financial year ending 30 June 2013 the parent entity of the Group was RungePincockMinarco Limited.

Summary financial information

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

	2013	2012
	\$'000	\$'000
Result of parent entity		
Profit/(loss)	(386)	4,204
Other comprehensive income	-	-
Total comprehensive income	(386)	4,204
Financial position of parent entity at year end		
Current assets	22,870	28,485
Total assets	68,870	73,138
Current liabilities	16,666	22,403
Total liabilities	20,359	30,976
Total equity of the parent entity comprising of:		
Issued capital	48,664	39,418
Employee Option Reserve	697	726
Asset Revaluation Reserve	18	18
Reserve Arising From an Equity Transaction	(600)	(600)
Retained profits	(268)	2,600
Total equity	48,511	42,162
Contingent liabilities	-	-
Contractual commitments for the acquisition or property, plant or equipment	-	-

The parent entity has provided guarantees to third parties in relation to the performance and obligations of its subsidiary, GeoGAS Pty Ltd in respect of property lease rentals. The guarantees are for the terms of the leases and total \$98,000 (2012: \$134,000). The periods covered by the guarantees range from three to four years.

No deficiency of net assets existed in the controlled entities covered by guarantees at 30 June 2013 or 30 June 2012. No liability was recognised by the parent entity in relation to these guarantees, as the fair value of the guarantee is immaterial.

29. Events occurring after the reporting period

No matter or circumstance has arisen since 30 June 2013 that has significantly affected, or may significantly affect:

- The Group's operations in future financial years; or
- The results of those operations in future financial years; or
- The Group's state of affairs in future financial years.

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes thereto comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 (a) to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the financial year ended on that date;
- the remuneration disclosures included in pages 22 to 29 of the directors' report (as part of audited Remuneration Report), for the year ended 30 June 2013, comply with section 300A of the *Corporations Act 2001*; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Signed in accordance with a resolution of directors



Allan Brackin,
Chairman

Brisbane

Dated this 22 day of August 2013



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INDEPENDENT AUDITOR'S REPORT

To the members of RungePincockMinarco Limited

Report on the Financial Report

We have audited the accompanying financial report of RungePincockMinarco Limited, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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 Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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



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Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of RungePincockMinarco Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of RungePincockMinarco Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 22 to 29 of the directors' report for the year ended 30 June 2013. 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.

Opinion

In our opinion, the Remuneration Report of RungePincockMinarco Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

BDO Audit Pty Ltd

A S Loots

Director

Brisbane, 22 August 2013

CORPORATE GOVERNANCE STATEMENT

Corporate Governance Statement – Year Ended 30 June 2013

The Board and management consider that it is crucial to the Company's economic, social and ethical objectives that it adopts an appropriate corporate governance framework pursuant to which the Group will conduct its operations in Australia and internationally with integrity and in a transparent and open manner.

This statement explains how the Group addresses the requirements of both the Corporations Act 2001, the ASX Listing Rules 2001 and the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations - 2nd Edition' (hereafter referred to as either ASX Principles or Recommendations).

PRINCIPLE 1: – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1: Companies should establish the functions reserved to the Board and those delegated to the Executive Team

Role of the board

The Board is responsible for the governance of the Group. The role of the Board is to provide overall strategic guidance and effective oversight of management. The Board derives its authority to act from the constitution of the Company.

The responsibilities of the Board are set out in the Board Charter can be found on the Company's website, at: <http://www.rpmglobal.com/investor-relations/corporate-governance>

The Board Charter was adopted by the Board on 11 April 2008 and is reviewed to ensure it is operating effectively and in the best interests of the Company.

As set out in more detail in the Board Charter, the key functions reserved to the Board are to:

- a) oversee the Company, including its control and accountability systems;
- b) oversee the business and strategic direction of the Company in order to maximise performance and generate appropriate levels of shareholder return;
- c) appoint, evaluate and remove the Chairman, the Managing Director, any other Executive Director, the Company Secretary, and where appropriate, senior executives;
- d) review, ratify and monitor systems of internal controls, risk management, codes of conduct and legal compliance;
- e) provide input into and final approval of management's development of corporate strategy and performance objectives;
- f) review the performance and implementation of corporate strategies by senior management and ensure that senior management have the necessary resources to do so;
- g) approve and monitor progress of major capital expenditure, capital management, acquisitions and divestments;
- h) approve and monitor annual budgets and strategic plans; and
- i) approve and monitor financial and other reporting made to shareholders and the ASX under the continuous disclosure regime.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 1: – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT (CONTINUED)

The Board delegates specific responsibilities to various Board Committees. For the 2013 Financial Year, the Board utilised the following Committees:

- An Audit and Risk Committee, which is among other things responsible for overseeing the external and internal auditing functions of the Company's activities;
- An Human Resources and Remuneration Committee, which is responsible for making recommendations to the Board on remuneration packages for executives, senior managers, Non-executive Directors and overseeing the Human Resources policies of the Company; and
- A Nominations Committee, which is responsible for making recommendations to the Board on the composition of the Board and appointment and evaluation of the Managing Director.

The Charter of each of the above listed Committees can be found on the Company's website, at: <http://www.rpmglobal.com/investor-relations/corporate-governance>

Timetables for Board and Committee meetings are agreed by the Board annually in advance.

Delegations to the CEP and the Executive Management Team

The Board are able to delegate any of the power and authorities exercisable by the Board to one director by virtue of the Company's constitution.

The Board delegates certain powers and authorities to the CEO as Managing Director, and in turn to designated management personnel of the Company, to implement the strategic direction set by the Board and for managing the Group's day-to-day operations. This delegation is detailed in a Delegation of Execution, Financial & Negotiation Authority Policy. The Policy:

- defines the delegations of authority for the negotiation, approval & execution of sales and other agreements on behalf of the Company;
- defines the delegations of authority for entering into of financial obligations and authorisation of expenditure on behalf of the Company; and
- provides guidelines on the circumstances and requirements on delegates when exercising those delegations including for sub-delegation.

This Policy is reviewed by the Board on a periodic basis to ensure appropriate levels of control and management of risk are retained by the Board and was last updated on 21 August 2013.

Appointment of Directors and Executives and Responsibilities

The Directors are engaged under and Executives are employed under Service Agreements which set out the terms on which the individuals are appointed including details of duties, responsibilities, rights, and remuneration entitlements.

Recommendation 1.2: Companies should disclose the process for evaluating the performance of Senior Executives

The performance of the CEO has been assessed for the 2013 financial year in accordance with the process adopted by the Board. The CEO presented an annual self-assessment to the Chairman of the Board. The assessment for the 2013 financial year was in accordance with the performance criteria set out in the Managing Director's employment contract including evolution and execution of strategy, meeting operational and financial targets. The Chairman presented the assessment to the Board for its comment.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 1: – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT (CONTINUED)

Due to the new appointments and changes to the executive management team during the past year, performance reviews are currently underway and are scheduled to be completed during the first quarter of 2014.

The reviews are being completed in accordance with the process adopted by the Board on recommendation by the HR and Remuneration Committee. Both qualitative and quantitative measures will be unitised consistent with KPOs set by the CEO in consultation with the key executives. The CEO will report to the Human Resources and Remuneration Committee the performance of these key executives. The Human Resources and Remuneration Committee will then approve any changes to remuneration and to the establishment of new KPOs for the 2014 financial year.

PRINCIPLE 2: - STRUCTURE THE BOARD TO ADD VALUE

The Company's constitution provides for a minimum of 3 directors and a maximum of 8 unless the Company in general meeting determines otherwise.

During the 2013 Financial Year Mr Christian Larsen resigned as a non-executive director. The Board has elected not to replace his position on the Board at this time. The Board is of the view that the current size, capabilities and composition of the Board being limited to four (4) directors is appropriate and conducive to decision making for the current operations. The Board will consider appointment of another independent director with the appropriate skills and experience to add value to the Board when appropriate and required to support the Company's operations.

Recommendation 2.1: A majority of the board should be independent directors

The names of the Directors of the Company in office at the date of this report, specifying which are independent, are set out below. The skills, experience and expertise relevant to the position of director held by each director below is set out in Section 9 of the Annual Report in the section entitled "Information on Current Directors and Company Secretary".

Current Board Composition

Director	Board membership	Date of appointment
A Brackin	Independent Chairman	November 2011
R Mathews	Executive, Managing Director and CEO	February 2012 (August 2012 in Executive capacity)
Dr I Runge	Non-executive	December 1986
R Walker	Independent	March 2007

The Board is committed to ensuring that there will be at least four Directors of whom a majority will be Non-executive Directors and as far as possible, at least two will be independent Directors.

A Director is regarded as independent if that Director is a Non-executive Director who is not a member of management and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement. When determining the independent status of a Director, the Board has considered whether the Director:

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 2: - STRUCTURE THE BOARD TO ADD VALUE (CONTINUED)

- a) is a substantial shareholder of the Company or an officer of, or otherwise associated directly with a substantial shareholder of the Company;
- b) within the last three years has been employed or has previously been employed in an executive capacity by the Company or another group member;
- c) within the last three years has been a principal of a material professional adviser or a material consultant to the Company or another Group member, or an employee materially associated with the service provided;
- d) is a material supplier or customer of the Company or other Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- e) has a material contractual relationship with the Company or another Group member other than as a Director of the Company.

The Board has determined, on an individual by individual basis, that each of the two Directors designated as independent Directors above satisfy all of the above criteria. In addition, the Board comprises a majority of Non-executive Directors and one Executive Director.

The Board presently does not comprise a majority of Independent Directors, but the Board believes that the current individuals on the Board are able to make quality and independent judgements in the best interests of the Company on all relevant issues. The Company may consider appointing an additional Independent Director if and when the scale of its operations justifies such an appointment and an appropriate candidate becomes available. The criteria used to assess independence are reviewed from time to time.

The Non-executive Directors understand the benefits of conferring regularly without management present, and do so.

The Board is also committed to ensuring that all Directors, whether independent or not, bring an independent judgment to bear on Board decisions. To facilitate this, the Board has agreed on a procedure for Directors to have access, in appropriate circumstances, to independent professional advice at the Company's expense.

Recommendation 2.2: The Chair should be an independent Director

It is a requirement of the Company's Board Charter that the Chair should be an independent director.

The Board is satisfied that the Company's Chairman, Allan Brackin, is, and has been throughout the year, an independent Director.

Recommendation 2.3: The roles of the chair and chief executive officer should not be exercised by the same individual

The Chairman and the CEO roles are performed by different persons.

Recommendation 2.4: The Board should establish a nomination committee

The Board is committed to ensuring that its members have a broad range of skills, experience and expertise. This will assist the Board to maximise performance and ensure appropriate levels of shareholder return.

The Board has, in accordance with ASX Recommendation 2.4 and as stated above, established a Nominations Committee. The primary purpose of the Nominations Committee is to assist the Board to discharge its responsibilities with regard to the following areas:

- overseeing the composition of the Board and competencies of Board members;
- providing recommendations of appointment and evaluation of the Managing Director;
- ensuring that appropriate procedures exist to assess the performance levels of the Chairman, Non-executive Directors, Executive Directors; and

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 2: - STRUCTURE THE BOARD TO ADD VALUE (CONTINUED)

- developing succession plans for the Board and overseeing development by management of succession planning for senior executives.

The Nominations Committee Charter can be found on the Company's website, at: [http://www.rpmglobal.com/docs/corporate-governance-docs/rpm-nominations-committee-charter-\(adopted-11-04-08\).pdf?sfvrsn=4](http://www.rpmglobal.com/docs/corporate-governance-docs/rpm-nominations-committee-charter-(adopted-11-04-08).pdf?sfvrsn=4)

The Charter requires that a majority of members of the Nominations Committee must, as far as possible, be independent Non-executive Directors. The Chairman of the Nominations Committee is an independent Director.

The current members of the Nominations Committee are the entire Board, so the Committee is not comprised of a majority of independent Directors.

The Board is of the view that the entire Board brings the appropriate mix of skills and experience to satisfy the responsibilities under the Committee's Charter. For that reason the duties of the Nominations Committee are currently being carried out by the entire Board and as such separate meetings for the Nomination Committee have not occurred during the 2013 Financial Year.

The skills, experience and length of appointment relevant to each Director are set out in Section 9 of the Directors' Report in the section entitled "Information on Current Directors and Company Secretary".

The name of the Director considered to be independent and the materiality thresholds are set out in this Statement under Recommendation 2.1. The relevant transactions with the independent Director, Ross Walker are set out in note 20 (fee) of the financial statements. The Board considers that the transactions involving Ross Walker are not material.

A record of all Board and Committee meetings held and the attendance of each Director at those meetings are set out in the Directors' Report.

Recommendation 2.5: The performance of the board should be reviewed regularly against appropriate measures

It is the responsibility of the Board and its Committees to review their performance (group and individually) annually to ensure that they are operating effectively and in the best interests of the Company.

A comprehensive internal review of the Board and its Committees was completed in 2012. With the change in board personnel during 2013 a review was not completed during the year however is scheduled to be undertaken during 2014.

The Company Secretary monitors whether Board policy and procedures are being followed, and co-ordinates timely completion and despatch of Board agenda and briefing material.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

The Board fully supports a strong commitment to ethical and responsible decision-making.

Recommendation 3.1: Companies should establish a code of conduct

The Company has established a Code of Conduct Policy setting out the standards of ethics and conduct to which all Group Directors, executives and employees must adhere whilst conducting their duties. The Code of Conduct Policy can be found on the Company's website, at: [http://www.rpmglobal.com/docs/corporate-governance-docs/rpm-code-of-conduct-\(adopted-11-04-08\).pdf?sfvrsn=4](http://www.rpmglobal.com/docs/corporate-governance-docs/rpm-code-of-conduct-(adopted-11-04-08).pdf?sfvrsn=4)

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 3: - PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING (CONTINUED)

The Code of Conduct Policy sets out a number of overarching principles of ethical behaviour and, among other things, requires the Directors, executives and employees of the Group to:

- a) act with high standards of honesty, integrity, fairness and equity in all aspects of their employment;
- b) comply fully with the content and spirit of all laws and regulations which govern its operations, its business environment and its employment practices;
- c) not directly or indirectly offer, pay, solicit or accept bribes, secret commissions or other similar payments or benefits in the course of conducting business;
- d) not divulge any information about the Company without appropriate authorisation;
- e) not participate in insider trading by using knowledge not generally available to the market to gain unfair advantage in the buying or selling of the Company's securities;
- f) not knowingly participate in any illegal or unethical activity; and
- g) not enter into any arrangement or participate in any activity that would conflict with the interests of the Company or prejudice the performance of professional duties.

The Managing Director in conjunction with the EGM Human Resources ensures that all employees are made aware of all procedures and policies on induction and on an ongoing basis to ensure any necessary reporting steps are undertaken.

The Company is committed to ensuring that employees may raise concerns regarding illegal conduct or unethical behaviour and will support employees who report violations in good faith. All reports received will be thoroughly investigated and any necessary action taken.

Internal audits will be undertaken to ensure compliance.

Recommendation 3.2: Companies should establish a policy concerning diversity

In May 2012, the Board adopted a Diversity Policy to describe how the Company is committed to a diverse workforce that recognises and embraces the value that different people can bring to an organisation. The Company promotes a diverse workplace by aiming to ensure that all employees and applicants for employment are fairly considered according to their skills, qualifications and abilities.

The Policy can be found on the Company's website, at: [http://www.rpmglobal.com/docs/corporate-governance-docs/rpm-diversity-policy-\(adopted-29-05-12\).pdf?sfvrsn=4](http://www.rpmglobal.com/docs/corporate-governance-docs/rpm-diversity-policy-(adopted-29-05-12).pdf?sfvrsn=4)

The Diversity Policy reflects the Company's commitment to a diverse workforce that recognises and embraces the value that different people can bring to an organisation. The Company promotes a diverse workplace by aiming to ensure that all employees and applicants for employment are fairly considered according to their skills, qualifications and abilities.

The Policy sets out the roles and responsibilities of the Board, the Human Resources and Remuneration Committee, and the Company's employees in relation to workplace diversity. The initiatives which have been adopted by the Company to assist with improving gender diversity are also set out within the Policy.

Recommendation 3.3: Companies should disclose the measurable objectives for achieving gender diversity and progress towards achieving those objectives

The Company's measurable objective set in 2012 was to have 35% of women across the whole organisation by June 2013, subject to the overriding objective that all appointments will be made on the basis of merit.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 3: - PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING (CONTINUED)

Progress

As at 30 June 2013, 29% of the company's employees were women. This is a 3% decrease on June 2012. In part this reduction is due to the reduction in total employee headcount from 474 at 30 June 2012 to 341 at 30 June 2013.

The female to male ratio, for employees in management positions in the Company, increased by 20% over the same period.

The Company remains committed to achieving its measurable objective set in 2012 however due to current market conditions this objective is likely to be achieved over a longer period. The Board will assess the target and progress against the target during the 2014 financial year.

Recommendation 3.4: Companies should disclose proportion of women employees in the Company, in senior executive positions and on the Board

Donna Williams was appointed to the Company's senior executive team in the role of Executive General Manager – Human Resources effective 1 October 2012. Currently there are no females appointed to the Board.

	2013		2012	
	No.	%	No.	%
Female Directors on the Board	-	-	-	-
Female Employees in Senior Executive Positions	1	20%	-	-
Female Employees in Management Positions	21	43%	16	23%
Female Employees in the Group	99	29%	154	32%

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Recommendation 4.1: The Board should establish an Audit Committee

The Board has established an Audit and Risk Committee.

The primary purpose of the Audit and Risk Committee is to assist the Board to discharge its responsibilities with regard to:

- monitoring and reviewing the effectiveness of the control environment in the Group in the areas of operational and balance sheet risk, legal/regulatory compliance and financial reporting; and
- providing an independent and objective review of financial and other information prepared by management, in particular that to be provided to members and/or filed with regulators.

Further, the Audit and Risk Committee leads the review of the performance of the external auditors, and sets the procedures for both the selection and appointment of external auditors and the rotation of external audit engagement partners.

Recommendation 4.2: The Audit Committee should be appropriately structured

The Committee consists of two Non-executive Directors, one of whom is independent, and the Chief Financial Officer. The Committee Chair is not the Chairman of the Board. The current composition of the Audit and Risk Committee is:

Mr Ross Walker Committee Chair (Non-executive and independent)

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING (CONTINUED)

Dr Ian Runge Member (Non-executive)

Mr Michael Kochanowski Chief Financial Officer

Each Director has an appropriate knowledge of the Company's affairs and has the financial and business expertise to enable the Committee to discharge its mandate effectively. The qualifications of each Director of the Audit and Risk Committee are set out in Section 9, of the Annual Report in the section entitled "Information on Current Directors and Company Secretary".

The members of the Committee have direct access to employees, external auditors and financial and legal advisers without management present.

Recommendation 4.3: The Audit Committee should have a formal charter

The Audit and Risk Committee's formal Charter, which complies with ASX Principles, can be found on the Company's website, at: [http://www.rpmglobal.com/docs/corporate-governance-docs/rpm-audit-risk-committee-charter-\(adopted-14-12-11\).pdf?sfvrsn=4](http://www.rpmglobal.com/docs/corporate-governance-docs/rpm-audit-risk-committee-charter-(adopted-14-12-11).pdf?sfvrsn=4)

The Committee meets as often as required. Attendance at Audit and Risk Committee meetings is set out in the Directors' Report.

The Company Secretary is the secretary of the Committee. The Audit and Risk Committee keeps minutes of its meetings and includes them for the next full Board Meeting.

The Company does not publish on its website the procedures for the selection and appointment of external auditors, and for the rotation of external audit engagement partners. The Company has had no need to formalise these procedures at this stage although it recognises the potential benefits to developing such procedures should the size and/or operations of the Group require that to occur.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1: Companies should promote timely and balanced disclosure of all material matters concerning the company

The Board supports continuous disclosure consistent with ASX Principles. The Company's Board approved a Continuous Disclosure Policy and Market Disclosure Guidelines which are designed to ensure that:

- shareholders have equal and timely access to material information concerning the Company; and
- Company announcements are clear, concise, factual and balanced.

A copy of the Continuous Disclosure Policy and market Disclosure Guidelines can be found on the Company's website, at: [http://www.rpmglobal.com/docs/corporate-governance-docs/rpm-continuous-disclosure-policy-market-disclosure-guidelines-\(adopted-30-10-08\).pdf?sfvrsn=4](http://www.rpmglobal.com/docs/corporate-governance-docs/rpm-continuous-disclosure-policy-market-disclosure-guidelines-(adopted-30-10-08).pdf?sfvrsn=4)

The Board has overall responsibility for ensuring compliance with the Continuous Disclosure Policy and Market Disclosure Guidelines. The Board has established a Disclosure Committee, currently consisting of the Chairman, the Managing Director, and the Company Secretary, to assist the Board in ensuring compliance with the Continuous Disclosure Policy and Market Disclosure Guidelines. The Disclosure Committee in turn appoints reporting officers, and those officers are required to:

- immediately disclosure any material information which may need to be disclosed under Listing Rule 3.1; and
- ensure awareness of and compliance with the Continuous Disclosure Policy and Market Disclosure Guidelines.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE (CONTINUED)

The Company Secretary reports to the Board at each Board meeting as to the matters that were notified to the ASX. Directors receive copies of all announcements immediately after notification to the ASX. All ASX announcements are also made available on the company website.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders

Shareholder communication is conducted in accordance with the Company's Continuous Disclosure Policy and the Company's Shareholder Communications Policy. Both policies can be found on the Company's website, at: [http://www.rpmglobal.com/docs/corporate-governance-docs/rpm-shareholder-communication-policy-\(adopted-11-04-08\)-pdf.pdf?sfvrsn=4](http://www.rpmglobal.com/docs/corporate-governance-docs/rpm-shareholder-communication-policy-(adopted-11-04-08)-pdf.pdf?sfvrsn=4)

Releases made to the ASX are posted on the Company's website. The Company's website also contains general information regarding the Company and its activities, notices of future meetings, announcements, half yearly and annual reports and the Chairman's Annual General Meeting addresses since listing.

Shareholders are encouraged to attend and actively participate at General Meetings. The Company's Directors and the Chairmen of all Committees plus senior management will be present at each Annual General Meeting to answer shareholder questions. The Company's auditor is also present at each Annual General Meeting to answer any shareholder questions.

The Company has established a Securities Trading Policy in respect of trading in Company shares by the Group's Directors, executives and employees. The Policy can be found on the Company's website, at: [http://www.rpmglobal.com/docs/corporate-governance-docs/rpm-securities-trading-policy-\(adopted-13-08-11\).pdf?sfvrsn=4](http://www.rpmglobal.com/docs/corporate-governance-docs/rpm-securities-trading-policy-(adopted-13-08-11).pdf?sfvrsn=4)

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks

The Board understands the importance of maintaining a sound and practical system of risk oversight and management and internal control.

The Group faces a wide variety of risks due to the nature of its operations and the regions in which it operates including commercial risks, legal risks, compliance risks and financial risks. The Group has a number of policies adopted by the Board that directly or indirectly serve to reduce and/or manage risk. These include, but are not limited to:

- Delegations of Authority policy;
- Workplace Health and Safety policies;
- Code of Conduct policies;
- Securities Trading Policy.

The Board maintains oversight on risk and operational, financial and legal reports are provided to the Board at each meeting to highlight and address areas of risk and concern.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 7: RECOGNISE AND MANAGE RISK (CONTINUED)

Recommendation 7.2: The Board should require management to design and implement the risk management and internal control systems to manage key risks

The Board adopted an Enterprise Risk Management Policy and Manual (“ERM Policy”) reflecting the Group’s risk profile on 27 September 2011, describing the elements of the Group’s risk management and internal control system and setting out the steps to be taken to manage the Group’s material business risks. The ERM Policy was prepared and based on the principles of International Standard ISO 31000: 2009 Risk Management – Principles and Guidelines.

To ensure the ERM Policy remains an effective governance document applied practically throughout the Company, the policy is currently under review by the Executive management team to ensure it is up-to-date and that it can be practically implemented by the Company. Any findings from this review requiring amendments or improvements to the policy will, where appropriate, be recommended to the Board for consideration.

Recommendation 7.3: The Board should disclose whether it has received assurance from the CEO and CFO under s 295A of the Corporations Act 2001

The Board has received declarations from the Managing Director and the CFO pursuant to s295A of the Corporations Act which state that the financial statements are founded on sound risk management and internal controls and that the system is operating effectively in all material respects in relation to financial reporting risks.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1: The Board should establish a Human Resources and Remuneration Committee

The Company has established a Human Resources and Remuneration Committee (“HR and Remuneration Committee”) to assist the Board in establishing appropriate remuneration levels for the Group’s employees.

The HR and Remuneration Committee, among other things:

- assists the Board in setting remuneration, recruitment, retention, development and termination policies for senior executives;
- recommends to the Board remuneration packages for Executive Directors;
- recommends to the Board a remuneration framework for Directors and all employees in the Group; and
- recommends to the Board appropriate superannuation arrangements.

A copy of the HR and Remuneration Committee Charter can be found on the Company’s website at: [http://www.rpmglobal.com/docs/corporate-governance-docs/rpm-human-resources-and-remuneration-committee-charter-\(adopted-11-10-12\).pdf?sfvrsn=4](http://www.rpmglobal.com/docs/corporate-governance-docs/rpm-human-resources-and-remuneration-committee-charter-(adopted-11-10-12).pdf?sfvrsn=4)

Recommendation 8.2: The Committee should be structured appropriately

The Committee is comprised of four Directors, three of whom are independent, and the Executive General Manager of Talent and Organisational Development. The Chairman of the Committee is an independent Director. The current composition of the Committee is as follows:

Mr Allan Brackin	Board & Committee Chairman (independent)
Mr Richard Mathews	Managing Director
Mr Ross Walker	Director (independent)

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY (CONTINUED)

Recommendation 8.3: The Company should distinguish between non-executive Directors remuneration and that of executive Directors and management

The Company clearly distinguishes the structure of Non-executive Director remuneration from that of Executive Directors and senior executives.

Non-executive Directors are paid a set fee as agreed by the Board annually, and do not receive performance based fees or retirement benefits. The remuneration of Non-executive Directors is not more than the aggregate fixed sum determined by the Company's shareholders in a general meeting.

The remuneration structure for Executive Directors and senior executives is balanced between fixed salary and incentive schemes that are designed to align as closely as possible with the Company's short term and long term objectives.

The Remuneration Report provides a detailed disclosure of Non-executive Directors, Executive Directors and senior Executives in accordance with reporting obligations.

The Directors' Report sets out the number of meetings of the HR and Remuneration Committee and attendance at those meetings.

There is not any scheme for retirement benefits, other than superannuation, for Non-executive Directors.

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 1 August 2013.

A. Distribution of Equity Securities

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

	Ordinary Shares	Options
1 – 1,000	95	-
1,001 – 5,000	279	2
5,001 – 10,000	169	5
10,001 – 100,000	327	33
100,001 – and over	96	11
	966	51

The number of shareholdings held in less than marketable parcels of 981 shares is 78.

B. Equity Security Holders

Twenty largest quoted security holders

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

Name	Number held	Percentage of issued shares
RUNGE INTERNATIONAL PTY LTD	15,810,389	11.19
NATIONAL NOMINEES LIMITED	14,600,346	10.33
KINNANE ASSET MANAGEMENT PTY LTD	8,734,983	6.18
J P MORGAN NOMINEES AUSTRALIA LIMITED	6,656,318	4.71
PAUA PTY LTD	6,512,003	4.61
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	5,193,201	3.67
MR IAN DESMOND PERKS	4,129,685	2.92
MR DAVID BRIAN MELDRUM	3,877,811	2.74
EQUITY TRUSTEES LIMITED	3,862,771	2.73
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,607,839	2.55
BNP PARIBAS NOMS PTY LTD	3,466,929	2.45
UBS NOMINEES PTY LTD	3,381,577	2.39
MICROEQUITIES ASSET MANAGEMENT PTY LTD	2,766,091	1.96
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	2,703,421	1.91
MR STEPHEN JOHN BALDWIN & MRS ANDREA MAREE BALDWIN	2,642,511	1.87
MR KEITH MCARLEY	2,483,497	1.76
ANAJAM PTY LTD	1,815,099	1.28
EQUITAS NOMINEES PTY LIMITED	1,339,730	0.95
MR JOHN FRANCIS BUFFINGTON	1,334,792	0.94
MS TRACY ANNE ROWLANDS	1,245,889	0.88
	96,164,882	68.04

Unquoted equity securities

2,881,002 options over unissued shares: for further details see note 26.

SHAREHOLDER INFORMATION

C. Substantial Holders

The names of the substantial shareholders listed in the holding register are:

	Number held	Percentage
Runge International Pty Ltd atf Runge Family A/C	16,310,484	11.54
IOOF Holdings Limited	14,001,050	9.91
Mrs P Kinnane	9,621,169	6.81

D. Voting Rights

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

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