ANNUAL REPORT

2016

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RungePincockMinarco

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CHAIRMAN'S REPORT

Dear Fellow Shareholders,

The past twelve months has continued to be challenging for suppliers to the global mining industry.

Our Software business continues to gain competiveness along with aspects of the work performed by our Advisory division. Nevertheless, all businesses within the Group were negatively impacted by the retraction in spending by the major mining companies and by uncertainties associated with divestment and restructuring activities.

Commodity prices continued to be weak in the first six months of the year before staging a minor recovery in the second six months. Some industry analysts are suggesting that the worst may be behind the mining sector, however even if this is the case it may be quite some time before mining companies look to increase their capital and operating budgets. We have seen no slowdown in the cycle of productivity improvement and cost reduction programmes in the industry.

The 2016 financial year saw a number of non-core mining assets put up for sale by the major mining houses as well as a number of companies entering receivership or administration. Our Advisory team were involved in many of these transactions, including advising on transactions that did not proceed. Our strong relationships with acquiring Chinese industry players has seen the Advisory business advising on the largest of these transactions.

Initial productivity improvements in most mines derive from existing resources, but there are limits to the gains from this source: mining fleets continually wear out and have to be replaced, requiring replacement capital spend. Technology that can obviate or delay this capital spend can result in higher returns.

We are confident that the next wave of productivity improvements will come through software innovation and integration between the major system providers to the mining industry. We have positioned ourselves well to be at the forefront of this endeavour.

RPM is now a full voting member of the ISA-95 committee and along with BHPB, Schneider Electric, Caterpillar, Modular Mining and SAP, are defining the high level messaging standards for the mining industry.

During the year our company entered into Strategic Software Partnership Agreements with both Schneider Electric and Modular Mining. These agreements along with our SAP agreement have been warmly received by the global mining companies who are looking for standardisation leadership from the major suppliers to the industry.

While 2016 has been another difficult year we have started to see the benefits of our software investment being reflected in the strategic conversations we are having with the executive and senior management representatives of our customers. We are not aware of any other technical mining software provider investing in software development to the level that we are. It is clear to us that the Company's strategic move from providing desktop applications to enterprise systems has the support of the world's major mining companies. A global framework agreement entered into during the year with a major mining company has already yielded sales and has opened the door to future opportunities materialising in the years ahead.

Consistent with our stated strategy, we have continued to increase our investment in our technology products. During the year we released two new XPAC commodity based solutions (Open Cut Phosphate and Stratigraphic Metals), an equipment simulation product designed for Original Equipment Manufacturers (SIMULATE) and two Enterprise products (XERAS Enterprise and Plan Manager). These products along with the eight other new products released over the last

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36 months have laid the foundation for the Company's future as the pre-eminent supplier of technical software to the industry.

In last year's Annual Report, we assured shareholders that we would continue to closely monitor the industry changes and if needed respond swiftly and decisively, which we have done. As in previous years we have reduced the ongoing operational costs of the Advisory and GeoGAS divisions in line with the weakness across the industry.

This downsizing cost the Company $0.4 million in redundancy costs (2015: $1.3 million) and will provide $1.6 million in annual savings.

During the year we further reduced our office accommodation costs in our Denver, Maitland, Chile and Hong Kong offices by either moving into smaller and cheaper offices or renegotiating more favourable lease arrangements. The office lease in Moscow was not renewed.

While the Board believes that the Company's cost structure is now appropriate for our current revenue expectations, we will continue to remain vigilant and monitor the industry situation closely.

The near term outlook of the Advisory business remains constrained, with no clear indicators that the market is about to turn any time soon. Because of this, the Company has recognised a non-cash impairment of $4.0 million to the Goodwill of the Advisory division. This brings the intangible value of the Advisory business to zero.

The tidy up of the Company's corporate structure was concluded in the 2016 financial year with the following dormant or disused subsidiary companies deregistered – Corelate Capital Pty Ltd and Fractal Technologies Pty Ltd.

In November 2015 the Company announced that it would undertake an on-market buy-back of up to 10% of the Company's shares (approximately 17,700,000 shares) over the twelve months starting on 7 December. Since that time the Company has purchased 7,184,170 shares at an average price of $0.39 per share.

In May 2016 the Company announced that it would acquire iSolutions, an enterprise asset maintenance software business headquartered in Sydney Australia.

Consideration for this acquisition was made up of $8 million in cash, earn-out payments estimated to total $6.3 million over three years and 9,166,666 Company shares that were issued to the outgoing shareholders of iSolutions (to be held in escrow for 12 months).

The earn-out payment is based on a combination of successful collections and ongoing retention and growth in sales of software and annuity revenue from iSolutions.

The issued Company shares were agreed, by the RPM Board and the outgoing shareholders of iSolutions, to be notionally valued at 60 cents per share ($5.5 million) as a reflection of the future growth opportunities of the combined product suites and the belief that the RPM share price at that time substantially undervalued the business.

This transaction closed on 1 July. The Board and Management are excited about the complementary nature of the iSolutions and RPM products and the entre it provides into the Global Original Equipment Manufacturers and Mining Contractors.

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

I would again like to acknowledge the effort and commitment of our staff who continue to perform especially well during this challenging period.

The Board thanks its shareholders for their ongoing support of the Company's software strategy and remains firmly of the opinion that

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CHAIRMAN'S REPORT

the investments it has made in its software development area and strategic software acquisition of the iSolutions business will provide the growth engine for the business in 2017 and beyond.

Allan Brackin
Chairman

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MANAGING DIRECTOR'S REPORT

OVERVIEW

The 2016 financial year saw the Company continue to invest heavily in its Software business with $10.4 million invested on internal software development - a 35% ($2.7 million) increase on the previous year ($7.7 million).

Even with this increased investment in software development, the Company still delivered a positive operating cash-flow (before redundancies and onerous leases) for the year of $0.4 million and closed the year with $18.1 million in cash and no debt.

Late in the financial year we announced that the Company would continue to invest in its software business by acquiring iSolutions, the world's leading mining mobile equipment maintenance software provider, for $20 million made up of $8 million in cash, $5.5 million in shares (9,166,666 shares at an agreed notional value of $0.60 per share) and then estimated $6.5 million in earn out payments over three years. This transaction closed on 1 July 2016 and will be earnings per share accretive in 2017.

There is no doubt in my mind that the suite of innovative software products which the Company has built over the last four years, along with the new products we are either planning or already developing, will assist to unlock the productivity improvements that mining companies are looking for from their mobile mining equipment.

FINANCIAL RESULTS

The Company's financial performance in 2016 was adversely impacted by two separate occurrences, both of which were disclosed to shareholders as soon as they became known.

In April 2016, as a result of continued client organisational constraints by a number of the Company's largest customers (including changes to employee responsibilities and resulting authority to incur capital and operational costs), RPM management in conjunction with the Board considered that there was a risk that some software revenue forecast to close in the fourth quarter of the 2016 financial year may not close by the end of the financial year. This was disclosed to shareholders via a trading update and did in fact materialise. As a result, software licence revenue from one of the Company's major customers was down $5 million from the previous year (34% of the previous year's software licence revenue).

In July 2016 the Company received an unexpected adverse court judgement against its Russian subsidiary in the Arbitration Court of Moscow relating to recovery of US$988.5K of professional fees, disbursements and interest relating to work performed for a Russian company during 2014. This has resulted in RPM fully providing for this debt in this financial year. The Company has appealed this judgement to the appellate courts in Moscow.

These two matters have resulted in the Company reporting a drop in EBITDA (before redundancy and impairment costs) of $5.8 million from the 2015 profit of $2.6 million to a loss of $3.2 million.

Demand for mining advisory services, desktop software products and coal gas exploration testing were again negatively impacted by restrained investment by mining companies and a restriction on capital to the industry.

This reduction in spending resulted in Net Revenue decreasing by $9.4 million (15%) to $52.6 million (2015: $62.0 million). Net Advisory revenue decreased by 17% to $16.9 million (2015: $20.3 million).

Laboratory testing and consulting revenue from the GeoGAS business unit finished the year at $3.3 million (2015: $4.3 million) a 23% reduction from the previous year. Nevertheless, like the Advisory business, its

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contribution, whilst small at $0.6 million (2015: $0.9 million), was positive.

Software licence revenue finished the year at $11.8 million down $4.1 million (26%) on last year (2015: $15.9 million) as a direct result of reduced sales to one of the Company's major customers.

Software consulting revenue reduced by $0.7 million on the previous year however this was offset by the costs attributable to this revenue being lower by the same amount.

Software maintenance revenue increased by 9% to $15.0 million (2015: $13.7 million).

The Company's costs (excluding development costs) for the full year were $45.5 million, 12% lower than 2015 ($51.7 million). The development costs incurred by the Company increased by $2.7 million to $10.4 million (2015: $7.7 million).

The Advisory business was again impacted by the continuing contraction throughout the industry. Its performance also resulted in the Company writing-down the full value of the goodwill associated with the Advisory business of $4.0 million (2015: $2.5 million).

The effect of these changes contributed to a net loss after tax of $9.3 million (2015: $6.8 million).

Basic earnings per share was a loss of 5.3 cents per share (2015: 3.9 cents profit per share).

The Company had a positive full year operating cash-flow (before redundancy and impairment) of $0.4 million and finished the year with cash reserves of $18.1 million and no debt.

Advisory and GeoGAS Operations

During the year, the Company's customers continued their drive to reduce capital and operating costs as quickly as possible. This directly impacted the revenue opportunities of their suppliers which of course included our Company.

Our Advisory business and GeoGAS business are both sensitive to coal exploration activities which continued to be severely curtailed as a result of many of the coal mines in Australia being up for sale.

In the Advisory space, there was less work available due to mining companies cutting back on exploration, capacity expansions and mine planning. The work that was available was again hotly contested resulting in smaller contracts and slimmer margins.

From a competitor standpoint, the 2016 financial year followed the trend set in previous years with more small mining Advisory companies going to the wall and the larger consultancy organisations reducing the number of their dedicated mining employees. A new development which management have started to observe during the year was international Engineering, Procurement, and Construction Management (EPCM) companies using the strength of their balance sheet to aggressively bid for mining advisory studies for the purpose of building early relationships with project owners. While many of these bids are uneconomic in and of themselves if the EPCM is able to secure the follow up work then it is well worth the initial loss leading investment.

We are confident that we have the most respected Coal advisory team in the industry and believe that we have lifted our reputation and presence in the Metals space over the last twelve months. The Sydney Advisory team winning the 2016 New South Wales Mining Industry and Suppliers Award in the category of 'Most Outstanding Supplier' supports this view.

During the 2016 financial year the Company entered into an Advisory partnership with ARDEF in Turkey which has resulted in the Company securing $1.78 million of Advisory projects in Turkey thereby forming a solid

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foundation for our future in that country. After four years of unsuccessful Indian Government tenders, we and our Indian joint venture partner Deepak agreed to close down our Indian joint venture.

Software Operations

Our Software business now makes up 62% of the Company's net revenue (up from 58% in 2015). The addition of the iSolutions business will see this percentage increase yet again.

During the 2016 financial year RPM entered into a Global Framework Agreement with an international tier-one miner which has provided the Company with the opportunity to demonstrate the breadth of our software solutions to that customer's management team right around the world. This is a true two way relationship in that RPM receives direct feedback from the customer's operations team on our current product offering along with development suggestions which once incorporated into our products will improve their overall market acceptance.

The Software division entered into a Business Partner Agreement with Enterchain in Russia which resulted in our local consulting staff in that region transferring across to their business. While we will retain sales staff in the region we will engage with and harness the local expertise of Enterchain in sales campaigns and opportunities going forward.

The Company's new XPAC Commodity Based Solutions performed really well during the 2016 financial year. Open Pit Metals (OPMS) was licensed to ten new customers, Open Cut Coal (OCCS) two and Quarry, Oil Sands and Open Pit Diamonds each added one new customer.

Of the remaining new products HAULSIM was sold to fourteen (14) new customers, XECUTE one and the Enterprise Planning Framework (EPF) was acquired by three companies.

Software Development

The Software Development team had another great year. They released five new products (SIMULATE, XERAS Enterprise, Plan Manager, Open Cut Phosphate and Stratigraphic Metals) along with meaningful upgrades to all of our products including a significant upgrade to Open Cut Coal.

We continued to extend the features and functions of our Enterprise Product Framework (EPF) which is now being used by many companies to both transfer data between different technical mining products (below the line) and between their technical mining products and corporate enterprise systems (above the line).

The Company's continued investment in software development resulted in an additional 13 developers being added to our development team during the year. RPM's acquisition of iSolutions will add a further 11 developers to the team. The economies of scale that are achieved with bigger development teams is really starting to become evident with the teams being able to quickly adapt and turn their attention to new product opportunities as and when they present themselves without compromising the Company's existing core products.

During the 2016 financial year there was a real focus on building new innovative products for the Coal industry. In 2017 the Company will harness all of the innovative new products that it has built over the last 24 months and configuring them for the benefit of the Underground Metals sector.

EMPLOYEES

As highlighted above it was another tough year for our Advisory team which again saw the business reduce in size throughout the year. Since year-end there has been a marked increase in debt funding enquiries and project

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studies which, while early days, does bode well for the upcoming year.

The reduction in Advisory and GeoGAS staff was offset by the increase in software sales and development staff.

Whilst we will continue to carefully review the shape of our business, we are not expecting to see further headcount reductions in 2016, other than synergies associated with RPM's iSolutions acquisition, as our current cost structures support our revenue projections.

OUTLOOK

While there are some early signs that the worst may be behind the mining industry, we are expecting mining companies to continue to focus on productivity improvements and reducing their costs in the year ahead. Our Advisory business will benefit from its increased market share, however we expect its revenue opportunities will be driven by the level of investment mining companies are prepared to make in their current assets or the acquisition of new ones.

At some stage we expect coal companies will need to invest in exploration activities and once they do this should result in a slow and steady contribution improvement from the GeoGAS business.

While we see little change in the demand for desktop software products, we remain enthusiastic about the potential growth in our enterprise, simulation and new asset management products. Financial Year 2015 delivered the foundations of our enterprise products and this year saw new commodity based scheduling products released including a 'state of the art' Coal solution. In 2017 we will again extend our commodity based scheduling footprint and will provide the mining industry with its first fully integrated production and maintenance system.

Our cost structure and accelerated investments in software sales and development position us well for the year ahead.

Richard Mathews

Managing Director and Chief Executive Officer

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DIRECTORS' REPORT

Your Directors present their report on RungePincockMinarco Limited (the "Company") and its subsidiaries (referred to hereafter as the "Group") for the year ended 30 June 2016.

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

Executive

Richard Mathews - *Managing Director*

2. Principal Activities

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

a) Software licensing, consulting, implementation and support;

b) Technical, advisory and training services to the resources industry; and

c) Laboratory gas testing.

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

3. Dividends

No dividends were paid or declared during the financial year.

4. Review and Results of Operations

Gross revenue in the 2016 financial year reduced by 16% to $57.1 million (2015: $67.6 million). As shown below, Advisory revenue reduced by 17% and Laboratory services revenue declined by 26% as miners limited their investments in exploration activity and project extensions while continuing to reduce their capital and operational costs. Software revenue declined by $4.0 million (11%) on the previous year primarily due to one customer whose software licence purchases reduced by $5 million year on year.

	2016 $m	2015 $m	Change %
Software			
- Licence Sales	*11.8*	*15.9*	*-26%*
- Maintenance	*15.0*	*13.7*	*9%*
- Consulting	*6.6*	*7.8*	*-15%*
Total Software	33.4	37.4	-11%
Advisory	20.3	24.5	-17%
GeoGAS	3.2	4.3	-26%
Other Revenue	0.2	1.4	-86%
Total Revenue	**57.1**	**67.6**	-16%
Direct Costs	(4.5)	(5.6)	-20%
Net Revenue	**52.6**	**62.0**	-15%

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DIRECTORS' REPORT

4. Review and Results of Operations (Continued)

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

	2016 $m	2015 $m	Change %
Net Revenue	**52.6**	**62.0**	**-15%**
Operating Expenses	(55.9)	(59.4)	6%
EBITDA[1]	**(3.2)**	**2.6**	**n/a**
Depreciation and Amortisation	(1.9)	(4.1)	-54%
Redundancy – staff	(0.4)	(1.3)	-69%
Restructure – office leases	-	(1.9)	
Goodwill impairment costs	(4.0)	(2.5)	
Net Finance (costs)/income	0.3	0.3	
Loss before income tax	**(9.2)**	**(6.9)**	**-34%**
Income tax benefit/(expense)	-	0.1	-
Loss	**(9.2)**	**(6.8)**	**-37%**
Earnings Per Share (cents per share)	**(5.3)**	**(3.9)**	**-36%**

[1] Earnings before Interest, Tax, Depreciation, Amortisation, Impairment and Restructuring

Continued focus on costs and efficiencies resulted in Advisory operating costs reducing by 16% on the prior year to $16.2 million (2015: $19.3 million) and GeoGAS operating costs being reduced by 17% on the prior year to $2.4 million (2015: $2.9 million).

The new commodity based software products that the Company has been progressively releasing to the market require significantly less consulting work to implement and configure and as such the Group continues to reduce the size of its software consulting business. These changes have seen a $1.6 million (8%) reduction in operating costs in that division to $17.7 million (2015: $19.3 million).

Redundancy costs associated with these changes in this financial year were $0.4 million (2015: $1.3 million) and will provide $1.6 million in annual savings.

The Group reduced its accommodation costs significantly during the 2015 financial year and continued to do so during 2016 with rental expenses being down 35% on the prior year to $3.9 million (2015: $5.9 million).

The goodwill allocated to the Advisory division was fully impaired, resulting in a non-cash charge of $4.0 million (2015: $2.5 million).

The fall in software licence revenue from one customer and adverse court ruling in Russia accounted for the $5.8 million EBITDA (Earnings before Interest, Tax, Depreciation, Amortisation, Restructure and Impairment) drop from a $2.6 million profit in 2015 to a loss of $3.2 million in 2016.

In November 2015 the Company announced that it would undertake an on-market buy-back of up to 10% of the Company's shares (approximately 17,700,000 shares) over the next twelve months starting on 7 December. Since that time the Company has purchased 7,184,170 shares at an average price of $0.39 per share.

The Group had cash reserves of $18.1 million (2015: $22.6 million) and no bank debt at the end of the financial year.

DIRECTORS' REPORT

4. Review and Results of Operations (Continued)

Software Division

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

The Software division contributed 62% of net revenue in 2016, up from 59% last year.

The Group increased its investment in R&D by 35%, with software development costs increasing by $2.7 million to $10.4 million (2015: $7.7 million). This investment enabled the Group to fast-track five new products to market including its first server-based enterprise product, XERAS Enterprise.

Software licence sales in the traditionally strong fourth quarter of the year were down this year to $4.4 million (2015: $7.1 million) as a result of one key transaction not closing before year end.

Consulting revenue decreased by 15% to $6.6 million primarily as a result of less time being required to implement the Company's commodity based solutions over desktop solutions.

Recurring revenue for software maintenance and support continued its growth by 9% to $15.0 million (2015: $13.7 million).

Advisory Division

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

Net revenue from Advisory services decreased by $3.4 million (17%) to $16.9 million (2015: $20.3 million).

Operating expenses for the division reduced by 16% to $16.2 million (2015: $19.4 million).

GeoGAS

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

The Australian coal industry experienced further cutbacks to exploration budgets and forward planning activity in 2016 due to M&A activity. Revenue was down as a result by 23% to $3.3 million (2015: $4.3 million).

To offset this revenue decline, employment costs were reduced by $0.5 million (17%) to $2.4 million (2015: $2.9 million).

Operating Expenses

Operating expenses decreased by 6% ($3.5 million) to $55.9 million during the year (2015: $59.4 million).

Development costs were $10.4 million a 35% increase on the previous year (2015: $7.7 million).

The Group also recorded $0.9 million in expenses relating to its long term incentive plan for employees in 2016 (2015: $0.4 million).

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

Software Division

Our Software business now makes up 62% of the net revenue of our Company (up from 59% in 2015). The addition of the iSolutions business should see this percentage increase again in 2017.

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

Continuing to build on the strong foundations of the past couple of years, which have seen us deliver innovative enterprise, financial, simulation and commodity based scheduling solutions, we look forward to further extending our commodity based scheduling footprint during 2017 to include Underground Metals and Underground Coal – whilst at the same time building on the iSolutions acquisition to deliver the first fully integrated production and maintenance system to the mining industry.

Advisory and GeoGAS

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

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

The operating costs of both of these businesses were reduced during the 2016 financial year and therefore both businesses carry less downside risk and more upside potential in the New 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.

7. Significant Changes in the State of Affairs

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

8. Matters Subsequent to the End of the Financial Year

Since 30 June 2016 the Group has acquired 100% of the issued shares in iSolutions International Pty Ltd and iSolutions Holdings Pty Ltd (iSolutions) for cash consideration of $8 million, contingent consideration of $5.2 million and issued shares valued at $3.8 million (see note 29 for further details).

As further detailed in Note 25, on 21 July 2016, RPM's Russian subsidiary received an unexpected adverse judgement against it from the Arbitration Court of Moscow relating to advisory work which it performed for a Russian company during 2014. This has resulted in RPM fully providing for this debt in 2016. The Company has appealed this judgement.

No other matter or circumstance has arisen since 30 June 2016 that has significantly affected the Group's operations, results or state of affairs, or may do so in future years.

DIRECTORS' REPORT

9. Information on Current Directors and Company Secretary

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

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, Graduate Diploma in Applied Corporate Governance from the Governance Institute of Australia, Solicitor and Member of the Queensland Law Society and Associate Member of the Governance Institute of Australia (AGIA) and Chartered Institute of Secretaries (ACIS).

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DIRECTORS' REPORT

10. Meetings of Directors

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2016 and the number of meetings attended by each Director were:

	Full meetings of Board of Directors		Audit & Risk Committee		HR & Remuneration Committee	
	Attended	Held	Attended	Held	Attended	Held
Allan Brackin	9	9	4	4	1	1
Dr Ian Runge	9	9	4	4	-	-
Ross Walker	8	9	4	4	1	1
Richard Mathews	9	9	-	-	1	1

11. Insurance of Officers

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

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

12. Shares Under Option

Unissued ordinary shares of 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
29/11/2013[1]	29/11/2018	$0.68	1,593,000
19/02/2014	19/02/2019	$0.67	166,666
31/03/2014	31/03/2019	$0.73	250,000
31/10/2014	31/10/2019	$0.61	100,000
03/03/2015[1]	03/03/2020	$0.59	4,798,666
15/07/2015	15/07/2020	$0.57	250,000
08/09/2015[1]	08/09/2020	$0.56	4,335,000
31/10/2015	31/10/2020	$0.54	50,000
03/03/2016	03/03/2021	$0.39	300,000
			11,843,332

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

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

13. Shares issued on the exercise of options

No shares have been issued under the plan during the year.

DIRECTORS' REPORT

14. 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.

15. Non-audit Services

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

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

	2016	2015
BDO (QLD) Pty Ltd	**$**	**$**
Preparation of Income tax return and other taxation services	**14,725**	**5,600**

16. Indemnity of Auditors

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

17. Auditor's Independence Declaration

In accordance with Section 307C of the Corporations Act 2001, a copy of the auditor's independence declaration is enclosed on page 23.

18. Directors' Interests

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

	RungePincockMinarco Limited	
	Ordinary shares	**Options over ordinary shares**
A Brackin	1,064,978	-
Dr I Runge	16,335,484	-
R Walker	925,000	-
R Mathews [1]	8,186,805	-

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

19. Rounding of Amounts

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

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20. Remuneration Report - Audited

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

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

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

Remuneration and compensation have the same meaning in this report.

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

In addition to the Directors, the Company assessed the Chief Financial Officer, Group General Counsel & Company Secretary and the Executive General Managers of the Software Division and Advisory Division as having authority and responsibility for planning, directing and controlling all activities of the Group, directly or indirectly, during the 2016 financial year.

The Board has established a HR and Remuneration Committee to assist with remuneration and incentive policies enabling the Group to attract and retain KMP and Directors who will create value for shareholders and support the Group's mission. The HR and Remuneration Committee obtains independent advice if required on the appropriateness of compensation packages given trends in comparative companies. In the 2016 financial year the Committee did not use a remuneration consultant. The Group's Corporate Governance Statement provides further information on the role of this Committee.

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

The compensation structures take into account:

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

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

Fixed Compensation

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

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

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20. Remuneration Report - Audited (Continued)

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

Performance Linked Compensation

Performance linked compensation includes both short-term and long-term incentives and is designed to reward KMP for meeting and exceeding their Key Performance Objectives (KPOs). The Short-Term Incentive (STI) is an 'at risk' 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 24 to the financial statements). The current long-term performance incentive structure was implemented in the 2008 year and amended in 2010, 2012 and 2013 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.

	Performance based compensation					
Year ended 30 June	**STI $'000**	**LTI $'000**	**Total $'000**	**EBITDA[1] $'000**	**Dividends $'000**	**Share price $**
2012	56	68	124	12,064	2,482	0.35
2013	-	(71)	(71)	1,850	2,482	0.47
2014	-	33	33	(945)	-	0.58
2015	1,072	90	1,162	2,600	-	0.56
2016	**112**	**230**	**342**	**(3,224)**	**-**	**0.41**

[1] *Earnings before Interest, Tax, Depreciation, Impairment and Restructuring costs*

Short-term Incentive Bonus

Effective 1 July 2012, the Group implemented a variable pay structure, referred to as the Executive General Manager Incentive Plan (EGMIP). Each of the identified KMP's has a portion of their remuneration linked to the EGMIP. The key objective of the EGMIP is to create clear alignment between individual and business performance and remuneration by providing a performance-based reward to participants in line with their relative contribution to the Group. The EGMIP achieves the alignment by focusing participants on achieving goals which contribute to sustainable shareholder value, and providing a clear link between performance and the Group financial result. In 2016 R Mathews, M Kochanowski and J O'Neill had 100% of their STI based on the Company's adjusted EBIT performance. C Halliday (Software) and P Baudry (Advisory) had 30% of their STI based on the Company's adjusted EBIT performance and 70% based on other performance metrics directly related to their respective divisions. Cash bonuses are paid, provided for or forfeited in the year to which they relate.

The Board assessed performance of the KMP's against the EGMIP's for the 2016 Financial Year as shown in the table below:

	Fixed Compensation	**Variable Compensation**	**STI awarded**	**STI forfeited**
R Mathews	50%	50%	-	100%
M Kochanowski	83%	17%	-	100%
J O'Neill	83%	17%	-	100%
C Halliday	50%	50%	24%	76%
P Baudry [1]	67%	33%	-	100%

[1] Mr Baudry elected to forgo his entitlement to payment for 20% of his STI that would have been payable under the terms of his plan

20. Remuneration Report - Audited (Continued)

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

Long-term Incentive

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

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

Non-executive Directors

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

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

20B. Service Agreements

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

	Terms of agreement	Base salary including superannuation	Termination benefit	Notice Period
A Brackin	Unlimited in term	$100,000	Nil	Nil
Dr I Runge	Unlimited in term	$80,000	Nil	Nil
R Walker	Unlimited in term	$70,000	Nil	Nil
R Mathews	Unlimited in term	$501,250	6 months	6 months
M Kochanowski	Unlimited in term	$280,000	3 months	3 months
J O'Neill	Unlimited in term	$280,000	2 months	2 months
C Halliday [1]	Unlimited in term	$493,828	1 month	1 month
P Baudry [1]	Unlimited in term	$380,937	1 month	1 month

[1] Australian dollar equivalent, salary of C Halliday is set and paid in US Dollars and P Baudry is set and paid in Chinese Yuan and Russian Rubles.

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

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DIRECTORS' REPORT

20. Remuneration Report - Audited (Continued)

20C. Details of Remuneration

Directors

Chairman (Non-executive)
Allan Brackin

Executive Directors
Richard Mathews - Managing Director

Non-executive Directors
Dr Ian Runge
Ross Walker

Other Key Management Personnel

In addition to executive Directors mentioned above, the following persons were assessed by the Company as the executives who had the greatest authority and responsibility for planning, directing and controlling all activities of the Group, directly or indirectly, during the 2016 financial year:

Name	Position
Michael Kochanowski	Chief Financial Officer
James O'Neill	Group General Counsel and Company Secretary
Craig Halliday	Executive General Manager – Software Division
Philippe Baudry	Executive General Manager - Advisory Division

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.

	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[1]	STI cash bonus	Non – monetary benefits [2]		Options			
2016	$	$	$	$	$	$	%	%
Directors								
A Brackin	91,324	-	-	8,676	-	100,000	-	-
Dr I Runge	80,000	-	-	-	-	80,000	-	-
R Walker	70,000	-	-	-	-	70,000	-	-
R Mathews	428,218	-	9,994	35,000	-	473,212	-	-
	669,542	-	9,994	43,676	-	723,212	-	-
Other Key Management Personnel								
M Kochanowski	257,695	-	9,994	22,415	40,330	330,434	12%	12%
J O'Neill	240,483	-	9,994	22,415	41,064	313,956	13%	13%
C Halliday	483,554	112,190	30,786	24,875	65,615	717,020	25%	9%
P Baudry	394,082	-	12,433	-	82,820	489,335	17%	17%
	1,375,814	112,190	63,207	69,705	229,829	1,850,745	18%	12%
Total	**2,045,356**	**112,190**	**73,201**	**113,381**	**229,829**	**2,573,957**	**13%**	**9%**

[1] Includes movement in accrued leave entitlements [2] Includes car park and health insurance

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20. Remuneration Report - Audited (Continued)

20C. Details of Remuneration (Continued)

	Short-term benefits			Post - employment benefits	Termination 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]			Options			
2015	$	$	$	$	$	$	$	%	%
Directors									
A Brackin	100,457	-	-	9,543	-	-	110,000	-	-
Dr I Runge	80,000	-	-	-	-	-	80,000	-	-
R Walker	75,000	-	-	-	-	-	75,000	-	-
R Mathews	467,293	500,000	11,150	35,000	-	-	1,013,443	49.3	-
	722,750	500,000	11,150	44,543	-	-	1,278,443	39.1	-
Other Key Management Personnel									
M Kochanowski	227,798	44,000	11,150	21,641	-	11,391	315,980	17.5	3.6
J O'Neill	229,358	45,872	11,150	21,789	-	11,909	320,078	18.1	3.7
C Halliday	421,259	454,545	24,037	22,978	-	45,901	968,720	51.7	4.7
P Baudry	422,718	27,500	10,384	-	-	23,305	483,907	10.5	4.8
K Wallis[2]	213,653	-	7,433	20,297	237,790	(2,753)	476,420	(0.6)	(0.6)
	1,514,786	571,917	64,154	86,705	237,790	89,753	2,565,105	25.8	3.5
Total	**2,237,536**	**1,071,917**	**75,304**	**131,248**	**237,790**	**89,753**	**3,843,548**	**30.2**	**2.3**

[1] Includes car park and health insurance [2] Ceased to be key management personnel during the year

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

20D. Bonuses and Share-based Compensation Benefits

All options refer to options over ordinary shares of 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 24 in the financial report.

Details of options over ordinary shares in the Company provided as remuneration to each director and each of the KMP's 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 24 to the financial statements.

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DIRECTORS' REPORT

20. Remuneration Report - Audited (Continued)

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

	Number of options granted during the year	Value of options at grant date [1] $	Number of options vested during the year [2]
A Brackin	-	-	-
Dr I Runge	-	-	-
R Walker	-	-	-
R Mathews	-	-	-
M Kochanowski	200,000	38,460	83,333
J O'Neill	175,000	33,652	91,667
C Halliday	400,000	76,920	200,000
P Baudry	250,000	48,075	200,000

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

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

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

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

Details of remuneration: Bonuses and share-based compensation benefits

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

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

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DIRECTORS' REPORT

20. Remuneration Report - Audited (Continued)

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

Details of options over ordinary shares in the Company provided as remuneration to key management personnel are shown below. When exercisable, each option is convertible into one ordinary share of RungePincockMinarco Limited. The vesting conditions are set out in Section 20A.

The table also shows the percentages of the options granted that vested and were forfeited during the year. Further information on the options is set out in note 24 to the financial statements.

	Year (FY) of grant	Years in which option may vest	Number of options granted	Value of option at grant date [1]	Number of options vested during the year	Vested %	Number of options forfeited during the year	Value at date of forfeiture [2]	Forfeited %
A Brackin	-	-	-	-	-	-	-	-	-
Dr I Runge	-	-	-	-	-	-	-	-	-
R Walker	-	-	-	-	-	-	-	-	-
R Mathews	-	-	-	-	-	-	-	-	-
	2014	2015-2017	50,000	$0.21 - $0.25	16,667	33%	-	-	-
M Kochanowski	2015	2016-2018	200,000	$0.19 - $0.25	66,667	33%	-	-	-
	2016	2017-2019	200,000	$0.17 – $0.21	-	-	-	-	-
	2014	2015-2017	50,000	$0.21 - $0.25	16,667	33%	-	-	-
J O'Neill	2015	2016-2018	225,000	$0.19 - $0.25	75,000	33%	-	-	-
	2016	2017-2019	175,000	$0.17 – $0.21	-	-	-	-	-
	2014	2015-2017	500,000	$0.21 - $0.25	166,666	33%	-	-	-
C Halliday	2015	2016-2018	100,000	$0.19 - $0.25	33,334	33%	-	-	-
	2016	2017-2019	400,000	$0.17 – $0.21	-	-	-	-	-
	2014	2015-2017	50,000	$0.21 - $0.25	16,666	33%	-	-	-
P Baudry	2015	2016-2018	550,000	$0.19 - $0.25	183,334	33%	-	-	-
	2016	2017-2019	250,000	$0.17 – $0.21	-	-	-	-	-

[1] The value at grant date calculated in accordance with AASB 2 Share-based Payment of options granted during the year as part of remuneration
[2] The value of the options that were granted as part of remuneration and that were forfeited (lapsed) during the year because a vesting condition was not satisfied was determined at the time of lapsing, but assuming the condition was satisfied.

20E. Equity Instruments held by Key Management Personnel

No shares were granted as compensation in 2016 (2015: nil). 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) Options

Name	Balance at the start of the year	Granted as compensation	Forfeited, exercised and expired	Balance at the end of the year	Vested and exercisable
A Brackin	-	-	-	-	-
Dr I Runge	-	-	-	-	-
R Walker	-	-	-	-	-
R Mathews	-	-	-	-	-
M Kochanowski	250,000	200,000	-	450,000	99,999
J O'Neill	275,000	175,000	-	450,000	108,333
C Halliday	600,000	400,000	-	1,000,000	366,666
P Baudry	600,000	250,000	-	850,000	216,666

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20. Remuneration Report - Audited (Continued)

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

(ii) Ordinary Shares

	Balance at the start of the year	Sold during the year	Exercise of Options	Acquired during the year (on market)	Balance at the end of the year
Directors					
A Brackin	1,064,978	-	-	-	1,064,978
Dr I Runge	16,335,484	-	-	-	16,335,484
R Walker	925,000	-	-	-	925,000
R Mathews [1]	7,847,003	-	-	339,802	8,186,805
Other key management personnel of the Group					
M Kochanowski	100,971	-	-	49,029	150,000
J O'Neill	10,000	-	-	20,000	30,000
C Halliday [1]	2,491,115	-	-	475,000	2,966,115
P Baudry	222,909	-	-	51,000	273,909

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

No options were exercised during the 2016 year.

20F. Other Transactions with Key Management Personnel

No other transactions with Key Management Personnel occurred during the 2016 year.

2015 Annual General Meeting (AGM)

The Company's 2015 remuneration report was unanimously adopted by show of hands at 2015 AGM. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Remuneration report - End

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

Allan Brackin
Chairman
Dated: 19 August 2016

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DECLARATION OF INDEPENDENCE BY P A GALLAGHER TO THE DIRECTORS OF RUNGEPINCOCKMINARCO LIMITED

As lead auditor of RungePincockMinarco Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

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

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

P A Gallagher
Director

BDO Audit Pty Ltd

Brisbane, 19 August 2016

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 $'000	2015 $'000
Revenue from continuing operations			
Services		30,026	36,428
Licence sales		11,752	15,944
Software maintenance		15,010	13,701
Other revenue		338	1,558
Revenue		**57,126**	**67,631**
Rechargeable expenses		(4,476)	(5,612)
Net Revenue		**52,650**	**62,019**
Expenses			
Amortisation	12	(931)	(1,060)
Depreciation	11	(948)	(3,080)
Employee benefits expense		(42,546)	(44,287)
Other employee costs		(726)	(772)
Office expenses		(3,033)	(3,146)
Professional services		(1,596)	(1,318)
Rent		(3,886)	(5,948)
Restructure costs	4	-	(2,469)
Impairment of goodwill	4	(4,055)	(3,211)
Redundancy costs		(361)	-
Travel expenses		(2,166)	(2,112)
Other expenses		(1,920)	(1,835)
		(62,168)	**(69,238)**
Loss before finance costs and income tax		**(9,518)**	**(7,219)**
Finance income		335	523
Finance costs		(38)	(173)
Net finance costs		**297**	**350**
Loss before income tax		**(9,221)**	**(6,869)**
Income tax benefit/(expense)	5	(42)	112
Loss		**(9,263)**	**(6,757)**

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

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 $'000	2015 $'000
Loss		**(9,263)**	**(6,757)**
Other comprehensive income			
Items that may be classified subsequently to profit or loss:			
Foreign currency translation differences		(69)	42
Other comprehensive income / (loss), net of tax		**(69)**	**42**
Total comprehensive income		**(9,332)**	**(6,715)**
Earnings per share			
Basic earnings per share (cents)	23	**(5.3)**	**(3.9)**
Diluted earnings per share (cents)	23	**(5.3)**	**(3.9)**

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

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Notes	2016 $'000	2015 $'000
ASSETS			
Current assets			
Cash and cash equivalents	7	18,142	22,557
Trade and other receivables	8	12,648	17,449
Work in progress	9	1,471	1,148
Current tax receivable		239	105
Other assets	10	1,658	1,658
Total current assets		**34,158**	**42,917**
Non-current assets			
Trade and other receivables	8	283	351
Investments accounted for using the equity method	27(c)	26	26
Property, plant and equipment	11	2,137	2,564
Deferred tax assets	6	8,656	8,639
Intangible assets	12	17,499	22,257
Total non-current assets		**28,601**	**33,837**
Total assets		**62,759**	**76,754**
LIABILITIES			
Current liabilities			
Trade and other payables	13	5,210	8,003
Provisions	14	3,049	3,113
Current tax liabilities		183	73
Other Liabilities	15	8,480	8,508
Total current liabilities		**16,922**	**19,697**
Non-current liabilities			
Provisions	14	1,691	1,953
Deferred tax liabilities	6	17	-
Other Liabilities	15	475	185
Total non-current liabilities		**2,183**	**2,138**
Total liabilities		**19,105**	**21,835**
Net assets		**43,654**	**54,919**
EQUITY			
Contributed equity	16	67,048	69,894
Reserves	17	(3,013)	(3,857)
Retained earnings	17	(20,381)	(11,118)
Total equity		**43,654**	**54,919**

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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	Contributed equity	Reserves	Retained profits	Total equity
	$'000	$'000	$'000	$'000
Balance at 1 July 2015	**69,894**	**(3,857)**	**(11,118)**	**54,919**
Loss for the year	-	-	(9,263)	(9,263)
Other comprehensive income	-	(69)	-	(69)
Total comprehensive income	**-**	**(69)**	**(9,263)**	**(9,332)**
Transactions with owners in their capacity as owners				
Share buyback, net of transaction costs	(2,846)	-	-	(2,846)
Employee share options	-	913	-	913
	(2,846)	**913**	**-**	**(1,933)**
Balance at 30 June 2016	**67,048**	**(3,013)**	**(20,381)**	**43,654**
Balance at 1 July 2014	**48,678**	**(4,283)**	**(4,361)**	**40,034**
Loss for the year	-	-	(6,757)	(6,757)
Other comprehensive income	-	42	-	42
Total comprehensive income	**-**	**42**	**(6,757)**	**(6,715)**
Transactions with owners in their capacity as owners				
Contributions of equity, net of transaction costs	21,216	-	-	21,216
Employee share options	-	384	-	384
	21,216	**384**	**-**	**21,600**
Balance at 30 June 2015	**69,894**	**(3,857)**	**(11,118)**	**54,919**

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

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CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 $'000	2015 $'000
Cash flows from operating activities			
Receipts from customers		64,184	66,055
Payments to suppliers and employees		(63,909)	(66,870)
		275	(815)
Interest received		335	523
Finance costs		(38)	(173)
Redundancies		(608)	(1,018)
Onerous leases payments		(626)	(1,453)
Make good - Brisbane office	14	-	(988)
Income taxes refunded		167	846
Income taxes paid		(301)	(532)
Net cash (outflow) / inflow from operating activities	21	**(796)**	**(3,610)**
Cash flows from investing activities			
Payments for property, plant and equipment		(563)	(352)
Proceeds from sale of property, plant and equipment		22	4
Payments for intangible assets		(241)	(2,559)
Net cash outflow from investing activities		**(782)**	**(2,907)**
Cash flows from financing activities			
Share buyback		(2,847)	-
Contributions of equity		-	21,778
Transaction costs		-	(796)
Net cash inflow/(outflow) from financing activities		**(2,847)**	**20,982**
Net increase/(decrease) in cash and cash equivalents held		(4,425)	14,465
Cash and cash equivalents at the beginning of the financial year		22,557	7,521
Effects of exchange rate changes on cash and cash equivalents		10	571
Cash and cash equivalents at the end of the financial year	7	**18,142**	**22,557**

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.

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

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

(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.

(b) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by RungePincockMinarco Limited as at 30 June 2016 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 structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

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

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

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

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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.

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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 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.

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NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(i) Investments and Other Financial Assets

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

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

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

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

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

(j) Leases

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

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

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

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

(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.

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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 of disposal and value in use.

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

(m) Cash and Cash Equivalents

For 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.

The estimated useful lives for plant and equipment is ranging between 2 and 20 years.

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(n) Property, Plant and Equipment (Continued)

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

(o) Intangible Assets

i) Software developed or acquired for sales and licensing

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

ii) Software – internal management systems

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

iii) Patents and trademarks

Costs associated with patents and trademarks are expensed as incurred.

iv) 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.

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NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(q) Borrowing Costs

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

(r) Employee Benefits

i) Short term obligations

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

Other long-term employee benefit obligations

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

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

ii) Bonus plans

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

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

iii) Superannuation

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

iv) Share-based payments

Share-based compensation benefits are provided to employees via the RungePincockMinarco Limited employee share option plan (ESOP) and an employee share purchase plan. Information relating to these schemes is set out in note 24.

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(s) Employee Benefits (Continued)

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

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

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

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

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

(t) Contributed Equity

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

(u) Earnings per Share

i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

ii) Diluted earnings per share

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

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

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NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(v) Financial Guarantee Contracts

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

(w) Rounding of Amounts

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

(x) Comparative Figures

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

(y) Critical Accounting Estimates and Significant Judgments

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

- intangible assets, including goodwill (note 12),
- impairment of receivables (note 8, 22(a) and note 1(g)),
- deferred tax assets (note 6).

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 26 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 2016, are as follows:

(i) IFRS 15 Revenue from Contracts with Customers

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

(j) AASB16 Leases

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

(cc) New and amended standards adopted by the Group

The Group has adopted all new Accounting Standards and Interpretations effective for the year ended 30 June 2016.

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

Early adoption of standards

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

2. Operating Segments

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

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

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

GeoGAS provides services to coal mining clients in respect of gas content testing and relevant consulting services. Segment revenue, expenses and results include transfers between segments. Such transfers are priced on an "arms-length" basis and are eliminated on consolidation.

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2. Operating Segments (Continued)

Information about reportable segments

	2016				2015			
	Software Division $'000	Advisory Division $'000	GeoGAS $'000	Total $'000	Software Division $'000	Advisory Division $'000	GeoGAS $'000	Total $'000
Revenue								
External Sales	33,388	20,291	3,208	56,887	36,803	25,223	4,222	66,248
Inter-segment sales	603	287	104	994	1,739	1,171	125	3,035
Total Revenue	**33,991**	**20,578**	**3,312**	**57,881**	**38,542**	**26,394**	**4,347**	**69,283**
Inter-segment expenses	(262)	(698)	(34)	(994)	(1,163)	(1,864)	(8)	(3,035)
Rechargeable expenses	(1,333)	(3,009)	(134)	(4,476)	(1,200)	(4,250)	(162)	(5,612)
Net revenue	**32,396**	**16,871**	**3,144**	**52,411**	**36,179**	**20,280**	**4,177**	**60,636**
Total Expenses	(17,699)	(16,228)	(2,428)	(36,355)	(19,253)	(19,389)	(2,929)	(41,571)
Software Development	(10,361)	-	-	(10,361)	(7,734)	-	-	(7,734)
Segment profit/(loss)	**4,336**	**643**	**716**	**5,695**	**9,192**	**891**	**1,248**	**11,331**

Reconciliation of segment profit to reported net profit:	**2016 $'000**	**2015 $'000**
Segment result	5,695	11,331
Adjustments:		
Foreign exchange gains/(losses)	(82)	713
Employment benefits – corporate and IT	(3,883)	(4,454)
Other unallocated costs – corporate and IT	(5,192)	(5,659)
Restructure costs	-	(2,469)
Impairment	(4,055)	(3,211)
Redundancy costs	(361)	-
Depreciation and amortisation	(1,879)	(4,140)
Net finance costs	297	350
Unallocated income	239	670
Loss before income tax	(9,221)	(6,869)
Income tax benefit	(42)	112
Net loss	**(9,263)**	**(6,757)**

Geographical Information

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

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NOTES ON THE FINANCIAL STATEMENTS

2. Operating Segments (Continued)

	2016		2015	
	Revenues $'000	Non-current assets[1] $'000	Revenues $'000	Non-current assets[1] $'000
Australia	19,789	19,260	26,542	24,472
Asia	12,995	287	14,388	361
Americas	14,889	236	14,285	154
Africa & Europe	9,214	162	11,033	211
Operating Segment	**56,887**	**19,945**	**66,248**	**25,198**
Unallocated Revenue	239	-	670	-
Foreign Exchange Gains	-	-	713	-
Reported	**57,126**	**19,945**	**67,631**	**25,198**

[1]Excludes financial instruments and deferred tax assets.

3. Loss Before Income Tax

Loss before income tax includes the following specific expenses / (income)	**2016 $'000**	**2015 $'000**
Defined contributions superannuation expense – related party	2,225	2,118
Rental expense relating to operating leases - Minimum lease payments	3,676	6,900
Foreign exchange (gains) / losses	82	(713)
Impairment losses – Trade receivables	1,317	193
Impairment gains – Trade receivables	(1,021)	(107)

4. Restructure and Impairment Costs

Impairment costs:		
Goodwill – Advisory Division (note 12)	4,055	2,500
Plant and Equipment – Sydney Office Fitout (note 11)	-	711
	4,055	3,211

In 2015 the Group continued 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:

Restructure costs:		
Employment termination costs	-	1,206
Onerous lease obligations	-	1,203
Other closure costs	-	60
		2,469

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NOTES ON THE FINANCIAL STATEMENTS

5. Income Tax Benefit / (Expense)

Tax Recognised in profit or loss

Income tax benefit/(expense)	2016 $'000	2015 $'000
Current tax	(246)	(556)
Deferred tax	61	603
Adjustments to prior periods	143	65
Income tax benefit / (expense)	**(42)**	**112**

Numerical reconciliation of income tax expense to prima facie tax		
Loss before income tax	**(9,221)**	**(6,869)**
Tax at the Australian tax rate of 30% (2015: 30%)	**2,766**	**2,061**
Tax effect of amounts which are not taxable/(deductible) in calculating taxable income:		
Attributed income	-	(19)
Non-deductible expense/non-assessable income	(210)	377
Research and development deduction	600	400
Unutilised foreign tax credits	(13)	(167)
Unrecognised deferred tax assets	(3,316)	(2,879)
	(173)	(227)
Difference in overseas tax rates	(73)	18
Foreign Exchange movements	61	256
Over/(under) provision in prior years	143	65
Income tax benefit / (expense)	**(42)**	**112**

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 liabilities 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.

Significant Estimates – Deferred Tax Assets

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

NOTES ON THE FINANCIAL STATEMENTS

6. Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:	2016 $'000	2015 $'000
Provision for impairment of receivables	221	195
Employee benefits provision	1,285	1,846
Lease incentive liabilities	502	611
Tax loss	3,264	4,628
Unearned income	439	490
Accrued expenses	105	162
Share capital raising costs	171	259
Financial assets at fair value	743	3
Intangibles	2,646	1,319
Work in progress	(39)	(36)
Property, plant and equipment	(39)	(39)
Prepayments	(192)	(234)
Unrealised foreign exchange	(368)	(528)
Other deferred tax liabilities	(70)	(37)
Deferred tax assets	8,656	8,639
Deferred tax liabilities	(17)	-
Net Deferred tax assets	**8,639**	**8,639**
Movements		
Balance at 1 July	8,639	7,880
Recognised in profit or loss	61	603
Recognised in other comprehensive income	(49)	70
Recognised in equity	-	234
Over/(under) provision in prior years	(12)	(148)
Balance at 30 June	**8,639**	**8,639**

Unrecognised deferred tax assets

Foreign tax credits	271	298
Tax losses	8,639	3,124
Capital losses	485	485
Deductible temporary differences	1,931	1,812
Unrecognised deferred tax assets	**11,326**	**5,719**
Unrecognised gross temporary differences	40,516	23,428

The group has not recognised deferred tax assets for a portion of tax losses in the parent entity and its subsidiaries located in China, Russia, Chile, Brazil and USA because it is not probable that sufficient future taxable profit will be available. Foreign tax credits will expire in 2017. Capital losses do not expire, however, it is not probable that the Group would generate capital gains to utilise the benefit. Deductible temporary differences in subsidiaries located in China, Russia, Chile, Brazil and USA have not been recognised because it is not probable that sufficient future taxable profit will be available.

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7. Cash and Cash Equivalents

	Note	2016 $'000	2015 $'000
Cash at bank		9,412	8,939
Deposits		8,730	13,617
		18,142	**22,557**

8. Trade and Other Receivables

Current			
Trade receivables		15,116	19,356
Provision for impairment of receivables		(2,468)	(1,909)
		12,648	17,447
Other receivables		-	2
		12,648	**17,449**
Non-current			
Other receivables and deposits		283	351
		283	**351**

9. Work in Progress

Work in progress		**1,471**	**1,148**

10. Other Assets

Prepayments		**1,658**	**1,658**

11. Property, Plant and Equipment

Plant and equipment - at cost		6,526	6,652
Less: accumulated depreciation		(4,389)	(4,088)
		2,137	**2,564**

Balance at 1 July		2,564	6,361
Exchange differences		(35)	52
Additions		563	353
Impairment	4	-	(711)
Disposals		(7)	(411)
Depreciation		(948)	(3,080)
Balance at 30 June		2,137	**2,564**

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NOTES ON THE FINANCIAL STATEMENTS

12. Intangible Assets

	2016 $'000	2015 $'000
Software for sale and licensing – at cost	5,594	5,459
Less: accumulated amortisation	(2,865)	(2,141)
	2,729	3,318
Software for internal use – at cost	4,717	4,598
Less: accumulated amortisation	(4,424)	(4,191)
	293	407
Goodwill – at cost	24,829	24,764
Less: impairment losses	(10,352)	(6,232)
	14,477	18,532
	17,499	**22,257**

	Software For Sales to Customers [1]		Software For Internal Use		Goodwill	Total
	At Cost $'000	Accumulated amortisation $'000	At Cost $'000	Accumulated amortisation $'000	Carrying Value $'000	Carrying Value $'000
Balance at 1 July 2015	**5,459**	**(2,141)**	**4,598**	**(4,191)**	**18,532**	**22,257**
Additions	135	-	105	-	-	240
Exchange differences	-	-	16	(28)	-	(12)
Write-off[2]	-	-	(2)	2	-	-
Impairment [3]	-	-	-	-	(4,055)	(4,055)
Amortisation	-	(724)	-	(207)	-	(931)
Balance at 30 June 2016	**5,594**	**(2,865)**	**4,717**	**(4,424)**	**14,477**	**17,499**
Balance at 1 July 2014	**5,756**	**(4,432)**	**7,001**	**(6,100)**	**21,032**	**23,257**
Additions	2,469	-	90	-	-	2,559
Exchange differences	-	-	1	-	-	1
Write-off[2]	(2,766)	2,766	(2,494)	2,494	-	-
Impairment [3]	-	-	-	-	(2,500)	(2,500)
Amortisation	-	(475)	-	(585)	-	(1,060)
Balance at 30 June 2015	**5,459**	**(2,141)**	**4,598**	**(4,191)**	**18,532**	**22,257**

[1] Software consists of capitalised development costs.

[2] Write-off includes fully amortised software acquired by the group and is no longer utilised in internal use or external sales.

[3] The carrying amount of intangible assets has been reduced to its recoverable amount through recognition of an impairment loss against goodwill. This loss has been disclosed in note 4.

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12. Intangible Assets (Continued)

(a) Impairment Tests for Goodwill

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

	2016 $'000	2015 $'000
Advisory Division	-	4,055
Software Division	9,556	9,556
GeoGAS	4,921	4,921
	14,477	**18,532**

(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]	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
Advisory Division	4%	7%	2.5%	2.5%	14%	15%
Software Division	49%	50%	2.5%	2.5%	13%	15%
GeoGAS	35%	35%	-	2.5%	11%	13%

[1] Budgeted gross margin

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

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

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

(c) Impairment charges

Based on the above assumptions and calculations, an impairment of $4,055,000 (2015: $2,500,000) has been applied to goodwill in the Advisory division. As a result the Advisory division was written down to its recoverable amount of $4,150,000.

(d) Impact of possible changes in key assumptions

Impairment calculations for GeoGAS and Software divisions are not sensitive to major changes in key assumptions.

13. Trade and Other Payables

Current	2016 $'000	2015 $'000
Trade payables	2,541	2,507
Other payables and accruals	2,669	5,496
	5,210	**8,003**

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14. Provisions

Current		
Make good obligations *	-	31
Onerous sublease contracts	265	620
Employee benefits	2,784	2,462
	3,049	**3,113**
Non-current		
Make good obligations	352	343
Onerous sublease contracts	626	897
Employee benefits	713	713
	1,691	**1,953**

* During the prior year the Group settled in cash its make good obligations for the Brisbane Head office.

15. Other Liabilities

Current		
Unearned income - software maintenance	6,632	6,787
Unearned income - consulting and other	1,778	1,691
Property lease incentives and straightlining	70	30
	8,480	**8,508**
Non-current		
Property lease incentives and straightlining	**475**	**185**

16. Contributed Equity

		2016 Number	**2015 Number**	**2016 $'000**	**2015 $'000**
Share capital					
Ordinary shares	- fully paid	170,468,892	177,653,062	67,048	69,894

Ordinary Shares

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

Options

Information relating to the RungePincockMinarco 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 24.

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NOTES ON THE FINANCIAL STATEMENTS

16. Contributed Equity (Continued)

Movements in Share Capital:

Date		Ordinary shares Number	$'000
30/06/2014	**Balance**	**141,380,950**	**48,678**
	Placement at $0.60 per share	35,000,000	21,000
	Costs of issue		(509)
	Share Purchase Plan at $0.60 per share	1,106,512	664
	Costs of issue	-	(30)
	Exercise of Options at $0.57 per share	165,600	94
	Costs of issue		(3)
30/06/2015	**Balance**	**177,653,062**	**69,894**
	Share buyback at $0.39 per share	(7,184,170)	(2,811)
	Costs of buyback	-	(35)
	Balance	**170,468,892**	**67,048**

Capital Risk Management

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

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

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

The gearing ratios at 30 June 2016 and 30 June 2015 were as follows:

	Notes	2016 $'000	2015 $'000
Total borrowings, trade and other payables		5,210	8,003
Less: cash and cash equivalents	7	(18,142)	(22,557)
Net (cash) / debt		(12,932)	(14,554)
Total equity		43,654	54,919
Total capital		**30,722**	**40,365**
Gearing ratio		n/a	n/a

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17. Reserves and Retained Profits

Reserves		
Share-based payments (i)	2,038	1,125
Foreign currency translation (ii)	(1,916)	(1,846)
Financial assets revaluation reserve (iii)	(1,601)	(1,601)
Revaluation surplus	18	18
Reserve arising from an equity transaction (iv)	(1,552)	(1,553)
	(3,013)	**(3,857)**

Nature and Purpose of Reserves

(i) Share-based payments

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

(ii) Foreign currency translation

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

(iii) Financial assets revaluation reserve

Changes in the fair value of investments are 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.

Movement in Reserves

	Share-based payments		Foreign Currency Translation	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 July	1,125	741	(1,846)	(1,888)
Options expensed	913	384	-	-
Foreign currency translation	-	-	(69)	42
Balance at 30 June	**2,038**	**1,125**	**(1,916)**	**(1,846)**

There were no other movements in reserves in 2016 and 2015.

	2016 $'000	**2015 $'000**
Retained Profits		
Balance at 1 July	(11,118)	(4,361)
Net profit / (loss) for the year	(9,263)	(6,757)
Balance at 30 June	**(20,381)**	**(11,118)**

NOTES ON THE FINANCIAL STATEMENTS

18. Dividends

--------	Cents per share		Total	
	2016 Cents	2015 Cents	2016 $'000	2015 $'000
Fully paid ordinary shares	-	-	-	-

No dividend was declared in respect of the current financial year. Parent's franking account balance is nil (2015: nil).

19. Remuneration of Auditors

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

Audit services - Audit and review of the financial reports:	2016	2015
Auditor of the parent entity:	$	$
BDO Audit Pty Ltd	166,561	159,445
Auditors of subsidiaries:		
BDO South Africa (network firm)	23,270	25,335
BDO Hong Kong (network firm)	24,461	21,006
BDO Indonesia (network firm)	17,504	17,250
	231,796	**223,036**

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

Preparation of Income tax return and other taxation services	**14,725**	**5,600**

20. 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:

	2016 $'000	2015 $'000
Within one year	2,594	2,651
Later than one year but not later than 5 years	5,657	6,807
Later than 5 years	-	255
Commitments not recognised in the financial statements	**8,251**	**9,713**

Sub-lease payments

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

Within one year	134	194
Later than one year but not later than 5 years	30	164
	164	**358**

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NOTES ON THE FINANCIAL STATEMENTS

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

Net loss	**(9,263)**	**(6,757)**
Depreciation and amortisation	1,879	4,140
Net (gain)/ loss on sale of property, plant and equipment	38	(362)
Impairment	4,055	3,211
Deferred tax recognised in equity	-	(234)
Net exchange differences	(82)	571
Employee share options	913	384
Change in operating assets and liabilities		
Decrease / (increase) in trade and other receivables	4,869	(5,957)
Decrease / (increase) in current tax asset	(134)	564
Decrease / (increase) in deferred tax asset	(17)	(690)
Decrease / (increase) in work in progress	(323)	1,552
Decrease / (increase) in other assets	-	(196)
Increase / (decrease) in trade and other payables	(2,794)	2,892
Increase / (decrease) in other liabilities	262	(1,791)
Increase / (decrease) in current tax liabilities	110	51
Increase / (decrease) in deferred tax liability	17	(69)
Increase / (decrease) in provisions	(326)	(919)
Net cash inflow / (outflow) from operating activities	**(796)**	**(3,610)**

22. 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.

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NOTES ON THE FINANCIAL STATEMENTS

22. Financial Risk Management (Continued)

The Group holds the following financial instruments:

	2016	2015
Financial assets	**$'000**	**$'000**
Cash and cash equivalents	18,142	22,557
Trade and other receivables [1]	12,648	17,449
	30,790	**40,006**
Financial liabilities		
Trade and other payables [2]	**5,210**	**8,003**

[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.

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

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

	2016	2015
	$'000	**$'000**
Australia	4,961	9,058
Americas	3,419	2,010
Asia	1,877	3,866
Africa and Europe	2,391	2,515
	12,648	**17,449**

NOTES ON THE FINANCIAL STATEMENTS

22. Financial Risk Management (Continued)

(a) Credit Risk (Continued)

As at 30 June 2016, trade receivables of $4,788,000 (2015: $5,148,000) 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	1,253	1,154
Past due between 31-90 days	1,846	1,412
Past due more than 90 days	1,689	2,694
	4,788	**5,260**

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

Balance at 1 July	1,909	1,336
Provision no longer required	(1,021)	(107)
Unearned Income moved to provision	177	381
Impairment loss recognised	1,317	193
Effect of foreign exchange	85	106
Balance at 30 June	**2,467**	**1,909**

The provision for impairment of trade receivables in 2016 and 2015 relates to receivables that are past due for more than 90 days.

(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 22(c) below.

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

2016	**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**
Trade and other payables	5,210	5,210	5,210	-	-	-	-
2015							
Trade and other payables	8,003	8,003	8,003	-	-	-	-

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.

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(c) Market Risk

Currency Risk

The current policy is not to take any forward positions. At 30 June 2016 and 2015 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:

2016	USD $'000	CAD $'000	ZAR $'000	Other $'000	Total $'000
Cash and deposits	5,097	981	1,159	1,810	9,047
Trade and other receivables	6,735	1,000	788	675	9,198
Trade and other payables	(784)	(141)	(471)	(654)	(2,050)
Net balance sheet exposure	**11,048**	**1,840**	**1,476**	**1,831**	**16,195**
2015					
Cash and deposits	7,226	377	1,229	827	9,659
Trade and other receivables	4,548	241	846	2,328	7,963
Trade and other payables	(715)	(42)	(228)	(886)	(1,871)
Net balance sheet exposure	**11,059**	**576**	**1,847**	**2,269**	**15,751**

A 10 percent strengthening of the Australian dollar against the above currencies at 30 June 2016 based on assets and liabilities at 30 June 2016 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 2015.

	2016		2015	
	Equity $'000	Profit/(Loss) $'000	Equity $'000	Profit/(Loss) $'000
	(697)	**(923)**	**(547)**	**(885)**

A 10 percent weakening of the Australian dollar against the above currencies at 30 June 2016 would have had equal but opposite effect on the above currencies to the amounts shown above.

Interest rate risk

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

Borrowing facilities	Currency	Nominal interest rate	Maturity	2016 Facility $'000	2016 Utilised $'000	2015 Facility $'000	2015 Utilised $'000
Other facilities							
Bank guarantee	**AUD**	2.35%	n/a	1,000	925	1,800	912
Bank guarantee	**EUR**	2.50%	n/a	70	70	-	-

In 2016 and 2015 bank guarantees were secured by the Group's term deposits.

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22. Financial Risk Management (Continued)

(d) Net Fair Values

The net fair values of financial assets and liabilities approximate their carrying value. No financial assets or liabilities are readily traded on organised markets in standardised form.

23. Earnings Per Share

	2016 Cents	2015 Cents
Basic earnings per share	(5.3)	(3.9)
Diluted earnings per share	(5.3)	(3.9)

Earnings used in Calculating Earnings Per Share	**2016 $'000**	**2015 $'000**
Profit / (loss) attributable to the ordinary equity holders used in calculating earnings per share	(9,264)	(6,757)
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	175,135,174	174,439,091
Dilutive options	-	-
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	175,135,174	174,439,091

24. Share Based Payments

Tax Exempt Share Plan

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

There were no shares issued under the $1,000 Share Purchase Plan in 2016 or 2015.

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

Employee Share Option Plan (ESOP)

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

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

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

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NOTES ON THE FINANCIAL STATEMENTS

24. Share Based Payments (Continued)

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

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

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

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

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

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

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

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

Employee Benefits expense Share-based payment expense recognised during the financial year	**2016** **$'000**	**2015** **$'000**
Options issued under employee option plan	913	384
	913	**384**

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24. Share Based Payments (Continued)

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

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	Weighted Average Share Price at the exercise date	Number at end of year
2016									
Options granted to management									
29/11/13	30/11/14	29/11/18	0.68	575,987	-	44,998	-	-	530,989
29/11/13	30/11/15	29/11/18	0.68	571,004	-	40,001	-	-	531,003
29/11/13	30/11/16	29/11/18	0.68	571,009	-	40,001	-	-	531,008
19/02/14	19/02/15	19/02/19	0.67	116,666	-	50,000	-	-	66,666
19/02/14	19/02/16	19/02/19	0.67	116,666	-	50,000	-	-	66,666
19/02/14	19/02/17	19/02/19	0.67	116,668	-	83,334	-	-	33,334
31/03/14	31/03/15	31/03/19	0.73	83,333	-	-	-	-	83,333
31/03/14	31/03/16	31/03/19	0.73	83,333	-	-	-	-	83,333
31/03/14	31/03/17	31/03/19	0.73	83,334	-	-	-	-	83,334
31/10/14	31/10/15	31/10/19	0.61	33,332	-	-	-	-	33,332
31/10/14	31/10/16	31/10/19	0.61	33,334	-	-	-	-	33,334
31/10/14	31/10/17	31/10/19	0.61	33,334	-	-	-	-	33,334
3/03/15	3/03/16	3/03/20	0.59	1,692,308	-	81,665	-	-	1,610,643
3/03/15	3/03/17	3/03/20	0.59	1,692,308	-	98,331	-	-	1,593,977
3/03/15	3/03/18	3/03/20	0.59	1,692,384	-	98,338	-	-	1,594,046
15/07/15	15/07/16	15/07/20	0.57	-	83,333	-	-	-	83,333
15/07/15	15/07/17	15/07/20	0.57	-	83,333	-	-	-	83,333
15/07/15	15/07/18	15/07/20	0.57	-	83,334	-	-	-	83,334
8/09/15	8/09/16	8/09/20	0.56	-	1,503,308	58,332	-	-	1,444,976
8/09/15	8/09/17	8/09/20	0.56	-	1,503,308	58,332	-	-	1,444,976
8/09/15	8/09/18	8/09/20	0.56	-	1,503,384	58,336	-	-	1,445,048
31/10/15	31/10/16	31/10/20	0.54	-	16,667	-	-	-	16,667
31/10/15	31/10/17	31/10/20	0.54	-	16,667	-	-	-	16,667
31/10/15	31/10/18	31/10/20	0.54	-	16,666	-	-	-	16,666
3/03/16	3/03/17	3/03/21	0.39	-	100,000	-	-	-	100,000
3/03/16	3/03/18	3/03/21	0.39	-	100,000	-	-	-	100,000
3/03/16	3/03/19	3/03/21	0.39	-	100,000	-	-	-	100,000
Total				**7,495,000**	**5,110,000**	**(761,668)**	**-**	**-**	**11,843,332**
Weighted average exercise price				0.62	0.55	0.62			0.59

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24. Share Based Payments (Continued)

Grant date	Vesting date	Expiry date	Exercise Price $	Number beginning of year	Granted	Forfeited	Exercised	Weighted Average Share Price at the exer-cise date	Number at end of year
2015									
Options granted to management									
14/12/10	31/08/12	30/09/14	0.57	131,210	-	(60,538)	(70,672)	0.66	-
14/12/10	31/08/13	30/09/14	0.57	86,396	-	(32,532)	(53,864)	0.66	-
14/12/10	31/08/14	30/09/14	0.57	77,329	-	(36,265)	(41,064)	0.66	-
29/05/12	1/09/14	31/08/16	0.4	1,796,000	-	(1,796,000)	-	-	-
3/05/13	1/09/14	31/08/16	0.55	578,600	-	(578,600)	-	-	-
26/08/13	1/09/14	31/08/16	0.55	1,539,734	-	(1,539,734)	-	-	-
29/11/13	30/11/14	29/11/18	0.68	580,987	-	(5,000)	-	-	575,987
29/11/13	30/11/15	29/11/18	0.68	581,004	-	(10,000)	-	-	571,004
29/11/13	30/11/16	29/11/18	0.68	581,009	-	(10,000)	-	-	571,009
19/02/14	19/02/15	19/02/19	0.67	116,666	-	-	-	-	116,666
19/02/14	19/02/16	19/02/19	0.67	116,666	-	-	-	-	116,666
19/02/14	19/02/17	19/02/19	0.67	116,668	-	-	-	-	116,668
31/03/14	31/03/15	31/03/19	0.73	83,333	-	-	-	-	83,333
31/03/14	31/03/16	31/03/19	0.73	83,333	-	-	-	-	83,333
31/03/14	31/03/17	31/03/19	0.73	83,334	-	-	-	-	83,334
31/10/14	31/10/15	31/10/19	0.61	-	33,332	-	-	-	33,332
31/10/14	31/10/16	31/10/19	0.61	-	33,334	-	-	-	33,334
31/10/14	31/10/17	31/10/19	0.61	-	33,334	-	-	-	33,334
3/03/15	3/03/16	3/03/20	0.59	-	1,692,308	-	-	-	1,692,308
3/03/15	3/03/17	3/03/20	0.59	-	1,692,308	-	-	-	1,692,308
3/03/15	3/03/18	3/03/20	0.59	-	1,692,384	-	-	-	1,692,384
Total				**6,552,269**	**5,177,000**	**(4,068,669)**	**(165,600)**	**-**	**7,495,000**
Weighted average exercise price				0.56	0.59	0.49	0.57		0.62

The weighted average remaining contractual life of share options outstanding at the end of the period was 2.1 years (2015: 3.3 years).

The fair values at grant date for non-market options (EBITA & EPS and Service 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.

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).

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24. Share Based Payments (Continued)

The model inputs for options granted during the 2016, 2015, 2014, 2013, 2012 and 2011 financial years included:

Grant date	Vesting date	Share price $	Exercise price $	Expected volatility %	Weighted average life, years	Expected dividends %	Risk-free interest rate[1],%	Fair value at grant Date, $
With market hurdles								
14/12/10	31/08/12	0.57	0.57	70	3.8	5	5.31	0.20
14/12/10	31/08/13	0.57	0.57	70	3.8	5	5.31	0.19
14/12/10	31/08/14	0.57	0.57	70	3.8	5	5.31	0.19
With non-market hurdles								
14/12/10	31/08/12	0.57	0.57	70	3.8	5	5.31	0.24
14/12/10	31/08/13	0.57	0.57	70	3.8	5	5.31	0.25
14/12/10	31/08/14	0.57	0.57	70	3.8	5	5.31	0.24
29/05/12	1/09/14	0.40	0.40	50	3.8	6	2.60	0.12
3/05/13	1/09/14	0.60	0.40	50	3.3	4	2.50	0.20
26/08/13	1/09/14	0.50	0.40	38	3.0	4	2.75	0.10
29/11/13	30/11/14	0.68	0.68	40	5.0	nil	3.44	0.21
29/11/13	30/11/15	0.68	0.68	40	5.0	nil	3.44	0.23
29/11/13	30/11/16	0.68	0.68	40	5.0	nil	3.44	0.25
19/02/14	19/02/15	0.65	0.67	50	5.0	nil	3.42	0.22
19/02/14	19/02/16	0.65	0.67	50	5.0	nil	3.42	0.25
19/02/14	19/02/17	0.65	0.67	50	5.0	nil	3.42	0.27
31/03/14	31/03/15	0.72	0.73	50	5.0	nil	3.44	0.24
31/03/14	31/03/16	0.72	0.73	50	5.0	nil	3.44	0.27
31/03/14	31/03/17	0.72	0.73	50	5.0	nil	3.44	0.30
31/10/14	31/10/15	0.60	0.61	55	5.0	nil	2.81	0.21
31/10/14	31/10/16	0.60	0.61	55	5.0	nil	2.81	0.25
31/10/14	31/10/17	0.60	0.61	55	5.0	nil	2.81	0.27
3/03/15	3/03/16	0.56	0.59	55	5.0	nil	1.84	0.19
3/03/15	3/03/17	0.56	0.59	55	5.0	nil	1.84	0.23
3/03/15	3/03/18	0.56	0.59	55	5.0	nil	1.84	0.25
15/07/15	15/07/16	0.57	0.57	46	5.0	nil	2.29	0.18
15/07/15	15/07/17	0.57	0.57	46	5.0	nil	2.29	0.20
15/07/15	15/07/18	0.57	0.57	46	5.0	nil	2.29	0.22
8/09/15	8/09/16	0.55	0.56	46	5.0	nil	2.04	0.17
8/09/15	8/09/17	0.55	0.56	46	5.0	nil	2.04	0.19
8/09/15	8/09/18	0.55	0.56	46	5.0	nil	2.04	0.21
31/10/15	31/10/16	0.53	0.54	46	5.0	nil	2.04	0.17
31/10/15	31/10/17	0.53	0.54	46	5.0	nil	2.04	0.19
31/10/15	31/10/18	0.53	0.54	46	5.0	nil	2.04	0.20
3/03/16	3/03/17	0.36	0.39	46	5.0	nil	2.08	0.10
3/03/16	3/03/18	0.36	0.39	46	5.0	nil	2.08	0.10
3/03/16	3/03/19	0.36	0.39	46	5.0	nil	2.08	0.09

[1] based on government bonds

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

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25. Contingent liabilities and contingent assets

In June 2015, RPM's Russian subsidiary CJSC Runge commenced proceedings in the Arbitration Court of Moscow to recover USD$988.5k in professional fees, disbursements and interest owed to it for advisory services relating to a contract originally entered into in February 2014. Proceedings were commenced by RPM as a result of non-payment by the Russian company following their decision to cancel RPM's mining study due to a shift in market demand for thermal coal.

RPM's legal advice at the time of making the claim was (and remains) that RPM has reasonable prospects of success in recovering payment under a signed contract.

In July 2016, RPM has received advice from its Russian based legal counsel that, in a judgement that was entirely unexpected, its claim for payment has not been successful and that instead RPM had been directed to refund approximately USD 350,000 ($470,000) of fees already paid to RPM under the project. RPM subsequently sought further particulars of the decision and after consideration of the recommendations of its external legal counsel in Russia, has appealed the decision to the appellate courts in Russia.

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

26. Parent Entity Disclosures

As at and throughout the financial year ending 30 June 2016 the parent entity of the Group was RungePincockMinarco Limited.

Summary financial information

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

Result of parent entity		
Profit/(loss)	(8,778)	(6,766)
Other comprehensive income	-	-
Total comprehensive income	(8,778)	(6,766)
Financial position of parent entity at year end		
Current assets	23,449	31,783
Total assets	57,776	70,923
Current liabilities	10,669	13,362
Total liabilities	12,638	15,074
Total equity of the parent entity comprising of:		
Issued capital	67,048	69,894
Share-based Payments Reserve	2,038	1,125
Revaluation Surplus Reserve	18	18
Reserve Arising From an Equity Transaction	(600)	(600)
Retained profits	(23,366)	(14,588)
Total equity	**45,138**	**55,849**
Contingent liabilities	-	-
Contractual commitments for the acquisition or property, plant or equipment	-	-

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26. Parent Entity Disclosures (Continued)

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 (2015: $98,000). The periods covered by the guarantees range from two to three years.

No deficiency of net assets existed in the controlled entities covered by guarantees at 30 June 2016 or 30 June 2015. No liability was recognised by the parent entity in relation to these guarantees, as the fair value of the guarantee is immaterial.

27. Interests in other entities

(a) Material subsidiaries

The Group's principal subsidiaries at 30 June 2016 are set out below. All subsidiaries have share capital consisting solely of ordinary shares that are 100% held directly by the Group, and the proportions of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/incorporation	Principal Activities
GeoGAS Pty Ltd	Australia	Laboratory Services
Runge Indonesia Technology Pty Ltd	Australia	Software Sales and Services
Runge Inc	USA	Software and Advisory Services
RungePincockMinarco (Canada) Ltd	Canada	Software Sales and Services
PT RungePincockMinarco	Indonesia	Advisory Services
Runge Asia Ltd	Hong Kong	Advisory Services
Core Global Mining Solutions Beijing Co. Ltd	China	Advisory Services
RungePincockMinarco LLC	Mongolia	Advisory Services
CJSC Runge	Russia	Software and Advisory Services
MRM Mining Services (Pty) Ltd	South Africa	Software Sales and Services
RungePincockMinarco Limited Latin America Limitada	Chile	Software Sales and Services
Runge Servicos de Consultoria do Brasil Ltda	Brazil	Software Sales and Services

All entities other than GeoGAS Pty Ltd trade as RungePincockMinarco.

(b) Significant Restrictions

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

The carrying amount of cash included within the consolidated financial statements to which these restrictions apply is $5,058,000 (2015: $3,644,000).

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NOTES ON THE FINANCIAL STATEMENTS

27. Interest in other entities (Continued)

(c) Interests in joint ventures

The Group has a 49% interest in RungePincockMinarco India Pte Ltd, an entity registered in India, which is accounted for using the equity method. The summary of amounts in the reports for this entity is disclosed below:

	2016 $'000	2015 $'000
Carrying Amount	26	26
Group's share of:		
Profit/(loss) from continuing operations	-	-
Other comprehensive income	-	-
Total comprehensive income	-	-

28. Key Management Personnel Disclosures

(a) Compensation

	2016 $	2015 $
Short term employee benefits	2,230,747	3,384,757
Post-employment benefits	113,381	131,248
Termination benefits	-	237,790
Share-based payments	229,829	89,753
	2,573,957	**3,843,548**

(b) Other Transactions with Key Management Personnel

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

29. Events occurring after the reporting period

On 1 July 2016 the Group acquired 100% of the issued share capital of iSolutions International Pty Ltd and iSolutions Holdings Pty Ltd (iSolutions Group), a leading global asset management software company with over 20 years' experience in the provision of asset management, life cycle costing and budgeting software solutions to the mining industry. The financial effects of this transaction have not been brought to account at 30 June 2016. The operating results and assets and liabilities of the company will be consolidated from 1 July 2016.

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

Purchase consideration	**$'000**
Cash	8,000
Ordinary shares	3,758
Contingent consideration	5,489
Total Purchase Consideration	**17,247**

NOTES ON THE FINANCIAL STATEMENTS

29. Events occurring after the reporting period (Continued)

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

Contingent consideration comprises successful collection of debtors and ongoing retention and growth of annuity revenues by iSolutions. The potential undiscounted amount of future payments was estimated at $6,300,000. The fair value of the contingent consideration of $5,489,000 has been estimated by calculating the present value of the future expected cash outflows based on a discount rate of 10%.

The amount of contingent consideration is subject to an independent valuation which was not complete by the date of this report.

Acquisition related costs will be included in other expenses in profit and loss in the reporting period ending 31 December 2016. The provisionally determinated fair values of the assets and liabilities recognised as at the date of the acquisition are as follows:

Cash and cash equivalents	3,608
Trade and other receivables	1,644
Other assets	10
Property, plant and equipment	214
Deferred tax assets	766
Intangible assets[1]	14,012
Trade and other payables	(339)
Provisions	(1,536)
Current tax liabilities	(104)
Other Liabilities	(1,028)
Net Assets	**17,247**

[1] Intangibles assets have not yet been split into separate asset classes and subject to an independent valuation which was not completed at the date of this report. The Group expects the Intangible asset balance to mainly consist of customer contracts, customer relationships, software and goodwill.

Acquisition-related costs
Acquisition-related costs were not yet determined and will be included in other expenses in profit or loss in the reporting period ending 30 June 2017.

Information not disclosed as not yet available
At the time the financial statements were authorised for issue, the group had not yet completed the accounting for the acquisition of iSolutions Group. In particular, the fair values of the assets and liabilities disclosed above have only been determined provisionally as the independent valuations have not been finalised. It is also not yet possible to provide detailed information about each class of acquired receivables and any contingent liabilities of the acquired entity.

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NOTES ON THE FINANCIAL STATEMENTS

29. Events occurring after the reporting period (Continued)

As further detailed in Note 25, on 21 July 2016, RPM received an unexpected adverse judgement against its Russian subsidiary from the Arbitration Court of Moscow relating to advisory work which it performed for a Russian company during 2014. This has resulted in RPM fully providing for this debt in 2016. The Company has appealed this judgement

No other matter or circumstance has arisen since 30 June 2016 that has significantly affected the Group's operations, results or state of affairs, or may do so in the future years.

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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 2016 and of its performance for the financial year ended on that date;
- the remuneration disclosures included in pages 15 to 22 of the directors' report (as part of audited Remuneration Report), for the year ended 30 June 2016, comply with section 300A of the *Corporations Act 2001;* and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Signed in accordance with a resolution of directors

Allan Brackin,
Chairman

Dated this 19th day of August 2016

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Australia

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 2016, 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 Stat*ements, 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 2016 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 15 to 22 of the directors' report for the year ended 30 June 2016. 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 2016 complies with section 300A of the *Corporations Act 2001*.

BDO Audit Pty Ltd

BDO

Paul Gallagher

P A Gallagher
Director

Brisbane, 19 August 2016

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CORPORATE GOVERNANCE STATEMENT

Corporate Governance Statement – Year Ended 30 June 2016

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

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

The Company's Corporate Governance Statement has been approved by the Board of RungePincockMinarco Limited and explains how the Group addresses the requirements of the Corporations Act 2001, the ASX Listing Rules 2001 and the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations - 3rd Edition' (the 'ASX Principles and Recommendations') and is **current as at 30 June 2016**.

The Company's ASX Appendix 4G, which is a checklist cross-referencing the ASX Principles and Recommendations to the relevant disclosures in the statement Corporate Governance Statement, the Company's 2016 Annual Report and other relevance governance documents and materials on the Company's website, are provided in the corporate governance section of the Company's website at http://www.rpmglobal.com/about-us/investor-centre/corporate-governance/. The Company's Corporate Governance Statement together with the ASX Appendix 4G and this Annual Report, were also lodged with the ASX on **22 August 2016**.

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

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

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SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 1 August 2016.

A. Distribution of Equity Securities

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

	Ordinary Shares	Options
1 – 1,000	102	-
1,001 – 5,000	276	-
5,001 – 10,000	132	1
10,001 – 100,000	266	46
100,001 – and over	107	31
	883	**78**

The number of shareholdings held in less than marketable parcels of 961 shares is 86 (Close Price 1 August $0.52).

B. Equity Security Holders

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

Name	Number held	Percentage of issued
NATIONAL NOMINEES LIMITED	49,010,175	27.28
RUNGE INTERNATIONAL PTY LTD <RUNGE FAMILY A/C>	15,810,389	8.80
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,105,616	6.74
J P MORGAN NOMINEES AUSTRALIA LIMITED	10,853,712	6.04
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	10,558,328	5.88
PAUA PTY LTD <THE PAUA A/C>	6,795,753	3.78
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	5,631,901	3.14
BNP PARIBAS NOMS PTY LTD <DRP>	5,601,589	3.12
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <BKCUST A/C>	5,276,614	2.94
ELGIE INVESTMENTS PTY LTD <ELGIE FAMILY A/C>	4,604,416	2.56
FEYDER INVESTMENTS PTY LTD <ROBERT FEYDER FAMILY A/C>	2,889,333	1.61
MR STEPHEN JOHN BALDWIN & MRS ANDREA MAREE BALDWIN	2,642,511	1.47
THE RIDGE NZ PTY LTD <THE RIDGE NZ SUPER FUND A/C>	1,391,052	0.77
MS TRACY ROWLANDS	1,245,889	0.69
MR JOHN CRAIG HALLIDAY	1,136,541	0.63
BOND STREET CUSTODIANS LIMITED <BURBPQ - D03058 A/C>	1,128,471	0.63
MRS DONNA MARGARET LUXTON	1,123,001	0.63
MRS ANDRE JOAN PHILLIPS	1,048,508	0.58
MR IAN JAMES LUXTON	982,934	0.55
MR JULIAN LAVIGNE	955,273	0.53
	140,792,006	**78.38**

Unquoted equity securities

11,843,332 options over unissued shares: for further details see note 24.

SHAREHOLDER INFORMATION

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C. Substantial Holders

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

Estimated beneficial holdings as at 31 July 2016	Number held	Percentage
Ruffer LLP	24,966,010	14.65
IOOF Holdings Limited (Perennial Value)	21,274,459	12.48
Runge International Pty Ltd (Ian Runge)	16,335,484	9.58
Discovery Asset Management Pty Ltd	15,834,942	9.29
Paradice Investment Management	14,693,433	8.62

D. Voting Rights

Refer to note 16 for voting rights attached to ordinary shares.

CORPORATE DIRECTORY

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Directors

Allan Brackin
Chairman

Richard Mathews
Managing Director

Dr Ian Runge
Non-executive Director

Ross Walker
Non-executive Director

Company Secretary

James O'Neill
Group General Counsel and Company Secretary

Registered Office

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Web: www.rpmglobal.com

Auditor

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

Share Registry

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

Stock Exchange Listing

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

ABN 17 010 672 321

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