APPENDIX 4D

The information contained in this report is for the half year ended 31 December 2016 and the previous corresponding period ended 31 December 2015 for RungePincockMinarco Limited and its controlled entities.

This report is presented in Australian dollars. The report has been subjected to independent review and is not subject to qualification.

Results for announcement to the market

$'000	1H17	1H16	Movement
Revenues from ordinary activities	**36,864**	29,402	25.4%
Profit/(Loss) from ordinary activities after tax*	**1,123**	(939)	N/A
Profit/(Loss) for the period	**45**	(1,099)	N/A

* Profit or Loss from ordinary activities after tax excludes $1,078,000 in acquisition, restructure and redundancy costs (1H16: 160,000).

Dividend information

	Amount per Share (cents)	Franked Amount per Share (cents)	Conduit Foreign Income Amount per Share
Interim dividend	-	-	-

Brief explanation to figures reported above

Refer to review of operations on page 2.

	31 Dec 2016	31 Dec 2015
Net tangible assets per security (cents)	12.7	18.2

Details of entities over which control has been gained or lost during the period

On 1 July 2016 the Group acquired 100% of the issued share capital of iSolutions International Pty Ltd, iSolutions Holdings Pty Ltd and ISIPLAfrica (Pty) Ltd (together "iSolutions") 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.

Revenue from iSolutions' AMT products in the half year to 31 December 2016 amounted to $3,779,000. It is not practicable to determine the net profit contribution from the iSolutions business since the business was immediately absorbed into RPM's business units (Software, Software Development and Corporate) in each of the geographical locations.

DIRECTORS' REPORT

Your Directors present their report on RungePincockMinarco Limited and its subsidiaries for the half year ended 31 December 2016 (referred to hereafter as "RPM" and the "Group").

Directors

The directors of RungePincockMinarco Limited at any time during or since the end of the period are:

Mr Allan Brackin – *Chairman*

Mr Richard Mathews – *CEO & Managing Director*

Dr Ian Runge

Mr Ross Walker

Review and Results of Operations

	Six months ended 31 Dec 2016 $m	Six months ended 30 Jun 2016 $m	Variance to 30 Jun 2016 %	Six months ended 31 Dec 2015 $m	Variance to 31 Dec 2015 %
Software Division	22.5	15.6	44%	16.8	34%
Advisory Division	8.5	8.6	(1%)	8.3	2%
GeoGAS	1.4	1.1	27%	2.0	(30%)
Other	1.0	(0.3)	-	0.5	100%
Net Operating Revenue	**33.4**	**25.0**	**34%**	**27.6**	**21%**
Operating Expenses	(30.3)	(28.2)	**7%**	(27.6)	**10%**
Operating EBITDA*	**3.1**	**(3.2)**	**-**	**-**	-
Depreciation & Amortisation	(1.4)	(0.9)	**56%**	(1.0)	**40%**
Restructure costs	(1.1)	(0.2)	**450%**	(0.2)	**450%**
Goodwill Impairment	-	(4.1)	-	-	-
Net finance costs	0.1	0.1	**-**	0.2	**(50%)**
Profit/(Loss) before Tax	**0.7**	**(8.3)**	**-**	**(1.0)**	**-**

* Earnings before interest, tax, depreciation, amortisation, acquisition costs, redundancies and restructuring.

The results for the half year ending 31 December 2016 include revenues and costs of iSolutions acquired on 1 July 2016, including licence sales, maintenance and consulting in relation to its AMT software product.

Revenue

For the half year ending 31 December 2016, the Group's Net Operating revenue of $33.4 million represents a 34% increase over the previous six month period (Jun 2016: $25.0 million) and a 21% increase over the prior comparative period (Dec 2015: $27.6 million).

DIRECTORS' REPORT

Software Division

	Six months ended 31 Dec 2016 $m	Six months ended 30 Jun 2016 $m	Variance to 30 Jun 2016 %	Six months ended 31 Dec 2015 $m	Variance to 31 Dec 2015 %
Licence sales	11.6	6.3	84%	5.5	111%
Maintenance	8.5	7.2	18%	7.8	9%
Consulting	3.8	3.0	27%	3.9	(3%)
Cost of Sales	(1.4)	(0.9)	56%	(0.4)	250%
Net Revenue - Software	**22.5**	**15.6**	44%	**16.8**	34%

Net Revenue from the Software division grew by 34% to $22.5 million compared against the corresponding half (Dec 2015: $16.8 million) due to license fee growth from both existing and acquired software products.

Software licence revenue to December 2016 increased by 111% to $11.6 million compared to the prior corresponding half-year period (Dec 2015: $5.5 million) and represents 98% of the full 2016 financial year result of $11.8 million.

Sales of the Group's Enterprise applications (including AMT products) increased to $3.8 million (Dec 2015: $2.2 million). Sales of RPM's Commodity Based Solutions increased significantly delivering $5.1 million in licence sales (Dec 2015: $2.0 million), and revenue from desktop software licences jumped to $2.7 million (Dec 2015: $1.3 million).

Recurring annuity revenue grew by 9% to $8.5 million (Dec 2015: $7.8 million) in part due to maintenance revenue from the new AMT products.

Software consulting revenue was up 27% to $3.8 million from the previous six month period (June 2016: $3.0 million) again partly due to the acquisition of the iSolutions business. The increase in software license sales by RPM's business partners was the reason for the increase in the Group's cost of sales.

Advisory and GeoGAS Divisions

In the last six months commodity prices have increased which in turn drove demand by mining companies for Advisory and GeoGAS testing services.

Revenue from Advisory services increased to $8.5 million which represented a 2% increase on the corresponding period (Dec 2015: $8.3 million).

GeoGAS revenue increased by 27% to $1.4 million from the previous half (Jun 2016: $1.1 million) due to an increase in the volume of gas laboratory tests.

Operating Expenses

	Six months ended 31 Dec 2016 $m	Six months ended 30 Jun 2016 $m	Variance to 30 Jun 2016 %	Six months ended 31 Dec 2015 $m	Variance to 31 Dec 2015 %
Field	(19.8)	(17.9)	11%	(18.5)	7%
Software Development	(6.1)	(5.5)	11%	(4.9)	24%
Corporate	(4.4)	(4.8)	(8%)	(4.2)	5%
Operating Expenses	**(30.3)**	**(28.2)**	7%	**(27.6)**	10%

DIRECTORS' REPORT

Field Expenses relate to the operating divisions of the Group. These costs increased by 11% mostly due to the acquisition of the iSolutions business. The costs associated with the Advisory and GeoGAS divisions continued to decrease as a result of further reductions in staff numbers.

RPM continues to increase its investment in Software Development with $6.1 million expensed in the half which represents a 24% increase ($1.2 million) over the corresponding period (Dec 2015: $4.9 million). This ongoing investment delivered two new products during the period (Open Cut Coal and Stratigraphic Metals) as well as significant ongoing development on RPM's Financial, Simulation, Scheduling, Execution and Maintenance suite of products.

Total Operating Expenses for the Group (excluding Software Development) increased by 7% to $24.2 million (Jun 2016: $22.7 million) primarily due to the acquisition of the iSolutions business.

Earnings Before Interest Depreciation and Amortisation

The Group's Operating EBITDA of $3.1 million is $6.3 million higher than that achieved in the previous six month period (Jun 2016: $3.2 million loss) and $3.1 million up on the breakeven result in the first half of the 2015 year (Dec 2016: $0).

Restructure Costs

RPM incurred $0.6 million in redundancy costs (Dec 2015: $0.2 million) as a result of its continued focus on reducing the layers of management, increasing management's span of control and removing functions no longer required by the business. During the period, the last of RPM's expensive expatriate based employment arrangements (entered into during the mining boom) were replaced with local market based arrangements. These cost saving initiatives coupled with savings from roles which will not be replaced due to staff attrition will result in annualised employee cost savings of $4.8 million going forward.

The integration, reorganisation and transaction costs (including stamp duty and professional fees) associated with the acquisition of the iSolutions business were $0.5 million. The total expected annualised savings from acquisition synergies are expected to be approximately $2.4 million.

Profit Before Tax

The reported Profit before Tax of $0.7 million represents the Group's first half-year profit since June 2012.

Acquisitions

On 1 July the Group finalised the acquisition of iSolutions, 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 transaction included an upfront payment on completion of $8 million funded from cash reserves (including 3.6 million cash held by iSolutions on acquisition), followed by further post completion earn out payments over a three year period of approximately $7.2 million based on a combination of successful collections and retention and growth of software annuity revenue from iSolutions' customers.

RPM also issued 9,166,666 shares to the vendors of iSolutions which will be held in escrow for 12 months.

In December the Group acquired a copy of the source code and intellectual property rights for the Short Interval Control and Work Management product from Fewzion.

DIRECTORS' REPORT

Financial Position

In September 2016 RPM completed an institutional placement of 28.9 million shares and a Share Purchase Plan for a further 3.8 million shares both at 45 cents, raising a total of $14.7 million before costs.

At 31 December 2016 the Group had net assets of $61.8 million (Jun 2016: $43.6 million), including cash of $19.5 million (Jun 2016: $18.1 million) and no debt.

The operating cashflow in the half was negative $5.2 million (before restructuring costs) as expected with cashflow impacted by the normal collection of software maintenance fees in the second half. The upfront cash consideration for both the iSolutions acquisition and the purchase by RPM of a copy of the intellectual property rights for the Fewzion product were paid out during the current period.

The Group continues to impose tight controls on capital expenditure spending $0.2 million on property, plant and equipment during the half (Jun 2016: $0.3 million, Dec 2015: $0.3 million).

Strategic Advancement

During the half year the Group launched the following new software products:

- **Stratigraphic Metals XPAC Solution**, a product specifically designed to handle the complex scheduling issues unique to stratigraphic metals with dynamic design, haulage and product optimisation all forming part of this solution;
- **Open Cut Coal XPAC Solution Relaunch**, this coal solution has been completely redesigned to provide product optimisation, dynamic haulage and advanced destination scheduler functionality within the product;

Outlook

The Board and Management remain excited about the momentum of RPM's software division and in particular the growth in software license fees during the period. RPM's organic software investment growth has been accelerated by the acquisition of iSolutions and the intellectual property rights to four other software products (Mine 2-4D, Geospatial (PrimeThought), FlexSim and Fewzion).

RPM's Advisory Division started to grow steadily during the last quarter of the 2016 calendar year and RPM is starting to see an increase in the demand for GeoGAS products and services (coal gas testing and related consulting) both in Australia and offshore.

Throughout the mining downturn experienced over the last five years, RPM's shareholders have continued to support the Group's cost cutting efforts and strategy of increased software development expenditure. Since September 2012, these strategic initiatives have resulted in RPM expending $9.4 million to reduce the total costs of the business by $36 million.

During the same period RPM has invested $58 million in either building or buying what management consider to be the most innovative software products available to the mining industry.

Whilst the last six months have been encouraging, the near term outlook for the Advisory and GeoGAS businesses remains challenging; however, longer term fundamentals remain positive.

If commodity prices stabilize at current levels we would expect to see our Advisory and GeoGAS businesses start to grow again and profitability start to return to the industry.

DIRECTORS' REPORT

Matters Subsequent to the End of the Reporting Period

As reported to the market on 21 July 2016 and subsequently updated on 9 November 2016, the Group received an unexpected adverse court judgement against its Russian subsidiary relating to advisory work which RPM performed for a Russian company during the 2014 Financial Year. RPM appealed this decision initially to the Ninth Arbitration Court of Appeal (which was not successful) and subsequently to the Cassation court. RPM has now been notified that its final appeal has not been successful and as such the original court decision stands. RPM has ensured that its insurers have been notified and continue to be updated. As the appeal process is now at an end this will be the last update on this matter.

No other matter or circumstance has arisen since 31 December 2016 that has significantly affected the Group's operations, results or state of affairs, or may do so in the future years.

Rounding of Amounts

RungePincockMinarco Limited is a company of a kind referred to in ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191 and in accordance with that Instrument amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the board of directors of RungePincockMinarco Limited

Allan Brackin
Chairman
Brisbane
Dated: 21 February 2017

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY T R MANN TO THE DIRECTORS OF RUNGEPINCOCKMINARCO LIMITED

As lead auditor for the review of RungePincockMinarco Limited for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

T R Mann
Director

BDO Audit Pty Ltd

Brisbane, 21 February 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Notes	31 Dec 2016 $'000	31 Dec 2015 $'000
Revenue from continuing operations			
Services		15,786	15,490
Licence sales		11,608	5,522
Software maintenance		8,528	7,823
Rent and outgoings revenue		135	186
Foreign exchange gains		807	381
Revenue		**36,864**	**29,402**
Direct Costs		(3,509)	(1,808)
Net revenue		**33,355**	**27,594**
Expenses			
Amortisation		(972)	(480)
Depreciation		(424)	(497)
Employee benefits expense		(23,247)	(20,550)
Office expenses		(1,578)	(1,533)
Professional services		(1,049)	(678)
Rent		(1,900)	(2,024)
Redundancies		(635)	(160)
Acquisition costs		(106)	-
iSolutions restructure costs		(337)	-
Other expenses		(2,519)	(2,336)
		(32,767)	**(28,794)**
Profit/(Loss) before finance costs and income tax		**588**	**(1,200)**
Finance income		77	204
Finance costs		(15)	(27)
Net Finance Income		**62**	**177**
Profit/(Loss) before income tax		**649**	**(1,023)**
Income tax	4	(604)	(76)
Net profit/(loss)		**45**	(1,099)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	31 Dec 2016 $'000	31 Dec 2015 $'000
Net profit/(loss)	**45**	**(1,099)**
Other comprehensive income		
Items that may be classified subsequently to profit or loss:		
Foreign currency translation differences	(447)	(221)
Other comprehensive loss, net of tax	**(402)**	**(1,320)**
Total comprehensive loss	**(402)**	**(1,320)**
Earnings per share		
Basic and diluted earnings per share (cents)	0.02	(0.60)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

		31 Dec 2016 $'000	30 June 2016 $'000
ASSETS			
Current assets			
Cash and cash equivalents		19,451	18,142
Trade and other receivables		15,200	12,648
Work in progress		2,057	1,471
Current tax receivable		238	239
Other assets		1,050	1,658
Total current assets		**37,995**	**34,158**
Non-current assets			
Trade and other receivables		393	283
Investments accounted for using the equity method		-	26
Property, plant and equipment		2,141	2,137
Deferred tax assets		8,792	8,656
Intangible assets		34,861	17,499
Total non-current assets		**46,187**	**28,601**
Total assets		**84,182**	**62,759**
LIABILITIES			
Current liabilities			
Trade and other payables		5,071	5,210
Provisions – employee benefits		3,225	2,783
Provisions – onerous lease contracts		316	266
Current tax liabilities		399	183
Income in advance		4,344	8,410
Contingent consideration	7	2,579	-
Lease incentive		105	70
Total current liabilities		**16,040**	**16,922**
Non-current liabilities			
Deferred tax liabilities		18	17
Contingent consideration	7	3,317	-
Provisions – employee benefits		741	713
Provisions – onerous lease contracts and make good obligations		845	978
Lease incentive and make good provisions		436	475
Other payables		1,004	-
Total non-current liabilities		**6,361**	**2,183**
Total liabilities		**22,400**	**19,105**
Net assets		**61,782**	**43,654**
EQUITY			
Contributed equity	5	85,183	67,048
Reserves		(3,065)	(3,013)
Accumulated losses		(20,336)	(20,381)
Total equity		**61,782**	**43,654**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Contributed equity $'000	Reserves $'000	Accumulated Losses $'000	Total equity $'000
Balance at 1 July 2016	**67,048**	**(3,013)**	**(20,381)**	**43,654**
Profit / (loss) for the period	-	-	45	45
Other comprehensive income	-	(447)	-	(447)
Total comprehensive income for the period		**(447)**	**45**	**(402)**
Transactions with owners in their capacity as owners				
Share issue, net of transaction costs	18,135	-	-	18,135
Employee share options	-	395	-	395
	18,135	395		18,530
Balance at 31 December 2016	**85,183**	**(3,065)**	**(20,336)**	**61,782**
Balance at 1 July 2015	**69,894**	**(3,857)**	**(11,118)**	**54,919**
Profit / (loss) for the period	-	-	(1,099)	(1,099)
Other comprehensive income	-	(221)	-	(221)
Total comprehensive income for the period		**(221)**	**(1,099)**	**(1,320)**
Transactions with owners in their capacity as owners				
Share buy-back, net of transaction costs	(119)	-	-	(119)
Employee share options	-	536	-	536
	(119)	536		417
Balance at 31 December 2015	**69,775**	**(3,542)**	**(12,217)**	**54,016**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	31 Dec 2016 $'000	31 Dec 2015 $'000
Cash flows from operating activities		
Receipts from customers	32,335	30,757
Payments to suppliers and employees	(36,936)	(33,734)
Interest received	77	204
Finance costs	(15)	(27)
Income taxes paid	(641)	(214)
	(5,180)	(3,014)
Acquisition, Redundancies and Restructure costs	(1,177)	(906)
Net cash outflow from operating activities	**(6,357)**	**(3,290)**
Cash flows from investing activities		
Payments for property, plant and equipment	(200)	(341)
Payment for intangible assets	(603)	(8)
Payments for investments in subsidiaries net of cash acquired	(4,438)	-
Payments for contingent and deferred consideration	(1,657)	-
Net cash outflow from investing activities	**(6,898)**	**(349)**
Cash flows from financing activities		
Share issue proceeds	14,727	-
Share issue costs	(349)	-
Payments for acquired shares	-	(119)
Net cash inflow/(outflow) from financing activities	**14,378**	**(119)**
Net increase/(decrease) in cash and cash equivalents held	1,122	(4,388)
Cash and cash equivalents at the beginning of the period	18,142	22,557
Effects of exchange rate changes on cash and cash equivalents	187	226
Cash and cash equivalents at the end of the period	**19,451**	**18,395**

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

SELECTED NOTES TO THE FINANCIAL STATEMENTS

1. Basis of Preparation

This general purpose interim financial report for the half year ended 31 December 2016 has been prepared in accordance with AASB 134 Interim Financial Reporting and the *Corporations Act 2001*. The interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the annual report of the Group for the year ended 30 June 2016 and any public announcements made by RungePincockMinarco Limited during the interim reporting period.

The accounting policies and methods of computation applied in this interim financial report are consistent with those applied in the previous financial year and the corresponding interim reporting period. The Group have adopted all of the new and revised Standards and interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and effective for the current reporting period. This adoption has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported in the current and prior periods. Where necessary the comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures. The fair values of Consolidated Entity's financial assets and liabilities approximate their carrying value due to being short-term in nature. No financial assets or liabilities are readily traded on organised markets in standardised form.

The financial position and performance of the Group was particularly affected by the acquisition of 100% of the issued capital of iSolutions International Pty Ltd and iSolutions Holdings Pty Ltd (together iSolutions Group) in July 2016 (see note 3). For a detailed discussion about the Group's performance and financial position please refer to our review of operations included in the Directors' Report.

2. Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Managing Director in order to make decisions about resource allocations and to assess performance of the Group. The reports are split into functional divisions: Software Division, Advisory Division and GeoGAS. Revenues of iSolutions business are reported in the Software Division, expenses of iSolutions were absorbed in the Software, Software Development and Corporate Divisions in the half year ended 31 December 2016. Segment revenue, expenses and results include transfers between segments. Such transfers are priced on an "arms-length" basis and are eliminated on consolidation.

Information about reportable segments

	December 2016				December 2015			
	Software Division	Advisory Division	GeoGAS	Total	Software Division	Advisory Division	GeoGAS	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue								
External Sales	24,095	10,393	1,443	35,931	16,795	10,040	2,078	28,913
Inter-segment sales	184	421	10	615	689	332	54	1,075
Total Revenue	**24,279**	**10,813**	**1,453**	**36,546**	**17,484**	**10,372**	**2,132**	**29,988**
Inter-segment expenses	(419)	(194)	(2)	(615)	(307)	(734)	(34)	(1,075)
Rechargeable expenses	(1,390)	(2,097)	(22)	(3,509)	(426)	(1,286)	(96)	(1,808)
Net revenue	**22,471**	**8,522**	**1,429**	**32,422**	**16,751**	**8,352**	**2,002**	**27,105**
Total Expenses	(11,174)	(7,671)	(954)	(19,799)	(8,857)	(8,337)	(1,342)	(18,536)
Software Development	(6,114)	-	-	(6,114)	(4,932)	-	-	(4,932)
Segment profit/(loss)	**5,183**	**851**	**475**	**6,509**	**2,962**	**15**	**660**	**3,637**

SELECTED NOTES TO THE FINANCIAL STATEMENTS

2. Operating Segments (Continued)

Reconciliation of segment profit to reported profit / (loss)

	31 Dec 2016 $'000	31 Dec 2015 $'000
Segment profit	6,509	3,637
Adjustments:		
Foreign exchange gains	806	381
Employment benefits – corporate and IT	(2,086)	(2,059)
Other unallocated costs – corporate and IT	(2,295)	(2,128)
Redundancies	(635)	(160)
Acquisition costs	(106)	-
Restructure costs	(337)	-
Depreciation and amortisation	(1,396)	(977)
Net finance income	62	177
Unallocated income	127	106
Profit / (loss) before income tax	**649**	**(1,023)**
Income tax benefit / (expense)	(604)	(76)
Profit / (loss) for the period	**45**	**(1,099)**

3. Business Combinations

On 1 July 2016 the Group acquired 100% of the issued share capital of iSolutions International Pty Ltd and iSolutions Holdings Pty Ltd (iSolutions Group), a leading global asset management software company with over 20 years' experience in the provision of asset management, life cycle costing and budgeting software solutions to the mining industry.

The 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 (9,166,666 share at $0.41 cents per share)	3,758
Deferred consideration	1,064
Contingent consideration	7,087
Total Purchase Consideration	**19,909**

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

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

SELECTED NOTES TO THE FINANCIAL STATEMENTS

3. Business Combinations (Continued)

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

Acquisition related costs are shown separately in the statement of comprehensive income amount to $443,000 and include staff redundancies, onerous leases, stamp duty and professional fees.

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

Cash and cash equivalents	3,562
Trade and other receivables	1,609
Other assets	45
Property, plant and equipment	208
Goodwill	12,056
Software acquired for sale	4,555
Other intangible assets	276
Trade and other payables	(547)
Provisions	(406)
Current tax liabilities	(159)
Other Liabilities	(1,290)
Net Assets	**19,909**

Intangibles assets acquired are subject to an independent valuation which was not finalised at the date of this report.

The goodwill is attributable to the synergies of the RPM and the acquired business. It will not be deductible for tax purposes. Revenue from Licences, Maintenance and Consulting services solely relating to the AMT products which were acquired amounted to $3,779,000 in the half year to 31 December 2016. It is not practicable to determine the net profit contribution from the iSolutions business since the start of the financial year due to its staff and costs being absorbed into RPM's business units (Software, Software Development and Corporate) in each of the geographical locations.

4. Income Tax Expense

Tax Recognised in profit or loss	**31 Dec 2016 $'000**	**31 Dec 2015 $'000**
Income tax benefit/(expense)		
Current tax	(587)	(137)
Deferred tax	(17)	73
Adjustments to prior periods	-	(12)
Income tax expense	**(604)**	**(76)**

SELECTED NOTES TO THE FINANCIAL STATEMENTS

4. Income Tax Expense (Continued)

Numerical reconciliation of income tax expense to prima facie tax	31 Dec 2016 $'000	31 Dec 2015 $'000
Profit/(Loss) before income tax	649	(1,023)
Tax at the Australian tax rate of 30% (2015: 30%)	(195)	307
Tax effect of amounts which are not taxable/(deductible) in calculating taxable income:		
Attributed income	-	(55)
Not assessable income/(non-deductible expense)	(137)	140
Research and development deduction	200	300
Unutilised foreign tax credits	(474)	(13)
Tax losses (not) recognised	141	(841)
	(465)	(162)
Difference in overseas tax rates	(139)	99
Over/(under) provision in prior years	-	(13)
Income tax benefit/(expense)	(604)	(76)

5. Contributed Equity

		Dec 2016 Number	Jun 2016 Number	Dec 2016 $'000	Jun 2016 $'000
Share capital					
Ordinary shares	- fully paid	**212,363,012**	170,468,892	**85,183**	67,048

Movements in Share Capital:

Date		Ordinary shares Number	$'000
30/06/2016	**Balance**	**170,468,892**	**67,048**
	Shares issued for acquisition of iSolutions	9,166,666	3,758
	Cost of issue		(20)
	Placement of Shares at 45 cents per share	28,900,000	13,005
	Cost of issue		(301)
	Share purchase plan at 45 cents per share	3,827,454	1,722
	Cost of issue		(29)
31/12/2016	**Balance**	**212,363,012**	**85,183**

6. Contingent liabilities and contingent assets

By way of an update to note 25 of the 2016 Annual Report and as detailed in note 8 below, RPM has now been notified that its final appeal has not been successful and as such the original court decision stands. The only enforceable ruling is that RPM pay its client the state fee of 6,000 Russian Roubles ($134).

Otherwise there are no changes to the contingent liabilities disclosed at 30 June 2016.

7. Fair Value of financial instruments

Fair value hierarchy

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

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

Recurring fair value measurements

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

	31 Dec 2016 $'000	31 Dec 2015 $'000
Contingent consideration – level 3	5,896	-

The fair value of the contingent consideration of $5,896,000 has been estimated by calculating the present value of the future expected cash outflows for the annuity revenues of $5,979,000 and debtors of $257,000, based on a discount rate of 4%.

Reconciliation of level 3 movements

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

	31 Dec 2016 $'000	31 Dec 2015 $'000
Opening balance 1 July	-	-
Recognised on business combination	7,247	-
Payments of contingent consideration	(1,351)	-
Closing balance 31 December	5,896	-

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

8. Events occurring after the Reporting Period

As reported to the market on 21 July 2016 and subsequently updated on 9 November 2016, the Group received an unexpected adverse court judgement against its Russian subsidiary relating to advisory work which RPM performed for a Russian company during the 2014 Financial Year. RPM appealed this decision initially to the Ninth Arbitration Court of Appeal (which was not successful) and subsequently to the Cassation court. RPM has now been notified that its final appeal has not been successful and as such the original court decision stands. RPM has ensured that its insurers have been notified and continue to be updated.

8. Events occurring after the Reporting Period (Continued)

As the appeal process is now at an end this will be the last update on this matter.

No other matter or circumstance has arisen since 31 December 2016 that has significantly affected the Group's operations, results or state of affairs, or may do so in the future years.

DIRECTORS' DECLARATION

In the opinion of the directors of RungePincockMinarco Limited:

a) the accompanying financial statements and notes comply with the *Corporations Act 2001,* including:

   (i) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   (ii) giving a true and fair view of the consolidated entity's financial position at as 31 December 2016 and of its performance for the half year ended on that date; and

b) at the date of this declaration there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors made pursuant to section 303(5) of the *Corporations Act 2001*.

Allan Brackin
Chairman
Brisbane
Dated: 21 February 2017

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of RungePincockMinarco Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of RungePincockMinarco Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of RungePincockMinarco Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. 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 review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of RungePincockMinarco Limited is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit Pty Ltd

BDO

TMann

T R Mann
Director

Brisbane, 21 February 2017

CORPORATE DIRECTORY

Directors

Allan Brackin
Chairman

Richard Mathews
Managing Director

Dr Ian Runge
Non-executive Director

Ross Walker
Non-executive Director

Group General Counsel and Company Secretary

James O'Neill

Registered Office

Level 2, 295 Ann Street
Brisbane QLD 4000
Ph: +61 7 3100 7200
Fax: +61 7 3100 7297
Web: www.rpmglobal.com

Auditor

BDO Audit Pty Ltd
Level 10, 12 Creek Street
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