ANNUAL REPORT

2019

RPMGLOBAL

CONTENTS

CHAIRMAN'S REPORT

Dear Fellow Shareholders,

The past twelve months has seen our business continue to execute on its strategy of developing and delivering world class technology solutions for the mining industry.

At the same time, we have not lost focus on the value and strength of our Advisory and GeoGAS businesses which both continue to perform strongly.

Revenue from our Advisory division grew again in 2019. Whilst pricing remained competitive in the low to medium sized projects, clients continue to recognise the value we can add in transactional and complex multi-asset projects.

The GeoGAS division had another strong year with an increased contribution – a good result considering the number of coal gas tests for exploration reduced 19% year on year.

The Software division had a strong year in terms of new customer's acquiring RPM software products for the first time. The breadth and depth of our software offering, along with the innovative nature of our solutions, resulted in 15 new customers signing on to start to use our software for the first time during 2019.

Financial Year 2019 was the first full year that the Company offered a subscription licensing alternative to our customers. We believe this strategy will deliver great benefits to both our customers and shareholders.

Financial Year 2019 was again a year of above industry average investment in software development as the Company rounded out its scheduling product suite and completed the development program for its financial product suite. We expect to see our new software development investment decrease to a level more consistent with industry norms over the next two years.

Whilst the management team looked at several potential acquisition opportunities during the year, after careful consideration it was determined that none of these opportunities delivered the exposure to the market we are looking for and on that basis the potential acquisitions did not proceed beyond the initial diligence stage.

On the 1 September 2018 Stewart Butel was appointed to the RPM Board as a Non-Executive Director. His appointment was subsequently resoundingly ratified by shareholders at the AGM on 30 October 2018.

Stewart has a strong association with the mining industry having sat on, or chaired, several industry boards. These include President of the Queensland Resources Council (QRC) and Chairman of the Australian Coal Association and its low emissions technology fund ACALET. Stewart was also previously Chairman of the Minerals Council Coal Forum and a Director with the Minerals Council of Australia and the Western Australian Chamber of Mines and Energy. Stewart is also current Non-Executive Director of Gladstone Ports Corporation Limited and Chairman of Stanmore Coal Limited. He has over 40 years' experience in the Australian resources industry having formerly been the Managing Director of Wesfarmers Resources and its associated boards until he retired in August 2016.

RPM maintains a strong balance sheet with over $28 million of cash in the bank (as at 30 June 2019) and no debt.

During 2019, the Company paid out post completion payments for the iSolutions acquisition ($2.1 million) and for the MinVu ($0.5 million) acquisition.

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

CHAIRMAN'S REPORT

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

The Board thanks its shareholders for their ongoing support of the Company's software strategy and remains firmly of the opinion that the software investments made by the Company will provide the growth engine for the business in 2020 and beyond.

Allan Brackin
Chairman

MANAGING DIRECTOR'S REPORT

Market Commentary

Pleasingly for the industry, with the exception of Iron Ore, commodity prices remained relatively stable during the 2019 Financial Year.

The Iron Ore price spiked markedly following the Vale Brumadinho tailings dam disaster and has remained at inflated levels since.

With commodity prices remaining strong, mining companies are making healthy profits and as a result have, generally speaking, continued to return excess cash to shareholders through impressive dividend payouts rather than undertaking mergers and acquisitions or investing heavily in Greenfield projects or Brownfield expansions.

Just recently, the major mining companies have unsurprisingly started to talk about the lost decade of exploration which has occurred because the mining juniors who have traditionally invested in exploration have had little access to capital.

The cost of mining rose again during the year as labour shortages combined with increasing service provider costs flowed through to operational costs. For yet another year capital expenditure remained constrained with miners continuing to "sweat their assets".

Whilst we expect mining companies to remain focused on keeping their operational costs as low as possible, at some stage we expect they will have to increase their capital expenditure in order to maintain and replace production capacity.

My comments in last year's Annual Report that "mining companies remain slow to embrace technology" continues to ring true. There has been little change in their "fast followers" approach which means that in many cases, miners want to effectively test drive new innovative products before committing to them which results in a higher cost of sale for the technology vendors.

High Level Summary of Financial Results

Total revenue for the year increased by $6.4 million (8.7%) to $80.1 million (2018: $73.7 million).

Financial Year 2019 was the first full year the Company offered a subscription licensing alternative to our customers. During the year we sold $10.3 million in total subscription revenue up $8.6 million from the previous year (2018: $1.7 million). Revenue from these subscription licenses will be spread across the committed contract duration for each transaction which in most cases is three years.

This significant increase in subscription licensing has, as expected, impacted on our perpetual license sales which decreased slightly to $12.1 million down $1.5 million from last year's number of $13.6 million.

On a consolidated basis the total value of contracted software subscriptions and perpetual licenses sold in 2019 was $22.4 million up $7.1 million (46%) over the previous year (2018: $15.3 million).

Given $9.4 million of $10.3 million in total subscription revenue sold during the year will be spread across future years, we were pleased to report a full year EBITDA of $5.9 million up $1.5 million on the previous year's result (2018: $4.4 million).

Given the move to the subscription license model, which inherently results in lower revenue and earnings over the initial years whilst the Company grows its total committed annual recurring revenue, the Board has taken a conservative approach to projections on future taxable income to calculate deferred tax assets relating to the Group's tax losses in prior years.

The write down of the deferred tax asset in 2019 by $6.4 million has resulted in a Loss after Tax of $5.9 million (2018: Profit after Tax of $0.2 million).

MANAGING DIRECTOR'S REPORT

Software Division

Total software revenue increased 9.2% to $48.8 million (2018: $44.7 million).

The Company sold $22.4 million of software licences in 2019 of which $12.1 million were perpetual licences (and are recognised as one-off revenue during the financial year) and $10.3 million in subscription licences (which will be recognised monthly over the committed term of each contract across multiple financial reporting periods).

Of the $10.3 million in subscription licenses sold, $0.9 million, was recognised as revenue in the 2019 financial statements. The total revenue from subscription licences reported in 2019 was $2.4 million a 200% increase on the previous year (2018: $0.8 million).

The Annual Recurring Revenue (ARR) run rate for subscription software licences (as at the date of this report) is $7.1 million per annum.

The Company has already sold $6.1 million in total contracted subscription revenue in 2020 financial year.

Annual recurring revenue from software maintenance finished the year at $21.8 million (2018: $19.6 million) an 11% year on year increase.

The 46% growth in perpetual and subscription software licence sales has driven demand for software consulting services which finished the year at $12.5 million a $1.8 million (17%) increase over 2018 ($10.7 million).

The Company started the 2019 financial year with an annual Research and Development expenses run rate of $14.4 million and finished the year with an annual run rate of $13.1 million. The last quarters of the financial year saw the completion of two six-year accelerated next evolution software development programmes.

The resultant launch following the completion of the development programmes of the mining industry's leading financial modelling software — XERAS Enterprise 3.0 (XE3) and the second instalment of XPAC Solutions Underground Coal Solution marks two major milestones.

These important product releases not only build upon the Company's strong foundations as the pre-eminent supplier of technical software to the mining industry but also enable RPM to kick off the 2020 financial year having cleared a considerable backlog of complicated new software development.

The highly anticipated release of XE3 marks the completion of a work program that included rebuilding the entire underlying architecture within the product. As a result, RPM has taken XERAS from a respected desktop product to a true enterprise offering that provides complete standardisation and integration across mining operations and departments.

RPM's advanced mine planning and scheduling software is used extensively around the world. The objective of the XPAC Solutions development programme, when we commenced the undertaking back in 2013, was to deliver to the market mine planning products that were built to be used for specific types of commodities and mining methods. The intention was to remove the need for bespoke development at each mining operation and introduce a best practice process driven application.

Since the programme commenced RPM has released a total of ten commodity-based solutions (Open Pit Metals, Stratigraphic Metals, Underground Metals, Oil Sands, Open Pit Diamonds, Open Cut Coal, Steep Coal, Quarry, Open Cut Phosphate and Underground Coal). This financial year saw a 77% increase in sales of these scheduling products over the previous year.

During the year we announced that the Company would release a new Intelligent

MANAGING DIRECTOR'S REPORT

Design Product in the first half of 2020 financial year.

This product will apply the very latest parametric design capabilities and use the most advanced software technology and enterprise architecture. It will compete with the currently available products in the market which are based upon 30-year-old principles and the same underlying code base which has been adapted, reformed, tailored and customised over the years.

We had previously elected not to develop our own mine design software and instead focused on 'open integration' with other third-party design applications. This approach was built on the assumption that third party vendors would embrace and allow the free flow of data between applications and across the enterprise. The catalyst for building our own design solution has been driven by the realisation that other suppliers to the industry have inherent limitations around enterprise interoperability. Furthermore, as the engineering process 'starts with design' a comprehensive RPM suite of planning products needs to include Intelligent Design solutions in order to round-out RPM's established suite of integrated solutions in the areas of Mine Scheduling, Simulation, Finance, Maintenance and Operations.

The breadth and depth of our innovative software offering has seen 15 new customers sign up during 2019. While all these customers have purchased software modules to address a specific need, our hope is that over time they will purchase and roll out more of our suite of integrated products.

The move to subscription licensing has necessitated RPM establishing a dedicated Cloud delivery team who are responsible for installing and monitoring our customers' Cloud implementations. Over time we expect this team to be cost neutral.

Advisory Division

Demand for our mining advisory services increased 8.4% during 2019 to $25.9 million (2018: $23.9 million). This division continues to positively contribute to the financial results of the business.

There is no doubt that resisting the urge to compete for lower and risker projects during the downturn and instead focusing on delivering the highest quality services (sometimes with little financial return), was the right approach.

Our advisory division's reputation for independent assessment and financier due diligence roles remains second to none, which positions us well for the larger and more complex projects now on the horizon.

The Advisory team continues to provide advice on the majority of the largest Mergers and Acquisitions, most of which are sourced from North Asian clients for assets right across the globe.

The ability to leverage RPM's technology in large studies globally is a key market advantage resulting in the Advisory team winning sizeable studies during 2019. This supports both improvements to our technology but also allows us to demonstrate the real value clients can derive from combining our Advisory team's industry expertise and our leading technology products.

Our previously reported dispute with a Russian mining company (which dates back to June 2015) has now been fully resolved and the wash up with reimbursement from RPM's insurance is accounted for in these financial statements.

GeoGAS Division

GeoGAS had another solid year with revenue flat at $4.7 million (2016: $4.6 million).

MANAGING DIRECTOR'S REPORT

The drop-off in testing volumes associated with coal exploration was offset by an increase in compliance testing.

Company Expenses

Operating expenses for the full year came in at $67.3 million, $4.1 million more than 2018 ($63.2 million).

This increase was mainly attributable to a 17% increase in software consulting headcount along with the resumption of annual salary increases due to the market demand for skilled employees. The Company also incurred $1.0 million in once off Merger and Acquisition ($0.1 million), Litigation ($0.1 million), Restructuring ($0.4 million) and Recruitment ($0.4 million) costs which were reported above the line.

The Company was also required to increase its provision for doubtful debts by $0.8 million due to its growth in revenue.

Net cash inflows from operations for 2019 was $7.3 million (2018: $7.0 million) and at 30 June 2019 the Company had $28.2 million cash in the bank and no debt after paying $2.6 million in acquisition earnouts.

Future Outlook

We expect to see continued growth in our Advisory and Software divisions.

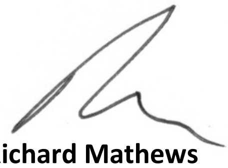
We anticipate that with the right economic incentives customers will continue to move from perpetual software licensing to subscription licensing. It feels to me like we are one year through a two-to-three-year journey. Having said that there are many customers who will always prefer to purchase perpetual licenses for many reasons (e.g. size, location, capital structure etc.) and hence there will always be a level of perpetual licenses sold.

The Company invested another $13.7 million on its software products during the year which has resulted in a more complete and richer set of products than we had this time last year.

There is no doubt in my mind that our simulation products will become the de-facto standard for mobile mining equipment simulation for mining companies, consulting companies and the global original equipment manufacturers.

We are expecting great things from XECUTE, our ultra-short-term scheduling product, in 2020 financial year with seven new customers acquiring licenses over the last fourteen months.

I, along with the rest of the team remain enthusiastic about our software products and expect to see strong growth across all of the product suites in 2020.



Richard Mathews

Managing Director and Chief Executive Officer

DIRECTORS' REPORT

Your Directors present their report on RPMGlobal Holdings Limited (the "Company") and its subsidiaries (referred to hereafter as the "Group") for the year ended 30 June 2019.

1. Directors

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

Non-executive

Allan Brackin – *Chairman*

Stewart Butel

Ross Walker

Executive

Richard Mathews – *CEO and Managing Director*

2. Principal Activities

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

a) Software licensing, consulting, implementation and maintenance;

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

Revenue in the 2019 financial year grew by 8.7% to $80.1 million (2018: $73.7 million). All divisions increased their revenue, Software by 9.2%, Advisory by 8.4% and GeoGAS by 2.2%.

	2019 $m	2018 $m	Change %
Software			
- Licence Sales	*12.1*	*13.6*	*(11.0%)*
- Licence subscriptions	*2.4*	*0.8*	*200.0%*
- Maintenance	*21.8*	*19.6*	*11.2%*
- Consulting	*12.5*	*10.7*	*16.8%*
Total Software	48.8	44.7	*9.2%*
Advisory	25.9	23.9	*8.4%*
GeoGAS	4.7	4.6	*2.2%*
Other Revenue	0.7	0.5	*40.0%*
Total Revenue	**80.1**	**73.7**	*8.7%*
Direct Costs	(6.9)	(6.1)	*13.1%*
Net Revenue	**73.2**	**67.6**	*8.3%*

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:

	2019 $m	2018 $m	Change %
Net Revenue	**73.2**	**67.6**	8.3%
Operating Expenses	(67.3)	(63.2)	6.5%
EBITDA[1]	**5.9**	**4.4**	34.1%
Depreciation and Amortisation	(4.0)	(3.4)	17.7%
Russian Litigation	(0.2)	(0.3)	-
iSolutions Earn out Provision	(0.3)	(0.3)	-
Net Finance (costs)/income	0.3	0.2	50.0%
Profit/(Loss) before income tax	**1.7**	**0.6**	183.3%
Income tax expense	(7.6)	(0.4)	-
Profit/(Loss)	**(5.9)**	**0.2**	-
Earnings Per Share (cents per share)	**(2.7)**	**0.11**	**-**

[1] Earnings before Interest, Tax, Depreciation, Amortisation and Litigation is a non-IFRS disclosure. In the opinion of the Directors, the Group's EBITDA reflects the results generated from ongoing operating activities and is calculated in accordance with AICD/Finsia principles. The non-operating adjustments outlined above are considered to be non-cash and/or non-recurring in nature. These items are included in the Group's consolidated statutory result but excluded from the underlying result. EBITDA has not been audited or reviewed.

Other operating costs increased by $4.1m of which $3.5m related to employment costs including additional software sales representatives ($0.7 million), software consulting headcount ($1.9 million), once-off restructuring costs ($0.4 million). The Company also increased its provision for doubtful debts ($0.8 million) and spent more on professional fees ($0.6 million) following commencement of litigation in China and South Africa to recover debts owed to the Company.

As a result of this investment EBITDA (Earnings before Interest, Tax, Depreciation, Amortisation, Litigation) increased by $1.5 million to $5.9 million (2018: $4.4 million).

The Group produced $7.3 million in net operating cashflow and had cash reserves of $28.2 million (2017: $23.3 million) and no bank debt at the end of the financial year.

During the year the Group paid out $2.6 million for software acquisitions and earn-out payments for prior acquisitions.

Software Division

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

Net Software revenue increased by 9.2%. In 2019, the Company offered subscription licence alternative to its perpetual licence offering. During the year the Group sold $10.3 million in subscription licences (2018: $1.7 million). However, as the subscription revenue is recognised over the term of the subscription, the revenue recognised in 2019 from these subscription licenses was $0.9 million resulting in a total subscription revenue for the financial year of $2.4 million (2018: $0.8 million).

With the increase in subscription license sales, revenue from perpetual licence sales decreased to $12.1 million (2018: $13.6 million).

DIRECTORS' REPORT

4. Review and Results of Operations (Continued)

The Annual Recurring Revenue (ARR) run rate for subscription software licences (as at the date of this report) is $7.1 million per annum and the Company has sold $6.1 million in total subscription revenue already in the 2020 financial year.

The Group decreased its investment in R&D to $13.7 million following completion of its scheduling solutions development programme of work.

The Company welcomed 15 new customers who purchased RPM software for the first time. We expect these customers to expand their use of our software as they become more familiar with our suite of integrated products.

Advisory Division

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

Revenue from Advisory services for the year grew by 8.4% to $25.9 million (2018: $23.9 million).

GeoGAS

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

Revenue from the GeoGAS business increased by 2.2% to $4.7 million (2018: $4.6 million).

Operating Expenses

Total Operating expenses increased by 6.8% ($4.1 million) to $67.3 million during the year (2018: $63.2 million).

This increase was mainly attributable to an increase in employee benefits expenses as a result of an increase in software consulting and sales headcount and annual salary increases for the Company's advisory and technical consulting divisions.

There was also $1.2 million in once-off costs incurred during the year.

Provision of doubtful debts increased by $0.8 million as a result of an increase in revenue.

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

As a Board and management team we remain fully invested in growing our suite of software products.

In 2019 we completed the last of our dedicated scheduling solutions. This brings to an end an eight year development programme during which we will have developed and released 10 commodity based scheduling solutions each one addressing a different mining method.

We also completed the final key functional requirement for XERAS Enterprise which also concludes a seven year development programme.

It has now been twenty months since we started to offer subscription style agreements to customers who are looking to purchase our software and we are really starting to see some traction in this area. We have already sold $6.1 million of total software subscription license in 2020 financial year and expect to see that number continue to grow.

DIRECTORS' REPORT

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

The near term outlook for our Advisory business remains positive. We remain 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. The division continues to expand its service offerings to leverage the value provided by our existing and recently acquired software products in order to assist its clients with operational advisory demand. We continue to see the value of advisory as a great introducer to RPM's software offerings.

With respect to our GeoGAS business, if coal prices remain firm, we are confident this division will have another solid year.

6. 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 became part of the Volante Group. Qualifications: Bachelor of Applied Science. Other listed company directorships in last three years: Chairman of GBST Holdings Limited since 2005, Chairman of OptiComm Limited since 2014, Sensera Limited since 2018.	*Chairman* *Member – HR and Remuneration Committee* *Member -Audit and Risk Committee*
Stewart Butel	Stewart was appointed to the RPMGlobal Holdings Limited Board of Directors on 1 September 2018. Stewart is currently a non-executive director of Gladstone Ports Corporation Limited and Chairman of Stanmore Coal Limited and has over 40 years' experience in the Australian resources industry. Stewart was formerly managing director of Wesfarmers Resources and its associated boards where he retired in August 2016 following a 16-year tenure with the group having joined Wesfarmers Limited in June 2000. Qualifications: Bachelor of Science (University of Newcastle), Graduate Diploma in Business Studies (University of New England) and is a graduate of AICD and the Advanced Management Programme at Harvard Business School. Other listed company directorships in last three years: Chairman and Director of Stanmore Coal Limited since 2017, Director of Duet Group until 16 May 2018	*Non-executive Director* *Member and Chairman – Audit and Risk Committee* *Chairman – HR and Remuneration 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 2017. 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: Wagners Holding Company Limited since its IPO in December 2017	*Non-executive Director* *Member and Chairman – Audit and Risk Committee* *Member – HR and Remuneration Committee*

DIRECTORS' REPORT

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

Directors	Experience	*Special responsibilities*
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: None in the last three years. Richard is a director on the Telstra Health Pty Ltd Board and also previously sat 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 RPMGlobal Holdings Limited in December 2012. Qualifications: Bachelor of Laws and Bachelor of Information Technology from Queensland University of Technology, Graduate Diploma in Applied Corporate Governance from the Governance Institute of Australia, Solicitor and Member of the Queensland Law Society and Associate Member of the Governance Institute of Australia (AGIA) and Chartered Institute of Secretaries (ACIS).

7. 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 2019 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	10	10	4	4	1	1
Stewart Butel [1]	9	9	3	3	1	1
Ross Walker	10	10	4	4	1	1
Richard Mathews	10	10	-	-	-	-

[1] Stewart Butel commenced as Director on 1 September 2018

8. Directors' Interests

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

	RPMGlobal Holdings Limited	
	Ordinary shares	**Options over ordinary shares**
A Brackin	1,098,311	-
S Butel	100,000	-
R Walker	958,333	-
R Mathews [1]	8,220,138	-

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

9. Shares Under Option

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

Date options granted	Expiry date	Issue price of shares	Number under option
31/10/2014	31/10/2019	$0.61	100,000
03/03/2015[1]	03/03/2020	$0.59	3,681,000
15/07/2015[1]	15/07/2020	$0.57	100,000
08/09/2015[1]	08/09/2020	$0.56	2,995,000
29/08/2016	29/08/2021	$0.49	125,000
29/11/2016	29/11/2021	$0.54	500,000
09/02/2017[1]	09/02/2022	$0.59	2,396,666
08/06/2017	08/06/2022	$0.57	290,000
1/10/2017[1]	31/10/2022	$0.77	2,654,999
15/03/2018	15/03/2023	$0.67	420,000
14/09/2018[1]	14/09/2023	$0.61	3,405,166
14/12/2018[1]	14/12/2023	$0.58	893,000
15/03/2019	15/03/2024	$0.58	1,280,000
7/06/2019	07/06/2024	$0.60	300,000
			19,140,831

[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.

10. Shares issued on the exercise of options

During the financial year the following shares were issued following exercise of previously issued share options:

Exercise Date	Option Grant Date	Number of shares issued
6/07/2018	29/08/2016	66,666
27/08/2018	8/09/2015	20,000
4/09/2018	3/03/2015	25,000
3/10/2018	3/03/2015	22,500
3/10/2018	8/09/2015	18,334
24/01/2019	29/11/2016	166,666
15/02/2019	29/11/2016	100,000
12/03/2019	8/09/2015	25,000

11. Indemnity and Insurance of Officers

The Company has indemnified the Directors and Officers of the Company for costs incurred, in their capacity as a Director or Officer, 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. Environmental Legislation

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

DIRECTORS' REPORT

13. 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.

	2019	2018
BDO (QLD) Pty Ltd	**$**	**$**
Preparation of Income tax return and other taxation services	**9,100**	**8,117**

14. 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.

15. Auditor's Independence Declaration

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

16. Legal Proceedings on Behalf of the Group

No person has applied for leave of the 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.

17. 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.

18. Matters Subsequent to the End of the Financial Year

No matter or circumstance has arisen since 30 June 2019 that has significantly affected the Group's operations, results or state of affairs, or may do so in future years.

19. Rounding of Amounts

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

DIRECTORS' REPORT

20. Remuneration Report - Audited

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

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

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

Remuneration and compensation have the same meaning in this report.

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

In addition to the Directors, the Company assessed the Chief Financial Officer, Group General Counsel & Company Secretary and the Executive General Manager of the Advisory Division as having authority and responsibility for planning, directing and controlling all activities of the Group, directly or indirectly, during the 2019 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 2019 financial year the Committee did not use a remuneration consultant. The Group's Corporate Governance Statement provides further information on the role of this Committee.

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

Executive Director and other Key Management Personnel

The compensation structures take into account:

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

Compensation packages include a mix of fixed, 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.

DIRECTORS' REPORT

20. Remuneration Report - Audited (Continued)

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

Performance Linked Compensation

Performance linked compensation includes both short-term and long-term incentives and is designed to reward KMP for meeting and exceeding their Key Performance Objectives (KPOs). The Short-Term Incentive (STI) is an 'at risk' incentive provided in the form of cash, while the Long-Term Incentive (LTI) is provided as options over ordinary shares of the Company under the rules of the Employee Share Option Plan (ESOP) (see note 23 to the financial statements). The current long-term performance incentive structure was first implemented in the 2013 year and was most recently approved by shareholders at the 24 November 2016 Annual General Meeting.

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

	Performance based compensation					
Year ended 30 June	**STI $'000**	**LTI $'000**	**Total $'000**	**EBITDA[1] $'000**	**EPS cents**	**Share price $**
2015	1,072	90	1,162	2,600	(3.9)	0.56
2016	112	230	342	(3,224)	(5.3)	0.41
2017	968	70	1,038	4,582	0.02	0.55
2018	-	46	46	4,369	0.11	0.62
2019	**217**	**119**	**336**	**5,877**	**(2.7)**	**0.59**

[1] *Earnings before Interest, Tax, Depreciation, Impairment and Restructuring costs (non-IFRS disclosure)*

Short-term Incentive Bonus

Effective 1 July 2012, the Group implemented a variable pay structure, referred to as the Executive Incentive Plan (EIP). Each of the identified KMP has a portion of their remuneration linked to the EIP. The key objective of the EIP 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 EIP 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 2019 R Mathews, M Kochanowski and J O'Neill had 100% of their STI based on the Company's adjusted EBITDA performance. P Baudry (Advisory) had 50% of his STI based on the Company's adjusted EBITDA performance and 50% based on the adjusted EBITDA contribution of the Advisory division. Cash bonuses are paid, provided for or forfeited in the year to which they relate.

The Board assessed performance of the KMP for the 2019 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%
P Baudry	50%	50%	50%	50%

DIRECTORS' REPORT

20. Remuneration Report - Audited (Continued)

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

Long-term Incentive

Options were issued in the 2014, 2015, 2016, 2017, 2018 and 2019 financial years under the Company's Employee Share Option Plan (ESOP) to KMP at the discretion of the Board. Consistent with the current ESOP plan terms last approved by shareholders at the Company's 2016 Annual General Meeting, the rules of the ESOP Plan enable the Board to determine the applicable vesting criteria and to set a timetable for vesting of options in the Offer Document, including vesting in tranches over a defined period. The Board has the discretion on whether or not to set performance hurdles for vesting or to link vesting solely to a defined service period in order to drive key staff retention and reward longevity of service. The options issued since November 2013 vest in tranches over a three year period from the date of grant, have vesting conditions linked to the holder maintaining employment with the Group over that period and are issued at an exercise price based on the volume weighted average price of the Company's shares in the five days prior to each grant.

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

Non-executive Directors

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

20B. Service Agreements

Non-executive Directors' base remuneration was last reviewed with effect from 1 July 2018. Both the Chairman's and Non-executive Directors' remuneration is inclusive of committee fees.

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
S Butel	Unlimited in term	$80,000	Nil	Nil
R Walker	Unlimited in term	$80,000	Nil	Nil
R Mathews	Unlimited in term	$650,000	6 months	6 months
M Kochanowski	Unlimited in term	$306,600	3 months	3 months
J O'Neill	Unlimited in term	$306,600	3 months	3 months
P Baudry [1]	Unlimited in term	$434,000	3 months	3 months

[1] Australian dollar equivalent, salary of P Baudry is set and paid in Chinese Yuan and Russian Roubles.

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

DIRECTORS' REPORT

20. Remuneration Report - Audited (Continued)

20C. Details of Remuneration

Directors

Chairman (Non-executive)
Allan Brackin

Executive Directors
Richard Mathews – CEO and Managing Director

Non-executive Directors
Stewart Butel
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 2019 financial year:

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

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

	Short-term benefits				Post - employ ment benefits	Share-based payment (options)	Total	Proportion of remun-eration perform-ance related	Value of options as propor-tion of remun-eration
	Cash salary and fees	Movement in leave entitle-ments	STI cash bonus	Non – monetary benefits [1]					
2019	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**%**	**%**
Directors									
A Brackin	91,324	-	-	-	8,676	-	100,000	-	-
S Butel[2]	60,883	-	-	-	5,784	-	66,667	-	-
R Walker	80,000	-	-	-	-	-	80,000	-	-
R Mathews	644,000	(50,673)	-	11,055	6,000	-	610,382	-	-
	876,207	(50,673)	-	11,055	20,460	-	857,049	-	-
Other Key Management Personnel									
M Kochanowski	273,927	21,049	-	11,055	26,023	43,777	375,831	12%	12%
J O'Neill	273,927	31,413	-	11,055	26,023	43,582	386,000	11%	11%
P Baudry	438,254	32,991	217,000	11,448	-	31,563	731,256	34%	4%
	986,108	85,453	217,000	33,558	52,046	118,922	1,493,087	22%	8%
Total	**1,862,315**	**34,780**	**217,000**	**44,613**	**72,506**	**118,922**	**2,350,136**	**14%**	**6%**

[1] Includes car park and health insurance

[2] Stewart Butel started 1 September 2018.

20. Remuneration Report - Audited (Continued)

20C. Details of Remuneration (Continued)

	Short-term benefits								
	Cash salary and fees	Movement in leave entitle-ments	STI cash bonus	Non – monetary benefits [1]	Post - employ ment benefits	Share-based payment (options)	Total	Proportion of remun-eration perform-ance related	Value of options as propor-tion of remun-eration
2018	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**%**	**%**
Directors									
A Brackin	91,324	-	-	-	8,676	-	100,000	-	-
Dr I Runge [2]	80,000	-	-	-	-	-	80,000	-	-
R Walker	70,000	-	-	-	-	-	70,000	-	-
R Mathews	639,167	19,935	-	10,608	10,833	-	680,543	-	-
	880,491	19,935	-	10,608	19,509	-	930,543	-	-
Other Key Management Personnel									
M Kochanowski	255,708	13,464	-	10,608	24,292	18,165	322,236	6%	6%
J O'Neill	255,708	19,717	-	10,608	24,292	18,054	328,379	5%	5%
P Baudry	361,336	15,734	-	11,587	-	10,236	398,893	3%	3%
	872,752	48,914	-	32,803	48,584	46,455	1,049,508	4%	4%
Total	**1,753,242**	**68,850**	**-**	**43,410**	**68,094**	**46,455**	**1,980,051**	**2%**	**2%**

[1] Includes car park and health insurance

[2] Dr Ian Runge who was a non-executive director for Financial Year 2018 retired effective 30 June 2018.

20D. Bonuses and Share-based Compensation Benefits

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

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, based on an estimate of the number of options likely to vest, and the amount is included in the remuneration tables above. Fair values at grant date are determined using Trinominal Lattice model 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 23 in the financial report.

Details of options over ordinary shares in the Company provided as remuneration to each Director and each of the KMP and the Group are set out below. When exercisable, each option is convertible into one ordinary share of RPMGlobal Holdings Limited. Further information on the options is set out in note 23 to the financial statements.

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

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

DIRECTORS' REPORT

20. Remuneration Report - Audited (Continued)

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

	Number of options granted during the year	Value of options at grant date [1] $	Number of options vested during the year [2]
A Brackin	-	-	-
S Butel [3]	-	-	-
R Walker	-	-	-
R Mathews	-	-	-
M Kochanowski	300,000	59,488	166,668
J O'Neill	300,000	59,488	158,334
P Baudry	300,000	59,488	133,334

[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 third tranche of options granted in September 2015 vested in September 2018 with an exercise price of $0.56 cents expiring in September 2020 and to-date no options in this grant have been exercised by the KMP. The second tranche of options granted in February 2017 vested in February 2019 with an exercise price of $0.59 cents expiring in February 2022 and to-date no options in this grant have been exercised by the KMP. The first tranche of options granted in October 2017 vested in October 2018 with an exercise price of $0.77 cents expiring in October 2022 and to-date no options in this grant have been exercised by the KMP. The Options granted on 13 September 2018 with an exercise price of $0.61 cents expiring in September 2023 and the options granted on 14 December 2018 with an exercise price of $0.58 cents expiring in December 2023 have yet to vest.

[3] S Butel commenced as a Director on 1 September 2018.

Details of options over ordinary shares in the Company provided as remuneration to key management personnel are shown in the table on the following page. 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 including valuation inputs and assumptions are set out in note 23 to the financial statements.

The terms and conditions of each grant of options affecting remuneration of a KMP 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
03/03/2015	03/03/2016	03/03/2020	0.59	$0.19
03/03/2015	03/03/2017	03/03/2020	0.59	$0.23
03/03/2015	03/03/2018	03/03/2020	0.59	$0.25
8/09/2015	8/09/2016	8/09/2020	0.56	$0.17
8/09/2015	8/09/2017	8/09/2020	0.56	$0.19
8/09/2015	8/09/2018	8/09/2020	0.56	$0.21
09/02/2017	09/02/2018	09/02/2022	0.59	$0.17
09/02/2017	09/02/2019	09/02/2022	0.59	$0.21
09/02/2017	09/02/2020	09/02/2022	0.59	$0.23
26/10/2017	26/10/2018	26/10/2022	0.77	$0.19
26/10/2017	26/10/2019	26/10/2022	0.77	$0.23
26/10/2017	26/10/2020	26/10/2022	0.77	$0.26

20. Remuneration Report - Audited (Continued)

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

Grant date	Vesting and exercise date	Expiry date	Exercise Price, $	Value per option at grant date
13/09/2018	13/09/2019	13/09/2023	0.61	$0.17
13/09/2018	13/09/2020	13/09/2023	0.61	$0.20
13/09/2018	13/09/2021	13/09/2023	0.61	$0.23
14/12/2018	14/12/2019	14/12/2023	0.58	$0.14
14/12/2018	14/12/2020	14/12/2023	0.58	$0.17
14/12/2018	14/12/2021	14/12/2023	0.58	$0.19

	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	-	-	-	-	-	-	-	-	-
S Butel	-	-	-	-	-	-	-	-	-
R Walker	-	-	-	-	-	-	-	-	-
R Mathews	-	-	-	-	-	-	-	-	-
M Kochanowski	2014	2015-2017	50,000	$0.21 - $0.25	-	-	50,000	-	100%
	2015	2016-2018	200,000	$0.19 - $0.25	-	-	-	-	-
	2016	2017-2019	200,000	$0.17 – $0.21	66,668	33%	-	-	-
	2017	2018-2020	150,000	$0.17 – $0.23	50,000	33%	-	-	-
	2018	2019-2021	150,000	$0.19 – $0.26	50,000	33%	-	-	-
	2019	2020-2023	300,000	$0.14 – $0.23	-	-	-	-	-
J O'Neill	2014	2015-2017	50,000	$0.21 - $0.25	-	-	50,000	-	100%
	2015	2016-2018	225,000	$0.19 - $0.25	-	-	-	-	-
	2016	2017-2019	175,000	$0.17 – $0.21	58,333	33%	-	-	-
	2017	2018-2020	150,000	$0.17 – $0.23	50,000	33%	-	-	-
	2018	2019-2021	150,000	$0.19 – $0.26	50,000	33%	-	-	-
	2019	2020-2023	300,000	$0.14 – $0.23	-	-	-		-
P Baudry	2014	2015-2017	50,000	$0.21 - $0.25	-	-	50,000	-	100%
	2015	2016-2018	550,000	$0.19 - $0.25	-	-	-	-	-
	2016	2017-2019	250,000	$0.17 – $0.21	83,333	33%	-	-	-
	2017	2018-2020	150,000	$0.17 – $0.23	50,000	33%	-	-	-
	2019	2020-2023	300,000	$0.14 – $0.23	-	-	-		-

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

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

Remuneration Report - Audited (Continued)

20E. Equity Instruments held by Key Management Personnel

No shares were granted as compensation in 2019 (2018: nil). The number of shares and options over shares in the Company held during the financial year by each Director of RPMGlobal Holdings Limited and each of the other key management personnel of the Group, including their personally-related entities, is set out below:

DIRECTORS' REPORT

20. Remuneration Report - Audited (Continued)

20E. Equity Instruments held by Key Management Personnel

(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	-	-	-	-	-
S Butel	-	-	-	-	-
R Walker	-	-	-	-	-
R Mathews	-	-	-	-	-
M Kochanowski	750,000	300,000	(50,000)	1,000,000	550,000
J O'Neill	750,000	300,000	(50,000)	1,000,000	550,000
P Baudry	1,000,000	300,000	(50,000)	1,250,000	900,000

(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	1,098,311	-	-	-	1,098,311
S Butel [1]	-	-	-	100,000	100,000
R Walker	958,333	-	-	-	958,333
R Mathews [2]	8,220,138	-	-	-	8,220,138
Other key management personnel of the Group					
M Kochanowski	183,333	-	-	-	183,333
J O'Neill	40,000	-	-	-	40,000
P Baudry	307,241	-	-	-	307,241

[1] S Butel started 1 September 2018.

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

No options were exercised during the 2019 year by the KMP.

20F. Loans and Other Transactions with Key Management Personnel and their related parties

There were no transactions or loans with Key Management Personnel and their related parties during the 2019 financial year.

20J. 2018 Annual General Meeting (AGM)

The Company's 2018 remuneration report was unanimously adopted by show of hands at 2018 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: 23 August 2019

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

As lead auditor of RPMGlobal Holdings Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

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

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

T R Mann
Director

BDO Audit Pty Ltd

Brisbane, 23 August 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 $'000	2018 $'000
Revenue from contracts with customers			
Services		43,114	39,158
Licence sales		12,061	13,605
Software maintenance		21,807	19,606
Software subscription		2,390	778
Total revenue from contracts with customers		**79,372**	**73,147**
Other revenue		721	557
Rechargeable expenses		(6,889)	(6,136)
Net Revenue		**73,204**	**67,568**
Expenses			
Amortisation	11	(3,143)	(2,659)
Depreciation	10	(877)	(739)
Employee benefits expense		(49,797)	(46,921)
Commissions and incentives		(3,242)	(3,960)
Other employee costs		(994)	(775)
Office expenses		(2,512)	(2,632)
Professional services		(1,839)	(1,396)
Professional services – Russian litigation		(185)	(273)
Rent		(3,426)	(3,418)
Travel expenses		(2,842)	(2,537)
Other expenses		(2,675)	(1,560)
		(71,532)	**(66,870)**
Profit/(Loss) before finance costs and income tax		**1,672**	**698**
Finance income		363	272
Finance costs		(18)	(32)
Fair value adjustments	21(d)	(272)	(314)
Net finance costs		**73**	**(74)**
Profit/(Loss) before income tax		**1,745**	**624**
Income tax expense	4	(7,598)	(380)
Profit/(Loss) after income tax		**(5,853)**	**244**

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 $'000	2018 $'000
Profit/(Loss)		**(5,853)**	**244**
Other comprehensive income			
Items that will not be classified subsequently to profit or loss:			
Re-measurements of defined benefit obligations		3	11
Items that may be classified subsequently to profit or loss:			
Foreign currency translation differences		(257)	(166)
Other comprehensive income / (loss), net of tax		**(254)**	**(155)**
Total comprehensive income		**(6,107)**	**89**
Earnings per share			
Basic earnings per share (cents)	22	(2.7)	0.11
Diluted earnings per share (cents)	22	(2.7)	0.11

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Notes	2019 $'000	2018 $'000
ASSETS			
Current assets			
Cash and cash equivalents	6	28,207	23,319
Trade and other receivables	7	20,785	21,388
Contract assets	8	3,062	3,065
Current tax receivable		208	328
Other assets	9	2,414	1,281
Total current assets		**54,676**	**49,381**
Non-current assets			
Trade and other receivables	7	196	233
Property, plant and equipment	10	1,675	1,876
Deferred tax assets	5	2,729	9,145
Intangible assets	11	34,245	37,140
Total non-current assets		**38,845**	**48,394**
Total assets		**93,521**	**97,775**
LIABILITIES			
Current liabilities			
Trade and other payables	12	7,864	7,521
Provisions	13	4,543	4,650
Current tax liabilities		370	129
Other Liabilities	14	19,634	16,486
Total current liabilities		**32,411**	**28,786**
Non-current liabilities			
Provisions	13	1,291	1,416
Deferred tax liabilities	5	-	16
Other Liabilities	14	142	2,258
Total non-current liabilities		**1,433**	**3,690**
Total liabilities		**33,844**	**32,476**
Net assets		**59,677**	**65,299**
EQUITY			
Contributed equity	15	87,936	87,708
Reserves	16	(1,788)	(2,284)
Accumulated losses		(26,471)	(20,125)
Total equity		**59,677**	**65,299**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	Contributed equity	Reserves	Accumulated losses	Total equity
	$'000	$'000	$'000	$'000
Balance at 30 June 2018	**87,708**	**(2,284)**	**(20,125)**	**65,299**
Adoption of AASB 9 (note 2(a))	-	-	(496)	(496)
Balance at 1 July 2018	**87,708**	**(2,284)**	**(20,621)**	**64,803**
Loss for the year		-	(5,853)	(5,853)
Other comprehensive income/(expense)	-	(208)	3	(205)
Total comprehensive income	**-**	**(208)**	**(5,850)**	**(6,058)**
Transactions with owners in their capacity as owners				
Contributions of equity, net of transaction costs	228	-	-	228
Employee share options	-	704	-	704
	228	**704**	**-**	**932**
Balance at 30 June 2019	**87,936**	**(1,788)**	**(26,471)**	**59,677**
Balance at 1 July 2017	**85,175**	**(2,995)**	**(20,380)**	**61,800**
Profit for the year	-	-	244	244
Other comprehensive income/(expense)	-	(166)	11	(155)
Total comprehensive income	**-**	**(166)**	**255**	**89**
Transactions with owners in their capacity as owners				
Contributions of equity, net of transaction costs	2,533	-	-	2,533
Employee share options	-	877	-	877
	2,533	**877**	**-**	**3,410**
Balance at 30 June 2018	**87,708**	**(2,284)**	**(20,125)**	**65,299**

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

CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 $'000	2018 $'000
Cash flows from operating activities			
Receipts from customers		87,216	81,433
Payments to suppliers and employees		(79,069)	(73,700)
		8,147	7,733
Interest received		363	272
Finance costs		(47)	(32)
Onerous leases payments		(293)	(147)
Income taxes paid		(839)	(793)
Net cash (outflow) / inflow from operating activities	20	**7,331**	**7,033**
Cash flows from investing activities			
Payments for property, plant and equipment	10	(670)	(512)
Proceeds from sale of property, plant and equipment		31	-
Payments for acquisitions of subsidiaries net of cash acquired		-	(828)
Payments for contingent consideration	21(d)	(2,644)	(2,262)
Payments for intangible assets	11	(251)	(1,005)
Net cash outflow from investing activities		**(3,534)**	**(4,607)**
Cash flows from financing activities			
Share buyback		-	(9)
Contributions of equity	15	241	312
Transaction costs	15	(13)	(20)
Net cash inflow/(outflow) from financing activities		**228**	**283**
Net increase/(decrease) in cash and cash equivalents held		4,025	2,709
Cash and cash equivalents at the beginning of the financial year		23,319	20,278
Effects of exchange rate changes on cash and cash equivalents		863	332
Cash and cash equivalents at the end of the financial year	6	**28,207**	**23,319**

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.

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

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

The financial report was authorised for issue on 23 August 2019.

(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 (Cth).* RPMGlobal Holdings Limited is a for-profit entity for the purposes of preparing the financial statements.

Compliance with IFRS

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

Historical cost convention

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

(b) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by RPMGlobal Holdings Limited as at 30 June 2019 and the results of all controlled entities for the year then ended. RPMGlobal Holdings Limited and its controlled entities together are referred to in this financial report as the "consolidated entity" or the "Group".

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

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

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

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

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(c) Income Tax

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

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

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

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

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

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

Tax consolidation legislation

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

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

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

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable or payable to other entities in the Group. Details about the tax funding agreements are disclosed in note 4.

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 3.

(e) Foreign Currency Translation

i) Functional and presentation currency

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

ii) Transactions and balances

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

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

iii) Group entities

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

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

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

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

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(f) Revenue Recognition from 1 July 2018

i) Sale of licences

Revenue from the sale of perpetual licences is recognised at a point in time when the customer gains access and thus control of the software and where the licences are considered distinct from other services provided to the customer.

ii) Software subscription

Revenue from the sale of term (subscription) licences is recognised over time on a straight line basis over the subscription term.

iii) Consulting

Revenue from the provision of consulting services is recognised typically over time as the Group has an enforceable right to payment for its performance completed to date.

iv) Software maintenance

Revenue for software maintenance is recognised over time on a straight line basis over the service period as performance obligations require the Company to respond to requests made by customers to provide technical product support and unspecified updates, upgrades and enhancements on a when-available and if-available basis.

v) Laboratory testing revenue

Revenue from sample testing is recognised at a point in time when the laboratory completes testing and the customer receives testing results for their samples.

vi) Customer contract with multiple performance obligations

The Group frequently enters into multiple contracts with the same customer and where that occurs the Company treats those arrangements as one contract if the contracts are entered into at or near the same time and are commercially interrelated. The Group does not consider contracts closed more than three months apart as a single contract.

The Group's subscription contracts are combining an obligation to receive a licence and software support services obligations. The provision of services and sale of licences is treated as a single performance obligation.

In all other cases, the total transaction price for a customer contract is allocated amongst the distinct performance obligations based on their relative stand-alone selling prices. Where the stand-alone prices are highly variable the Group applies a residual approach.

vii) Incremental Costs of obtaining Customer Contracts

Commissions on software subscriptions are capitalised and amortised over the term, where the term is greater than 12 months.

viii) Trade Receivables and Contract Assets

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(f) Revenue Recognition (Continued)

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

ix) Contract liability

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

x) Financing components

The Group does not recognise adjustments to transition prices or Contract balances where the period between the transfer of promised goods or services to the customer and payment by customer does not exceed one year.

The Group reviewed its prior year contracts and did not identify material adjustments in timing and amounts recognised as revenue in prior years.

xi) Interest income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

xii) Significant Estimates

In 2017 the Group completed a transaction for the sale of $6,295,000 of perpetual licenses to a customer. The transaction included multiple elements and required management judgement on allocation of the value to the different revenue components as well as assessing whether the Group has transferred to the buyer the significant risks and rewards of ownership due to the inclusion of a reconfiguration right (between licences and maintenance) that was then only exercisable in limited specified circumstances. The Group was confident that these rights could be reliably estimated and the significant risks and rewards had transferred to the customer as at 30 June 2017. As a result, in 2017 the Group deferred revenue of $2,833,000 against the rights to future upgrades and reliably measured reconfiguration and recognized revenue of $3,462,000. The price allocation to these contract components or timing of revenue recognition under the AASB15 did not change.

During year ended 30 June 2019 the customer agreed to amend and remove the reconfiguration right and as a result the Group has recognised a further $1,856,000 from this deferred revenue leaving the balance unrecognised at $230,000. The remaining deferred revenue will be recognised as revenue when it satisfies the Group's revenue recognition policies.

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(g) Trade Receivables – up to 30 June 2018

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 – up to 30 June 2018

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

(i) Investments and Other Financial Assets

Classification

From 1 July 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(i) Investments and Other Financial Assets (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. Again or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Impairment

From 1 July 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(j) Cash and Cash Equivalents

For statement of cashflows 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.

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(k) 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.

(l) Business Combinations

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

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

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

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

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

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

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(m) Impairment of Non-Financial Assets

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

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

(n) Property, Plant and Equipment

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

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

(o) Intangible Assets

i) Software developed or acquired for sales and licensing

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

ii) Software – internal management systems

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

iii) Patents and trademarks

Costs associated with patents and trademarks are expensed as incurred.

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(o) Intangible Assets (Continued)

iv) Customer Contracts and Relationships

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

v) Goodwill

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

Goodwill is allocated to cash generating units for the purposes of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from business combination in which goodwill arose, identified according to operating segments or components of operating assets (note 3).

(p) Trade and Other Payables

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

(q) Borrowing Costs

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

(r) Employee Benefits

i) Short term obligations

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

Other long-term employee benefit obligations

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

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

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(r) Employee Benefits (Continued)

ii) Bonus plans

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

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

iii) Superannuation

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

iv) Share-based payments

Share-based compensation benefits are provided to employees via the RPMGlobal Holdings Limited employee share option plan (ESOP) and an employee share purchase plan. Information relating to these schemes is set out in note 23.

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.

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(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.

(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 loss allowance 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 11),
- impairment of receivables (note 7, 21(a),note 1(g) and note 1(f) (viii))),
- deferred tax assets (note 5),
- contingent consideration (note 21(d)),
- revenue recognition (note 1(f)).

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(y) Critical Accounting Estimates and Significant Judgments (Continued)

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.

(z) Parent Entity Financial Information

The financial information for the parent entity, RPMGlobal Holdings Limited, disclosed in note 24 has been prepared on the same basis as the consolidated financial statements, except as set out below:

(i) Investments in subsidiaries

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

(aa) New Accounting Standards and Interpretations Not Yet Adopted

As at 30 June 2019, certain new relevant accounting standards and interpretations that will become mandatory in future periods have recently been issued or amended but are not yet effective and have not been adopted for the annual reporting period ended 30 June 2019. These are as follows:

(i) AASB16 Leases

This standard and its consequential amendments are currently applicable to annual reporting period of the Group beginning on 1 July 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-of-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.

Under the standard key non-IFRS metrics of earnings before tax, depreciation and amortization (EBITDA) will be affected as well as lease payments will be represented in the financing activities of the cash flow statement. As at the reporting date, the Group has non-cancellable operating lease commitments of $5,457,000.

The Group will apply the standard from its mandatory adoption date of 1 July 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

At this stage the Group has substantially completed its assessment of impact of the new standard, which will result in recognition of Right-of-use asset of $4.1 million and liability of $4.6 million on 1 July 2019 and $0.5 million in accumulated losses.

The impact of the new standard for 2019 year if the new standard was applied from 1 July 2018 is as follows:

Decrease of Rent expense by $2.8 million, Increase of deprecation by $2.5 million and increase of interest by $0.2 million.

1. Summary of Significant Accounting Policies (Continued)

(bb) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the group had to change its accounting policies and make retrospective adjustments as a result of adopting the following standards:

- AASB 9 Financial Instruments, and
- AASB 15 Revenue from Contracts with Customers.

The impact of the adoption of these standards and the new accounting policies are disclosed in note 2 below. The other standards did not have any impact on the group's accounting policies and did not require retrospective adjustments. The effect of adoption of these standards are disclosed in note 2.

Early adoption of standards

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

2. Changes in Accounting Policies

2 (a). AASB 9 Financial instruments

AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of AASB 9 Financial Instruments from 1 July 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements as detailed below.

(i) Impairment of financial assets

The group has two types of financial assets that are subject to AASB 9's new expected credit loss model:

- Trade receivables; and
- Contract assets.

The group was required to revise its impairment methodology under AASB 9 for each of these classes of assets.

While cash and cash equivalents are also subject to the impairment requirements of AASB 9, there was no material impairment loss identified.

The impact of the change in impairment methodology on the group's retained earnings and equity is disclosed below.

Impairment of Trade receivables and Contract assets

The Group applies simplified impairment approach using a provision matrix for all trade receivables and contract assets to recognise lifetime expected credit losses. In this credit loss matrix all customers are segregated into different risk classes mainly based on their country of origin and days past due. Determining credit losses allowance involves significant judgement, where the Group considers historical experience with credit losses in a particular country, success of recovery as well as current and historical data on overdue receivables.

Receivables balances are written off either partially or in full where the Group estimates the likelihood of recovery to be remote.

In accordance with the transitional provisions in AASB 9 (7.2.15) and (7.2.26), comparative figures have not been restated. The adjustments arising from the new impairment rules are therefore recognised in the opening accumulated losses on 1 July 2018.

NOTES ON THE FINANCIAL STATEMENTS

2. Changes in Accounting Policies (Continued)

2 (a). AASB 9 Financial instruments (continued)

On that basis, the loss allowance as at 1 July 2018 was determined as follows for both trade receivables and contract assets:

1 July 2018	Current	1 - 30 days past due	30 - 90 days past due	More than 90 days past due	TOTAL
Expected loss rate	*0.37%*	*0.44%*	*1.26%*	*30.84%*	
Gross carrying amount - trade receivables	12,484	3,623	2,416	3,596	22,119
Gross carrying amount – contract assets	3,065	-	-	-	3,065
Loss Allowance	57	16	31	1,109	1,213

The loss allowances for trade receivables and contract assets as at 30 June 2018 reconcile to the opening loss allowances on 1 July 2018 as follows:

	Contract assets $'000	Trade Receivables $'000
At 30 June 2018 – calculated under AASB 139	-	717
Amounts restated through opening accumulated losses	21	475
Opening loss allowance as at 1 July 2018 – calculated under AASB 9	**21**	**1,192**

As a result trade receivables and contract assets and opened accumulated losses are lower by $496,000, which resulted from the application of the expected credit loss model, based on historical collection results mainly from the Advisory Division.

3. 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 support (maintenance), 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.

3. Operating Segments (Continued)

(a) Information about reportable segments

	2019				2018			
	Software Division	Advisory Division	GeoGAS	Total	Software Division	Advisory Division	GeoGAS	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue								
External Sales	48,826	25,899	4,683	79,408	44,671	23,885	4,613	73,169
Inter-segment sales	523	292	319	1,134	734	156	83	973
Total Revenue	49,349	26,191	5,002	80,542	45,405	24,041	4,696	74,142
Inter-segment expenses	(231)	(843)	(60)	(1,134)	(156)	(817)	-	(973)
Rechargeable expenses	(2,055)	(4,659)	(175)	(6,889)	(2,956)	(3,062)	(118)	(6,136)
Net revenue	**47,063**	**20,689**	**4,767**	**72,519**	**42,293**	**20,162**	**4,578**	**67,033**
Total Expenses	(24,717)	(17,689)	(2,318)	(44,724)	(20,936)	(17,245)	(2,475)	(40,656)
Software Development	(13,662)	-	-	(13,662)	(14,011)	-	-	(14,011)
Segment profit/(loss)	**8,684**	**3,000**	**2,449**	**14,133**	**7,346**	**2,917**	**2,103**	**12,366**

(b) Disaggregation of revenue from contracts with customers

	2019				2018			
	Software Division	Advisory Division	GeoGAS	Total	Software Division	Advisory Division	GeoGAS	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue								
Segment Revenue	49,349	26,191	5,002	80,542	45,405	24,041	4,696	74,142
Leases and asset disposal	-	-	(36)	(36)	(12)	-	(10)	(22)
Inter-segment revenue	(523)	(292)	(319)	(1,134)	(734)	(156)	(83)	(973)
Revenue from external customers	**48,826**	**25,899**	**4,647**	**79,372**	**44,659**	**23,885**	**4,603**	**73,147**
Timing of revenue recognition								
At a point in time	12,061	-	3,320	15,381	13,605	-	3,271	16,876
Over time	36,765	25,899	1,327	63,991	31,054	23,885	1,332	56,271
Revenue from external customers	**48,826**	**25,899**	**4,647**	**79,372**	**44,659**	**23,885**	**4,603**	**73,147**

NOTES ON THE FINANCIAL STATEMENTS

3. Operating Segments (Continued)

(c) Geographical Information

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

	2019		2018	
	Revenues $'000	Non-current assets[1] $'000	Revenues $'000	Non-current assets[1] $'000
Australia	27,480	35,543	27,976	38,775
Asia	13,531	172	13,208	189
Americas	22,259	309	20,041	196
Africa & Europe	16,138	92	11,944	90
Operating Segment	**79,408**	**36,116**	**73,169**	**39,250**
Unallocated Revenue	685	-	535	-
Total Revenue	**80,093**	**-**	**73,704**	**-**

[1] Excludes financial instruments and deferred tax assets

(d) Reconciliation of segment profit to reported net profit:	**2019 $'000**	**2018 $'000**
Segment result	14,133	12,366
Adjustments:		
Foreign exchange gains/(losses)	550	267
Employment benefits – corporate and IT	(5,084)	(4,941)
Other unallocated costs – corporate and IT	(3,856)	(3,588)
Depreciation and amortisation	(4,020)	(3,398)
Professional services – Russian Litigation	(185)	(273)
Net finance costs	73	(74)
Unallocated income	134	265
Profit/(Loss) before income tax	1,745	624
Income tax benefit	(7,598)	(380)
Net Profit/(Loss)	**(5,853)**	**244**

NOTES ON THE FINANCIAL STATEMENTS

4. Income Tax Expense

Tax Recognised in profit or loss *Income tax benefit/(expense)*	**2019** **$'000**	**2018** **$'000**
Current tax	(977)	(221)
Deferred tax	(6,375)	71
Adjustments to prior periods	(246)	(230)
Income tax expense	**(7,598)**	**(380)**
Numerical reconciliation of income tax expense to prima facie tax		
Profit/(Loss) before income tax	**1,745**	**624**
Tax at the Australian tax rate of 30% (2018: 30%)	**(524)**	**(187)**
Tax effect of amounts which are not taxable/(deductible) in calculating taxable income:		
Non-deductible expense/non-assessable income	(373)	(488)
Research and development deduction	-	510
Unutilised foreign tax credits	(4)	(8)
Derecognised deferred tax assets	(2,329)	-
Unrecognised deferred tax assets	(4,344)	(163)
	(7,574)	(336)
Difference in overseas tax rates	230	189
Foreign Exchange movements	(17)	(3)
Over/(under) provision in prior years	(237)	(230)
Income tax benefit / (expense)	**(7,598)**	**(380)**

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

5. Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:	2019 $'000	2018 $'000
Provision for impairment of receivables	254	135
Employee benefits provision	2,089	2,411
Lease incentive liabilities	235	335
Tax loss	2,335	4,664
Contract liability	937	1,172
Accrued expenses	41	34
Share capital raising costs	115	162
Intangibles	(2,051)	1,102
Contract asset	(4)	(76)
Property, plant and equipment	(28)	(27)
Prepayments	(435)	(274)
Unrealised foreign exchange	(757)	(481)
Other deferred tax liabilities	(2)	(28)
Deferred tax assets	2,729	9,145
Deferred tax liabilities	-	(16)
Net Deferred tax assets	2,729	9,129

Movements		
Balance at 1 July	9,129	9,165
Recognised in profit or loss	(6,375)	71
Recognised in other comprehensive income	18	2
Recognised in equity	-	-
Over/(under) provision in prior years	(43)	(109)
Balance at 30 June	**2,729**	**9,129**

Unrecognised deferred tax assets		
Foreign tax credits	691	660
Tax losses	13,451	6,705
Capital losses	493	493
Deductible temporary differences	4,117	3,621
Unrecognised deferred tax assets	**18,752**	**11,479**
Unrecognised gross temporary differences	65,337	40,567

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. 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, Kazakhstan, Turkey and USA have not been recognised because it is not probable that sufficient future taxable profit will be available.

5. Deferred Tax Assets and Liabilities (Continued)

Significant Estimates – Deferred Tax Assets

The recognition of the deferred tax asset of $2,729,000 is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences. Included in this value are tax losses of $2,335,000 that relate to the Australian tax consolidated group which has incurred a tax loss in the 2019 financial year. The Group has completed an assessment of the recoverability of the net deferred tax assets. As at 30 June 2019 the Group is forecasting that the tax losses recognised in the deferred tax assets will be utilised within three years from balance date. 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 derecognition of deferred tax assets that are currently recognised on the consolidated statement of financial position.

6. Cash and Cash Equivalents

	2019 $'000	2018 $'000
Cash at bank	14,798	11,953
Short-term bank deposits	13,409	11,366
	28,207	**23,319**

7. Trade and Other Receivables

Current		
Trade receivables	22,670	22,096
Loss allowance	(1,885)	(717)
	20,785	**21,379**
Other receivables	-	9
	20,785	**21,388**
Non-current		
Other receivables and deposits	196	233
	196	**233**

8. Contract assets

Work in progress	3,343	3,065
Loss allowance	(281)	-
Contract assets	**3,062**	**3,065**

9. Other Assets

Inventory	214	68
Asset recognised from costs incurred to fulfil a contract	581	-
Prepayments	1,619	1,213
	2,414	**1,281**

NOTES ON THE FINANCIAL STATEMENTS

9. Other Assets (Continued)

Asset recognised from costs incurred to fulfil a contract

In adopting AASB 15, the group recognised an asset in relation to sales commissions and 3rd party royalty costs. These costs had been expensed as incurred in 2018. The asset is amortised on a straight-line basis over the term of the specific subscription contract it relates to, consistent with the pattern of recognition of the associated revenue.

10. Property, Plant and Equipment

	2019 $'000	2018 $'000
Plant and equipment - at cost	8,339	7,633
Less: accumulated depreciation	(6,664)	(5,757)
	1,675	**1,876**

Balance at 1 July	1,876	2,096
Exchange differences	15	7
Additions	670	512
Disposals	(9)	-
Depreciation	(877)	(739)
Balance at 30 June	1,675	1,876

Intangible Assets

Software developed and acquired for sale and licensing – at cost	17,546	17,400
Less: accumulated amortisation	(10,129)	(7,123)
	7,417	10,277
Software internal management systems – at cost	4,958	4,805
Less: accumulated amortisation	(4,820)	(4,699)
	138	106
Customer contracts and relationships – at cost	333	333
Less: accumulated amortisation	(176)	(109)
	157	224
Goodwill – at cost	37,006	36,897
Less: impairment losses	(10,473)	(10,364)
	26,533	26,533
	34,245	**37,140**

NOTES ON THE FINANCIAL STATEMENTS

11. Intangible Assets (Continued)

	Customer relationships $'000	Software For Sales to Customers [1] $'000	Software For Internal Use $'000	Goodwill $'000	Total $'000
Balance at 1 July 2018	**224**	**10,277**	**106**	**26,533**	**37,140**
Additions	-	146	105	-	251
Exchange differences	-	-	(3)	-	(3)
Amortisation	(67)	(3,006)	(70)	-	(3,143)
Balance at 30 June 2019	**157**	**7,417**	**138**	**26,533**	**34,245**
Balance at 1 July 2017	**206**	**7,058**	**188**	**26,533**	**33,985**
Additions	-	983	22	-	1,005
Acquisition of subsidiaries	76	4,733	-	-	4,809
Amortisation	(58)	(2,497)	(104)	-	(2,659)
Balance at 30 June 2018	**224**	**10,277**	**106**	**26,533**	**37,140**

[1] Software also includes capitalised development costs.

(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.

	2019 $'000	2018 $'000
Software Division	21,612	21,612
GeoGAS	4,921	4,921
	26,533	**26,533**

(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]	
	2019	2018	2019	2018	2019	2018
Software Division	47%	53%	2.5%	2.5%	12.0%	12.0%
GeoGAS	48%	50%	1.5%	1.5%	12.0%	12.0%

[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 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.

NOTES ON THE FINANCIAL STATEMENTS

11. Intangible Assets (Continued)

(c) Impact of possible changes in key assumptions

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

12. Trade and Other Payables

	2019 $'000	2018 $'000
Current		
Trade payables	3,132	2,374
Other payables and accruals	4,732	5,147
	7,864	**7,521**

13. Provisions

	2019	2018
Current		
Onerous sublease contracts	93	300
Make good obligations	206	-
Russian Litigation	-	273
Employee benefits	4,244	4,077
	4,543	**4,650**
Non-current		
Make good obligations	279	375
Onerous sublease contracts	-	93
Employee benefits	1,012	948
	1,291	**1,416**

The group also operates defined contribution plans in Australia, Canada and USA which receive fixed contributions from group companies. The group's legal or constructive obligation for these plans is limited to the contributions. The expense recognised in the current period in relation to these contributions was $3,022,000 (2018: $2,872,000).

14. Other Liabilities

	2019	2018
Current		
Contract liabilities - software maintenance and licences	12,343	10,669
Contract liabilities - consulting and other	4,709	2,878
Contingent consideration – at fair value	2,425	2,744
Property lease incentives and straightlining	157	195
	19,634	**16,486**
Non-current		
Contingent consideration – at fair value	-	2,082
Property lease incentives and straightlining	142	176
	142	**2,258**

Contract liabilities consist of unearned income for software maintenance, subscriptions, licences and consulting and advisory services. These have increased in line with revenue growth compared to 2018.

NOTES ON THE FINANCIAL STATEMENTS

14. Other liabilities (Continued)

From the opening contract liability balances of $13,547,000 the group has recognised $12,794,000 in the current reporting period. The group expects to recognise approximately all contract liabilities in its 2020 revenues.

15. Contributed Equity

		2019 Number	2018 Number	2019 $'000	2018 $'000
Share capital					
Ordinary shares	- fully paid	216,369,197	215,925,031	87,936	87,708

Ordinary Shares

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

Options

Information relating to the RPMGlobal Holdings Limited Employee Share Option Plan (ESOP), including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of financial year, is set out in note 23.

Capital Risk Management

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

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

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

As the Group does not have any debt, the gearing ratios at 30 June 2019 and 30 June 2018 were not applicable:

	Notes	2019 $'000	2018 $'000
Total borrowings, trade and other payables		10,289	12,347
Less: cash and cash equivalents	6	(28,207)	(23,319)
Net (cash) / debt		(17,918)	(10,972)
Total equity		59,677	65,299
Total capital		**41,759**	**54,327**

NOTES ON THE FINANCIAL STATEMENTS

15. Contributed Equity (Continued)

Movements in Share Capital:

Date		Ordinary shares Number	Ordinary shares $'000
30/06/2017		**212,368,012**	**85,175**
	Buyback of shares	(14,811)	(9)
	Exercise of Options at $0.59 per share	293,498	173
	Costs of issue		(5)
	Exercise of Options at $0.56 per share	178,332	100
	Costs of issue		(4)
	Exercise of Options at $0.39 per share	100,000	39
	Costs of issue		(2)
	Shares issued for acquisition of Minvu	3,000,000	2,250
	Costs of issue		(9)
30/06/2018	**Balance**	**215,925,031**	**87,708**
	Exercise of Options at $0.49 per share	66,666	33
	Costs of issue		(2)
	Exercise of Options at $0.56 per share	20,000	11
	Costs of issue		(2)
	Exercise of Options at $0.59 per share	25,000	15
	Costs of issue		(2)
	Exercise of Options at $0.56 per share	40,834	24
	Costs of issue		(2)
	Exercise of Options at $0.54 per share	166,666	90
	Costs of issue		(2)
	Exercise of Options at $0.54 per share	100,000	54
	Costs of issue		(2)
	Exercise of Options at $0.58 per share	25,000	14
	Costs of issue		(1)
30/06/2019	**Balance**	**216,369,197**	**87,936**

NOTES ON THE FINANCIAL STATEMENTS

16. Reserves

	2019 $'000	2018 $'000
Share-based payments (i)	4,352	3,647
Foreign currency translation (ii)	(3,004)	(2,796)
Financial assets revaluation reserve (iii)	(1,601)	(1,601)
Revaluation surplus	18	18
Reserve arising from an equity transaction (iv)	(1,553)	(1,552)
	(1,788)	**(2,284)**

Nature and Purpose of Reserves

(i) Share-based payments

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

(ii) Foreign currency translation

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

(iii) Financial assets revaluation reserve

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

(iv) Reserve arising from an equity transaction

Arose from the acquisition of an additional interest in the controlled entity, RPMGlobal Africa (Pty) Ltd.

Movement in Reserves

	Share-based payments		Foreign Currency Translation	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Balance at 1 July	3,647	2,770	(2,796)	(2,630)
Options expensed	705	877	-	-
Foreign currency translation	-	-	(208)	(166)
Balance at 30 June	**4,352**	**3,647**	**(3,004)**	**(2,796)**

There were no other movements in reserves in 2019 and 2018.

17. Dividends

	Cents per share		Total	
	2019 Cents	2018 Cents	2019 $'000	2018 $'000
Fully paid ordinary shares	-	-	-	-

No dividend was declared in respect of the current financial year. Parent's franking account balance is nil (2018: nil).

NOTES ON THE FINANCIAL STATEMENTS

18. 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:	2019	2018
Auditor of the parent entity:	$	$
BDO Audit Pty Ltd	179,830	184,448
Auditors of subsidiaries:		
BDO South Africa (network firm)	37,462	40,249
BDO Hong Kong (network firm)	23,113	19,693
BDO Indonesia (network firm)	25,630	13,310
	266,035	**257,700**

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	**9,100**	**8,117**

19. 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:

	2019 $'000	2018 $'000
Within one year	(2,640)	(2,356)
Later than one year but not later than 5 years	(2,817)	(3,138)
Later than 5 years	-	-
Commitments not recognised in the financial statements	**(5,457)**	**(5,494)**

Rental expense relating to operating leases		
Minimum lease payments	**3,178**	**3,219**

(b) Sublease payments

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

Within one year	40	118
Later than one year but not later than 5 years	-	40
Commitments not recognised in the financial statements	**40**	**158**

NOTES ON THE FINANCIAL STATEMENTS

19. Commitments (Continued)

(c) Software Subscription payments

The Group sold its software under non-cancellable software subscription agreements expiring within one to five years. The agreements have varying terms and renewal rights. On renewal the terms of the subscriptions lease are generally renegotiated.

Future minimum payments to be received in relation to non-cancellable software subscriptions:

	2019 $'000	2018 $'000
Within one year	3,235	359
Later than one year but not later than 5 years	5,650	687
Commitments not recognised in the financial statements	**8,885**	**1,046**

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

Net profit/(loss)	(5,853)	244
Depreciation and amortisation	4,020	3,398
Net (gain)/ loss on sale of property, plant and equipment	(31)	-
Impairments and fair value movements	(195)	(314)
Net exchange differences	(910)	118
Employee share options	704	877
Change in operating assets and liabilities		
Decrease / (increase) in trade and other receivables	425	3,775
Decrease / (increase) in current tax asset	120	(31)
Decrease / (increase) in deferred tax asset	6,416	50
Decrease / (increase) in contract asset	(424)	(1,349)
Decrease / (increase) in other assets	(987)	394
Increase / (decrease) in trade and other payables	343	(907)
Increase / (decrease) in other liabilities	3,710	432
Increase / (decrease) in current tax liabilities	241	(407)
Increase / (decrease) in deferred tax liability	(16)	(14)
Increase / (decrease) in provisions	(232)	767
Net cash inflow / (outflow) from operating activities	**7,331**	**7,033**

Non-cash Investing and Financing Activities

Options issued to employees under for no cash consideration are shown in note 23.

21. Financial Risk Management

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

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

NOTES ON THE FINANCIAL STATEMENTS

21. Financial Risk Management (Continued)

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

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

The Group holds the following financial instruments:

	2019 $'000	2018 $'000
Financial assets		
Cash and cash equivalents	28,207	23,319
Trade and other receivables [1]	20,785	21,388
	48,992	**44,707**
Financial liabilities		
Trade and other payables [1]	7,864	7,521
Contingent consideration [2]	2,425	4,826
	10,289	**12,347**

[1] At amortised cost

[2] At fair value

(a) Credit Risk

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

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

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

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

The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets (work in progress).

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts.

21. Financial Risk Management (Continued)

(a) Credit Risk (Continued)

The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 60 months before 30 June 2019 and 1 July 2018 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis the loss allowance as at 30 June 2019 and 1 July 2018 on adoption of AASB9 (Note 2a) was determined as follows:

30 June 2019	Current	1 - 30 days past due	30 - 90 days past due	More than 90 days past due	TOTAL
Expected loss rate	*2.25%*	*0.47%*	*0.78%*	*36.88%*	
Gross carrying amount - trade receivables	10,627	4,749	2,387	4,907	22,670
Gross carrying amount – contract asset	3,343	-	-	-	3,343
Loss Allowance	315	22	19	1,810	2,166

1 July 2018	Current	1 - 30 days past due	30 - 90 days past due	More than 90 days past due	TOTAL
Expected loss rate	*0.37%*	*0.44%*	*1.26%*	*30.84%*	
Gross carrying amount - trade receivables	12,484	3,623	2,416	3,596	22,119
Gross carrying amount – contract asset	3,065	-	-	-	3,065
Loss Allowance	57	16	31	1,109	1,213

The closing loss allowances for trade receivables and contract assets as at 30 June 2019 reconcile to the opening loss allowances as follows:

	2019 $'000	2018 $'000
30 June - Calculated under AASB 139	717	1,014
Amounts restated through opening accumulated losses	496	-
Opening loss allowance as at 1 July 2018 - Calculated under AASB 9	**1,213**	**1,014**
Increase in loss allowance recognised in profit or loss during the period	889	149
Effects of foreign exchange	(23)	13
Unearned income moved to provision	147	-
Unused amount reversed	(60)	(459)
At 30 June 2019	**2,166**	**717**

Of the above impairment losses, $889,000 (2018 - $149,000) relate to receivables arising from contracts with customers.

(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.

21. Financial Risk Management (Continued)

(b) Liquidity Risk (Continued)

The Group regularly reviews cashflow forecasts and maintains sufficient cash on demand.

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

2019	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	7,864	7,864	7,864	-	-	-	-
Contingent consideration	2,425	2,454	1,758	696	-	-	-
Total	10,289	10,318	9,622	696	-	-	-
2018							
Trade and other payables	7,521	7,521	7,521	-	-	-	-
Contingent consideration	4,826	4,947	2,088	671	2,188	-	-
Total	12,347	12,468	9,609	671	2,188	-	-

(c) Market Risk

Currency Risk

The current policy is not to take any forward positions. At 30 June 2019 and 30 June 2018 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 reporting date expressed in Australian Dollars was as follows:

2019	USD	CAD	ZAR	Other	Total
	$'000	$'000	$'000	$'000	$'000
Cash and deposits	8,359	1,818	5,857	2,812	18,846
Trade and other receivables	9,720	561	3,519	1,130	14,930
Trade and other payables	(1,186)	(226)	(543)	(429)	(2,384)
Net exposure	**16,893**	**2,153**	**8,833**	**3,513**	**31,392**
2018					
Cash and deposits	8,105	1,491	3,769	2,041	15,406
Trade and other receivables	10,472	481	1,709	1,557	14,219
Trade and other payables	(570)	(64)	(511)	(560)	(1,705)
Net exposure	**18,007**	**1,908**	**4,967**	**3,038**	**27,920**

A 10 percent strengthening of the Australian dollar against the above currencies at 30 June 2019 based on assets and liabilities at 30 June 2019 would have increased/(decreased) equity and profit or loss by the amounts shown in the table on the next page. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2018.

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.

21. Financial Risk Management (Continued)

(c) Market Risk (Continued)

	2019		2018	
	Equity $'000	Profit/(Loss) $'000	Equity $'000	Profit/(Loss) $'000
	(2,260)	(665)	(2,002)	(774)

A 10 percent weakening of the Australian dollar against the above currencies at 30 June 2019 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	2019 Facility $'000	2019 Utilised $'000	2018 Facility $'000	2018 Utilised $'000
Other facilities							
Bank guarantee	**AUD**	1.95%	n/a	1,050	1,038	1,000	870
Bank guarantee	**AUD**	1.30%	n/a	45	45	145	145
Bank guarantee	**EUR**	2.50%	n/a	67	67	70	70

In both 2019 and 2018 financial years bank guarantees were secured by the Group's term deposits.

(d) Fair Value of financial instruments

Fair value hierarchy

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

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

Recurring fair value measurements

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

	2019 $'000	2018 $'000
Contingent consideration – level 3	2,425	4,826

Contingent consideration has been recognised on the acquisition of the MinVu Group and the acquisition of iSolutions in the prior year. The fair value of the contingent consideration of $2,425,000 has been estimated by calculating the present value of the future expected cash outflows for the annuity of $2,453,000 based on a discount rate of 4%. Should the businesses exceed the forecast results the liability may increase.

21. Financial Risk Management (Continued)

(d) Fair Value of financial instruments (Continued)

Changes to discount rate by 100 basis points would result in a change of the contingent consideration by $7,000. Changes to the annuity revenue by 10% would result in change of the contingent consideration by $311,000.

Reconciliation of level 3 movements

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

	2019 $'000	2018 $'000
Opening balance 1 July	4,826	5,481
Recognised on business combination	-	1,293
Payments of contingent consideration	(2,644)	(2,262)
Purchase price adjustments	(29)	-
Fair value adjustments	272	314
Closing balance 30 June	**2,425**	**4,826**

Valuation processes for level 3 fair values

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

22. Earnings Per Share

	2019 Cents	2018 Cents
Basic earnings per share	(2.7)	0.11
Diluted earnings per share	(2.7)	0.11

Earnings used in Calculating Earnings Per Share	**2019 $'000**	**2018 $'000**
Profit / (loss) attributable to the ordinary equity holders used in calculating earnings per share	(5,853)	244
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	216,174,318	214,012,921
Dilutive options	-	2,625,709
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	216,174,318	216,638,630

23. 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 2019 or 2018.

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

Employee Share Option Plan (ESOP)

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

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

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

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).

NOTES ON THE FINANCIAL STATEMENTS

23. Share Based Payments (Continued)

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	**2019** **$'000**	**2018** **$'000**
Options issued under employee option plan	704	877
	704	**877**

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

Grant date	Vesting date	Expiry date	Exercise Price $	Number beginning of year	Granted	Forfeited	Exercised	Share Price $ [1]	Number at end of year
2019									
Options granted to management									
29/11/13	30/11/14	29/11/18	0.68	297,658	-	(297,658)	-	-	-
29/11/13	30/11/15	29/11/18	0.68	297,670	-	(297,670)	-	-	-
29/11/13	30/11/16	29/11/18	0.68	297,672	-	(297,672)	-	-	-
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

23. Share Based Payments (Continued)

Grant date	Vesting date	Expiry date	Exercise Price $	Number beginning of year	Granted	Forfeited	Exercised	Share Price $	Number at end of year
2019									
Options granted to management (cont.)									
3/03/15	3/03/16	3/03/20	0.59	1,323,980	-	(71,665)	(8,333)	0.65	1,243,982
3/03/15	3/03/17	3/03/20	0.59	1,323,980	-	(71,665)	(22,665)	0.65	1,229,650
3/03/15	3/03/18	3/03/20	0.59	1,295,540	-	(71,670)	(16,502)	0.65	1,207,368
15/07/15	15/07/16	15/07/20	0.57	83,333	-	(50,000)	-	-	33,333
15/07/15	15/07/17	15/07/20	0.57	83,333	-	(50,000)	-	-	33,333
15/07/15	15/07/18	15/07/20	0.57	83,334	-	(50,000)	-	-	33,334
8/09/15	8/09/16	8/09/20	0.56	1,066,646	-	(53,331)	(21,666)	0.60	991,649
8/09/15	8/09/17	8/09/20	0.56	1,066,646	-	(53,331)	(21,666)	0.60	991,649
8/09/15	8/09/18	8/09/20	0.56	1,091,708	-	(60,004)	(20,002)	0.62	1,011,702
31/10/15	31/10/16	31/10/20	0.54	16,666	-	(16,666)	-	-	-
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	16,667	-	(16,667)	-	-	-
3/03/16	3/03/17	3/03/21	0.39	-	-	-	-	-	-
3/03/16	3/03/18	3/03/21	0.39	-	-	-	-	-	-
3/03/16	3/03/19	3/03/21	0.39	-	-	-	-	-	-
29/08/16	29/08/17	29/08/21	0.49	108,332	-	-	(66,666)	0.60	41,666
29/08/16	29/08/18	29/08/21	0.49	41,667	-	-	-	-	41,667
29/08/16	29/08/19	29/08/21	0.49	41,667	-	-	-	-	41,667
29/11/16	29/11/17	29/11/21	0.54	299,998	-	-	(133,333)	0.55	166,665
29/11/16	29/11/18	29/11/21	0.54	299,998	-	-	(133,333)	0.58	166,665
29/11/16	29/11/19	29/11/21	0.54	300,004	-	(133,334)	-	-	166,670
9/02/17	9/02/18	9/02/22	0.59	949,986	-	(139,997)	-	-	809,989
9/02/17	9/02/19	9/02/22	0.59	949,986	-	(139,997)	-	-	809,989
9/02/17	9/02/20	9/02/22	0.59	950,028	-	(173,340)	-	-	776,688
8/06/18	8/06/18	8/06/22	0.57	96,665	-	-	-	-	96,665
8/06/18	8/06/19	8/06/22	0.57	96,665	-	-	-	-	96,665
8/06/18	8/06/20	8/06/22	0.57	96,670	-	-	-	-	96,670
19/09/17	19/09/18	19/09/22	0.67	66,666	-	(66,666)	-	-	-
19/09/17	19/09/19	19/09/22	0.67	66,667	-	(66,667)	-	-	-
19/09/17	19/09/20	19/09/22	0.67	66,667	-	(66,667)	-	-	-
31/10/17	31/10/18	31/10/22	0.77	1,189,989	-	(238,331)	-	-	951,658
31/10/17	31/10/19	31/10/22	0.77	1,189,998	-	(338,333)	-	-	851,665
31/10/17	31/10/20	31/10/22	0.77	1,190,013	-	(338,337)	-	-	851,676
15/03/18	15/03/19	15/03/23	0.67	206,670	-	(66,667)	-	-	140,003
15/03/18	15/03/20	15/03/23	0.67	206,670	-	(66,667)	-	-	140,003
15/03/18	15/03/21	15/03/23	0.67	206,660	-	(66,666)	-	-	139,994

NOTES ON THE FINANCIAL STATEMENTS

23. Share Based Payments (Continued)

Grant date	Vesting date	Expiry date	Exercise Price $	Number beginning of year	Granted	Forfeited	Exercised	Share Price $	Number at end of year
2019									
Options granted to management (cont.)									
13/09/18	13/09/19	13/09/23	0.61	-	1,285,036	(149,998)	-	-	1,135,038
13/09/18	13/09/20	13/09/23	0.61	-	1,285,036	(149,998)	-	-	1,135,038
13/09/18	13/09/21	13/09/23	0.61	-	1,285,094	(150,004)	-	-	1,135,090
14/12/19	14/12/18	14/12/23	0.58	-	314,325	(16,666)	-	-	297,659
14/12/20	14/12/18	14/12/23	0.58	-	314,336	(16,667)	-	-	297,669
14/12/21	14/12/18	14/12/23	0.58	-	314,339	(16,667)	-	-	297,672
15/03/19	15/03/20	15/03/24	0.58	-	459,996	(33,333)	-	-	426,663
15/03/19	15/03/21	15/03/24	0.58	-	460,000	(33,333)	-	-	426,667
15/03/19	15/03/22	15/03/24	0.58	-	460,004	(33,334)	-	-	426,670
7/06/19	7/06/22	7/06/24	0.6	-	100,000	-	-	-	100,000
7/06/19	7/06/21	7/06/24	0.6	-	100,000	-	-	-	100,000
7/06/19	7/06/22	7/06/24	0.6	-	100,000	-	-	-	100,000
TOTAL				**17,333,166**	**6,478,166**	**(4,226,335)**	**(444,166)**	**0.58**	**19,140,831**
Weighted average exercise price, $				0.63	0.60	0.66	0.54		0.61
2018									
Options granted to management									
29/11/13	30/11/14	29/11/18	0.68	305,991	-	(8,333)	-	-	297,658
29/11/13	30/11/15	29/11/18	0.68	306,003	-	(8,333)	-	-	297,670
29/11/13	30/11/16	29/11/18	0.68	306,006	-	(8,334)	-	-	297,672
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	1,460,645	-	(6,666)	(129,999)	0.72	1,323,980
3/03/15	3/03/17	3/03/20	0.59	1,460,645	-	(6,666)	(129,999)	0.72	1,323,980
3/03/15	3/03/18	3/03/20	0.59	1,460,710	-	(131,670)	(33,500)	0.64	1,295,540
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	1,206,644		(16,999)	(122,999)	0.68	1,066,646
8/09/15	8/09/17	8/09/20	0.56	1,211,644	-	(89,665)	(55,333)	0.7	1,066,646
8/09/15	8/09/18	8/09/20	0.56	1,211,712	-	(120,004)	-	-	1,091,708
31/10/15	31/10/16	31/10/20	0.54	16,666	-		-	-	16,666
31/10/15	31/10/17	31/10/20	0.54	16,667	-		-	-	16,667

NOTES ON THE FINANCIAL STATEMENTS

23. Share Based Payments (Continued)

Grant date	Vesting date	Expiry date	Exercise Price $	Number beginning of year	Granted	Forfeited	Exercised	Share Price $	Number at end of year
2018									
Options granted to management (cont.)									
31/10/15	31/10/18	31/10/20	0.54	16,667	-	-	-	-	16,667
3/03/16	3/03/17	3/03/21	0.39	100,000	-	-	(100,000)	0.72	-
3/03/16	3/03/18	3/03/21	0.39	100,000	-	(100,000)	-	-	-
3/03/16	3/03/19	3/03/21	0.39	100,000	-	(100,000)	-	-	-
29/08/16	29/08/17	29/08/21	0.49	108,332	-	-	-	-	108,332
29/08/16	29/08/18	29/08/21	0.49	108,334	-	(66,667)	-	-	41,667
29/08/16	29/08/19	29/08/21	0.49	108,334	-	(66,667)	-	-	41,667
29/11/16	29/11/17	29/11/21	0.54	399,997	-	(99,999)	-	-	299,998
29/11/16	29/11/18	29/11/21	0.54	399,997	-	(99,999)	-	-	299,998
29/11/16	29/11/19	29/11/21	0.54	400,006	-	(100,002)	-	-	300,004
9/02/17	9/02/18	9/02/22	0.59	999,985	-	(49,999)	-	-	949,986
9/02/17	9/02/19	9/02/22	0.59	999,985	-	(49,999)	-	-	949,986
9/02/17	9/02/20	9/02/22	0.59	1,000,030	-	(50,002)	-	-	950,028
8/06/17	8/06/18	8/06/22	0.57	113,331	-	(16,666)	-	-	96,665
8/06/17	8/06/19	8/06/22	0.57	113,331	-	(16,666)	-	-	96,665
8/06/17	8/06/20	8/06/22	0.57	113,338	-	(16,668)	-	-	96,670
19/09/17	19/09/18	19/09/22	0.67	-	191,666	(125,000)	-	-	66,666
19/09/17	19/09/19	19/09/22	0.67	-	191,667	(125,000)	-	-	66,667
19/09/17	19/09/20	19/09/22	0.67	-	191,667	(125,000)	-	-	66,667
31/10/17	31/10/18	31/10/22	0.77	-	1,189,989	-	-	-	1,189,989
31/10/17	31/10/19	31/10/22	0.77	-	1,189,998	-	-	-	1,189,998
31/10/17	31/10/20	31/10/22	0.77	-	1,190,013	-	-	-	1,190,013
15/03/18	15/03/19	15/03/23	0.67	-	206,670	-	-	-	206,670
15/03/18	15/03/20	15/03/23	0.67	-	206,670	-	-	-	206,670
15/03/18	15/03/21	15/03/23	0.67	-	206,660	-	-	-	206,660
TOTAL				**14,745,000**	**4,765,000**	**(1,605,004)**	**(571,830)**		**17,333,166**
Weighted average exercise price, $				0.58	0.74	0.56	0.55	0.70	0.63

[1] Weighted average share price at the exercise date

The weighted average remaining contractual life of share options outstanding at the end of the period was 2.7 years (2018: 2.8 years).

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

The model inputs for options granted during the 2019, 2018, 2017, 2016, 2015, 2014 financial years included:

NOTES ON THE FINANCIAL STATEMENTS

23. Share Based Payments (Continued)

Grant date	Vesting date	Share price $	Exercise price $	Expected volatility %	Weighted average life, years	Expected dividends %	Risk-free interest rate[1],%	Fair value at grant Date, $
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
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
3/03/15	3/03/16	0.56	0.59	55	5.0	nil	1.84	0.19
3/03/15	3/03/17	0.56	0.59	55	5.0	nil	1.84	0.23
3/03/15	3/03/18	0.56	0.59	55	5.0	nil	1.84	0.25
15/07/15	15/07/16	0.57	0.57	46	5.0	nil	2.29	0.18
15/07/15	15/07/17	0.57	0.57	46	5.0	nil	2.29	0.20
15/07/15	15/07/18	0.57	0.57	46	5.0	nil	2.29	0.22
8/09/15	8/09/16	0.55	0.56	46	5.0	nil	2.04	0.17
8/09/15	8/09/17	0.55	0.56	46	5.0	nil	2.04	0.19
8/09/15	8/09/18	0.55	0.56	46	5.0	nil	2.04	0.21
31/10/15	31/10/16	0.53	0.54	46	5.0	nil	2.04	0.17
31/10/15	31/10/17	0.53	0.54	46	5.0	nil	2.04	0.19
31/10/15	31/10/18	0.53	0.54	46	5.0	nil	2.04	0.20
3/03/16	3/03/17	0.36	0.39	46	5.0	nil	2.08	0.10
3/03/16	3/03/18	0.36	0.39	46	5.0	nil	2.08	0.10
3/03/16	3/03/19	0.36	0.39	46	5.0	nil	2.08	0.09
29/08/16	29/08/17	0.51	0.49	43	5.0	nil	1.57	0.13
29/08/16	29/08/18	0.51	0.49	43	5.0	nil	1.57	0.16
29/08/16	29/08/19	0.51	0.49	43	5.0	nil	1.57	0.18
29/11/16	29/11/17	0.50	0.54	43	5.0	nil	2.16	0.11
29/11/16	29/11/18	0.50	0.54	43	5.0	nil	2.16	0.14
29/11/16	29/11/19	0.50	0.54	43	5.0	nil	2.16	0.16
9/02/17	9/02/18	0.63	0.59	43	5.0	nil	2.12	0.17
9/02/17	9/02/19	0.63	0.59	43	5.0	nil	2.12	0.21
9/02/17	9/02/20	0.63	0.59	43	5.0	nil	2.12	0.23
8/06/17	8/06/18	0.54	0.57	43	5.0	nil	1.95	0.12
8/06/17	8/06/19	0.54	0.57	43	5.0	nil	1.95	0.15
8/06/17	8/06/20	0.54	0.57	43	5.0	nil	1.95	0.17
19/09/17	19/09/18	0.67	0.67	42	5.0	nil	2.39	0.17
19/09/17	19/09/19	0.67	0.67	42	5.0	nil	2.39	0.20
19/09/17	19/09/20	0.67	0.67	42	5.0	nil	2.39	0.23
31/10/17	31/10/18	0.77	0.77	42	5.0	nil	2.24	0.19
31/10/17	31/10/19	0.77	0.77	42	5.0	nil	2.24	0.23
31/10/17	31/10/20	0.77	0.77	42	5.0	nil	2.24	0.26
15/03/18	15/03/19	0.67	0.67	42	5.0	nil	2.30	0.17
15/03/18	15/03/20	0.67	0.67	42	5.0	nil	2.30	0.20
15/03/18	15/03/21	0.67	0.67	42	5.0	nil	2.30	0.23
13/09/18	13/09/19	0.65	0.61	41	5.0	nil	2.22	0.17
13/09/18	13/09/20	0.65	0.61	41	5.0	nil	2.22	0.21
13/09/18	13/09/21	0.65	0.61	41	5.0	nil	2.22	0.23

23. Share Based Payments (Continued)

Grant date	Vesting date	Share price $	Exercise price $	Expected volatility %	Weighted average life, years	Expected dividends %	Risk-free interest rate[1],%	Fair value at grant Date, $
14/12/18	14/12/19	0.58	0.58	41	5.0	nil	2.14	0.14
14/12/18	14/12/20	0.58	0.58	41	5.0	nil	2.14	0.17
14/12/18	14/12/21	0.58	0.58	41	5.0	nil	2.14	0.19
15/03/19	15/03/20	0.55	0.58	41	5.0	nil	1.60	0.12
15/03/19	15/03/21	0.55	0.58	41	5.0	nil	1.60	0.15
15/03/19	15/03/22	0.55	0.58	41	5.0	nil	1.60	0.17
7/06/19	7/06/20	0.59	0.60	41	5.0	nil	1.14	0.14
7/06/19	7/06/21	0.59	0.60	41	5.0	nil	1.14	0.16
7/06/19	7/06/22	0.59	0.60	41	5.0	nil	1.14	0.19

[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.

24. Parent Entity Disclosures

As at and throughout the financial year ending 30 June 2019 the parent entity of the Group was RPMGlobal Holdings Limited.

Summary financial information

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

Result of parent entity	2019 $000	2018 $000
Profit/(loss)	2,611	(1,628)
Other comprehensive income	-	-
Total comprehensive income	2,611	(1,628)
Financial position of parent entity at year end		
Current assets	50,526	44,223
Total assets	77,389	75,071
Current liabilities	9,662	10,614
Total liabilities	10,311	11,536
Total equity of the parent entity comprising of:		
Issued capital	87,936	87,708
Share-based Payments Reserve	4,352	3,648
Revaluation Surplus Reserve	18	18
Reserve Arising From an Equity Transaction	(600)	(600)
Accumulated losses	(32,628)	(27,239)
Total equity	**59,078**	**63,535**
Contingent liabilities	-	-
Contractual commitments for the acquisition or property, plant or equipment	-	-

24. 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 $92,445 (2018: $37,125). 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 2019 or 30 June 2018. No liability was recognised by the parent entity in relation to these guarantees, as the fair value of the guarantee is immaterial.

25. Interests in other entities

(a) Material subsidiaries

The Group's principal subsidiaries at 30 June 2019 are set out below. All subsidiaries have share capital consisting solely of ordinary shares that are 100% (2018: 100%) held directly by the Group, and the proportions of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/ incorporation	Principal Activities
GeoGAS Pty Ltd	Australia	Laboratory Services
RPM Software Pty Ltd	Australia	Software Sales and Services
RPM Advisory Services Pty Ltd	Australia	Advisory Services
RPM Software International Pty Ltd	Australia	Software Sales and Services
RPMGlobal USA, Inc.	USA	Advisory Services
RPM Software USA, Inc.	USA	Software Sales and Services
RPMGlobal Canada Ltd	Canada	Software Sales and Services
PT RungePincockMinarco	Indonesia	Advisory Services
RPMGlobal Asia Limited	Hong Kong	Advisory Services
RPMGlobal China Limited	China	Advisory Services
RPMGlobal LLC	Mongolia	Advisory Services
CJSC Runge	Russia	Software and Advisory Services
RPMGlobal LLC	Russia	Software Sales and Services
RPMGlobal Africa (Pty) Ltd	South Africa	Software Sales and Services
RPMGlobal Chile Limitada	Chile	Software Sales and Services
RPMGlobal Software Do Brasil Ltda	Brazil	Software Sales and Services
iSolutions International Pty Ltd	Australia	Software Sales and Services
iSolutions Holdings Pty Ltd	Australia	Software Sales and Services
MineOptima Holdings Pty Ltd	Australia	Software Sales and Services
MineOptima Operations Pty Ltd	Australia	Software Sales and Services
Minvu Pty Ltd	Australia	Software Sales and Services
Minvu Holdings Pty Ltd	Australia	Software Sales and Services
Kurilpa Investments Pty Ltd	Australia	Software Sales and Services
RPM Global Turkey Danışmanlık Hizmetleri ve Ticaret A.Ş.	Turkey	Advisory Services
RPMGlobal Kazakhstan LLP	Kazakhstan	Software Sales and Services
RPMGlobal Colombia SAS	Colombia	Software Sales and Services

25. Interests in other entities (Continued)

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

(b) Significant Restrictions

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

The carrying amount of cash included within the consolidated financial statements to which these restrictions apply is $10,574,000 (2018: $8,826,000).

26. Key Management Personnel Disclosures

(a) Compensation

	2019	2018
	$	$
Short term employee benefits	2,158,708	1,865,502
Post-employment benefits	72,506	68,094
Share-based payments	118,922	46,455
	2,350,136	**1,980,051**

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

27. Events occurring after the reporting period

No matter or circumstance has arisen since 30 June 2019 that has significantly affected the Group's operations, results or state of affairs, or may do so in the future years.

28. Contingent liabilities and contingent assets

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

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 2019 and of its performance for the financial year ended on that date;
- the remuneration disclosures included in pages 14 to 21 of the Directors' report (as part of audited Remuneration Report), for the year ended 30 June 2019, 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 23 day of August 2019

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INDEPENDENT AUDITOR'S REPORT

To the members of RPMGlobal Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of RPMGlobal Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

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

Key audit matters

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

Revenue Recognition

Key audit matter	*How the matter was addressed in our audit*
The group generates revenue from multiple streams including software sales & maintenance services. The Group's disclosures about revenue recognition are included in Note 1 (f), which details the accounting policies applied following the implementation of AASB 15 *Revenue from Contracts with Customers*. The assessment of revenue recognition was significant to our audit due to the significance of revenue to the financial report and the complex nature of accounting for the appropriate timing of revenue related to the sale of software and related maintenance services following adoption of AASB 15 *Revenue from Contracts with Customers*.	Our audit procedures included: • Assessing the revenue recognition policy for compliance with AASB 15 *Revenue from Contracts with Customers* • Selecting a sample of license sales, maintenance services and consulting fees recognised as revenue in the general ledger and agreeing to supporting invoices, signed customer contracts and proof of delivery where applicable • Obtaining and evaluating credit notes issued post year end and the first and last invoices issued post and pre year end, to ensure an appropriate cut-off was achieved at balance date • Analytical review procedures on all significant revenue streams on a disaggregated basis and against expected trends and prior year • Selecting a sample of receipts and maintenance invoices from the clients' income in advance schedule and recalculating the appropriate deferred portion of maintenance revenue. • Assessing the adequacy of the Group's disclosures within the financial statements

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Carrying Value of Goodwill - Impairment Assessment

Key audit matter	*How the matter was addressed in our audit*
The Group's disclosures about goodwill impairment are included in Note 11, which details the allocation of goodwill to the groups various Cash Generating Units (CGU's), sets out the key assumptions for value-in-use calculations and the impact of possible changes in these assumptions. This annual impairment test was significant to our audit because the balance of goodwill as of 30 June 2019 is material to the financial statements. In addition, management's assessment process is complex and highly judgmental and is based on assumptions, specifically forecast future cash flows, growth rate, and discount rate, which are affected by expected future market or economic conditions.	Our audit procedures included, amongst others: • Obtaining an understanding of the 'Value in Use' models and critically evaluating management's methodologies and their key assumptions • Assessing management's allocation of goodwill and assets and liabilities, including corporate assets to CGU's • Evaluating the inputs used in the value in use calculation including the growth rates, discount rates and underlying cash flows applied by management • Involving our internal specialists to assess the discount rates and terminal growth rates against comparable market information • Assessing the disclosures related to the goodwill and the impairment assessment by comparing these disclosures to our understanding of the matter and the applicable accounting standards.

Recognition of Deferred Tax Assets

Key audit matter	*How the matter was addressed in our audit*
Refer to Note 5. The Group's recognised a material net deferred tax asset which includes temporary differences and brought forward tax losses. Australian Accounting Standards require deferred tax assets to be recognised only to the extent that it is probable that sufficient future taxable profits will be generated in order for the benefits of the deferred tax assets to be realised. These benefits are realised by reducing tax payable in future taxable profits. In the current year, the Group has derecognised a portion of previously recognised tax losses and not recognised any additional tax losses generated in the 2019 year.	Our audit procedures included: • Evaluating managements forecast of future taxable profits and assessing whether it is probable that there will be sufficient future profits to utilise the deferred tax assets recognised • Assessing the key assumptions used in the forecast period including revenue, expenditure and growth rates applied against actual results achieved • Comparing the taxable income generated for the year ended 30 June 2019 with the forecast taxable income provided during the 30 June 2018 audit

Key audit matter	*How the matter was addressed in our audit*
This was a key audit matter as the assessment of the future taxable profits involves judgement by management.	• Assessing the disclosures related to the recognition of the deferred tax assets and unrecognised deferred tax assets.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

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

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

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 14 to 21 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of RPMGlobal Holdings Limited, for the year 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

BDO Audit Pty Ltd

BDO

T Mann

T R Mann
Director

Brisbane, 23 August 2019

CORPORATE GOVERNANCE STATEMENT

Corporate Governance Statement – Year Ended 30 June 2019

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

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

The Company's Corporate Governance Statement has been approved by the Board of RPMGlobal Holdings Limited and explains how the Group addresses the requirements of the Corporations Act 2001, the ASX Listing Rules 2001 and the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations - 3rd Edition' (the 'ASX Principles and Recommendations') and is **current as at 30 June 2019**.

Whilst the Board has elected not to formally early-adopt the 4th Edition of the ASX Principles and Recommendations, the Board has reviewed and updated a number of its governance policies and procedures and has made a number of updates in readiness of full alignment with the 4th Edition from 1 July 2020, including:

- updating the RPM Board Charter to reflect the Board's involvement in 'defining, approving and then instilling and continually reinforcing RPM's culture, values of acting lawfully' and to oversee that on an ongoing basis;
- adopting and implementing a new standalone Whistleblower Policy including an express requirement that material incidents be reported to the Board should they arise;
- adopting and implementing a new standalone Anti-Bribery and Corruption Policy including an express requirement that material incidents be reported to the Board should they arise;
- adopting and implementing a new Anti-Modern Slavery Policy;
- updating RPM's existing Code of Conduct to include RPM's existing Core Values and referencing the updated Whistleblower, Anti-Bribery and Corruption and Anti-Modern Slavery Policies and implement a new Code of Conduct specifically applying to suppliers to RPM.

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 2019 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 https://www.rpmglobal.com/investor-centre/. The Company's Corporate Governance Statement together with the ASX Appendix 4G and this Annual Report, were also lodged with the ASX on **23 August 2019**.

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

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

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 9 August 2019.

A. Distribution of Equity Securities

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

	Ordinary Shares	Options
1 – 1,000	170	-
1,001 – 5,000	440	-
5,001 – 10,000	315	-
10,001 – 100,000	525	48
100,001 – and over	132	38
	1582	**86**

The number of shareholdings held in less than marketable parcels of 870 shares is 121 (Close Price 9 August 2019 $0.575).

B. Equity Security Holders

The names of the twenty largest holders of quoted equity securities (as at 9 August 2019) are listed below:

Name	Number held	Percentage of issued shares
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	52,043,358	24.05
CITICORP NOMINEES PTY LIMITED	23,767,320	10.98
RUNGE INTERNATIONAL PTY LTD <RUNGE FAMILY A/C>	13,591,450	6.28
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	13,578,073	6.28
NATIONAL NOMINEES LIMITED	11,260,361	5.20
BNP PARIBAS NOMS PTY LTD <DRP>	7,535,479	3.48
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	7,439,265	3.44
PAUA PTY LTD <THE PAUA A/C>	6,795,753	3.14
BOND STREET CUSTODIANS LIMITED <SALTER - D64848 A/C>	6,025,277	2.78
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	2,830,006	1.31
MR STEPHEN JOHN BALDWIN + MRS ANDREA MAREE BALDWIN <THE STEVE BALDWIN S/FUND A/C>	2,642,511	1.22
MR JOHN CRAIG HALLIDAY	2,247,653	1.04
FEYDER INVESTMENTS PTY LTD <ROBERT FEYDER FAMILY A/C>	1,889,333	0.87
THE RIDGE NZ PTY LTD <THE RIDGE NZ SUPER FUND A/C>	1,424,385	0.66
J & M DONOHUE SUPER PTY LTD <DONOHUE SUPER FUND A/C>	1,398,461	0.65
TODD GLOBAL INVESTMENTS PTY LTD <TODD A/C>	1,385,676	0.64
MR MICHAEL ANTHONY TAYLOR + MS JAN MARGARET JACKSON-MARTIN <TJ-M SUPER FUND A/C>	1,358,461	0.63
BOND STREET CUSTODIANS LIMITED <CRAVH - D03058 A/C>	1,161,804	0.54
MRS DONNA MARGARET LUXTON	1,026,009	0.47
MRS GOOLESTAN DINSHAW KATRAK	1,000,000	0.46
	160,400,635	**74.13**

Unquoted equity securities

19,440,832 options over unissued shares (as at the date of this report): for further details see note 23.

SHAREHOLDER INFORMATION

C. Substantial Holders

The names of the substantial shareholders listed in the holding register as at 30 June 2019 are:

Estimated beneficial holdings as at 30 June 2019	Number held	Percentage
IOOF Holdings Limited (Perennial Value Management)	32,423,996	14.99
Ruffer LLP	26,766,010	12.57
Colonial First State – Growth	15,903,836	7.35
Runge International Pty Ltd (Ian Runge)	14,149,878	6.54

D. Voting Rights

Refer to note 15 for voting rights attached to ordinary shares.

CORPORATE DIRECTORY

Directors

Allan Brackin
Chairman

Richard Mathews
Managing Director

Ross Walker
Non-executive Director

Stewart Butel
Non-executive Director

Company Secretary

James O'Neill
Group General Counsel and Company Secretary

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 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)

RPMGlobal Holdings Limited
ABN 17 010 672 321

RPMGLOBAL

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