

RXP SERVICES LIMITED

ABN: 30 146 959 917

APPENDIX 4E

Preliminary Financial Report
For the year ended 30 June 2015

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RXP SERVICES LIMITED AND CONTROLLED ENTITIES

(ABN 30 146 959 917)

ASX APPENDIX 4E - YEAR ENDED 30 JUNE 2015

Details of the reporting period and the previous corresponding period

Reporting period: Year ended 30 June 2015

Previous corresponding period: Year ended 30 June 2014

Results for announcement to the market

	June 2015	June 2014	Change	Change
	(\$'000)	(\$'000)	(\$'000)	(%)
Revenue from operating activities	78,867	55,729	23,138	42
Profit from ordinary activities after tax attributable to members	7,353	6,498	855	13
Net profit for the period attributable to members of RXP	7,353	6,498	855	13
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	10,546	9,110	1,436	16
Basic EPS	5.4 cents	5.6 cents		
Net Tangible Asset per Share	7.9 cents	4.8 cents		

Dividends distributions

	Record date	Date of payment	Amount per security	Franked amount per security	Foreign source income
Final dividend declared - subsequent to year end	16 September 2015	9 October 2015	1.25¢	1.25¢	N/A

Explanation of results

This report should also be read in conjunction with any public announcements made by RXP in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and ASX Listing Rules.

The information provided in this report contains all the information required by ASX Listing Rule 4.3A.

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

- On 31 October 2014, the Company acquired 100% of the share capital of Centrum Systems Pty Ltd. Details of the acquisition are set out at Note 9 (a) in this financial report.

Date: 18 August 2015



David Royale
Company Secretary

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RXP SERVICES LIMITED AND CONTROLLED ENTITIES

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ASX APPENDIX 4E - YEAR ENDED 30 JUNE 2015

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015 \$'000	2014 \$'000
Revenue			
Services revenue	3	78,867	55,729
Other income	3	285	-
		79,152	55,729
Less: Expenses			
Cost of sales		(3,004)	(2,170)
Employee benefits		(62,079)	(41,826)
Occupancy expense	4	(1,124)	(699)
Depreciation and amortisation expense	4	(294)	(147)
Bad and doubtful debts provision		(250)	(31)
Other expenses		(2,149)	(1,893)
		(68,900)	(46,766)
Results from operating activities		10,252	8,963
Finance income		200	332
Finance costs		(6)	(4)
Net finance income		194	328
Profit before income tax		10,446	9,291
Income tax		(3,093)	(2,793)
Net profit for the year		7,353	6,498
Profit attributable to members of the parent		7,353	6,498
Other Comprehensive Income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		191	(69)
Total comprehensive income for the period		7,544	6,429
Total comprehensive income attributable to members of the parent		7,544	6,429
Earnings per share for profit from continuing operations attributable to equity holders of the parent entity:			
Basic earnings per share (cents)		5.4	5.6
Diluted earnings per share (cents)		5.4	5.6

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015**

	Note	2015 \$'000	2014 \$'000
CURRENT ASSETS			
Cash and cash equivalents		12,083	18,427
Receivables		12,835	14,103
Other current assets	5	8,448	2,382
TOTAL CURRENT ASSETS		33,366	34,912
NON-CURRENT ASSETS			
Intangible assets	6	79,954	74,279
Property, plant and equipment		883	372
Deferred tax assets		2,274	1,785
Other non-current assets		29	-
TOTAL NON-CURRENT ASSETS		83,140	76,436
TOTAL ASSETS		116,506	111,348
CURRENT LIABILITIES			
Payables	7	12,587	9,874
Deferred consideration		7,892	13,595
Provisions		2,130	1,764
TOTAL CURRENT LIABILITIES		22,609	25,233
NON-CURRENT LIABILITIES			
Deferred consideration		360	3,441
Provisions		399	274
TOTAL NON-CURRENT LIABILITIES		759	3,715
TOTAL LIABILITIES		23,368	28,948
NET ASSETS		93,138	82,400
EQUITY			
Contributed capital	8	75,604	72,410
Foreign currency reserve		175	(16)
Retained earnings		17,359	10,006
TOTAL EQUITY		93,138	82,400

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015**

	Contributed Equity \$'000	Retained Earnings \$'000	Foreign Currency Reserve	Total Equity \$'000
Consolidated				
Balance as at 1 July 2013	41,695	3,508	53	45,256
Profit for the year	-	6,498	-	6,498
Exchange differences on translation of foreign operations, net of tax	-	-	(69)	(69)
Total comprehensive income for the year	-	6,498	(69)	6,429
Transactions with owners in their capacity as owners:				
Shares issued during period	31,384	-	-	31,384
Share issue expenses	(669)	-	-	(669)
	30,715	-	-	30,715
Balance as at 30 June 2014	72,410	10,006	(16)	82,400
Consolidated				
Balance as at 1 July 2014	72,410	10,006	(16)	82,400
Profit for the year	-	7,353	-	7,353
Exchange differences on translation of foreign operations, net of tax	-	-	191	191
Total comprehensive income for the year	-	7,353	191	7,544
Transactions with owners in their capacity as owners:				
Shares issued during period	3,211	-	-	3,211
Share issue expenses	(17)	-	-	(17)
	3,194	-	-	3,194
Balance as at 30 June 2015	75,604	17,359	175	93,138

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**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015 \$'000	2014 \$'000
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		83,631	54,186
Payments to suppliers and employees		(74,746)	(51,256)
Income tax paid		(4,448)	(1,468)
Interest received		200	332
Finance costs		(6)	(4)
Net cash provided by operating activities		4,631	1,790
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for plant and equipment		(686)	(136)
Payment for intangibles		(30)	(384)
Payment for business acquisitions		(10,242)	(13,028)
Payment of declared dividends of acquired entities		-	(10)
Net cash used in investing activities		(10,958)	(13,558)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from share issue		-	20,000
Capital raising expenses		-	(943)
Share issue expenses	8	(17)	(71)
Net cash (used in) / provided by financing activities		(17)	18,986
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(6,344)	7,218
Cash and cash equivalents at beginning of year		18,427	11,209
CASH AND CASH EQUIVALENTS AT END OF YEAR		12,083	18,427

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ASX APPENDIX 4E - YEAR ENDED 30 JUNE 2015

NOTES TO FINANCIAL INFORMATION RXP SERVICES LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: BASIS OF PREPARATION

This preliminary financial report has been prepared in accordance with ASX Listing Rule 4.3A and has been derived from the unaudited financial report.

The preliminary financial report does not include all the notes of the type normally included in an annual report.

This report is based on the Financial Report which is in the process of being audited.

The current reporting period in the Preliminary financial report is the year ended 30 June 2015 while the previous corresponding period is 30 June 2014.

NOTE 2: DIVIDENDS

After balance sheet date the following dividend was proposed by the directors. The financial effect of this dividend has not been brought to account in the consolidated financial statements for the year ended 30 June 2015 and will be recognised in subsequent financial reports.

	2015	2014
	\$'000	\$'000
Final dividend declared at 1.25 cents (2014: \$0) fully franked at 30%	1,718	-
	<u>1,718</u>	<u>-</u>

NOTE 3: REVENUE AND OTHER INCOME

Revenue from Operating Activities

Service revenue	78,867	55,729
	<u>78,867</u>	<u>55,729</u>

Other income

Deferred consideration revaluation	285	-
	<u>285</u>	<u>-</u>

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	2015	2014
	\$'000	\$'000
NOTE 4: PROFIT FROM CONTINUING OPERATIONS		
Profit from continuing operations before income tax has been determined after the following specific expenses:		
<i>Depreciation of non-current assets</i>		
Office equipment	169	131
Leasehold improvements	21	1
	190	132
<i>Amortisation of non-current assets</i>		
Software	104	15
	104	15
Total depreciation and amortisation	294	147
<i>Operating lease costs</i>		
Rental expense on operating leases	1,124	699
	1,124	699
NOTE 5: OTHER CURRENT ASSETS		
Accrued income	7,279	1,681
Deposits	286	304
Prepayments	556	344
Other receivables	327	53
	8,448	2,382
NOTE 6: INTANGIBLE ASSETS		
<i>Goodwill</i>		
At cost	79,656	73,907
Total goodwill	79,656	73,907
<i>Software</i>		
At cost	428	398
Accumulated amortisation	(130)	(26)
Total software	298	372
Total intangible assets	79,954	74,279

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	2015	2014
	\$'000	\$'000
NOTE 7: PAYABLES		
CURRENT		
Trade payables	2,615	2,224
Unearned revenue	2,223	680
Current tax payable	1,377	2,400
Other payables	4,445	3,730
Accruals	1,927	840
	12,587	9,874

NOTE 8: SHARE CAPITAL

Movements in ordinary share capital

	\$'000	Number of Shares
Balance as at 30 June 2014	72,410	133,028,367
1. Share issue	483	705,387
2. Share issue	1,760	2,346,666
3. Share issue	696	960,046
4. Share issue	272	375,978
Share issue expenses	(17)	-
	3,194	4,388,077
Balance as at 30 June 2015	75,604	137,416,444

1. 1 July 2014: Final share consideration for the acquisition of Transpire Pty Ltd
2. 6 October 2014: Part share consideration for the acquisition of Integrated Value
3. 5 December 2014: Part share consideration for the acquisition of Nobel Consulting Pty Ltd
4. 20 February 2015: Final share consideration of the acquisition of Nobel Consulting Pty Ltd

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NOTE 9: BUSINESS COMBINATIONS

Acquisition of Controlled Entities

a) Centrum Systems Pty Ltd

On 31 October 2014, the consolidated entity acquired 100% of the share capital of Centrum Systems Pty Ltd.

The acquisition brought with it considerable value around business process management and expanded the company's presence in Sydney.

The details of the acquisition are as follows:

		\$'000
Consideration paid		5,136
Shares issued as consideration		-
Deferred consideration	(i)	2,000
Total cost of consideration		7,136

- (i) Deferred consideration of \$2,000,000 is payable under the Sale and Purchase Agreement. This payment is contingent upon certain earnings performance criteria being achieved. The range of contingent consideration payable based on the earnings performance criteria between nil and \$2,000,000. The deferred consideration is payable by way of both cash and shares after fifteen months from acquisition date.

Assets and liabilities acquired

Assets and liabilities acquired as a result of the business combination were:

		Fair Value at acquisition \$'000
Assets and Liabilities Acquired		
Cash		1,047
Trade receivables		606
Fixed assets		71
Deferred tax asset		179
Other assets		332
Trade creditors		(352)
Accrued expenses		(331)
Unearned income		(149)
Provisions		(218)
Other liabilities		(199)
Net assets acquired		986
Goodwill		6,150

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NOTE 9: BUSINESS COMBINATIONS (CONTINUED)

The goodwill on acquisition arises as a result of a premium being paid in excess of the fair value of the net assets acquired. The value of goodwill represents the future benefit arising from the expected future earnings via the acquisition.

Goodwill is not deductible for tax purposes.

Purchase consideration – cash outflow	\$'000
Consideration paid	(5,136)
Less: Cash balances acquired	
Cash	1,047
<i>Bank Overdraft</i>	-
Net cash balance acquired	1,047
Outflow of cash – investing activities	(4,089)

Initial accounting incomplete

The accounting for the acquisition of Centrum Systems Pty Ltd is provisional in relation to the determination of the fair value of identifiable intangible assets acquired, if any.

Contribution since acquisition

Since the acquisition date the operations of Centrum Solutions Ltd have contributed revenue of \$3,688,836 and a profit of \$528,665 before providing for income tax. As the entity was not audited prior to acquisition, it is not practical to determine the contribution to revenue and profit should the acquisition have occurred on 1 July 2014.

Transaction costs

No transaction costs specific to this acquisition is included in expenses in the statement of comprehensive income.

b) Prior period

The following acquisitions were completed in the corresponding prior period:

- 1 July 2013, Transpire Pty Ltd
- 2 September 2013, MethodGroup Pty Ltd
- 1 October 2013, Nobel Consulting Pty Ltd
- 1 October 2013, Integrated Value Pty Ltd
- 3 March 2014, Insight4 Pty Ltd
- 22 May 2014, Aptus International Pty Ltd

Details of the business combinations were disclosed in note 19 of the consolidated entity's annual financial statements for the year ended 30 June 2014.

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NOTE 10: SUBSEQUENT EVENTS

1. On 31 July 2015, the Company secured a \$25,000,000 debt facility from Westpac Institutional Bank. The facility is for the sole purpose of supporting RXP in executing its acquisition strategy.
2. On 5 August 2015 the Company announced to the Australian Stock Exchange the successful completion of the acquisition of Engage Viidacom Pty Ltd.

The details of the acquisition are as follows:

		\$'000
Consideration paid		6,017
Shares issued as consideration		-
Deferred consideration	(i)	<u>3,750</u>
Total cost of consideration		<u>9,767</u>

- (i) Deferred consideration of \$3,750,000 is payable under the Sale and Purchase Agreement. This payment is contingent on achieving set targets at two milestone dates, November 2015 and May 2016.

The range of contingent consideration payable based on the resources engaged is between nil and \$3,750,000. The deferred consideration is payable by way of cash in two parcels pertaining to the two milestone dates, November 2015 and May 2016.

The calculation of the fair value of assets and liabilities acquired is yet to be finalised and accordingly the carrying value of Goodwill is yet to be determined.

3. After balance sheet date a dividend was proposed by the directors. The final dividend declared is 1.25 cents fully franked at 30%. The financial effect of this dividend has not been brought to account in the consolidated financial statements for the year ended 30 June 2015 and will be recognised in subsequent financial reports.

There have been no other events subsequent to 30 June 2015.

Compliance Statement

1. This Appendix 4E has been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.
2. This Appendix 4E uses the same accounting policies which will be adopted in the full financial report.
3. This Appendix 4E is based on financial statements which are in the process of being audited and is not likely to be subject to audit dispute or qualification.
4. The entity has a formally constituted audit and risk management committee.
5. In the directors' opinion, there are reasonable grounds to believe the Company will be able to pay its debts as and when they become due and payable.



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Ross Fielding
CEO & Managing Director
Melbourne

Date: 18 August 2015