
RXP SERVICES LIMITED
(ABN 30 146 959 917)

Web: www.rxpservices.com.au Email: info@rxpservices.com.au

Company Announcement

28 August 2013

RXP Services – Full Year Financial Results to 30 June 2013

RXP Services Limited (RXP) is pleased to announce to the market the following results and highlights for the year ended 30 June 2013.

- ❖ **Full Year revenue of \$30.2M**
- ❖ **Full Year Profit before providing for tax of \$4.9M**
- ❖ **Zero debt and \$11.2M held in cash at 30 June 2013**
- ❖ **Strong geographical position in Melbourne, Sydney, Canberra and Hong Kong**
- ❖ **Completed the acquisition of NSI Technology and Zenith Solutions during the six months to June 30**
- ❖ **Completed the acquisition of Transpire on 1 July 2013**

The company will hold a conference call 8:30am – 9:30am on Thursday 29th August, 2013 details of which are:

Conference Number is: 1800 857 029
Access Code: 84487959#

For further information contact:

Ross Fielding, Chief Executive Officer

Chris Shearer, Chief Financial Officer

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About RXP

RXP Services Limited (RXP) is an ICT professional services company providing services to clients in both the private and public sectors. RXP provides consulting and professional services to a number of S&P/ASX 200 corporations and government bodies here in Australia and in Asia. With over 200 staff and offices in Melbourne, Canberra, Sydney and Hong Kong, RXP have been providing expert consulting services to clients for over 20 years. Our focus is on ensuring clients maximise the benefits they receive from both their existing and future ICT investments.

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RXP SERVICES LIMITED AND CONTROLLED ENTITIES

**APPENDIX 4E
ASX PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED
30 JUNE 2013**

ABN: 30 146 959 917

ASX CODE: RXP

TABLE OF CONTENTS

	Page
ASX Appendix 4E	
Details of the reporting period and the previous corresponding period	
Results for Announcement to the Market	
Other Information	
Consolidated Interim Financial Report	
Condensed Consolidated Statement of Comprehensive Income	5
Condensed Consolidated Statement of Financial Position	6
Condensed Consolidated Statement of Changes in Equity	7
Condensed Consolidated Statement of Cash Flows	8
Notes to the Financial Statements	9
Compliance Statement	18

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Details of the reporting period and the previous corresponding period

Reporting period: Year ended 30 June 2013

Previous corresponding period: Year ended 30 June 2012

Results for announcement to the market

	June 2013 (\$'000)	June 2012 (\$'000)	Change (\$'000)	Change (%)
Revenue and other income	30,203	12,096	18,107	149
Profit after tax	3,485	371	3,114	839
Profit after tax attributable to members of RXP	3,485	371	3,114	839
Profit before tax	4,904	531	4,373	823
Basic EPS	5.4 cents	1.2 cents		
Net Tangible Asset per Share	7.7 cents	(10.5) cents		

Dividends

No dividend has been declared by the Board at this time

Significant dates

Annual General Meeting – 4 November 2013

Annual Report and Notice of Proxy Mailed – 30 September 2013

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Explanation of results

This report should 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 2 July 2012, the Company acquired 100% of the share capital of Stonewell Consulting Pty Ltd. Details of the acquisition are set out at Note 5 in this financial report.

On 2 July 2012 the Company acquired 100% of the share capital of PL Consulting Pte Ltd. Details of the acquisition are set out at Note 5 in this financial report.

On 30 November 2012, the Company acquired 100% of the share capital of NSI Technology Pty Ltd. Details of the acquisition are set out at Note 5 in this financial report.

On 7 January 2013, the Company acquired 100% of the share capital of Zenith Solutions Pty Ltd. Details of the acquisition are set out at Note 5 in this financial report.

Date: 28 August 2013



Chris Shearer
Company Secretary

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RXP SERVICES LIMITED AND CONTROLLED ENTITIES

(ABN 30 146 959 917)

ASX APPENDIX 4E - YEAR ENDED 30 JUNE 2013

CONDENSED CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$'000	2012 \$'000
Revenue		
Sales revenue	30,159	12,080
Other income	44	16
	30,203	12,096
Less: Expenses		
Cost of sales	(18,563)	(8,155)
Employee benefits	(5,205)	(2,413)
Acquisition expense	(28)	(125)
Other expenses	(1,503)	(872)
	(25,299)	(11,565)
Profit before income tax benefit	4,904	531
Income tax	(1,419)	(160)
Net Profit for the year	3,485	371
Other Comprehensive Income		
Items that may be reclassified subsequently to profit and loss		
Foreign currency translation	53	-
Total comprehensive income for the period	3,538	371
Profit attributable to:		
Members of the parent	3,485	371
Total comprehensive income attributable to:		
Members of the parent	3,538	371
Earnings per share for profit from continuing operations attributable to equity holders of the parent entity:		
Basic earnings per share (cents)	5.4	1.2
Diluted earnings per share (cents)	5.4	1.2

RXP SERVICES LIMITED AND CONTROLLED ENTITIES

(ABN 30 146 959 917)

ASX APPENDIX 4E - YEAR ENDED 30 JUNE 2013

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013**

	30 June 2013 \$'000	30 June 2012 \$'000
CURRENT ASSETS		
Cash and cash equivalents	11,209	781
Receivables	5,771	3,212
Other current assets	503	430
TOTAL CURRENT ASSETS	17,483	4,423
NON-CURRENT ASSETS		
Deferred tax assets	1,191	780
Property, plant and equipment	141	6
Intangible assets	37,054	19,732
TOTAL NON-CURRENT ASSETS	38,386	20,518
TOTAL ASSETS	55,869	24,941
CURRENT LIABILITIES		
Trade and other payables	3,940	3,220
Deferred consideration	5,521	5,458
Provisions	1,004	417
TOTAL CURRENT LIABILITIES	10,465	9,095
NON-CURRENT LIABILITIES		
Payables	-	549
Provisions	148	88
TOTAL NON-CURRENT LIABILITIES	148	637
TOTAL LIABILITIES	10,613	9,732
NET ASSETS	45,256	15,209
EQUITY		
Contributed capital	41,695	15,186
Foreign exchange reserve	53	-
Retained earnings	3,508	23
TOTAL EQUITY	45,256	15,209

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RXP SERVICES LIMITED AND CONTROLLED ENTITIES

(ABN 30 146 959 917)

ASX APPENDIX 4E - YEAR ENDED 30 JUNE 2013

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	Contributed Equity \$'000	Retained Earnings \$'000	Foreign Currency Reserve	Total Equity \$'000
Consolidated				
Balance as at 1 July 2011	200	(348)	-	(148)
Profit for the year	-	371	-	371
Total comprehensive income for the year	-	371	-	371
Transactions with owners in their capacity as owners:				
Shares Issued During Period	16,391	-	-	16,391
Share Issue Expenses	(1,405)	-	-	(1,405)
	14,986	-	-	14,986
Balance as at 30 June 2012	15,186	23	-	15,209
Consolidated				
Balance as at 1 July 2012	15,186	23	-	15,209
Profit for the year	-	3,485	-	3,485
Exchange differences on translation of foreign operations, net of tax	-	-	53	53
Total comprehensive income for the year	-	3,485	53	3,538
Transactions with owners in their capacity as owners:				
Shares Issued During Period	27,349	-	-	27,349
Share Issue Expenses	(840)	-	-	(840)
	26,509	-	-	26,509
Balance as at 30 June 2013	41,695	3,508	53	45,256

RXP SERVICES LIMITED AND CONTROLLED ENTITIES

(ABN 30 146 959 917)

ASX APPENDIX 4E - YEAR ENDED 30 JUNE 2013

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013**

	Note	30 June 2013 \$'000	30 June 2012 \$'000
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		32,492	12,353
Payments to suppliers and employees		(29,584)	(12,040)
Interest received		44	16
Finance costs		(56)	(26)
Net cash from operating activities		2,896	303
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(26)	(4)
Payment for business acquisition	5	(8,892)	(4,986)
Net cash used in investing activities		(8,918)	(4,992)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from share issue	4	18,200	7,501
Proceeds from borrowings		-	(896)
Repayment of borrowings		(550)	-
Capital raising expenses		(1,200)	(1,158)
Net cash from financing activities		16,450	5,447
NET INCREASE IN CASH AND CASH EQUIVALENTS		10,428	758
Cash and cash equivalents at beginning of year		781	23
CASH AND CASH EQUIVALENTS AT END OF YEAR		11,209	781

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RXP SERVICES LIMITED AND CONTROLLED ENTITIES

(ABN 30 146 959 917)

ASX APPENDIX 4E - YEAR ENDED 30 JUNE 2013

NOTES TO FINANCIAL INFORMATION

RXP SERVICES AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2013

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 2013 while the previous corresponding period is 30 June 2012.

NOTE 2: DIVIDENDS

There were no dividends paid during the period.

NOTE 3: SEGMENT INFORMATION

Operating segments

RXP Services Limited and its controlled entities, develop, manage and implement information and communication technology solutions. There is only one reportable segment based on the aggregation criteria in AASB 8.

RXP SERVICES LIMITED AND CONTROLLED ENTITIES

(ABN 30 146 959 917)

ASX APPENDIX 4E - YEAR ENDED 30 JUNE 2013

NOTE 4: SHARE CAPITAL

Movements in ordinary share capital

	\$'000	Number of Shares
Balance as at 30 June 2012	15,186	42,981,935
1. Share Issue	1,601	3,201,750
2. Share Issue	250	500,000
3. Share Issue	1,864	3,418,704
4. Share Issue	5,000	10,000,000
5. Share Issue	2,184	4,200,000
6. Share Issue	250	481,000
7. Share Issue	3,200	6,400,000
8. Share Issue	3,000	5,617,042
9. Share Issue	10,000	14,814,815
Capital raising expenses	(840)	-
	26,509	48,633,311
Balance as at 30 June 2013	41,695	91,615,246

1. 2 July 2012: Part consideration for the acquisition of Stonewell Consulting Pty Ltd
2. 2 July 2012: Part consideration for the acquisition of PL Consulting Pte Ltd
3. 28 November 2012: Final share consideration for the acquisition of Vanguard Integration International
4. 28 November 2012: Share placement to sophisticated investors
5. 5 December 2012: Part consideration for the acquisition of NSI Technology Pty Ltd
6. 5 December 2012: Settlement of accrued wage to Ross Fielding
7. 24 December 2012: Share placement to sophisticated investors
8. 8 January 2013: Part consideration for the acquisition of Zenith Solutions Pty Ltd
9. 12 June 2013: Share placement to sophisticated investors

NOTE 5: BUSINESS COMBINATIONS**Acquisition of Controlled Entities****a) Stonewell Consulting Pty Ltd**

On 2 July 2012, the consolidated entity acquired 100% of the share capital of Stonewell Consulting Pty Ltd. Details of the transaction were:

		\$'000
Consideration and costs paid		-
Shares issued as consideration	(i)	1,601
Deferred consideration	(ii)	2,460
Total cost of consideration		4,061

(i) 3,201,750 shares were issued as part of the consideration. The issue price of \$0.50 represents fair value in the view of the Directors based on the listing price in November 2011 and subsequent trading to 30 June 2012.

(ii) Deferred consideration of \$2,460,000 is payable under the Sale and Purchase Agreement. This payment is not contingent upon performance and has been recognised in the provisional accounting for the cost of the acquisition.

The deferred liability is payable by way of both cash and shares within twelve months of the acquisition date being 2 July 2012. As at the date of this report, payment of \$457,500 has been settled against this liability. The remaining liability of \$2,002,500 was settled by way of shares and cash in July 2013.

Assets and liabilities acquired

No assets and liabilities were acquired as a result of this business combination and as such the value of goodwill is equal to the consideration paid being \$4,061,000.

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 and specialist personnel assumed via the acquisition.

Contribution since acquisition

Since the acquisition date the operations of Stonewell Consulting Pty Ltd have been fully incorporated into that of RXP Services Limited and as such it is not possible to provide the contribution.

RXP SERVICES LIMITED AND CONTROLLED ENTITIES

(ABN 30 146 959 917)

ASX APPENDIX 4E - YEAR ENDED 30 JUNE 2013

Transaction costs

Transaction costs of \$7,940 were incurred in relation to the acquisition of both Stonewell and PL Consulting. These costs are included with acquisition expenses in the statement of comprehensive income.

b) PL Consulting Pte Ltd

On 2 July 2012, the consolidated entity acquired 100% of the share capital of PL Consulting Pte Ltd. Details of the transaction were:

		\$'000
Consideration and costs paid		-
Shares issued as consideration	(iii)	250
Deferred consideration	(iv)	500
Total cost of consideration		750

(iii) 500,000 shares were issued as part of the consideration. The issue price of \$0.50 represents fair value in the view of the Directors based on the listing price in November 2011 and subsequent trading to 30 June 2012

(iv) Deferred consideration of \$500,000 is payable under the Sale and Purchase Agreement. This payment is not contingent upon performance and has been recognised in the provisional accounting for the cost of the acquisition.

The deferred liability is payable by way of both cash and shares within twelve months of the acquisition date being 2 July 2012. As at the date of this report, payment of \$192,285 has been settled against this liability. The remaining liability was settled by way of cash in July 2013.

Assets and liabilities acquired

No assets and liabilities were acquired as a result of this business combination and as such the value of goodwill is equal to the consideration paid being \$750,000.

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 and specialist personnel assumed via the acquisition.

Contribution since acquisition

Since the acquisition date the operations of PL Consulting Pte Ltd have been fully incorporated into that of RXP Services Limited and as such it is not possible to provide the contribution.

RXP SERVICES LIMITED AND CONTROLLED ENTITIES

(ABN 30 146 959 917)

ASX APPENDIX 4E - YEAR ENDED 30 JUNE 2013

Transaction costs

Transaction costs of \$7,940 were incurred in relation to the acquisition of both Stonewell and PL Consulting. These costs are included with acquisition expenses in the statement of comprehensive income.

c) NSI Technology Pty Ltd

On 30 November 2012, the consolidated entity acquired 100% of the share capital of NSI Technology Pty Ltd. Details of the transaction were:

		\$'000
Consideration and costs paid		2,400
Shares issued as consideration	(v)	2,184
Deferred consideration	(vi)	1,836
Total cost of consideration		6,420

- (v) 4,200,000 shares were issued as part of the consideration. The issue price was \$0.52 was based on the weighted average price for the preceding 30 days to share issue.
- (vi) Deferred consideration of \$1,836,000 is payable under the Sale and Purchase Agreement. This payment is not contingent upon performance and has been recognised in the provisional accounting for the cost of the acquisition. It is payable on the 31st of October 2013 and payment will consist of the following:
- Payment of \$900,000 in cash
 - The payment of \$936,000 in ordinary shares at the greater of \$0.50 or the 30 day weighted average for the 30 day period prior to 31 October 2013

RXP SERVICES LIMITED AND CONTROLLED ENTITIES

(ABN 30 146 959 917)

ASX APPENDIX 4E - YEAR ENDED 30 JUNE 2013

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	749
Trade receivables	557
Accrued income	857
Fixed assets	100
Deferred tax asset	233
Other assets	74
Trade creditors	(111)
Accrued expenses	(534)
Dividend payable	(789)
Provisions	(618)
Other liabilities	(208)
Net assets acquired	310
Goodwill	6,110

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 and specialist personnel assumed via the acquisition.

Contribution since acquisition

Since the acquisition date the operations of NSI Technology Pty Ltd has contributed a profit before tax of \$999,345.

Transaction costs

Transaction costs of \$11,833 were incurred in relation to the acquisition. These costs are included with acquisition expenses in the statement of comprehensive income.

RXP SERVICES LIMITED AND CONTROLLED ENTITIES

(ABN 30 146 959 917)

ASX APPENDIX 4E - YEAR ENDED 30 JUNE 2013

d) Zenith Solutions Pty Ltd

On 7 January 2013, the consolidated entity acquired 100% of the share capital of Zenith Solutions Pty Ltd. Details of the transaction were:

The details of the acquisition are as follows:

		\$'000
Consideration and costs paid		2,000
Shares issued as consideration	(vii)	3,000
Deferred consideration	(vii)	1,400
Total cost of consideration		6,400

(vii) 5,617,042 shares were issued as part of the consideration. The issue price was \$0.534 being the weighted average price for the preceding 30 days.

(vii) The deferred consideration is contingent upon attained profit for the period 1 January 2013 to 31 December 2013. The maximum payable is \$1,400,000. The settlement will be by way 50% cash and 50% shares on or around 28 February 2014. The issue of shares will be calculated at an issue price equal to the VWAP of RXP shares for the 28 day period prior to issue. As at the date of this report, this contingent liability has been fully provided for.

RXP SERVICES LIMITED AND CONTROLLED ENTITIES

(ABN 30 146 959 917)

ASX APPENDIX 4E - YEAR ENDED 30 JUNE 2013

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	743
Trade receivables	777
Fixed assets	27
Deferred tax asset	154
Other assets	9
Trade creditors	(354)
Accrued expenses	(231)
Dividend payable	(961)
Provisions	(175)
Net assets acquired	(11)
Goodwill	6,411

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 and specialist personnel assumed via the acquisition.

Contribution since acquisition

Since the acquisition date the operations of Zenith Solutions Pty Ltd has contributed a profit before tax of \$933,938.

Transaction costs

Transaction costs of \$7,948 were incurred in relation to the acquisition. These costs are included with acquisition expenses in the statement of comprehensive income.

RXP SERVICES LIMITED AND CONTROLLED ENTITIES

(ABN 30 146 959 917)

ASX APPENDIX 4E - YEAR ENDED 30 JUNE 2013

e) Prior period

On 21 November 2011, the consolidated entity acquired 100% of the share capital of Vanguard Integration International Pty Ltd. On the 18 November the consolidated entity acquired the support and maintenance business of Indigo Pacific Pty Ltd and Indigo Pacific Pte Ltd. Details of the business combinations were disclosed in note 20 of the consolidated entity's annual financial statements for the year ended 30 June 2012.

NOTE 6: SUBSEQUENT EVENTS

On 1 July 2013, the Company announced to the Australian Stock Exchange the successful completion of the acquisition of Transpire Pty Ltd.

The details of the acquisition are as follows:

Transpire Pty Ltd		\$'000
Consideration paid		1,823
Shares issued as consideration	(i)	1,127
Deferred consideration	(ii)	1,200
Contingent deferred considerations	(iii)	2,000
Total consideration		<u>6,150</u>

- (i) 1,645,906 shares were issued as part of the consideration. The issue price was \$0.685.
- (ii) Deferred consideration of \$1,200,000 is payable under the Sale and Purchase Agreement. This payment is not contingent upon performance and has been recognised in the provisional accounting for the cost of the acquisition. The deferred liability is payable by way of both cash and shares on a 50/50 split post 1 July 2014.
- (iii) The contingent deferred consideration will be calculated as follows:
- Four (4) times FY 2014 EBIT in excess of \$1,000,000 to a maximum of FY 2014 EBIT of \$1,500,000.
- As at the date of this report, it is not possible to make an assessment as to whether this is likely to occur or not.

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.
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.



.....
Ross Fielding
CEO & Managing Director
Melbourne

Date: 28 August 2013