

RXP Services Ltd Quarterly Report - Brief Commentary

Report on Activities for the Quarter Ended 31 December 2012

Highlights:

- Capital raising of \$8.2M (before associated costs) completed in the quarter providing the Company with capital to pursue further strategic acquisitions
- Acquisition of NSI Technology completed strengthening our position in the Sydney market, adding a number of key clients and extending our service offerings in targeted technology domains

Corporate & Finance:

Cash on Hand at 31 December 2012: \$5.263M

Whilst the cash flow from our underlying business remains positive, our overall cash flow from operations, in the quarter was negative 693K. The negative cash flow in the quarter is a result of the following factors, and are considered relevant to this quarter alone:

- The Company changed its GST reporting and settlement with the Australian Taxation Office from the cash basis to the accrual basis
- The Company settled operating liabilities of NSI Technology assumed on acquisition
- The Company incurred costs associated with acquisition activity

Based on current actual results and forecasts, we expect positive cash flow from operations to return from 1 January 2013.

For further information, please contact either myself or Chris Shearer (CFO) on 03 8256 4855.

Ross Fielding – CEO & Managing Director,
RXP Services Limited

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Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Name of entity

RXP Services Limited

ABN

30 146 959 917

Quarter ended ("current quarter")

December 2012

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date 6 months \$A'000
1.1 Receipts from customers	5,706	11,386
1.2 Payments for (a) staff costs	(4,556)	(8,943)
(b) advertising and marketing	-	-
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital	(1,811)	(2,766)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	7	11
1.5 Interest and other costs of finance paid	(15)	(28)
1.6 Income taxes paid	(24)	(24)
1.7 Other (provide details if material)	-	-
Net operating cash flows	(693)	(364)

+ See chapter 19 for defined terms.

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Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

		Current quarter \$A'000	Year to date 6 months \$A'000
1.8	Net operating cash flows (carried forward)	(693)	(364)
Cash flows related to investing activities			
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	(2,368)	(2,750)
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	(56)	(56)
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	-	-
1.11	Loans to other entities	-	-
1.12	Loans repaid by other entities	-	-
1.13	Other (provide details if material)	-	-
	Net investing cash flows	(2,424)	(2,806)
1.14	Total operating and investing cash flows	(3,117)	(3,170)
Cash flows related to financing activities			
1.15	Proceeds from issues of shares, options, etc.	8,100	8,100
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	140
1.18	Repayment of borrowings	-	-
1.19	Dividends paid	-	-
1.20	Other – capital raising expenses	(615)	(615)
	Net financing cash flows	7,485	7,625
	Net increase (decrease) in cash held	4,368	4,455
1.21	Cash at beginning of quarter/year to date	868	781
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	Cash at end of quarter	5,236	5,236

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	116
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Remuneration paid to executive and non-executive directors of the Company for the period

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	800	685
3.2	Credit standby arrangements	-	-

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Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	5,236	868
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)		5,236	868

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Acquisitions (Item 1.9(a))
5.1 Name of entity	Stonewell Consulting P/L	PL Consulting Pte Ltd
5.2 Place of incorporation or registration	Melbourne	Hong Kong
5.3 Consideration for acquisition	\$4,061,000	\$750,000
5.4 Total net assets	Nil	Nil
5.5 Nature of business	ICT Professional Services	ICT Professional Services

	Acquisitions (Item 1.9(a))	Acquisitions (Item 1.9(a))
5.1 Name of entity	NSI Technology P/L	
5.2 Place of incorporation or registration	Melbourne	
5.3 Consideration for acquisition	\$6,300,000	
5.4 Total net assets	Nil	
5.5 Nature of business	ICT Professional Services	

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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: _____
Chief Financial Officer

Date: 31 January 2013

Print name: Christopher Shearer

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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