

31 August 2012

Australian Stock Exchange
Company Announcement Office

Results for Release to Market

Appendix 4E

Preliminary Final Report for year ended 30 June 2012

RXP Services Limited (RXP) is pleased to submit its preliminary final report and highlights to the market for the year ended 30 June 2012.

RXP Services Limited (RXP [ASX:RXP]) was listed on the Australian Stock Exchange on 28 November 2011 bringing together a number of respected ICT services organisations, namely RXP Services Limited (Management Consulting), Vanguard Integration Pty Ltd (Software and Systems Integration) and Indigo Pacific in Australia & Hong Kong (eForms/iForms and Support and Maintenance).

Please note that all non-IFRS financial information throughout this report is in the process of being audited.

Highlights for the group:

	FY 12 Actual
• Revenue	\$12.096M
• Net Profit for the financial year	\$0.371M
• EBIT for the period	\$ 0.531M
• Normalised EBIT ¹	\$ 1.547M
1. has been adjusted to account for normalisation of revenue and expenses as per the following:	
a. Corporate expenses	\$560k
b. Acquisition expenses	\$134k
c. Integration expenses	\$171k
d. Seasonality adjusted margin	\$151k
• Staff Numbers as at 30 June 2012	116

- Integration of individual businesses was completed ahead of plan, with all existing clients retained. In many cases we have been able to grow business with existing clients by leveraging the broader set of service offerings the combined group now has
- Through integration we retained all key personnel and achieved >95% staff retention
- An overarching Vision, set of Values and a set of Priorities for the company was established and has been embraced by the RXP team
- Centralisation and simplification of our back office functions was completed resulting in a number of operational improvements
- Growth in FY 2013 will come from a continued focus on both organic and acquisitive growth. We have set the foundations for rapid growth by implementing structural changes, through the addition of key business development personnel, by establishing new “Technology Verticals/Practices”, by adding new clients to our base and through the completion of the 2 acquisitions which were announced in early July 2012, namely Stonewell Pty Ltd and PL Consulting Pte Ltd.

CEO Ross Fielding indicated that the Board was pleased with how the company has performed in its first 7 months as a publicly listed company. *“The management team has worked extremely hard over the past 7 months to ensure the company is well placed, ensuring that the foundations are in place for accelerated growth at every level in the year ahead”.*

Chris Shearer – Company Secretary & CFO

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RXP Services Limited

ABN: 30 146 959 917

Appendix 4E

ASX Preliminary Final Report

30 June 2012

Lodged with the ASX under Listing Rule 4.3A

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

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Results for announcement to the market

Full Year Comparison	12 months ended 30 June 2012 \$'000	12 months ended 30 June 2011 \$'000	Increase/(decrease) %
Revenue from ordinary activities	12,096	49	24,858%
Profit/(loss) from ordinary activities after tax attributable to members	371	(348)	206%
Net profit/(loss) for the period attributable to members	371	(348)	206%
Basic and Diluted EPS	1.2 cents	(3.4) cents	60%
Net Tangible Asset per Share	(10.5) cents	(1.5) cents	(600)%

Dividends

No dividend has been declared by the Board at this time

Significant Dates

	Date
Annual General Meeting*	05 November 2012
Annual Report and Notice of Proxy Mailed	30 September 2012

*The Annual General Meeting date is a tentative date.

PRELIMINARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
RXP SERVICES AND ITS CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012	2011
		\$'000	\$'000
Revenue			
Sales revenue		12,080	49
Other revenue		16	-
		12,096	49
Less: Expenses			
Cost of sales		(8,155)	(27)
Employee benefits expense		(2,413)	(287)
Acquisition costs		(125)	(288)
Occupancy expenses		(207)	-
Depreciation and amortisation expenses		(4)	-
Finance costs		(30)	(5)
Other expenses		(631)	(82)
		(11,565)	(689)
Profit/ (loss) before income tax		531	(640)
(Income tax expense)/income tax benefit		(160)	292
Profit (loss) for the year		371	(348)
Profit/ (loss) is attributable to:			
Members of the parent		371	(348)
Non-controlling interest		-	-
		371	(348)
Earnings per share for profit from continuing operations attributable to equity holders of the parent entity:			
Basic earnings per share (cents)		1.2	(3.4)
Diluted earnings per share (cents)		1.2	(3.4)

The Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

**PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION
RXP SERVICES AND ITS CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2012**

	Notes	2012	2011
		\$'000	\$'000
Current Assets			
Cash and cash equivalents		781	23
Receivables		3,212	-
Other current assets		430	594
Total Current Assets		4,423	617
Non-Current Assets			
Deferred tax assets		780	292
Property, plant and equipment		6	4
Intangible assets	6	19,732	-
Total Non-Current Assets		20,518	296
Total Assets		24,941	913
Current Liabilities			
Trade and other payables		3,220	781
Deferred consideration	6	5,458	-
Provisions		417	17
Total Current Liabilities		9,095	798
Non-Current Liabilities			
Borrowings	4	549	263
Provisions		88	-
Total Non-Current Liabilities		637	263
Total Liabilities		9,732	1,061
Net Assets		15,209	(148)
Equity			
Contributed capital	5	15,186	200
Retained earnings		23	(348)
Total Equity		15,209	(148)

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

**PRELIMINARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
RXP SERVICES AND ITS CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2012**

Consolidated	Contributed equity \$,000	Retained earnings \$,000	Total equity \$,000
Balance at 1 July 2010	-	-	-
Loss for the year	-	(348)	(348)
Total comprehensive income for the year	-	(348)	(348)
Transactions with owners in their capacity as owners:			
Shares issued during the period	200	-	200
Share issue expenses	-	-	-
	200	-	200
Balance at 30 June 2011	200	(348)	(148)
Consolidated	Contributed equity \$,000	Retained earnings \$,000	Total equity \$,000
Balance 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 the period	16,391	-	16,391
Share issue expenses	(1,405)	-	(1,405)
	14,986	-	14,986
Balance at 30 June 2012	15,186	23	15,209

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOWS
RXP SERVICES AND ITS CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2012**

	Notes	2012	2011
		\$'000	\$'000
Cash Flows from Operating Activities			
Receipts from customers		12,353	43
Payments to suppliers and employees		(12,040)	(473)
Interest received		16	-
Interest paid		(26)	-
Net cash used in operating activities		303	(430)
Cash Flows from Investing Activities			
Payment for property, plant and equipment		(6)	(4)
Payment for business acquisitions		(4,986)	-
Net cash used in Investing activities		(4,992)	(4)
Cash Flows from Financing Activities			
Proceeds from share issue		7,501	200
Proceeds/(Repayment) of borrowings		(896)	257
Capital raising expenses		(1,158)	-
Net cash used in financing activities		5,447	457
Net Increase in Cash and Cash Equivalents		758	23
Cash and cash equivalents at beginning of year		23	-
Cash and cash equivalents at year end		781	23

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

**NOTES TO FINANCIAL INFORMATION
RXP SERVICES AND ITS CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2012**

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 2012 while the previous corresponding period is 21 October 2010 to 30 June 2011.

Note 2. Dividends

There were no dividends paid or declared 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.

**NOTES TO FINANCIAL INFORMATION
RXP SERVICES AND ITS CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2012**

Note 4. Borrowings

As at 30 June 2012, the following loan was payable to a related party.

JMN Services Pty Ltd	\$549,462
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Terms and conditions of the loan with JMN Services Pty Ltd are as follows:

The term of the facility is 5 years from 1 December 2010.

Interest is calculated at an annual fixed rate of 8.5%.

No assets have been pledged as security for the loan.

The total drawdown facility available to RXP Services Limited is \$700,000.

JMN Services Pty Ltd agrees that RXP Services Limited, at its sole discretion, can repay all or part of the drawdown loan facility amount at anytime with 7 days written notice.

Note 5. Share Capital

Movements in ordinary share capital

		\$'000	No of Shares
At 30 June 2011		200	10,200,000
Share issue	(i)	2,890	5,779,935
Share issue	(ii)	6,000	12,000,000
Share issue	(iii)	7,501	15,002,000
Transaction costs relating to the initial public offer		(1,405)	
		15,186	42,981,935

(i) Part consideration for the acquisition of Vanguard Integration International Pty Ltd (refer note 6(a)).

(ii) Part consideration for the acquisition of the support and maintenance business of Indigo Pacific Pty Ltd and Indigo Pacific Pte Ltd (refer note 6(b)).

(iii) The issue of 15,002,000 shares as a result of the Initial Public Offer.

**NOTES TO FINANCIAL INFORMATION
RXP SERVICES AND ITS CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2012**

Note 6. Business Combinations

a) Acquisition of controlled entities

On 21 November 2011, the consolidated entity acquired 100% of the share capital of Vanguard Integration International Pty Ltd and the subsidiary entities being:

- Fluid Thinking Pty Ltd
- Infuse It Pty Ltd
- Vanguard Integration Pty Ltd

Details of the consideration for the acquisition is as follows:

		\$,000
Consideration and costs paid		2,500
Shares issued as consideration		2,890
Deferred consideration	(i)	5,032
Total cost of consideration		<u>10,422</u>

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

	Fair value at acquisition
	\$,000
Cash	87
Trade receivables	2,160
Deferred tax asset	140
Other assets	21
Trade and other creditors	(2,059)
Provisions	(256)
Net assets acquired	<u>93</u>
Goodwill	<u>10,329</u>

Contribution since acquisition

Since the acquisition date Vanguard Integration International Pty Ltd has contributed revenue of \$8,882,895 and a profit before tax of \$1,122,256 which is included within the consolidated profit.

Transaction costs

Transaction costs of \$4,180 (2011: \$133,907) were incurred in relation to the acquisition. These costs are included with acquisition expenses in the statement of comprehensive income.

**NOTES TO FINANCIAL INFORMATION
RXP SERVICES AND ITS CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2012**

Note 6. Business Combinations (cont'd)

(i) Deferred consideration

As at the date of this report, the net deferred consideration payable is \$4,126,144 (30 June 2012: \$4,228,144). This liability has been classified as current in the Statement of Financial Position. At the date of this report, the settlement of the liability will be by way of both cash (\$2,261,926) and shares (\$1,864,218). The cash component will be funded out of profits for remainder of the 2013 financial year by agreement with the vendors of Vanguard International Pty Ltd.

b) Acquisition of business operations

On 18 November 2011, the consolidated entity acquired the support and maintenance businesses of Indigo Pacific Pty.Ltd. and Indigo Pacific Pte.Ltd. Details of the transaction were:

		\$,000
Consideration and costs paid		1,750
Shares issued as consideration		6,000
Deferred consideration	(i)	1,250
Total cost of consideration		<u>9,000</u>

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

	Fair value at acquisition
	\$,000
Prepayments	264
Deferred tax asset	173
Unearned income	(639)
Provisions	(202)
Net assets acquired	<u>(403)</u>
Goodwill	<u>9,403</u>

**NOTES TO FINANCIAL INFORMATION
RXP SERVICES AND ITS CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2012**

Note 6. Business Combinations (cont'd)

Contribution since acquisition

Since the acquisition date the business acquired from Indigo Pacific Pty Ltd and Indigo Pacific Pte Ltd, has contributed revenue of \$2,851,481 and a profit before tax of \$873,017 which is included within the consolidated profit.

Transaction costs

Transaction costs of \$129,939 (2011: \$141,468) were incurred in relation to the acquisition. These costs are included with acquisition expenses in the statement of comprehensive income.

(i) Deferred consideration

As at the date of this report, the net deferred consideration payable under the Sale and Purchase Agreement is \$1,230,000. There is a signed agreement in place between RXP and the vendor to extend the payment term of this to a period not to exceed 2 years from 10 August 2012. It is however, the Company's intention to settle this liability within twelve months and accordingly this liability has been classified as current in the Statement of Financial Position.

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Compliance Statement

1. This Appendix 4E has been prepared in accordance with 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 does give a true and fair view of the matters disclosed.
3. This Appendix 4E, and the accounts upon which the Appendix 4E is based (if separate), use the same accounting policies.
4. This Appendix 4E is based on financial statements which are in the process of being audited.
5. The entity has a formally constituted audit and risk management committee.
6. 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
Managing Director

31 August 2012