

RXP SERVICES LIMITED

APPENDIX 4D AND FINANCIAL REPORT

For the half year ended 31 December 2019

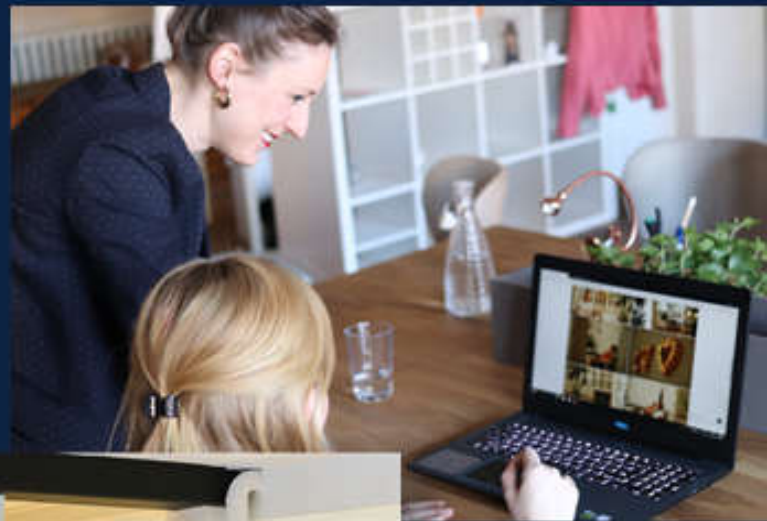


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Details of the reporting period and the previous corresponding period

Reporting period: Half year ended 31 December 2019
 Previous corresponding period/s: Half year ended 31 December 2018
 Year ended 30 June 2019

Results for announcement to the market

	Dec 2019 (\$'000)	Dec 2018 (\$'000)	Change (\$'000)	Change (%)
Revenue from ordinary activities	65,072	69,285	(4,213)	(6.1%)
(Loss)/profit after tax attributable to members of RXP	(5,454)	4,492	(9,946)	(221.4%)
Underlying EBITDA from continuing operations	6,711	8,405	(1,694)	(20.2%)

Dividends

	Amount per Security	Franked Amount per Security	Record date for dividend entitlement
Dividend paid during the half financial year	3.0 cents	100%	13 September 2019
Dividend declared subsequent to half financial year end	1.0 cents	100%	20 March 2020

Explanation of results

Please refer to the Directors' Report for an explanation of the results.

This information should be read in conjunction with the Consolidated Annual Financial Report of the RXP Group for the year ended 30 June 2019.

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 4.2A.

Net tangible assets

	Current Period	Previous Corresponding Period
Net tangible assets per ordinary security	(3.00 cents) *	(0.3 cents)

* Net tangible asset calculation for the current period excludes Right-of-Use assets of \$3.326 million on the basis that it is an intangible asset by definition. Lease liabilities of \$4.305 million are included in the calculation.

Net tangible assets per ordinary security including the Right-of-use assets is (0.93 cents).

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

No changes in entities during the half year ended 31 December 2019.

Details of dividend reinvestment plan

Not applicable.

Description of any modified opinion, emphasis of matter or other matter paragraph contained in the independent auditor's review report

The independent auditor's review report is attached to the interim financial report. The independent auditor's review report does not contain any modified opinion, emphasis of matter, other matter paragraph.

Corporate Directory

Company ABN

30 146 959 917

Directors

Mr John Pittard – Chairman

Mr Ross Fielding – Chief Executive Officer

Ms Sandra Hook – Non-Executive Director

Mr Adrian Fitzpatrick – Non-Executive Director

Company Secretary

Mr David Royale

Principal Registered Office

RXP Services Ltd

Level 15, 31 Queen Street

Melbourne, Victoria, 3000

Auditors

Pitcher Partners

Level 13, 664 Collins Street

Melbourne Victoria 3000

Location of Register of Securities

Computershare Investor Services Pty Ltd

Yarra Falls, 452 Johnston Street

Abbotsford Victoria 3067

Phone +61 3 1300 137 328

Fax +61 3 1300 137 341

Stock Exchange

Australian Securities Exchange

Level 4, North Tower

Rialto, 525 Collins Street

Melbourne Victoria 3000

Directors' Report

The Directors present their report together with the condensed financial report of the Group consisting of RXP Services Limited and the entities it controlled for the half-year ended 31 December 2019 and independent review report thereon.

Directors

The names of the Directors in office at any time during or since the end of the half-year are:

Non-Executive Directors

Mr John Pittard (Chairman)

Ms Sandra Hook

Mr Adrian Fitzpatrick (appointed 1 July 2019)

Executive Director

Mr Ross Fielding

The Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

Review of operations

The consolidated result for the half-year ending 31 December 2019 included:

- Revenue from ordinary activities of \$65.1 million (2018: \$69.3m)
- Loss before tax of continuing operations of \$4.3 million (2018: Profit before tax \$7.0m)
- Net (loss) / profit after tax of (\$5.5) million (2018: \$4.5m)
- Impairment of Goodwill \$7.5 million (2018: \$0m)

The half year results have been impacted by some one-off adjustments, operational challenges in the Southern region, and in the marketing services industry.

The unexpected deferral of a significant government project, and lower sales conversion rates than anticipated, along with an unexpected mandatory leave initiative implemented by a key client, has impacted utilisation in the Southern Region.

The marketing services industry continues to change at pace, and RXP has strategically invested in its digital marketing services capabilities including customer experience, human centred design, and general digital capabilities. This positions RXP for long term growth despite the short-term lower returns and sales conversion challenges faced.

Pleasingly, the Northern region performance has been in line with expectations, and growth is expected. Several significant client wins totalling \$20 million plus, were closed out in December 2019/January 2020 and positions RXP for a stronger second half, and improved utilisation levels.

Significant changes in the state of affairs

No significant changes in the state of affairs of the Company.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporation Act 2001* in relation to the review for the half-year is provided with this report.

Rounding of amounts to nearest thousand dollars

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report and in the financial report have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

Signed in accordance with a resolution of the Directors:



.....
Ross Fielding
Director



.....
John Pittard
Director

Melbourne, 24 February 2020

RXP SERVICES LIMITED

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF RXP SERVICES LIMITED

In relation to the independent auditor's review for the half-year ended 31 December 2019, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of RXP Services Limited and the entities it controlled during the period.



F V RUSSO
Partner

24 February 2020



PITCHER PARTNERS
Melbourne

**Condensed Consolidated
Statement of Profit or Loss and Other Comprehensive Income
for the half-year ended 31 December 2019**

	Notes	Half-year 31 Dec 2019 \$'000	31 Dec 2018 \$'000
Revenue and other income			
Services revenue		65,072	69,285
		65,072	69,285
Expenses			
Cost of sales		(4,144)	(5,689)
Employee benefits		(52,449)	(51,640)
Occupancy expense		(453)	(1,422)
Depreciation and amortisation		(1,609)	(720)
Bad and doubtful debt provisions		(128)	(124)
Redundancy expense		(454)	(403)
Rebate expense		(449)	-
Other expenses		(1,717)	(1,915)
Impairment of goodwill	2	(7,500)	-
		(68,903)	(61,913)
Results from operating activities		(3,831)	7,372
Finance income		30	60
Finance costs		(487)	(470)
Net finance (expense)		(457)	(410)
(Loss) / Profit before income tax		(4,288)	6,962
Income tax expense		(965)	(2,022)
(Loss) / Profit for the half-year from continuing operations		(5,253)	4,940
Loss for the half-year from discontinued operations		(201)	(448)
(Loss) / Profit for the half year		(5,454)	4,492
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Foreign currency translation		(14)	38
Total comprehensive (expense)/income for the period		(5,468)	4,530
Total comprehensive (expense)/income attributable to members of the parent		(5,468)	4,530
(Loss)/ earnings per share for (loss)/profit from continuing operations attributable to equity holders of the parent entity:			
Basic (loss)/earnings per share (cents)		(3.26)	3.07
Diluted (loss)/earnings per share (cents)		(3.26)	3.07
Loss per share for loss from discontinued operations attributable to equity holders of the parent entity:			
Basic loss per share (cents)		(0.12)	(0.28)
Diluted loss per share (cents)		(0.12)	(0.28)

The accompanying notes form part of these financial statements

**Condensed Consolidated
Statement of Financial Position
as at 31 December 2019**

	Notes	31 Dec 2019 \$'000	30 June 2019 \$'000
Current Assets			
Cash and cash equivalents		8,117	11,712
Trade and other receivables	5	25,790	38,038
Current tax receivable		1,369	-
Other current assets	6	1,200	1,422
Current assets held for sale		775	1,364
Total Current Assets		37,251	52,536
Non-Current Assets			
Intangible assets		101,841	108,533
Property, plant and equipment		2,182	2,092
Right-of-use assets	7	3,326	-
Deferred tax assets		1,935	2,796
Total Non-Current Assets		109,284	113,421
Total Assets		146,535	165,957
Current Liabilities			
Borrowings	8	22,000	-
Trade and other payables		13,646	25,170
Provisions		3,165	3,513
Lease liabilities	7	2,865	-
Current tax payable		-	1,000
Current liabilities held for sale		532	1,116
Total Current Liabilities		42,208	30,799
Non- Current Liabilities			
Borrowings	8	-	22,000
Provisions		617	587
Lease liabilities	7	1,440	-
Total Non-Current Liabilities		2,057	22,587
Total Liabilities		44,265	53,386
Net Assets		102,270	112,571
Equity			
Contributed capital	9	93,621	93,621
Reserves		196	210
Retained earnings		8,453	18,740
Total Equity		102,270	112,571

The accompanying notes form part of these financial statements

**Condensed Consolidated
Statement of Changes in Equity
for the half-year ended 31 December 2019**

	Contributed equity \$'000	Retained Earnings \$'000	Reserves \$'000	Total equity \$'000
Balance as at 1 July 2018	93,621	26,134	159	119,914
Profit for the half year	-	4,492	-	4,492
Exchange differences on translation of foreign operations, net of tax	-	-	38	38
Total comprehensive income for the half-year	-	4,492	38	4,530
Transactions with owners in their capacity as owners:				
Dividends Paid	-	(3,222)	-	(3,222)
	-	(3,222)	-	(3,222)
Balance as at 31 December 2018	93,621	27,404	197	121,222
Balance as at 1 July 2019	93,621	18,740	210	112,571
Loss for the half year	-	(5,454)	-	(5,454)
Exchange differences on translation of foreign operations, net of tax	-	-	(14)	(14)
Total comprehensive expense for the half-year	-	(5,454)	(14)	(5,468)
Transactions with owners in their capacity as owners:				
Dividends Paid	-	(4,833)	-	(4,833)
	-	(4,833)	-	(4,833)
Balance as at 31 December 2019	93,621	8,453	196	102,270

The accompanying notes form part of these financial statements

**Condensed Consolidated
Statement of Cash Flows
for the half-year ended 31 December 2019**

	31 Dec 2019 \$'000	31 Dec 2018 \$'000
Cash Flow from Operating Activities		
Receipts from customers	82,336	70,539
Payments to suppliers and employees	(75,618)	(63,614)
Net cash provided by trading activities	6,718	6,925
Income taxes paid	(2,474)	(1,768)
Interest received	30	60
Finance costs	(487)	(470)
Net cashflows used by discontinued operations	(182)	296
Net cash provided by operating activities	3,605	5,043
Cash Flow from Investing Activities		
Payment for property, plant and equipment	(215)	(130)
Payments for business acquisitions	-	(13,500)
Payments for intangibles	(1,082)	(162)
Net cash used in investing activities	(1,297)	(13,792)
Cash Flow from Financing Activities		
Payment for lease liabilities	(1,070)	-
Proceeds from borrowings	1,000	10,500
Repayment of borrowings	(1,000)	(500)
Payment of dividends	(4,833)	(3,222)
Net cash (used in) / provided by financing activities	(5,903)	6,778
Net (decrease) in Cash and Cash Equivalents	(3,595)	(1,971)
Cash and cash equivalents at beginning of half-year	11,712	14,011
Cash and Cash Equivalents at end of half-year	8,117	12,040

The accompanying notes form part of these financial statements

Note 1: Basis of Preparation of the half-year Financial Report

This condensed consolidated half-year financial report does not include all the notes of the type usually included in an annual financial report.

It is recommended that this half-year financial report be read in conjunction with the financial report for the year ended 30 June 2019 and any public announcements made by RXP Services Limited during the half-year in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

This condensed half-year financial report covers RXP Services Limited and controlled entities as a consolidated entity. RXP Services Limited is a company limited by shares, incorporated and domiciled in Australia. The address of RXP Services Limited's registered office and principal place of business is Level 15, 31 Queen Street, Melbourne. RXP Services Limited is a for-profit entity for the purpose of preparing the financial statements. The condensed half-year financial report was authorised for issue by the Directors as at the date of the Directors' Report.

The following is a summary of the accounting policies applied in this half year financial report:

(a) Basis of preparation of the Financial Information

This condensed consolidated half-year financial report has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting, as appropriate for for-profit entities, and the Corporations Act 2001. Compliance with AASB 134, as appropriate for for-profit entities, ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

The half-year financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

The accounting policies applied in this half-year financial report are consistent with those of the annual financial report for the year ended 30 June 2019 and the corresponding half-year other than as stated below in Note 1(b).

(b) Summary of the significant accounting policies

The Group has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2019, including AASB 16 *Leases*.

AASB 16 replaces AASB 117 *Leases* and introduces a single lessee accounting model that requires a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

- (a) right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for on a cost basis unless the underlying asset is accounted for on a revaluation basis; and
- (b) lease liabilities are accounted for on a similar basis to other financial liabilities, whereby interest expense is recognised in respect of the lease liability and the carrying amount of the lease liability is reduced to reflect the principal portion of lease payments made.

In accordance with the transition requirements of AASB 16, the Group has elected to apply AASB 16 retrospectively to those contracts that were previously identified as leases under the predecessor standard, with the cumulative effect, if any, of initially applying the new standard recognised as an adjustment to opening retained earnings at the date of initial application (i.e., at 1 July 2019). Accordingly, comparative information has not been restated.

RXP SERVICES LIMITED
ABN: 30 146 959 917
Notes to the Financial Statements
Half-Year ended 31 December 2019

Note 1: Basis of Preparation of the half-year Financial Report

(b) Summary of the significant accounting policies (continued)

The Group has elected to apply the following practical expedients to the measurement of right-of-use assets and lease liabilities in relation to those leases previously classified as operating leases under the predecessor standard:

- (a) to recognise each right-of-use asset at the date of initial application at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application;
- (b) to not recognise a right-of-use asset and a lease liability for leases for which the underlying asset is of low value; and
- (c) to not recognise a right-of-use asset and a lease liability for leases for which the lease term ends within 12 months of the date of initial application.

The application of AASB 16 resulted in the initial recognition of right-of-use assets with an aggregate carrying amount of \$3.3 million (referred to in these financial statements as “right-of use assets”), reduction of an accrual for straight line rental costs of \$0.8 million and corresponding lease liabilities with an aggregate carrying amount of \$4.1 million.

The weighted average incremental borrowing rate applied in the calculation of the initial carrying amount of lease liabilities was 5%.

The following is a reconciliation of non-cancellable operating lease commitments disclosed at the end of the prior reporting period (i.e., at 30 June 2019) to the aggregate carrying amount of lease liabilities recognised at the date of the initial application (i.e., at 1 July 2019):

	\$'000
Aggregate non-cancellable operating lease commitments at 30 June 2019	8,617
Impact of discounting lease payments to their present value at 1 July 2019	(195)
Future lease option's in 30 June 2019 disclosure, not accounted for under AASB 16	(4,117)
Lease payments previously included in non-cancellable lease commitments for leases with remaining terms of less than 12 months and leases of low value assets	(207)
Carrying amount of lease liabilities recognised at 1 July 2019	<u>4,098</u>

Further details of the Group's accounting policy for leases, for the half-year period ended 31 December 2019, is as follows:

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the Group recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Lease assets

Lease assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the Group, and an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss.

Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

Note 1: Basis of Preparation of the half-year Financial Report

(b) Summary of the significant accounting policies (continued)

Lease liabilities

Lease liabilities are initially recognised at the present value of the future lease payments (i.e., the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Group's incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments (i.e., the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

Leases of 12 months or less and leases of low value assets

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

(c) Rounding amounts

The consolidated entity has applied the relief available under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and accordingly, the amounts in the consolidated financial report and in the Directors' Report have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar (where indicated).

(d) Going Concern

The financial report has been prepared on a going concern basis which contemplates the continuity of normal business activity and realisation of assets and settlements of liabilities in the ordinary course of business.

The Group incurred a statutory loss from continuing operations of \$5.3 million (including \$7.5 million impairment loss) during the half year ended 31 December 2019. In addition, total current liabilities exceeded total current assets by \$5.0 million (includes \$22 million loan facility in current liabilities).

The ability of the Group to continue as a going concern is reliant on generation of profits and ongoing support from financiers.

Notwithstanding the above, the Directors believe the going concern basis is appropriate due to the following factors:

- The Group has produced positive net cash flow from operating activities of \$3.6 million and has prepared forecasts and budgets which support this continuing;
- On 18 February 2020 the Group received a term sheet from its current financier to extend its facility for a further three-year term through to 31 March 2023. The terms of the facility are consistent with the existing facility which is due to expire in October 2020. The Directors resolved to accept the financiers term sheet and expect to execute this agreement in March 2020; and
- Current liabilities include \$22 million of bank debt, had the facility been extended at 31 December 2019, the loan would have been classified as Non-Current, and on this basis, total current assets would have exceeded total current liabilities by \$17 million.

Based on the above the Directors believe that the Group will continue as a going concern over the next 12 months and realise assets and settle liabilities and commitments in the ordinary course of business and for the amounts stated in the financial statements.

RXP SERVICES LIMITED
ABN: 30 146 959 917
Notes to the Financial Statements
Half-Year ended 31 December 2019

Note 2: Significant or unusual income and expense items

	31 Dec 2019 \$'000	31 Dec 2018 \$'000
Impairment of goodwill	7,500	-

Under AASB 136, impairment testing is performed on goodwill annually or more frequently whenever events or changes in circumstances indicate that the carrying amount of the asset may be impaired.

An impairment indicator exists due to financial performance of the Group for the half year ended 31 December 2019, being below budget. As a result of this, impairment testing is required to be performed.

An impairment loss has been recognised at December 2019 for \$7.5 million due to a revision of estimates for cashflows for the current financial year such that the present value of forecast future cashflows was less than the carrying value. The long-term growth rate and discount factor are consistent with the assumptions disclosed in the annual financial report for the year ended 30 June 2019.

Note 3: Dividends

(a) Dividends paid or declared

	Cents per share	Total amount \$'000	Franked / unfranked	Date of payment
Half year ended 31 December 2019				
Final 2019 ordinary	3.00	4,833	Fully franked	3 October 2019
Half year ended 31 December 2018				
Final 2018 ordinary	2.00	3,222	Fully franked	4 October 2018

(b) Dividends declared after the reporting period and not recognised

	31 Dec 2019 \$'000	30 June 2019 \$'000
Since the end of the reporting period the Directors have declared an interim dividend of 1.00 cent per share (June 2019: Final dividend of 3.00 cents per share) 100% franked (June 2019: 100% franked) at the Australian tax rate of 30%	1,611	4,833

Note 4: Segment information

Operating segments

The consolidated entity has one reportable segment as described below:

RXP Services Ltd and its controlled entities are an Innovative Digital Services Consultancy provider. There is only one reportable segment based on the aggregation criteria in AASB 8 Operating Segments.

RXP SERVICES LIMITED
ABN: 30 146 959 917
Notes to the Financial Statements
Half-Year ended 31 December 2019

Note 5: Trade and other receivables

	31 Dec	30 June
	2019	2019
	\$'000	\$'000
Accrued income	9,441	12,186
Trade receivables	16,580	27,256
Allowance for credit losses	(231)	(1,404)
	<u>25,790</u>	<u>38,038</u>

Note 6: Other current assets

Prepayments	1,159	1,163
Deposits held	5	2
Other receivables	36	257
	<u>1,200</u>	<u>1,422</u>

Note 7: Right-of-use assets

Lease assets

Carrying amount of lease assets, by class of underlying asset:

Buildings under lease arrangements

At cost	4,315
Accumulated depreciation	(989)
Total carrying amount of lease assets	<u>3,326</u>

Reconciliation of the carrying amount of lease assets at the beginning and end of the half-year:

	Buildings
	\$'000
Carrying amount at 1 July 2019	-
Initial recognition at 1 July 2019	3,322
Additions	993
Depreciation	(989)
Carrying amount at 31 December 2019	<u>3,326</u>

Lease liabilities

Current lease liabilities	2,865
Non-current lease liabilities	1,440
Total carrying amount of lease liabilities	<u>4,305</u>

Lease expenses and cashflows

Interest expense on lease liabilities	118
Expense relating to leases of 12-months or less (for which a lease asset and lease liability has not been recognised)	83
Depreciation expense on lease assets	989
Total cash outflow in relation to leases	1,188

RXP SERVICES LIMITED
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Notes to the Financial Statements
Half-Year ended 31 December 2019

Note 8: Borrowings

	31 Dec 2019 \$'000	30 June 2019 \$'000
Current		
<i>Secured</i>		
Bank loans	22,000	-
Non-Current		
<i>Secured</i>		
Bank loans	-	22,000
	22,000	22,000

(a) Terms and conditions and assets pledging as security relating to the above financial instruments

The terms of the facility are as disclosed in the 2019 Annual Financial Report.

Refer to Note 12 for details of the negotiation of the existing facility which expires in October 2020.

Note 9: Share capital

Movements in ordinary share capital

	Number of shares	\$'000
Balance as at 30 June 2019 and 31 December 2019	161,097,185	93,621

Note 10: Discontinued Operations

During 2019 the Group resolved to exit the Hong Kong region and initiated an active program to locate a buyer for its Hong Kong subsidiary, RXP Services Pty Ltd. The associated assets and liabilities were consequently presented as held for sale and the financial performance and cash flows are shown as a discontinued operation in the 31 December 2019 financial statements.

RXP SERVICES LIMITED
ABN: 30 146 959 917
Notes to the Financial Statements
Half-Year ended 31 December 2019

Note 10: Discontinued Operations (continued)

The results of the discontinued operation for the period are presented below:

	31 Dec 2019 \$'000	31 Dec 2018 \$'000
(i) Financial performance information		
Revenue	1,841	2,072
Expenses	(2,054)	(2,472)
Other income	-	-
<i>Loss before income tax</i>	(213)	(400)
Income tax benefit / (expense)	12	(48)
<i>Loss after income tax of discontinued operations</i>	(201)	(448)
	31 Dec 2019 \$'000	31 Dec 2018 \$'000
(ii) Cash flow information		
Net cash (used in) / provided by operating activities	(182)	296
Net cash provided by / (used in) investing activities	-	-
Net cash provided by / (used in) financing activities	-	-
<i>Net cash (outflow) / inflow</i>	(182)	296

Note 11: Contingent liabilities

As at the date of this report there are no contingent liabilities.

Note 12: Subsequent events

Since the end of the financial half year the Directors declared the following interim dividend:

	Amount per Share	Franked Amount Per Share	Expected Payment Date
Interim - Ordinary	1.00 cent	1.00 cent	20 March 2020

After Balance Sheet date an interim dividend was declared by the Directors. The interim dividend declared is 1.00 cent fully franked at 30%. The financial effect of this interim dividend has not been brought to account in the condensed consolidated financial statements for the half-year ended 31 December 2019 and will be recognised in subsequent financial reports.

On 18 February 2020, the Group received a term sheet from Westpac Banking Corporation to extend the loan facility for another three-year term expiring 31 March 2023. The terms of the facility are unchanged from the existing facility. The Directors resolved to accept the financiers term sheet and expect to execute this agreement in March 2020.

There have been no other events subsequent to 31 December 2019.

Directors' Declaration

The Directors declare that:

1. In the Directors' opinion, the financial statements and notes thereto, as set out on pages 9 to 19, are in accordance with the Corporations Act 2001, including:
 - (a) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2019 and of its performance for the half-year ended on that date.
2. In the Directors' opinion there are reasonable grounds, at the date of this declaration, to believe that RXP Services Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



.....
Ross Fielding
Director



.....
John Pittard
Director

Melbourne, 24 February 2020

RXP SERVICES LIMITED
ABN: 30 146 959 917

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
RXP SERVICES LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of RXP Services Limited "the Company" and its controlled entities "the Group", which comprises the condensed consolidated statement of financial position as at 31 December 2019, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of RXP Services Limited and controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of RXP Services Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of RXP Services Limited and controlled entities is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



F V RUSSO
Partner



PITCHER PARTNERS
Melbourne

24 February 2020