



# Annual Report 2014



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# Our Business

We combine exceptionally talented people with proven methods to deliver solutions that enable our clients to increase revenue, improve customer satisfaction and engagement, and improve EBIT.

We are an ASX listed Technology consulting services company that has provided professional services to S&P / ASX 200 corporations and government bodies in Australia and Asia for over 20 years.

We are a client focussed, practice led organization.

Our practices:

- group our capabilities in a way that optimises engagement with clients.
- integrate and work as “one rxp”
- structured to support optimal delivery while providing our staff with career progression and learning opportunities.



## Our Vision is to...



It's fair to say that we are building a track record for delivering strong results... As we look back on the team's achievements over the past 12 months, we do so with pride.... The year ahead is one that we once again look forward to with a great deal of confidence

# CHAIRMAN & CEO MESSAGE

## Dear Shareholders,

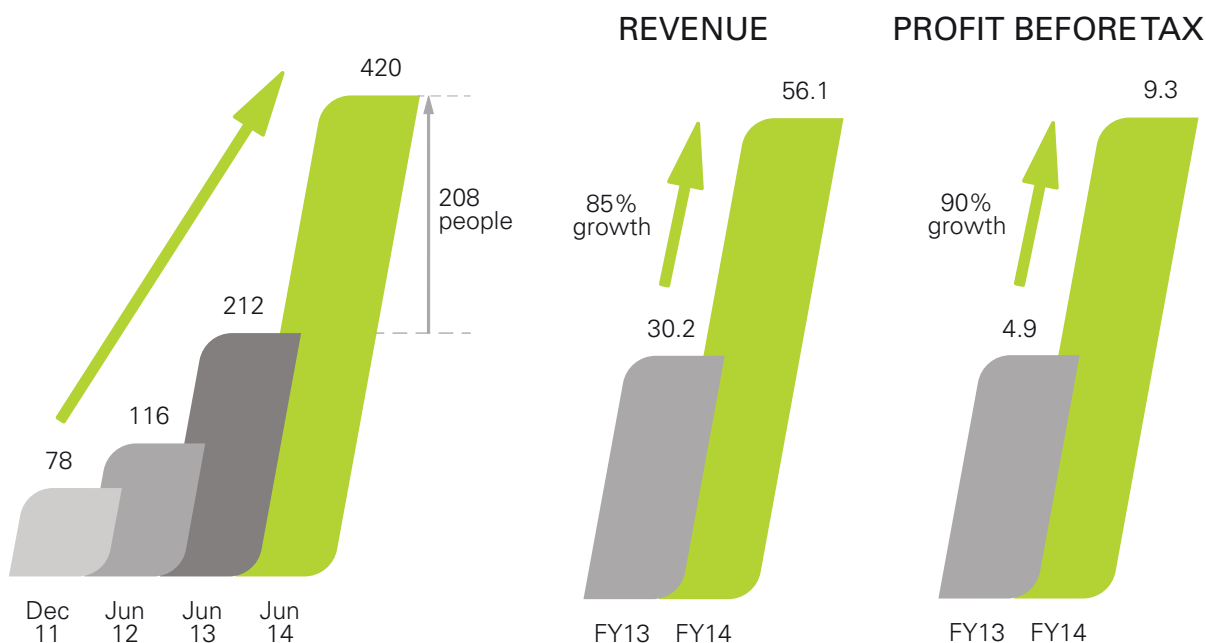
It is with pleasure that we present to you the 2014 RXP Services Ltd (RXP) annual report. Now in our 3rd year as an ASX listed company, it is fair to say that we are building a track record for delivering strong results; results that we are extremely proud of.

We have executed the strategy outlined last year and have continued to grow RXP both organically and through acquisition. Our business is in a very strong financial position and the foundations for the continuation of strong growth are in place.

## The Financial Summary

The past 12 months has seen RXP continue to expand capabilities within existing areas of specialisation whilst also adding new areas of focus and specialisation. Our strategy of “specialisation wins” combined with implementation of our Transpire methodologies is delivering results. We are winning in the market place and that has produced strong outcomes for the 2014 fiscal year:

- Total revenue increased 85% to \$56M (up from \$30.2M FY13)
- PBT increased 90% to \$9.3M (up from \$4.9M FY13)
- Our PBT margin improved to 16.6% (up from 16.3% in the prior year)
- Total staff numbers have grown by 98% to 420 (up from 212 at end of FY13)
- At the close of the financial year, RXP had \$18.4M in cash with zero debt and net cash assets (current assets less payables) of \$25M



## Highlights for FY2014

Our plans for FY14 outlined last year revolved around several key areas: growing our people and capabilities; growing RXP brand awareness; growing our client base; increasing penetration of our Practices within clients; growing our partnerships; developing and growing our geographies.

As we look back on the team's achievements over the past 12 months, we do so with pride:

- We have continued to invest in the development of our people in terms of their skills and capabilities. We have also worked in a targeted manner to expand our specialisations in very specific areas.
- By 30 June 2014, the RXP team had grown to 420 people and we welcomed a new office in Hobart. With our Hobart office, RXP launched its "Near Shore" applications development capability; a capability that has provided us with an increased level of workforce flexibility and efficiency that has proven to be highly beneficial to both ourselves and our clients.
- We have worked hard on building our brand. Through our actions, we have been busy building awareness of RXP; awareness of the value RXP can and does bring to clients. We have been able to extend business with existing clients whilst also winning business with new clients.
- Our work on developing meaningful and enduring partnerships with technology companies (across the spectrum from "challenger" technologies to mainstream) has been taken to a new level and is also delivering results.
- On the acquisition front, RXP has been very active over the past 12 months. We have been able to successfully complete the acquisition and integration of another 6 businesses; businesses that have brought to RXP very specific and targeted capabilities, all of which have strengthened the overall value proposition of RXP.

## The Year Ahead

The year ahead is one that we once again look forward to with a great deal of confidence. We have built a great team, one team, a strong team, a team that has a winning culture. A culture that is reflected in our values.



### **Respect**

We respect diversity of background and thought.

We show consideration for one another.

### **Results**

We accept responsibility for our commitments and expect to be accountable for results.

We are team driven to succeed.



### **Expect**

We expect RXP people to live our values every day.

### **Expand**

We constantly expand our capabilities by building on our knowledge and specialisations.



### **Personable**

We are approachable and respectfully confident.

### **Professional**

We are professional in our dealings with people in a "smart casual" and pragmatic way.

### **Passionate**

We are committed in heart and mind and proud to be a part of RXP.



We expect that our specialisations will continue to be relevant to both existing and new clients and our ability to constantly develop and expand these capabilities is an important part of our strategy. Our focus on team and bringing a team based approach to the way we work is key to delivering outcomes for all of our stakeholders.

Over the next 12 months, RXP will continue to execute on its aggressive growth strategy; a strategy that will continue to focus on both organic growth and acquisitive growth. To underpin this strategy and to help guide us through our next phase of growth, we have again put in place a set of key strategic priorities and associated plans. These priorities remain similar to those set out for FY14, however the plans that sit behind these strategic priorities have been updated to ensure there is a focus on areas that will deliver the greatest sustainable growth for RXP. One notable addition is our focus on developing and expanding our "Near Shore" capabilities in Hobart. We are excited by the opportunities and value that our Hobart office will bring.

- 1 Develop People, Teamwork and Leadership.
- 2 Build on our Brand.
- 3 Develop and expand our specialisations.
- 4 Develop and expand our "Near Shore" capabilities.
- 5 Build on existing and develop new Client Relationships.
- 6 Develop and expand our Partnerships.
- 7 Grow through targeted Acquisitions.

In terms of the financial outlook for the year ahead, implementation of our plan is expected to result in RXP continuing to deliver strong growth in both Revenue and PBT. We forecast that our underlying PBT margin will remain strong and to be in line with what we achieved in FY14.

RXP has built an exceptional team over the past couple of years and has built a reputation for delivery. We continue to have a good spread of services and specialisations that we are able to offer clients, we have a diverse range of clients across a broad range of industry verticals and we have a good mix of geographies in which we operate. This spread and diversity means that we are well placed to manage our risks going forward.

In closing, it has been another exciting and rewarding year for the RXP team. It's been a year that has resulted in significant growth across all aspects of the business. We recognise that delivering these results could not be done without the help and support of people. To that end, we would like to thank the people of RXP for all of their efforts during FY14. We would also like to thank our clients who put their trust in us, our partners who work with us and support us and importantly, we would like to thank our shareholders for their continued support of RXP Services Limited.

We look forward to an exciting 2015 financial year.

**Thank you.**



**John Pittard**  
Chairman



**Ross Fielding**  
Chief Executive Officer

# Directors' Report

The directors present their report together with the financial report of the consolidated entity consisting of RXP Services Ltd and the entities it controlled, for the financial year ended 30 June 2014 and auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

## Directors

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

### Non Executive Directors

Mr John Pittard (Chairperson) – commenced 25 November 2013

Mr Kenneth Stout

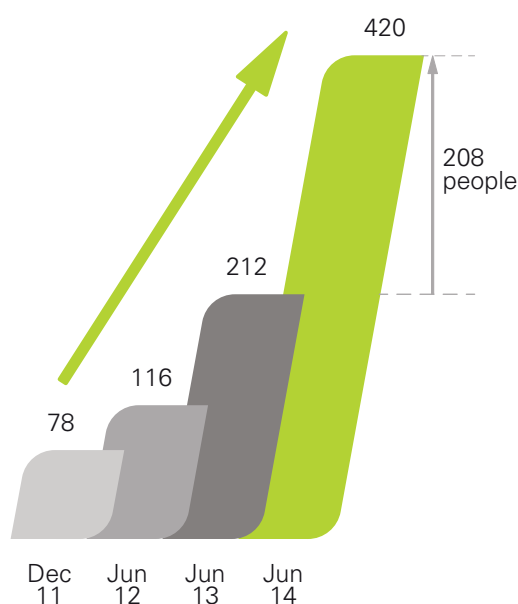
### Executive Director

Mr Ross Fielding

### Resignations

Mr Lloyd Roberts (Chairperson) - resigned 25 November 2013

The directors have been in office throughout the financial year and remain in office at the date of this report.



## Principal activities

The principal activity of the consolidated entity during the financial year was providing Information & Communications Technology Consulting, Development, Support and Maintenance services.

There has been no significant change in the nature of these activities during the financial year.

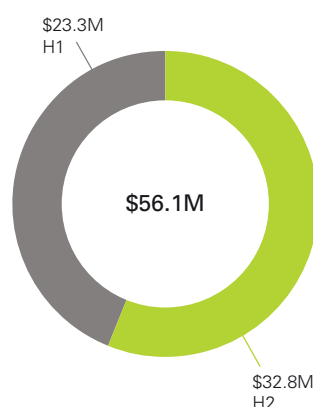
## Results

The consolidated profit after income tax attributable to the members of RXP Services Ltd was \$6,498,000 (2013: \$3,485,000).

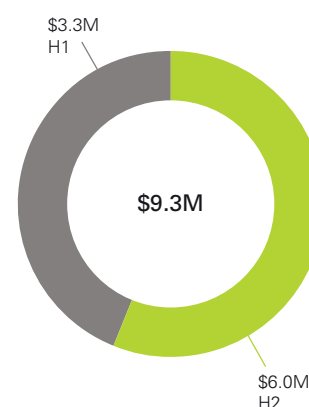
## Review of operations

During the year, the Group achieved a number of significant milestones, including:

- successful completion of the acquisition of Transpire Pty Ltd, MethodGroup Pty Ltd, Integrated Value Pty Ltd, Nobel Pty Ltd, Insight4 Pty Ltd and Aptus International Pty Ltd. Details of these acquisitions are set out at Note 19.
- Refer to the Chairman and CEO Message at the start of this Annual Report for an overview of the financial year 2014, a year that once again resulted in significant growth.



↑ 85% growth on FY13



↑ 90% growth on FY13

## Significant changes in the state of affairs

Significant changes in the consolidated entity's state of affairs that occurred during the period were:

- On 1 July 2013, the Company acquired 100% of the share capital of Transpire Pty Ltd. Details of the acquisition are set out at Note 19 in this financial report.
- On 2 September 2013, the Company acquired 100% of the share capital of MethodGroup Pty Ltd. Details of the acquisition are set out at Note 19 in this financial report.
- On 1 October 2013, the Company acquired 100% of the share capital of Integrated Value Pty Ltd. Details of the acquisition are set out at Note 19 in this financial report.
- On 1 October 2013, the Company acquired 100% of the share capital of Nobel Consulting Pty Ltd. Details of the acquisition are set out at Note 19 in this financial report.
- On 17 December 2013, the Company completed a placement to sophisticated investors that raised a total of \$20M prior to the payment of associated expenses.
- On 3 March 2014, the Company acquired 100% of the share capital of Insight 4 Pty Ltd. Details of the acquisition are set out at Note 19 in this financial report.
- On 22 May 2014, the Company acquired 100% of the share capital of Aptus International Pty Ltd. Details of the acquisition are set out at Note 19 in this financial report.

## After balance date events

No events to report.

## Likely developments

The company will continue to pursue its operating strategy to create shareholder value. Further comment regarding the likely developments can be found in the Chairman and CEO message at the front of this report.

## Environmental regulation

The consolidated entity's operations are not subject to any significant environmental Commonwealth or State regulations or laws.

## Dividend paid, recommended and declared

No dividends were paid, declared or recommended since the start of the financial year (2013: nil).

## Share options

No options over unissued shares or interests in the consolidated entity were granted during or since the end of the financial year and there were no options outstanding at the end of the financial year.

## Information on directors and company secretary

<b>John Pittard (Chairman)</b>	<p>Mr Pittard has over 30 years of experience having held senior business and technology positions within some of Australia's largest companies including News Corporation, Telstra, Pioneer International and Shell Australia. Other recent directorships and offices include Non-Executive Director REA Group Limited, Non-Executive Director CareerOne Pty Ltd and Non-Executive Director RecruitAdvantage Pty Ltd.</p> <p><b>Directorships of other companies:</b> Barnardos Australia  <b>Special Responsibilities:</b> Chairman of the People &amp; Remuneration Committee; Member of the RXP Audit Committee  <b>Qualifications:</b> B.Sc. (Newcastle University), MAICD</p>
<b>Lloyd Roberts (Chairman)</b>  <b>Resigned: 25 Nov 2013</b>	<p>Lloyd was the Founder and CEO of SMS Consulting Group, established in 1986 and now one of the largest Australian owned IT services companies in the region. Lloyd oversaw the growth of that company from its original two employees to over 1,200 employees and expanding to have offices in Australia, the UK and Singapore. Under Lloyd's leadership, SMS Consulting Group became SMS Management &amp; Technology and is currently listed on the Australian Stock Exchange (ASX:SMX).</p> <p><b>Directorships of other companies:</b> Nil  <b>Special Responsibilities:</b> Member of the RXP Audit Committee  <b>Qualifications:</b> BComm</p>
<b>Kenneth Stout (Non-executive Director)</b>	<p>Kenneth is a highly accredited and experienced senior company Accounting and Finance executive. He has worked in both public and private companies, is an Associate of the Institute of Chartered Accountants Australia and has deep board level management experience; recently being Chair of ASX listed Ingena Group Ltd. Kenneth was a partner at Ernst &amp; Young and is a specialist in financial and corporate advisory services.</p> <p><b>Directorships of other companies:</b> Nil  <b>Special Responsibilities:</b> Member of the RXP Audit Committee  <b>Qualifications:</b> Chartered Accountant, Diploma Business(Accounting), Graduate Diploma of Bus (Accounting), Chartered Secretary</p>
<b>Ross Fielding (Executive director)</b>	<p>Ross has over 29 years of experience in the Information Technology and Telecommunications industry and has played a key role in many major "Business transformation" programmes throughout his career. Before becoming the CEO of RXP Services, Ross was the Executive Director for Products and Services in Telstra, driving innovation, development and implementation into the market. Prior to RXP, Ross was the CIO for Telstra's Retail business. Ross has been a Director of the Australian Mobile Telecommunications Association.</p> <p><b>Directorships of other companies:</b> Nil  <b>Special Responsibilities:</b> Member of the People &amp; Remuneration Committee  <b>Qualifications:</b> BEng</p>

**Christopher Shearer****(CFO and Company Secretary)**

Chris is a senior finance and administration executive with over fifteen years of accounting and finance experience in a number of ASX listed companies. Chris has held senior Accounting and Company Secretary roles in both private and public sector companies. Prior to his role at RXP, Chris was the accountant for Ingena Group Ltd a wholly owned subsidiary of UXC Limited.

**Directorships of other companies:** Nil**Special Responsibilities:** Nil**Qualifications:** BA

## Directors' meetings

The number of meetings of the board of directors and of each board committee held during the financial year and the numbers of meetings attended by each director were:

	Board of Directors		Audit Committee		People & Rem. Committee*	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
John Pittard	7	7	1	1	1	1
Lloyd Roberts	5	3	1	1	-	-
Kenneth Stout	11	11	2	2	1	1
Ross Fielding	11	11	-	-	1	1

\*People & Remuneration Committee was established in June 2014. Prior to this, People and Remunerations items were addressed as part of Board meetings

## Directors' interests in shares or options

Directors' relevant interest in shares of RXP Services Ltd or options over shares in the company are detailed below:

<b>Directors' relevant interests in:</b>	Ordinary shares of RXP Services Ltd
<b>John Pittard</b>	50,000
<b>Kenneth Stout</b>	250,000
<b>Ross Fielding</b>	10,181,000

## Indemnification and insurance of directors, officers and auditors

During the financial year, the Group paid a premium to insure the Directors and Officers of the Group. The terms of the insurance contract prevent additional disclosure. The Group is not aware of any liability that arose under these indemnities as at the date of this report.

No indemnities have been given or insurance premiums paid to insure the auditors of the consolidated entity.

## Proceedings on behalf of the consolidated entity

No person has applied for leave of Court to bring proceedings on behalf of the consolidated entity.

## Auditor's independence declaration

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

## Non-audit services

Non-audit services are approved by resolution of the audit committee and approval is provided in writing to the board of directors. There has been no non-audit services provided by the auditors of the consolidated entity during the year.

## Remuneration report - audited

The directors present the consolidated entity's 2014 audited remuneration report which details the remuneration information for RXP Services Ltd's executive directors, non-executive directors and other key management personnel.

### Principles used to determine the nature and amount of remuneration

The board policy for determining the nature and amount of remuneration of key management personnel is agreed by the board of directors as a whole. The board obtains professional advice where necessary to ensure that the company attracts and retains talented and motivated directors and employees who can enhance company performance through their contributions and leadership. No remuneration consultant provided a recommendation in the current year.

The Group has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation. Remuneration packages comprise fixed remuneration and may include bonuses or equity based remuneration entirely at the discretion of the Board based on the performance of the individual.

### Fixed Remuneration

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any fringe benefits tax charges related to employee benefits), and employer contributions to superannuation funds.

Remuneration levels are reviewed annually by the Board through a process that considers individual, business unit and overall performance of the Group. In addition, the Board considers external data to ensure directors' and executives' remuneration is competitive in the market place. Remuneration is also reviewed on promotion.

### Performance Linked Remuneration

Performance linked remuneration includes short-term incentives and is designed to reward the CEO and executives for meeting or exceeding their financial and personal objectives.

The Board has set the Key Performance Indicators ("KPIs") for the CEO and has, in conjunction with the CEO, developed KPIs for key executives. The KPIs generally include measures relating to the Group, the relevant business unit and the individual. They include financial measures (Revenue and EBITDA compared with budgeted amounts) and people, client, strategy, risks and growth measures (these vary with position and include measures such as achieving strategic outcomes and meeting leadership objectives).

At the end of the financial year, the Board assesses the actual performance of the Group, the relevant business unit and the individual against the KPIs as set at the beginning of the financial year. As a result, a percentage of the predetermined maximum amount is awarded to the individual.

No bonuses are to be paid in relation to the year ended 30 June 2014.

Non-executive directors receive fees and do not receive options or bonus payments.

The names and positions of directors and other key management personnel in the consolidated Group for the financial year are:

Directors	Position
<b>Ross Fielding</b> (Appointed 21 October 2010)	Managing Director
<b>John Pittard</b> (Appointed 25 November 2013)	Chairman
<b>Lloyd Roberts</b> (Resigned 25 November 2013)	Chairman
<b>Kenneth Stout</b> (Appointed 21 October 2010)	Non – Executive Director

Key Management Personnel	Position
<b>Christopher Shearer</b> (Appointed 28 November 2011)	Chief Financial Officer and Company Secretary
<b>Paul Fielding</b> (Appointed 28 November 2011)	Group Executive Operations
<b>Jason Young</b> (Appointed 1 July 2013)	Group Executive Sales and Delivery
<b>Ben Meek</b> (Appointed 1 July 2013)	Group Executive Strategic Advisory Services
<b>Tim Moon</b> (Appointed 1 May 2014)	Group Executive Engagement & Enablement
<b>Maria Dimopoulos</b> (Appointed 1 July 2013)	Group Manager People and Talent

### Details of remuneration

Details of the remuneration of the Directors and key management personnel of the Group are set out in the following tables. The key management personnel of the Group include the Directors of RXP Services Ltd and those executives that report directly to the CEO (Ross Fielding).

## Directors' remuneration:

	Short-Term				Post employment				Long-term		Share-based payments		TOTAL	Total performance related	Options as % of total
	Salary/Fees	Cash bonus	Non-monetary	Other	Super-annuation	Retirement benefits	Termination benefits		Incentive plans		Options			%	%
<b>2014</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Ross Fielding	368,066	-	-	-	34,046	-	-	-	-	-	-	-	402,112	-	-
Lloyd Roberts	18,406	-	-	-	1,702	-	-	-	-	-	-	-	20,108	-	-
John Pittard	39,769	-	-	-	-	-	-	-	-	-	-	-	39,769	-	-
Kenneth Stout	47,500	-	-	-	-	-	-	-	-	-	-	-	47,500	-	-
	<b>473,741</b>	-	-	-	<b>35,748</b>	-	-	-	-	-	-	-	<b>509,489</b>	-	-
<b>2013</b>															
Ross Fielding	351,778	-	-	-	23,222	-	-	-	-	-	-	-	375,000	-	-
Lloyd Roberts	45,872	-	-	-	4,128	-	-	-	-	-	-	-	50,000	-	-
Kenneth Stout	40,000	-	-	-	-	-	-	-	-	-	-	-	40,000	-	-
	<b>437,650</b>	-	-	-	<b>27,350</b>	-	-	-	-	-	-	-	<b>465,000</b>	-	-

## Executives' remuneration:

Christopher Shearer	147,812	-	-	-	12,188	-	-	-	-	-	-	-	160,000	-	-
Paul Fielding	330,000	-	-	-	-	-	-	-	-	-	-	-	330,000	-	-
Jason Young	283,752	-	-	-	26,248	-	-	-	-	-	-	-	310,000	-	-
Ben Meek	170,000	-	-	-	15,725	-	-	-	-	-	-	-	185,725	-	-
Tim Moon	30,582	-	-	-	9,418	-	-	-	-	-	-	-	40,000	-	-
Maria Dimopoulos	108,033	-	-	-	9,993	-	-	-	-	-	-	-	118,026	-	-
	<b>1,070,179</b>	-	-	-	<b>73,572</b>	-	-	-	-	-	-	-	<b>1,143,751</b>	-	-
<b>2013</b>															
Christopher Shearer	145,222	-	-	-	13,242	-	-	-	-	-	-	-	158,464	-	-
Paul Fielding	220,000	-	-	-	-	-	-	-	-	-	-	-	220,000	-	-
	<b>365,222</b>	-	-	-	<b>13,242</b>	-	-	-	-	-	-	-	<b>378,464</b>	-	-



## Service agreements

The contracts for service between the Company and specified executives are formalised in service agreements.

The major provisions in the agreements relating to remuneration are set out below:

### **Ross Fielding, Chief Executive Officer**

- Permanent employment contract commencing 20 December 2010.
- Base fee increased to \$420,000 on 1 December 2013
- Termination by provision of 6 months notice by either party.

### **Christopher Shearer, Chief Financial Officer**

- Permanent employment contract commencing 1 April 2011.
- Base fee for the year ended 30 June 2014 of \$160,000.
- Termination by provision of 1 months notice by either party.

### **Paul Fielding, Group Manager Operations**

- Contract commencing 1 February 2012.
- Monthly fee of \$27,500
- Termination by provision of 1 months' notice by either party.

### **Jason Young, Group Executive, Sales and Delivery**

- Permanent employment contract commencing 1 July 2013
- Base fee for the year ended 30 June 2014 of \$310,000.
- Termination by provision of 3 months' notice by either party

### **Ben Meek, Group Executive, Strategic Advisory Services**

- Permanent employment contract commencing 1 July 2013
- Base fee for the year ended 30 June 2014 of \$185,725
- Termination by provision of 3 months' notice by either party

### **Tim Moon, Group Executive, Engagement and Enablement**

- Permanent employment contract commencing 6 January 2013
- Base fee increased to \$240,000 on 1 May 2014

- Termination by provision of 1 months' notice by either party

### **Maria Dimopoulos, Group Manager People and Talent**

- Permanent employment contract commencing 25 February 2013
- Base fee increased to \$120,000 on 1 December 2013
- Termination by provision of 1 months' notice by either party.

## Number of shares held by key management personnel

	Balance 1/07/13	Received as remuneration	Options exercised	Shares acquired	Balance 30/06/14
<b>2014 Directors</b>					
John Pittard	-	-	-	50,000	50,000
Ross Fielding	10,181,000	-	-	-	10,181,000
Kenneth Stout	250,000	-	-	-	250,000
<b>Executives</b>					
Christopher Shearer	4,000	-	-	226,000	230,000
Paul Fielding	881,500	-	-	3,907,015	4,788,515
Jason Young	628,491	-	-	400,000	1,028,491
Ben Meek	-	-	-	674,314	674,314
Tim Moon	2,808,521	-	-	483,025	3,291,546
Maria Dimopoulos	-	-	-	-	-
	<b>14,753,512</b>	<b>-</b>	<b>-</b>	<b>5,740,354</b>	<b>20,493,866</b>

## Voting and comments made at the company's 2014 Annual General Meeting (AGM)

At the company's most recent AGM, resolution to adopt the prior year remuneration report was put to the vote and at least 75% of 'yes' votes were cast for adoption of that report. No comments were made on the remuneration report that was considered at the AGM.

### End of Remuneration Report.

#### *Rounding of amounts*

The amounts contained in the report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/100. The company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the directors.



### **Ross Fielding**

Director

Melbourne

Date 16 September 2014



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

In relation to the independent audit for the year ended 30 June 2014, 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 any applicable code of professional conduct.

A handwritten signature in black ink, appearing to read "M Pringle".

M W PRINGLE  
Partner

16 September 2014

A handwritten signature in black ink, appearing to read "Pitcher Partners".

PITCHER PARTNERS  
Melbourne

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# Corporate Governance Statement

The Board of Directors of RXP is responsible for ensuring the existence of an effective governance environment to safeguard the interests of the Company, its shareholders and other stakeholders. The Board guides and monitors the business on behalf of the shareholders by whom they are elected and to whom they are accountable.

RXP's Corporate Governance Statement outlines the main corporate governance practices in place and is structured with reference to the Australian Securities Exchange Corporate Governance Council's Principles and Recommendations with 2010 Amendments. The RXP Board considers that it generally complies with these principles and recommendations and, where the Company does not comply, this is due to the current relative size of the Company and scale and nature of its current operations. Comments on compliance and departures are set out below.

## Principle 1: Lay solid foundations for management and oversight

The role of the Board, as the body ultimately responsible for the corporate governance of the Company, consists of the following major functions:

- Providing accountability to shareholders and other stakeholders;
- Appointing and working with the CEO;
- Approval of Company strategy;
- Development of key Company policies; and
- Monitoring management and operations.

The Directors are responsible, and primarily accountable to the shareholders for the effective corporate governance of the Company. This means that the Board is responsible for directing and controlling the Company, guiding and monitoring its strategy and business affairs.

The corporate governance of the Company is carried out through the delegations of appropriate authority to the Chief Executive Officer (CEO) and, through the CEO, to the management of the Company.

All senior executives are measured against agreed key performance indicators (KPI's), as outlined previously in the Remuneration Report.

The Board has adopted a Charter which includes a comprehensive set of Board policies regarding Independence and Conflicts of Interest, Risk Management, Board Performance Evaluation, CEO Performance Evaluation, Continuous Disclosure and External Communications, Securities Trading, Audit Committee Charter, Diversity and Code of Conduct for Directors and Officers to assist them in discharging their corporate governance obligations. These are available from the Company Secretary.

## Principle 2: Structure the Board to add value

Under the Company's Constitution, the Board comprises a minimum of three and a maximum of seven Directors. It is the intention that the Board comprises of:

- an independent Chairman
- majority of independent directors
- people who bring robust and independent judgement to the Board
- people with a broad range of experience, expertise, skills and contacts relevant to the company and its business at any relevant point in time

From the listing date on 28 November 2011, the Board has comprised the following:

- Non-Executive Directors: 2
- Executive Directors: 1

The Board has established an Independence and Conflicts of Interest Policy which assesses the independence of directors and addresses the handling of conflicts that may arise for Directors. The Board periodically assesses the independence of each Director in the light of the interests disclosed by them, and each Director provides the Board with all relevant information for that purpose.

The Board confirms that in its view the independent Directors met the criterion during the financial year of being independent of management and free of outside influences which could materially interfere with the independent and objective judgement of the Director.

The Board is responsible for the financial and operating performance of the Company against approved strategies and business plans. This is done through receiving regular management reporting at Board

meetings and participation in meeting of Committees of the Board with management. In addition, further information is provided to the Board where they consider such information is necessary to make informed decisions.

The Company Secretary supports the board by monitoring adherence to board policies and procedures and ensuring the timely completion and despatch of board agenda and supporting material.

Given the size, scale and nature of the Company's business, the Board as a whole undertakes the nomination function and associated responsibilities. This includes devising and implementing policies covering the composition, succession planning, appointment, remuneration and evaluation of the performance of the Board, Directors, CEO and CFO. These policies are currently under review.

## Principle 3: Promote ethical and responsible decision making

The Board has adopted a Board Charter incorporating various Board Policies that formalises the role and responsibilities of the Board including a Code of Conduct for Directors and Officers. These are in place to guide behaviour, enhance investor confidence in the Company, demonstrate a commitment to ethical standards and practices and to act honestly, with integrity and in the best interests of the company and its shareholders.

The Board has adopted a Diversity Policy that drives commitment to a work environment that:

- values each individual's unique talents and background regardless of gender, race, age, religion, culture, lifestyle choices or disability
- respects differences of individual's regardless of gender, race, age, religion, culture, lifestyle choices or disability
- recognises the opinions and ideas of every employee
- develops, encourages, and maintains a positive attitude towards diversity
- values and respects differences among the people with whom we interact

- ensures that all employees and potential employees are treated and evaluated equally according to the job related qualifications, skills, capabilities and aptitude

RXP recognises that valuing and respecting such differences helps the company in being more successful in identifying and meeting the needs of client and developing effective work relationships.

We are committed to Equal Employment Opportunity (EEO) and Affirmative Action. Embracing diversity is not only the right way to do business, it is essential to the success of the Company. RXP Services is better able to effectively serve a diverse marketplace by having a diverse workforce. Our employees are expected to promote EEO and help ensure that the work environment is free from unlawful discrimination.

Specifically, the issue of gender diversity is one that the RXP Board and the broader Leadership group takes seriously. RXP has put in place a range of objectives and actions to help increase the number of females in our workforce.

Category	% Female	% Male
Board / Executive KMP	0%	100%
Group	16%	84%

The Board has also adopted a Securities Trading Policy. This aims to ensure that the Directors and employees do not inadvertently breach the insider trading provisions of the *Corporations Act 2001* when dealing in securities of the Company.

The code of conduct and trading policies are available from the company secretary.

## Principle 4: Safeguard integrity in financial reporting

The Board has established an Audit Committee which operates under an approved Audit Committee Charter. The role of the Audit Committee is to assist the Board in discharging its obligations to ensure:

- the integrity and reliability of information prepared for use by the Board, shareholders and other stakeholders, including financial information;
- the integrity of the Company's internal controls affecting the preparation and provision of that information.

The Audit Committee has two Directors (Ken Stout and John Pittard) appointed by the Board and:

- comprises of independent non executive Directors;
- is chaired by Ken Stout who is an independent Director and is not the Chairman of the Board;
- comprises members who are financially literate;
- has at least one member with financial expertise;
- has at least one member with an understanding of the industry in which the Company operates; and
- external auditors, CEO and CFO are invited to attend meetings at the discretion of the Audit Committee.

The experience and qualifications of members of the Audit Committee together with attendance at 2014 Committee meetings, is detailed in the Directors' Report.

The Audit Committee, amongst other things:

- recommends and supervises the engagement of the external auditor, monitors auditor performance and ensures action is taken in relation to audit reports;
- evaluates the adequacy and effectiveness of internal controls and management information;
- reviews all areas of significant risk and arrangements in place to contain those to acceptable levels of exposure;
- reviews financial information, accounting policies and ASX reporting statements; and
- monitors internal controls and compliance with the *Corporations Act 2001*, ASX Listing Rules and other regulatory requirements.

The CEO and CFO are required to declare whether, in their respective opinions, the Company's financial records have been properly maintained and whether the financial statements present a true and fair view of the Company's financial position and performance, and are in accordance with relevant accounting standards.

The external auditor has declared its independence to the Board. The Board has satisfied itself that there has been compliance with the standards for auditor independence.

## Principle 5: Make timely and balanced disclosure

The Board has adopted a Continuous Disclosure and External Communications Policy with the objective of ensuring compliance with the Company's continuous disclosure obligations under the ASX Listing Rules and the Corporations Act. The aims of this policy are to:

- assess new information and co-ordinate any disclosure or release to the ASX, or any advice required in relation to that information, in a timely manner; and
- report to the Board on continuous disclosure matters.

The Company Secretary is responsible for communications with the ASX including overseeing information going to the ASX, shareholders and other interested parties.

The Company places all relevant market announcements on its website [www.rxpsservices.com.au](http://www.rxpsservices.com.au)

## Principle 6: Respect the rights of shareholders

The Board is primarily responsible and accountable to shareholders to oversee the proper management and conduct of the business of the Company.

The shareholder communication policy is contained within the Board Charter and Continuous Disclosure and External Communications Policy. The Board aims to ensure that shareholders, on behalf of whom they act, are informed of information necessary to assess the performance of the Company. Information on major developments affecting the Company is communicated through the annual and half-yearly reports, notices of general meetings, reporting to the ASX, reporting at the AGM and on the Company's website.

The external auditor will attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit.



## Principle 7: Recognise and manage risk

In its governance role, and particularly in exercising its duty of care and diligence, and associated legal duties, the Board is responsible for ensuring that appropriate risk management policies and procedures are in place to protect the assets and undertaking of the Company.

A risk management framework has been developed and implemented within the Company. Management (specifically the CEO and CFO) provide regular updates and provide appropriate risk management certifications to the Board.

The Board adopts an active approach to risk management which recognises that the Company is engaged in activities which necessarily demand that the Company take usual business and operational risks. The Board embraces a responsible approach to risk management, being a risk aware company and not a risk averse one.

## Principle 8: Remunerate fairly and responsibly

The Company's Remuneration Report is set out in the Directors' Report.

Given the importance of the function of a Remuneration Committee, the Board as a whole undertakes this responsibility including determining remuneration packages applicable to Board members, the CEO and senior executives. The remuneration committee is provided with sufficient information to ensure informed decision-making.

The Board remuneration policy has been developed to ensure that remuneration packages properly reflect each person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

## Consolidated Statement Of Comprehensive Income For The Year Ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
<b>Revenue</b>			
Services revenue	5	55,729	30,159
Other revenue	5	332	44
		<b>56,061</b>	<b>30,203</b>
<b>Less: Expenses</b>			
Cost of sales		(40,318)	(18,563)
Employee benefits expense		(3,678)	(5,205)
Occupancy expense	6	(699)	(377)
Depreciation and amortisation expenses	6	(147)	(19)
Finance costs	6	(4)	(56)
Other expenses		(1,924)	(1,079)
		<b>(46,770)</b>	<b>(25,299)</b>
<b>Profit before income tax</b>		9,291	4,904
Income tax expense	7	(2,793)	(1,419)
<b>Profit for the year</b>		<b>6,498</b>	<b>3,485</b>
<b>Other comprehensive income for the year</b>			
Items that may be reclassified subsequently to profit and loss			
Foreign currency translation	17	(69)	53
Total comprehensive income for the year		<b>6,429</b>	<b>3,538</b>
<b>Profit attributable to:</b>			
Members of RXP Services Ltd		<b>6,498</b>	<b>3,485</b>
<b>Total comprehensive income attributable to:</b>			
Members of RXP Services Ltd		<b>6,429</b>	<b>3,538</b>
<b>Earnings per share for profit from continuing operations attributable to equity holders of the parent entity:</b>			
Basic earnings per share (cents)	22	5.6	5.5
Diluted earnings per share (cents)	22	5.6	5.5



## Consolidated Statement Of Financial Position As At 30 June 2014

	Notes	2014 \$'000	2013 \$'000
<b>Current Assets</b>			
Cash and cash equivalents	9	18,427	11,209
Receivables	10	14,103	5,771
Other current assets	11	2,382	503
<b>Total current assets</b>		<b>34,912</b>	<b>17,483</b>
<b>Non-Current Assets</b>			
Intangible assets	12	74,279	37,057
Property, plant and equipment	13	372	138
Deferred tax assets	7	1,785	1,191
<b>Total Non-Current Assets</b>		<b>76,436</b>	<b>38,386</b>
<b>Total Assets</b>		<b>111,348</b>	<b>55,869</b>
<b>Current Liabilities</b>			
Payables	14	9,874	3,940
Deferred consideration	4	13,595	5,521
Provisions	15	1,764	1,004
<b>Total Current Liabilities</b>		<b>25,233</b>	<b>10,465</b>
<b>Non-Current Liabilities</b>			
Deferred consideration	4	3,441	-
Provisions	15	274	148
<b>Total Non-Current Liabilities</b>		<b>3,715</b>	<b>148</b>
<b>Total Liabilities</b>		<b>28,948</b>	<b>10,613</b>
<b>Net Assets</b>		<b>82,400</b>	<b>45,256</b>
<b>Equity</b>			
Contributed capital	16	72,410	41,695
Foreign currency reserve	17	(16)	53
Retained earnings	17	10,006	3,508
<b>Total Equity</b>		<b>82,400</b>	<b>45,256</b>

## Consolidated Statement Of Changes In Equity For The Year Ended 30 June 2014

	Contributed Equity \$'000	Retained Earnings \$'000	Foreign Currency Reserve	Total Equity \$'000
<b>Consolidated</b>				
<b>Balance as at 1 July 2012</b>	<b>15,186</b>	<b>23</b>	<b>-</b>	<b>15,209</b>
Profit for the year	-	3,485	-	3,485
Exchange differences on translation of foreign operations, net of tax	-	-	53	53
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>3,485</b>	<b>53</b>	<b>3,538</b>
Shares issued during period	27,349	-	-	27,349
Share issue expenses	(840)	-	-	(840)
	26,509	-	-	26,509
<b>Balance as at 30 June 2013</b>	<b>41,695</b>	<b>3,508</b>	<b>53</b>	<b>45,256</b>
<b>Consolidated</b>				
<b>Balance as at 1 July 2013</b>	<b>41,695</b>	<b>3,508</b>	<b>53</b>	<b>45,256</b>
Profit for the year	-	6,498	-	6,498
Exchange differences on translation of foreign operations, net of tax	-	-	(69)	(69)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>6,498</b>	<b>(69)</b>	<b>6,429</b>
<b>Transactions with owners in their capacity as owners:</b>				
Shares issued during period	31,384	-	-	31,384
Share issue expenses	(669)	-	-	(669)
	<b>30,715</b>	<b>-</b>	<b>-</b>	<b>30,715</b>
<b>Balance as at 30 June 2014</b>	<b>72,410</b>	<b>10,006</b>	<b>(16)</b>	<b>82,400</b>

## Consolidated Statement Of Cash Flows For The Year Ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
<b>Cash Flow from Operating Activities</b>			
Receipts from customers		54,186	32,492
Payments to suppliers and employees		(51,256)	(29,402)
Income tax paid		(1,468)	(182)
Interest received	5	332	44
Finance costs	6	(4)	(56)
<b>Net Cash Provided By / (Used In) Operating Activities</b>	18(A)	<b>1,790</b>	<b>2,896</b>
<b>Cash Flow from Investing Activities</b>			
Payment for plant and equipment	13	(136)	(27)
Payment for intangibles	12	(384)	-
Payment for business acquisitions	19	(13,028)	(7,142)
Payment of declared dividends of acquired entities		(10)	(1,750)
<b>Net Cash Provided By / (Used In) Investing Activities</b>		<b>(13,558)</b>	<b>(8,919)</b>
<b>Cash Flow from Financing Activities</b>			
Proceeds from share issue	16	20,000	18,200
Repayment of borrowings		-	(549)
Capital raising expenses		(1,014)	(1,200)
<b>Net Cash Provided By / (Used In) Financing Activities</b>		<b>18,986</b>	<b>16,451</b>
<b>Net Increase / (Decrease) In Cash And Cash Equivalents</b>		<b>7,218</b>	<b>10,428</b>
Cash and cash equivalents at beginning of year	18(B)	11,209	781
<b>Cash And Cash Equivalents at End of financial year</b>	<b>18(B)</b>	<b>18,427</b>	<b>11,209</b>

# Notes To The Financial Statements Year Ended 30 June 2014

## Note 1: Statement Of Significant Accounting Policies

The following is a summary of significant accounting policies adopted by the consolidated entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

### (a) Basis of preparation of the financial report

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers RXP Services Ltd and controlled entities as a consolidated entity. RXP Services Ltd is a company limited by shares, incorporated and domiciled in Australia. RXP Services Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial report was authorised for issue by the directors as at the date of the directors' report.

#### *Compliance with IFRS*

The consolidated financial statements of RXP Services Ltd also comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### *Historical cost convention*

The 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.

#### *Critical accounting estimates*

The preparation of the financial report requires the use of certain estimates and judgements in applying the entity's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2.

### (b) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities which the parent has the power to control the financial and operating policies so as to obtain benefits from its activities.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is established and are de-recognised from the date that control ceases.

## Note 1: Statement Of Significant Accounting Policies (Continued)

### (c) Revenue

Revenue from rendering of services to customers is recognised upon delivery of the service to the customer.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the economic entity and the revenue can be reliably measured.

Interest revenue is recognised when it becomes receivable on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

### (d) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts.

### (e) Inventories

Inventories are measured at the lower of cost and net realisable value.

### (f) Plant and equipment

#### *Office equipment*

Office equipment are stated at cost less depreciation and any accumulated impairment losses.

#### *Leasehold improvements*

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

#### *Depreciation*

The depreciable amounts of fixed assets are calculated using the straight-line and diminishing value methods over their estimated useful lives commencing from the time the asset is held ready for use.

The useful lives for each class of assets are:

	2014	2013
Office equipment:	2 to 15 years	3 to 4 years
Leasehold improvements:	1 to 10 years	-

## Note 1: Statement Of Significant Accounting Policies (Continued)

### (g) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

#### *Finance leases*

Leases of fixed assets, where substantially all of the risks and benefits incidental to ownership of the asset, but not the legal ownership, are transferred to the consolidated entity are classified as finance leases. Finance leases are capitalised, recording an asset and liability equal to the present value of the minimum lease payments, including any guaranteed residual values. The interest expense is calculated using the interest rate implicit in the lease and is included in finance costs in the statement of comprehensive income. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely the consolidated entity will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

#### *Operating leases*

Lease payments for operating leases are recognised as an expense on a straight-line basis over the term of the lease.

Lease incentives received under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

### (h) Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of the assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method.

The consideration transferred is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control. Deferred consideration payable is measured at fair value.

Goodwill is recognised initially as the excess over the aggregate of the consideration transferred, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition), less the fair value of the identifiable assets acquired and liabilities assumed.

Acquisition related costs are expensed as incurred.

### (i) Intangibles

#### *Goodwill*

Goodwill is initially measured as described in Note 1(h).

Goodwill is not amortised but is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses.

#### *Software*

Expenditure on research activities is recognised as an expense when incurred.

Expenditure on development activities is capitalised only when technical feasibility studies demonstrate that the project will deliver future economic benefits and these benefits can be measured reliably. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using a straight-line method to allocate the cost of the intangible assets over their estimated useful live of 4 years. Amortisation commences when the intangible asset is available for use.

## Note 1: Statement Of Significant Accounting Policies (Continued)

### (j) Impairment of non-financial assets

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

### (k) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

#### *Deferred tax balances*

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. No deferred tax asset or liability is recognised in relation to temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

#### *Tax consolidation*

The parent entity and its Australian subsidiaries have implemented the tax consolidation legislation and have formed a tax-consolidated group from 24 August 2012. RXP Services Ltd and subsidiaries in the tax-consolidated group have entered into a tax funding agreement such that each entity in the tax-consolidated group recognises the assets, liabilities, expenses and revenues in relation to its own transactions, events and balances only. This means that:

- the parent entity recognises all current and deferred tax amounts relating to its own transactions, events and balances only;
- the subsidiaries recognise current or deferred tax amounts arising in respect of their own transactions, events and balances;
- current tax liabilities and deferred tax assets arising in respect of tax losses, are transferred from the subsidiary to the head entity as inter-company payables or receivables.

The tax-consolidated group also has a tax sharing agreement in place to limit the liability of subsidiaries in the tax-consolidated group arising under the joint and several liability requirements of the tax consolidation system, in the event of default by the parent entity to meet its payment obligations.

### (l) Provisions

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an out flow of economic benefits will result and that outflow can be reliably measured.

## Note 1: Statement Of Significant Accounting Policies (Continued)

### **(m) Employee benefits**

#### *(i) Short-term employee benefit obligations*

Liabilities arising in respect of wages and salaries, annual leave, accumulated sick leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at the amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave and accumulated sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

#### *(ii) Long-term employee benefit obligations*

The provision for employee benefits in respect of long service leave and annual leave which, are not expected to be settled within twelve months of the reporting date, are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Employee benefit obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

#### *(iii) Retirement benefit obligations*

##### *Defined contribution superannuation plan*

The consolidated entity makes contributions to defined contribution superannuation plans in respect of employee services rendered during the year. These superannuation contributions are recognised as an expense in the same period when the employee services are received.

#### *(iv) Share-based payments*

The consolidated entity does not operate a share-based payment employee share or option scheme.

#### *(v) Bonus plan*

The consolidated entity recognises a provision when a bonus is payable in accordance with the employees contract of employment, and the amount can be reliably measured.

### **(n) Borrowing costs**

Borrowing costs can include interest expense calculated using the effective interest method, finance charges in respect of finance leases, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs are expensed as incurred, except for borrowing costs incurred as part of the cost of the construction of a qualifying asset which are capitalised until the asset is ready for its intended use or sale



## Note 1: Statement Of Significant Accounting Policies (Continued)

### (o) Financial instruments

#### *Classification*

The consolidated entity classifies its financial instruments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

#### *Non-derivative financial instruments*

Non-derivative financial instruments consist of investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are initially recognised at fair value, plus directly attributable transaction costs (if any), except for instruments recorded at fair value through profit and loss. After initial recognition, non-derivative financial instruments are measured as described below.

#### *Loans and receivables*

Loans and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

Impairment losses are recognised when the carrying value exceeds the present value of discounted cash flows.

#### *Financial liabilities*

Financial liabilities include trade payables, other creditors, loans from third parties and loans or other amounts due to director-related entities.

Financial liabilities are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

### (p) Foreign currency translations and balances

#### *Functional and presentation currency*

The financial statements of each entity within the consolidated entity are measured using the currency of the primary economic environment in which that entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars which is the consolidated entity's functional and presentation currency.

#### *Transactions and balances*

Transactions in foreign currencies of entities within the consolidated group are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

Except for certain foreign currency hedges, all resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial year.

#### *Foreign subsidiaries*

Entities that have a functional currency different to the presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at actual exchange rates or average exchange rates for the period, where appropriate; and
- All resulting exchange differences are recognised as a separate component of equity.

## Note 1: Statement Of Significant Accounting Policies (Continued)

### (q) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

### (r) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

### (s) Rounding of amounts

The parent entity and the consolidated entity have applied the relief available under ASIC Class Order CO 98/100 and accordingly, amounts in the consolidated financial statements and directors' report have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

### (t) Adoption of new and amended accounting standards that are first operative at 30 June 2014

#### *(i) AASB 10: Consolidated Financial Statements*

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities which the parent controls. The group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The consolidated entity concluded that the adoption of AASB 10 did not change the consolidation status of its subsidiaries. Therefore, no adjustments to any of the carrying amounts were required.

#### *(ii) AASB 11: Joint Arrangements*

Under AASB 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the rights and obligations of the parties to the arrangement, rather than the legal structure of joint arrangements.

If the parties share the right to the net assets of the joint arrangement, these parties are parties to a joint venture. A joint venturer accounts for an investment in the arrangement using the equity method, and the choice to proportionately consolidate is no longer permitted.

If the parties share the right to the separate assets and obligations for the liabilities of the joint arrangement, these parties are parties to a joint operation. A joint operator accounts for assets, liabilities and corresponding revenues and expenses arising from the arrangement by recognising their share of interest in each item.

The consolidated entity concluded that the adoption of AASB 11 had no impact on the composition or performance of the consolidated entity. Therefore, no adjustments to any of the carrying amounts were required.

#### *(iii) AASB 12: Disclosure of Interests in Other Entities*

AASB 12 sets new minimum disclosure requirements for interest in subsidiaries, joint arrangements, associates and unconsolidated structured entities. Disclosures required under AASB 12 are provided in Note 27: Interests in subsidiaries.

## **Note 1: Statement Of Significant Accounting Policies (Continued)**

### *(iv) AASB 13: Fair Value Measurement*

AASB 13 introduces a fair value framework for all fair value measurements as well as the enhanced disclosure requirements. Application of AASB 13 does not materially change the company's fair value measurements. However, the additional disclosures required under AASB 13 are provided in Note 4: Fair Value Measurements.

### *(v) AASB 119: Employee Benefits*

The amendments to AASB 119 revise the definitions of short term and long term employee benefits, placing the emphasis on when the benefit is expected to be settled rather than when it is due to be settled. The group has assessed its impact and concludes that the adoption of AASB 119 has no material effect on the amounts recognised in current or prior years.

No other new and amended accounting standards effective for the financial year beginning 1 July 2013 affected any amounts recorded in the current or prior year.

### **(u) Adoption of new and amended accounting standards that are not operative at 30 June 2014**

(i) *AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosure and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments* (effective from 1 January 2017)

AASB 9 Financial Instruments improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The standard is not applicable until 1 January 2017 but is available for early adoption.

The consolidated entity does not have any financial liabilities that are designated at fair value through profit or loss. The new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss. Therefore, there will be no impact on the consolidated entity's accounting for financial liabilities. The consolidated entity has decided not to early adopt AASB 9 at 30 June 2014.

### *Other standards and interpretations*

Other standards and interpretations have been issued at the reporting date but are not yet effective. When adopted, these standards and interpretations may impact on the financial information presented. However the assessment of impact has not yet been completed.

## Note 2: Critical Accounting Estimates And Judgements

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

### (a) Impairment of goodwill

Goodwill is allocated to cash generating units (CGU's) according to applicable business operations. The recoverable amount of a CGU is based on value in use calculations. These calculations are based on projected cash flows approved by management covering a period of 1 year. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future. The present value of future cash flows has been calculated using an average growth rate of 2.5% (2013:5%) for cashflows in years 2 to 5, a terminal rate growth rate of 2.5% (2013:2.5%) and a discount rate of 12% (2013: 12%) to determine value in use.

### (b) Income tax

Income tax benefits are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

### Note 3: Financial Risk Management

The consolidated entity is exposed to a variety of financial risks comprising:

- Interest rate risk
- Credit risk
- Liquidity risk
- Fair values
- Currency risk

The board of directors has overall responsibility for identifying and managing operational and financial risks.

The consolidated entity holds the following financial instruments:

	2014 \$'000	2013 \$'000
<b>Financial assets</b>		
Cash and cash equivalents	18,427	11,209
Receivables	14,103	5,771
	<u>32,530</u>	<u>16,890</u>
<b>Financial liabilities</b>		
Payables	9,874	3,940
Deferred consideration	17,036	5,521
	<u>26,910</u>	<u>9,461</u>

#### (a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

The Group only has a minor exposure to interest rate risk. Interest received on bank balances is not material.

Financial instruments	Interest bearing \$'000	Non-interest bearing \$'000	Total carrying amount \$'000	Weighted average effective interest rate %	Fixed / variable rate
<b>2014</b>					
<i>(i) Financial assets</i>					
Cash	18,421	6	18,427	2.4	Variable
Total financial assets	<u>18,421</u>	<u>6</u>	<u>18,427</u>	<u>2.4</u>	
<b>2013</b>					
<i>(i) Financial assets</i>					
Cash	11,209	-	11,209	2.5	Variable
Total financial assets	<u>11,209</u>	<u>-</u>	<u>11,209</u>	<u>2.5</u>	

No other financial assets or financial liabilities are expected to be exposed to interest rate risk.

### Note 3: Financial Risk Management (Continued)

#### (b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date of recognised financial assets is the carrying amount of those assets, net of any provisions for impairment of those assets, as disclosed in consolidated statement of financial position and notes to the consolidated financial statements.

Credit risk for derivative financial instruments arises from the potential failure by counterparties to the contract to meet their obligations.

The consolidated entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the consolidated entity.

The consolidated entity minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a large number of customers.

##### *i) Cash deposits*

Credit risk for cash deposits is managed by holding all cash deposits with major Australian banks.

##### *ii) Trade receivables*

Credit risk for trade receivables is managed by setting credit limits and completing credit checks for new customers. Outstanding receivables are regularly monitored for payment in accordance with credit terms.

The ageing analysis of trade and other receivables is provided in Note 10 (a). As the consolidated entity undertakes transactions with a large number of customers and regularly monitors payment in accordance with credit terms, the financial assets that are neither past due nor impaired, are expected to be received in accordance with the credit terms.

The consolidated entity does not have any material credit risk exposure for other receivables or other financial instruments.

#### (c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

##### *Maturity analysis*

The tables below represents the undiscounted contractual settlement terms for financial instruments and managements expectation for settlement of undiscounted maturities.

### Note 3: Financial Risk Management (Continued)

	<b>&lt; 6 Months \$'000</b>	<b>6-12 Months \$'000</b>	<b>1-5 years \$'000</b>	<b>Total contractual cash flows \$'000</b>	<b>Carrying amount \$'000</b>
<b>Year ended 30 June 2014</b>					
Cash and cash equivalents	18,412	15	-	18,427	18,427
Receivables	14,103	-	-	14,103	14,103
Payables	(9,874)	-	-	(9,874)	(9,874)
Deferred cash consideration	(2,584)	(4,260)	(3,700)	(10,544)	(10,544)
Net maturities	20,057	(4,245)	(3,700)	12,112	12,112

	<b>&lt; 6 Months \$'000</b>	<b>6-12 Months \$'000</b>	<b>1-5 years \$'000</b>	<b>Total contractual cash flows \$'000</b>	<b>Carrying amount \$'000</b>
<b>Year ended 30 June 2013</b>					
Cash and cash equivalents	11,209	-	-	11,209	11,209
Receivables	5,771	-	-	5,771	5,771
Payables	(3,940)	-	-	(3,940)	(3,940)
Deferred cash consideration	(1,600)	-	-	(1,600)	(1,600)
Net maturities	11,440	-	-	11,440	11,440

#### (d) Fair values

The fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in the consolidated statement of financial position and notes to the consolidated financial statements.

#### (e) Currency risk

As at the date of this report, the Company has minimal currency risk. The Board of Directors will continue to monitor currency risk and take appropriate measures to mitigate as required.

## Note 4: Fair Value Measurements

### (a) Fair value hierarchy

Asset and liabilities measured and recognised at fair value have been determined by the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Inputs for the asset or liability that are not based on observable market data

Deferred consideration liabilities measured and recognised at fair value have been determined to be recurring Level 3 financial liability.

Year ended 30 June 2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Financial liabilities</i>				
Deferred cash consideration	-	-	10,544	10,544
Deferred equity consideration	-	-	6,492	6,492
Total financial liabilities	-	-	17,036	17,036

Year ended 30 June 2013	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Financial liabilities</i>				
Deferred cash consideration	-	-	1,600	1,600
Deferred equity consideration	-	-	3,921	3,921
Total financial liabilities	-	-	5,521	5,521

### (b) Valuation techniques and significant unobservable inputs

The deferred consideration is based on management's best and most probable estimate of the business's performance earning targets.

### (c) Reconciliation of recurring level 3 fair value movements

	2014 \$'000	2013 \$'000
<i>Deferred consideration</i>		
Opening balance	5,521	5,458
Additional deferred consideration from business acquisitions	18,389	5,590
Payments / share issues	(6,874)	(5,527)
Closing balance	17,036	5,521

Deferred consideration includes amounts contingent on performance of \$8,874,000. The range of potential outcomes in relation to the contingent component is dependent on the earnings targets for each business. Under these arrangements the minimum contingent amount is nil and the maximum contingent amount is \$16,230,000.



#### Note 4: Fair Value Measurements (Continued)

##### (d) Valuation processes and sensitivity

In determining the fair value of the deferred consideration, management prepares budgets which consider actual current client arrangements, along with an assessment of the future pipeline in order to determine the most probable estimate of business performance at the end of each reporting period.

Should the business performance be lower / higher than expected, deferred consideration may reduce / increase to a lower / higher amount in accordance with the relevant acquisition contracts as disclosed in Note 19.

No changes in the range of outcomes for contingent consideration has occurred.

#### Note 5: Revenue and Other Income

	Notes	2014 \$'000	2013 \$'000
Revenue from Operating Activities			
Service revenue		55,729	30,159
		55,729	30,159
<i>Other revenue</i>			
Interest		332	44
<i>Total other revenue</i>		332	44

#### Note 6: Profit from Continuing Operations

Profit from continuing operations before income tax has been determined after the following specific expenses:

##### *Depreciation of non-current assets*

Office equipment	131	18
Leasehold improvements	1	-
	132	18

##### *Amortisation of non-current assets*

Software	15	1
	15	1
Total depreciation and amortisation	147	19

##### *Operating lease costs*

Rental expense on operating leases	699	377
	699	377

##### *Finance costs*

Finance expense	4	-
Borrowings related party	-	56
	4	56

## Note 7: Income Tax

	Notes	2014 \$'000	2013 \$'000
<b>(a) Components of tax expense:</b>			
Current tax		2,762	1,069
Deferred tax		31	350
		<u>2,793</u>	<u>1,419</u>
<b>(b) Prima facie tax payable</b>			
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:			
Profit/(loss) before tax from continuing operations		<u>9,291</u>	<u>4,904</u>
Prima facie income tax payable on profit before income tax at 30% (2013: 30%)			
		2,787	1,471
Difference in foreign tax rates		(24)	(69)
Add tax effect of:			
– other non-allowable items		30	17
		<u>2,793</u>	<u>1,419</u>
<b>(c) Deferred tax</b>			
Deferred tax relates to the following:			
<i>Deferred tax assets</i>			
The balance comprises:			
Tax losses carried forward		115	-
Employee benefits		600	341
Accruals		300	204
Unearned revenue		191	77
Capital raising costs		622	569
Doubtful debts		1	-
		<u>1,829</u>	<u>1,191</u>
<i>Deferred tax liabilities</i>			
The balance comprises:			
Plant and equipment		2	-
Prepayments		42	-
		<u>44</u>	<u>-</u>
<i>Net deferred tax assets / (liabilities)</i>			
		<u>1,785</u>	<u>1,191</u>
<b>(d) Deferred income tax (revenue)/expense included in income tax expense comprises</b>			
Decrease / (increase) in deferred tax assets		26	350
(Decrease) / increase in deferred tax liabilities		5	-
		<u>31</u>	<u>350</u>

## Note 8: Dividends

### (a) Dividends paid or declared

There were no dividends paid or declared during the year (2013: nil)

## Note 9: Cash and Cash Equivalents

	Notes	2014 \$'000	2013 \$'000
Cash at bank and on hand		18,427	11,209
		<u>18,427</u>	<u>11,209</u>

## Note 10: Receivables

	Notes	2014 \$'000	2013 \$'000
<b>Current</b>			
Trade receivables		14,103	5,771
		<u>14,103</u>	<u>5,771</u>

### (a) Provision for impairment

#### (i) Trade receivables

Trade receivables are non-interest bearing with 30 days terms. An impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. All trade receivables that are not impaired, are expected to be received within trading terms.

Trade and other receivables ageing analysis at 30 June is:

	Gross 2014 \$'000	Impairment 2014 \$'000	Gross 2013 \$'000	Impairment 2013 \$'000
Not past due	11,025	-	5,077	-
Past due 31-60 days	864	3	237	-
Past due 61-90 days	1,543	-	326	-
Past due more than 91 days	674	-	144	13
	<u>14,106</u>	<u>3</u>	<u>5,784</u>	<u>13</u>

Receivables that are past due are considered recoverable on the following basis:

- Receipt of receivable has occurred post 30 June 2014.
- The consolidated entity has received correspondence that provides the level of surety required that the receivable will be received.

**Note 11: Other Current Assets**

	Notes	2014 \$'000	2013 \$'000
Prepayments		344	374
Deposits		304	125
Accrued income		1,681	-
Other receivables		53	4
		<u>2,382</u>	<u>503</u>

**Note 12: Intangible Assets**

	Notes	2014 \$'000	2013 \$'000
<i>Goodwill</i>			
At cost		<u>73,907</u>	<u>37,054</u>
Total goodwill		<u>73,907</u>	<u>37,054</u>
<i>Software</i>			
At cost		398	12
Accumulated depreciation		<u>(26)</u>	<u>(9)</u>
Total software		<u>372</u>	<u>3</u>
Total intangible assets		<u>74,279</u>	<u>37,057</u>

**(a) Reconciliations**

Reconciliations of the carrying amounts of intangibles at the beginning and end of the current financial year

<i>Goodwill</i>			
Carrying amount at beginning of year		37,054	19,732
Additions through business combinations		<u>36,853</u>	<u>17,322</u>
Carrying amount at end of year		<u>73,907</u>	<u>37,054</u>

## Note 12: Intangible Assets (Continued)

	Notes	2014 \$'000	2013 \$'000
<i>Software</i>			
Carrying amount at beginning of year		3	-
Additions		384	-
Additions through acquisitions		-	4
Amortisation expense		(15)	(1)
Carrying amount at end of year		372	3
<b>Total intangibles</b>			
Carrying amount at beginning of year		37,057	19,732
Additions		384	-
Additions through acquisitions		36,853	17,326
Amortisation expense		(15)	(1)
Carrying amount at end of year		74,279	37,057

### Impairment tests for goodwill and intangible assets with indefinite useful lives

Under AASB 136, the consolidated entity will undertake impairment testing of the relevant cash generating units as required. Impairment testing was performed at 30 June 2014 to support the carrying value of goodwill.

Goodwill is allocated to cash generating units (CGU's) according to applicable business operations. The recoverable amount of a CGU is based on value in use calculations. These calculations are based on projected cash flows approved by management covering a period of 1 year. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future. The present value of future cash flows has been calculated using an average growth rate of 2.5% (2013: 5%) for cashflows in years 2 to 5, a terminal rate growth rate of 2.5% (2013: 2.5%) and a discount rate of 12% (2013: 12%) to determine value in use.

	Notes	2014 \$'000	2013 \$'000
Goodwill is allocated to the following cash generating units (CGU):			
Australia		72,347	36,304
Hong Kong		750	750
		73,907	37,054

No reasonable change in the key assumptions of the value in use calculations would result in impairment.

### Note 13: Plant And Equipment

	Notes	2014 \$'000	2013 \$'000
<i>Office equipment</i>			
At cost		1,161	547
Accumulated depreciation		(839)	(409)
Total office equipment		322	138
<i>Leasehold improvements</i>			
At cost		54	-
Accumulated depreciation		(4)	-
Total leasehold improvements		50	-
Total plant and equipment		372	138

#### (a) Reconciliations

Reconciliations of the carrying amounts of plant and equipment at the beginning and end of the current financial year

<i>Office equipment</i>			
Carrying amount at beginning of year		138	6
Additions		121	28
Additions through business acquisitions		373	122
Depreciation expense		(131)	(18)
Disposals		(179)	-
Carrying amount at end of year		322	138
<i>Leasehold improvements</i>			
Carrying amount at beginning of year		-	-
Additions		15	-
Additions through business acquisitions		36	-
Depreciation expense		(1)	-
Carrying amount at end of year		50	-
<i>Total plant and equipment</i>			
Carrying amount at beginning of year		138	6
Additions		136	28
Additions through acquisitions		409	122
Depreciation and amortisation expense		(132)	(18)
Disposals		(179)	-
Carrying amount at end of year		372	138

**Note 14: Payables**

	Notes	2014 \$'000	2013 \$'000
<b>Current</b>			
Trade payables		2,224	674
Unearned revenue		680	527
Current tax payable		2,400	849
Other payables		4,570	1,890
		<u>9,874</u>	<u>3,940</u>
Aggregate amounts disclosed as 'Other' payable to related parties:			
Lloyd Roberts, accrued directors fees		-	12
Kenneth Stout, accrued directors fees		-	10
		<u>-</u>	<u>22</u>

**Note 15: Provisions**

	Notes	2014 \$'000	2013 \$'000
<b>Current</b>			
Employee benefits		1,764	1,004
		<u>1,764</u>	<u>1,004</u>
<b>Non-Current</b>			
Employee benefits		274	148
		<u>274</u>	<u>148</u>
Aggregate employee benefits liability		<u>2,038</u>	<u>1,152</u>

## Note 16: Contributed Capital

	Notes	2014 \$'000	2013 \$'000
<b>(a) Issued and paid up capital</b>			
Ordinary shares fully paid		72,410	41,695
Fully paid ordinary shares carry one vote per share and carry the right to dividends.			
<b>(b) Movements in shares on issue</b>			
		<b>No of Shares</b>	<b>\$'000</b>
At 1 July 2013		91,615,246	41,695
Issued during the year			
– shares issue	(i)	1,645,906	1,128
– shares issue	(ii)	1,558,276	1,045
– shares issue	(iii)	2,963,341	2,000
– shares issue	(iv)	1,103,448	800
– shares issue	(v)	2,346,668	1,760
– shares issue	(vi)	37,998	31
– shares issue	(vii)	391,434	284
– shares issue	(viii)	1,800,000	936
– shares issue	(ix)	25,000,000	20,000
– shares issue	(x)	3,600,000	2,700
– shares issue	(xi)	966,050	700
– transaction costs relating to capital raising			(669)
End of the financial year – 30 June 2014		133,028,367	72,140

- (i) 2 July 2013: Part consideration for the acquisition of Transpire Pty Ltd
- (ii) 12 July 2013: Final share consideration for the acquisition of Stonewell Consulting Pty Ltd
- (iii) 3 September 2013: Part consideration for the acquisition of Method Group Pty Ltd
- (iv) 2 October 2013: Part consideration for the acquisition of Nobel Consulting Pty Ltd
- (v) 2 October 2013: Part consideration for the acquisition of Integrated Value Pty Ltd
- (vi) 12 November 2013: Staff share issue
- (vii) 12 November 2013: Part consideration for the acquisition of Nobel Consulting Pty Ltd
- (viii) 17 November 2013: Final share consideration for the acquisition of NSI Pty Ltd
- (ix) 17 December 2013: Share placement to sophisticated investors
- (x) 3 March 2014: Part consideration for the acquisition of Insight4 Pty Ltd
- (xi) 3 March 2014: Final share consideration for the acquisition of Zenith Solutions Pty Ltd



## Note 16: Contributed Capital (Continued)

### (b) Movements in shares on issue – Prior Year

		No of Shares	\$'000
At 1 July 2012		42,981,935	15,186
Issued during the year			
– shares issue	(i)	3,201,750	1,601
– shares issue	(ii)	500,000	250
– shares issue	(iii)	3,418,704	1,864
– shares issue	(iv)	10,000,000	5,000
– shares issue	(v)	4,200,000	2,184
– shares issue	(vi)	481,000	250
– shares issue	(vii)	6,400,000	3,200
– shares issue	(viii)	5,617,042	3,000
– shares issue	(ix)	14,814,815	10,000
– transaction costs relating to capital raising			(840)
End of the financial year - 30 June 2013		91,615,246	41,695

- (i) 2 July 2012: Part consideration for the acquisition of Stonewell Consulting Pty Ltd
- (ii) 2 July 2012: Part consideration for the acquisition of PL Consulting Pte Ltd
- (iii) 28 November 2012: Final share consideration for the acquisition of Vanguard Integration International
- (iv) 28 November 2012: Share placement to sophisticated investors
- (v) 5 December 2012: Part consideration for the acquisition of NSI Technology Pty Ltd
- (vi) 5 December 2012: Settlement of accrued wage to Ross Fielding
- (vii) 24 December 2012: Share placement to sophisticated investors
- (viii) 8 January 2013: Part consideration for the acquisition of Zenith Solutions Pty Ltd
- (ix) 12 June 2013: Share placement to sophisticated investors

### (d) Rights of each type of share

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings each ordinary share gives entitlement to one vote when a poll is called.

### (e) Share Options

The Company has no options over ordinary shares outstanding.

### (f) Capital Management

When managing capital, management's objective is to ensure the consolidated entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. This is achieved through the monitoring of historical and forecast performance and cashflows.

# **Note 17: Reserves and Retained Earnings**

	Notes	2014 \$'000	2013 \$'000
Reserves	17(b)	(16)	53
Retained earnings	17(a)	10,006	3,508
<b>(a) Retained earnings</b>			
Balance at the beginning of year		3,508	23
Net profit/(loss) attributable to members of RXP Services Ltd		6,498	3,485
Total available for appropriation		10,006	3,508
Dividends paid		-	-
Balance at end of year		10,006	3,508
<b>(b) Foreign exchange reserve</b>			
Balance at the beginning of year		53	-
Exchange differences on translation of foreign operations		(69)	53
Balance at end of year		(16)	53

This reserve is used to record the unrealised exchange differences arising on translation of a foreign entity.

## Note 18: Cash Flow Information

	Notes	2014 \$'000	2013 \$'000
<b>(a) Reconciliation of cash flow from operations with profit after income tax</b>			
Profit from ordinary activities after income tax		6,498	3,485
<i>Non-Cash Items</i>			
Depreciation and amortisation		147	19
<i>Changes in assets and liabilities</i>			
(Increase)/decrease in receivables		(7,120)	(300)
(Increase)/decrease in inventory		4	(3)
(Increase)/decrease in accrued income		(1,539)	-
(Increase)/decrease in other assets		(171)	-
(Increase)/decrease in prepayments		30	(64)
(Increase)/decrease in tax balances		954	1,168
(Decrease)/increase in trade and other creditors		2,856	(880)
(Decrease)/increase in unearned income		(39)	(383)
(Decrease)/increase in employee entitlements		170	(146)
Net cash flow from operating activities		1,790	2,896
<b>(b) Reconciliation of cash</b>			
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position is as follows:			
- Cash at bank		18,427	11,209
Closing cash balance		18,427	11,209
<b>(c) Loan facilities</b>			
Loan facilities		-	700
Amount utilised		-	-
Unused loan facility		-	700

The loan facility was closed during the 2014 financial year.

## Note 19: Business Combinations

### Acquisition of controlled entities

#### a) Transpire Pty Ltd

On 1 July 2013, the consolidated entity acquired 100% of the share capital of Transpire Pty Ltd.

The acquisition brought with it considerable value around the strategic capability that Transpire had demonstrated over a number of years with various clients. All outstanding shares in Transpire Pty Ltd were acquired on signing.

Details of the transaction were:

		<b>\$'000</b>
Consideration paid		1,823
Shares issued as consideration	(i)	1,127
Deferred consideration	(ii)	1,200
<b>Total cost of consideration</b>		<b>4,150</b>

- (i) 1,645,906 shares were issued as part of the consideration. The issue price of \$0.685 represents fair value in the view of the Directors based on the weighted average share price for the period preceding signing.
- (ii) Deferred consideration of \$1,200,000 is payable under the Sale and Purchase Agreement. This payment is not contingent upon performance.  
The deferred consideration is payable by way of both cash and shares twelve months from acquisition date.

### Assets and liabilities acquired

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

	<b>Fair Value at acquisition \$'000</b>
<b>Assets and Liabilities Acquired</b>	
Cash	186
Trade receivables	235
Accrued income	11
Fixed assets	51
Deferred tax asset	18
Other assets	18
Trade creditors	(344)
Accrued expenses	(266)
Provisions	(99)
Other liabilities	(70)
<b>Net liabilities acquired</b>	<b>(260)</b>
<b>Goodwill</b>	<b>4,410</b>

#### Note 19: 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 and specialist personnel assumed via the acquisition.

Goodwill is not deductible for tax purposes.

	<b>\$'000</b>
<b>Purchase consideration – cash outflow</b>	
Consideration paid	(1,823)
Less: Cash balances acquired	
Cash	186
Bank Overdraft	-
Net cash balance acquired	186
	<hr/>
Outflow of cash – investing activities	(1,637)

#### Contribution since acquisition

Since the acquisition date the operations of Transpire Pty Ltd have contributed revenue of \$5,060,000 and a profit of \$968,000 before providing for income tax.

#### Transaction costs

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

## Note 19: Business Combinations (Continued)

### (b) MethodGroup Pty Ltd

On 2 September 2013, the consolidated entity acquired 100% of the share capital of MethodGroup Pty Ltd.

The acquisition brought with it considerable value around the business analysis capability that MethodGroup had demonstrated over a number of years with various clients. All outstanding shares in MethodGroup Pty Ltd were acquired on signing.

Details of the transaction were:

		<b>\$'000</b>
Consideration paid		3,123
Shares issued as consideration	(i)	2,000
Deferred consideration	(ii)	1,430
<b>Total cost of consideration</b>		<b>6,553</b>

- (i) 2,963,341 shares were issued as part of the consideration. The issue price of \$0.675 represents fair value in the view of the Directors based on the weighted average share price for the period preceding signing.
- (ii) Deferred consideration \$1,430,000 recognised 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 is between nil and \$1,430,000.
- The deferred consideration is payable by way of both cash and shares twelve months from acquisition date.

### Assets and liabilities acquired

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

	<b>Fair Value at acquisition \$'000</b>
<b>Assets and Liabilities Acquired</b>	
Cash	538
Trade receivables	193
Fixed assets	221
Deferred tax asset	28
Other assets	63
Trade creditors	(61)
Accrued expenses	(156)
Borrowings	(204)
Loans payable	(16)
Provisions	(59)
Other liabilities	(138)
<b>Net assets acquired</b>	<b>409</b>
<b>Goodwill</b>	<b>6,144</b>

#### Note 19: 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, synergies and personnel assumed via the acquisition.

Goodwill is not deductible for tax purposes.

	\$'000
<b>Purchase consideration – cash outflow</b>	
Consideration paid	(3,123)
Less: Cash balances acquired	
Cash	538
Bank Overdraft	-
Net cash balance acquired	538
Outflow of cash – investing activities	(2,585)

#### Contribution since acquisition

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

#### Transaction costs

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

## Note 19: Business Combinations (Continued)

### c) Nobel Consulting Pty Ltd

On 1 October 2013, the consolidated entity acquired 100% of the share capital Nobel Consulting Group Pty Ltd.

The acquisition brought with it considerable value around Service Now capability that Nobel had invested in. All outstanding shares in Nobel were acquired on signing.

The details of the acquisition are as follows:

		<b>\$'000</b>
Consideration paid		-
Shares issued as consideration	(i)	1,084
Deferred consideration	(ii)	2,160
<b>Total cost of consideration</b>		<b><u>3,244</u></b>

- (i) 1,494,882 shares were issued as part of the consideration. The issue price of \$0.725 represents fair value in the view of the Directors based on the weighted average share price for the period preceding signing.
- (ii) Deferred consideration of \$2,160,000 has been recognised under the Sale and Purchase Agreement. A component of this consideration is contingent upon certain earnings performance criteria being achieved. The range of contingent consideration payable based on the earnings performance criteria is between \$400,000 and \$1,500,000. The deferred consideration is payable by way of both cash and shares twelve months from acquisition date.

### Assets and liabilities acquired

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

	<b>Fair Value at acquisition \$'000</b>
<b>Assets and Liabilities Acquired</b>	
Cash	171
Trade receivables	88
Accrued income	21
Fixed assets	12
Deferred tax asset	134
Trade creditors	(119)
Accrued expenses	(109)
Financial liabilities	(428)
Provisions	(137)
Other liabilities	(153)
<b>Net liabilities acquired</b>	<b><u>(520)</u></b>
<b>Goodwill</b>	<b><u>3,764</u></b>



#### Note 19: 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, synergies and personnel assumed via the acquisition.

Goodwill is not deductible for tax purposes.

	\$'000
<b>Purchase consideration – cash outflow</b>	
Consideration paid	-
Less: Cash balances acquired	
Cash	171
Bank Overdraft	-
Net cash balance acquired	171
Outflow of cash – investing activities	171

#### Contribution since acquisition

Since the acquisition date the operations of Nobel Consulting Pty Ltd have contributed revenue of \$4,082,000 and a profit of \$725,000 before providing for 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 2013.

#### Transaction costs

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

## Note 19: Business Combinations (Continued)

### d) Integrated Value Pty Ltd

On 1 October 2013, the consolidated entity acquired 100% of the share capital Integrated Value Pty Ltd.

The acquisition brought with it considerable value around service capability and expanded the Company's presence in Canberra. All outstanding shares in Integrated Value were acquired on signing.

The details of the acquisition are as follows:

		<b>\$'000</b>
Consideration		1,320
Shares issued as consideration	(i)	1,760
Deferred consideration	(ii)	6,673
<b>Total cost of consideration</b>		<b>9,753</b>

- (i) 2,346,668 shares were issued as part of the consideration. The issue price of \$0.75 represents fair value in the view of the Directors based on the weighted average share price for the period preceding signing.
- (ii) Deferred consideration of \$6,673,000 is payable under the Sale and Purchase Agreement. This payment is not contingent upon certain performance criteria being achieved and has been recognised in the cost of the acquisition.  
The deferred consideration is payable by way of both cash and shares over a three year period.

### Assets and liabilities acquired

The assets and liabilities of the company at the date of acquisition were assumed by the vendors and accordingly no assets and liabilities were acquired as result of the business combination.

	<b>Fair Value at acquisition \$'000</b>
<b>Net liabilities acquired</b>	<b>-</b>
<b>Goodwill</b>	<b>9,753</b>

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, synergies and personnel assumed via the acquisition.

Goodwill is not deductible for tax purposes.

**Note 19: Business Combinations (Continued)****\$'000****Purchase consideration – cash outflow**

Consideration paid	(1,320)
Less: Cash balances acquired	
Cash	-
Bank Overdraft	-
Net cash balance acquired	-
Outflow of cash – investing activities	(1,320)

**Contribution since acquisition**

Integrated Value was fully integrated into the operations of RXP Services Ltd on the day of acquisition and hence a dedicated revenue and profit cannot be provided.

**Transaction costs**

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

## Note 19: Business Combinations (Continued)

### e) Insight4 Pty Ltd

On 3 March 2014, the consolidated entity acquired 100% of the share capital of Insight4 Pty Ltd.

The acquisition brought with its considerable value around applications development and expanded the Company's presence in Hobart. All outstanding shares in Insight4 Pty Ltd were acquired on signing.

The details of the acquisition are as follows:

		<b>\$'000</b>
Consideration		2,700
Shares issued as consideration	(i)	2,700
Deferred consideration	(ii)	3,272
<b>Total cost of consideration</b>		<b>8,672</b>

- (i) 3,600,000 shares were issued as part of the consideration. The issue price of \$0.75 represents fair value in the view of the Directors based on the weighted average share price for the period preceding signing.
- (ii) Deferred consideration of \$3,272,000 has been recognised under the Sale and Purchase Agreement. A component of this consideration is contingent upon certain earnings performance criteria being achieved. The range of contingent consideration payable based on the earnings performance criteria is between nil and \$3,000,000.
- The deferred consideration is payable by way of both cash and shares twelve months from acquisition date.

### Assets and liabilities acquired

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

	<b>Fair Value at acquisition \$'000</b>
<b>Assets and Liabilities Acquired</b>	
Cash	272
Trade receivables	615
Fixed assets	97
Deferred tax asset	76
Other assets	7
Trade creditors	(80)
Provisions	(341)
Other liabilities	(393)
<b>Net assets acquired</b>	<b>253</b>
<b>Goodwill</b>	<b>8,419</b>

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, synergies and personnel assumed via the acquisition.

Goodwill is not deductible for tax purposes.

**Note 19: Business Combinations (Continued)****\$'000****Purchase consideration – cash outflow**

Consideration paid	(2,700)
Less: Cash balances acquired	
Cash	272
Bank Overdraft	-
Net cash balance acquired	272
Outflow of cash – investing activities	(2,428)

**Contribution since acquisition**

Since the acquisition date the operations of Insight4 Pty Ltd have contributed revenue of \$1,099,278 and a profit of \$239,969 before providing for 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 2013.

**Transaction costs**

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

## Note 19: Business Combinations (Continued)

### f) Aptus International Pty Ltd

On 22 May 2014, the consolidated entity acquired 100% of the share capital Aptus International Pty Ltd.

The acquisition brought with it considerable value around security capabilities that Aptus International had invested in. All outstanding shares in Aptus International were acquired on signing.

The details of the acquisition are as follows:

		<b>\$'000</b>
Consideration		1,800
Shares issued as consideration		-
Deferred consideration	(i)	2,300
<b>Total cost of consideration</b>		<b>4,100</b>

- (i) Deferred consideration of \$2,300,000 has been recognised 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 is between \$450,000 and \$1,750,000. The deferred consideration is payable by way of cash twelve months from acquisition date.

### Assets and liabilities acquired

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

	<b>Fair Value at acquisition \$'000</b>
<b>Assets and Liabilities Acquired</b>	
Cash	45
Trade receivables	71
Work in progress	110
Fixed assets	28
Other assets	35
Trade creditors	(103)
Deferred tax liability	(1)
Accrued expenses	(163)
Provisions	(80)
Other liabilities	(204)
<b>Net liabilities acquired</b>	<b>(262)</b>
<b>Goodwill</b>	<b>4,362</b>

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, synergies and personnel assumed via the acquisition.

Goodwill is not deductible for tax purposes.

**Note 19: Business Combinations (Continued)****\$'000****Purchase consideration – cash outflow**

Consideration paid	(1,800)
Less: Cash balances acquired	
Cash	45
Bank Overdraft	-
Net cash balance acquired	45
Outflow of cash – investing activities	(1,755)

**Contribution since acquisition**

Since the acquisition date the operations of Aptus International Pty Ltd have contributed revenue of \$331,329 and a profit of \$87,572 before providing for 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 2013.

**Transaction costs**

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

**g) Prior period**

The following acquisitions were completed in the corresponding prior period:

- 1) 1 July 2012, Stonewell Consulting Pty Ltd
- 2) 1 July 2012, PL Consulting Pte Ltd
- 3) 1 December 2012, NSI Technology Pty Ltd.
- 4) 7 January 2012, Zenith Pty 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 2013.

**Note 20: Commitments**

	Notes	2014 \$'000	2013 \$'000
<b>Lease expenditure commitments</b>			
<i>Commitments for minimum lease payments in relation to non-cancellable operating leases</i>			
(ii) Minimum lease payments			
– Not later than one year		610	341
– Later than one year and not later than five years		832	217
– Later than five years		13	-
Aggregate lease expenditure contracted for at reporting date		1,455	558

**Note 21: Contingencies****Contingent liabilities**

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

**Note 22: Earnings per Share**

Reconciliation of earnings used in calculating earnings per share:

Profit from continuing operations	6,498	3,485
Profit used in calculating basic earnings per share	6,498	3,485

Earnings used in calculating earnings per share	6,498	3,485
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	No of Shares	No of Shares
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	116,006,063	63,923,358



## Note 23: Directors' and Executives' Compensations

### (a) Details of key management personnel

(i) Directors	Period of Responsibility	Position
John Pittard	Appointed 25 November 2013	Chairman – Non-Executive
Lloyd Roberts	Resigned 25 November 2013	Chairman – Non-Executive
Ross Fielding	Appointed 21 October 2010	Director and Chief Executive Officer
Kenneth Stout	Appointed 21 October 2010	Director – Non-Executive

(ii) Executives		
Christopher Shearer	Appointed 1 April 2011	Company Secretary/CFO
Paul Fielding	Appointed 1 February 2012	Group Manager Operations
Jason Young	Appointed 1 July 2013	Group Executive Sales and Delivery
Ben Meek	Appointed 1 July 2013	Group Executive Strategic Advisory Services
Tim Moon	Appointed 1 May 2014	Group Executive Engagement & Enablement
Maria Dimopoulos	Appointed 1 July 2013	Group Manager People and Talent

Compensation of key management personnel and principles applied can be found in the Director's Report.

	Notes	2014 \$'000	2013 \$'000
<b>(iii) Compensation by category - directors</b>			
Short-term employment benefits		474	438
Post-employment benefits		35	27
		<u>509</u>	<u>465</u>
<b>(iii) Compensation by category - executives</b>			
Short-term employment benefits		1,070	365
Post-employment benefits		74	13
		<u>1,144</u>	<u>378</u>

#### Note 24: Auditor's Remuneration

	Notes	2014 \$'000	2013 \$'000
<b>(a) Amounts paid and payable to Pitcher Partners for:</b>			
<b>(i) Audit and other assurance services</b>			
An audit or review of the financial report of the entity and any other entity in the consolidated entity		145	103
Total remuneration of Pitcher Partners		145	103
<b>(b) Amounts paid and payable to Moore Stephens (HK) for:</b>			
<b>(ii) Audit and other assurance services</b>			
An audit or review of the financial report of the entity and any other entity in the consolidated entity		7	7
<b>(iii) Other non-audit services</b>			
Taxation services		2	-
Total remuneration of Moore Stephens (HK):		9	7

#### Note 25: Segment Information

##### Operating segments

The consolidated entity has one reportable segment as described below:

RXP Services Ltd 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 Hong Kong is not a material entity within the group.

## Note 26: Parent Entity Information

	Notes	2014 \$'000	2013 \$'000
Summarised presentation of the parent entity, RXP Services Ltd, financial statements:			
<b>(a) Summarised statement of financial position</b>			
<b>Assets</b>			
Current assets		31,636	12,170
Non-current assets		72,147	40,147
Total assets		103,783	52,317
<b>Liabilities</b>			
Current liabilities		16,251	10,066
Non-current liabilities		5,060	106
Total liabilities		21,311	10,173
<b>Net assets</b>		82,472	42,144
<b>Equity</b>			
Contributed capital		71,793	41,695
Retained earnings		10,679	449
Total equity		82,472	42,144
<b>(b) Summarised statement of comprehensive income</b>			
Profit/(Loss) for the year		10,230	1,174
Other comprehensive income for the year		-	-
Total comprehensive income for the year		10,230	1,174

## Note 27: Related Party Disclosures

(a) The consolidated financial statements include the financial statements of RXP Services Ltd and its controlled entities listed below:

	Country of incorporation	Percentage owned	
		2014	2013
Parent Entity:			
RXP Services Ltd	Australia		
Subsidiaries of RXP Services Ltd			
Vanguard Integration Pty Ltd	Australia	100%	100%
Fluid Thinking Pty Ltd	Australia	100%	100%
Infuse IT Pty Ltd	Australia	100%	100%
RXP Services Pty Ltd	Hong Kong	100%	100%
Stonewell Consulting Pty Ltd	Australia	100%	100%
PL Consulting Pty Ltd	Hong Kong	100%	100%
NSI Technology Pty Ltd	Australia	100%	100%
Zenith Solutions Pty Ltd	Australia	100%	100%
Transpire Pty Ltd	Australia	100%	-
Method Group Pty Ltd	Australia	100%	-
Nobel Consulting Pty Ltd	Australia	100%	-
Integrated Value Pty Ltd	Australia	100%	-
Insight4 Pty Ltd	Australia	100%	-
Aptus International Pty Ltd	Australia	100%	-

## Note 28: Subsequent Events

There has been no matter or circumstance, which has arisen since 30 June 2014 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2014, of the consolidated entity, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2014, of the consolidated entity.

# DIRECTORS DECLARATION

The directors declare that the financial statements and notes set out on pages 22 to 66 in accordance with the *Corporations Act 2001*:

- (a) Comply with Accounting Standards and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements;
- (b) As stated in Note 1(a) the consolidated financial statements also comply with International Financial Reporting Standards; and
- (c) Give a true and fair view of the financial position of the consolidated entity as at 30 June 2014 and of its performance for the year ended on that date.

In the directors' opinion there are reasonable grounds to believe that RXP Services Ltd will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made by the chief executive officer and chief financial officer to the directors in accordance with sections 295A of the *Corporations Act 2001* for the financial year ending 30 June 2014.

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



**Ross Fielding,**  
Managing Director  
Melbourne  
16 September 2014



**RXP SERVICES LIMITED  
ABN 30 146 959 917  
AND CONTROLLED ENTITIES**

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

**Report on the Financial Report**

We have audited the accompanying financial report of RXP Services Limited and controlled entities, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

*Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

*Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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**RXP SERVICES LIMITED  
ABN 30 146 959 917  
AND CONTROLLED ENTITIES**

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

*Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

*Opinion*

In our opinion:

- (a) the financial report of RXP Services Limited and controlled entities is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

**Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 12 to 16 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Opinion*

In our opinion, the Remuneration Report of RXP Services Limited and controlled entities for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

M W PRINGLE  
Partner

16 September 2014

PITCHER PARTNERS  
Melbourne

# SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 22 August 2014.

Ordinary Shares:

- 133,733,754 fully paid ordinary shares (June 30: 133,028,367 fully paid ordinary shares)
- All ordinary shares carry one vote per share

**Options:**

No options over unissued shares or interests in the consolidated entity were granted during or since the end of the financial year and there were no options outstanding at the end of the financial year.

## Distribution of holders in each class of equity securities:

Shareholders	Total holders	Fully paid ordinary shares
1 - 1,000	57	31,906
1,001 – 5,000	254	885,439
5,001 – 10,000	194	1,477,515
10,001 – 100,000	417	13,123,066
100,001 – 999,999,999	110	118,215,828
<b>Total</b>	<b>1,032</b>	<b>133,733,754</b>

## Unmarketable Parcels

Shareholders	Total holders	Fully paid ordinary shares
Minimum \$500 parcel at \$0.71	27	4,630

## Substantial holders in the company:

Shareholder	Number	%
RBC Investor Services Australia Nominees Pty Ltd <PI Pooled A/C>	15,158,117	11.33
Ross Fielding Investments Pty Ltd	9,700,000	7.25
National Nominees Ltd	7,941,781	5.94
Citicorp Nominees Pty Ltd	6,563,937	4.91



## Equity securities holders

The names of the twenty largest holders of quoted equity securities are listed below:

Rank	Name	Address	Units	% of Units
1	RBC Investor Services Australia Nominees PTY Limited <PI Pooled A/C>	GPO Box 5430, Sydney NSW, 2001	11,665,531	11.93
2	Ross Filing Investments Pty Ltd	PO Box 1419, Doncaster East Vic	9,700,000	9.92
3	RBC Investor Services Australia Nominees PTY Limited <BKCUST A/C>	GPO Box 5430, Sydney NSW, 2001	5,456,834	5.58
4	Indigo Pacific PTE LTD	Room 2302, 23rd Floor, 3 Lockhart	5,000,000	5.11
5	Citicorp Nominees PTY Limited	GPO Box 764G, Melbourne Vic, 3001	4,111,248	4.20
6	Bonnie Nominees PTY LTD	PO Box 503, Gisborne Vic, 3437	3,209,447	3.28
7	National Nominees Limited	GPO Box 1406, Melbourne Vic 3001	3,015,540	3.08
8	JML Diversified PTY LTD <Timothy Moon Family A/C>	3 Connassidy Close, Beaconsfield Vic, 3807	2,808,521	2.87
9	TMS Group PTY LTD <Joyst Investments A/C>	77 Scenic Drive, Beaconsfield Vic	2,808,521	2.87
10	Oaktel Investments PTY LTD	GPO Box 1347, Adelaide SA, 5001	2,800,000	2.86
11	Mr Ramon Stratos <Ali Family A/C>	Lot 1, 629 Moss Vale Road	1,890,000	1.93
12	Indigo Pacific PTY LTD	Level 6, Building B, 207, Pacific	1,607,000	1.64
13	Pressure Drop PTY LTD <The Taylor Family A/C>	PO Box 71, Noosa Heads Qld, 4567	1,576,599	1.61
14	Oaktel Investments PTY LTD <SATS F A/C>	GPO Box 1347, Adelaide SA, 5001	1,460,000	1.49
15	Claric 182 PTY LTD	21 Glen Road, Toorak Vic, 3142	1,400,000	1.43
16	Scottow PTY LTD <Scottow Super Fund A/C>	PO Box 4040, Nemingha NSW, 2340	1,400,000	1.43
17	Hosseini Investments PTY LTD <Davood Family A/C>	13 Greenhill Road, Wayville SA, 5034	1,260,000	1.29
18	OBA Venture Capital PTE Limited	274 Rae Street, Fitzroy North Vic	1,155,987	1.18
19	BNP Paribas Noms PTY LTD <DRP>	PO Box R209, Royal Exchange NSW	1,124,500	1.15
20	Frontier Software Consultants PTY LTD <Frontier Soft Cons S/F A/C>	PO Box 503, Gisborne Vic, 3438	1,110,785	1.14
<b>Totals:</b>	<b>Top 20 holders of FULLY PAID ORDINARY SHARES (TOTAL)</b>		<b>64,561,513</b>	<b>66.03</b>
	<b>Total Remaining Holders Balance</b>		<b>33,221,256</b>	<b>33.97</b>

## Shareholder enquiries

Shareholders with enquiries about their share holding should contact the share registry:

Computershare Investor Services Pty Ltd  
 Yarra Falls, 452 Johnston Street  
 Abbotsford, Victoria 3067  
 Phone: +61 3 1300 137 328  
 Facsimile: +61 3 1300 137 341

# Corporate Directory

## Directors

Mr John Pittard - Chairman

Mr Ross Fielding – Chief Executive Officer

Mr Kenneth Stout – Non-Executive Director

## Company Secretary

Mr Christopher Shearer

## Registered Office

RXP Services Ltd  
Level 9  
406 Collins Street  
Melbourne Victoria 3000

## Auditors

Pitcher Partners  
Level 19, 15 William Street  
Melbourne, Victoria 3000

## Share Registry

Computershare Investor Services Pty Ltd  
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