DELIVERING OUTCOMES TOGETHER

Annual Report 2015

rxp SERVICES

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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-focused, practice-led organisation.

Our practices:

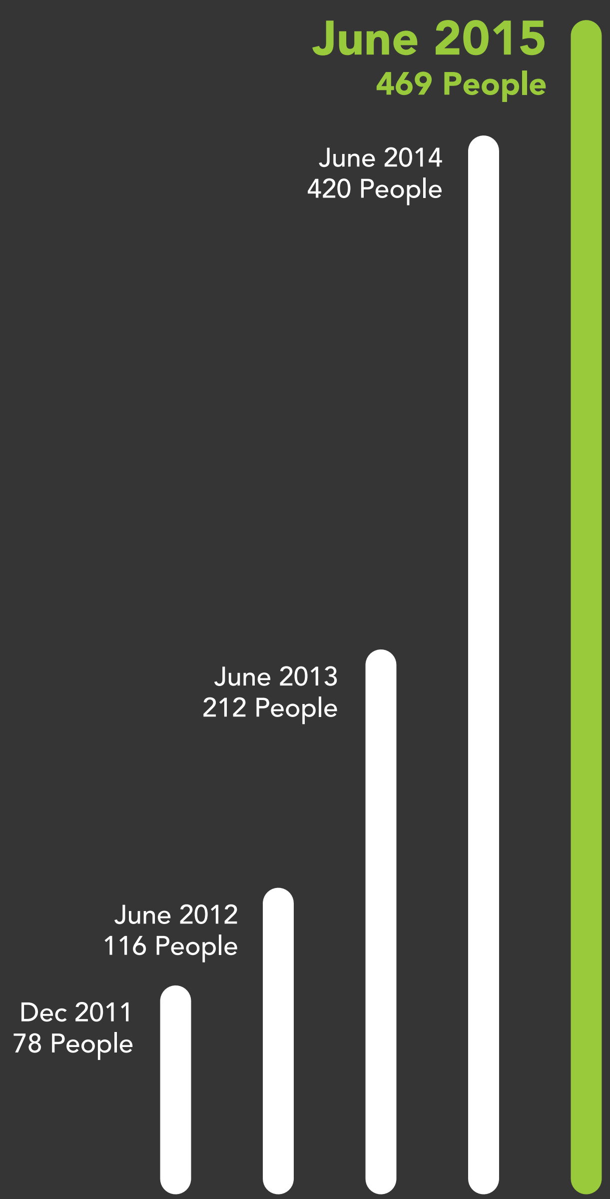
- Group our capabilities in a way that optimises engagement with clients.
- Integrate and work as 'OneRXP'.
- Structured to support optimal delivery while providing our staff with career progression and learning opportunities.

OUR SERVICES

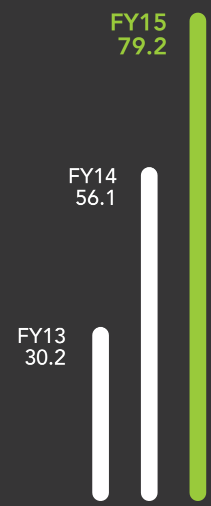
- Strategic advisory and consulting
- Digital/web/mobile applications development
- Information management and analytics
- Integration
- Business process management and change
- Enterprise service management
- Cloud, security and identity management

HIGHLIGHTS

Company size



Revenue ($m)



Profit before tax ($m)

OUR VISION

People

Build a diverse and engaged team-based environment where people are inspired to work together and be the best they can be.

Partners

Build and nurture true partner relationships that create mutual and enduring value.

Clients

Build lasting client relationships based on trust and the delivery of value.

Investors

Build a business that delivers long-term return to shareholders.

CHAIRMAN AND CEO MESSAGE

John Pittard
Chairman

"Our 'client-focused, practice-led' approach within a 'OneRXP' environment continues to differentiate us in the market and has been a key driving force behind the results we have produced."

Ross Fielding
Chief Executive Officer

"The growth we continue to experience at the top line validates our firm belief that there is indeed ongoing growth and spend in our sector. Our focus on specialisation within a 'OneRXP' environment continues to enable us to win, and that's exactly what we plan to do."

Dear fellow shareholders,

We are pleased to present to you the 2015 RXP Services Ltd (RXP) Annual Report. This past year has been another year of growth. Growth in the number of people we employ, growth in the number of clients with whom we work and, importantly, growth in both revenue and profit.

The RXP team has remained focused on executing the strategy and associated set of key priorities that were set out at the start of the financial year. The focus on driving organic growth whilst also leveraging the acquisitions we made has continued to produce results that we are proud of.

The track record we are building in terms of delivering outcomes for clients is an area we are most pleased with, and it is great to see this is being reflected in the client loyalty we are experiencing.

Our business remains in a strong financial position and the results we have produced have allowed us to put in place a bank debt facility that enables us to continue to pursue Earnings Per Share accretive acquisitions and allows for greater flexibility in balance sheet management. With a strong second half, our business settings give us confidence in terms of the outlook and potential for continued growth.

We are really pleased to be announcing the commencement of a dividend payment, another key step in our business maturing.

Summary of financials

Whilst our first half produced softer than planned profit results (driven by a number of key project deferrals in Q2), we are extremely proud of what was achieved in the second half. Our 'client-focused, practice-led' approach within a 'OneRXP' environment continues to differentiate us in the market and has been a key driving force behind the results we have produced:

- Total revenue increased to $79.2 million (+41% on the prior year).
- Profit before tax increased to $10.4 million (+12% on the prior year).
- Total staff numbers have grown to 469 (+12%).
- Announcement of a 1.25 cent fully franked dividend payable 1 October 2015.

FY2015 at a glance

We seem to say this each year, but it really has been another busy 12 months. At the start of the year, we set out a number of key priorities that were used to help focus our efforts. These included growing our people and capabilities; growing awareness of our brand; growing our client base and size of client engagements; increasing the penetration of our practices within clients; growing our partnerships; and building 'RXP Solutions and As a Service' offerings.

- Momentum was successfully regained in the second half of the financial year, with utilisation returning to planned levels once a number of first half FY15 deferred projects commenced.
- Second-half growth over prior corresponding period was strong, with +26% growth in both revenue and profit.
- With over 565 people (including the Engage Viidacom acquisition), the investment in our people in terms of their skills and capabilities remains a priority for us. We have a well-defined approach to professional development and set of internally developed programs that are gaining traction. We continue to be able to retain and attract the right talent.
- We have continued to work hard on building our brand and brand awareness. Through these efforts and through the constant focus on excellence in delivery to clients, we are seeing an increase in the level of work we are being invited to do rather than having to 'bid' for work.
- The size and duration of client engagements continue to increase and we are now playing a more strategic role with clients in terms of setting direction and delivering outcomes. We have maintained a strong and balanced spread of clients across the range of industry verticals and we continue to operate across a number of geographies.

We apply technology, smart sourcing and savvy execution to drive material and sustainable uplift in business performance.

Up 41%

Total revenue

Up 12%

Profit before tax

Up 12%

Total staff numbers

CHAIRMAN AND CEO MESSAGE continued

- Our 'Near Shore' development capability in Hobart is being more fully leveraged across all of our geographies and is delivering real value as we bed in the on-site/off-site delivery model.
- The effort put in over the past couple of years in developing 'RXP Solutions and As a Service' offerings is bearing fruit. We have commenced licensing our own Intellectual Property (IP) backed products/solutions to clients, and we continue to see growth in sales of our 'RXP Solutions and As a Service' offerings. In the last quarter of FY15, over 7% of profit was delivered from this area.
- Engagement with our partners continues to evolve and mature. Our 'mainstream, challenger, disruptive partner' strategy is working and we are gaining traction in joint RXP-Partner Solution Development. Our partners are also proving to be a source of client growth.
- On the acquisition front, we successfully completed and integrated Centrum systems. With eight months having passed, we are very pleased with the integration and what the Centrum team has added to RXP in terms of capabilities. We have been able to enhance what we are now able to offer clients, both existing and new, and the team is delivering in line with expectations. We remain excited by the opportunities that are being presented to us as a result of having the Centrum team integrated into RXP.
- Most recently, we have announced the acquisition of specialist end-to-end project delivery consulting company Engage Viidacom Pty Ltd (EV). This is the largest transaction RXP has undertaken in terms of number of employees and provides RXP with an increased capability in terms of large program delivery whilst also deepening the Company's client footprint in the telecommunications and media sector. We look forward to successfully integrating the EV business into the RXP Group as we have done with our many previous acquisitions, and of course to capitalising on the added opportunities that EV brings to RXP.

Looking ahead

Last year we talked about confidence and the confidence we have in the team that we have at RXP. That confidence remains. We have been able to expand and develop our team, it's one team, a strong team and a team that has a winning culture.

The growth we continue to experience at the top line validates our firm belief that there is indeed ongoing growth and spend in our sector. Our focus on specialisation within a 'OneRXP' environment continues to enable us to win, and that's exactly what we plan to do.

We will continue to develop, expand and evolve our specialisations to ensure that we are able to meet and, in many cases, pre-empt the needs of clients. Our focus on the development and evolution of our 'RXP Solutions and As a Service' offerings will accelerate and we expect this to be an important source of growth in FY16.

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 held 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.

In terms of the financial outlook for FY16, implementation of our plan is expected to result in RXP continuing to deliver strong growth in both revenue and profit.

Over the next 12 months, we will once again focus on a set of key priorities and these priorities will continue to help guide us through the next phase of our growth.

1. **Develop people, teamwork and leadership.**
2. **Build on our brand.**
3. **Develop and expand our specialisations.**
4. **Increase focus on leveraging our IP to evolve 'RXP Solutions'.**
5. **Develop and expand our 'Near Shore' capabilities.**
6. **Build on existing and develop new client relationships.**
7. **Develop and expand our partnerships.**
8. **Grow through targeted acquisitions.**

In closing, it has been another exciting and rewarding year for the RXP team. It's been a year that has resulted in growth across all aspects of the business. It's a year that saw momentum build in the second half and our business settings are strong giving rise to our confidence as we look forward. We recognise that delivering the results we have could not have been 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 FY15. We would also like to thank our clients, who put their trust in us, our partners who work with and support us and importantly, we would like to thank you, our fellow shareholders, for your continued support of RXP Services Ltd.

We look forward to another exciting year and look forward to results we will produce for FY16.

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 2015 and Auditors' 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)
Mr Kenneth Stout

Executive Director

Mr Ross Fielding

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 and 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 $7,353,000 (2014: $6,498,000).

Review of operations

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

- successful completion of the acquisition of Centrum Systems Pty Ltd. Details of this acquisition 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 FY15, a year that once again resulted in significant growth.

Significant changes in the state of affairs

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

- on 31 October 2014, the Company acquired 100% of the share capital of Centrum Systems Pty Ltd. Details of the acquisition are set out at Note 19 in this Financial Report.

After balance date events

On 31 July 2015, the Company secured a $25,000,000 debt facility from Westpac Institutional Bank. The facility is for the sole purpose of supporting RXP in executing its acquisition strategy.

On 6 August 2015, the Company announced the acquisition of Engage Viidacom Pty Ltd. Further details are disclosed at Note 28: Subsequent events of this Financial 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

Since the end of the reporting period the following dividend was declared by the Directors. The financial effect of this dividend has not been brought to account in the consolidated financial statements for the year ended 30 June 2015, and will be recognised in subsequent financial reports.

	2015 $'000	2014 $'000
Final dividend declared at 1.25 cents (2014: 0.0 cents) fully franked at 30%	1,718	-
	1,718	-

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

John Pittard
Chairman

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.

Directorships of other companies: Barnardos Australia.

Special responsibilities: Chairman of the People and Remuneration Committee, Member of the RXP Audit Committee.

Qualifications: B.Sc., MAICD.

Ross Fielding
Chief Executive Officer

Mr Fielding has over 30 years of experience in the information technology and telecommunications industry and has played a key role in many major 'business transformation' programs throughout his career. Before becoming the CEO of RXP Services, Mr Fielding was the Executive Director for Products and Services in Telstra, driving innovation, development and implementation into the market. Prior to that, Mr Fielding was Chief Information Officer for Telstra's Retail business. Mr Fielding has been a Director of the Australian Mobile Telecommunications Association, as well as being a Non-Executive Director of mNet Corporation.

Directorships of other companies: Nil.

Special responsibilities: Member of the People and Remuneration Committee.

Qualifications: BEng.

Kenneth Stout
Non-Executive Director

Mr Stout 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 New Zealand, and has deep board level management experience; recently being Chair of ASX listed Ingena Group Ltd. Mr Stout was a partner at Ernst & Young and is a specialist in financial and corporate advisory services.

Directorships of other companies: Nil.

Special responsibilities: Chair of the RXP Audit Committee, Member of the People and Remuneration Committee.

Qualifications: DipBus (Acc), GradDipBus (Acc), Chartered Accountant, Chartered Secretary.

David Royale
CFO and Company Secretary
Appointed: 1 April 2015

Mr Royale is an experienced accountant with over 25 years of finance experience in both public and private companies. Mr Royale has held senior accounting roles in a variety of sectors including property development, travel and hospitality, architectural services, financial services and manufacturing. Mr Royale has been a Member of the Institute of Chartered Accountants in Australia and New Zealand since 1998.

Directorships of other companies: Nil.

Special responsibilities: Nil.

Qualifications: BBus (Acc), Chartered Accountant.

Christopher Shearer
CFO and Company Secretary
Resigned: 31 March 2015

Mr Shearer is a senior finance and administration executive with over 15 years of accounting and finance experience in a number of ASX listed companies. Mr Shearer has held senior accounting and Company Secretary roles in both private and public sector companies. Prior to his role at RXP, Mr Shearer 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 and Remuneration Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
John Pittard	12	12	3	3	3	3
Kenneth Stout	12	12	3	3	3	3
Ross Fielding	12	12	-	-	3	3

Directors' interests in shares or options

Directors' relevant interests in shares of RXP Services Ltd or options over shares in the Company are detailed below.

Director	Ordinary Shares of RXP Services Ltd
John Pittard	50,000
Kenneth Stout	250,000
Ross Fielding	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 independence declaration

A copy of the auditor 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. Non-audit services were provided by the auditors' of the Australian entities in the consolidated group during the year, namely Pitcher Partners. Non-audit services were also provided by the Hong Kong entities component auditor Moore Stephens. The Directors are satisfied that the provision of the non-audit services during the year by the auditors' is compatible with the general standard of independence for auditors' imposed by the *Corporations Act 2001*.

	2015 $'000	2014 $'000
Amounts paid and payable to Pitcher Partners for non-audit services:		
Taxation services	15	-
	15	-
Amounts paid and payable to Moore Stephens for non-audit services:		
Taxation services	2	2
Corporate secretarial services	8	-
	10	2
Total auditors' remuneration for non-audit services	25	2

Remuneration Report – audited

The Directors present the consolidated entity's 2015 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 2015 ($10,959 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
Ross Fielding	Appointed 21 October 2010	Managing Director
John Pittard	Appointed 25 November 2013	Chairman
Kenneth Stout	Appointed 21 October 2010	Non-Executive Director

Key Management Personnel		Position
David Royale	Appointed 1 April 2015	Chief Financial Officer and Company Secretary
Christopher Shearer	Resigned 31 March 2015	Chief Financial Officer and Company Secretary
Paul Fielding	Appointed 28 November 2011	Group Executive 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	Resigned 28 February 2015	Group Executive Engagement and Enablement
Maria Dimopoulos	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

2015	Short-term Salary/ Fees $	Short-term Cash Bonus $	Short-term Non-monetary $	Other $	Post-employment Superannuation $
Ross Fielding	383,561	-	-	-	36,438
John Pittard	35,065	-	-	-	33,859
Kenneth Stout	55,000	-	-	-	4,750
	473,626	-	-	-	75,047
2014					
Ross Fielding	368,066	-	-	-	34,046
Lloyd Roberts	18,406	-	-	-	1,702
John Pittard	39,769				-
Kenneth Stout	47,500	-	-	-	-
	473,741	-	-	-	35,748

Executives' remuneration

2015	Salary/ Fees $	Cash Bonus $	Non-monetary $	Other $	Superannuation $
David Royale	127,123	-	6,606	-	12,076
Christopher Shearer	144,595	-	-	-	10,458
Paul Fielding	311,450	-	-	-	-
Jason Young	320,039	-	-	-	29,583
Ben Meek	271,865	-	-	-	25,827
Tim Moon	176,539	-	-	-	23,460
Maria Dimopoulos	112,675	10,959	-	-	11,745
	1,464,285	10,959	6,606	-	113,149
2014					
Christopher Shearer	147,812	-	-	-	12,188
Paul Fielding	330,000	-	-	-	-
Jason Young	283,752	-	-	-	26,248
Ben Meek	170,000	-	-	-	15,725
Tim Moon	196,331	-	-	-	24,914
Maria Dimopoulos	108,033	-	-	-	9,993
	1,235,928	-	-	-	89,068

	Post-employment		Long-term	Share-based Payments	Total	Total Performance Related	Options as % of Total
	Retirement Benefits	Termination Benefits	Incentive Plans	Options			
	$	$	$	$	$	%	%
	-	-	-	-	419,999	-	-
	-	-	-	-	68,924	-	-
	-	-	-	-	59,750	-	-
	-	-	-	-	548,673	-	-
	-	-	-	-	402,112	-	-
	-	-	-	-	20,108	-	-
	-	-	-	-	39,769	-	-
	-	-	-	-	47,500	-	-
	-	-	-	-	509,489	-	-
	-	-	-	-	145,805	-	-
	-	12,844	-	-	167,897	-	-
	-	-	-	-	311,450	-	-
	-	-	-	-	349,622	-	-
	-	-	-	-	297,692	-	-
	-	-	-	-	199,999	-	-
	-	-	-	-	135,379	-	-
	-	12,844	-	-	1,607,843	-	-
	-	-	-	-	160,000	-	-
	-	-	-	-	330,000	-	-
	-	-	-	-	310,000	-	-
	-	-	-	-	185,725	-	-
	-	-	-	-	221,245	-	-
	-	-	-	-	118,026	-	-
	-	-	-	-	1,324,996	-	-

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.
- Termination by provision of six months' notice by either party.

Paul Fielding

Group Operations Manager

- Permanent employment contract commencing 1 July 2014.
- Termination by provision of one months' notice by either party.

David Royale

Chief Financial Officer

- Permanent employment contract commencing 1 January 2015.
- Termination by provision of one months' notice by either party.

Jason Young

Group Executive Sales and Delivery

- Permanent employment contract commencing 1 September 2014.
- Termination by provision of three months' notice by either party.

Ben Meek

Group Executive Strategic Advisory Services

- Permanent employment contract commencing 1 September 2014.
- Termination by provision of three months' notice by either party.

Maria Dimopoulos

Group Manager People and Talent

- Permanent employment contract commencing 1 September 2014.
- Termination by provision of one months' notice by either party.

Number of shares held by key management personnel

	Balance 1/7/2014	Received as Remuneration	Options Exercised	Shares Acquired/ (Disposed)	Balance 30/6/2015
2014					
Directors					
John Pittard	50,000	-	-	-	50,000
Ross Fielding	10,181,000	-	-	-	10,181,000
Kenneth Stout	250,000	-	-	-	250,000
Executives					
David Royale	-	-	-	-	-
Christopher Shearer	230,000	-	-	(205,000)	25,000
Paul Fielding	4,788,515	-	-	350,000	5,138,515
Jason Young	1,028,491	-	-	-	1,028,491
Ben Meek	674,314	-	-	507,984	1,182,298
Tim Moon	3,291,546	-	-	-	3,291,546
Maria Dimopoulos	-	-	-	-	-
	20,493,866	**-**	**-**	**652,984**	**21,146,850**

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's 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 98/0100. The Company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the Directors.

Ross Fielding
Chief Executive Officer
Melbourne
9 September 2015

AUDITOR'S INDEPENDENCE DECLARATION

PITCHER PARTNERS

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 2015, 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.

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

M W PRINGLE
Partner
9 September 2015

PITCHER PARTNERS
Melbourne

An independent Victorian Partnership ABN 27 975 255 196
Level 19, 15 William Street, Melbourne VIC 3000
Liability limited by a scheme approved under Professional Standards Legislation

Pitcher Partners is an association of independent firms
Melbourne | Sydney | Perth | Adelaide | Brisbane | Newcastle
An independent member of Baker Tilly International

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2015

	Note	2015 $'000	2014 $'000
Revenue and other income			
Services revenue	5	**78,867**	55,729
Other income	5	**285**	-
		79,152	55,729
Less: expenses			
Cost of sales		**(3,004)**	(2,170)
Employee benefits		**(62,079)**	(41,826)
Occupancy expense	6	**(1,124)**	(699)
Depreciation and amortisation	6	**(294)**	(147)
Bad and doubtful debts provision		**(250)**	(31)
Other expenses		**(2,149)**	(1,893)
		(68,900)	(46,766)
Results from operating activities		**10,252**	8,963
Finance income		**200**	332
Finance costs	6	**(6)**	(4)
Net finance income		**194**	328
Profit before income tax		**10,446**	9,291
Income tax	7	**(3,093)**	(2,793)
Net profit for the year		**7,353**	6,498
Profit attributable to members of the parent		**7,353**	6,498
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Foreign currency translation	17(b)	**191**	(69)
Total comprehensive income for the period		**7,544**	6,429
Total comprehensive income attributable to members of the parent		**7,544**	6,429
Earnings per share for profit from continuing operations attributable to equity holders of the parent entity:			
Basic earnings per share (cents)	22	**5.4**	5.6
Diluted earnings per share (cents)	22	**5.4**	5.6

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Note	30 June 2015 $'000	30 June 2014 $'000
Current assets			
Cash and cash equivalents	9	**12,083**	18,427
Receivables	10	**12,835**	14,103
Other current assets	11	**8,448**	2,382
Total current assets		**33,366**	34,912
Non-current assets			
Intangible assets	12	**79,954**	74,279
Property, plant and equipment	13	**883**	372
Deferred tax assets	7	**2,274**	1,785
Other non-current assets	11	**29**	-
Total non-current assets		**83,140**	76,436
Total assets		**116,506**	111,348
Current liabilities			
Payables	14	**12,587**	9,874
Deferred consideration	4	**7,892**	13,595
Provisions	15	**2,130**	1,764
Total current liabilities		**22,609**	25,233
Non-current liabilities			
Deferred consideration	4	**360**	3,441
Provisions	15	**399**	274
Total non-current liabilities		**759**	3,715
Total liabilities		**23,368**	28,948
Net assets		**93,138**	82,400
Equity			
Contributed capital	16	**75,604**	72,410
Foreign currency reserve	17	**175**	(16)
Retained earnings	17	**17,359**	10,006
Total equity		**93,138**	82,400

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

	Contributed Equity $'000	Retained Earnings $'000	Foreign Currency Reserve $'000	Total Equity $'000
Consolidated				
Balance as at 1 July 2013	**41,695**	**3,508**	**53**	**45,256**
Profit for the year	-	6,498	-	6,498
Exchange differences on translation of foreign operations, net of tax	-	-	(69)	(69)
Total comprehensive income for the year	**-**	**6,498**	**(69)**	**6,429**
Transactions with owners in their capacity as owners:				
Shares issued during period	31,384	-	-	31,384
Share issue expenses	(669)	-	-	(669)
	30,715	**-**	**-**	**30,715**
Balance as at 30 June 2014	**72,410**	**10,006**	**(16)**	**82,400**
Consolidated				
Balance as at 1 July 2014	**72,410**	**10,006**	**(16)**	**82,400**
Profit for the year	-	7,353	-	7,353
Exchange differences on translation of foreign operations, net of tax	-	-	191	191
Total comprehensive income for the year	**-**	**7,353**	**191**	**7,544**
Transactions with owners in their capacity as owners:				
Shares issued during period	3,211	-	-	3,211
Share issue expenses	(17)	-	-	(17)
	3,194	**-**	**-**	**3,194**
Balance as at 30 June 2015	**75,604**	**17,359**	**175**	**93,138**

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2015

	Note	30 June 2015 $'000	30 June 2014 $'000
Cash flow from operating activities			
Receipts from customers		**83,631**	54,186
Payments to suppliers and employees		**(74,746)**	(51,256)
Income tax paid		**(4,448)**	(1,468)
Interest received		**200**	332
Finance costs	6	**(6)**	(4)
Net cash provided by operating activities	18(a)	**4,631**	1,790
Cash flow from investing activities			
Payment for plant and equipment	13	**(686)**	(136)
Payment for intangibles	12	**(30)**	(384)
Payment for business acquisitions		**(10,242)**	(13,028)
Payment of declared dividends of acquired entities		**-**	(10)
Net cash used in investing activities		**(10,958)**	(13,558)
Cash flow from financing activities			
Proceeds from share issue	16(b)	**-**	20,000
Capital raising expenses		**-**	(943)
Share issue expenses		**(17)**	(71)
Net cash (used in)/provided by financing activities		**(17)**	18,986
Net (decrease)/increase in cash and cash equivalents		**(6,344)**	7,218
Cash and cash equivalents at beginning of year		**18,427**	11,209
Cash and cash equivalents at end of year	18(b)	**12,083**	18,427

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2015

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.

Significant 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 that 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 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.

(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.

Note 1: Statement of significant accounting policies continued

(e) Plant and equipment

Office equipment

Office equipment is 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:

	2015	2014
Office equipment:	**2 to 15 years**	2 to 15 years
Leasehold improvements:	**1 to 10 years**	1 to 10 years

(f) 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.

(g) 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.

(h) Intangibles

Goodwill

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

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 life of four years. Amortisation commences when the intangible asset is available for use.

(i) Impairment of non-financial assets

Goodwill, intangible assets not yet ready for use and intangible assets that have an indefinite useful life are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances 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.

(j) 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 wholly owned 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; and
- 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.

Note 1: Statement of significant accounting policies continued

(k) 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 outflow of economic benefits will result and that outflow can be reliably measured.

(l) 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 12 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 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 that are not expected to be settled within 12 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 12 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 employee's contract of employment, and the amount can be reliably measured.

(vi) Termination benefits

Termination benefits are payable when employment of an employee or group of employees is terminated before the normal retirement date, or when the entity provides termination benefits as a result of an offer made and accepted in order to encourage voluntary redundancy.

The consolidated entity recognises a provision for termination benefits when the entity can no longer withdraw the offer of those benefits, or if earlier, when the termination benefits are included in a formal restructuring plan that has been announced to those affected by it.

(m) 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.

(n) 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.

Impairment of financial assets

Financial assets are tested for impairment at each financial year-end to establish whether there is any objective evidence for impairment.

For loans and receivables or held-to-maturity investments carried at amortised cost, impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of the loss reduces the carrying amount of the asset and is recognised in profit or loss. The impairment loss is reversed through profit or loss if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised.

(o) 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.

Note 1: Statement of significant accounting policies continued

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.

(p) 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.

(q) Comparatives

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

(r) 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.

(s) Accounting standards issued but not yet effective at 30 June 2015

(i) AASB 15: Revenue from contracts with customers

AASB 15 introduces a five-step process for revenue recognition with the core principle being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services. The five-step approach is as follows:

- Step 1: Identify the contracts with the customer.
- Step 2: Identify the separate performance obligations.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price.
- Step 5: Recognise revenue when a performance obligation is satisfied.

AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

The effective date is annual reporting periods beginning on or after 1 January 2017.

The changes in revenue recognition requirements in AASB 15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. The impact of AASB 15 has not yet been quantified.

(ii) AASB 9: Financial instruments

Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. The amortised cost model is available for debt assets meeting both business model and cash flow characteristics tests. All investments in equity instruments using AASB 9 are to be measured at fair value.

This standard amends measurement rules for financial liabilities that the entity elects to measure at fair value through profit and loss. Changes in fair value attributable to changes in the entity's own credit risk are presented in other comprehensive income.

Chapter 6 *Hedge Accounting* supersedes the general hedge accounting requirements in AASB 139 Financial Instruments: Recognition and Measurement, which many consider to be too rules-based and arbitrary. Chapter 6 requirements include a new approach to hedge accounting that is intended to more closely align hedge accounting with risk management activities undertaken by entities when hedging financial and non-financial risks. Some of the key changes from AASB 139 are as follows:

- to allow hedge accounting of risk components of non-financial items that are identifiable and measurable (many of which were prohibited from being designated as hedged items under AASB 139);
- changes in the accounting for the time value of options, the forward element of a forward contract and foreign-currency basis spreads designated as hedging instruments; and
- modification of the requirements for effectiveness testing (including removal of the 'brightline' effectiveness test that offset for hedging must be in the range 80–125%).

Revised disclosures about an entity's hedge accounting have also been added to AASB 7 Financial Instruments: Disclosures.

Impairment of assets is now based on expected losses in AASB 9, which requires entities to measure:

- the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

The effective date is annual reporting periods beginning on or after 1 January 2018.

The impact of AASB 9 has not yet been determined.

Note 2: Significant 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 (CGUs) 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 one 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% (2014: 2.5%) for cash flows in years two to five, a terminal rate growth rate of 2.5% (2014: 2.5%) and a discount rate of 12% (2014: 12%) to determine value in use.

(b) Impairment of non-financial assets other than goodwill

All assets are assessed for impairment at each reporting date by evaluating whether indicators of impairment exist in relation to the continued use of the asset by the consolidated entity. Impairment triggers include declining product or manufacturing performance, technology changes, adverse changes in the economic or political environment or future product expectations. If an indicator of impairment exists the recoverable amount of the asset is determined.

(c) 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; and
- 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:

	2015 $'000	2014 $'000
Financial assets		
Cash and cash equivalents	**12,083**	18,427
Receivables	**12,835**	14,103
	24,918	32,530
Financial liabilities		
Payables	**12,587**	9,874
Deferred consideration	**8,252**	17,036
	20,839	26,910

(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.

Financial Instruments	Interest Bearing $'000	Non-Interest Bearing $'000	Total Carrying Amount $'000	Weighted Average Effective Interest Rate %	Fixed/ Variable Rate
2015					
(i) Financial assets					
Cash	**12,075**	**8**	**12,083**	**2.2**	**Variable**
Total financial assets	**12,075**	**8**	**12,083**	**2.2**	
2014					
(i) Financial assets					
Cash	18,421	6	18,427	2.4	Variable
Total financial assets	18,421	6	18,427	2.4	

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

(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(b). 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 management's expectation for settlement of undiscounted maturities.

Year ended 30 June 2015	< 6 Months $'000	6–12 Months $'000	1–5 Years $'000	Total Contractual Cash Flows $'000	Carrying Amount $'000
Cash and cash equivalents	12,083	-	-	12,083	12,083
Receivables	12,835	-	-	12,835	12,835
Payables	(12,587)	-	-	(12,587)	(12,587)
Deferred cash consideration	(2,247)	(1,715)	(360)	(4,322)	(4,322)
Net maturities	10,084	(1,715)	(360)	8,009	8,009

Year ended 30 June 2014					
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

(d) 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 2015	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial liabilities				
Deferred cash consideration	-	-	4,322	4,322
Deferred equity consideration	-	-	3,930	3,930
Total financial liabilities	-	-	8,252	8,252

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

(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

	30 June 2015 $'000	30 June 2014 $'000
Deferred consideration		
Opening balance	17,036	5,521
Additional deferred consideration from business acquisitions	2,986	18,389
Payments/share issues	(10,352)	(6,874)
Change in fair value of deferred consideration	(1,133)	-
Deferred consideration revaluation	(285)	-
Closing balance	8,252	17,036

Current deferred consideration is $7,892,000 and non-current consideration is $360,000.

Deferred consideration includes amounts contingent on performance of $5,000,000. 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 $3,252,892 and the maximum contingent amount is $8,252,000.

(d) Valuation processes and sensitivity

In determining the fair value of the deferred consideration, management prepares budgets that 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

	2015 $'000	2014 $'000
Revenue from operating activities		
Service revenue	**78,867**	55,729
	78,867	55,729
Other Income		
Deferred consideration revaluation	**285**	-
	285	-

Note 6: Profit from continuing operations

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

	Note	2015 $'000	2014 $'000
Depreciation of non-current assets			
Office equipment	13	**169**	131
Leasehold improvements	13	**21**	1
		190	132
Amortisation of non-current assets			
Software	12	**104**	15
		104	15
Total depreciation and amortisation		**294**	147
Operating lease costs			
Rental expense on operating leases		**1,124**	699
		1,124	699
Finance costs			
Finance expense		**6**	4
		6	4

NOTES TO THE FINANCIAL STATEMENTS continued

Year ended 30 June 2015

Note 7: Income tax

	2015 $'000	2014 $'000
(a) Components of tax expense		
Current tax	3,403	2,762
Deferred tax	(310)	31
	3,093	2,793

(b) Prima facie tax payable

The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:

	2015 $'000	2014 $'000
Profit before tax from continuing operations	10,446	9,291
Prima facie income tax payable on profit before income tax at 30% (2014: 30%)	3,134	2,787
Difference in foreign tax rates	(67)	(24)
Add tax effect of:		
– Other non-allowable items	26	30
	3,093	2,793

(c) Deferred tax

Deferred tax relates to the following:

	2015 $'000	2014 $'000
Deferred tax assets		
The balance comprises:		
Tax losses carried forward	115	115
Employee benefits	750	600
Accruals	441	300
Unearned revenue	631	191
Capital raising costs	368	622
Doubtful debts	74	1
	2,379	1,829
Deferred tax liabilities		
The balance comprises:		
Plant and equipment	5	2
Prepayments	100	42
	105	44
Net deferred tax assets	2,274	1,785

(d) Deferred income tax (revenue)/expense included in income tax expense comprises

	2015 $'000	2014 $'000
(Increase)/decrease in deferred tax assets	(371)	26
Increase in deferred tax liabilities	61	5
	(310)	31

(e) Deferred tax (assets)/liabilities acquired through business combinations

	2015 $'000	2014 $'000
(Increase) in deferred tax assets	(179)	(256)
Increase in deferred tax liabilities	-	1
	(179)	(255)

Note 8: Dividends

	2015 $'000	2014 $'000
(a) Dividends paid or declared		
There were no dividends paid or declared during the year (2014: nil).		

(b) Dividends declared after year-end

Proposed dividend not recognised at year-end at 1.25 cents per share (2014: 0.0 cents) 100% franked (2014: 0% franked) at the Australian tax rate of 30%.	1,718	-

(c) Franking account

Balance of franking account on a tax paid basis at financial year-end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and any credits that may be prevented from distribution in subsequent years.	9,205	3,109

Note 9: Cash and cash equivalents

Cash at bank and on hand	12,083	18,427
	12,083	18,427

Note 10: Receivables

Current		
Trade receivables	13,085	14,106
Impairment loss	(250)	(3)
	12,835	14,103

(a) Provision for impairment

(i) Trade receivables

Trade receivables are non-interest bearing with 30-day 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.

Movements in the provision for impairment were:		
Opening balance at 1 July	3	13
Charge for the year	150	3
Impairment loss acquired through acquisition	100	-
Amounts written off	(3)	(13)
Closing balance at 30 June	250	3

Note 10: Receivables continued

(b) Ageing analysis

Trade and other receivables ageing analysis at 30 June is:

	Gross 2015 $'000	Impairment 2015 $'000	Gross 2014 $'000	Impairment 2014 $'000
Not past due	**8,443**	**-**	11,025	-
Past due 31–60 days	**2,161**	**-**	864	3
Past due 61–90 days	**842**	**-**	1,543	-
Past due more than 91 days	**1,639**	**250**	674	-
	13,085	**250**	14,106	3

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

1. Receipt of receivable has occurred post 30 June 2015.
2. The consolidated entity has received correspondence that provides the level of surety required that the receivable will be received.

Note 11: Other assets

	2015 $'000	2014 $'000
Current assets		
Prepayments	**556**	344
Deposits	**286**	304
Accrued income	**7,279**	1,681
Other receivables	**327**	53
	8,448	2,382
Non-current assets		
Other receivables	**29**	-
	29	-

Note 12: Intangible assets

	2015	2014
Goodwill		
At cost	**79,656**	73,907
Total goodwill	**79,656**	73,907
Software		
At cost	**428**	398
Accumulated amortisation	**(130)**	(26)
Total software	**298**	372
Total intangible assets	**79,954**	74,279

	2015 $'000	2014 $'000

(a) Reconciliations

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

	2015 $'000	2014 $'000
Goodwill		
Carrying amount at beginning of year	73,907	37,054
Additions through business combinations	6,150	36,853
Adjustments to goodwill	(401)	-
Carrying amount end of year	79,656	73,907
Software		
Carrying amount at beginning of year	372	3
Additions	30	384
Additions through business combinations	-	-
Amortisation expense	(104)	(15)
Carrying amount end of year	298	372
Total intangibles		
Carrying amount at beginning of year	74,279	37,057
Additions	30	384
Additions through business combinations	6,150	36,853
Adjustments to goodwill	(401)	-
Amortisation expense	(104)	(15)
Carrying amount at end of year	79,954	74,279

Impairment tests for goodwill and intangible assets with indefinite useful lives

Under AASB 136, the consolidated entity will undertake impairment testing of the relevant CGUs as required. Impairment testing was performed at 30 June 2015 to support the carrying value of goodwill.

Goodwill is allocated to cash CGUs 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 one 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% (2014: 2.5%) for cash flows in years two to five, a terminal rate growth rate of 2.5% (2014: 2.5%) and a discount rate of 12% (2014: 12%) to determine value in use.

	2015 $'000	2014 $'000
Goodwill is allocated to the following CGU:		
RXP Services Ltd and controlled entities	79,656	73,907
	79,656	73,907

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

Note 13: Plant and equipment

	2015 $'000	2014 $'000
Office equipment		
At cost	1,463	1,161
Accumulated depreciation	(986)	(839)
Total office equipment	477	322
Leasehold improvements		
At cost	469	54
Accumulated depreciation	(63)	(4)
Total leasehold improvements	406	50
Total plant and equipment	883	372

(a) Reconciliations

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

	2015 $'000	2014 $'000
Office equipment		
Carrying amount at beginning of year	322	138
Additions	333	121
Additions through business acquisitions	6	373
Depreciation expense	(169)	(131)
Disposals	(15)	(179)
Carrying amount end of year	477	322
Leasehold improvements		
Carrying amount at beginning of year	50	-
Additions	353	15
Additions through business acquisitions	65	36
Depreciation expense	(21)	(1)
Disposals	(41)	-
Carrying amount end of year	406	50
Total plant and equipment		
Carrying amount at beginning of year	372	138
Additions	686	136
Additions through business acquisitions	71	409
Depreciation and amortisation expense	(190)	(132)
Disposals	(56)	(179)
Carrying amount end of year	883	372

Note 14: Current

	2015 $'000	2014 $'000
Current		
Trade payables	2,615	2,224
Unearned revenue	2,223	680
Current tax payable	1,377	2,400
Other payables	4,445	3,730
Accruals	1,927	840
	12,587	9,874

Note 15: Provisions

Current		
Employee benefits	2,130	1,764
	2,130	1,764
Non-current		
Employee benefits	399	274
	399	274
Aggregate employee benefits liability	2,529	2,038

Note 16: Contributed capital

(a) Issued and paid up capital

Ordinary shares fully paid	75,604	72,410

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(b) Movements in shares on issue

	Note	No. of Shares	$'000
At 1 July 2014		133,028,367	72,410
Issued during the year			
– Shares issue	(i)	705,387	483
– Shares issue	(ii)	2,346,666	1,760
– Shares issue	(iii)	960,046	696
– Shares issue	(iv)	375,978	272
– Share issue expenses			(17)
End of the financial year – 30 June 2015		**137,416,444**	**75,604**

(i) 1 July 2014: Final share consideration for the acquisition of Transpire Pty Ltd.
(ii) 6 October 2014: Part consideration for the acquisition of Integrated Value Pty Ltd.
(iii) 5 December 2014: Part consideration for the acquisition of Nobel Consulting Pty Ltd.
(iv) 20 February 2015: Final share consideration of the acquisition of Nobel Consulting Pty Ltd.

Note 16: Contributed capital continued

(b) Movements in shares on issue – prior year

	Note	No. of Shares	$'000
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
– Share issue expenses			(669)
End of the financial year – 30 June 2014		133,028,367	72,410

(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.

(c) 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.

(d) Share options

The Company has no options over ordinary shares outstanding.

(e) 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 cash flows.

Note 17: Reserves and retained earnings

	Note	2015 $'000	2014 $'000
Retained earnings	17(a)	17,359	10,006
Reserves	17(b)	175	(16)

(a) Retained earnings

	2015	2014
Balance at the beginning of year	10,006	3,508
Net profit attributable to members of RXP Services Ltd	7,353	6,498
Total available for appropriation	17,359	10,006
Dividends paid	-	-
Balance at end of year	17,359	10,006

(b) Foreign currency reserve

	2015	2014
Balance at the beginning of year	(16)	53
Exchange differences on translation of foreign operations	191	(69)
Balance at end of year	175	(16)

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

Note 18: Cash flow information

	Note	2015 $'000	2014 $'000
(a) Reconciliation of cash flow from operations with profit after income tax			
Profit from ordinary activities after income tax		7,353	6,498
Non-cash items			
Depreciation and amortisation		294	147
Asset write-offs		52	-
Plant and equipment disposals		56	-
Impairment of receivables	10	150	3
Change in fair value of deferred consideration		(285)	-
Foreign currency translation differences	17(b)	(191)	69
Changes in assets and liabilities			
Decrease/(increase) in receivables		1,723	(7,120)
Decrease in inventory		-	4
Increase in accrued income		(5,598)	(1,539)
Decrease/(increase) in other assets		47	(171)
(Increase)/decrease prepayments		(212)	30
(Increase)/decrease tax balances		(1,332)	954
Increase in trade and other creditors		907	2,784
Increase/(decrease) unearned income		1,394	(39)
Increase in employee entitlements		273	170
Net cash flow from operating activities		4,631	1,790

Note 18: Cash flow information continued

	2015 $'000	2014 $'000
(b) Reconciliation of cash		
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	**12,083**	18,427
Closing cash balance	**12,083**	18,427

(c) Loan facilities

On 31 July 2015, the Company secured a $25,000,000 debt facility from Westpac Institutional Bank. The facility is for the sole purpose of supporting the Company in executing its acquisition strategy. No loan facilities existed at 30 June 2015.

Note 19: Business combinations

Acquisition of controlled entities

(a) Centrum Systems Pty Ltd

On 31 October 2014, the consolidated entity acquired 100% of the share capital of Centrum Systems Pty Ltd.

The acquisition brought with it considerable value around business process management and expanded the company's presence in Sydney.

The details of the acquisition are as follows:

	Note	**$'000**
Consideration paid		5,136
Shares issued as consideration		-
Deferred consideration	(i)	2,000
Total cost of consideration		**7,136**

(i) Deferred consideration of $2,000,000 is payable 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 between $nil and $2,000,000. The deferred consideration is payable by way of both cash and shares 15 months from acquisition date.

Assets and liabilities acquired

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

	Fair Value at Acquisition $'000
Assets and liabilities acquired	
Cash	1,047
Trade receivables	606
Fixed assets	71
Deferred tax asset	179
Other assets	332
Trade creditors	(352)
Accrued expenses	(331)
Unearned income	(149)
Provisions	(218)
Other liabilities	(199)
Net assets acquired	**986**
Goodwill	**6,150**

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.

	$'000
Purchase consideration – cash outflow	
Consideration paid	(5,136)
Less: Cash balances acquired	
Cash	1,047
Bank overdraft	-
Net cash balance acquired	1,047
Outflow of cash – investing activities	(4,089)

Initial accounting incomplete

The accounting for the acquisition of Centrum Systems Pty Ltd is provisional in relation to the determination of the fair value of identifiable intangible assets acquired, if any.

Contribution since acquisition

Since the acquisition date the operations of Centrum Solutions Ltd have contributed revenue of $3,688,836 and a profit of $528,665 before providing for income 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 2014.

Transaction costs

No transaction costs specific to this acquisition is included in expenses in the Statement of Comprehensive Income.

Prior period acquisitions of controlled entities

(b) Insight4 Pty Ltd

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

Final accounting complete

The accounting for the acquisition of Insight4 Pty Ltd is complete in relation to the determination of the fair value of identifiable intangible assets acquired, if any.

The details of the acquisition were as follows:

	Note	$'000
Consideration paid		2,940
Shares issued as consideration	(i)	2,700
Deferred consideration	(ii)	3,000
Total cost of consideration		**8,640**

(i) 3,600,000 shares were issued as part of the consideration with an issue price of $0.75.

(ii) Deferred consideration of $3,000,000 has been recognised under the Sale and Purchase Agreement. The deferred consideration is payable by way of both cash and shares twelve months from acquisition date.

Note 19: Business combinations continued

Assets and liabilities acquired

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

	Fair Value at Acquisition $'000
Assets and Liabilities Acquired	
Cash	272
Trade receivables	615
Fixed assets	97
Deferred tax asset	76
Other assets	7
Trade creditors	(95)
Provisions	(341)
Other liabilities	(393)
Net assets acquired	**238**
Goodwill	**8,402**

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.

Purchase consideration – cash outflow

	$'000
Consideration paid	(2,940)
Less: Cash balances acquired	
Cash	272
Bank Overdraft	-
Net cash balance acquired	272
Outflow of cash – investing activities	(2,668)

(c) Aptus International Pty Ltd

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

Final accounting complete

The accounting for the acquisition of Aptus International Pty Ltd is complete in relation to the determination of the fair value of identifiable intangible assets acquired, if any.

The details of the acquisition are as follows:

	$'000
Consideration paid	3,000
Shares issued as consideration	-
Deferred consideration	-
Total cost of consideration	**3,000**

Assets and liabilities acquired

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

	Fair Value at Acquisition $'000
Assets and Liabilities Acquired	
Cash	45
Trade receivables	71
Work in progress	110
Fixed assets	28
Other assets	38
Trade creditors	(136)
Deferred tax liability	(1)
Accrued expenses	(871)
Provisions	(189)
Other liabilities	(73)
Net liabilities acquired	**(978)**
Goodwill	**3,978**

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.

Purchase consideration – cash outflow

	$'000
Consideration paid	(3,000)
Less: Cash balances acquired	
Cash	45
Bank Overdraft	-
Net cash balance acquired	45
Outflow of cash – investing activities	(2,955)

(d) Prior period

The following acquisitions were completed in the corresponding prior period:

1. 1 July 2013, Transpire Pty Ltd.
2. 2 September 2013, MethodGroup Consulting Pty Ltd.
3. 1 October 2013, Nobel Consulting Pty Ltd.
4. 1 October 2013, Integrated Value Pty Ltd.

Details of the business combinations were disclosed in Note 19 of the consolidated entity's annual financial statements for the year ended 30 June 2014.

Note 20: Commitments

	2015 $'000	2014 $'000
Lease expenditure commitments		
(i) Commitments for minimum lease payments in relation to non-cancellable operating leases		
(ii) Minimum lease payments		
– Not later than one year	**620**	610
– Later than one year and not later than five years	**1,835**	832
– Later than five years	**-**	13
Aggregate lease expenditure contracted for at reporting date	**2,455**	1,455

Operating lease commitments primarily relate to office leasing arrangements.

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:

	2015 $'000	2014 $'000
Profit from continuing operations	**7,353**	6,498
Profit used in calculating basic earnings per share	**7,353**	6,498
Earnings used in calculating earnings per share	**7,353**	6,498

	No. of Shares	No. of Shares
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	136,126,798	116,006,063

Note 23: Directors' and Executives' compensations

(a) Details of key management personnel

	Period of Responsibility	Position
(i) Directors		
John Pittard	Appointed 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		
David Royale	Appointed 1 April 2015	Company Secretary/Chief Financial Officer
Christopher Shearer	Resigned 31 March 2015	Company Secretary/Chief Financial Officer
Paul Fielding	Appointed 28 November 2011	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	Resigned 28 February 2015	Group Executive Engagement and 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.

	2015 $'000	2014 $'000
(iii) Compensation by category – Directors		
Short-term employment benefits	474	474
Post-employment benefits	75	35
	549	509

(iii) Compensation by category – Executives		
Short-term employment benefits	1,482	1,236
Post-employment benefits	126	89
	1,608	1,325

Note 24: Auditors' remuneration

	2015 $'000	2014 $'000
(a) Amounts paid and payable to Pitcher Partners for:		
(i) Audit and other assurance services		
An audit or review of the Financial Report of the entity and any other entity in the consolidated entity	154	145
(ii) Other non-audit services	15	-
Taxation services		
Total remuneration of Pitcher Partners	169	145
(b) Amounts paid and payable to Moore Stephens (Hong Kong) for:		
(iii) Audit and other assurance services		
An audit or review of the Financial Report of the entity and any other entity in the consolidated entity	9	7
(iv) Other non-audit services		
Taxation services	2	2
Corporate secretarial services	8	-
Total remuneration of Moore Stephens (Hong Kong)	19	9

Note 25: 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 2015	2014
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%
NSI Technology Pty Ltd	Australia	100%	100%
Zenith Solutions (Australia) Pty Ltd	Australia	100%	100%
Transpire Pty Ltd	Australia	100%	100%
MethodGroup Consulting Pty Ltd	Australia	100%	100%
Nobel Consulting Pty Ltd	Australia	100%	100%
Integrated Value Pty Ltd	Australia	100%	100%
Insight4 Pty Ltd	Australia	100%	100%
Aptus International Pty Ltd	Australia	100%	100%
Centrum Systems Pty Ltd	Australia	100%	-

Note 26: Parent entity information

	2015 $'000	2014 $'000
Summarised presentation of the parent entity, RXP Services Ltd, financial statements:		
(a) Summarised Statement of Financial Position		
Assets		
Current assets	**30,323**	31,636
Non-current assets	**80,769**	69,093
Total assets	**111,092**	100,729
Liabilities		
Current liabilities	**12,037**	16,251
Non-current liabilities	**6,672**	5,060
Total liabilities	**18,709**	21,311
Net assets	**92,383**	79,418
Equity		
Contributed capital	**75,244**	71,793
Retained earnings	**17,139**	7,625
Total equity	**92,383**	79,418

(b) Summarised Statement of Comprehensive Income

Profit for the year	**9,514**	7,176
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**9,514**	7,176

Note 27: 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.

Note 28: Subsequent events

1. On 31 July 2015, the Company secured a $25,000,000 debt facility from Westpac Institutional Bank. The facility is for the sole purpose of supporting RXP in executing its acquisition strategy.
2. On 6 August 2015, the Company announced to the Australian Stock Exchange the successful completion of the acquisition of Engage Viidacom Pty Ltd.

The details of the acquisition are as follows:

	Note	$'000
Consideration paid		6,017
Shares issued as consideration		-
Deferred consideration	(i)	3,750
Total cost of consideration		**9,767**

(i) Deferred consideration of $3,750,000 is payable under the Sale and Purchase Agreement. This payment is contingent on achieving set targets at two milestone dates, November 2015 and May 2016.

The range of contingent consideration payable based on the resources engaged is between $nil and $3,750,000. The deferred consideration is payable by way of cash in two parcels pertaining to the set clauses above.

The calculation of the fair value of assets and liabilities acquired is yet to be finalised and, accordingly, the carrying value of goodwill is yet to be determined.

3. After Balance Sheet date a dividend was proposed by the Directors. The final dividend declared is 1.25 cents fully franked at 30%. The financial effect of this dividend has not been brought to account in the consolidated financial statements for the year ended 30 June 2015 and will be recognised in subsequent financial reports.

   There have been no other events subsequent to 30 June 2015.

DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 15 to 47 in accordance with the *Corporations Act 2001*:

(a) comply with Accounting Standards and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements;

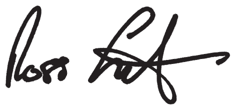
(b) as stated in Note 1(a) the consolidated financial statements also comply with International Financial Reporting Standards; and

(c) give a true and fair view of the financial position of the consolidated entity as at 30 June 2015 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 2015.

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



Ross Fielding
Chief Executive Officer
Melbourne
9 September 2015

INDEPENDENT AUDITOR'S REPORT

PITCHER PARTNERS

RXP SERVICES LIMITED
ABN 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 2015, 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.

Independence

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

An independent Victorian Partnership ABN 27 975 255 196
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PITCHER PARTNERS

RXP SERVICES LIMITED
ABN 146 959 917
AND CONTROLLED ENTITIES

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

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 2015 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 9 to 13 of the directors' report for the year ended 30 June 2015. 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 2015 complies with section 300A of the *Corporations Act 2001*.

M W PRINGLE
Partner
9 September 2015

PITCHER PARTNERS
Melbourne

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 21 August 2015.

Ordinary shares

- 137,416,444 fully paid ordinary shares (2014: 133,733,754 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	53	25,675
1,001 – 5,000	228	777,105
5,001 – 10,000	170	1,339,084
10,001 – 100,000	445	14,648,661
100,001 – 999,999,999	121	120,625,919
Total	**1,017**	**137,416,444**

Unmarketable parcels

Shareholders	Total Holders	Fully Paid Ordinary Shares
Minimum $500 parcel at $0.52	38	10,675

Substantial holders in the Company

Shareholder	Number	%
Citicorp Nominees Pty Ltd	11,046,200	8.04
National Nominees Limited	10,494,411	7.64
Ross Fielding Investments Pty Ltd	9,700,000	7.06
Oaktel Investments Pty Ltd	8,391,466	6.11

Equity security holders

The names of the 20 largest holders of quoted equity securities are listed below:

Rank	Name	Address	Units	% of Units
1.	Citicorp Nominees Pty Limited	GPO Box 764G, Melbourne VIC, 3001	11,046,200	8.04
2.	National Nominees Limited	GPO Box 1406, Melbourne VIC, 3001	10,494,411	7.64
3.	Ross Fielding Investments Pty Ltd	PO Box 1419, Doncaster East VIC, 3109	9,700,000	7.06
4.	Oaktel Investments Pty Ltd	PO Box 181, Port Melbourne VIC, 3207	8,391,466	6.11
5.	Oaktel Investments Pty Ltd <Sat Superannuation Fund A/C>	PO Box 181, Port Melbourne VIC, 3207	7,392,264	5.38
6.	Australian Executor Trustees Limited <No 1 Account>	GPO Box 546, Adelaide SA, 5001	5,486,000	3.99
7.	Equitas Nominees Pty Limited <2874398 A/C>	GPO Box 3683, Sydney NSW, 1164	4,698,170	3.42
8.	UBS Nominees Pty Ltd	Level 16, Chifley Tower, 2 Chifley Square, Sydney NSW, 2000	3,250,859	2.37
9.	J P Morgan Nominees Australia Limited	Locked Bag 20049, Melbourne VIC, 3001	3,030,190	2.21
10.	BNP Paribas Noms Pty Ltd <DRP>	PO Box R209, Royal Exchange NSW, 1225	2,481,852	1.81
11.	Jared Charles Matthew Hill	69 Cross St, New Town TAS, 7008	2,351,727	1.71
12.	HSBC Custody Nominees (Australia) Limited – A/C 3	GPO Box 5302, Sydney NSW, 2001	2,317,736	1.69
13.	JML Diversified Pty Ltd <Timothy Moon Family A/C>	C/- Morgans Wealthplus, GPO Box 582, Brisbane QLD, 4001	2,164,428	1.58
14.	Brispot Nominees Pty Ltd <House Head Nominee No 1 A/C>	PO Box 4151, Sydney NSW, 2001	2,121,549	1.54
15.	HSBC Custody Nominees (Australia) Limited	GPO Box 5302, Sydney NSW, 2001	1,767,334	1.29
16.	HSBC Custody Nominees (Australia) Limited – A/C 2	GPO Box 5302, Sydney NSW, 2001	1,475,000	1.07
17.	CS Fourth Nominees Pty Ltd	C/-Credit Suisse EQTS Aust Ltd, Att: Corrinna Johns, Level 41/101 Collins Street, Melbourne VIC, 3000	1,296,018	0.94
18.	Pershing Australia Nominees Pty Ltd <Implemented Portfolios A/C>	GPO Box 5343, Sydney NSW, 2001	1,265,185	0.92
19.	Indigo Pacific Pty Ltd	1 Shirley Road, Wollstonecraft NSW, 2065	1,190,000	0.87
20.	Mr Paul Richard Fielding	PO Box 691, Moonee Ponds VIC, 3039	1,138,515	0.83
Totals: Top 20 Holders of Fully Paid Ordinary Shares (TOTAL)			**83,058,904**	**60.44**
Total Remaining Holders Balance			**54,357,540**	**39.56**

Shareholder enquiries

Shareholders with enquiries about their shareholding 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 David Royale

Corporate Governance Statement
Refer to www.rxpservices.com.au/investors/corporate-governance/

Registered office
RXP Services Ltd
Level 31
15 Queen Street
Melbourne Victoria 3000

Auditors
Pitcher Partners
Level 19
15 William Street
Melbourne Victoria 3000

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
Website	www.rxpservices.com.au