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Paladio Group Limited ABN 35 111 210 390

28 January 2009

Company Announcements Office Australian Stock Exchange Level 10, 20 Bond Street SYDNEY NSW 2000

By ASX Online

No. of pages: 6

SECOND QUARTER ACTIVITIES AND CASH FLOW REPORT

Please find attached the Appendix 4C of Paladio Group Limited (ASX: PDO) for the second quarter ended 31 December 2008.

Yours faithfully, PALADIO GROUP LIMITED

Alum

Victor Kuss Chief Executive Officer

Rule 4.7B

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

PALADIO GROUP LIMITED

ABN

35 111 210 390

Quarter ended ("current quarter")

31 DECEMBER 2008

Consolidated statement of cash flows

		Current quarter	Year to date
Cash flows related to operating activities		\$A'000	(6 months)
			\$A'000
1.1	Receipts from customers	76,606	119,848
1.2	Payments for (a) supplier and staff costs	(68,162)	(116,870)
	(b) advertising and marketing	-	-
	(c) research and development	-	-
	(d) leased assets	-	-
	(e) other working capital	-	-
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	108	151
1.5	Interest and other costs of finance paid	(133)	(196)
1.6	Income taxes paid	(33)	(33)
1.7	Other (provide details if material)	-	-
		8,386	2,900
	Net operating cash flows	,	

⁺ See chapter 19 for defined terms.

		Current quarter \$A'000	Year to date (6 months) \$A'000
1.8	Net operating cash flows (carried forward)	8,386	2,900
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	(750)	(750)
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	(166)	(809)
	(e) other non-current assets	-	-
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	31	31
	(e) other non-current assets	-	-
1.11	Loans to other entities	-	-
1.12	Loans repaid by other entities	-	-
1.13	Other (provide details if material)	-	-
	Net investing cash flows	(885)	(1,528)
1.14	Total operating and investing cash flows	7,501	1,372
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	-	_
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	-
1.18	Repayment of borrowings	(406)	(734)
1.19	Dividends paid	-	-
1.20	Other (capital raising costs)	-	-
	Net financing cash flows	(406)	(734)
	Net increase (decrease) in cash held	7,095	638
1.21 1.22	Cash at beginning of quarter/year to date Exchange rate adjustments to item 1.20	3,448	9,905
1.23	Cash at end of quarter	10,543	10,543

⁺ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

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

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	231
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Directors' fees and/or salaries paid during the quarter ended 31 December 2008 (\$68,000). Payment of rent on director related properties (\$163,000)

Non-cash financing and investing activities

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

Payment of deferred consideration of the acquisition of Matrix Engineers Pty Ltd by way of issue of 333,333 shares in Paladio Group Ltd.

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

N/A

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

Amount available Amount used \$A'000 \$A'000 3.1 Loan facilities 16,000 6,200 3.2 Credit standby arrangements Paladio Group Limited and its wholly owned subsidiaries have available \$33 million in finance facilities with National Australia Bank Limited. The component limits comprise: Bank guarantee facility \$16 million Equipment finance facility \$ 4 million Cash flow solutions (receivables finance) facility \$11 million Online funds transfer facility \$ 1 million Overdraft facility \$ 1 million In addition, Paladio has \$20 million in surety bond facility with QBE Insurance (Australia) Limited & Vero Insurance Limited.

⁺ See chapter 19 for defined terms.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	10,543	5,442
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	(1,994)
4.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.23)	10,543	3,448

Acquisitions and disposals of business entities

Item 1.9(a) refers to deferred consideration paid on a business acquired 12 months ago.

		Acquisitions (<i>Item 1.9(a</i>))	Disposals (Item 1.10(a))
5.1	Name of entity	N/A	N/A
5.2	Place of incorporation or registration	N/A	N/A
5.3	Consideration for acquisition or disposal	N/A	N/A
5.4	Total net assets	N/A	N/A
5.5	Nature of business	N/A	N/A

Compliance statement

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

Sign here:

(Director/Company secretary)

Date: 28 January 2008.....

Print name: M Buckmaster

⁺ See chapter 19 for defined terms.

Notes

- 1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 itemised disclosure relating to acquisitions
 - 9.4 itemised disclosure relating to disposals
 - 12.1(a) policy for classification of cash items
 - 12.3 disclosure of restrictions on use of cash
 - 13.1 comparative information
- 3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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