



(Formally Repcol Limited)
ABN 83 098 8122 492

Appendix 4E

Preliminary final report
Period ended 30 June 2009

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Lodged with the ASX under Listing Rule 4.3A

This information should be read in conjunction with the 30 June 2009 Annual Report

**SUMMARY RESULTS FOR ANNOUNCEMENT TO THE MARKET
For the twelve months ended 30 June 2009**

Financial Results

Income from ordinary activities*	<i>DOWN</i>	48.6%	to	\$3.5m
EBITDA*	<i>UP</i>	22.9%	to	\$(1.3)m
Interest paid*	<i>DOWN</i>	100.0%	to	Nil
Depreciation and amortization*	<i>DOWN</i>	70.5%	to	\$60.0k
Earnings before tax*	<i>UP</i>	20.0%	to	\$(1.4)m
Earnings after tax*	<i>DOWN</i>	143.1%	to	\$(1.4)m

* Including results of discontinued operations

Dividends	30 June 2009	30 June 2008
Interim Dividend	Nil	Nil
Final Dividend	Nil	Nil
Total Dividend	Nil	Nil

Earnings per Share	30 June 2009	30 June 2008
<i>Earnings per share for continuing operations*</i>		
Basic earnings/(loss) per share (cents per share)	(0.2)	1.1
Diluted earnings per share (cents per share)	N/A	0.9
<i>Earnings per share attributable to the ordinary equity holders of the Company*</i>		
Basic earnings/(loss) per share (cents per share)	(0.2)	1.3
Diluted earnings per share (cents per share)	N/A	1.0

* Earnings per share calculations are based on a pre July 2009 16:1 reconstruction basis

The financial report is in the process of being audited.

COMMENTARY ON THE RESULTS FOR THE 12 MONTHS TO 30 JUNE 2009

“Old Look” Group

The result for RER Group Limited (“the Company”) for the 2009 financial year was a loss of \$1.4 million. This result reflects a range of corporate and restructuring costs associated with a change in company direction undertaken during the second half of the financial year.

It also includes the results from the Company’s debt collection activities which were sold on 1 July 2009 but does not include any contribution from the newly acquired Resource Equipment Rentals Pty Ltd (“RER”), which was purchased with effect from 1 July 2009.

With respect to the 2009 reported results a number of non-recurring costs were incurred in connection with the significant changes that were undertaken during the year. These include:

- \$343k of legal, tax and consulting fees (majority paid by 30 June 2009)
- \$426k of redundancies (all paid by 30 June 2009)
- \$143k of provisions

Profit before tax from the Company’s debt collection operations was \$271k, down from \$527k from the prior year. The lower result followed a \$2.9m drop in revenues as a result of the prior year disposals of the Beyond Global Pty Ltd subsidiary and Transpacific Debt Purchase Joint Venture.

Transformation

The 2009 year was a landmark year in the Company’s history. It embarked on a significant transformation process which involved the disposal of its traditional debt collection activities and the acquisition of a specialist equipment rental business which services the Australian natural resources sector.

The following corporate activities were undertaken and successfully completed in connection with the above:

- a change in name from Repcol Limited to RER Group Ltd;
- the sale of the Company’s debt collection activities to Baycorp (Aust) Pty Ltd;
- the purchase of Resource Equipment Rentals Pty Ltd;
- restructuring of the Board of Directors to suit the new business;
- a 16:1 share capital consolidation;
- an \$8.5 million capital raising;
- relocation to new headquarters; and
- restructuring of and reduction in corporate costs.

“New Look” Group

Following the transformation process the Company has emerged with a strong balance sheet to support the continued growth of RER. Set out at the bottom of this commentary is a comparison of the actual 30 June 2009 reported balance sheet to a pro-forma unaudited balance sheet at 30 June 2009 which assumes that all of the above initiatives had been completed on that date.

Funds raised from the capital raising completed in early July 2009 will be deployed progressively during the year to expand fleet requirements. Indeed, this process has already commenced in response to customer demand.

RER has finalised its internal management accounts for the year ended 30 June 2009 and is pleased to report that the forecasts set out in the Prospectus dated 19 May 2009 have been exceeded. Subject to audit confirmation of these results, additional consideration will become payable pursuant to the acquisition agreement.

Outlook

In the period since 1 July 2009 the RER business has secured a number of key new contracts and is at various stages of negotiations on a range of other projects in WA, NSW and Queensland. With July revenues at a record level and August revenues on track for a new record, the business is experiencing robust demand for its services.

Continuing growth is expected and will be driven by RER’s recent geographical expansion, expansion of its specialised product offerings, strong conditions in the Western Australian market and a focus on oil & gas

opportunities.

As mentioned above, the following pro-forma balance sheet at 30 June 2009 is presented on the basis that the Transformation activities had been completed on that date. The pro-forma balance sheet is unaudited and does not include:

- recognition of any future income tax benefit from the Company's carried forward tax losses;
- revaluation of property plant and equipment to market values; and
- offsetting reduction in intangibles to the extent of the market revaluation of property, plant and equipment.

	30-Jun-09 In the process of being Audited (\$'000)	30-Jun-09 Pro-forma Unaudited (\$'000)
CURRENT ASSETS		
Cash and cash equivalents (i)	6,665	8,590
Trade and other receivables (i)	1,145	4,613
Other current assets	36	432
	7,846	13,635
Non-current assets classified as held for sale	488	488
TOTAL CURRENT ASSETS	8,334	14,123
NON-CURRENT ASSETS		
Property, plant and equipment (i)	781	19,903
Intangible assets	1	11,258
TOTAL NON-CURRENT ASSETS	782	31,161
TOTAL ASSETS	9,116	45,284
 CURRENT LIABILITIES		
Trade and other payables	678	4,734
Borrowings	-	3,004
Current tax liabilities	-	599
	678	8,337
Liabilities directly associated with non-current assets classified as held for sale	68	68
TOTAL CURRENT LIABILITIES	746	8,405
NON-CURRENT LIABILITIES		
Borrowings	-	7,330
Long term provisions	-	128
TOTAL NON-CURRENT LIABILITIES	0	7,458
TOTAL LIABILITIES	746	15,863
NET ASSETS	8,370	29,421

- (i) Prior to 30 June 2009 RER Group Ltd provided funding assistance to Resource Equipment Rentals Pty Ltd through a secured lending arrangement for approximately \$1.1m (included in Trade and Other Receivables) and the direct purchase of assets of approximately \$0.8m (included in Property Plant and Equipment)

Basic earnings per share (on a pre July 2009 16:1 reconstructed basis) was \$(0.002) compared to \$0.13 per share in the previous year.

INCOME STATEMENT FOR YEAR ENDED 30 JUNE 2009

	Note	Economic Entity	
		2009 \$'000	2008 \$'000
Revenue from continuing operations	2	564	1,012
Audit and accounting fees		(91)	(124)
Depreciation and amortisation expense	3	(10)	(17)
Employee benefits expense	3	(1,603)	(1,012)
Finance costs	3	(1)	(296)
Insurance		(26)	(78)
Professional fees	3	(362)	(263)
Share base payment write-back		-	330
Share registry fees		(19)	(81)
Travel expense		(12)	(24)
Other Expenses		(76)	(1,266)
(Loss) before income tax		(1,636)	(1,819)
Income tax benefit/(expense)	4	(56)	4,595
Profit/(Loss) from continuing operations		(1,692)	2,776
Profit from discontinued operations	25	271	523
Profit/(Loss) for the year		(1,421)	3,299
Profit/(Loss) attributable to members of the parent equity		(1,421)	3,299
Earnings per share for continuing operations*			
Basic earnings/(loss) per share (cents per share)	6	(0.2)	1.1
Diluted earnings per share (cents per share)	6	N/A	0.9
Earnings per share attributable to the ordinary equity holders of the Company*			
Basic earnings/(loss) per share (cents per share)	6	(0.2)	1.3
Diluted earnings per share (cents per share)	6	N/A	1.0
Dividends per share (cents per share)	7	-	-

* Earnings per share calculations are based on a pre July 2009 16:1 reconstruction basis

The accompanying notes form part of these financial statements.

BALANCE SHEET AS AT 30 JUNE 2009

	Note	Economic Entity	
		2009 \$'000	2008 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	6,665	9,811
Trade and other receivables	9	1,145	329
Other current assets	10	36	67
		7,846	10,207
Non-current assets classified as held for sale	25	488	-
TOTAL CURRENT ASSETS		8,334	10,207
NON-CURRENT ASSETS			
Property, plant and equipment	12	781	92
Intangible assets	13	1	20
TOTAL NON-CURRENT ASSETS		782	112
TOTAL ASSETS		9,116	10,319
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	678	450
Borrowings	16	-	3
Current tax liabilities	17	-	565
		678	1,018
Liabilities directly associated with non-current assets classified as held for sale	25	68	-
TOTAL CURRENT LIABILITIES		746	1,018
NON-CURRENT LIABILITIES			
Borrowings	16	-	1
Long term provisions	18	-	17
TOTAL NON-CURRENT LIABILITIES		-	18
TOTAL LIABILITIES		746	1,036
NET ASSETS		8,370	9,283
EQUITY			
Issued capital		58,305	57,853
Reserves		860	860
(Accumulated losses)		(50,795)	(49,430)
TOTAL EQUITY		8,370	9,283

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2009**

Economic Entity	Note	Share Capital	Accumulated	Reserves	Total
		Ordinary	Losses		Equity
		\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2007		53,299	(51,113)	(985)	1,201
Profit /(Loss) for the year		-	3,299	-	3,299
Total recognised income and expense for the year		-	3,299	-	3,299
Offset Reserve against Retained Profits		-	(2,138)	2,138	-
Transfers to reserve on sale of subsidiary		-	522	-	522
Shares issued		4,958	-	-	4,958
Share issue expenses		(447)	-	-	(447)
Options issued		-	-	(293)	(293)
Dividends paid		-	-	-	-
Deferred tax credit recognised directly in equity		43	-	-	43
		4,554	(1,616)	1,845	4,783
Balance at 30 June 2008		57,853	(49,430)	860	9,283
Balance at 1 July 2008		57,853	(49,430)	860	9,283
Profit /(Loss) for the year		-	(1,421)	-	(1,421)
Total recognised income and expense for the year		-	(1,421)	-	(1,421)
Shares issued		668	-	-	668
Share issue expenses		(216)	-	-	(216)
Deferred tax credit recognised directly in equity		-	56	-	56
		452	56	-	474
Balance at 30 June 2009		58,305	(50,795)	860	8,370

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENTS FOR YEAR ENDED 30 JUNE 2009

	Note	Economic Entity	
		2009 \$'000	2008 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,880	6,641
Payments to suppliers and employees		(4,946)	(8,610)
Interest received		538	1,137
Finance costs		(104)	(129)
Income tax refund/(paid)		-	5,014
Net cash provided by/(used in) operating activities	20	(1,632)	4,053
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash disposed of on disposal of subsidiary		-	(168)
Purchase of property, plant and equipment		(887)	(33)
Proceeds from sale of plant and equipment		9	-
Purchase of intangibles		(35)	-
Proceeds from sale of joint-venture		-	5,000
Loans to Resource Equipment Rentals Pty Ltd		(1,050)	-
Net cash provided by/(used in) investing activities		(1,963)	4,799
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		668	4,312
Repayment of borrowings		(4)	-
Proceeds from issue of convertible note		-	1,000
Repayment of convertible note		-	(5,339)
Share issue costs		(215)	(411)
Net cash provide by/(used in) Financing Activities		449	(438)
Net increase/(decrease) in cash held		(3,146)	8,414
Cash at beginning of financial year		9,811	1,397
Cash at end of financial year	8	6,665	9,811

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Statement of Significant Accounting Policies

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

The financial report covers the economic entity of RER Group Limited and controlled entities. RER Group Limited is a listed public company, incorporated and domiciled in Australia.

The financial report of RER Group Limited and controlled entities complies with all Australian equivalents to International Financial Reporting Standards ("AIFRS") in their entirety.

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

Basis of Preparation

Compliance with IFRS

Australian Accounting Standards include AIFRSs. Compliance with AIFRSs ensures that the consolidated financial statements and notes of RER Group Limited comply with International Financial Reporting Standards (IFRSs).

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Policies

a. Principles of Consolidation

A controlled entity is any entity where RER Group Limited has the power to control its financial and operating policies so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 21 to the financial statements. All controlled entities have a 30 June financial year-end with the exception of Byond Global Outsourcing Pvt Ltd (formerly Repecol India Pvt Ltd) which had a 31 March financial year-end.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies applied by the parent entity.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

b. Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted at the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly

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against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

RER Group Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Each entity in the group recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 July 2003. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

c. **Intangible assets**

Software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software. Costs capitalised include external direct costs of materials and service. Amortisation is calculated on a diminishing method basis over its useful life.

d. **Transaction costs arising on the issue of equity instruments**

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction in the proceeds of the equity instruments to which the costs relate.

e. **Earnings per share**

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Dilutive earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after tax income effect of interest and other financing costs associated with dilutive ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

f. **Plant and Equipment**

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value or straight-line basis

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over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

<u>Class of Fixed Asset</u>	<u>Depreciation Rate</u>
Leasehold improvements	30.0 – 50.0%
Plant and equipment	7.5 – 100.0%
Motor Vehicles	22.5 – 25.5%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

g. **Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the economic entity, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line or diminishing value basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

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

h. **Financial Instruments**

(a) Financial Assets

The Group's financial assets fall into the categories discussed below, with the allocation depending to an extent on the purpose for which the asset was acquired. The Group has not classified any of its financial assets as held to maturity.

Unless otherwise indicated, the carrying amount of the Group's financial assets are a reasonable approximation of their fair values.

(a)(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

The effect of discounting on these financial instruments is not considered to be material.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or significant delay in payment) that the Group will be

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unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, such provisions are recorded in a separate allowance account with the loss being recognised within other expenses in the Income Statement. On confirmation that the trade receivable will not be collectable the carrying value of the asset is written off against the associated provision.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and are not, in the view of the directors, sufficient to require the derecognition of the original instrument.

(b) Financial Liabilities

The Group classifies its financial liabilities as "financial liabilities measured at amortised cost".

Unless otherwise indicated, the carrying amounts of the Groups financial liabilities are a reasonable approximation of their fair values.

(b)(i) Financial liabilities measured at amortised cost

Other financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. Liabilities are recognised for amounts to be paid in future for goods or services received, whether or not billed.
- Bank borrowings and convertible notes are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Fair value is calculated discounting estimated future cash flows.

(c) Share Capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classified as equity instruments.

The Group considers its capital to comprise its ordinary share capital and accumulated retained earnings. No reserve is considered as capital. There have been no changes in what the Group considers to be capital since the previous period.

i. **Impairment of Assets**

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At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

j. **Interests in Joint Ventures**

The economic entity's interests in joint venture entities are brought to account using the equity method of accounting in the consolidated financial statements.

k. **Foreign Currency Transactions and Balances**

Functional and presentation currency

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

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's 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 average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

l. **Employee Benefits**

Provision is made for the economic entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Equity-settled compensation

The group operates a number of share-based compensation plans. These include both a share option arrangement and an employee share scheme. The bonus element over the exercise price of the employee services rendered in exchange for the grant of shares and options is recognised as an

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expense in the income statement. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares to which the options granted relate. Options issued during the 2008 year were valued using the Binomial methodology. Options issued in previous years were valued using the Black Scholes methodology.

m. **Provisions**

Provisions are recognised when the group 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.

n. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 12 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

o. **Income**

Commission revenue on agency collections made on debt ledgers not owned is recognised in the accounting period in which funds have been collected on behalf of a client.

Interest revenue is recognised as it accrues, taking into account the interest rates applicable to the financial assets.

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

p. **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

q. **Goods and Services Tax (GST)**

Revenues, incomes and expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. Receivables and payables in the balance sheet are shown inclusive of GST.

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

r. **Business combinations**

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date, irrespective of the extent

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of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

s. **Fair value estimation**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of the financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

t. **Non-current assets (or disposal groups) held for sale and discontinued operations**

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits and financial assets that are carried at fair value.

u. **Segment Reporting**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing product or services within a particular economic environment and subject to risks and returns that are different from those of segments operating in other economic environments.

v. **Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

w. **Rounding of amounts**

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

NOTES TO THE FINANCIAL STATEMENTS

Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

	Note	Economic Entity	
		2009 \$'000	2008 \$'000
Note 2: Revenue from continuing operations			
Other Income			
- Interest from other persons		564	1,007
- Sundry		-	5
		<u>564</u>	<u>1,012</u>
Note 3: Profit /(Loss) before income tax			
Depreciation and amortisation expense			
Software		8	12
Plant and equipment		2	4
Motor vehicles		-	1
		<u>10</u>	<u>17</u>
Employee benefits expense			
Salaries and wages		1,365	895
Superannuation		92	81
Other employee benefits		146	36
		<u>1,603</u>	<u>1,012</u>
Finance costs:			
Interest expense – external		-	246
Other finance charges – external		1	50
		<u>1</u>	<u>296</u>
Professional fees:			
Consulting fees		118	105
Legal fees		244	158
		<u>362</u>	<u>263</u>

Note Economic Entity

	2009 \$'000	2008 \$'000
Note 3: Profit /(Loss) before income tax (Continued)		
Bad debt expense	-	20

Note 4: Income Tax

(a) The components of tax expense comprise of:

Deferred tax	56	43
Under/(over) provision in prior years	-	(4,638)
	56	(4,595)

(b) Numerical reconciliation of income tax expense to prima facie tax payable:

Profit/(Loss) before tax	(1,365)	(1,819)
Tax at the rate of 30%	(410)	(545)
Add/(less) the effect of:		
Non-allowable items	(23)	(97)
Non-assessable foreign subsidiary profits	-	89
Under/(over) provision for income tax in prior year	-	(4,638)
Write down/loss on Investments	-	(372)
Deferred Tax not recognised as not probable	489	968
Income tax expense/(benefit) attributable to profit from ordinary activities before tax	56	(4,595)
Effective tax rate	4.10%	(252.61%)

Note 5: Auditors' Remuneration

Remuneration of the auditor of the parent entity and non related audit firms:

BDO Kendalls Audit and Assurance

- Auditing or reviewing of financial reports	51	110
----------------------------------------------	----	-----

Other services

BDO Kendalls Corporate Finance

- Corporate advisory services	64	-
	115	110

Note **Economic Entity**

	2009 \$'000	2008 \$'000
Note 6: Earnings Per Share		
<i>Earnings per share for continuing operations*</i>		
Basic earnings/(loss) per share (cents per share)	(0.2)	1.1
Diluted earnings per share (cents per share)	N/A	0.9
<i>Earnings per share attributable to the ordinary equity holders of the Company*</i>		
Basic earnings/(loss) per share (cents per share)	(0.2)	1.3
Diluted earnings per share (cents per share)	N/A	1.0
<i>Earnings used in the calculation of continuing operations*</i>		
Basic Earnings/(Losses) Per Share	(1,692)	2,776
Diluted earnings per share	N/A	2,776
<i>Earnings used in the calculation of amount attributable to equity holders*</i>		
Basic Earnings/(Losses) Per Share	(1,421)	3,299
Diluted earnings per share	N/A	3,299
<i>Weighted average number of ordinary shares outstanding* during the year used:</i>		
Basic Earnings per Share	724,240,355	252,395,245
Diluted Earnings per Share (a)	N/A	315,144,277
<i>(a) Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS*</i>		
Maximum number of shares to be issued on exercise of unlisted options	N/A	2,357,200
Maximum number of shares to be issued on exercise of listed options	N/A	367,383,648
	N/A	369,740,848

* Earnings per share calculations are based on a pre July 2009 16:1 reconstruction basis

Note Economic Entity

	2009 \$'000	2008 \$'000
Note 7: Dividends		
There were no interim or final dividends paid during the 2009 and 2008 financial years.		
- Balance of franking account at year end	(565)	(565)

Note 8: Cash and Cash Equivalents

Cash at bank	6,665	9,811
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Note 9: Trade and Other Receivables

CURRENT

Trade Receivables	1	208
Less: Provision for impairment (a)	-	(20)
	1	188
Other receivables	1,144	160
Less: Provision for impairments	-	(19)
	1,144	141
	1,145	329

(a) Impaired trade receivables

As at 30 June 2008 current trade receivables for the Group with a nominal value of \$20,391 were impaired. The amount of the provision was for 2008 was \$20,391.

The aging of these receivables is as follows:

1 to 3 months	-	-
3 to 6 months	-	-
Over 6 months	-	20
	-	20

Movements in the provision for impairment of receivables are as follows:

1 July	20	-
Provision for impairment recognised during the year	-	20
Reversal of prior year provision for impairment	(20)	-
	-	20

Note Economic Entity

	2009	2008
	\$'000	\$'000

Note 9: Trade and Other Receivables (Continued)

(b) Past due but not impaired

As at 30 June 2009, trade receivables of \$35,864 (2008: \$16,688) were past due but not impaired. These related to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

1 to 3 months	36	16
3 to 6 months	-	-
Over 6 months	-	-
	36	16

The other classes within trade and other receivables are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The Group does not hold any collateral in relation to these receivables.

(c) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group.

(d) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.

Note 10: Other Current Assets

Prepayments	36	67
	36	67

Note 11: Available-for-sale financial assets

At beginning of year	-	5,340
Disposals	-	(5,340)
At end of year	-	-
 <i>Unlisted securities</i>		
- Equity securities (a)	-	-

(a) Repcol Limited held a 50% interest in an incorporated joint venture, Transpacific. This interest was sold in December 2007 for \$5,340,000.

	Note	Economic Entity
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	2009 \$'000	2008 \$'000
Note 12: Property, Plant and Equipment		
Leasehold Improvements - at cost	-	20
Accumulated Depreciation	-	(2)
	-	18
Plant and Equipment	783	276
Accumulated Depreciation	(2)	(211)
	781	65
Motor Vehicles – at cost	-	26
Accumulated Depreciation	-	(17)
	-	9
	781	92

**Movement in the carrying amounts
for the year:**

Leasehold improvements

Balance at beginning of year	18	22
Assets classified as available-for-sale	(18)	-
Additions	-	19
Disposals	-	(19)
Amortisation	-	(4)
Carrying amount at end of year	-	18

Plant and Equipment

Balance at beginning of year	65	102
Assets classified as available-for-sale	(50)	-
Additions	782	11
Disposals	(14)	(17)
Depreciation	(2)	(31)
Carrying amount at end of year	781	65

Note

Economic Entity

	2009 \$'000	2008 \$'000
Note 12: Property, Plant and Equipment (Continued)		
<i>Motor Vehicles</i>		
Balance at beginning of year	9	14
Disposals/Write-offs	(9)	-
Depreciation	-	(5)
Carrying amount at end of year	<u>-</u>	<u>9</u>
Total carrying amount at end of year	<u>781</u>	<u>92</u>

Note 13: Intangible Assets

Software at cost	1	138
Accumulated amortisation	-	(118)
	<u>1</u>	<u>20</u>

**Movement in the carrying amounts
for the year:**

<i>Software</i>		
Balance at beginning of year	20	74
Assets classified as available-for-sale	(13)	(42)
Acquisitions	2	-
Amortisation	(8)	(12)
Carrying amount at end of year	<u>1</u>	<u>20</u>

Note 14: Deferred Tax Assets

Movements – Consolidated	Doubtful Debts \$'000	Accruals & Write downs \$'000	Write-down of Investments \$'000	Borrowing Costs \$'000	Div 40 Claims \$'000	Startup & Preliminary Costs \$'000	Taxable Deferred Revenue \$'000	Tax Losses \$'000	Total \$'000
Opening balance at 1 July 2007	-	-	-	-	-	-	-	-	-
Credited/(charged) to income statement	-	-	-	-	(43)	-	-	-	(43)
Credited/(charged) to Equity	-	-	-	-	43	-	-	-	43
Closing balance at 30 June 2008	-	-	-	-	-	-	-	-	-
Opening balance at 1 July 2008	-	-	-	-	-	-	-	-	-
Credited/(charged) to income statement	-	-	-	-	(56)	-	-	-	(56)
Credited/(charged) to Equity	-	-	-	-	56	-	-	-	56
Closing balance at 30 June 2009	-	-	-	-	-	-	-	-	-

Deferred tax assets not brought to account:

- o Tax losses = \$8,590,472 (2008: \$8,191,616)
- o Capital losses = \$1,393,821 (2008: \$1,375,821)
- o Temporary differences = \$213,124 (2008: \$142,764)

	Note	Economic Entity	
		2009	2008
		\$'000	\$'000
Note 15: Trade and Other Payables			
CURRENT			
Trade creditors		85	42
Employee benefits	(a)	50	92
Other creditors		543	316
		<u>678</u>	<u>450</u>

(a) Employee benefits are those employee benefits expected to be paid within one year.

Note 16: Borrowings

CURRENT			
Hire purchase liabilities - secured		-	3
		<u>-</u>	<u>3</u>
NON-CURRENT			
Hire purchase liabilities - secured		-	1
		<u>-</u>	<u>1</u>

Note 17: Tax Liabilities

CURRENT			
Income tax		-	565
		<u>-</u>	<u>565</u>

During 2008 RER Group Limited received a refund of income tax due to the amendment to its 2003-2006 income tax returns. This resulted in Franking Deficits Tax of \$565,179 being payable in relation to imputation credits on dividends paid during this period.

Note 18: Long term provisions

NON-CURRENT			
Employee Benefits		-	17
		<u>-</u>	<u>17</u>

	Note	Economic Entity	
		2009 \$'000	2008 \$'000
Note 19: Capital and Leasing Commitments			
<i>a. Finance Lease Commitments</i>			
Payable – minimum lease payments			
- not later than 12 months		-	3
- between 12 months and 5 years	(1)	-	1
Minimum lease payments		-	4
Less future finance charges		-	-
Present value of minimum lease payments		-	4

(1) During 2009, the hire purchase was repaid due to the sale of its associated asset.

b. Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable: Minimum lease payments			
- not later than 1 year		-	110
- later then 1 year but not later than 5 years		-	183
		-	293

The leases are for both non-cancellable property leases and minor equipment leases. There is no property lease payable for 2009 as it has been assigned to Baycorp on the sale of the debt-collection business. All remaining leases are associated with discontinued operations and have been capitalised in the financials.

	Note	Economic Entity	
		2009 \$'000	2008 \$'000
Note 20: Cash Flow Information			
a. Reconciliation of Cash Flow from Operations with Profit/(Loss) after Income Tax			
Profit/(Loss) after income tax		(1,421)	3,299
Cash flows excluded from profit attributable to operating activities			
Non-cash flows in profit			
Depreciation and amortization		60	204
Net loss on sale of plant & equipment		27	83
(Profit)/Loss on sale of assets		2	698
Share options expensed		-	(330)
Income tax expense		56	-
Foreign exchange loss not recognized		-	(26)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries			
(Increase)/decrease in trade and other receivables		(19)	201
Increase/(decrease) in trade and other payables		(345)	(593)
Increase/(decrease) in income tax liabilities		-	565
(Increase)/decrease in deferred taxes assets		-	-
Increase/(decrease) in provisions		8	(48)
Cash flow from/(used in) operations		<u>(1,632)</u>	<u>4,053</u>

Note 21: Controlled Entities
Controlled Entities Consolidated

Parent Entity:	Country of incorporation	Date acquired (and Profits included since)	Percentage owned	
			2009	2008
RER Group Limited				
Subsidiaries of RER Group Limited:				
70 867 281 207 Unit Trust (formerly Repcol Unit Trust)	Australia	12 Dec 2001	100	100
ACN 008 848 904 Pty Ltd (formerly Repcol (WA) Pty Ltd)	Australia	12 Dec 2001	100	100
ACN 081 439 894 Pty Ltd (formerly Repcol (NSW) Pty Ltd)	Australia	12 Dec 2001	100	100
ACN 066 966 318 Pty Ltd (formerly Repcol (VIC) Pty Ltd)	Australia	12 Dec 2001	100	100
ACN 077 935 329 Pty Ltd (formerly Debt Purchase Australia Pty Ltd)	Australia	10 May 2002	100	100
ACN 010 875 751 Pty Ltd (formerly Creditsmart Group Pty Ltd)	Australia	1 Jul 2002	100	100
ACN 101 629 583 Pty Ltd (formerly Repcol (QLD) Pty Ltd)	Australia	7 Aug 2002	100	100
Beyond Global Outsourcing Pvt Ltd (formally Repcol India Pvt Ltd)*	India	19 Feb 2003	Nil	Nil
BackOffice BPO Pty Ltd**	Australia	23 Dec 2003	Nil	Nil
Javelin SPV 1 Pty Ltd***	Australia	1 Feb 2006	Nil	100

* Beyond Global Outsourcing Pvt Ltd (formally Repcol India Pvt Ltd) was sold in December 2007.

** BackOffice BPO Pty Ltd was sold in March 2008.

*** Javelin SPV1 Pty Ltd was deregistered in May 2009.

Note 22: Events After the Balance Sheet Date

- a. On 1 July 2009, the sale of the WA debt-collection business was settled. The sale was approved by shareholders at the 26 May 2009 General Meeting, with the settlement price equal to the value of the debt-collection business's net tangible assets.
A contingent payment of \$200,000 is receivable subject to the achievement of certain deliverables relating to the business transition.
- b. As approved by shareholders at the 26 June 2009 General Meeting, on 7 July 2009 all RER Group Limited's shares and options were consolidated on a 16:1 basis.
The successful completion of the Group's \$8.5 million capital raising under its May 2009 prospectus also occurred on 7 July 2009, with 42,500,000 shares at \$0.20 per share post consolidation being issued.
- c. On 8 July 2009, RER Group Limited settled the acquisition of Resource Equipment Rentals Pty Ltd effective as of 1 July 2009. The settlement included the issue of 54,767,515 Ordinary Shares and 18,750,000 Options. The acquisition was approved by shareholders at the 26 June 2009 General Meeting.

Note 23: Segment Information

The consolidated entity operated exclusively in the debt collection business during the year ended 30 June 2009. The debt collection activities related to Australia.

Note 24: Contingent Liabilities

Byond Global Outsourcing Pvt Ltd Warranty

As part of the sale of Byond Global Outsourcing Pvt Ltd ("Byond Global"), RER Group Limited has provided an indemnity to Byond Global to cover breaches of any warranties and taxes of Byond Global incurred prior to the sale completion date to a maximum total claim limit of \$110,000. Currently there is a dispute with the Indian Tax Authority for approximately \$100,000 which Repcol Ltd does not believe is payable. Byond Global is in the process of appealing the tax claim.

Note 25: Non-Current Assets Held For Sale and Discontinued Operations

Byond Global Pvt Ltd

a) Description

The sale of Byond Global was approved by shareholders on 14 February and completed on 28 March 2008, effective from the 1 December 2007.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

b) Financial performance and cash flow information

The financial performance and cash flow information is for the period ended 30 November 2007:

Note	Economic Entity	
	2009 \$'000	2008 \$'000
Revenue	-	1,653
Expenses	-	(1,950)
Profit/(Loss) before income tax	-	(297)
Income tax expense	-	(13)
Profit/(Loss) after income tax of discontinued operations	-	(310)
Loss on sale of the subsidiary before income tax	-	(130)
Income Tax Expense	-	-
Loss on sale of the subsidiary after income tax	-	(440)
Loss from discontinued operations	-	(440)
Net cash inflow/(outflow) from ordinary activities	-	105
Net cash inflow/(outflow) from investment activities	-	-
Net cash/(outflow) from financing activities	-	(5)
	-	100

Note 25: Non-Current Assets Held For Sale and Discontinued Operations (Continued)

Beyond Global Pvt Ltd

c) Carrying amounts of assets and liabilities

The carrying amounts of assets and liabilities as at 1 December 2007 were:

	Note	Carrying Amount 2008 \$'000
Cash and cash equivalents		168
Property, plant and equipment		796
Leasehold Improvements		-
Motor Vehicles		7
Sundry Debtors		(131)
Prepayments		10
Bonds & Deposits		116
Total assets		<u>966</u>
Other Creditors		534
Intercompany Loan		39
NAB Facility No. 2		-
Provision for employee benefits		22
Total Liabilities		<u>595</u>
Net assets/(liabilities)		<u>371</u>

d) Details of the sale of the discontinued operation

	Note	Economic Entity	
		2009 \$'000	2008 \$'000
Total consideration		-	1
Debt forgiven		-	(501)
Carrying amount of net assets sold		-	371
Loss on sale before income tax		<u>-</u>	<u>(130)</u>
Income tax expense		-	-
Loss on sale after income tax		<u>-</u>	<u>(130)</u>

Note 25: Non-Current Assets Held For Sale and Discontinued Operations (Continued)

WA Debt Collection Business

a) Description

On the 1 July 2009 the sale of the WA debt-collection business was settled. The sale was approved by shareholders at the 26 May 2009 General Meeting, with the settlement price equal to the value of the debt collection business's net tangible assets.

b) Financial performance and cash flow information

The financial performance and cash flow information is for the period ended 30 June 2009:

	Note	Economic Entity	
		2009	2008
		\$'000	\$'000
Revenue		2,793	5,677
Other Income		162	629
		<hr/>	<hr/>
		2,955	6,306
Expenses		(2,684)	(5,343)
Profit before income tax		<hr/>	<hr/>
		271	963
Income tax expense		-	-
Profit after income tax of discontinued operations		<hr/>	<hr/>
		271	963
Loss on sale of the subsidiary before income tax		-	-
Income Tax Expense		-	-
Loss on sale of the subsidiary after income tax		<hr/>	<hr/>
		-	-
Profit from discontinued operations		<hr/>	<hr/>
		271	963
Net cash inflow from ordinary activities		157	34
Net cash (outflow) from investment activities		(137)	(190)
Net cash inflow/(outflow) from financing activities		-	(1,184)
		<hr/>	<hr/>
		20	(1,340)

Note 25: Non-Current Assets Held For Sale and Discontinued Operations (Continued)

WA Debt Collection Business

c) Carrying amounts of assets and liabilities

The carrying amounts of assets and liabilities as at 30 June 2009 were:

	Note	Carrying Amount 2009 \$'000
Trade and other receivables		330
Property, plant and equipment		129
Intangibles		29
Total assets		<u>488</u>
Trade and other payables		31
Long term provisions		37
Total Liabilities		<u>68</u>
Net assets/(liabilities)		<u>420</u>

Company Details

The registered office of the Company is:
276 Treasure Road, Welshpool, WA 6106

The principal places of business are:
276 Treasure Road, Welshpool, WA 6106