

# RER GROUP LIMITED

ABN 83 098 812 492

## APPENDIX 4D HALF-YEAR INFORMATION 1 JULY 2009 TO 31 DECEMBER 2009

### Key Information – Results for Announcement to the Market

<b>Key Statistics</b>	<b>Half year ended 31.12.2009 \$'000</b>	<b>Half year ended 31.12.2008 \$'000</b>	<b>% Increase/ (Decrease) over previous corresponding period</b>
Revenue from ordinary activities	14,120	-	100%
Other income	85	-	100%
Profit/(Loss) from ordinary activities after tax attributable to members	3,784	(43)	8,900%
Net profit/(loss) attributable to members	3,784	(43)	8,900%
Share of joint venture included in net profit/(loss) attributable to members.	-	-	N/A
	<b>Half year ended 31.12.2009 (cents)</b>	<b>Half year ended 31.12.2008 (cents)</b>	<b>% Increase/ (Decrease) over previous corresponding period</b>
Basic earnings/(loss) per share	2.7	0.0	100%
Diluted earnings/(loss) per share	2.1	0.0	100%
Net tangible assets per share	16.1	13.4	20%

No interim dividends have been declared for the half-year ended 31 December 2009.

# RER Group Limited (formally Repcol Limited)

ABN 83 098 812 492

## DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2009.

### Directors

The following persons held office as directors during or since the end of the half-year:

John Walter Saleeba (Non-Executive Chairman)

William Barton Ryan (Non-Executive Director)

Keith Danby Lucas (Non-Executive Director)

Anthony Gerard Ryder (Executive Director)

James Donald De Barran Cullen (Chief Executive Officer)

### Corporate Review

Following the sale of its debt collection operations on 1 July 2009, RER Group Ltd (previously named Repcol Ltd and hereinafter referred to as the "Company") completed the purchase of Resource Equipment Rentals Pty Ltd ("RER") with effect from the same date.

A 16:1 share capital consolidation was completed on 7 July 2009, as was an \$8.5 million capital raising to support the new business' growth.

The Company relocated to the headquarters of RER in July 2009, restructured its board and executive team and commenced trading as a specialist equipment provider to the natural resources sector.

### Financial and Operational Performance

The Company reported EBITDA of \$5.4m and net profit before and after tax of \$3.8m on revenues of \$14.1m for the half-year. This includes the full results of the new RER subsidiary from 1 July 2009 less corporate costs of the listed holding company. There was no income tax expense recorded due to the availability and utilisation of the carried forward tax losses of the Company.

Whilst there is no direct prior year comparison available, the RER subsidiary results reflect a 54% increase in EBITDA and a 42% increase in sales compared to its results for the six months ended 31 December 2008.

The directors are pleased with the performance of the business for the first six months of ownership. Margins have been steady and sales growth has been achieved with no attrition of long term rental customers (who comprise close to 80% of the Company's revenues).

The Company's balance sheet remains sound, with net gearing of 21%. During the half-year, purchases of new rental fleet assets amounted to \$8.7m. These were funded by a combination of cash payments and hire purchase funding.

Due to continuing fleet expansion requirements and an absence of franking credits, the Company does not anticipate paying a dividend for the current year and most likely the 2011 year.

## RER GROUP LIMITED

### Outlook

The Company is focussed on developing further opportunities for its specialist equipment fleet in the mining and oil and gas sectors.

The recent expansion into the Queensland and NSW markets remains promising, as highlighted by a number of new contracts that have been secured with blue chip clients. The outlook for the core Western Australian market remains strong with solid tendering activities pointing to positive market conditions in the years ahead.

It should be noted, however, that a number of recent project opportunities are experiencing longer than expected lead times and delayed decisions and this may restrict growth in the third quarter of this financial year.

The Company is currently expanding its Western Australian facilities to address capacity constraints and expects the expansion to be completed by June 2010. Whilst there will be an impact from additional costs, the increased capacity is necessary to accommodate expected future growth.

A number of key executive appointments were made during the half-year to strengthen the sales and marketing activities of the business, with a particular emphasis on building a dedicated oil and gas division servicing the pipeline testing market.

The Company remains alert for acquisition opportunities that may arise, however, management's principal focus is on building the Australian business and managing its growth in a sensible manner. International expansion is expected to follow.

### Auditor's Declaration

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 3 for the half year ended 31 December 2009.

### Rounding

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is signed in accordance with a resolution of the Board of Directors.



James D Cullen  
**Chief Executive Officer**

Dated this 25<sup>th</sup> day of February 2009

25 February 2010

The Directors  
RER Group Limited  
276 Treasure Road  
WELSHPOOL WA 6106

Dear Sirs,

**DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF RER GROUP LIMITED**

As lead auditor of RER Group Limited for the half-year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of RER Group Limited and the entities it controlled during the period.



**Glyn O'Brien**  
Director



**BDO Audit (WA) Pty Ltd**  
Perth, Western Australia

## RER GROUP LIMITED

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Note	Consolidated Entity	
		31.12.2009 \$'000	31.12.2008 \$'000
<b>Revenue from continuing operations</b>	2	14,120	-
Other income	3	85	-
Personnel		(4,974)	-
Maintenance		(1,036)	-
Transport		(315)	-
Non capital project assembly costs		(496)	-
Depreciation and amortisation expense		(1,198)	-
Finance costs		(474)	-
Travel and accommodation		(180)	-
Cross hire		(200)	-
Occupancy		(385)	-
Cost of sales		(139)	-
Other expenses		(1,024)	-
<b>Profit before income tax</b>		3,784	-
Income tax (expense)	4	-	-
<b>Profit from continuing operations</b>		<b>3,784</b>	-
(Loss) from discontinued operations (net of income tax)	5	-	(43)
<b>Profit/(Loss) for the period</b>		<b>3,784</b>	<b>(43)</b>
Other comprehensive income for the period, net of income tax		-	-
<b>Total comprehensive income for the period attributable to members of RER Group Limited</b>		<b>3,784</b>	<b>(43)</b>
<b>Earnings per share from continuing operations attributable to owners of the Company</b>			
Basic earnings per share (cents per share)		2.7 cents	0.0 cents
Diluted earnings per share (cents per share)		2.1 cents	0.0 cents
<b>Earnings per share attributable to the owners of the Company</b>			
Basic earnings per share (cents per share)		2.7 cents	0.0 cents
Diluted earnings per share (cents per share)		2.1 cents	0.0 cents

The accompanying notes form part of these financial statements.

**RER GROUP LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2009**

		Consolidated Entity	
	Note	31.12.2009 \$'000	30.06.2009 \$'000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		3,350	6,665
Trade and other receivables		4,597	1,145
Other current assets		2,171	36
		10,118	7,846
Non-current assets classified as held for sale		-	488
<b>TOTAL CURRENT ASSETS</b>		<b>10,118</b>	<b>8,334</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6,7	31,767	781
Intangible assets	6,8	10,278	1
<b>TOTAL NON-CURRENT ASSETS</b>		<b>42,045</b>	<b>782</b>
<b>TOTAL ASSETS</b>		<b>52,163</b>	<b>9,116</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		3,158	678
Borrowings	6	4,440	-
Provision for additional acquisition consideration	6	5,046	-
		12,644	678
Liabilities directly associated with non-current assets classified as held for sale		-	68
<b>TOTAL CURRENT LIABILITIES</b>		<b>12,644</b>	<b>746</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term provisions		167	-
Borrowings	6,9	6,041	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>6,208</b>	-
<b>TOTAL LIABILITIES</b>		<b>18,852</b>	<b>746</b>
<b>NET ASSETS</b>		<b>33,311</b>	<b>8,370</b>
<b>EQUITY</b>			
Contributed equity	10	26,482	58,305
Reserves		3,045	860
Accumulated profits/(losses)		3,784	(50,795)
<b>TOTAL EQUITY</b>		<b>33,311</b>	<b>8,370</b>

The accompanying notes form part of these financial statements.

## RER GROUP LIMITED

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

Note	\$'000 Contributed Equity	\$'000 Accumulated Profit/(Loss)	\$'000 Option Reserve	\$'000 Total
<b>Balance at 1 July 2008</b>	57,853	(49,430)	860	9,283
<b>Total comprehensive income for the period</b>				
(Loss) attributable to members of parent entity	-	(43)	-	(43)
<b>Total comprehensive income</b>	-	(43)	-	(43)
<b>Transactions with owners in their capacity as owners</b>				
Issue of shares, net of costs	623	-	-	623
Deferred Tax Asset recognised directly in equity	-	21	-	21
<b>Total transactions with owners in their capacity as owners</b>	623	(22)	-	601
<b>Balance at 31 December 2008</b>	58,476	(49,452)	860	9,884
<b>Balance at 1 July 2009</b>	58,305	(50,795)	860	8,370
<b>Total comprehensive income for the period</b>				
Profit attributable to members of parent entity	-	3,784	-	3,784
<b>Total comprehensive income</b>	-	3,784	-	3,784
<b>Transactions with owners in their capacity as owners</b>				
Issue of shares, net of costs	18,970	-	-	18,970
Options exercised	2	-	-	2
Options issued as part consideration for business acquisition	-	-	2,065	2,065
Expensing of executive options	-	-	120	120
Transfer of Accumulated Losses	(50,795)	50,795	-	-
<b>Total transactions with owners in their capacity as owners</b>	(31,823)	50,795	2,185	21,157
<b>Balance at 31 December 2009</b>	26,482	3,784	3,045	33,311

The accompanying notes form part of these financial statements.

**RER GROUP LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

	<b>Consolidated Entity</b>	
<b>Note</b>	<b>31.12.2009</b>	<b>31.12.2008</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	15,440	1,176
Payments to suppliers and employees	(10,712)	(1,807)
Interest received	106	272
Finance costs	(469)	(48)
Income tax paid	(775)	(565)
	3,590	(972)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(9,514)	(31)
Purchase of intangible software	(55)	(8)
Proceeds on sale of property, plant and equipment	76	5
Cash received on sale of discontinued operation	367	-
Payment for business acquisition, net of cash acquired	(4,273)	-
	(13,399)	(34)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	8,500	624
Proceeds from external borrowings	1,991	-
Repayment of borrowings	(3,997)	(2)
	6,494	622
Net increase/(decrease) in cash held	(3,315)	(384)
Cash at <b>start of period</b>	6,665	9,811
Cash at <b>end of period</b>	3,350	9,427

The accompanying notes form part of these financial statements.



## RER GROUP LIMITED

### NOTE 1: BASIS OF ACCOUNTING

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standard AASB 134: *Interim Financial Reporting*, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The half-year report does not include full disclosures of the type normally included in the annual financial statements. It is recommended that these financial statements be read in conjunction with the annual financial statements for the year ended 30 June 2009 and any public announcements made by RER Group Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

#### **Basis of preparation of half year financial report**

##### ***Historical cost convention***

The half-year 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.

##### ***Change in accounting policy***

###### **(i) Accounting for business combinations**

The Company has adopted AASB 3 *Business Combinations* (2008) for business combinations occurring in the financial year starting 1 July 2009. All business combinations occurring on or after 1 July 2009 are accounted for by applying the acquisition method. The change in accounting policy was applied prospectively and had no material impact on earnings per share.

The Company has applied the acquisition method for the business combination that occurred during the interim period ended 31 December 2009 as disclosed in Note 6.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Company takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

The Company measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Company to the previous owners of the acquiree, and equity interests issued by the Company. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination (see below). If a business combination results in the termination of pre-existing relationships between the Company and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

Transaction costs that the Company incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

**Basis of preparation of half year financial report (continued)**

***Change in accounting policy (continued)***

**(i) Accounting for business combinations (continued)**

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then a part of the market-based measure of the replacement awards is included in the consideration transferred. If future services are required, then the difference between the amount included in consideration transferred and the market-based measure of the replacement awards is treated as post-combination compensation cost.

**(ii) Accounting for borrowing costs**

In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 July 2009, the Company capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Previously the Company immediately recognised all borrowing costs as an expense. This change in accounting policy was due to the prospective adoption of AASB 123 *Borrowing Costs* (2007) in accordance with the transitional provisions of such standard; comparative figures have not been restated. The change in accounting policy had no material impact on assets, profit or earnings per share in the interim period ended 31 December 2009.

**(iii) Determination and presentation of operating segments**

As of 1 July 2009 the Company determines and presents operating segments based on the information that is internally provided to the Chief Executive Officer ("CEO"), who is the Company's chief operating decision maker. This change in accounting policy is due to the adoption of AASB 8 *Operating Segments*. Previously operating segments were determined and presented in accordance with AASB 114 *Segment Reporting*. The new accounting policy in respect of segment operating disclosures is presented as follows.

Comparative segment information has been re-presented in conformity with the transitional requirements of AASB 8. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

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### Basis of preparation of half year financial report (continued)

#### Change in accounting policy (continued)

#### (iv) Presentation of financial statements

The Company applies revised AASB 101 *Presentation of Financial Statements* (2007), which became effective as of 1 January 2009. As a result, the Company presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. This presentation has been applied in these condensed interim financial statements as of and for the six month period ended on 31 December 2009.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

#### NOTE 2: INDIVIDUALLY SIGNIFICANT ITEMS

	Consolidated Entity	
	31.12.2009 \$'000	31.12.2008 \$'000
<b>Revenue from continuing operations</b>		
Equipment Supply Income	14,120	-

#### NOTE 3: OTHER INCOME

	Consolidated Entity	
	31.12.2009 \$'000	31.12.2008 \$'000
Interest Income	85	-
Sundry Income	-	-
<b>Other Income</b>	<b>85</b>	<b>-</b>

#### NOTE 4: INCOME TAX

At 30 June 2009 the company had approximately \$28.6 million in carried forward tax losses. These losses are available to be applied to future taxable income provided that the Company satisfies either the Continuity of Ownership test or the Continuity of Business test as defined in the Income Tax Assessment Act.

The Company has received advice that it currently satisfies the Continuity of Ownership test and therefore has applied \$3.784 million of these losses to earnings for the half-year ended 31 December 2009, resulting in no income tax expense for the period.

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Because the Company's ability to continue to satisfy the conditions for carrying forward and recouping tax losses into future reporting periods is reliant on factors outside its control, the Company considers it prudent not to recognise in its Statement of Financial Position the Deferred Tax Asset that may materialise from further recoupment of the remaining tax losses.

### NOTE 5: DISCONTINUED OPERATIONS

#### Sale of WA Debt Collection Business

##### a) Description

On 1 July 2009 the sale of the Company's West Australian debt-collection business was completed. The sale was approved by Shareholders at the 26 May 2009 General Meeting, with the initial settlement price being determined in accordance with a formula defined in the Sale Agreement and up to a further \$200,000 becoming payable in the event of the successful award of a major tender in progress at the settlement date. The amount received on settlement in July 2009 was \$367,000 and no gain or loss resulted. In January 2010 a further \$198,000 out of the possible \$200,000 was received and this amount was recorded as a gain on sale subsequent to 31 December 2009.

##### b) Financial performance and cash flow information

The financial performance and cash flow information is for the half-year ended 31 December 2009 and 31 December 2008.

#### Income Statement

	Consolidated Entity	
	2009 \$'000	2008 \$'000
Revenue	-	1,428
Other Income	-	431
	-	1,859
Expenses	-	1,881
(Loss) before income tax	-	(22)
Income tax expense	-	(21)
(Loss) after income tax from discontinued operations	-	(43)

#### Statement of Cash Flows

Net cash (outflow) from operating activities	-	(972)
Net cash (outflow) from investing activities	-	(34)
	-	(1,006)

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### c) Carrying amounts of assets and liabilities

The carrying amounts of assets and liabilities as at 1 July 2009 were:

	Carrying Amount Consolidated Entity 1 July 2009 \$'000
Trade and other receivables	330
Property, plant and equipment	129
Intangibles	29
<b>Total Assets</b>	<b>488</b>
Trade and other payables	31
Long term provisions	37
<b>Total Liabilities</b>	<b>68</b>
<b>Net Assets</b>	<b>420</b>

### NOTE 6: ACQUISITION OF SUBSIDIARY

#### Business Combination

With effect from 1 July 2009 the Company obtained control of Resource Equipment Rentals Pty Ltd, a specialist equipment supplier to the natural resources sector.

This acquisition provided the Company with a new business direction following the Board's decision to exit the debt collection and debt purchasing industry.

The results for the half-year incorporate Resource Equipment Rentals Pty Ltd's results from 1 July 2009 to 31 December 2009. They do not include any results from the Company's previous debt collection and debt purchasing activities as these operations were divested or had been ceased by 1 July 2009.

#### Consideration

The following summarises the major classes of consideration transferred:

	\$'000
Cash	5,000
Shares (54,767,515)	10,954
Options (18,750,000)	2,065
Contingent consideration (10,228,538 shares) based on 30 June 2009 results	2,046
Contingent consideration (7,500,000 shares and \$1.5m cash) based on 30 June 2010 results	3,000
<b>Total</b>	<b>23,065</b>

All shares referred to above are based on a \$0.20 issue price. The options have a \$0.20 exercise price, are unlisted, and expire on 30 September 2011.

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### Contingent Consideration

Pursuant to the terms of the Share Purchase Agreement (“SPA”) for the acquisition of Resource Equipment Rentals Pty Ltd, the vendors are entitled to additional consideration, in the form of ordinary shares based on an earnings based formula that applies to the 2009 financial year results.

These results and the application of the formula were agreed in January 2010. As a result, an additional 10,228,538 shares were issued to the vendors in February 2010 at 20 cents per share. Accordingly, the amount of \$2,045,708 has been recorded as a current provision at 31 December 2009.

Furthermore, the SPA terms provide that should the audited earnings before interest, tax, depreciation and amortisation (“EBITDA”) for the year ending 30 June 2010 exceed \$8.858 million, additional consideration of \$3m will become payable to the vendors. This additional consideration is payable 50% in cash and 50% in shares (to be issued at 20 cents per share) and because of the high likelihood that the amount will become payable, it has been provided for in the accounts at 31 December 2009.

### Identifiable Assets acquired and Liabilities assumed

	\$'000
Cash and cash equivalents	729
Trade and other receivables	4,531
Property, plant and equipment	23,847
Other assets	1,696
Trade and other payables	(5,718)
Borrowings	(12,170)
Other liabilities	(128)
<b>Total</b>	<b><u>12,787</u></b>

The fair value of Property, Plant and Equipment is based on an independent valuation.

### Goodwill

Goodwill was recognised as a result of the acquisition as follows:

	\$'000
Total consideration	23,065
Less:	
Value of identifiable assets	12,787
Value of customer contracts	160
<b>Total Goodwill paid</b>	<b><u>10,118</u></b>

The goodwill is attributable to the skills, technical knowledge and talent of the acquiree’s workforce, its reputation and track record and the contracts and customer relationships that exist. None of the goodwill recognised is expected to be deductible for income tax purposes.

### NOTE 7: PROPERTY, PLANT & EQUIPMENT

The movement in property, plant and equipment (“PPE”) since 30 June 2009 consists principally of the acquisition of the PPE of Resource Equipment Rentals Pty Ltd and further acquisitions, less disposals and depreciation, that have been recorded since the acquisition.

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### NOTE 8: INTANGIBLE ASSETS

Intangible assets consist of customer contracts acquired and goodwill recorded on the acquisition of Resource Equipment Rentals Pty Ltd as more fully described in Note 6.

### NOTE 9: BORROWINGS

Borrowings consist entirely of hire purchase contracts entered into for financing the purchase of various items of Property, Plant and Equipment by Resource Equipment Rentals Pty Ltd. The hire purchase contracts are typically contracted with nil residual value and are typically payable over four years.

### NOTE 10: ISSUED AND QUOTED SECURITIES AT 31 DECEMBER 2009

	31.12.2009		31.12.2008	
	No. of shares	\$'000	No. of shares	\$'000
<b>Ordinary securities</b>				
Balance at beginning of financial period	733,437,327	58,305	666,703,403	57,853
16:1 share consolidation	(687,597,090)	-	-	-
Transfer from Accumulated Losses	-	(50,795)	-	-
<i>Issued during period</i>				
Shares issued to RER vendors - July 2009	54,767,515	10,954	-	-
Shares issued – July 2009	42,500,000	8,500	-	-
Listed options exercised	13,211	2	50,000	-
Shares issued – August 2008	-	-	66,636,674	666
Shares issue transaction costs	-	(484)	-	(43)
<b>Total ordinary securities</b>	<b>143,120,963</b>	<b>26,482</b>	<b>733,390,077</b>	<b>58,476</b>

### NOTE 11: DIVIDENDS

No dividend has been paid for the half-year ended 31 December 2009 (2008: Nil). As at 31 December 2009, the directors had made no recommendation concerning dividends for the half-year or any period thereafter.

### NOTE 12: SEGMENT INFORMATION

Management has determined that the consolidated entity operates exclusively in the specialist equipment supply business in Australia. As the Company is focussed on achieving optimal utilisation of its specialist equipment fleet, the Board monitors actual versus budgeted revenue, EBITDA and profit before taxation as well as capital expenditure. This internal reporting framework is the most relevant to assist the Board in making decisions and monitoring the Company's performance.

## **RER GROUP LIMITED**

### **NOTE 13: CONTINGENT ASSETS AND LIABILITIES**

#### **Byond Global Outsourcing Pvt Ltd Warranty**

As part of the February 2009 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.

### **NOTE 14: RELATED PARTY TRANSACTIONS**

#### **Directors’ transactions with the parent entity or its controlled entities**

Two directors of the parent entity, Mr Keith Lucas and Mr Anthony Ryder, are shareholders and directors of Australasian Project Supplies Pty Ltd (“APS”), an importer of specialist generators and welding equipment. Resource Equipment Rentals Pty Ltd has an ongoing supply arrangement with APS and during the half-year, a total of \$25,688 was purchased from APS on normal terms and conditions.

Mr Lucas is also a director and shareholder of Jacks Winches Pty Ltd, which supplies equipment from time to time on both a sales and rental basis. During the half-year a total of \$754,955 was purchased by Resource Equipment Rentals Pty Ltd on normal terms and conditions.

Following shareholder approval on 20 August 2008, the Company made a placement to a Director, Mr Cullen or his nominees, of 4,164,792 shares (66,636,674 pre 16:1 consolidation) and 2,082,396 options (33,318,337 pre 16:1 consolidation) on the same terms and conditions as applied to the rights issue to shareholders in May 2008.



## RER GROUP LIMITED

### DIRECTORS' DECLARATION

In the Directors' opinion

1. the financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes are in accordance with the *Corporations Act 2001* and:
  - a. comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
  - b. give a true and fair view of the financial position as at 31 December 2009 and its performance for the half-year ended on that date of the consolidated entity.
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by.



James D Cullen  
**Chief Executive Officer**

Dated this 25<sup>th</sup> day of February 2009

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF RER GROUP LIMITED

### Matters Relating to the Electronic Presentation of the Half-Year Financial Report

This auditor's report relates to the half-year financial report of RER Group Limited for the period ended 31 December 2009 included on RER Group Limited's web site. The disclosing entity's directors are responsible for the integrity of RER Group Limited's web site. We have not been engaged to report on the integrity of RER Group Limited's web site. The auditor's review report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this half-year report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed half-year financial report to confirm the information included in the reviewed half-year financial report presented on this web site.

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of RER Group Limited, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of RER Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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



## Independence

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

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of RER Group Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001.

**BDO Audit (WA) Pty Ltd**

A handwritten signature in blue ink, appearing to read 'Glyn O'Brien', written over the printed name below.

**Glyn O'Brien**  
Director

Signed in Perth, Western Australia  
Dated this 25<sup>th</sup> day of February 2010