



ASX RELEASE

27th May 2009
Sydney Australia

RR Australia – 13% increase in Profit after Tax and shows strength of positioning.

- Revenue up 9%
- 6.9% customer growth
- Customer arrears at record lows
- EBIT lift of 11%
- EPS of 9.52 cents – 13% increase
- 8.7% debt to equity
- 2.91 cents final dividend

RR Australia, which trades as Radio Rentals in all states and territories except South Australia, where it trades as Rentlo, today announced a full year Net Profit After Tax (NPAT) of \$12.3 million, which was a 13 per cent increase on the prior year result of \$10.9 million.

This result was above market expectations and reinforces the Company's underlying strength and ability to perform well during difficult economic times.

Importantly the performance was generated from organic growth while also accounting for the costs associated with the development of three strategic initiatives – the relaunch of Rentlo in South Australia, the roll-out of Cashfirst, an unsecured loan product, and the launch of BigBrownBox.com.au, our internet retail offering.

Total revenues for the period grew from \$116.7 million to \$127.4 million, a 9 per cent lift on the previous corresponding period, and benefited from a continued high level of demand for flat panel TVs and PCs, which grew 18 per cent. In addition, furniture continued to generate solid gains with a 25 per cent increase, while fitness equipment grew a further 21 per cent. Whitegoods softened with a small decline.

As a result of the lift in revenues, gross profit increased by 6.8 per cent to \$76.3 million, which was 11 per cent above the prior year and flowed through to a 10.9 per cent increase in earnings before interest and tax of \$18.1 million.

Net cash from operating activities increased by eight per cent, from \$42.5 million to \$46 million, underlining the strength of cash flows within the business.

The Company continues to have very conservative gearing at 8.7 per cent debt to equity. Given that operating cashflows are sufficient to support the continued growth of the base rental business, the circa \$14 million in available funding will be channelled toward development of strategic initiatives.

Particularly noteworthy is that customer arrears are at a record low, which reinforces the quality of the business being written - and the Company's strong focus on ensuring that customers are not overcommitted.

A 6.9 per cent increase in customers, up from a 4 per cent increase in the prior year, emphasises the ongoing opportunity to increase market penetration. The two new Rentlo stores in Adelaide made a very positive contribution to this growth and their overall performance has led to approval for another two locations during the first half of the 09/10 year. The development of these sites will significantly strengthen the Company's long-term position in the South Australian market.

Cashfirst, an unsecured loan product, which was only rolled out nationally in September '08, finished the year with a loan book of some \$3 million. This was below expectations and reflected a decline in approvals over recent months due to the reduced quality of applications which was felt across the industry. During this time, the Company also reviewed its lending criteria to further ensure that any expansion would only be through writing quality business.

BigBrownBox.com.au, the Company's internet retail offering, which only launched in December 2008, has already positioned itself strongly in the market and on the basis of site visits is now in the Top 20 of retail internet sites in Australia. The site boasts a wide range of products from leading brands and is well positioned to capture a solid level of sales in the year ahead.

While still in their early stages of development, these exciting new initiatives are projected to produce sound returns in the longer term and should have an immaterial impact on profit in the coming year.

Managing Director, John Hughes said: "I am delighted to announce such a strong, positive result, especially by comparison to other businesses that are being impacted by some tough economic conditions. The strength of our core business, coupled with the innovation that we are demonstrating through our strategic initiatives, places the Company in a very strong position in the market, regardless of economic conditions, which explains why we have been around for over 70 years".

The Company has declared a fully franked final dividend of 2.91 cents per share to be paid on 23rd July 2009. The record date for determining the entitlement is 24th June 2009. This brings the total dividends for the year to 4.79 cents per share.

Media inquiries

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Investor inquiries

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APPENDIX 4E

ANNUAL REPORT

RR AUSTRALIA LIMITED ACN 072 507 147

YEAR ENDED 31 MARCH 2009

1 Details of the reporting period and the previous corresponding period

Current period:	1 April 2008 to 31 March 2009
Prior corresponding period:	1 April 2007 to 31 March 2008

2 Results for announcement to the market

	Key Information	Year Ended 31 March 2009 \$'000	Year ended 31 March 2008 \$'000	Change %
2.1	Total Revenue	127,350	116,723	9%
2.2	Profit attributable to equity holders of RR Australia Limited	12,320	10,899	13%
2.3	Profit attributable to ordinary equity holders of RR Australia Limited	12,320	10,899	13%

	Dividends	Amount per security	Franked amount per security
2.4	Interim dividend (paid 16 January 2009)	1.88 cents	100%
	Final dividend (declared, not yet provided at 31 March 2009)	2.91 cents	100%

2.5 Record date for determining entitlements to the dividends

Record date for the final ordinary dividend is 24 June 2009

2.6 Commentary

The financial report for the year ended 31 March 2009 and the results reported herein, are prepared in accordance with Australian Accounting Standards (which includes Australian Interpretations by virtue of AASB 1048) and the Corporations Act 2001. Compliance with Australian Accounting Standards ensures that the financial report complies with International Financial Reporting Standards.

RR Australia Limited's consolidated net profit after tax attributable to ordinary equity holders for the year ended 31 March 2009 was \$12.3 million, an increase of 13% on the prior year.

Total operating income for the year to 31 March 2009 increased 9% over the prior year to \$127 million, driven by a 30% improvement in finance lease revenue.

Operating expenses were up 5% on the prior year to \$58.5m.

3 Consolidated Balance Sheet

Refer to the 2009 Annual Financial Report

4 Consolidated Income Statement

Refer to the 2009 Annual Financial Report

5 Consolidated Cash Flow Statement

Refer to the 2009 Annual Financial Report

6 Dividend Details

Since the end of the financial year, the Directors have recommended the payment of the 2009 final dividend of 2.91 cents per fully paid ordinary share to be 100% franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 23 July 2009 is \$3.746 million.

7 Dividend or Distribution Reinvestment Plan Details

Not Applicable

8 Retained Earnings

	Year Ended 31 March 2009 \$'000	Year ended 31 March 2008 \$'000
Balance at the beginning of the financial year	(3,557)	(10,943)
Profit attributable to equity holders of RR Australia Limited	12,320	10,899
Dividends to Shareholders	(5,594)	(3,513)
Total Retained Earnings	3,169	(3,557)

9 Net Tangible Assets Per Security

	Year Ended 31 March 2009 \$	Year ended 31 March 2008 \$
Ordinary shares	\$0.42	\$0.37

10 Control gained or lost over entities in the Financial Year, and those having material effect

Name of entities where control was gained in the financial year	Date Control Gained
Big Brown Box Pty Ltd Mouse 2 House Pty Ltd Thorn Group Pty Ltd	21 July 2008 21 July 2008 29 January 2009

	Date Control Lost
Not Applicable	-

The above entities did not contribute materially to the reporting entity's profit from ordinary activities during the period they were controlled.

11 Investments in Associates and Joint Ventures

Name	Participating Interest (%)
Nil	

12 Other Information

Refer to the 2009 Annual Financial Report

13 Foreign Entities

Not Applicable

14 Commentary on results for the Financial Year

Refer to the 2009 Annual Financial Report

15 Audited Report

This report is based on audited accounts.

16 Statement if Financial Report is not audited

Not applicable as the Financial Report is audited

17 Statement if Financial Report is Audited

The financial Report has been audited and is not subject to disputes or qualifications