



# RR Australia Limited

ACN 072 507 147

## COMPANY ANNOUNCEMENT

---

19<sup>th</sup> November 2007  
Sydney Australia

### **RR Australia – Delivering strong growth and a positive outlook.**

RR Australia, which trades as Radio Rentals, today announced half year results that exhibit a continued solid performance with increases in both revenue and profit. This result reinforces the strength of the Company in its ability to generate organic growth and the sound positioning it has for future development.

Total revenues for the period grew from \$49.6m to \$59.2m, a 19.4% improvement on the previous corresponding period.

The growth was principally driven by demand for flat panel TVs and PCs which is reflected in the increase of 36 month Rent Try Buy<sup>®</sup> contracts, accounting for 36% of total installation rental income up from 19% for the same period last year.

A moderate rise in average units on rent per customer was achieved for the period, up from 2.53 to 2.58 and average revenue per customer increased from \$108.5 in FY07 to \$125.9, in line with the upsurge in finance lease revenues from \$10.2m to \$19.8m, a significant 94.3% lift. Operating lease revenue was flat at \$39.4m, and this relates to the move away from standard rental contracts.

The boost in revenues generated a gross profit of \$35.4m being a 12.5% improvement, which flowed through to a 49.5% increase in earnings before interest and tax at \$6.8m and resulted in net profit after tax increasing 148%, to \$4.5m up from \$1.8m.

Importantly the result was underpinned by a 4% increase in customers, versus a 1.6% decline in the first half of the 06/07 year. Customer growth was generated in all regions, with the capital city markets of Sydney, Melbourne and Brisbane being substantial contributors.

Managing Director, John Hughes stated that “we are delighted with the outcome for the first half and it certainly indicates that the Company is well positioned to produce a solid full year result, which is consistent with analyst expectations. The continued positive gains in new business are very encouraging, particularly customer growth, which justifies our increased marketing expenditure and stronger ‘call to action’ approach”.

Mr Hughes added that “whilst a majority of our customers are financially constrained the impact of any interest rate rise is expected to be minimal, particularly for those receiving welfare benefits and therefore we anticipate continuing buoyant demand through 2008. As we prepare for the new calendar year we will continue our emphasis on achieving ‘operational excellence’ and development of new initiatives that leverage off our core competencies”.



# RR Australia Limited

ACN 072 507 147

A trial of cash loans is timed to commence in Tasmania in January 2008 with annualised interest costs pitched below statutory capped rates and that of competitors. The Company's ability to utilise current infrastructure and systems provides it with a competitive advantage.

In addition Radio Rentals has strengthened its PC offering to consumers with the November launch of Dell products throughout the network. Dell is the world's largest computer systems company and their high quality customer service and support of the rental customer base was a major factor in the decision to add them to the range.

The Company has declared a fully franked interim dividend of 1.78 cents per share to be paid on 18<sup>th</sup> January 2008. The record date for determining the entitlement is 28<sup>th</sup> December 2007.

For further information please contact:

**John Hughes**  
**Managing Director**  
**RR Australia Limited**

**02 9101 5044**  
**0414 970 150**



# RR Australia Limited

ACN 072 507 147

## Appendix 4D Half Year Report of RR Australia Limited for the six months ended 30 September 2007

This Half Year Report is provided to the Australian Securities Exchange (ASX) under ASX listing rule 4.2A.3

Current reporting period	Six months ended 30 September 2007
Previous corresponding period	Six months ended 30 September 2006

### Results for announcement to the market:

#### Revenue and Net Profit

		Percentage Change		Amount \$'000
Revenue from ordinary activities	up	19.4%	to	\$59,228
Profit from ordinary activities attributable to members	up	148.2%	to	\$4,533

### Commentary

Revenues for the period grew from \$49.6m to \$59.2m, a 19.4% improvement on the previous corresponding period ("PCP"). The growth was principally driven by demand for flat panel TVs and PCs which is reflected in the increase of 36 month Rent Try Buy® contracts, which represents 36% of total installation rental income, up from 19% in the PCP.

A moderate increase in average units on rent per customer was achieved for the period, up from 2.53 to 2.58 and average revenue per customer increased from \$108.49 in FY07 to \$125.77, driven by the increase in finance lease revenues from \$10.2m to \$19.8m, a significant 94.1% lift. Operating lease revenue was flat at \$39.4m, and this relates to the move away from standard rental contracts.

The boost in revenues generated a gross profit of \$35.4m, being a 12.5% improvement, which flowed through to a 49.5% increase in earnings before interest and tax at \$6.8m and resulted in net profit after tax increasing 148%, to \$4.5m up from \$1.8m.

Importantly the result was underpinned by a 4% increase in customers, versus a 1.6% decline in the PCP. Customer growth was generated in all regions, with the capital city markets of Sydney, Melbourne and Brisbane being substantial contributors.



# RR Australia Limited

ACN 072 507 147

## Net tangible assets per security

	30 Sep 2007	31 Mar 2007
Net tangible assets per security	\$0.33	\$0.31

## Dividends

	Amount per security	Franked amount per security	Record date	Date paid / payable
Final dividend relating to year end 31 March 2007	0.97c	0.97c	9 Jul 2007	25 Jul 2007
Interim dividend relating to year end 31 March 2008	1.78c	1.78c	28 Dec 2007	18 Jan 2008

RR Australia Limited  
and its Controlled Entities  
ACN 072 507 147

Condensed consolidated interim financial report  
30 September 2007

RR Australia Limited  
**Directors' Report**  
For the six months ended 30 September 2007

---

The directors present their report together with the condensed consolidated interim financial report for the six months ended 30 September 2007 and the review report thereon.

#### Directors

The directors of the Company at any time during or since the end of the interim period are:

Name	Period of directorship
<b>Non-executive</b>	
Mr Bernard Carrasco (Chairperson)	Director since 3 November 2006
Mr David Carter	Director since 3 November 2006
Mr Paul Lahiff	Director since 21 May 2007
Mr Peter Henley	Director since 21 May 2007
Mr Gordon Howlett	Resigned 31 May 2007
Mr Laurence Cooklin	Resigned 14 June 2007
<b>Executive</b>	
Mr John Hughes (Managing Director and CEO)	Director since 3 November 2006

#### Review of Operations

Revenues for the period grew from \$49.6m to \$59.2m, a 19.4% improvement on the previous corresponding period ("PCP"). The growth was principally driven by demand for flat panel TVs and PCs which is reflected in the increase of 36 month Rent Try Buy® contracts, which represents 36% of total installation rental income, up from 19% in the PCP.

A moderate increase in average units on rent per customer was achieved for the period, up from 2.53 to 2.58 and average revenue per customer increased from \$108.49 in FY07 to \$125.77, driven by the increase in finance lease revenues from \$10.2m to \$19.8m, a significant 94.1% lift. Operating lease revenue was flat at \$39.4m, and this relates to the move away from standard rental contracts.

The boost in revenues generated a gross profit of \$35.4m, being a 12.5% improvement, which flowed through to a 49.5% increase in earnings before interest and tax at \$6.8m and resulted in net profit after tax increasing 148%, to \$4.5M up from \$1.8m.

Importantly the result was underpinned by a 4% increase in customers, versus a 1.6% decline in the PCP. Customer growth was generated in all regions, with the capital city markets of Sydney, Melbourne and Brisbane being substantial contributors.

#### Lead auditor's independence declaration

The lead auditor's independence declaration is set out in page 12 and forms part of the directors' report for the six months ended 30 September 2007.

RR Australia Limited  
**Directors' Report**  
For the six months ended 30 September 2007

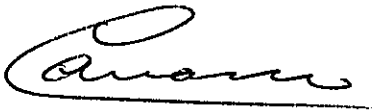
---

**Rounding off**

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

Dated at Sydney this 16<sup>th</sup> day of November 2007.

Signed in accordance with a resolution of the directors:



Bernard Carrasco  
Chairperson



John Hughes  
Managing Director



RR Australia Limited  
**Consolidated interim income statement**  
For the six months ended 30 September 2007

---

<i>In thousands of AUD</i>	<b>Note</b>	<b>30 September 2007</b>	<b>30 September 2006</b>
Operating lease rental revenue		39,444	39,411
Finance lease sales revenue		13,882	6,680
Finance lease interest revenue		5,902	3,504
Cost of sales		<u>(23,862)</u>	<u>(18,151)</u>
<b>Gross Profit</b>		35,366	31,444
Other income		299	365
Personnel expenses		(13,653)	(11,922)
Depreciation and amortisation		(712)	(993)
Administrative expenses		(5,511)	(5,686)
Occupancy		(2,809)	(2,854)
Transport		(2,325)	(2,406)
Maintenance and other overhead costs		<u>(3,887)</u>	<u>(3,419)</u>
<b>Profit Before Financing Costs</b>		6,768	4,529
Financial income		132	122
Financial expenses		<u>(97)</u>	<u>(1,757)</u>
<b>Net Financing Costs</b>		35	(1,635)
<b>Profit Before Tax</b>		6,803	2,894
Income tax expense		<u>(2,270)</u>	<u>(1,068)</u>
<b>Profit For The Period</b>		<u>4,533</u>	<u>1,826</u>
<b>Attributable To:</b>			
Equity holders of the Company			
Basic earnings per share from continuing operations (cents)	8	3.56	-
Diluted earnings per share from continuing operations (cents)	8	<u>3.50</u>	<u>-</u>

*The income statements are to be read in conjunction with the notes of the financial statements set out on pages 7 to 9.*



RR Australia Limited

**Consolidated interim statement of changes in equity**  
For the six months ended 30 September 2007

---

*In thousands of AUD*

	Share capital	Retained earnings	Equity remuneration reserve	Total equity
Balance at 1 April 2006	25,000	(17,485)	-	7,515
Total recognised income and expense	-	1,826	-	1,826
Balance at 30 September 2006	25,000	(15,659)	-	9,341
Balance at 1 April 2007	49,649	3,925	828	54,402
Total recognised income and expense	-	4,533	-	4,533
Amortisation of performance rights	-	-	322	322
Dividends to shareholders	-	(1,235)	-	(1,235)
Balance at 30 September 2007	49,649	7,223	1,150	58,022

*The statements of changes in equity are to be read in conjunction with the notes of the financial statements set out on pages 7 to 9.*

RR Australia Limited  
**Consolidated interim balance sheet**  
As at 30 September 2007

<i>In thousands of AUD</i>	<i>Note</i>	<b>30 September 2007</b>	<b>31 March 2007</b>
<b>Assets</b>			
Cash and cash equivalents		1,194	6,982
Trade and other receivables		12,448	9,560
<b>Total Current Assets</b>		<b>13,642</b>	<b>16,542</b>
Trade and other receivables		16,124	10,401
Deferred tax assets		3,167	3,623
Rental assets	9	35,536	36,753
Property, plant and equipment	9	2,373	1,838
Intangible assets		15,604	15,604
<b>Total Non-Current Assets</b>		<b>72,804</b>	<b>68,219</b>
<b>Total Assets</b>		<b>86,446</b>	<b>84,761</b>
<b>Liabilities</b>			
Trade and other payables		18,551	14,849
Employee benefits		2,882	2,319
Income tax payable		427	2,520
Provisions		622	2,167
<b>Total Current Liabilities</b>		<b>22,482</b>	<b>21,855</b>
Interest-bearing loans and borrowings		5,000	8,000
Employee benefits		312	345
Provisions		630	159
<b>Total Non-Current Liabilities</b>		<b>5,942</b>	<b>8,504</b>
<b>Total Liabilities</b>		<b>28,424</b>	<b>30,359</b>
<b>Net Assets</b>		<b>58,022</b>	<b>54,402</b>
<b>Equity</b>			
Issued capital		49,649	49,649
Reserves		1,150	828
Retained earnings		7,223	3,925
<b>Total Equity Attributable to Equity Holders of the Company</b>		<b>58,022</b>	<b>54,402</b>
<b>Total Equity</b>		<b>58,022</b>	<b>54,402</b>

*The balance sheets are to be read in conjunction with the notes of the financial statements set out on pages 7 to 9.*

RR Australia Limited  
**Consolidated interim statement of cash flows**  
For the six months ended 30 September 2007

---

<i>In thousands of AUD</i>	<b>30 September 2007</b>	<b>30 September 2006</b>
<b>Cash Flows From Operating Activities</b>		
Cash receipts from customers	53,315	49,186
Acquisition of rental assets	(20,476)	(17,052)
Proceeds from sale of rental assets	659	1,003
Cash paid to suppliers and employees	(29,920)	(30,902)
Interest paid	(116)	(1,718)
Interest received	132	122
Income tax paid	(3,907)	(1,500)
<b>Net Cash Used In Operating Activities</b>	<u>(313)</u>	<u>(861)</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of property, plant and equipment	7	-
Acquisition of property, plant and equipment	(1,247)	(389)
<b>Net Cash Used In Investing Activities</b>	<u>(1,240)</u>	<u>(389)</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from borrowings	1,000	500
Repayment of borrowings	(4,000)	(500)
Dividends Paid	(1,235)	-
<b>Net Cash Used In Financing Activities</b>	<u>(4,235)</u>	<u>-</u>
Net decrease in cash and cash equivalents	(5,788)	(1,250)
Cash and cash equivalents at 1 April	6,982	4,753
<b>Cash And Cash Equivalents At 30 September</b>	<u>1,194</u>	<u>3,503</u>

*The statement of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 7 to 9.*

RR Australia Limited

**Notes to the condensed consolidated interim financial report**  
For the six months ended 30 September 2007

---

**1. Reporting entity**

RR Australia Limited (the 'Company') is a company domiciled in Australia. The condensed consolidated interim financial report of the Company for the six months ended 30 September 2007 comprises the Company and its subsidiaries (together referred to as the "Group").

The consolidated annual financial report of the Group for the year ended 31 March 2007 is available upon request from the Company's registered office at: Level 1 47 Rickard Road Bankstown NSW 2200, or on the Company's website: [radio-rentals.com.au](http://radio-rentals.com.au)

**2. Statement of compliance**

The condensed consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The condensed consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 31 March 2007.

This condensed consolidated interim financial report was approved by the Board of Directors on 16 November 2007.

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 have been rounded to the nearest thousand dollars, unless otherwise stated.

**3. Significant accounting policies**

The accounting policies and methods of computation applied by the consolidated group in this condensed consolidated interim financial report are the same as those applied by the consolidated group in its consolidated annual financial report for the year ended 31 March 2007.

**4. Estimates**

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the consolidated group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated annual financial report for the year ended 31 March 2007.

RR Australia Limited

**Notes to the condensed consolidated interim financial report**  
For the six months ended 30 September 2007

---

**5. Segment reporting**

The consolidated group operates predominately in one industry, being the rental and sale of browngoods, whitegoods, PC's and furniture products, and operates in one geographic segment, Australia. All revenues are generated externally.

**6. Subsequent events**

On 16<sup>th</sup> November 2007, the Directors declared a fully franked dividend of 1.78 cents per share. The dividend will be paid on 18<sup>th</sup> January 2008. The dividend has not been provided for in the 30 September 2007 condensed consolidated interim financial report.

**7. Dividends**

	Six months ended 30 September 2007		
	Cents per share	Total \$'000s	Date paid / payable
<b>Recognised Amounts</b>			
Final Dividend	0.97 cents	1,235	25 Jul 2007
<b>Unrecognised Amounts</b>			
Interim Dividend	1.78 cents	2,267	18 Jan 2008

All of the above dividend payments were franked to 100% at 30% corporate income tax rate. No dividends were paid or declared in the six months ended 30 September 2006.

**8. Earnings per share**

**Basic earnings per share**

The calculation of basic earnings per share for the six months ended 30 September 2007 was based on profit attributable to ordinary shareholders of \$4,533,000 (2006: \$1,826,000) and a weighted average number of ordinary shares of 127,360,000 (2006: 25,000,012).

**Diluted earnings per share**

The calculation of diluted earnings per share for the six months ended 30 September 2007 was based on profit attributable to ordinary shareholders of \$4,533,000 (2006: \$1,826,000) and a weighted average number of ordinary shares of 129,460,000 (2006: 25,000,012), which includes performance rights granted.

	30 September 2007	30 September 2006
<b>Basic earnings per share</b>		
<i>In cents</i>		
From continuing operations	3.56	7.30
<b>Diluted earnings per share</b>		
<i>In cents</i>		
From continuing operations	3.50	7.30

Due to a major capital restructure on listing, the earnings per share for the six months ended 30 September 2006 is not directly comparable to the earnings per share for the six months ended 30 September 2007.

RR Australia Limited

**Notes to the condensed consolidated interim financial report**  
For the six months ended 30 September 2007

---

**9. Property, plant and equipment and rental assets**

**Property, plant and equipment**

Acquisitions and disposals

During the six months ended 30 September 2007 the consolidated group acquired assets with a cost of \$1,247,000 (for six months ended 30 September 2006: \$389,000).

Assets with a carrying amount of \$0 were disposed of during the six months ended 30 September 2007 (for the six months ended 30 September 2006: \$98,000) resulting in a profit on disposal of \$7,000.

**Rental assets**

Acquisitions

During the six months ended 30 September 2007 the consolidated group acquired assets with a cost of \$20,476,000 (for the six months ended 30 September 2006: \$17,052,000).

**10. Contingencies**

The contingent liabilities noted in the financial report for the year ended 31 March 2007 have not changed except for the electrical safety testing and tagging obligations in one jurisdiction. Following a change in legislation, the requirement for testing and tagging to be conducted on domestic hire equipment every six months during the hire period has been removed.

RR Australia Limited  
**Directors' Declaration**

For the six months ended 30 September 2007

---

In the opinion of the directors of RR Australia Limited (the Company):

1. the financial statements and notes set out on pages 3 to 9, are in accordance with the Corporations Act 2001 including:
  - (a) giving a true and fair view of the Group's financial position as at 30 September 2007 and of its performance for the six month period ended on that date; and
  - (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Dated at Sydney, this 16<sup>th</sup> day of November 2007



Bernard Carrasco  
Chairperson





## **Independent auditor's review report to the members of RR Australia Pty Ltd**

We have reviewed the accompanying interim financial report of RR Australia Pty Ltd, which comprises the consolidated interim balance sheet as at 30 September 2007, income statement, statement of changes in equity and cash flow statement for the interim ended on that date, a statement of accounting policies and other explanatory notes 1 to 10 and the directors' declaration set out on page 10 of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the interim period.

### *Directors' responsibility for the financial report*

The directors of the company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the interim 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 interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report 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 interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 30 September 2007 and its performance for the interim ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of RR Australia Pty Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a interim 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.



*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of RR Australia Pty Ltd is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 September 2007 and of its performance for the interim period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

KPMG

KPMG

A handwritten signature in black ink, appearing to read 'ND' followed by a stylized flourish.

Nicola Davis

*Partner*

Sydney

16 November 2007



**Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001**

To: the directors of RR Australia Pty Ltd

I declare that, to the best of my knowledge and belief, in relation to the review for the financial half-year ended 30 September 2007 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

ND 

Nicola Davis

*Partner*

Sydney

16 November 2007