

**ROBE AUSTRALIA LIMITED AND CONTROLLED ENTITIES**

**ABN 50 007 870 760**

**APPENDIX 4E**

**PRELIMINARY FINAL REPORT**

**30 JUNE 2009**

**given to ASX under listing rule 4.3A**

# ROBE AUSTRALIA LIMITED AND CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### Robe Australia Ltd (formerly Tolhurst Group Ltd)

#### RESULTS FOR ANNOUNCEMENT TO THE MARKET

#### YEAR ENDED 30 JUNE 2009

		\$A			\$A
Revenues from ordinary activities	Down	46,055,949	(61)%	to	29,423,254
Profit / (loss) from ordinary activities before tax attributable to members	Down	45,891,139	(1,341)%	to	(42,469,433)
Profit / (loss) from ordinary activities after tax attributable to members	Down	43,269,044	(3,215)%	to	(41,922,988)
Net profit for the period attributable to members	Down	43,269,044	(3,215)%	to	(41,922,988)

	Amount per security	% Franked
<b>Dividends paid</b>		
Final dividend paid in respect of the financial year ended 30 June 2008, paid on 27th October 2008.	0.25 cents	100%
No interim dividend paid in respect of the financial year ended 30 June 2009 has been paid.	n.a.	
<b>Dividend proposed</b>		
No final dividend has been proposed in respect of the year ended 30 June 2009	n.a.	
- date the dividend is payable	n.a.	
- record date for determining entitlement to dividends	n.a.	

Earnings per share (cents per share)	2009	2008
Basic earnings per share (cents)	(24.86)	0.80
Diluted earnings per share (cents)	(24.86)	0.80

#### Brief explanation of results

Refer to the Highlights Summary on the following page.

# ROBE AUSTRALIA LIMITED AND CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 Highlights Summary

Selected financial information		Full year 2009	Full year 2008	\$ Change	% change
Revenue	\$	29,423,254	75,479,203	46,055,949	(61)%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	\$	2,062,348	7,446,342	5,383,994	(72)%
Profit / (loss) before tax	\$	(42,469,433)	3,421,706	45,891,139	(1,341)%
Profit / (loss) after tax attrib to members	\$	(41,922,988)	1,346,056	43,269,044	(3,215)%
Diluted earnings per share	cents	-24.86	0.80	25.66	(3,206)%
Dividend paid & proposed per share	cents	nil	1.25	1.25	(100)%
Profit before tax excluding specific transactions <sup>a</sup>	\$	(42,469,433)	3,398,331	45,867,764	(1,350)%

<sup>a</sup> Specific transactions are:

2009 - \$0

2008 - \$23,375 profit achieved on private equity transaction.

### 2009 Performance overview

For the year ended 30 June 2009, the Board has written off all intangible assets totaling \$42.6M and reported a full year loss of \$41,922,988 compared to a profit of \$1,346,056 for the previous year. Revenues declined from \$75.9M in 2008 to \$29.4M for the current year impacted by the global financial crisis and its effect on the stockbroking, corporate and wealth management businesses and the subsequent sale of the various operating businesses as detailed below.

As announced on 19 December 2008, the Company's financial performance in the first half and the impact of the global financial crisis resulted in the Company suffering reduced revenues and unsustainable overhead costs having regard to revenues generated.

In addition, the Company was placed under additional stress from its existing banking relationships with the ANZ bank which essentially precluded the Company from undertaking new initiatives but rather forced the Company into undertaking a course of action which would reduce its outstanding bank debt.

The Company therefore announced the following transactions:

- The merger of the stock broking businesses conducted by Tolhurst Limited (**Tolhurst**), a wholly owned subsidiary of the Company and Patersons Securities Limited (**PSL**);
- The sale of the wealth management business conducted by Community and Corporate Financial Services Pty Ltd (**ComCorp**), a wholly owned subsidiary of the Company; and
- The management buyout of the activities undertaken within Tolhurst InterFinancial Limited (**TIFL**) relating to the business based in Brisbane.

On 27 March 2009, at an Extraordinary General Meeting of the Company, resolutions were passed by shareholders in respect to the sale of the broking business conducted by Tolhurst to PSL. The business was sold for \$1,886,292.50 funded partly by cash and partly by PSL shares. PSL shares were issued at the then

## ROBE AUSTRALIA LIMITED AND CONTROLLED ENTITIES

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

net asset value of PSL of 56.921 cents per share and accordingly Robe received 2,435,468 Shares which equated to approximately 3.69% of the issued capital of PSL. In addition, Robe received 14,758,997 Options over PSL Shares which if exercised would increase Robes proportional shareholding in PSL to approximately 25%.

In light of the existing cash resources of the Company, various strategies were considered and approaches were made to third parties in order to investigate financing the exercise of the Options acquired by the Company in PSL. Additionally, negotiations were undertaken with PSL in respect to a payment being made by PSL in consideration for the cancellation of the options.

As announced on 5 August 2009, the Board of Robe concluded outstanding arrangements in respect to the sale of the Tolhurst stock broking business to PSL including adjustments to the Business Sale Agreement. These adjustments incorporated PSL agreeing to pay Robe up to \$700,000 comprising:

- \$126,452 as payment for 25,290,583 Options over Robe Shares (see below);
- \$373,548 by way of an adjustment to the original purchase price defined in the Sale Agreement; and
- Assuming additional liabilities of up to \$200,000 subject to final due diligence.

The Board also announced that it would sell its shareholding in PSL and on 24 August 2009 confirmed the sale of 2,435,468 shares in PSL at a price of 59 cents per share realising total consideration of \$1,436,926.12.

Robe has also cancelled the existing 25,290,583 Robe options that had been granted to PSL at an exercise price of 7.5 cents and issued further options of the same amount with an exercise period commencing on 7 August 2009 and expiring on 28 September 2012 with an exercise price of 2 cents. Robe was also granted 2,435,468 PSL options with an exercise period commencing on 7 August 2009 and expiring on 28 September 2012 with an exercise price of \$2.00.

Whilst the Board acknowledges that the abovementioned transaction in respect to the sale of the stock broking business by Robe has resulted in a less than satisfactory economic return, the Board considers that in the circumstances the sale has maximised the possible outcome to shareholders.

On 9 April 2009, the Board announced the completion of the sale of the ComCorp business as previously advised on 5 March 2009 between Robe Australia Limited and MMC Contrarian Limited (MMC). The parties agreed to a final purchase price of \$7,917,000 of which \$400,000 was withheld for a period of six months after completion and will be paid subject to ComCorp meeting certain conditions in respect to the novation of a small number of credit union contracts. The proceeds for the sale were applied to debt reduction.

In addition, and as part of the total purchase consideration, deferred payments assumed by MMC increase from \$1,623,000 to a maximum of \$1,923,000 associated with the assumption of certain financial obligations previously held by ComCorp in respect to the purchase of some smaller financial planning practices.

The Board of Robe completed the final leg of transactions identified to shareholders with the effective management buyout of the InterFinancial Brisbane business and the closure of the NSW business in May 2009.

The Board advises that other than a small number of outstanding guarantees supporting existing property leases that are currently being unwound; the ANZ bank has been repaid in full.

With the sale of the various operating businesses within the Robe Group, a number of Directors stood down during the year and my thanks go to each of them for their contribution. I would also like to welcome Shaun Stone to the Board of Robe.

## ROBE AUSTRALIA LIMITED AND CONTROLLED ENTITIES

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Finally, the Board recognizes the contribution of its staff in what has been a most stressful time for all involved, the professionalism of its employees in dealing with the situation, the willingness of staff to go that "extra yard" in order to complete transactions and secure both the financial survival of Robe but also provide an ongoing opportunity for some staff and opportunities for advisors within the broking business. The Board has granted David Browne leave of absence due to ill health and we wish him a speedy recovery.

**Peter Reilly**

Acting Chairman and Non Executive Director

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# ROBE AUSTRALIA LIMITED AND CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated Group	
		2009	2008
		\$	\$
Revenue	2	29,423,254	75,479,203
Other income	2	17,593,826	443,782
Dealers rebates		(11,373,375)	(26,868,673)
Sub-underwriting expense		(94,314)	(5,826,575)
Administration costs		(13,129,808)	(7,936,540)
Employee benefits expense (excluding staff options expense - non cash)		(15,913,292)	(21,920,054)
Occupancy costs		(2,549,582)	(2,629,845)
Communication costs		(1,894,361)	(2,579,436)
Net unrealised (loss) / gain from investments		-	(92,680)
<b>Earnings before interest, tax, depreciation, amortisation and staff options expense (Adjusted EBITDA)</b>		<b>2,062,348</b>	<b>8,069,182</b>
Employee benefits expense (staff options expense - non cash)		-	(622,840)
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>		<b>2,062,348</b>	<b>7,446,342</b>
Depreciation and amortisation expense		(43,748,921)	(2,870,773)
Finance costs		(782,860)	(1,153,863)
<b>Profit before income tax expense</b>		<b>(42,469,433)</b>	<b>3,421,706</b>
Income tax (expense)/benefit		546,445	(2,075,650)
<b>Profit after income tax expense</b>		<b>(41,922,988)</b>	<b>1,346,056</b>
<b>Profit attributable to members of the parent entity</b>		<b>(41,922,988)</b>	<b>1,346,056</b>
<b>Earnings per share (cents per share)</b>		<b>2009</b>	<b>2008</b>
Basic earnings per share (cents)		(24.86)	0.80
Diluted earnings per share (cents)		(24.86)	0.80

\*<sup>a</sup> Adjusted EBITDA relates to earnings before interest, tax, depreciation, amortisation and staff options expense -non cash.

# ROBE AUSTRALIA LIMITED AND CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### BALANCE SHEET AS AT 30 JUNE 2009

	Note	Consolidated Group	
		2009	2008
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	14	256,678	24,588,468
Trade and other receivables	4	1,067,846	54,575,833
Other current assets	5	435,063	1,120,798
Financial assets	6	1,436,924	350,468
<b>TOTAL CURRENT ASSETS</b>		<b>3,196,511</b>	<b>80,635,567</b>
<b>NON-CURRENT ASSETS</b>			
Financial assets	6	131,937	1,296,450
Property, plant and equipment	8	-	5,210,094
Intangible assets	9	-	42,585,796
Deferred tax assets		-	1,759,309
Other non-current assets	5	-	83,202
<b>TOTAL NON-CURRENT ASSETS</b>		<b>131,937</b>	<b>50,934,851</b>
<b>TOTAL ASSETS</b>		<b>3,328,449</b>	<b>131,570,418</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	1,930,264	58,771,884
Financial liabilities	11	346,397	16,313,678
Current tax liabilities		821	342,861
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,277,482</b>	<b>75,428,423</b>
<b>NON-CURRENT LIABILITIES</b>			
Financial liabilities	11	-	8,110,882
Deferred tax liabilities		85,219	4,301,597
Long-term provisions	12	380,914	352,450
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>466,133</b>	<b>12,764,929</b>
<b>TOTAL LIABILITIES</b>		<b>2,743,615</b>	<b>88,193,352</b>
<b>NET ASSETS</b>		<b>584,834</b>	<b>43,377,066</b>
<b>EQUITY</b>			
Issued capital		50,904,030	50,904,029
Accumulated losses		(50,960,052)	(9,179,190)
Reserves		640,856	1,652,227
<b>TOTAL EQUITY</b>		<b>584,834</b>	<b>43,377,066</b>

# ROBE AUSTRALIA LIMITED AND CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated Group	
		2009	2008
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		26,748,413	83,682,384
Payments to suppliers and employees		(40,867,939)	(77,574,568)
Dividends received		71,407	50,729
Interest received		681,271	2,261,795
Finance costs		(608,468)	(1,054,359)
Income tax (paid) / credit received		(505,282)	(2,744,100)
<b>Net cash provided by operating activities</b>		<b>(14,480,598)</b>	<b>4,621,882</b>
Net Trust bank account movements		(3,346,416)	(1,269,916)
<b>Net cash (used in) / provided by operating activities</b>	14 b	<b>(17,827,014)</b>	<b>3,351,966</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of investments		7,517,000	20,100
Purchase of investments		-	(235,976)
Net cash acquired from purchase of investments		-	5,021,475
Acquisition of subsidiary		-	(27,570,288)
Disposal of subsidiary		-	1,422,498
Proceeds from sale of property, plant & equipment		-	24,987
Purchase of intangibles		-	(675,298)
Purchase of property, plant & equipment		-	(2,319,223)
<b>Net cash provided by / (used in) investing activities</b>		<b>7,517,001</b>	<b>(24,311,724)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		-	17,300,673
Repayment of borrowings		(13,601,406)	(3,801,558)
Dividends paid by parent entity		(420,370)	(2,874,229)
Proceeds from share issues		-	10,910,778
<b>Net cash provided by / (used in) financing activities</b>		<b>(14,021,776)</b>	<b>21,535,664</b>
Net (decrease) / increase in cash held		(24,331,789)	575,905
Cash at beginning of the year		24,588,467	24,012,562
<b>Cash at the end of the year</b>	14 a	<b>256,678</b>	<b>24,588,467</b>



# ROBE AUSTRALIA LIMITED AND CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009

	Issued capital \$	Retained earnings \$	Option reserve * \$	Financial assets reserve \$	Total equity \$
<b>Consolidated Group</b>					
<b>Balance at 30 June 2007</b>	29,334,238	(7,075,720)	368,728	576,659	23,203,905
Profit attributable to members of the parent entity	-	1,908,552	-	-	1,908,552
Dividends paid	-	(3,449,526)	-	-	(3,449,526)
Option reserve on recognition of bonus element of options	-	-	622,840	-	622,840
Revaluation of financial assets	-	-	-	84,000	84,000
Share capital issued - placement	7,944,003	-	-	-	7,944,003
Share capital issued - rights issue	2,149,333	-	-	-	2,149,333
Share capital issued - options exercised	817,591	-	-	-	817,591
Share capital issued - acquisition of subsidiary	9,513,750	-	-	-	9,513,750
Share capital to be issued - deferred consideration for intangible acquisitions	6,848,136	-	-	-	6,848,136
Share capital issued - Dividend Reinvestment Plan	575,296	-	-	-	575,296
<b>Balance at 30 June 2008</b>	<b>57,182,347</b>	<b>(8,616,694)</b>	<b>991,568</b>	<b>660,659</b>	<b>50,217,880</b>
Profit attributable to members of the parent entity	-	(41,922,988)	-	-	(41,922,988)
Dividends paid	-	(420,370)	-	-	(420,370)
Option reserve on recognition of bonus element of options	-	-	(350,712)	-	(350,712)
Revaluation of financial assets	-	-	-	(660,659)	(660,659)
Write back of deferred consideration for CCFS	(6,278,318)	-	-	-	(6,278,318)
<b>Balance at 30 June 2009</b>	<b>50,904,029</b>	<b>(50,960,052)</b>	<b>640,856</b>	<b>-</b>	<b>584,833</b>

#### Note: 1 Statement of significant accounting policies

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

The financial report covers the consolidated group of Robe Australia Limited and controlled entities. Robe Australia Limited is a listed public Company, incorporated and domiciled in Australia.

The financial report of Robe Australia Limited and controlled entities comply with all International Financial Reporting Standards (IFRS) in their entirety.

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

# ROBE AUSTRALIA LIMITED AND CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### Basis of preparation

The accounting policies set out below have been consistently applied to all years presented.

### *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 fair value basis of accounting has been applied.

### Accounting policies

#### (a) Principles of consolidation

A controlled entity is any entity controlled by Robe Australia Limited whereby Robe Australia Limited has the power to control the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

#### Note: 1 Statement of significant accounting policies (continued)

#### (b) Taxes

##### *Income taxes*

The charge for current income tax expense is based on the profit for the period adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by 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 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.

Robe Australia Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the Tax Consolidation Regime from 1 July 2003. Under UIG Interpretation 1052, each entity in the group recognises its own current and deferred tax liabilities, except for any

## ROBE AUSTRALIA LIMITED AND CONTROLLED ENTITIES

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

deferred tax liabilities resulting from unused tax losses and tax credits assumed by the parent entity. The current tax liability of each entity is subsequently assumed by Robe Australia Limited. 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.

#### *Goods and services tax (GST)*

Revenues, 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. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

#### **(c) Property, plant and equipment**

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

Plant and equipment are measured on the cost basis less 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 assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

#### **Note: 1 Statement of significant accounting policies (continued)**

Depreciation is charged on a straight line or diminishing value on all property, plant and equipment. The depreciation rates used for each class of depreciable assets are:

Class of fixed asset:	Depreciation period:
Leasehold Improvements	6.5 – 10 years
Plant and Equipment	2.5 – 7 years
Motor Vehicles	4 – 5 years

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.

#### **(d) 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 are 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 basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset or over the term of the lease.

## ROBE AUSTRALIA LIMITED AND CONTROLLED ENTITIES

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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.

#### (e) Financial instruments

##### *Recognition*

Financial instruments are initially measured at fair value on trade date, which includes transaction costs for financial assets and liabilities not at fair value through the profit and loss, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

##### *Financial assets at fair value through profit and loss*

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

##### *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.

#### **Note: 1 Statement of significant accounting policies (continued)**

##### *Held-to-maturity investments*

These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

##### *Available-for-sale financial assets*

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

##### *Financial liabilities*

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

##### *Fair value*

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

##### *Impairment*

At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

#### (f) Impairment of assets

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

## ROBE AUSTRALIA LIMITED AND CONTROLLED ENTITIES

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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.

#### (g) Investment in associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting where significant influence is exercised over an investee. Significant influence exists where the investor has the power to participate in the financial and operating policy decisions of the investees but does not have control or joint control over those policies. The equity method of accounting recognises the group's share of post acquisition reserves of its associates.

#### (h) Intangibles

##### *Goodwill*

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

#### **Note: 1 Statement of significant accounting policies (continued)**

##### *Client relationships*

Client relationships are recognised at cost of acquisition. Client relationships have a finite life and are carried at cost less any accumulated amortisation and any impairment loss. Client relationships are amortised over their useful life estimated at 10 years.

##### *Trademarks*

Trademarks are recognised at cost of acquisition. Trademarks have an infinite life and are tested annually for impairment and carried at cost less accumulated impairment losses.

#### (i) Employee benefits

Provision is made for the company'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.

#### (j) 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.

#### (k) Cash and cash equivalents

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

The Cash Trust account is used for the retention of client funds and is subject to the regulations under the ASX Market Rules.

## ROBE AUSTRALIA LIMITED AND CONTROLLED ENTITIES

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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

#### (l) Revenue recognition

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue from share trading is recognised at the date an unconditional contract is entered into.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

#### Note: 1 Statement of significant accounting policies (continued)

#### (m) Finance costs

Finance 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 finance costs are recognised in income in the period in which they are incurred.

#### (n) Comparative figures

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

#### (o) Critical accounting estimates and judgements

The directors evaluate estimates and judgements 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.

#### Key estimates – earning multiple used for fair value calculation of unlisted financial assets

Fair value for unlisted financial assets is determined by using a multiple of trail income in accordance with industry practice for the valuation of such investments.

#### Key estimates - impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to the impairment of assets. When an impairment trigger exists, the recoverable amount of the asset is determined. No impairment has been recognised in respect of goodwill for the year ended 30 June 2009. Impairment of goodwill is considered by reference to the appropriate cash generating unit to which the goodwill relates. The fair value less cost to sell of the cash generating unit is measured using a multiple of income in accordance with industry practice for the valuation of such investments.

# ROBE AUSTRALIA LIMITED AND CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### Note: 1 Statement of significant accounting policies (continued)

The following Australian Accounting Standards have been issued or amended and are applicable to the company but are not yet effective. They have not been adopted in preparation of the financial statements as reporting date.

AASB amendment	AASB standard affected	Nature of change in accounting policy and impact	Application date of the standard	Application date for the company
AASB 2007-3*	AASB 5: Non-current Assets held for sale and Discontinued Operations	No change, no impact	1 January 2009	1 July 2009
	AASB 6: Exploration for and evaluation of Mineral	No change, no impact	1 January 2009	1 July 2009
	AASB 102: Inventories	No change, no impact	1 January 2009	1 July 2009
	AASB 107: Inventories	No change, no impact	1 January 2009	1 July 2009
	AASB 119: Employee Benefits	No change, no impact	1 January 2009	1 July 2009
	AASB 127: Consolidated and Separate Financial Statements	No change, no impact	1 January 2009	1 July 2009
	AASB 134: Interim Financial Reporting	No change, no impact	1 January 2009	1 July 2009
	AASB 136: Impairment of Assets	No change, no impact	1 January 2009	1 July 2009
	AASB 1023: General Insurance	No change, no impact	1 January 2009	1 July 2009
	AASB 1038: Life Insurance Contracts	No change, no impact	1 January 2009	1 July 2009
AASB 8*	AASB 8: Operating Segments	No change, no impact	1 January 2009	1 July 2009
	AASB 1: First time adoption of AIFRS	No change, no impact	1 January 2009	1 July 2009
	AASB 101: Presentation of Financial Statements	No change, no impact	1 January 2009	1 July 2009
	AASB 107: Cash Flow Statements	No change, no impact	1 January 2009	1 July 2009
	AASB 111: Construction contracts	No change, no impact	1 January 2009	1 July 2009
	AASB 116: Property, Plant and Equipment	No change, no impact	1 January 2009	1 July 2009
	AASB 138: Intangible assets	No change, no impact	1 January 2009	1 July 2009

\* Amendments to Australian Accounting Standards

The only changes as a result of the application of the above standards and amendments relate to disclosure requirements.

All other pending Standards issued between the previous financial report and the current reporting dates have no application to the Group and its consolidated entities.

# ROBE AUSTRALIA LIMITED AND CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### Note: 2 Revenue

		Consolidated Group	
		2009	2008
		\$	\$
Broking and commission		21,262,357	41,768,621
Financial planning		2,940,242	8,788,645
Underwriting		1,473,495	16,596,275
Share trading		2,788,722	5,967,523
Dividends	2a	79,276	50,729
Interest		861,472	2,288,250
Rental		17,690	19,160
Total		29,423,254	75,479,203
<b>Other income</b>			
Income from sale of business		17,593,826	-
Gain from sale of investments		-	443,782
Total		17,593,826	443,782
Total revenue		47,017,081	75,922,985
<b>2a Dividend income from</b>			
- other corporations		79,276	50,729
Total dividend income		79,276	50,729

		Consolidated Group	
		2009	2008
		\$	\$
<b>Distributions paid</b>			
2008 final fully franked ordinary dividend of 0.25 cents per share (2007: 1.30 cent) franked at the tax rate of 30% paid in 2009		420,370	1,723,847
No proposed dividend for 2009 (2008: 0.25 cent) franked at the tax rate of 30%		-	1,681,479
		420,370	3,405,326
<b>Distributions proposed</b>			
No proposed dividend for 2009 (2008: 0.25 cents) franked at the tax rate of 30%.		-	420,370

### Note: 4 Trade and other receivables

		Consolidated Group	
		2009	2008
		\$	\$
<b>Current</b>			
Client and dealer balances		-	50,542,195
Provision for impairment of receivables		-	(477,229)
		-	50,064,966
Other receivables		1,505,661	4,697,086
Provision for impairment of receivables		(437,815)	(287,842)
		1,067,846	4,409,244
Unsecured loans		-	25,574
Amounts receivable from:			
- associated companies		-	76,049



# ROBE AUSTRALIA LIMITED AND CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	1,067,846	54,575,833
<b>Note: 5 Other assets</b>		
	<b>Consolidated Group</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Current tax asset	-	220,093
Prepayments	435,063	900,705
	<u>435,063</u>	<u>1,120,798</u>
<b>Non-Current:</b>		
Acquisition expenditure capitalised	-	2,646
Borrowing costs capitalised	-	80,556
	<u>-</u>	<u>83,202</u>
	<b>Consolidated Group</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>Note: 6 Financial assets</b>		
<b>Available-for-sale financial assets</b>		
<b>Current:</b>		
Listed investments at fair value	16	350,468
<b>Non-Current:</b>		
Unlisted investments at fair value	131,921	1,296,450

### Note: 7 Controlled entities

#### Disposal of businesses undertaken by subsidiaries

The following disposals were undertaken by Robe during the financial year:

- The merger of the stock broking businesses conducted by Tolhurst Limited (**Tolhurst**), a wholly owned subsidiary of the Company and Patersons Securities Limited (**PSL**);
- The sale of the wealth management business conducted by Community and Corporate Financial Services Pty Ltd (**ComCorp**), a wholly owned subsidiary of the Company; and
- The management buyout of the activities undertaken within Tolhurst InterFinancial Limited (**TIFL**) relating to the business based in Brisbane.

On 27 March 2009, at an Extraordinary General Meeting of the Company, resolutions were passed by shareholders in respect to the sale of the broking business conducted by Tolhurst to PSL. The business was sold for \$1,886,292.50 funded partly by cash and partly by PSL shares. PSL shares were issued at the then net asset value of PSL of 56.921 cents per share and accordingly Robe received 2,435,468 Shares which equated to approximately 3.69% of the issued capital of PSL. In addition, Robe received 14,758,997 Options over PSL Shares which if exercised would increase Robes proportional shareholding in PSL to approximately 25%.

In light of the existing cash resources of the Company, various strategies were considered and approaches were made to third parties in order to investigate financing the exercise of the Options acquired by the Company in PSL. Additionally, negotiations were undertaken with PSL in respect to a payment being made by PSL in consideration for the cancellation of the options.

As announced on 5 August 2009, the Board of Robe concluded outstanding arrangements in respect to the sale of the Tolhurst stock broking business to PSL including adjustments to the Business Sale Agreement. These adjustments incorporated PSL agreeing to pay Robe up to \$700,000 comprising:

## ROBE AUSTRALIA LIMITED AND CONTROLLED ENTITIES

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

- \$126,452 as payment for 25,290,583 Options over Robe Shares (see below);
- \$373,548 by way of an adjustment to the original purchase price defined in the Sale Agreement; and
- Assuming additional liabilities of up to \$200,000 subject to final due diligence.

The Board also announced that it would sell its shareholding in PSL and on 24 August 2009 confirmed the sale of 2,435,468 shares in PSL at a price of 59 cents per share realising total consideration of \$1,436,926.12.

Robe has also cancelled the existing 25,290,583 Robe options that had been granted to PSL at an exercise price of 7.5 cents and issued further options of the same amount with an exercise period commencing on 7 August 2009 and expiring on 28 September 2012 with an exercise price of 2 cents. Robe was also granted 2,435,468 PSL options with an exercise period commencing on 7 August 2009 and expiring on 28 September 2012 with an exercise price of \$2.00.

Whilst the Board acknowledges that the abovementioned transaction in respect to the sale of the stock broking business by Robe has resulted in a less than satisfactory economic return, the Board considers that in the circumstances the sale has maximised the possible outcome to shareholders.

On 9 April 2009, the Board announced the completion of the sale of the ComCorp business as previously advised on 5 March 2009 between Robe Australia Limited and MMC Contrarian Limited (MMC). The parties agreed to a final purchase price of \$7,917,000 of which \$400,000 was withheld for a period of six months after completion and will be paid subject to ComCorp meeting certain conditions in respect to the novation of a small number of credit union contracts. The proceeds for the sale were applied to debt reduction.

In addition, and as part of the total purchase consideration, deferred payments assumed by MMC increase from \$1,623,000 to a maximum of \$1,923,000 associated with the assumption of certain financial obligations previously held by ComCorp in respect to the purchase of some smaller financial planning practices.

The Board of Robe completed the final leg of transactions identified to shareholders with the effective management buyout of the InterFinancial Brisbane business and the closure of the NSW business in May 2009.

#### Note: 8 Investment in associates

At 30 June 2009, the Group held 15% of Tolhurst Waverley and Staff Pty Ltd (2008:15%) and 20% of Henderson Gregory Forrest (2008:20%).

#### Note: 9 Property, plant and equipment

	Consolidated Group	
	2009 \$	2008 \$
Plant and equipment	5,722	9,517,243
Accumulated depreciation	(5,722)	(4,441,860)
	-	5,075,383
Leased plant and equipment	-	491,449
Accumulated depreciation	-	(356,738)
	-	134,711
Total property, plant & equipment	-	5,210,094

#### Reconciliations of the carrying amounts of property, plant and equipment

Plant and equipment		
Balance at beginning of year	5,075,383	1,687,929
Additions	-	4,066,723

# ROBE AUSTRALIA LIMITED AND CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Additions through business combination	-	709,465
Depreciation expense	-	(1,370,266)
Disposals	(5,075,383)	(18,468)
Carrying amount at the end of the year	-	5,075,383

### Leased plant and equipment

Balance at beginning of year	134,711	234,617
Additions	-	-
Depreciation expense	(134,711)	(99,906)
Carrying amount at the end of the year	-	134,711

### Note: 10 Intangible assets

#### Goodwill

	2009 \$	2008 \$
Cost	29,787,188	29,787,188
Accumulated impaired losses	(29,787,188)	-
Net carrying value	-	29,787,188

#### Client relationships and Trademarks

Cost	12,798,608	14,122,116
Accumulated amortisation and impairment	(12,798,608)	(1,323,508)
Net carrying value	-	12,798,608
Total intangibles	-	42,585,796

### Note: 11 Trade and other payables

#### Current

	2009 \$	2008 \$
Client and dealer balances payable	-	49,285,716
Other payables and accruals	1,930,264	9,433,487
Amounts payable to: - associated companies	-	52,681
	1,930,264	58,771,884

### Note: 12 Financial liabilities

#### Current

	2009 \$	2008 \$
Loans - secured	-	1,500,000
Bank loans - secured	-	13,601,406
Subordinated loans - unsecured	-	857,284
Lease incentive liability	-	174,750
Lease liability - secured	346,397	180,238
	346,397	16,313,678

#### Non-Current

Subordinated loans - unsecured	-	-
Bank loans - secured	-	-
Other loans - unsecured	-	6,278,318

# ROBE AUSTRALIA LIMITED AND CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Lease incentive liability	-	1,572,750
Lease liability - secured	-	259,814
	-	8,110,882

### Note: 13 Provisions

#### Non-Current

Employee entitlements	-	74,450
Other - claims and penalties	-	278,000

Consolidated Group	
2009	2008
\$	\$
-	74,450
-	278,000
-	352,450

### Note: 14 Cash flow information

#### (a) Reconciliation of cash

For the purposes of this cash flow statement, cash includes cash on hand and at banks, including short term deposits, net of bank overdrafts. Cash at the end of the financial year is shown in the balance sheet as:

Cash at bank and short term deposits	177,913	16,165,870
Trust account	78,764	8,422,598
	256,678	24,588,468

#### (b) Reconciliation of cash flow from operations with operating profit after income tax

Operating profit after income tax	(41,922,988)	1,850,766
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#### Non-cash items

Depreciation and amortisation	43,748,921	2,870,773
(Profit) / loss on equity investments	-	(4,424)
Net gain on equity accounting	-	-
Net unrealised loss / (gain) in value of investments	-	71,930
Net (profit)/loss on disposal of financial assets	-	(438,003)
Share options expensed	350,712	622,836

#### Changes in assets and liabilities

(Increase)/decrease in trade and other receivables	57,917,471	4,692,793
(Increase)/decrease in prepayments	685,735	(706,779)
(Decrease)/increase in trade and other payables	(38,268,363)	(3,149,993)
(Decrease)/increase in trust bank account balances	(8,343,834)	(1,269,916)
(Decrease)/increase in income tax payable	342,861	(760,492)
(Decrease)/increase in deferred taxes payable	(3,240,369)	(279,138)
(Decrease)/increase in provisions	2,007,274	(148,392)
Net cash flow from operating activities	13,277,420	3,351,962

#### (c) Financing facilities available

At balance date, the following financing facilities existed:

#### Total facility

- asset finance revolving	-	500,000
- bank overdraft	-	-
- credit card facility	-	150,000
- foreign currency dealing limit	-	20,000
- variable rate fully drawn advance facility	-	13,600,000
- indemnity guarantee	-	1,745,000

# ROBE AUSTRALIA LIMITED AND CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### Facility used at balance date

- asset finance revolving	-	-
- bank overdraft	-	-
- credit card facility	-	39,594
- foreign currency dealing limit	-	-
- variable rate fully drawn advance facility	-	13,600,000
- indemnity guarantee	-	588,487

### Facilities unused at balance date

- asset finance revolving	-	500,000
- bank overdraft	-	-
- credit card facility	-	110,406
- foreign currency dealing limit	-	20,000
- variable rate fully drawn advance facility	-	-
- indemnity guarantee	-	1,156,513

### Note: 15 Segment reporting

Business Segments 2009	Stock broking \$	Funds & wealth management \$	Corporate \$	Consolidated \$
<b>Revenue</b>				
Segment revenue	24,051,079	2,940,242	1,473,495	28,464,816
<b>Result</b>				
Segment result	6,280,204	(3,480,096)	2,797,031	5,597,139
Share of net profit of associates				
	6,280,204	(3,480,096)	2,797,031	5,597,139
Income tax expense				(1,679,142)
Profit after income tax				<u>3,917,997</u>
<b>Assets</b>				
Segment assets			3,328,433	3,328,433
<b>Liabilities</b>				
Segment liabilities			2,743,615	2,743,615
<b>Other</b>				
Acquisitions of non-current assets				-
Depreciation and amortisation expense				(43,748,921)
Other non-cash segment expenses				-
<b>Business Segments 2008</b>	<b>Stock broking \$</b>	<b>Funds &amp; wealth management \$</b>	<b>Corporate \$</b>	<b>Consolidated \$</b>
<b>Revenue</b>				
Segment revenue	46,834,833	12,491,877	16,596,275	75,922,985
<b>Result</b>				
Segment result	4,174,313	(152,906)	(599,701)	3,421,706
Income tax expense				(2,075,650)
Profit after income tax				<u>1,346,056</u>
<b>Assets</b>				
Segment assets	82,975,770	34,963,334	13,631,312	131,570,416
<b>Liabilities</b>				
Segment liabilities	77,424,142	9,315,241	1,453,969	88,193,352

# ROBE AUSTRALIA LIMITED AND CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### Other

Acquisitions of non-current assets	4,025,363	31,059	10,301	4,066,723
Depreciation and amortisation expense	1,297,914	823,098	749,761	2,870,773
Other non-cash segment expenses	377,328	165,407	152,035	694,770

### Note: 16 Other information

	Consolidated Group	
	2009	2008
	cents	cents

#### Net tangible asset backing

Net tangible asset backing per ordinary share (cents)	0.003	0.005
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### Audit Statement

This report is based on the accounts which are in the process of being audited.