

# Corporate Express Australia Limited

## ASX Half-year information – 31 July 2009

Lodged with the ASX under Listing Rule 4.2A.

This information should be read in conjunction with the 31 January 2009 Annual Report.

### **Contents**

Results for Announcement to the Market	2
Half-year report	3 - 16
Supplementary Appendix 4D Information	17

# Corporate Express Australia Limited

## Half-year ended 31 July 2009

### Results for Announcement to the Market

				<b>\$ 000's</b>
<b>Total revenue</b> from continuing operations	Down	6.0%	to	599,176
<b>Profit</b> from continuing operations after tax attributable to members	Down	8.8%	to	25,465
<b>Profit</b> for the period attributable to members	Down	8.8%	to	25,465

<b>Dividends/distributions</b>	Amount per security	Franked amount per security
Final dividend relating to the 13 month period to 31 January 2009 that was paid on 16 April 2009.	13.0c	13.0c
Interim 2009 dividend declared with a record date of 23 September 2009 and an expected payment date of 14 October 2009. This was not provided for in the half year financial report as the dividend was approved and declared by the directors after 31 July 2009.	10.0c	10.0c

# Corporate Express Australia Limited ABN 94 000 728 398

## Half-year report – 31 July 2009

<b>Contents</b>	<b>Page</b>
Directors' report	4
Auditors' independence declaration	5
Consolidated income statement	6
Consolidated comprehensive income statement	7
Consolidated balance sheet	8
Consolidated statement of changes in equity	9
Consolidated cash flow statement	10
Notes to the consolidated financial statements	11 – 13
Directors' declaration	14
Independent auditor's review report to the members	15 – 16

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the 13 month period ended 31 January 2009 and any public announcements made by Corporate Express Australia Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules.

## Directors' report

For the half-year ended 31 July 2009

The Directors of Corporate Express Australia Limited (the 'Company') present their report together with the Company's consolidated Financial Statements for the half-year ended 31 July 2009.

### Directors

Details of the Directors of the Company in office during the period of this report are set out below:

Director	Classification	Period of Office during the Reporting Period
Dr I Pollard	Chairman/ Non-Executive Director	Whole reporting period
Ms C Gillies	Non-Executive Director	Whole reporting period
Mr G Harrod	Managing Director/ Executive Director	From start of reporting period to 20 March 2009
Mr P Hitchcock	Managing Director/ Executive Director	From 30 March 2009 to the end of reporting period
Mr M Keefe	Executive Director	Whole reporting period
Mr A Larkin	Non-Executive Director	Whole reporting period
Mr G Logan	Executive Director	Whole reporting period
Mr B Maarud	Non-Executive Director	Whole reporting period
Mr J Randall	Non-Executive Director	Whole reporting period
Mr P Ventress	Non-Executive Director	Whole reporting period
Mr G Whatley	Alternate Director to Mr M Keefe	Whole reporting period

Mr Ventress has resigned and will cease to be a director effective from the close of business on 4th September 2009.

### Review of operations

The Group experienced a decrease in both revenue and profits during the half year. Sales revenue for the half year was \$599,176,000 (2008: \$637,625,000) representing a decrease of 6.0%, reflecting general business conditions. Further details of the Company's operations during the half year are contained in the press release and analyst presentation accompanying this half year report.

Consolidated net profit from continuing operations after income tax for the half year was \$25,465,000 (2008:\$27,935,000), down 8.8% on the previous corresponding half year.

The Directors believe that the Company and the consolidated entity will be able to continue as a going concern and, as a consequence, the financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

### Change in financial year end

To align with the reporting period of the new owner of the Company's majority shareholder, the Group has moved the financial year end to 31 January and half-year to 31 July.

### Rounding of amounts to nearest thousand dollars

The company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars or in certain cases, to the nearest dollar in accordance with that Class Order.

A copy of the auditor's independence declaration is on page 5 of this half year report and incorporated by reference herein.

This report is made in accordance with a resolution of the directors.

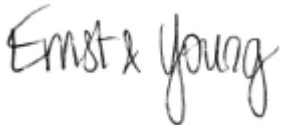


**P Hitchcock**

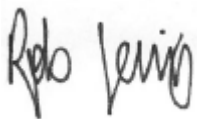
**Managing Director**  
Sydney  
3 September 2009

## **Auditor's Independence Declaration to the Directors of Corporate Express Australia Limited**

In relation to our review of the financial report of Corporate Express Australia Limited for the half-year ended 31 July 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Rob Lewis'.

Rob Lewis  
Partner  
3 September 2009

**Consolidated income statement**  
For the half-year ended 31 July 2009

	Notes	Half-year	
		31 July 2009 \$'000	30 June 2008 \$'000
<b>Total revenue from continuing operations</b>		<b>599,176</b>	637,625
Revenue from sales of goods		583,778	620,737
Revenue from services		12,376	12,480
Cost of sales of goods		(429,207)	(453,402)
Direct cost of providing services		(4,004)	(6,423)
<b>Gross profit</b>		<b>162,943</b>	173,392
Other revenues		3,022	4,408
Other expenses			
Distribution		(23,844)	(24,394)
Occupancy		(9,670)	(10,176)
Selling / Marketing		(47,689)	(53,516)
Administration		(29,282)	(29,930)
Other		(13,547)	(13,038)
Finance costs		(5,073)	(6,960)
<b>Profit from continuing operations before income tax</b>	<b>3</b>	<b>36,860</b>	39,786
Income tax expense		(11,395)	(11,851)
<b>Profit from continuing operations after income tax attributable to members of Corporate Express Australia Limited</b>		<b>25,465</b>	27,935

*The above consolidated income statement should be read in conjunction with the accompanying notes.*

**Consolidated comprehensive income statement**  
For the half-year ended 31 July 2009

Notes	Half-year	
	31 July 2009 \$'000	30 June 2008 \$'000
<b>Profit from continuing operations after income tax attributable to members of Corporate Express Australia Limited</b>	<b>25,465</b>	27,935
<b>Other comprehensive income</b>		
Gain on cash flow hedges taken to equity	2,717	381
Exchange differences on translation of foreign operations	349	(1,574)
Tax effect of the above items	(920)	358
<b>Total comprehensive income, net of tax attributable to members of Corporate Express Australia Limited</b>	<b>27,611</b>	27,100
<b>Earnings per share for profit attributable to the ordinary equity holders of Corporate Express Australia Limited:</b>	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	15.2	16.7
Diluted earnings per share	15.0	16.5

*The above comprehensive income statement should be read in conjunction with the accompanying notes.*

**Consolidated balance sheet**  
As at 31 July 2009

	<b>31 July 2009 \$'000</b>	31 January 2009 \$'000
<b>Current assets</b>		
Cash	18,698	6,349
Trade & other receivables	199,729	196,002
Inventories	112,687	104,519
Other	811	83
<b>Total current assets</b>	<b>331,925</b>	<b>306,953</b>
<b>Non-current assets</b>		
Property, plant and equipment	46,337	50,204
Intangible assets	163,489	157,574
Deferred tax assets	10,641	11,347
<b>Total non-current assets</b>	<b>220,467</b>	<b>219,125</b>
<b>Total assets</b>	<b>552,392</b>	<b>526,078</b>
<b>Current liabilities</b>		
Payables	172,654	144,266
Borrowings	158,457	91
Deferred income	4,308	-
Provisions	7,435	6,513
Deferred lease incentive	809	813
<b>Total current liabilities</b>	<b>343,663</b>	<b>151,683</b>
<b>Non-current liabilities</b>		
Borrowings	-	173,040
Deferred tax liabilities	3,211	2,452
Provisions	7,902	7,803
Deferred lease incentive	7,248	7,203
<b>Total non-current liabilities</b>	<b>18,361</b>	<b>190,498</b>
<b>Total liabilities</b>	<b>362,024</b>	<b>342,181</b>
<b>Net assets</b>	<b>190,368</b>	<b>183,897</b>
<b>Equity</b>		
Contributed equity	50,994	50,676
Reserves	134	(2,372)
Retained profits	139,240	135,593
<b>Total equity</b>	<b>190,368</b>	<b>183,897</b>

*The above consolidated balance sheet should be read in conjunction with the accompanying notes.*

**Consolidated statement of changes in equity**  
As at 31 July 2009

Notes	Half-year	
	31 July 2009 \$'000	30 June 2008 \$'000
<b>Total equity at the beginning of the half-year</b>	<b>183,897</b>	163,184
Impact of change in accounting policy (note 1)	-	7,341
Net movement in cash flow hedging reserve	<b>1,901</b>	267
Exchange differences on translation of foreign operations	<b>245</b>	(1,102)
Net (loss)/ income recognised directly in equity	<b>2,146</b>	6,506
Profit for the year	<b>25,465</b>	27,935
<b>Comprehensive income for the half-year</b>	<b>27,611</b>	34,441
<b>Transactions with equity holders in their capacity as equity holders</b>		
Equity securities issued for consideration	<b>318</b>	72
Dividends provided for or paid	<b>4 (21,818)</b>	(21,792)
Net movement in share based payment reserve	<b>360</b>	395
<b>Total transactions with equity holders in their capacity as equity holders</b>	<b>(21,140)</b>	(21,325)
<b>Total equity at the end of the half-year</b>	<b>190,368</b>	176,300

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes*

**Consolidated cash flow statement**  
For the half-year ended 31 July 2009

	<b>Half-year</b>	
<b>Notes</b>	<b>31 July 2009 \$'000</b>	<b>30 June 2008 \$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of goods and services tax)	661,379	689,990
Payments to suppliers and employees (inclusive of goods and services tax)	(586,560)	(632,418)
	74,819	57,572
Interest received	436	1,826
Interest paid	(5,073)	(7,317)
Income taxes paid	(10,737)	(15,371)
<b>Net cash inflow from operating activities</b>	<b>59,445</b>	<b>36,710</b>
<b>Cash flows from investing activities</b>		
Payment for businesses purchased, net of cash acquired	-	(11)
Payment for intangible assets	(8,467)	(7,140)
Payments for property, plant and equipment	(3,684)	(12,761)
Proceeds from sale of property, plant and equipment	1,229	21
<b>Net cash outflow from investing activities</b>	<b>(10,922)</b>	<b>(19,891)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issues of shares	318	72
Proceeds from borrowings	158,366	118,000
Repayment of borrowings	(173,040)	(117,761)
Finance lease payments	-	(97)
Dividends paid	4 (21,818)	(21,792)
<b>Net cash outflow from financing activities</b>	<b>(36,174)</b>	<b>(21,578)</b>
<b>Net (decrease)/ increase in cash held</b>	<b>12,349</b>	<b>(4,759)</b>
Cash at the beginning of the half- year	6,349	14,487
<b>Cash at the end of the half-year</b>	<b>18,698</b>	<b>9,728</b>

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.*

## Note 1. Summary of significant accounting policies

### Basis of preparation

This general purpose financial report for the half-year reporting period ended 31 July 2009 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

This half-year financial report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

Accordingly, this report is to be read in conjunction with the annual report for the 13 month period ended 31 January 2009 and any public announcements made by Corporate Express Australia Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the Australian Securities Exchange.

### Going concern basis

The Directors believe that the Company and the consolidated entity will be able to continue as a going concern and, as a consequence, the financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

The Directors are aware however that, as at 31 July 2009, the group has an excess of current liabilities over current assets of \$11.7 million. This excess is due to \$158.5 million of bank loans that have been classified as current as they mature in April 2010. The Group also has access to an unused facility of \$50 million which does not mature until October 2011.

On 3 September 2009, the Group refinanced its existing financing facilities with a new \$250 million financing facility effective immediately and not due for repayment until September 2012.

### Change in financial year end

To align with the reporting cycle of the new owner of the majority shareholder, Staples Inc, the Group has moved the financial year end to 31 January and half year to 31 July.

### Changes in accounting policy

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. In certain cases, prior year figures have been restated to enhance comparability.

From 1 January 2009 the Group has adopted the following Standards and interpretations, mandatory for annual periods beginning on or after 1 January 2009. Adoption of these standards and interpretations did not have any effect on the financial position or performance of the Group.

- § AASB 2 *Revised Vesting Conditions and Cancellations*
- § AASB 8 *Operating Segments*
- § AASB 101 *Revised Presentation of Financial Statements*

The adoption of AASB 8 has caused the Group to revise its segment reporting. See note 2 for details of the reportable segments and applicable accounting policies.

The following amending standards have also been adopted from 1 January 2009:

- § AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8*
- § AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101*
- § AASB 2008-1 *Amendments to Australian Accounting Standards Share-based Payments: Vesting Conditions and Cancellations*

The Group elected to early adopt AASB 138 (Revised) and AASB 123 (Revised) in the 13 month period ended 31 January 2009. There were no effects of the adoption of AASB 123(Revised). The quantitative effects of the change to AASB 138 (Revised) in respect of catalogue income and expense for the 30 June 2008 accounts are summarised in the table below.

	Half year 30 June 2008
	\$'000
Decrease in profit after tax for the 6 months to 30 June 2008	(4,874)
Decrease in total assets	(7,705)
Decrease in total liabilities	(10,172)
Increase in equity	2,467

Head office/ warehouse relocation costs for 30 June 2008, which were reported as separate line items in the previous reporting period have been reallocated to the relevant expense items. This change will allow consistency for period on period reporting and has the following impact on the 30 June 2008 consolidated income statement.

	Half year 30 June 2008
	\$'000
Increase in distribution expenses	458
Increase in occupancy expenses	692
Increase in selling/marketing expenses	19
Increase in administration expenses	727
Total	1,896

## Note 2. Segment Information

Corporate Express has one operating segment, being the distribution and sale of office products. Refer to the consolidated balance sheet and comprehensive income statement. The following table represents revenue from external customers and non-current assets per geographical location.

	Half year 31 July 2009			Half year 30 June 2008		
	Australia \$'000	New Zealand \$'000	Consolidated \$'000	Australia \$'000	New Zealand \$'000	Consolidated \$'000
Revenue from sale of goods	541,063	42,715	583,778	577,461	43,276	620,737
Revenue from services	11,922	454	12,376	12,017	463	12,480
Other revenues	2,876	146	3,022	4,224	184	4,408
<b>Total segment revenue from ordinary activities*</b>	<b>555,861</b>	<b>43,315</b>	<b>599,176</b>	<b>593,702</b>	<b>43,923</b>	<b>637,625</b>
Property, plant and equipment	43,647	2,690	46,337	47,710	1,214	48,924
Intangible assets	158,899	4,590	163,489	147,630	4,665	152,295
<b>Total non-current assets</b>	<b>202,546</b>	<b>7,280</b>	<b>209,826</b>	<b>195,340</b>	<b>5,879</b>	<b>201,219</b>

\*Adjusted for the elimination of inter-segment transactions that affect individual segment results such as inter-segment management fees that eliminate on group consolidation.

## Note 3. Profit from continuing operations after income tax

	Half-year	
	31 July 2009 \$'000	30 June 2008 \$'000
Profit from continuing operations after related income tax expense includes the following items of expense which, together with other disclosures in the report, are relevant in explaining the financial performance for the half year		
<b>Profit before income tax</b>	<b>36,860</b>	39,786
Amortisation of intangible assets	3,115	3,495
Depreciation	5,732	4,474
Interest income	(436)	(1,825)
Finance costs	5,073	6,960
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>50,344</b>	52,890

## Note 4. Dividends

	Half-year	
	31 July 2009 \$'000	30 June 2008 \$'000
<b>Ordinary shares</b>		
Fully franked dividends paid during this half-year relating to the prior financial year	<b>21,818</b>	21,792

**Notes to the consolidated financial statements**  
For the half-year ended 31 July 2009  
(continued)

**Note 5. Equity securities issued**

	<b>No of shares 31 July 2009</b>	No of shares 30 June 2008
<b>Ordinary Shares</b>		
Ordinary Shares at the end of the reporting period	<u><b>168,056,699</b></u>	<u>167,670,393</u>
<b>Reconciliation of issued ordinary shares and the contributed equity account</b>	<b>No of shares</b>	<b>No of shares</b>
Opening balance	<b>167,760,705</b>	167,627,267
Issued under the Corporate Express long term incentive plan	<u><b>295,994</b></u>	<u>43,126</u>
Closing balance	<u><b>168,056,699</b></u>	<u>167,670,393</u>

	No of options	Exercise prices	Grant date range	Expiry date range
<b>Options</b>				
Options at the end of the reporting period	<b>1,640,591</b>			
- 1 option for 2 shares (a)	16,000	\$3.47 - \$9.34	23/12/99 – 24/05/01	16/05/10 – 24/05/11
- 1 option for 1 share (b)	1,624,591	\$0.00 - \$4.95	02/08/01 – 27/05/09	02/08/11 – 02/07/18
Options exercised during the period	<b>218,069</b>			
- 1 option for 2 shares (a)	77,925	\$2.40 - \$4.36	30/06/99 – 02/06/00	01/07/09 – 01/07/11
- 1 option for 1 shares (b)	140,144	\$0.00	14/12/04 – 03/07/08	14/12/14 – 02/07/18
Options expired/lapsed during the period	<b>802,343</b>			
- 1 option for 2 shares (a)	-	-	-	-
- 1 option for 1 shares (b)	802,343	\$0.00 - \$4.95	28/02/02 – 03/07/08	28/02/12 – 02/07/18

(a) Entitles the option holder to two shares for each option held/exercised

(b) Entitles the option holder to one share for each option held/exercised

**Note 6. Contingent liabilities and contingent assets**

The group has no material contingent liabilities or contingent assets that require disclosure in the half-year report.

**Note 7. Events occurring after reporting date**

On 3 September 2009, the Company refinanced its existing financing facilities with a new \$250 million financing facility effective immediately and not due for repayment until September 2012. Refer to Note 1 – going concern basis for further information.

There were no other material events occurring after the reporting date that require recognition or disclosure in the half-year report.

**Director's declaration**  
For the half-year ended 31 July 2009

In accordance with a resolution of the directors of Corporate Express Australia Limited made pursuant to Section 303(5) of the Corporations Act 2001, I state that:

In the opinion of the directors:

- a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
  - I. Giving a true and fair view of the consolidated entity's financial position as at 31 July 2009 and of its performance for the half-year ended on that date of the consolidated entity
  - II. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*
- b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable

On behalf of the board



P Hitchcock  
**Managing Director**  
Sydney  
3 September 2009

## **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Corporate Express Australia Limited, which comprises the balance sheet as at 31 July 2009 and the income statement, comprehensive income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company 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 company 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 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 consolidated entity's financial position as at 31 July 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 Corporate Express Australia Limited and the entities it controlled during the half-year, 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.

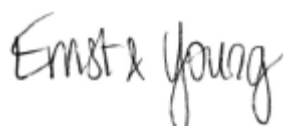
### **Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

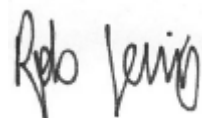
## Conclusion

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 Corporate Express Australia Limited is not in accordance with the *Corporations Act 2001*, including:

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



Ernst & Young



Rob Lewis  
Partner  
Sydney  
3 September 2009

# Corporate Express Australia Limited

## Supplementary Appendix 4D information

### NTA Backing

	31 July 2009	30 June 2008
Net tangible asset backing per ordinary share	15.5 cents	11.3 cents

### Businesses acquired

Nil
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### Additional dividend information

Details of dividends declared or paid during or subsequent to the half-year ended 31 July 2009 are as follows:

Record date	Payment date	Type	Amount per security	Total dividend \$'000	Franked amount per security
26 March 2009	16 April 2009	Final 2008	13.0c	21,818	13.0c
23 September 2009	14 October 2009	Interim 2009	10.0c	16,801	10.0c