

Corporate Express Australia Limited

ASX Half-year information – 30 June 2007

Lodged with the ASX under Listing Rule 4.2A.

This information should be read in conjunction with the 31 December 2006 Annual Report.

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Corporate Express Australia Limited

Half-year ended 30 June 2007

Results for Announcement to the Market

				\$ 000's
Total revenue from continuing operations	Up	8.2%	to	641,139
Profit from continuing operations after tax attributable to members	Up	5.5%	to	34,333
Profit for the period attributable to members	Up	5.5%	to	34,333

Dividends/distributions	Amount per security	Franked amount per security
Final dividend relating to the 2006 financial year that was paid on 7 March 2007.	12.5c	12.5c
Interim 2007 dividend declared with a record date of 19 September 2007 and an expected payment date of 10 October 2007. This was not provided for in the half year financial report as the dividend was approved and declared by the directors after 30 June 2007.	13.5c	13.5c

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Corporate Express Australia Limited ABN 94 000 728 398
Half-year report – 30 June 2007

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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 year ended 31 December 2006 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 Stock Exchange.

Directors' report
For the half-year ended 30 June 2007

The Directors of Corporate Express Australia Limited present their report together with the Company's consolidated Financial Statements for the half year ended 30 June 2007.

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 and Non-Executive Director	Whole reporting period
Mr G Harrod	Managing Director/ Executive Director	Whole reporting period
Mr G Dean	Non- Executive Director	Whole reporting period
Mr M Keefe	Executive Director	Whole reporting period
Mr A Larkin	Non-Executive Director	Whole reporting period
Mr M Hoffman	Non-Executive Director	Resigned 1 April 2007
Mr F Waller	Non-Executive Director	Whole reporting period
Mr G Logan	Executive Director	Whole reporting period
Ms C Gillies	Non-Executive Director	Whole reporting period
Mr J Randall	Non-Executive Director	Whole reporting period
Mr G Whatley	Alternate Director to Mr M Keefe	Whole reporting period

Review of operations

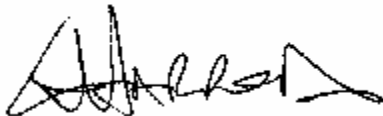
A review of consolidated revenues and results by the directors for the half-year is included in the press release and presentation accompanying the release of this half-year report.

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.



G Harrod
Managing Director

Sydney
2 August 2007

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Auditor's Independence Declaration

As lead auditor for the review of Corporate Express Australia Limited for the half year ended 30 June 2007, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Corporate Express Australia Limited and the entities it controlled during the period.



WHB Seaton
Partner
PricewaterhouseCoopers
Sydney, 2 August 2007

Consolidated income statement
For the half-year ended 30 June 2007

	Half-year	
	30 June 2007 \$'000	30 June 2006 \$'000
Total revenue from continuing operations	641,139	592,606
Revenue from sales of goods	617,682	573,057
Cost of sales of goods	(456,918)	(426,846)
	160,764	146,211
Revenue from sale of services	20,276	17,511
Direct cost of sales of services	(7,559)	(4,878)
	12,717	12,633
Gross profit	173,481	158,844
Other revenues from continuing operations	3,181	2,038
Other expenses from continuing operations		
Distribution	(22,636)	(21,325)
Occupancy	(9,322)	(8,366)
Selling/Marketing	(50,389)	(45,845)
Administration	(28,753)	(24,799)
Other	(12,516)	(12,770)
Finance costs	(3,632)	(1,452)
Profit before income tax	49,414	46,325
Income tax expense	(15,081)	(13,784)
Profit attributable to members of Corporate Express Australia Limited	34,333	32,541
	Cents	Cents
Basic earnings per share	19.5	17.7
Diluted earnings per share	19.4	17.6

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

Consolidated balance sheet
As at 30 June 2007

	30 June 2007 \$'000	31 December 2006 \$'000
Current assets		
Cash	25,343	14,410
Receivables	217,215	179,029
Inventories	101,037	96,200
Current Intangible assets	2,940	2,069
Other	299	487
Total current assets	<u>346,834</u>	<u>292,195</u>
Non-current assets		
Property, plant and equipment	26,457	27,868
Intangible assets	148,025	140,326
Deferred tax assets	7,195	7,465
Other	17	35
Total non-current assets	<u>181,694</u>	<u>175,694</u>
Total assets	<u>528,528</u>	<u>467,889</u>
Current liabilities		
Payables	196,846	159,244
Interest bearing liabilities	51,262	54,268
Deferred Income	7,129	6,848
Current tax liabilities	2,241	2,078
Provisions	7,752	7,483
Total current liabilities	<u>265,230</u>	<u>229,921</u>
Non-current liabilities		
Interest bearing liabilities	103,905	179
Deferred tax liabilities	1,146	1,765
Provisions	7,249	6,610
Total non-current liabilities	<u>112,300</u>	<u>8,554</u>
Total liabilities	<u>377,530</u>	<u>238,475</u>
Net assets	<u>150,998</u>	<u>229,414</u>
Equity		
Contributed equity	49,880	55,281
Reserves	2,604	1,976
Retained profits	98,514	172,157
Total equity	<u>150,998</u>	<u>229,414</u>

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

Consolidated statement of changes in equity
As at 30 June 2007

	Half-year	
	30 June	30 June
	2007	2006
	\$'000	\$'000
Total equity at the beginning of the half-year	229,414	203,675
Net movement in cash flow hedging reserve	23	106
Exchange differences on translation of foreign operations	155	(1,655)
Net income recognised directly in equity	178	(1,549)
Profit for the year	34,333	32,541
Total recognised income and expense for the half-year	34,511	30,992
Transactions with equity holders in their capacity as equity holders		
Equity securities issued for consideration	495	220
Equity securities bought back	(90,819)	(2,992)
Dividends provided for or paid	(23,057)	(17,657)
Net movement in share based payment reserve	454	458
Total transactions with equity holders in their capacity as equity holders	(112,927)	(19,971)
Total equity at the end of the half-year	150,998	214,696

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

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Consolidated cash flow statement
For the half-year ended 30 June 2007

	Half-year	
	30 June 2007 \$'000	30 June 2006 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	673,861	627,012
Payments to suppliers and employees (inclusive of goods and services tax)	(619,696)	(584,935)
	54,165	42,077
Interest received	886	544
Interest paid	(3,632)	(1,452)
Income taxes paid	(15,046)	(16,485)
Net cash inflow from operating activities	36,373	24,684
Cash flows from investing activities		
Payment for businesses purchased	(7,033)	(8,910)
Payment for intangible assets	(2,748)	(1,726)
Payments for property, plant and equipment	(2,934)	(5,393)
Proceeds from sale of property, plant and equipment	134	17
Net cash (outflow) from investing activities	(12,581)	(16,012)
Cash flows from financing activities		
Proceeds from issues of shares	495	220
Payment for buy-back	(90,819)	(2,992)
Proceeds from borrowings	274,499	36,884
Repayment of borrowings	(173,000)	(18,000)
Finance lease payments	(977)	(733)
Dividends paid	(23,057)	(17,657)
Net cash (outflow) from financing activities	(12,859)	(2,278)
Net increase in cash held	10,933	6,394
Cash at the beginning of the half- year	14,410	21,901
Cash at the end of the half-year	25,343	28,295

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

Note 1. Summary of significant accounting policies

This general purpose financial report for the interim half-year reporting period ended 30 June 2007 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

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 year ended 31 December 2006 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 Stock Exchange. 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.

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

Note 2. Segment information

Primary reporting – geographic segments

	Half year 30 June 2007			Half year 30 June 2006		
	Australia \$'000	New Zealand \$'000	Consolidated \$'000	Australia \$'000	New Zealand \$'000	Consolidated \$'000
Revenue from sale of goods	575,967	41,715	617,682	537,398	35,659	573,057
Revenue from sale of services	19,845	431	20,276	17,146	365	17,511
Other revenues from continuing operations	2,983	198	3,181	1,989	49	2,038
Total segment revenue from ordinary activities	<u>598,795</u>	<u>42,344</u>	<u>641,139</u>	<u>556,533</u>	<u>36,073</u>	<u>592,606</u>
Segment result (earnings before interest and taxation)*	<u>49,161</u>	<u>2,999</u>	<u>52,160</u>	<u>44,948</u>	<u>2,284</u>	<u>47,232</u>

Corporate Express operates in one industry segment, being the distribution and sale of office products in the geographic segments of Australia and New Zealand. There are no material inter-segment sales.

*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 30 June	
	2007 \$'000	2006 \$'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		
Profit before income tax	49,414	46,325
Amortisation of intangible assets (excluding catalogue intangible amortisation)	3,364	2,189
Depreciation	4,698	4,600
Interest income	(886)	(544)
Finance costs	3,632	1,452
Earnings before interest, tax, depreciation and amortisation (EBITDA)	<u>60,222</u>	<u>54,022</u>

Notes to the consolidated financial statements
For the half-year ended 30 June 2007
(continued)

Note 4. Dividends

	Half-year 30 June 2007 \$'000	2006 \$'000
Ordinary shares		
Fully franked dividends paid during this half-year relating to the prior financial year	23,057	17,657

Note 5. Equity securities issued

	No of shares 30 June 2007	No of shares 30 June 2006
Ordinary Shares		
Ordinary Shares at the end of the reporting period	167,555,539	185,421,939
Reconciliation of issued ordinary shares and the contributed equity account	No of shares	\$'000s
Opening balance as at 1 January 2007	184,400,008	55,281
Issued under the Corporate Express long term incentive plan	140,292	495
Share buy-back (i)	(16,984,761)	(5,896)
Closing balance as at 30 June 2007	167,555,539	49,880

On 2 April 2007, Corporate Express Australia Limited completed an off-market share buyback of 16,984,761 ordinary shares at a price of \$5.30 per share. Of each share, \$5.00 was treated as a fully franked dividend for tax purposes and \$0.30 was paid from share capital. As such, an amount of \$5,095,428 was debited to the Group's contributed equity account and an amount of \$84,923,805 was debited to the Group's retained earnings. In addition, \$800,747 of transaction costs incurred in relation to the share buyback was debited to share capital.

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Note 5. Equity securities issued (Continued)

Options	No of options	Exercise prices	Exercise/Lapse Dates
Options at the end of the reporting period	2,095,873		
- 1 option for 2 shares (a)	132,258	\$2.24 - \$9.34	01/07/99 – 01/07/11
- 1 option for 1 share (b)	1,963,615	\$0.00 - \$5.10	30/07/02 – 15/06/17
Options exercised during the period	119,021		
- 1 option for 2 shares (a)	26,271	\$2.40 - \$4.36	09/02/07 – 31/05/07
- 1 option for 1 shares (b)	92,750	\$4.28 - \$4.95	01/01/07 – 10/05/07
Options expired/lapsed during the period	4,000		
- 1 option for 2 shares (a)	-	-	-
- 1 option for 1 shares (b)	4,000	\$4.28 - \$4.28	30/06/12 – 30/06/12

(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

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

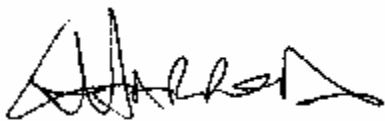
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Director's declaration
For the half-year ended 30 June 2007

The directors' declare that:

- a) the financial statements and notes set out on pages 4 to 12 are in accordance with the *Corporations Act 2001*, including:
 - I. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - II. giving a true and fair view of the consolidated entity's financial position as at 30 June 2007 and of its performance, as represented by the results of their operations, changes in equity and their cash flows, for the financial period ended on that date; and
- 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.

This declaration is made in accordance with a resolution of the directors made pursuant to Section 303(5) of the Corporations Act 2001.



G Harrod
Managing Director

Sydney
2 August 2007

**INDEPENDENT AUDITOR'S REVIEW REPORT
to the members of Corporate Express Australia Limited**

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 30 June 2007, and the 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 for the Corporate Express Australia Limited (the consolidated entity). The consolidated entity comprises both Corporate Express Australia Limited (the company) and the entities it controlled during that 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 control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim 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 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 30 June 2007 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, 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. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. 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.

For further explanation of a review, visit our website <http://www.pwc.com/au/financialstatementaudit>.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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:

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



PricewaterhouseCoopers



WHB Seaton
Partner
Sydney, 2 August 2007

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Corporate Express Australia Limited Supplementary Appendix 4D information

NTA Backing

	30 June 2007	30 June 2006
Net tangible asset backing per ordinary share	24.6 cents	50.7 cents

Businesses acquired

During the half year Corporate Express Australia Limited acquired one business. The total impact of this acquisition on the result for the period is not material.

Additional dividend information

Details of dividends declared or paid during or subsequent to the half-year ended 30 June 2007 are as follows:

Record date	Payment date	Type	Amount per security	Total dividend \$'000	Franked amount per security
15 February 2007	7 March 2007	Final 2006	12.5c	23,057	12.5c
19 September 2007	10 October 2007	Interim 2007	13.5c	22,620	13.5c

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