

27 February 2017

CML Group Limited 2017 Interim Result **Strong growth on expansion of Finance business**

We are pleased to report a substantial uplift in earnings for the 6 months to 31 December 2016 compared to the corresponding period last year, with EBITDA from continuing operations of \$5.9m, up 183% and NPAT from continuing operations of \$1.4m, up 218% on the prior corresponding period. This is in line with previous guidance.

Key drivers of profit improvement

The key drivers of earnings growth for the 6 months to 31 December 2016 include increased scale from an acquisition program undertaken in FY'16, cost synergies on scale, margin improvement on acquired clients, plus continued growth from investment in sales and marketing.

Scale

Through strong organic growth and boosted by the acquisition of 2 key competitors during FY'16, total invoices purchased for the 6 months to 31 December 2016 increased 209% to \$501m. This increased scale is diluting our relatively stable operating cost base and improving profit ratios.

Margin Improvement

We are progressively improving the margin generated on invoice turnover, particularly on the acquired clients, by offering additional services that are popular with existing CML clients and that the acquired clients did not have access to under the previous ownership structure. Margin has increased from 2.1% immediately following the most recent acquisition in May 2016, to 2.4% on average for the 6 months to 31 December 2016.

Sales & Marketing

CML has recruited a high performance sales team located along the East Coast from North Queensland to Melbourne, with each member of the team bringing decades of industry experience and a strong network of referral partners to the Company. The efforts of the sales team is supported by CML's marketing program, relaunched in November 2016 under a consolidated trading name, Cashflow Finance, from which we anticipate a growing number of new clients to originate.

Business Simplification

In addition to the above, the sale of a non-core payroll business at the end of FY'16 has allowed absolute focus for the team on the core business, invoice finance.

CML has retained a small but profitable recruitment division, which generates steady earnings.

The next task for CML is to reduce its funding costs. This will require a combination of lower interest on funds plus a change in structure to a drawdown facility, to reduce the need for CML to bring cash into the business in advance of requirements. Historically, including the current financial period, CML has incurred interest costs on unutilised funds brought into the business through bond and convertible note issues. A drawdown facility for the next phase of growth would incur interest on drawn funds only.

CML is considering funding options and expects a drawdown facility will be available to support its next phase of growth, at significantly lower interest cost compared to its existing facilities. A drawdown facility will be utilised for growth, not as a replacement to current arrangements, however it will assist to reduce average funding costs as it is progressively utilised.

Outlook

CML expects the momentum of H1FY'17 to continue through the remainder of the financial year and is pleased to reaffirm EBITDA guidance for FY'17 of \$10.6m.

Thank you for your support of CML Group and we look forward to reporting on the progress of the Company during the current FY'17 year.

On behalf of the Board,

A handwritten signature in purple ink, appearing to be 'Daniel Riley', with a stylized, flowing script.

Daniel Riley

Managing Director

For further information, contact Daniel Riley or Steve Shin on 1300 666 177

APPENDIX 4D

CML Group Limited

ACN: 098 952 277

Interim Report ***For the Half Year ended 31 December 2016***

Current Reporting Period

Six months to 31 December 2016

Previous Corresponding Period

Six months to 31 December 2015

Appendix 4D

Half Year Report

Half Year ended 31 December 2016
(Previous corresponding period half year ended 31 December 2015)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

\$A'000s

Revenue from ordinary activities	Up	52.5%	to	\$18,530
Profit from ordinary activities after tax attributable to members	Up	158.3%	to	\$1,377
Profit after tax attributable to members	Up	158.3%	to	\$1,377

DIVIDENDS

Consolidated Group

31 Dec 2016 31 Dec 2015
\$ 000's \$ 000's

Dividends paid or provided for during the period:

Final 2016 fully-franked ordinary dividend of 0.5 cents (2015: Nil cents) per share franked at the tax rate of 30% (2015: 30%)

650 Nil

Dividends (distributions)	Amount per security	Franked amount per security	Record date	Payment date
Final dividend 30 June 2016 (previous year)	0.5 cents (half a cent)	100%	15 September 2016	7 October 2016
Interim dividend 31 December 2016	0.5 cents (half a cent)	100%	23 March 2017	13 April 2017

DIRECTORS' REPORT

The directors of CML Group Limited ("CML Group" or "the company") submit herewith the financial report of the consolidated entity for the half year ended 31 December 2016. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors of the company during or since the end of the half year are:

Greg Riley – Non-executive Chairman
Daniel Riley – Managing Director
Sue Healy – Non-executive Director
Richard Farrington – Non-executive Director – Retired on 1 February 2017
Geoff Sam OAM – Non-executive Director

Steve Shin - Company Secretary

Principal activities

The consolidated entity's principal activity during the half year was that of financial services and employment solutions including labour sourcing and project management.

During the period, there were no significant changes in the nature of these operations.

Review of operations

CML Group Limited (CML) has reported strong earnings for the half year ended 31 December 2016, with reported EBITDA of \$5.920m up 183% compared to the previous corresponding period (2015: \$2.090m). Net profit after tax (from continuing and discontinued operations) is up 218% to \$1.377m (2015: \$425k). Reported revenue increased 53% to \$18.530m compared to the previous corresponding period (2015: \$12.147m).

Growth in profit is underpinned by CML's Finance division, with fee income up 159% to \$11.986m compared to the previous corresponding period (2015: \$4.626m).

As at 31 December 2016, there was a surplus in net current assets of \$73.472m (June 2016: \$74.513m).

Please refer to note 5 and 6 in the financial statements for more details of the consolidated entities facilities and borrowings.

Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Corporations Instrument 2016/191. Accordingly, certain amounts in the financial statements and directors' report have been rounded off where appropriate to the nearest \$1,000.

Auditor's Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the review for the half-year is provided with this report.

This report is signed in accordance with a resolution of the Board of Directors.



Daniel Riley
Managing Director
27th February 2017

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AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF CML GROUP LIMITED

In relation to the independent auditor's review for the half-year ended 31 December 2016, to the best of my knowledge and belief there have been:

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

This declaration is in respect of CML Group Limited and the entities it controlled during the period.



ROD SHANLEY
Partner

PITCHER PARTNERS

Sydney

27 February 2017

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

		Consolidated Group	
		31 Dec 2016	31 Dec 2015
	Note	\$ 000's	\$ 000's
Continuing operations			
Revenue		18,530	12,147
Expenditure			
Employee benefit expense (direct employees)		(4,062)	(2,398)
Employee benefit expense (on-hire staff)		(5,568)	(5,813)
Depreciation and amortisation expense		(68)	(66)
Finance costs - product related		(3,401)	(1,031)
Finance costs - corporate		(605)	(451)
Rent		(303)	(179)
Bad and doubtful debts		(91)	(230)
Insurance		(695)	(301)
Marketing		(243)	(155)
Other expenses		(1,568)	(909)
Total expenditure		(16,604)	(11,532)
Profit/(Loss) before Income Tax	2	1,926	614
Income tax benefit (expense)		(571)	(189)
Profit/(Loss) for the period from continuing operations		1,355	425
Discontinued operations			
Profit/(Loss) for the period from discontinued operations	9	22	108
Profit attributable to members of the parent entity		1,377	533
Other comprehensive income		-	-
Total comprehensive income for the period		1,377	533
Earnings/(loss) per Share:			
From continuing and discontinued operations			
Basic and diluted earnings/(loss) per share (cents)		1.05	0.57
From continuing operations			
Basic and diluted earnings/(loss) per share (cents)		1.03	0.45

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

		Consolidated Group	
	Note	31 Dec 2016 \$000's	30 June 2016 \$000's
CURRENT ASSETS			
Cash and cash equivalents	3	19,561	14,738
Trade and other receivables		120,624	114,596
Other current assets		1,586	522
Assets classified as held for sale		-	9,579
TOTAL CURRENT ASSETS		141,771	139,435
NON-CURRENT ASSETS			
Plant and equipment		388	161
Deferred tax assets		1,211	1,555
Intangible assets	4	13,631	15,370
TOTAL NON-CURRENT ASSETS		15,230	17,086
TOTAL ASSETS		157,001	156,521
CURRENT LIABILITIES			
Trade payables		51,339	50,001
Other payables	5	-	7,197
Other Current Liabilities		211	26
Borrowings	6	15,380	26
Current tax liabilities		992	1,067
Provisions		377	415
Liabilities associated with assets classified as held for sale		-	6,190
TOTAL CURRENT LIABILITIES		68,299	64,922
NON-CURRENT LIABILITIES			
Borrowings	6	72,608	76,973
Other Liabilities		138	71
Provisions		71	20
TOTAL NON-CURRENT LIABILITIES		72,817	77,064
TOTAL LIABILITIES		141,116	141,986
NET ASSETS		15,885	14,535
EQUITY			
Issued capital		16,668	16,045
Accumulated Losses		(1,222)	(1,949)
General reserve		439	439
TOTAL EQUITY		15,885	14,535

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

	Note	Issued Capital Ordinary	General Reserve	Accumulated Losses	Total
		\$ 000's	\$ 000's	\$ 000's	\$ 000's
Balance at 1 July 2015		10,979	441	(1,517)	9,903
Dividend paid or provided for the period		-	-	-	-
Issue of Ordinary Shares		-	-	-	-
Other comprehensive income / movement in reserve		-	(2)	-	(2)
Profit for the period		-	-	533	533
Balance at 31 December 2015		10,979	439	(984)	10,434
Balance at 1 July 2016		16,045	439	(1,949)	14,535
Dividend paid or provided for the period		-	-	(650)	(650)
Issue of Ordinary Shares		623	-	-	623
Other comprehensive income / movement in reserve		-	-	-	-
Profit for the period		-	-	1,377	1,377
Balance at 31 December 2016		16,668	439	(1,222)	15,885

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Consolidated Group	
	31 Dec 2016	31 Dec 2015
	\$ 000's	\$ 000's
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	524,991	202,370
Payments to suppliers and employees	(528,727)	(203,992)
Interest received	80	80
Finance costs	(4,006)	(1,473)
Income tax paid	(302)	(103)
Net cash (used) in operating activities	(7,964)	(3,118)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of Investment	1,800	-
Purchase of plant and equipment	(259)	(8)
Payments for IT development	-	(8)
Net cash provided by/(used in) investing activities	1,541	(16)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Issue of shares	650	-
Proceeds of borrowings	10,734	-
Repayment of borrowings	-	(4)
Dividends paid	(650)	-
Cost of capital raising	(27)	-
Net cash (used in)/provided by financing activities	10,707	(4)
Net (decrease)/increase in cash held	4,283	(3,138)
Cash at the beginning of the half year	3 15,278	14,142
Cash at the end of the half year	19,561	11,004

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These condensed general purpose interim financial statements for the half year reporting period ended 31 December 2016 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting.

This interim financial report is intended to provide users with an update on the latest annual financial statements of CML Group Limited and its controlled entities (referred to as the consolidated group or the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. It is therefore recommended that this interim financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2016, together with any public announcements made during the following half year.

CML Group Limited is a for-profit entity for the purpose of preparing the financial statements.

The half-year financial report was authorised for issue by the directors on 27th February 2017.

Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

Critical Accounting Estimates and Judgements

The critical estimates and judgements are consistent with those applied and disclosed in the June 2016 annual report.

Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Corporations Instrument 2016/191. Accordingly, certain amounts in the financial statements and directors' report have been rounded off where appropriate to the nearest \$1,000.

2. OPERATING SEGMENTS

Identification of reportable segments

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:-

- the products sold and/or services provided by the segment;
- the type or class of customer for the products or services;
- any external regulatory requirements.

Types of products and services by segment

(i) Finance

Refers to 'factoring' or 'receivables finance' which provides an advance payment of up to 80% of a client's invoice to help their business overcome the cash pressure of delivering goods or services in advance of payment from the customer (often 30 to 60 days). This is a flexible line of credit that is utilised in line with sales volume.

(ii) Other Services

Refers to employment solutions including labour sourcing and project management.

Basis of accounting for purposes of reporting by operating segments

(a) Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

(b) Inter-segment transactions

There are no material inter-segment transactions.

(c) Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

(d) Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

(e) Unallocated items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:-

- Income tax expense
- Deferred tax assets and liabilities
- Intangible assets

NOTES TO THE FINANCIAL STATEMENTS

2. OPERATING SEGMENTS – continued

Segment performance

(f) Segment information

	Finance	Other services	Unallocated / Corporate	Total
	\$ 000's	\$ 000's	\$ 000's	\$ 000's
<i>Six months ended 31 December 2015</i>				
Invoice Purchased	161,976			161,976
Segment revenue	4,626	7,449	72	12,147
Adjusted Profit/(loss) before income tax from continuing operations	1,977	837	(724)	2,090
	Finance	Other services	Unallocated/ Corporate	Total
	\$ 000's	\$ 000's	\$ 000's	\$ 000's
<i>Six months ended 31 December 2016</i>				
Invoice Purchased	501,195			501,195
Segment revenue	11,986	6,464	80	18,530
Adjusted Profit/(loss) before income tax from continuing operations	6,193	870	(1,142)	5,920

The Board assesses the performance of the operating segments based on a measure of adjusted profit/(loss) before income tax. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs, legal expenses and goodwill impairments when the impairment is the result of an isolated, non-recurring event. Furthermore, the measure excludes the effects of equity-settled share-based payments and unrealised gains / (losses) on financial instruments. Interest income and expenditure are also not allocated to segments. A reconciliation of adjusted Profit/(loss) before income tax to Profit/(loss) before income tax is provided as follows:-

	Consolidated Group	
	31 Dec 2016	31 Dec 2015
	\$000's	\$000's
Adjusted profit/(loss) before income tax from continuing operations	5,920	2,090
Depreciation and amortisation	(68)	(66)
Interest costs	(4,006)	(1,482)
Interest Income	80	72
Profit/(loss) before income tax from continuing operations	1,926	614

Segment information includes only continuing operations and discontinued operations is reported separately in Note 9 Discontinued Operations.

(g) Segment assets

The nature of the business is such that assets are used across all segments cannot be identified as relating to a specific segment. The net book value of total assets is \$157.001m (30 June 2016: \$156.521m) per the consolidated statement of financial position. All assets are based in Australia.

(h) Segment liabilities

The nature of the business is such that liabilities cannot be identified as relating to a specific segment. The net value of liabilities is \$141.116m (30 June 2016: \$141.986m) per the consolidated statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

3. CASH AND CASH EQUIVALENT

	As at 31 Dec 2016 \$ 000's	As at 30 June 2016 \$ 000's
Cash at bank and on hand	19,561	14,738
Cash at bank and on hand included in assets held for sale	-	540
	<u>19,561</u>	<u>15,278</u>

4. INTANGIBLE ASSETS

	As at 31 Dec 2016 \$ 000's	As at 30 Jun 2016 \$ 000's
Goodwill		
Opening net book value	13,146	5,167
Acquisitions	-	8,835
Attributable goodwill to Lester Group	(1,720)	-
Loss on remeasurement to fair value less cost to sell	-	(856)
Closing net book value	<u>11,426</u>	<u>13,146</u>
Trademark		
Opening net book value	2,125	2,099
Adjustment to prior year acquisition during the measurement period	-	26
Closing net book value	<u>2,125</u>	<u>2,125</u>
Software Development:		
Opening net book value	99	162
Capitalised during the period	-	9
Amortised during period	(19)	(72)
Closing net book value	<u>80</u>	<u>99</u>
Total	<u>13,631</u>	<u>15,370</u>

NOTES TO THE FINANCIAL STATEMENTS

5. OTHER PAYABLES

	As at 31 Dec 2016 \$000's	As at 30 Jun 2016 \$000's
CURRENT		
Finance Payables – Greensill	-	7,197
	-	7,197

Greensill facility was repaid in full on 21 October 2016.

6. BORROWINGS

	As at 31 Dec 2016 \$000's	As at 30 Jun 2016 \$000's
CURRENT		
Unsecured:		
Finance Lease- Inclusive of unrealised interest charges	451	28
Finance Lease- Unexpired interest	(1)	(2)
	450	26
Unsecured Loans	14,930	-
Total	15,380	26
NON CURRENT		
Unsecured:		
Finance Lease- Inclusive of unrealised interest charges	-	9
	-	9
Unsecured Convertible Notes	9,832	9,759
Unsecured Loans	-	4,620
	9,832	14,379
Secured:		
Senior Secured Corporate Bond	62,776	62,594
Total	72,608	76,973

CML Group entered into \$10M unsecured loan agreement with First Samuel Limited on 4 October 2016 on 9% p.a. interest rate. The balance at 31 December 2016 amounted to \$10M. The loan repayment date is 4 October 2017.

NOTES TO THE FINANCIAL STATEMENTS

7. CONTRIBUTED CAPITAL

	As at 31 Dec 2016	As at 31 Dec 2015
Movements in number of shares on issue		
Beginning of half year	130,100,023	93,937,825
Shares issued 17 October 2016 at 23.5 cents per share	228,946	-
Shares issued 7 November 2016 at 23.5 cents per share	2,539,044	-
End of the half year	132,868,013	93,937,825

8. NET TANGIBLE ASSET BACKING

	As at 31 Dec 2016	As at 30 June 2016
Net tangible asset backing per ordinary security (cents)	1.70	(0.64)

9. DISCONTINUED OPERATIONS

The combined results of the discontinued operations included in the profit for the period are set out below. The comparative profit from the discontinued operations have been re-presented to include those operations classified as discontinued operations.

	1 month ended Aug 2016 \$000's	6 months ended Dec 2015 \$000's
Profit (loss) for the period from discontinued operations		
Revenue	4,451	31,664
Expenses	(4,420)	(31,511)
Profit before tax	31	153
Attributable income tax (expense) benefit	(9)	(45)
Profit (loss) for the period from discontinued operations	22	108

The net assets of Lester Group at the date of disposal were as follows:

	1 Aug 2016 \$000's
Net assets disposed of (excluding goodwill)	-
Attributable goodwill	2,576
Less: re-measurement of goodwill	(856)
Net attributable goodwill	1,720
Transaction cost	80
Gain on disposal	-
Total consideration	1,800
Satisfied by cash, and net cash inflow arising from disposal	1,800

NOTES TO THE FINANCIAL STATEMENTS

10. DIVIDENDS

	Consolidated Group	
	31 Dec 2016 \$ 000's	31 Dec 2015 \$ 000's
Dividends paid or provided for during the period:		
Final 2016 fully-franked ordinary dividend of 0.5 cents (2015: Nil cents) per share franked at the tax rate of 30% (2015: 30%)	650	Nil

11. EVENTS SUBSEQUENT TO REPORTING DATE

The Board declared a fully-franked interim dividend of 0.5 cents (2016: 0.5 cents) per share on 27 February 2017.

There are no other circumstances that have arisen since the end of the financial period which significantly affect or may significantly affect the operations of the CML Group, the results of those operations, or the state of affairs of the consolidated entity in future financial periods.

12. CONTROL GAINED OR LOST OVER ENTITIES HAVING MATERIAL EFFECT

CML Group sold its payroll business, Lester Associate ("Lester") on 1st of August 2016 through sale of shares in The Lester Partnership Pty Ltd ("TLP"). All the assets and liabilities in Lester related entities were transferred to TLP before the shares in TLP were transferred. All other remaining Lester entities ceased business activity from 1 August 2016.

13. DETAILS OF ASSOCIATE OR JOINT VENTURES ENTITIES

The Group has no associate or joint venture entities.

14. FAIR VALUE

There are no assets or liabilities measured at fair value. The carrying amounts of cash and cash equivalents, trade and other receivables, other current assets, trade other payables and current borrowings are assumed to approximate their fair values due to their short-term nature. The fair value of non-current borrowings approximates the carrying amount, calculated using the effective interest method.

On behalf of the board,



Daniel Riley
Managing Director

Sydney, 27th February 2017

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of CML Group Limited, the directors of the company declare that:

1. In the directors' opinion, the financial statements and notes thereto, as set out on pages 7 to 17 are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half year ended on that date.
2. In the directors' opinion there are reasonable grounds, at the date of this declaration, to believe that CML Group Limited will be able to pay its debts as and when they become due and payable.



Daniel Riley
Managing Director

Sydney, 27th February 2017



PITCHER PARTNERS
ACCOUNTANTS • AUDITORS • ADVISORS

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF CML GROUP LIMITED AND CONTROLLED ENTITIES

REPORT ON THE HALF-YEAR FINANCIAL REPORT

We have reviewed the accompanying half-year financial report of CML Group Limited ("the company") and its Controlled Entities ("the consolidated entity"), which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of significant accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising CML Group Limited and the entities it controlled at the half-year's 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 of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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 a 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 half-year financial report is not in accordance with the *Corporation Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 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 CML Group Limited and the entities it controlled, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
CML GROUP LIMITED AND CONTROLLED ENTITIES**

A review of the half-year financial report consists of making enquiries, primarily of persons responsible for the 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*.

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 CML Group Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the group's financial position as at 31 December 2016 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



ROD SHANLEY
Partner

27 February 2017



PITCHER PARTNERS
Sydney