

Consolidated Operations Group Limited and its controlled entities

ABN 58 100 854 788

Appendix 4D & Half year Financial Report

Results for announcement to the Market Half year ended 31 December 2017

Comparisons are to the half year ended 31 December 2016 (unless specified for 30 June 2017)

	31 Dec 2017 \$'000	up/down \$'000	movement %
Revenue from continuing activities	69,017	up 52,416	316%
Net profit after tax	4,460	up 3,649	450%
Net profit after tax, attributable to members	2,620	up 2,229	570%

There is no comparison basis for the above metrics as prior to 1 November 2016 Consolidated Operations Group Limited prepared its accounts on an Investment Entity basis. From 1 November 2016 onwards a change in accounting status to consolidated accounting was required. Please refer to the Directors' Report for commentary and explanation of the results.

The above prior period comparatives have been restated for adjustments to provisional acquisition accounting. Refer to note 3(b) in the half year financial report for details.

	31 Dec 2017 Cents	31 Dec 2016 Cents
Earnings per share, attributable to members	0.20	0.05

	31 Dec 2017 \$'000	30 June 2017 \$'000
Net assets	196,302	192,288
Less: Intangible assets	(142,930)	(143,121)
Non-controlling interests	(15,214)	(14,493)
Net tangible assets	38,158	34,674

NTA per share (cents)	2.92	2.66
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The above prior period comparatives have been restated for adjustments to provisional acquisition accounting. Refer to note 3(b) in the half year financial report for details.

Dividends

There were no dividends paid or proposed during the period.

Control Gained Over Entities

On 13 July 2017, QPF Holdings Pty Limited (QPF), a 50% owned COG subsidiary acquired a 50% equity holding in DLV (Qld) Pty Limited (DLV). DLV is an equipment finance broker predominately servicing Central Queensland. Refer to note 3 in the half year financial report for details.

	Reporting entity's percentage holding		Contribution to profit	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
Details of Associates	%	%	\$'000	\$'000
Riverwise Pty Limited	33%	33%	163	331

Independent auditors review

The financial report for the half year ended 31 December 2017 has been reviewed by BDO and there is no review dispute or qualification.

Commentary and explanations of the results

The financial report for the half year ended 31 December 2017 presents six months of consolidated financial performance for the Group. The comparative period presents investment entity accounting from 1 July 2016 to 31 October 2016 (four months) and consolidated financial performance from 1 November 2016 to 31 December 2016 (two months). As a result prior period comparative information is not entirely comparable, as it has been prepared on a different accounting basis.

Additional Appendix 4D disclosure requirements, commentary and explanation of the results for the period is contained in the Directors' Report and the accompanying Financial Statements dated 27 February 2018.

Notes

1. The current period is the half year ended 31 December 2017. For the Appendix 4D, the comparative period is the half year ended 31 December 2016 (in relation to financial performance) and to 30 June 2017 (in relation to financial position).
2. This report is based on the financial report which has been the subject of a review by the auditors and their review report is attached as part of the financial report.
3. All the documents comprise the information required by listing rule 4.2A. The information should be read in conjunction with the most recent annual financial report and all ASX announcements made by the Company during the period.

Consolidated Operations Group Limited

ABN 58 100 854 788

Financial Report

For the half year ended 31 December 2017

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Directors' Report

The Directors of Consolidated Operations Group Limited ("the Company") and its controlled entities ("the Group" or "COG") present their report together with the financial report, for the half year ended 31 December 2017.

Director details

The following persons were Directors of the Company during or since the end of the half year:

Bruce Hatchman – Chairman
Cameron McCullagh – Managing Director
Rohan Ford – Executive Director
Andrew Grant – Executive Director
David Gray – Non-executive Director
Steve White – Non-executive Director

Principal activities

The Company is an Australian Securities Exchange (ASX) listed company whose principal activities are in the equipment finance sector. The investment objective of the Company is to grow its earnings per share from investing in complementary entities and growing existing businesses that specialise in equipment finance broking, finance aggregation and commercial leases for essential business assets.

Review of operations and financial results

The financial report for the half year ended 31 December 2017 presents six months of consolidated financial performance for the Group. The comparative period presents investment entity accounting from 1 July 2016 to 31 October 2016 (four months) and consolidated financial performance from 1 November 2016 to 31 December 2016 (two months). As a result prior period comparative information is not entirely comparable, as it has been prepared on a different accounting basis.

Profit after tax, attributable to members of the Group for the half year ended 31 December 2017 was \$2,620k (2016: \$391k). Earnings per share, attributable to members from continuing operations was 0.20 cents per share for the period (2016: 0.05 cents per share).

The Group's net asset position as at the end of the reporting period was \$196,302k (30 June 2017: \$192,288k).

Commercial Equipment Leasing segment

The strong increase in origination seen in prior periods continued in the half year ended 31 December 2017, with origination of \$26.3 million written in the first six months of the financial year. This represented a 52% increase over the half year ended 31 December 2016. The segment remains on target to achieve its previously published forecast of \$55.0 million of originations in the current financial year.

Finance Broking & Aggregation segment

The broking operations continue to see steady growth in the Net Amount Financed (NAF). For the half year ended 31 December 2017 NAF totalled \$1.6 billion; an increase of 7% over the six months ended 31 December 2016. The Group's strategy is on track and will continue to be rolled out, focusing on organic growth of existing operations and the patient acquisition of brokers.

Other significant events

The Group completed its acquisition of DLV (QLD) Pty Limited in the current half year and completed its acquisition accounting for previously completed deemed acquisitions. Details of these are outlined in note 3 to the financial report.

The Group continues to focus on acquisition of complementary businesses which are consistent with the culture of the Group and provide suitable synergies. Two of these acquisitions occurred as subsequent events as outlined in the subsequent events section below.

Directors' Report (continued)

Events subsequent to reporting date

Partial acquisition of equipment finance broker - Vehicle and Equipment Finance

On 26 February 2018 Platform Consolidated Group Pty Limited, a 62% owned subsidiary of the Group, acquired 50% of the share capital of Vehicle and Equipment Finance Pty Limited ("VEF"). Consideration of \$3,001k was paid in cash and was based on 4.5 times normalised EBITDA for VEF for the year ended 30 June 2017.

Acquisition of an IT services business - Business Works

On 29 January 2018, Hal Group Pty Limited, a wholly owned subsidiary of the Group acquired 100% of the business assets of Business Works ("BW"). Consideration of \$1,314k was paid in cash and was based on 3.75 times normalised EBITDA for BW for the year ended 30 June 2017.

Other than declared in this Report, the Directors are not aware of any other events subsequent to the reporting period that would materially affect the half year financial report.

Rounding

In accordance with *ASIC Corporations (rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the Financial Report have been rounded to the nearest thousand Australian dollars.

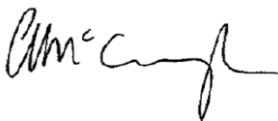
Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included on page 4 of this financial report and forms part of this Directors' Report.

Signed in accordance with a resolution of the Board of Directors' pursuant to section 306(3)(a) of the *Corporations Act 2001*.



Bruce Hatchman
Chairman



Cameron McCullagh
Managing Director

27 February 2018

DECLARATION OF INDEPENDENCE BY GARETH FEW TO THE DIRECTORS OF CONSOLIDATED OPERATIONS GROUP LIMITED

As lead auditor for the review of Consolidated Operations Group Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



Gareth Few
Partner

BDO East Coast Partnership

Sydney, 27 February 2018

Statement of Profit or Loss and Other Comprehensive Income
for the half year ended 31 December 2017

	Notes	31 December 2017 \$'000	31 December 2016 ⁽¹⁾ \$'000
Revenue from continuing operations	4	69,017	16,601
Interest income		5,283	1,614
Dividend income		82	1,060
Cost of sales		(21,592)	(1,162)
Commissions paid		(22,328)	(7,749)
Employee benefits expense		(13,317)	(4,857)
Administration expenses		(4,739)	(1,895)
Occupancy expenses		(1,143)	(441)
Finance costs		(1,776)	(326)
Depreciation and amortisation		(2,908)	(861)
Acquisition-related costs		(269)	(528)
Other expenses		(372)	(227)
Share of results from equity accounted associates		163	331
Profit before income tax		6,101	1,560
Income tax expense		(1,641)	(749)
Profit after tax for the half year		4,460	811
Other comprehensive income:			
<i>Items that may be reclassified subsequently to the statement of profit or loss:</i>			
Foreign currency translation differences		(17)	36
Other comprehensive income for the half year		(17)	36
Total comprehensive income for the half year		4,443	847
Profit after tax attributable to:			
Members of Consolidated Operations Group Limited		2,620	391
Non-controlling interests		1,840	420
Total profit after tax for the half year		4,460	811
Total comprehensive income attributable to:			
Members of Consolidated Operations Group Limited		2,603	427
Non-controlling interests		1,840	420
Total comprehensive income for the half year		4,443	847
Earnings per share, attributable to the ordinary equity holders of the Company:			
Basic and diluted earnings per share (cents)		0.20	0.05

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

(1) Prior period comparatives have been restated for adjustments to provisional acquisition accounting. Refer to note 3(b) for details.

Statement of Financial Position

As at 31 December 2017

	Notes	31 December 2017 \$'000	30 June 2017 ⁽¹⁾ \$'000
Assets			
Current			
Cash and cash equivalents		40,558	39,837
Trade and other receivables		11,919	13,015
Financial assets - lease receivables		15,721	11,297
Inventories		74	505
Other financial assets		4,644	3,715
Total current assets		72,916	68,369
Non-current			
Trade and other receivables		3,797	3,628
Financial assets - lease receivables		42,412	31,102
Other financial assets		1,936	1,943
Equity accounted associates		4,141	3,994
Property, plant and equipment		1,744	2,337
Intangible assets		142,930	143,121
Total non-current assets		196,960	186,125
Total assets		269,876	254,494
Liabilities			
Current			
Trade and other payables		9,270	11,945
Unearned income		5,459	5,367
Interest bearing liabilities		17,713	16,611
Current tax liabilities		1,713	2,538
Provisions		1,926	2,460
Total current liabilities		36,081	38,921
Non-current			
Provisions		398	300
Interest bearing liabilities		27,007	12,408
Deferred tax liabilities		10,088	10,577
Total non-current liabilities		37,493	23,285
Total liabilities		73,574	62,206
Net assets		196,302	192,288
Equity			
Share capital	5	216,906	216,216
Reserves		40,553	37,950
Accumulated losses		(76,371)	(76,371)
Non-controlling interests		15,214	14,493
		196,302	192,288

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

(1) Prior period comparatives have been restated for adjustments to provisional acquisition accounting. Refer to note 3(b) for details.

Statement of Changes in Equity
for the half year ended 31 December 2017

	Notes	Share Capital	Accumulated losses ⁽¹⁾	Reserves ⁽¹⁾	Non-controlling interests ⁽¹⁾	Total Equity ⁽¹⁾
		\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2017		216,216	(76,371)	37,950	14,493	192,288
Net profit for the half year, after tax		-	2,620	-	1,840	4,460
Movements in reserves		-	-	(17)	-	(17)
Total comprehensive income for the half year		-	2,620	(17)	1,840	4,443
Transactions with owners:						
Non-controlling interests acquired	3	-	-	-	(8)	(8)
Dividends		-	-	-	(1,888)	(1,888)
Issue of share capital	5	787	-	-	-	787
Non-controlling interest acquisition contribution		-	-	-	777	777
Costs of raising capital, net of tax	5	(97)	-	-	-	(97)
Transfer to reserves		-	(2,620)	2,620	-	-
Balance at 31 December 2017		216,906	(76,371)	40,553	15,214	196,302
Balance at 1 July 2016		128,297	(76,371)	36,768	-	88,694
Net profit for the half year, after tax		-	391	-	420	811
Movements in reserves		-	-	36	-	36
Total comprehensive income for the half year		-	391	36	420	847
Transactions with owners:						
Non-controlling interests acquired		-	-	-	10,182	10,182
Issue of share capital		56,401	-	-	-	56,401
Costs of raising capital, net of tax		(896)	-	-	-	(896)
Transfer to reserves		-	(391)	391	-	-
Balance at 31 December 2016		183,802	(76,371)	37,195	10,602	155,228

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

(1) Prior period comparatives have been restated for adjustments to provisional acquisition accounting. Refer to note 3(b) for details.

Statement of Cash Flows

for the half year ended 31 December 2017

		31 December 2017 \$'000	31 December 2016 \$'000
Notes			
Cash flows from operating activities			
		87,600	26,915
		(73,719)	(22,020)
		82	569
		4,525	983
		(1,776)	(204)
		(3,009)	(574)
		13,703	5,669
Cash flows from investing activities			
	3	(798)	(22,112)
		(402)	(3,800)
		(26,264)	(6,120)
		(113)	(256)
		(433)	-
		63	162
		-	(5,259)
		-	1,178
	3	103	6,434
		(27,844)	(29,773)
Cash flows from financing activities			
	5	-	33,650
		777	-
		(17)	(1,189)
		27,329	13,638
		(11,339)	(1,800)
		(1,888)	(207)
		14,862	44,092
Net increase in cash and cash equivalents			
		721	19,988
		39,837	11
		40,558	19,999
Non-cash investing and financing activities:			
	5	787	22,752

The above Statement of Cashflows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

NOTE 1. GENERAL INFORMATION

Consolidated Operations Group Limited ("the Company") and its controlled entities ("the Group" or "COG") is an Australian Securities Exchange (ASX) listed company whose principal activities are primarily focused on the equipment finance sector. The investment objective of the Company is to grow its earnings per share from investing in complementary entities and growing existing businesses that specialise in equipment finance broking, finance aggregation and commercial leases for essential business assets. The Company is a for-profit listed company limited by shares, incorporated and domiciled in Australia.

These financial statements have been approved and authorised for issue by the Board of Directors on 27 February 2018. The basis of preparation for these financial statements and the significant accounting policies applied are summarised in Appendix A.

The registered office is:

C/O Franks and Associates Pty Limited
Suite 2, Level 10, 70 Phillip Street
Sydney, NSW, 2000
Phone (02) 9299 9690

Principal place of business:

Level 1, 72 Archer Street
Chatswood NSW 2067
Phone 1300 137 146

NOTE 2. OPERATING SEGMENTS

The Group has three operating segments based upon the product and services offered by business units within each segment. The Group presents the below financial information to the Chief Operating Decision Makers (being the Managing Director and the Chief Operating Officer), on a monthly basis.

The Group's reportable segments are as follows:

- *Finance Broking & Aggregation* activities comprise business units focused on aggregation of broker volumes to encourage profitability through scale and finance broking focused on motor and equipment finance
- *Commercial Equipment Leasing* activities are focused on providing bespoke financing arrangements for essential business assets for commercial customers
- *All Other / Intersegment* activities include:
 - Hal Group, who provides management IT services,
 - Riverwise, an equity accounted investment, who is a buying group and telecommunications reseller, and
 - Consolidated Operations Group, who provides head office functions for the Group.

The information presented below is for the half year period ended 31 December 2017.

31 December 2017	Finance Broking & Aggregation \$'000	Commercial Equipment Leasing \$'000 ⁽¹⁾	All Other / Intersegment \$'000	Total \$'000
Revenue	64,548	1,694	2,775	69,017
EBITDA from core operations ⁽¹⁾	7,828	3,940	(1,330)	10,438
Interest income ⁽¹⁾				371
Finance costs				(1,776)
Depreciation and amortisation				(2,908)
Acquisition-related costs				(269)
Share of results from associates				163
Dividend income				82
Profit before tax				6,101

(1) Commercial Equipment Leasing segment EBITDA from core operations includes interest income from leasing activities as these are core to segment activities.

Notes to the Financial Statements (continued)

NOTE 2. OPERATING SEGMENTS (continued)

The comparative period presents investment entity accounting from 1 July 2016 to 31 October 2016 (four months) and consolidated financial performance from 1 November 2016 to 31 December 2016 (two months). As a result prior period comparative information is not entirely comparable, as it has been prepared on a different accounting basis.

31 December 2016	Finance Broking & Aggregation \$'000	Commercial Equipment Leasing \$'000 ⁽¹⁾	All Other / Intersegment \$'000 ⁽²⁾	Total \$'000
Revenue	15,178	704	719	16,601
EBITDA from core operations ⁽¹⁾	2,071	595	(637)	2,029
Interest income ⁽¹⁾				915
Finance costs				(326)
Depreciation and amortisation				(861)
Acquisition-related costs				(528)
Share of results from associates				331
Profit before tax				1,560

(1) Commercial Equipment Leasing segment EBITDA from core operations includes interest income from leasing activities as these are core to segment activities.

(2) EBITDA includes \$1,060k of Dividend income from 1 July 2016 to 31 October 2016 when COG was primarily an investment entity.

NOTE 3. BUSINESS COMBINATIONS

(a) DLV acquisition

On 13 July 2017, COG acquired 50% of DLV (QLD) Pty Limited ("DLV") through its 50% owned subsidiary QPF Holdings Pty Limited for \$1,482k net consideration. DLV is an equipment finance broker predominantly servicing central Queensland.

Three years post completion the Group has an option to acquire 18% of DLV per annum from the non-controlling interests (at a multiple of 4.5 times the most recent financial year normalised EBITDA) should any of the non-controlling shareholders transition out of the business.

The acquired business contributed revenues of \$1,257k and net profit after tax of \$350k to the Group for the period from 13 July 2017 to 31 December 2017. Total expenses of \$7k were included in acquisition-related costs in relation to the DLV business combination.

Notes to the Financial Statements (continued)

NOTE 3. BUSINESS COMBINATIONS (continued)

(a) DLV acquisition (continued)

The values identified for the acquisition are provisional as at 31 December 2017 and are as follows:

	\$'000
Purchase consideration	
Shares in Consolidated Operations Group Limited	787
Cash consideration	798
Less: Cash and cash equivalents acquired	(103)
	1,482
Net assets acquired	
Trade and other receivables	55
Other financial assets	48
Property, plant and equipment	79
Deferred tax assets	21
Goodwill	1,592
Non-controlling interests acquired	8
Trade and other payables	(152)
Interest bearing liabilities	(68)
Provisions	(101)
Net assets, at acquisition date fair value	1,482

(b) Prior period acquisitions

Prior to 1 November 2016 the Company was classified as an Investment Entity as defined in AASB 10 *Consolidated Financial Statements*. From 1 November 2016, due to recent acquisitions, the Company no longer met the definition of an Investment Entity. Consequently, the transition from being an investment entity to undertaking consolidation accounting was recognised as a deemed acquisition. Details of these acquisitions are outlined in the 30 June 2017 annual financial statements.

Subsequent to the 30 June 2017 financial statements, during the provisional accounting period, the Group identified additional facts and circumstances not included in the provisional acquisition accounting. These included:

- *Identification of assets on acquisition:* these were determined based on external third-party valuation and where appropriate require amortisation over their anticipated effective useful life.
- *Revision of accounting for finance lease assets:* this is consistent with the accounting for finance leases outlined in the 29 August 2017 release to market.

Notes to the Financial Statements (continued)

NOTE 3. BUSINESS COMBINATIONS (continued)

(b) Prior period acquisitions (continued)

The impact on the prior period comparatives of the above provisional accounting adjustments are as follows:

		31 December 2016	
		As originally stated	Revised
		\$'000	\$'000
Statement of Profit or Loss and Other Comprehensive Income			
Revenue from continuing operations		18,417	16,601
Interest income		960	1,614
Commissions paid		(8,072)	(7,749)
Employee benefits expense		(5,007)	(4,857)
Administration expenses		(1,914)	(1,895)
Depreciation and amortisation		(305)	(861)
Profit before income tax		2,786	1,560
Income tax expense		(1,117)	(749)
Profit after tax for the year		1,669	811
- Attributable to members of Consolidated Operations Group Limited		1,089	391
- Attributable to non-controlling interests		580	420
Total comprehensive income		1,705	847
- Attributable to members of Consolidated Operations Group Limited		1,125	427
- Attributable to non-controlling interests		580	420
		30 June 2017	
		As originally stated	Revised
		\$'000	\$'000
Statement of Financial Position			
Current Assets			
Financial assets - lease receivables		12,169	11,297
Non-current assets			
Financial assets - lease receivables		34,688	31,102
Intangible assets ⁽¹⁾		123,684	143,121
Non-current liabilities			
Deferred tax liabilities		2,578	10,577
Equity			
Reserves		39,793	37,950
Non-controlling interests		5,670	14,493

(1) Adjustments include the following revisions to categories of intangible assets:

		30 June 2017	
		As originally stated	Revised
		\$'000	\$'000
Intangible assets			
Goodwill - Platform, CFG, Linx, QPF, Hal Group	Indefinite	115,103	103,415
Customer relationships - Platform, CFG, Linx, QPF	10 years	-	25,994
Supplier agreements - Platform	10 years	-	5,131
Other intangible assets	Varies	8,581	8,581
		123,684	143,121

The adjustments to provisional accounting had no impact on the Statement of Cash Flows as presented and the impact on the Statement of Changes in Equity are embodied above.

Notes to the Financial Statements (continued)

NOTE 3. BUSINESS COMBINATIONS (continued)

(b) Prior period acquisitions (continued)

The revised accounting for deemed acquisitions, including the above provisional acquisition accounting adjustments presents as follows:

	Hal Group \$'000	Platform \$'000	CFG \$'000	Linx \$'000	QPF \$'000	Total \$'000
Shareholding on acquisition date	100%	60%	80%	50%	50%	
Purchase consideration						
Fair value of investments on deemed status change	42,650	22,869	14,703	13,054	21,301	114,577
	42,650	22,869	14,703	13,054	21,301	114,577
Net assets acquired						
Cash and cash equivalents	1,007	3,125	464	590	1,248	6,434
Trade and other receivables	2,374	4,631	1,394	683	3,050	12,132
Financial assets	26,290	1,471	-	-	-	27,761
Inventory	-	286	-	-	-	286
Other assets	2,212	275	8	253	65	2,813
Property, plant and equipment	2,218	354	19	150	551	3,292
Intangible assets	409	13,418	5,061	5,139	9,877	33,904
Deferred tax assets	615	-	-	-	-	615
Goodwill on acquisition	47,033	16,352	11,762	11,130	17,138	103,415
Trade and other payables	(551)	(7,533)	(972)	(440)	(737)	(10,233)
Current tax liabilities	-	(735)	(199)	(311)	(517)	(1,762)
Provisions	(298)	(528)	(52)	(125)	(435)	(1,438)
Interest bearing liabilities	(38,659)	137	-	-	(232)	(38,754)
Deferred tax liabilities	-	(4,025)	(1,518)	(1,618)	(3,721)	(10,882)
Other liabilities	-	(10)	(529)	(475)	(669)	(1,683)
Non-controlling interests acquired	-	(4,349)	(735)	(1,922)	(4,317)	(11,323)
Net assets, at acquisition date fair value	42,650	22,869	14,703	13,054	21,301	114,577

During the current period \$35k was included in acquisition-related costs in relation to the above deemed acquisitions (31 December 2016: \$528k).

Notes to the Financial Statements (continued)

NOTE 4. REVENUE

	31 December 2017 \$'000	31 December 2016 ⁽¹⁾ \$'000
Commission, fee and volume bonus income	43,444	15,178
Finance lease income	1,658	704
Sale of goods	23,672	428
Other operating revenue	243	291
Total	69,017	16,601

(1) Amounts in the prior year comparative represent two months of consolidated accounting and thus are not entirely comparable.

NOTE 5. SHARE CAPITAL

Movement in issued capital for the period	31 December 2017 \$'000	30 June 2017 \$'000	31 December 2017 No. of Shares 000's	30 June 2017 No. of shares 000's
Balance at beginning of the period	216,216	128,297	1,301,219	567,846
Shares issued in business combination ⁽¹⁾	787	24,586	6,292	167,807
Shares issued via rights issue	-	32,931	-	285,942
Shares issued via placement	-	31,877	-	279,624
Cost of raising capital, net of tax	(97)	(1,475)	-	-
Closing balance at end of period	216,906	216,216	1,307,511	1,301,219

(1) See note 3 for further details

NOTE 6. DIVIDENDS

There were no dividends paid in or declared to be paid during the period ended 31 December 2017 (31 December 2016: nil).

As at the end of the reporting period, \$4,065k of franking credits were available for subsequent financial periods based on a tax rate of 30% (30 June 2017: \$3,165k).

The ability of the Company to pay franked dividends is dependent upon the availability of profit reserves in the Company as well as franking credits received through franked dividends from subsidiaries and associates and through the payment of tax.

The Company and its wholly-owned Australian controlled entities have formed a consolidated group under the tax consolidated regime. As at 31 December 2017, total tax losses not brought to account for the tax consolidated group were \$16,667k (30 June 2017: \$15,888k). These tax losses are subject to an available fraction in each financial reporting period when being utilised.

Notes to the Financial Statements (continued)

NOTE 7. CONTINGENCIES AND COMMITMENTS

The Group has commitments to acquire share capital of various subsidiaries. The following commitments are based upon multiples of future financial year's normalised EBITDA and apart from DLV include opportunities for a one-year deferral by either party:

- Consolidated Finance Group Pty Limited (20% of the share capital in the year ending 30 June 2019)
- Fleet Network Pty Limited (20% of share capital in the year ending 30 June 2020)
- Platform Consolidated Group Pty Limited (19% of the share capital in each of the years ending 30 June 2019 and 2021)
- DLV (QLD) Pty Limited (up to 18% per annum of non-controlling interests shareholder interests from 13 July 2020 onwards should the non-controlling interests transition out of the business)
- QPF Holdings Pty Limited (5% of the share capital in each of the years ending 30 June 2019, 2021 and 2023), and
- Linx Group Holdings Pty Limited (5% of the share capital in each of the years ending 30 June 2019, 2021 and 2023).

There are no other material contingencies or commitments as at the end of the reporting period.

NOTE 8. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period the Group finalised two business combinations. Both acquisitions include deferred consideration as the initial accounting for each business combination is incomplete at the time the financial statements were authorised for issue. Initial accounting is still to be completed as the fair value of identifiable net assets acquired is yet to be determined.

Partial acquisition of equipment finance broker - Vehicle and Equipment Finance

On 26 February 2018 Platform Consolidated Group Pty Limited, a 62% owned subsidiary of the Group, acquired 50% of the share capital of Vehicle and Equipment Finance Pty Limited ("VEF"). Consideration of \$3,001k was paid in cash and was based on 4.5 times normalised EBITDA for VEF for the year ended 30 June 2017.

Acquisition of an IT services business - Business Works

On 29 January 2018, Hal Group Pty Limited, a wholly owned subsidiary of the Group acquired 100% of the business assets of Business Works ("BW"). Consideration of \$1,314k was paid in cash and was based on 3.75 times normalised EBITDA for BW for the year ended 30 June 2017.

Apart from the above, there have been no events subsequent to reporting date which could have material impact on the Group's financial report.

Notes to the Financial Statements (continued)

APPENDIX A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION

These financial statements for the half year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

These financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these half year financial statements are to be read in conjunction with the Annual Financial Report for the year ended 30 June 2017 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

In accordance with *ASIC Corporations (Rounding in Financial/Director Reports) Instrument 2016/191*, the amounts in the consolidated financial report have been rounded to the nearest thousand Australian dollars, which is the Group's functional and presentation currency.

The principal accounting policies adopted and key accounting judgements, estimates and assumptions are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Certain prior year comparative information has been revised in this financial report to conform to the current period's presentation.

2. NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance of the Group for the half year ended 31 December 2017 (and 31 December 2016) or financial position of the Group as at 31 December 2017 (and 30 June 2017).

Directors' Declaration

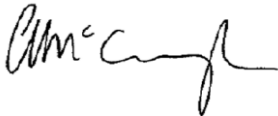
In the opinion of the Directors of Consolidated Operations Group Limited:

- a) the consolidated financial statements and notes, as set out on pages 5 to 16 of Consolidated Operations Group Limited and its controlled entities are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the half year ended on that date; and
 - ii. complying with Accounting Standard AASB 134 *Interim Financial Reporting*; and
- b) in the Directors' opinion, 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 Board of Directors pursuant to section 303(5)(a) of the *Corporations Act 2001*.



Bruce Hatchman
Chairman



Cameron McCullagh
Managing Director

27 February 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Consolidated Operations Group Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Consolidated Operations Group Limited and its subsidiaries (the Group), which comprises the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial 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*.

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 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 *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its financial 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 the Group, 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO East Coast Partnership

A small, stylized version of the BDO logo, featuring the letters 'BDO' in a cursive script.

A handwritten signature in black ink, which appears to read 'Gareth Few'.

Gareth Few
Partner

Sydney, 27 February 2018