

**Financial year ended:** 30 June 2018**Previous financial year ended:** 30 June 2017

**Audit Status:** This report is in the process of being audited but is not likely to be the subject of dispute or qualification.

**Results for announcement to the market**

				<b>\$'000s</b>
<b>Revenue from ordinary activities</b>	up	17%	to	46,749
Net profit (loss) for the year after tax attributable to members	up	26%	to	3,186

Dividends	Amount per security	Franked amount per security
Final dividend – payable on 5 October 2018	0.75 cents	100%
Interim dividend – paid on 12 April 2018	0.75 cents	100%
Record date for determining entitlements to the final dividend	14 September 2018	
Date for payment of the final dividend	5 October 2018	
Dividend Reinvestment Plan (“DRP”) will apply to the final dividend.		

**Brief explanation of any of the figures reported to enable the figures to be understood;****Commentary:**

*Please refer to FY`18 Results announcement.*

For any queries, please contact Daniel Riley on 1300 666 177



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**Signed: Daniel Riley, Director****Date:** 23<sup>rd</sup> August 2018

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the year ended 30 June 2018

		<b>Consolidated Group</b>	
	<b>Note</b>	<b>30 June 2018</b>	<b>30 June 2017</b>
		<b>\$000's</b>	<b>\$000's</b>
<b>Continuing operations</b>			
<b>Revenue</b>		46,749	40,007
Agency fees		(1,566)	(1,034)
Employee benefit expense (direct employees)		(9,196)	(7,475)
Employee benefit expense (on-hire staff)		(11,631)	(11,880)
Depreciation and amortisation expense		(219)	(165)
Amortisation – Customer Relations		(1,042)	(1,358)
Finance costs-product related		(6,688)	(5,867)
Finance costs-corporate		(3,006)	(2,126)
Rent		(610)	(614)
Bad and doubtful debts		(1,590)	(829)
Insurance		(1,951)	(1,833)
Legal expenses		(1,678)	(717)
Other expenses		(2,527)	(2,347)
<b>Total Expenditure</b>		<b>(41,704)</b>	<b>(36,245)</b>
<b>Profit/(Loss) before Income Tax</b>		<b>5,045</b>	<b>3,762</b>
Income tax expense		(1,859)	(1,273)
<b>Profit/(loss) for the year from the continuing operations</b>		<b>3,186</b>	<b>2,489</b>
<b>Discontinued operations</b>			
<b>Profit/(loss) for the year from the discontinued operations</b>		<b>-</b>	<b>40</b>
<b>Profit/(loss) attributable to members of the parent entity</b>		<b>3,186</b>	<b>2,529</b>
<b>Other comprehensive income</b>			
		<b>-</b>	<b>-</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>3,186</b>	<b>2,529</b>
<b>Earnings/(loss) per Share:</b>			
From continuing and discontinued operations			
Basic earnings/(loss) per share (cents)	5	1.85	1.92
Diluted earnings/(loss) per share (cents)		1.75	1.80
From continuing operations			
Basic earnings/(loss) per share (cents)	5	1.85	1.89
Diluted earnings/(loss) per share (cents)		1.75	1.78

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**As at 30 June 2018**

		<b>Consolidated Group</b>	
		<b>30 June 2018</b>	<b>30 June 2017</b>
	<b>Note</b>	<b>\$000's</b>	<b>\$000's</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		15,678	14,927
Trade and other receivables		214,102	130,155
Finance lease receivables	8	2,316	-
Other Current Assets		2,304	2,183
<b>TOTAL CURRENT ASSETS</b>		<b>234,400</b>	<b>147,265</b>
<b>NON-CURRENT ASSETS</b>			
Finance lease receivables	8	7,238	-
Plant and equipment		443	367
Deferred tax assets		1,808	1,321
Intangible assets	9	16,717	12,511
<b>TOTAL NON-CURRENT ASSETS</b>		<b>26,206</b>	<b>14,199</b>
<b>TOTAL ASSETS</b>		<b>260,606</b>	<b>161,464</b>
<b>CURRENT LIABILITIES</b>			
Trade payable		89,592	55,613
Other current liabilities		68	93
Borrowings	10	84,273	14,308
Tax liabilities		1,614	1,536
Short-term provisions		538	364
<b>TOTAL CURRENT LIABILITIES</b>		<b>176,085</b>	<b>71,914</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	10	44,166	72,959
Long-term provisions		67	54
Other liabilities		114	122
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>44,347</b>	<b>73,135</b>
<b>TOTAL LIABILITIES</b>		<b>220,432</b>	<b>145,049</b>
<b>NET ASSETS</b>		<b>40,174</b>	<b>16,415</b>
<b>EQUITY</b>			
Issued capital	2	39,787	16,711
Reserves		441	439
Accumulated losses		(54)	(735)
<b>TOTAL EQUITY</b>		<b>40,174</b>	<b>16,415</b>

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the Financial Year Ended 30 June 2018

**Consolidated Group**

	Share Capital \$000's	General Reserve \$000's	Accumulated Losses \$000's	Total Equity \$000's
<b>Balance at 1 July 2016</b>	<b>16,045</b>	<b>439</b>	<b>(1,949)</b>	<b>14,535</b>
Total comprehensive income for the year	-	-	2,529	2,529
<b>Transactions with owners in their capacity as owners</b>				
Contributions of equity	693	-	-	693
Share issue costs	(27)	-	-	(27)
Dividends provided for or paid	-	-	(1,315)	(1,315)
<b>Balance at 30 June 2017</b>	<b>16,711</b>	<b>439</b>	<b>(735)</b>	<b>16,415</b>
<b>Balance at 1 July 2017</b>	<b>16,711</b>	<b>439</b>	<b>(735)</b>	<b>16,415</b>
Total comprehensive income for the year	-	-	3,186	3,186
<b>Transactions with owners in their capacity as owners</b>				
Contributions of equity	23,556	-	-	23,556
Share issue costs	(480)	-	-	(480)
Dividends provided for or paid	-	-	(2,505)	(2,505)
Foreign Currency Reserve	-	2	-	2
<b>Balance at 30 June 2018</b>	<b>39,787</b>	<b>441</b>	<b>(54)</b>	<b>40,174</b>

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended 30 June 2018

	<b>Consolidated Group</b>	
	<b>30 June 2018</b>	<b>30 June 2017</b>
	<b>\$000's</b>	<b>\$000's</b>
	<b>Note</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	1,335,412	1,038,143
Payments to suppliers and employees	(1,346,741)	(1,041,560)
Interest received	135	169
Finance costs	(7,647)	(7,387)
Income tax paid	(2,268)	(193)
<b>Net cash (used in) operating activities</b>	<b>(21,109)</b>	<b>(10,828)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for Plant and Equipment	(147)	(308)
Payments for IT Development	(10)	(27)
Sale of Investment	-	1,800
Payment for subsidiary, net of cash acquired	(2,750)	-
<b>Net cash (used in) investing activities</b>	<b>(2,907)</b>	<b>1,465</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares and options	13,168	693
Cost of capital raising	(480)	(27)
Proceeds from borrowings	64,584	14,281
Repayment of borrowings	(50,000)	(4,620)
Dividends paid to company's shareholders	(2,505)	(1,315)
<b>Net cash provided by financing activities</b>	<b>24,767</b>	<b>9,012</b>
Net increase in cash held	751	(351)
Cash at the beginning of the financial year	14,927	15,278
<b>Cash at the end of the financial year</b>	<b>15,678</b>	<b>14,927</b>

The accompanying notes form part of these financial statements

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial report includes the consolidated financial statements of CML Group Limited and controlled entities ('Consolidated Group' or 'Group'). Accounting policies have been applied consistently from the prior year.

**2. CONTRIBUTED EQUITY**

	2018	2017	2018	2017
	Shares	Shares	\$000's	\$000's
Ordinary Shares fully paid	201,041,948	133,052,955	39,787	16,711

67,988,993 ordinary shares were issued in the financial year ended 30 June 2018.

**3. NET TANGIBLE ASSET BACKING**

	Cents	Cents
Net tangible asset backing per ordinary security (per share)	11.67	2.96

**4. SUBSIDIARIES**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries.

Name of entity	Country Of Incorporation	Class of Shares	Equity holding*	
			2018	2017
<b>Parent entity</b>				
CML Group Limited	Australia	Ordinary		
<b>Controlled entities</b>				
1stCash Pty Ltd*	Australia	Ordinary	100%	-
180 Group Pty Ltd	Australia	Ordinary	100%	100%
180 Capital Funding Pty Ltd	Australia	Ordinary	100%	100%
Cashflow Advantage Pty Ltd	Australia	Ordinary	100%	100%
Cashflow Finance Australia Pty Ltd	Australia	Ordinary	100%	100%
Lester Australia Ltd	UK	Ordinary	100%	100%
Lester Payroll Services Pty Ltd	Australia	Ordinary	100%	100%
Lester Associates Good Migration Pty Ltd	Australia	Ordinary	100%	100%
Lester Associates Business Services Pty Ltd	Australia	Ordinary	100%	100%
LesterPlus Pty Ltd	Australia	Ordinary	100%	100%
Zenith Management Services Pty Ltd	Australia	Ordinary	100%	100%

\*1stCash Pty Ltd was acquired on 26th of February 2018.

The proportion of ownership interest is equal to the proportion of voting power held.

**5. EARNINGS PER SHARE**

	<b>Consolidated Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>Cents per Share</b>	<b>Cents per Share</b>
<b>Basic earnings per share</b>		
Continuing operations	1.85	1.89
Discontinued operations	-	0.03
Continuing operations and discontinued operations	<u>1.85</u>	<u>1.92</u>
<b>Diluted earnings per share</b>		
Continuing operations	1.75	1.78
Discontinued operations	-	0.02
Continuing operations and discontinued operations	<u>1.75</u>	<u>1.80</u>

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:-

	<b>Consolidated Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$000's</b>	<b>\$000's</b>
<b>Earnings (i)</b>		
Continuing operations	3,186	2,489
Discontinued operations	-	40
Continuing and discontinued operations	<u>3,186</u>	<u>2,529</u>
Interest on convertible notes	-	654
Earnings used in calculating of dilutive EPS	<u>3,186</u>	<u>3,183</u>
	<b>No</b>	<b>No</b>
Weighted average number of ordinary shares	171,849,227	131,934,848
Weighted average number of dilutive convertible notes and options on issue	<u>10,000,000</u>	<u>44,452,634</u>
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	<u>181,849,227</u>	<u>176,387,482</u>

(i) Earnings used in the calculation of basic earnings per share are net profit after tax.

**6. EVENTS SUBSEQUENT TO REPORTING DATE**

There have been no event between 30 June 2018 and the date of financial statement which necessitate adjustments to the statements of financial position and comprehensive income of that date.

**7. SEGMENT INFORMATION****Continuing operations**

	Finance \$'000's	Equipment Finance \$'000's	Other \$'000's	Corporate \$'000's	Total \$'000's
<i>Year ended 30 Jun 2018</i>					
<i>Invoice Purchased</i>	1,328,077				
Total segment revenue	34,421	1,040	12,887	(1,600)	46,748
Adjusted Profit before income Tax	18,105	251	874	(1,636)	17,594
<i>Year ended 30 Jun 2017</i>					
<i>Invoice Purchased</i>	1,000,699				
Total segment revenue	25,999	-	14,008	-	40,007
Adjusted Profit before income Tax	13,383	-	1,261	(1,539)	13,105

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, amortisation of customer relations, and goodwill impairments when the impairment is the result of an isolated. 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 before Income Tax to Profit before Income Tax are provided below:-

	<b>Consolidated Group</b>	
	<b>30 Jun 2018</b>	<b>30 Jun 2017</b>
	<b>\$000's</b>	<b>\$000's</b>
Adjusted profit before income tax	17,594	13,105
Depreciation and amortisation	(219)	(165)
Amortisation – Customer Relations	(1,042)	(1,358)
Interest costs	(9,694)	(7,993)
Interest Income	135	173
Loss from early redemption of Bonds	(1,600)	-
Redundancy Cost	(129)	-
Profit (loss) before income tax	5,045	3,762



## **8. FINANCE LEASE RECEIVABLES**

	<b>2018</b>	<b>2017</b>
	<b>\$ 000's</b>	<b>\$ 000's</b>
Current		
Finance lease receivables	4,082	-
Provision for impairment	(58)	-
Unamortised loan brokerage fees	109	-
Unamortised loan transaction costs	(120)	-
Unamortised interest receivable	(1,697)	-
Total Current	<u>2,316</u>	<u>-</u>
Non-current		
Finance lease receivables	9,691	-
Unamortised loan brokerage fees	255	-
Unamortised loan transaction costs	(285)	-
Unamortised interest receivable	(2,423)	-
Total Non-current	<u>7,238</u>	<u>-</u>
Total Finance Lease Receivables	<u>9,554</u>	<u>-</u>

## **9. INTANGIBLE ASSETS**

	<b>2018</b>	<b>2017</b>
	<b>\$ 000's</b>	<b>\$ 000's</b>
Goodwill:-		
Opening net book balance	9,252	13,146
Acquisitions	5,288	-
Disposal or classified as held for sale	-	(1,720)
Adjustment to prior year acquisition during the measurement period	-	(2,174)
Net book value	<u>14,540</u>	<u>9,252</u>
Trademark:-		
Opening net book balance	2,125	2,125
Adjustment to prior year acquisition during the measurement period	-	-
Net book value	<u>2,125</u>	<u>2,125</u>
Customer Relations:-		
Opening net book balance	1,042	-
Adjustment to prior year acquisition during the measurement period	-	2,400
Amortisation	(1,042)	(1,358)
Net book value	<u>-</u>	<u>1,042</u>
Software Development:-		
Opening net book balance	92	99
Capitalised during the year	15	28
Disposals or classified as held for sale	-	(1)
Amortisation	(55)	(34)
Net book value	<u>52</u>	<u>92</u>
Total	<u>16,717</u>	<u>12,511</u>

**10. BORROWINGS**

	2018 \$ 000's	2017 \$ 000's
Current		
Unsecured		
Receivable Financing Facility	82,797	2,849
Unsecured Loans	1,476	11,459
Total Current	84,273	14,308
Non-current		
Unsecured		
Unsecured Convertible Notes	-	9,910
Unsecured Corporate Bond	19,547	-
	19,547	9,910
Secured		
Senior Secured Corporate Bond	24,619	63,049
Total Non-current	44,166	72,959
Total Borrowings	128,439	87,267

*Receivable Facility*

In April 2018, CML Group's drawdown facility with institutional bank increased from \$40m to \$120m at 2.7% over 30 day BBSY interest rate, 0.1% line fee and 0.65% undrawn funds fee. The facility is reviewed annually by ANZ. The used portion of the facility amounted to \$83m and unused portion of \$37m at 30 June 2018.

*Unsecured Loans and Unsecured Corporate Bond*

In August 2017, CML Group raised \$10.1m through debenture with fixed rate of 8.75% p.a. interest rate. The debenture was used to repay \$10.0m unsecured loan with First Samuel Limited in October 2017. The Group also repaid the debenture in May 2018 when \$20m Unsecured Corporate Bond was raised. The Unsecured Corporate Bond has fixed interest rate of 7.95% p.a. payable quarterly in arrears. The Bond has a maturity date of 30 May 2022.

*Convertible Notes*

The Group converted 10.4m Convertible Notes into 41.5m ordinary shares on 5th of October 2017 at 25 cents per share.

*Secured Corporate Bond*

In May 2015, CML Group raised \$25.0m by issuing a Senior Secured Corporate Bond at a floating coupon rate of 5.4% per annum plus the 30 day Bank Bill Swap Rate, payable monthly in arrears to May 2020 then steps up to 7% plus the 30 day Bank Bill Swap Rate until May 2021 for a six-year term, maturing in May 2021. The Senior Secured Corporate Bond is secured by floating charge over revolving assets of the Group (including book debts) and fixed charge over all other collateral (all other assets of the Group).

In May 2018, \$40m FIIG Corporate Bond #2 at fixed rate of 8% was repaid in full through partial utilisation of the \$120m Receivable Financing Facility.

**11. Business Combinations**

On 26 February 2018, CML Group Limited acquired 100% of the ordinary shares of 1stCash Pty Ltd for the total consideration of \$38m in cash, which includes Goodwill, plus loan book funding of circa \$35m. The acquired business contributed revenue of \$3,107,826 and profit after tax of \$597,950 for the period 26 February 2018 to 30 June 2018 to the Group.

Details of the initial accounting of the acquisitions are as follows:

	Fair Value \$'000s
Trade receivables (net funds employed)	31,350
Loan Receivables	4,479
Provisions for doubtful debt	(3,001)
Plant and equipment	97
Equity loans (to fund trade receivables)	(35,172)
Employee liabilities	(255)
Other Liabilities	(37)
Net tangible assets assumed	(2,539)
Goodwill / other identifiable assets to be allocated prior to the completion of acquisition accounting	5,289
Acquisition-date fair value of the total consideration transferred	5,289
Representing:	
Cash paid to vendor	2,750
Acquisition costs expensed to profit and loss	15
Net cash used	2,750

Due to the timing of the acquisitions, provisional amounts have been used in accounting for the business combinations. Provisional amounts recognised will be adjusted retrospectively during the measurement period which will end as soon as possible and not more than one year from the acquisition date, the maximum allowed under the standard.