CML GROUP LIMITED

(Formerly CareersMultilist Limited)

ABN: 88 098 952 277

AND CONTROLLED ENTITIES

FINANCIAL REPORT

For the Year ended

30 June 2014

CML Group

Contents

Annual General Meeting

The Annual General Meeting is to be held at the Kirribilli Club, 11 Harbourview Crescent, Lavender Bay NSW 2060 on Tuesday, 18th November 2014 at 4.00 pm.

Corporate Information

CML Group Limited's ("the Company's") shares are quoted on the official list of the Australian Stock Exchange Limited. The ASX code for the Company's ordinary fully paid shares is "CGR".

Directors

Ian Winlaw – Independent Non-Executive Chairperson
Daniel Riley – Managing Director
Greg Riley – Non-executive Director
Daniel O'Neile –Non-executive Director
Sue Healy - Independent Non-executive Director

Company Secretary

Ralph Stonell

Registered Office and Principal Place of Business

Level 4, 61 Lavender Street,
Milsons Point NSW 2061
Telephone: 1300 666 177

Facsimile: (02) 9267 4222
Internet: http://www.CML-Group.com.au

Share Registry

Computershare Investor Services Pty Ltd
Level 3, 60 Carrington Street
Sydney NSW 2000
Telephone: 1300 787 272

Other places of business

Level 3, 10 Help Street, Chatswood NSW 2067

Auditors

Pitcher Partners
Level 22, MLC Centre
19 Martin Place
Sydney NSW 2000

Solicitors

FCB WorkPlace Law
Level 11,
83 Mount Street
North Sydney NSW 2060

Bankers

NAB Bank
255 George Street,
Sydney
NSW 2000

ANZ Bank
Level 4,
20 Smith Street
Parramatta NSW 2150

Chairperson's Report

Dear Fellow Shareholders

It is pleasing to note the increase in profit for the year to June 2014, resulting from the continued push into payroll management and commercial factoring and the cessation of some smaller activities mentioned in my letter to you last year.

Both Payroll Management Services and Debtor Finance are capital hungry activities. Prudence demands our resources are sourced from both debt and equity markets in order that we do not become over geared, i.e. too much borrowing, or that we become too dependent on a single source of funds.

Some of the funds raised will be used to reduce and ultimately extinguish our secured bank credit facility, so their unpredictable behaviour does not impact on our customers or ourselves. After the legalities are completed for the extinguishment of the charge, all group borrowings will be unsecured.

We continue to add staff in those divisions that are expanding, and we also need to supply them with the tools to do their job. For example, our investment in new debtor management software alone in calendar 2014 will exceed $120,000.

The Board thanks Daniel Riley, Ralph Stonell and their support staff for laying the groundwork for an even better year in June 2015.

On behalf of the Board

Ian Winlaw

Chairperson

23rd September 2014

Managing Director's Report

Dear Shareholders,

We are pleased to report that CML Group's transformation from a recruitment franchisor to a payroll and finance provider is progressing faster than anticipated.

We are enjoying rapid growth from the finance business in particular, which is maturing in terms of marketing, staff experience, processes and systems. Profit is rising in this division as we begin to experience the benefit of scale, where the substantial investment in start-up and staffing is being absorbed by business volume.

We have recorded significant earnings growth for 12 months ended 30 June 2014. Revenue of $139.3m is up 38% from the previous year, which has translated to growth in EBITDA of 51% to $2.43m and growth in NPAT of 45% to $1.11m.

The strong result reflects improved performance from all divisions in the Group compared with last year, but is underpinned by growth in the finance business, with revenues and EBITDA in this division both up over 185% on last year.

As part of its 'business simplification' strategy, CML Group has combined its operations into two principal divisions, each listed below with a brief description:

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 utilized in line with sales volume.

Payroll & Other – refers to 'managed employment' of contract workers for clients that do not wish to engage these workers directly, generally as they do not have the processes, systems, insurances or desire to employ directly. The payroll division has the ability to sponsor and 'on-hire' foreign workers on 457 visas through a Labour Agreement negotiated with Department of Immigration and Border Protection (DIBP). This division also includes labour sourcing through recruitment agency panel management, project management and a migration practice.

Key achievements in for the Year 30 June 2014
The Board announced last year that the strategic focus for the Group for financial year 2014 would be as follows:

- continued expansion of the Group's customer base beyond recruitment agencies (labour-hire)
- further growth in payroll and finance related service lines
- improved profile and awareness of its emerging finance division, through a rebranding exercise to 'earlypay'

Managing Director's Report (Continued)

Further to the update provided with the first half of the financial year, 31 December 2013 results, the Board is pleased to report that substantial progress with these initiatives was achieved over the year.

In summary;

1. The Group has successfully broadened its customer base beyond labour-hire companies with a push into the corporate market through its payroll division and an expansion of the customer book in the finance division.

   Current monthly sales at Group level include approximately 35% from labour-hire companies, compared to approximately 55% 12 months ago. While labour-hire firms will continue to be an important customer base, it is a competitive environment for our Payroll and Finance service offerings and broadening the customer base is facilitating growth in volume as well as margin.

2. Growth in the finance division has been achieved in excess of 185% at both the revenue and EBITDA lines as noted previously compared with the previous year. This was achieved through increased customer referrals from finance brokers and an improved knowledge base within the business to assess new opportunities. The finance division has also benefited from the beginnings of scale, where staffing costs as a proportion of margin are shrinking as customer volumes continue to grow.

   Growth in payroll & other of over 15% has been achieved at an EBITDA level, with significantly reduced costs after a staffing realignment in the second half of the year ending 30 June 2013, combined with a successful push into the corporate market.

3. Awareness of the finance service offering is improving through a winning marketing strategy implemented by the Group. The strategy's success is reflected in an increase in new business referred from finance brokers, from whom earlypay is now generating 70% of its new business. This exceeds expectations formed at the beginning of the financial year of 50% of new business to be generated from finance brokers by June 2014. The website for the finance division is www.earlypay.com.au

Capital Strategy

Access to appropriate funding is critical to the Group's growth aspirations in its finance division.

The Board is pleased to announce that the Group has secured additional funding since the December 2013 half yearly results:

Facility size	*Terms*	*Provider*	*Security*
$10m	10.00% on funds utilized	Greensill Capital*	None
$5m	Capital raising completed Apr14	New and existing shareholders	N/A

*The Group also holds an invoice finance facility with NAB. However, funding utilised is becoming less significant as the group transitions to alternative funding arrangements. It is anticipated that the Group will have transitioned away from the NAB facility by 31 October 2014.

CML Group is focused on building volume in its loan book, with the aim of forming a wholesale funding arrangement with a major bank within the next two years, thereby significantly reducing the cost of capital deployed in its finance division. The Group is taking a 3 phase funding approach to building scale and moving to wholesale funding with the Group currently transitioning from Phase 1 to Phase 2.

Managing Director's Report (Continued)

Phase 1 – Business banking with a back-to-back invoice finance agreement

To date, the Group's relationship with National Australia Bank has been structured this way and has been suitable in the early stages of developing the finance division. However, transitioning to Phase 2 funding as the division grows will address a number of limitations with the present arrangements, being:

- Administration of the facility, with separate reporting to the bank required for each client account prior to drawing funds.
- Restriction on writing new business, with the profile of clients expected to fit within banking parameters rather than 'factoring' parameters similar to our competitors in the industry.

Phase 2 – Hybrid debt/equity plus unsecured facilities

This arrangement would provide flexibility for the finance division to manage the business without the restrictions that come with Phase 1 funding. The Board believes that with recent capital expenditure and investment in people, CML Group has appropriate knowledge, processes and software within its finance division to manage the business effectively. It is actively pursuing Phase 2 funding strategies.

Phase 3 – "Wholesale funding" with a major bank

As the loan book achieves scale, which is considered to be $40m+ funds deployed, and with a track record of prudent management, the Group's objective is to establish a 'wholesale funding' facility with a major bank. This would provide appropriate funding at a substantially reduced cost of funds compared with Phase 1 and 2 funding.

Final Dividend

The financial performance of the Company during the financial year and the Board's confidence in its earnings outlook underpin the Board's decision to increase the final dividend to 0.6 cps fully franked, payable on 30 October 2014 with a Record Date of 3 October 2014.

"We are pleased with the Group's significant increase in revenues for the 12 months to 30 June 2014 and the momentum the business has gained through its focus on developing its finance division and payroll offering. In particular, through the capital raisings and new relationship with Greensill Capital, the finance division has the capacity to continue its rapid growth and contribute strongly to profit into financial year 2015 and beyond."

"The Company anticipates continued growth in next financial year, ending 30 June 2015 and the Board's confidence in the financial year 2014 result and next years' outlook has underpinned the decision to increase the final dividend to 0.6 cps fully franked (2013: 0.5 cps)."

Thank you for your continued support of CML Group and I look forward to reporting our progress during the year.

On behalf of the Board,

Sincerely,

Daniel Riley
Managing Director
23rd September 2014

Directors' Report

The Directors present their report on the consolidated entity (referred to hereafter as the 'Group') consisting of CML Group Limited ('CGR') and the entities it controlled at the end of or during the year ended 30 June 2014 and the auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Directors

The following Directors were in office during the whole of the year and continue in office at the date of this report unless otherwise stated:-

Ian Winlaw
Independent Chairperson and Non-executive Director

Qualifications: M Com, FCA

Experience: With a strong background in finance and accounting Ian brings an impressive commercial discipline to the board, with over 40 years' experience in consulting to, or participating on the boards of Australian companies within mining, rural, technology and research industries. Ian joined CML Group in November 2009.

Responsibilities: Member of the Audit Committee and Nomination and Remuneration Committee.

Shares: 60,908 ordinary shares

Daniel Riley
Managing Director

Qualifications: B Com, CPA

Experience: Daniel has strong experience in finance and commercial roles during his tenure with CML Group and previously. Daniel joined CML Group in 2002 as the Financial Controller and progressed to Operations Director during the ensuing years.

During 2009 Daniel restructured the CML Group franchise model in preparation for listing on ASX, which was successfully completed in early 2010 and provided an opportunity for most franchisees to become shareholders. Daniel was appointed managing director in October 2010 upon retirement of Greg Riley.

Responsibilities: Managing Director.

Shares: 3,129,761 Ordinary Shares

Greg Riley
Non-Executive Director

Qualifications: B Sc, Dip ED, G Dip Ed Studies

Experience: Greg is the founder of CML Group. After running a small recruitment business during the 1990's Greg realized the highly cyclic nature of the industry and the lack of competitive advantage of recruitment businesses made profitability a constant challenge.

As a result, Greg developed a model designed to improve the competitive advantage of existing specialist recruitment businesses and provide a less cyclic return.

This is the CML Group model – based on a Franchising model but designed for the unique nature of the Recruitment industry.

Responsibilities: Chairperson of the Nomination and Remuneration committee until his resignation on 15 April 2014. Greg was re-appointed as a member of the Nomination and Remuneration committee on 22 August 2014.

Shares: 22,504,913 ordinary shares.

Steve Rogers
Non-Executive Director - Resigned 18 December 2013

Experience: Steve has strong experience in industry innovation and development, including two years for a Victorian State Government department specialising in ICT industry development and time spent as an incubator manager, for the de Bono Institute, during the latter stages of the dotcom boom. Steve also held the positions of Chairperson and board member of SECIA (an IT Security interest group).

Steve is a senior executive of Rusher Rogers Recruiting, a franchisee of CML Group. Steve joined CML group in November 2009, resigning in December 2013.

Responsibilities: Formerly a Member of the Audit Committee.

Shares: 735,642 ordinary shares.

Directors' Report (Continued)

Daniel O'Neile Non-Executive Director – Appointed 18 December 2013

Experience: Daniel has strong background in corporate banking, holding various roles within Australia's largest banks and currently a director of Navfin Pty Ltd.
Daniel holds a bachelor of business (Banking and Finance) and joined CML Group in December 2013.

Responsibilities: Member and chairperson of the Nomination and Remuneration committee from 15 April 2014 until 22 August 2014 when he resigned from both positions. Member of the Audit Committee from 21 January 2014.

Shares: NIL ordinary shares.

Sue Healy Independent Non-Executive Director

Qualifications: Fellow RCSA

Experience: Sue is an active leader within the recruitment industry, including being owner and Managing Director of Staff & Exec Pty Limited and HR Partners Pty Limited for 19 years. Sue has since held senior executive positions within The Skilled Group Limited and Chandler MacLeod Group Limited prior to joining the CML Group board in November 2012.

Responsibilities: Chairperson of the audit committee and member of the Nomination and Remuneration Committee. Sue became chair of the Nomination and Remuneration committee from 22 August 2014.

Shares: 206,060 ordinary shares.

Company Secretary

Ralph Stonell

Qualifications: B Econ, Fellow CPA

Experience: Ralph is a commercially focused finance and accounting professional who has been a key executive of privately owned and publicly listed companies in a variety of industries. Ralph is renowned for being a strategic thinker who has successfully used his strong management and communication skills to lead companies through start-up, rapid growth, capital raisings, mergers, industry consolidations, trade sales and an initial public offering on the ASX.

Shares: 24,891 ordinary shares.

Directors' meetings

The following table sets out the number of directors' meetings (including meeting of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or a committee member). During the financial year 17 board meetings, 3 audit committee meetings and 7 Nomination and Remuneration Committee meeting was held.

	Board of Directors		Audit Committee		Nomination and Remuneration Committee	
	No. eligible to Attend	Attended	No. eligible to Attend	Attended	No. eligible to Attend	Attended
Ian Winlaw	17	16	3	3	7	7
Greg Riley	17	15	-	-	7	6
Daniel Riley	17	17	-	-	-	-
Daniel O'Neile	8	8	1	1	-	-
Steve Rogers	9	7	2	1	-	-
Sue Healy	17	17	3	3	7	7

Directors' Report (Continued)

Dividends paid or declared	2014 $ 000's	2013 $ 000's
Interim fully franked dividend at the tax rate of 30%	312	312
Final fully franked dividend at the tax rate of 30%	359	312
	671	624

Dividends declared after the reporting period		
Since the end of the reporting period the directors have declared a dividend at 0.6 cents per share (2013: 0.5 cents) fully franked at 30%	542	312
	542	312

Corporate structure

CML Group Limited is a listed public company, limited by shares, incorporated and domiciled in Australia. CML Group Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year.

Nature of operations and principal activities

The consolidated entity's principal activity during the financial year was that of payroll and financial management services. There has been no significant change in the nature of these activities during the financial year.

Operating results

For the financial year ended 30 June 2014, the consolidated entity's operating revenue is $139.3m (2013: $100.8m), an increase of 38% compared with the previous year. Net profit after tax (NPAT) was $1.11m (2013: $0.77m) an increase of $0.34m compared with the previous year.

Review of Operations

A review of the operations of the consolidated entity during the financial year and the results of those operations are as follows:

Revenue increased by 38% to $139.3m primarily due to the success of the finance division (CMLPayroll). CMLPayroll, introduced to the market in financial year ending 30 June 2013, offers cash-flow financing to businesses to help them overcome the cash pressure of delivering goods and services in advance of payment from the customer.

Margin on revenue dropped from 8.04% in financial year ending 30 June 2013 to 5.87%, primarily due to high growth of payroll and finance related service lines, which are offered at volume discounted rates. These service lines are a key growth strategy for the Group as they typically generate ongoing income, attract high volume business and are the fastest growing contributor to Group margin in dollar terms.

Net profit after tax has increased from $0.77m in the financial year ending 30 June 2013 to $1.11m, primarily due to the success of CMLpayroll and the benefits of the restructure in the second half of the financial year ending 30 June 2013 which substantially reduced the cost base of the Group.

Trade Receivables have increased due to the success of CMLpayroll's cash-flow financing activities where CMLpayroll funds its Client's invoices. Cash-flow financing by CMLpayroll is funded by a debtor finance arrangement and subsequently the Group's borrowings have increased to accommodate this business.

Future developments, prospects and business strategies

With the growth of CMLpayroll, corporate cost reductions and the existing businesses trading within expectations the Company has built a solid business platform for future returns to shareholders. With this in mind and the Board's confidence in its earnings outlook underpins the decision to declare a fully franked final dividend of 0.6 cps, payable on 30 October 2014 with a Record Date of 3 October 2014. This brings total fully franked dividends in respect of the 2014 financial year to 1.1 cps.

Directors' Report (Continued)

Future developments, prospects and business strategies (Cont'd)
CML Group expects to increase revenues and profit through the year ended 30 June 2015 and beyond. This growth strategy is centred on the following two key initiatives:

1. The continued growth of finance division, facilitated by increasing access to capital
2. A continued push from the payroll division into the corporate sector

Based on continuing operations and the initiatives detailed above, CML Group is projecting revenue and profit growth for the 2015 financial year.

Significant Changes in state of affairs
There have been no significant changes of affairs to report during the financial year.

After balance date events
In August 2014, CML Group appointed a receiver to a customer of its finance division. The current amount due to the Company is $440k, which will be 100% recoverable through asset sales, insurance and an agreement with CML Group Directors Greg and Daniel Riley to underwrite any shortfall.

During August 2014 CML Group received approval from Greensill to increase its facility from $5m to $10m. On 28 August 2014, CML Group the signed an agreement with NAB to reduce its facility from $13m to $4m on 1 September 2014 and to $3m by 1 October 2014 with the full exit of the facility by 31 October 2014.

Other than above, no matters of substance have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Environmental regulations
The consolidated entity's operations are not subject to any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Share Options
No options over unissued shares were granted during or since the end of the financial year and there were no options outstanding at the end of the financial year.

Indemnifying officers or auditor
During the financial year, the company paid a premium insuring all directors and officers against any liability incurred as such by a director, secretary or executive officer to the extent permitted by the Corporations Act 2001.
Further disclosure required under section 300(9) of the corporations law is prohibited under the terms of the contract.
The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the company or any related body corporate against a liability incurred as such by an officer or auditor.

Remuneration report
This report outlines the remuneration arrangements in place for directors and executives of CML Group Limited. The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001.

Directors' Report (Continued)

Remuneration Policy

The remuneration policy of CML Group Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The Board of CML Group Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the consolidated group, as well as create goal congruence between directors, executives and shareholders. The board obtains professional advice where necessary to ensure that the company attracts and retains talented and motivated directors and employees who can enhance company performance through their contributions and leadership.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Group is as follows:

- the remuneration policy is to be developed by the remuneration committee and approved by the Board and if need be professional advice is sought from independent external consultants;
- all key management personnel receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives;
- performance incentives are generally only paid once predetermined key performance indicators have been met;
- incentives paid in the form of options or rights are intended to align the interests of the directors and the company with those of the shareholders. In this regard, key management personnel are prohibited from limiting risk attached to those instruments by use of derivatives or other means; and
- the remuneration committee reviews key management personnel packages annually by reference to the consolidated group's performance, executive performance and comparable information from industry sectors.

The performance of key management personnel is measured against criteria agreed bi-annually with each executive and is based predominantly on the forecast growth of the consolidated group's profits. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

Key management personnel received a superannuation guarantee contribution required by the government, which was currently 9.5%, and do not receive any other retirement benefits. Some individuals, however, chose to sacrifice part of their salary to increase payments towards superannuation.

Upon retirement, key management personnel are paid employee benefit entitlements accrued to the date of retirement. All remuneration paid to key management personnel is valued at the cost to the company and expensed. The Board's policy remunerates non-executive directors at market rates for time, commitment and responsibilities. The remuneration committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Non-executive directors receive fees and do not receive options or bonus payments.

Performance-based Remuneration

The key performance indicators (KPIs) are set annually, with a certain level of consultation with key management personnel to ensure buy-in. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs targets areas the Board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

The Board expects that the remuneration structure implemented will result in the company being able to attract and retain the best executives to run the consolidated group. It will also provide executives with the necessary incentives to work to grow long-term shareholder value

Directors' Report (Continued)

Details of remuneration

Details of the remuneration of the directors and the key management personnel of the group (as defined in AASB 124 Related Party Disclosures) are set out in the following tables:-

(a) Directors' remuneration:

Director	Position	Short-Term Salary fees $	Short-Term Cash bonus $	Short-Term Non-monetary $	Short-Term Other $	Post employment Super-annuation $	Post employment Retirement benefits $	Post employment Termination benefits $	Long-term Incentive plans $	Share-based Options $	TOTAL $	Total performance related %	Options as % of total %
2014													
Daniel Riley	*Managing Director*	229,357	12,815	10,000	-	22,401	-	-	-	-	274,573	5%	-
Ian Winlaw	*Non-Executive Director*	59,496	-	-	-	5,504	-	-	-	-	65,000	-	-
Greg Riley #	*Non-Executive Director*	46,395	-	7,500	-	-	-	-	-	-	53,895	-	-
*Steve Rogers **	*Non-Executive Director*	9,166	-	-	-	-	-	-	-	-	9,166	-	-
Sue Healy	*Non-Executive Director*	17,308	-	-	-	2,692	-	-	-	-	20,000	-	-
*Daniel O'Neile **	*Non-Executive Director*	9,842	-	-	-	910	-	-	-	-	10,752	-	-
		371,564	12,815	17,500	-	31,507	-	-	-	-	433,386	3%	-
2013													
Daniel Riley	*Managing Director*	233,769	-	10,000	-	21,039	-	-	-	-	264,808	-	-
Ian Winlaw	*Non-Executive Director*	65,000	-	-	-	-	-	-	-	-	65,000	-	-
Greg Riley	*Non-Executive Director*	14,401	-	10,000	-	-	-	-	-	-	24,401	-	-
Steve Rogers	*Non-Executive Director*	20,000	-	-	-	-	-	-	-	-	20,000	-	-
Sue Healy ⊖	*Non-Executive Director*	12,097	-	-	-	-	-	-	-	-	12,097	-	-
Paul Stanbury ✔	*Managing Director-Lester Assoc.*	283,641	380,217	-	-	16,470	-	-	-	-	680,328	56%	-
		628,908	380,217	20,000	-	37,509	-	-	-	-	1,066,634	36%	-

Greg Riley performed some consultancy work for the Lester Apprenticeship Program during the year

* Steve Rogers resigned 18 December 2013, Daniel O'Neile was appointed the same day

✔ Paul Stanbury resigned effective 30 June 2013

⊖ Sue Healy was appointed 20 November 2012

Directors' Report (Continued)

(b) Executives' remuneration:

Executive	Position	Short-Term				Post employment			Long-term	Share-based	TOTAL	Total performance related	Options as % of total
		Salary fees $	Cash bonus $	Non-monetary $	Other $	Super-annuation $	Retirement benefits $	Termination benefits $	Incentive plans $	Options $	$	%	%
2014													
Ralph Stonell	*CFO & Company Secretary*	211,010	16,577	-	-	21,052	-	-	-	-	248,639	7%	-
		211,010	16,577	-	-	21,052	-	-	-	-	248,639	7%	-
2013													
Ralph Stonell	*CFO & Company Secretary*	174,489	4,882	-	-	15,704	-	-	-	-	195,075	3%	-
Richard Stanton #	*CFO & Company Secretary*	3,633	-	-	-	-	-	-	-	-	3,633	-	-
		178,122	4,882	-	-	15,704	-	-	-	-	198,708	2%	-

Richard Stanton was appointed 05 June 2012 and resigned 13 July 2012

Service Agreements

On appointment to the board, it is the intention that all non-executive directors receive a letter of appointment. The letter summarises the board policies and terms, including compensation, relevant to the office of director. Where the letters of appointment are not in existence, the Chairperson has undertaken to put in place these letters before the next half year.

Remuneration and other terms of employment for the managing director are formalised in a service agreement. The agreement provides for performance-related cash bonuses.

Other major provisions of the agreements relating to remuneration are set out below:-

Name	Term of Agreement	Base Salary Inc Super $
Daniel Riley	Ongoing as from 1 October 2010	251,758
Ralph Stonell	Ongoing as from 10 September 2012	232,062

Daniel's contract may be terminated early by either party with six months' notice, subject to termination payments at the discretion of the Remuneration Committee.

Ralph's contract may be terminated early by either party with three months' notice, subject to termination payments at the discretion of the Remuneration Committee.

Directors' Report (Continued)

Performance Related Pay

The following table summarises the performance conditions for performance linked bonuses;

<table>
<tr><th>KMP</th><th colspan="2">Performance conditions</th></tr>
<tr><td rowspan="4">Daniel Riley -
Managing Director</td><td colspan="2">The managing director's performance bonus is based on the table below:</td></tr>
<tr><td>NPAT for YE2014</td><td>Bonus Payable</td></tr>
<tr><td>$898,000
$1,000,000
Over $1,000,000</td><td>$2,000
$6,000
10% of NPAT</td></tr>
<tr><td colspan="2">A further bonus of $18,000 will be paid on achievement of the following two targets- Ensuring employee engagement, as measured by a recognised employee engagement tools exceeds industry norms plus ensuring no impairment on the acquisition goodwill of both Zenith and the Lesters group of companies.</td></tr>
<tr><td>Ralph Stonell -
Chief Financial Officer</td><td colspan="2">2% of NPAT where NPAT exceeds $700,000</td></tr>
</table>

The following table shows the performance of the Consolidated Group over the past four financial years in relation to key management personnel compensation paid:-

Financial Year	KMP Short Term Incentives (STI) $	NPAT / (NLAT) $ 000's	Basic EPS Cents	Diluted EPS Cents	Net Equity $ 000's	NTA per share cents	Dividends $ 000's	Share price at Year end Cents
2010	-	(1,287)	(4.63)	(4.63)	1,855	(0.01)	670	15.0
2011	-	831	1.61	1.61	3,028	0.80	528	10.0
2012	245,650	860	1.54	1.54	4,065	(1.80)	597	10.5
2013	385,099	766	1.23	1.23	4,195	(1.68)	625	10.0
2014	29,392	1,112	1.55	1.55	10,267	5.44	671	24.0

Equity instrument disclosures relating to key management personnel

2014 Shareholdings No of shares held by Key Management Personnel	Balance 1 July 2013	Received as Remuner-ation	Other changes during the year	Balance 30 June 2014
Greg Riley	26,805,222	-	(4,300,309)	22,504,913
Daniel Riley	6,719,270	-	(3,589,509)	3,129,761
Daniel O'Neile*	-	-	-	-
Sue Healy	-	-	206,060	206,060
Ralph Stonell	-	-	24,891	24,891
Ian Winlaw	56,362	-	4,546	60,908
	33,580,854	-	(7,654,321)	25,926,533

* Non-Executive Director from 18 December 2013

Directors' Report (Continued)

Equity instrument disclosures relating to key management personnel (Continued)

2013 Shareholdings No of shares held by Key Management Personnel	**Balance 1 July 2012**	**Received as Remuner-ation**	**Other changes during the year**	**Balance 30 June 2013**
Greg Riley	27,061,422	-	(256,200)	26,805,222
Daniel Riley	6,694,270	-	25,000	6,719,270
Steve Rogers*	735,642	-	-	735,642
Sue Healy	-	-	-	-
Ralph Stonell	-	-	-	-
Ian Winlaw	56,362	-	-	56,362
	34,547,696	-	(231,200)	34,316,496

*Resigned 18 December 2013

Voting and comments made at the company's 2014 Annual General Meeting (AGM)

At the company's most recent AGM resolution to adopt the prior year remuneration report was put to the vote and at least 75% of 'yes' votes were cast for the adoption of the report. No comments were made on the remuneration report that was considered at the AGM.

Auditor Independence declaration

The auditor's independence declaration for the year ended 30 June 2014 as required under section 307C of the Corporations Act 2001 has been received and is provided with this report.

Non-audit services

The board of directors, in accordance with advice received from the audit committee, is satisfied that the provision of non-audit services in any year is compatible with the general standard of independence for auditor imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:-

- All non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

	2014 $'000	2013 $'000
Amounts paid and payable to Pitcher Partners Sydney for non-audit services:		
Corporate secretarial services	3	-
Taxation services	13	-
	16	-
Amounts paid and payable to non-related auditors of group entities for non-audit services:		
Legal services	-	-
Taxation services	24	4
	24	4
Total auditors' remuneration for non-audit services	40	4

Options

There have been no unissued shares or interests under options of any controlled entity within the Group during or since reporting date.

Directors' Report (Continued)

Proceedings on behalf of the Company

No person has applied for leave of Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.
No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 23 of the Corporations Act 2001.

ASIC Class Order 98/100 Rounding of Amounts

The Company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars.

Signed in accordance with a resolution of the board of directors.

Daniel Riley
Managing Director
Sydney, 23rd September 2014

Corporate Governance Statement

CML Group Limited (the "Company"), the Board and management are committed to achieving and demonstrating the highest standards of corporate governance. The Company and its controlled entities together are referred to as the "Group" in this statement.

Below is a summary of the Company's corporate governance practices applied for the year ended 30 June 2014. They comply with the Corporate Governance and Recommendations of the ASX Corporate Governance Council where appropriate, given the size and complexity of the business. On 30 June 2010, the ASX Corporate Governance Council released amendments to the second edition in relation to diversity, remuneration, trading policies and briefings, which applied to the Company from 1 January 2011. A copy of the Corporate Governance Policies can be downloaded from the Company's website, www.CML-Group.com.au.

Principle 1 - Lay Solid Foundations for Management and Oversight

Recommendation 1.1 - Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

The Directors of the Company are accountable to the shareholders for the proper management of the business and affairs of the Company.

The key responsibilities of the Board are:-

- Setting of strategic objectives, and approval of long-term business plans and annual budgets including operating and capital expenditure budgets;
- Approval and monitoring the progress of all major capital expenditure projects and acquisitions and divestitures;
- Regularly reviewing the operational and financial performance of the Company;
- Ensuring that appropriate policies and procedures are in place to satisfy the requirements of continuous disclosure to the investment market and shareholders about the performance and activities of the Company so that they can make informed assessments of the Company's prospects;
- Ensuring appropriate risk management systems are in place to identify, assess and provide proper management of risk;
- Overseeing the Company's commitment to the health and safety of employees and contractors, the environment and sustainable development;
- Evaluation of potential business development opportunities;
- Nomination and, where appropriate, appointment of Directors, evaluating their performance, reviewing their remuneration and ensuring an appropriate succession plan;
- Appointing and removing the Executive Chairperson, Managing Director, Company Secretary, Chief Financial Officer (CFO) and other senior executives, evaluating their performance, reviewing their remuneration and ensuring an appropriate succession plan;
- Ensuring appropriate resources are available to senior executives;
- Ensuring appropriate policies and delegations are sufficient to effectively govern the Company;
- Appointment of the Company's external auditors;
- Ensuring satisfactory internal controls are maintained over the financial reporting processes.
- Approving and monitoring financial and other reporting;
- Ensuring there is an effective Corporate Governance structure and practice in place;
- Ensuring the Company's Code of Conduct and other policies are adhered to;
- Ensuring that an appropriate policy is in place regarding trading of the Company’s shares by employees of the Company;
- Approval of the annual and half-year financial reports;
- Ensuring all shareholders are treated equally and fairly;
- Ensuring that appropriate policies and procedures are in place to ensure compliance with applicable laws; and
- All other responsibilities are delegated by the Board to management.

Corporate Governance Statement (continued)

The Company has an informal process to educate new directors about the nature of the business, current issues, the corporate strategy and the expectations of the Company concerning performance of Directors. Directors also have the opportunity to visit Company facilities and meet with management to gain a better understanding of business operations.
Senior executives including the Managing Director and the Chief Financial Officer (CFO)/Company Secretary have a formal job description and letter of appointment describing their term of office, duties, rights and responsibilities. The Managing Director has responsibility for the operation and administration of the Company as delegated by the Board.

Recommendation 1.2 - Companies should disclose the process for evaluating the performance of senior executives.

Recommendation 1.3 - Companies should provide the information indicated in the Guide to reporting in Principle 1.

The Board reviews and approves proposed remuneration (including incentive awards, equity awards and service contracts). As part of this review the Board oversees an annual performance evaluation of the executive team. This evaluation is based on specific criteria, including the business performance of the Company and its subsidiaries, whether strategic objectives are being achieved and the development of management and personnel.
Also refer to comments in respect of Recommendation 1.1.

Principle 2 - Structure the Board to Add Value

Recommendation 2.1 - A majority of the Board should be independent Directors.
The current Board consists of five Directors. The Board believes that the people on the Board can and do make independent judgments in the best interests of the Company at all times.

Recommendation 2.2 - The chairperson should be an independent Director.
The Chairperson of the Board, Mr. Ian Winlaw is an independent Non- executive director.

Recommendation 2.3 - The roles of the chairperson and the Managing Director should not be exercised by the same individual.
Mr. Ian Winlaw is the Chairperson of the Board and Mr. Daniel Riley the Managing Director.

Recommendation 2.4 - The Board should establish a nomination committee.
Unless otherwise determined by the Board, the Nomination and Remuneration Committee comprises of three directors with two members being independent directors. Members of the Committee are Greg Riley, Sue Healy (Chairperson) and Ian Winlaw.

Recommendation 2.5 - Companies should disclose the process for evaluating the performance of the Board, its committees and individual Directors.
While no performance evaluation of the Board or management was carried out for the financial year ended 30 June 2014 this is continually monitored by the Chairperson and the Board. The Board was augmented in December 2013 by the appointment of Daniel O'Neile who brings a banking industry perspective. The Chairperson also speaks to each director individually regarding their role as a director.

Recommendation 2.6 - Companies should provide the information indicated in the Guide to reporting in Principle 2.
This Information is contained in commentary for Recommendations 2.1 to 2.5. The Directors profiles are outlined in the Directors' Report covering skills, experience, expertise, tenure, responsibilities and independence.
All Directors are permitted to seek independent external expert advice on any Board matter with the prior consent of the Chairperson and at the expense of the Company. Such advice is made available to all Directors.

Corporate Governance Statement (continued)

Principle 3 - Promote Ethical and Responsible Decision Making

Recommendation 3.1 - Companies should establish a code of conduct and disclose the code or a summary of the code as to:

- the practices necessary to maintain confidence in the company's integrity;
- the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders;
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Company recognises the need for directors and employees to observe the highest standards of behaviour and business ethics. All directors and employees are required to act in accordance with the law and with the highest standard of propriety.

Recommendation 3.2 - Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.

Recommendation 3.3 - Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

Recommendation 3.4 - Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.

Recommendation 3.5 - Companies should provide the information indicated in the Guide to reporting in Principle 3.
Whilst the Company does not have a strict policy on diversity, the Company is an equal opportunity employer and welcomes people from a diverse range of backgrounds. The Company recognises that diversity encompasses gender, race, ethnicity, age, disability and cultural background and is committed to providing equal access to opportunities based on merit regardless of diversity. As such the Board deems it not necessary to disclose measureable objectives for achieving diversity.
However, the Board acknowledges these recommendations and will ensure that the Company practices the intent and spirit of these recommendations.

Diversity Statement
CML Group is a company that prides itself on the diversity of its workforce. The company is made up from individuals with various skills, backgrounds and experiences. CML Group is proud of its multicultural team with employees from twelve countries (2013: seven). In order to attract and retain a diverse and highly skilled workforce, CML Group is dedicated to providing a workplace in which all employees are treated equally and with respect. The group recognises that diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

CML Group is committed to fostering gender diversity in its workforce. The following table shows the split of genders throughout the group.

	YE2014		
	Male	Female	Total
Board - Non Executive	3	1	4
Executive	2	0	2
Middle Management	7	5	12
All Other Staff	6	20	26
TOTAL	**18**	**26**	**44**

CML Group believes in employing the right person for the right job, regardless of gender. Rather than setting specific targets, CML Group has a workplace that is fair to all employees.

Corporate Governance Statement (continued)

Principle 4 - Safeguard Integrity in Financial Reporting

Recommendation 4.1 - The Board should establish an Audit Committee.

Recommendation 4.2 - The Audit Committee should be structured so that it:-
- consists only of Non-Executive Directors;
- consists of a majority of independent Directors;
- is chaired by an independent chairperson, who is not chairperson of the Board; and
- has at least three members.

Recommendation 4.3 - The Audit Committee should have a formal charter.
The Company has an Audit and Risk Management Committee with an independent chairperson Ms Sue Healy, and two other members Mr Ian Winlaw and Mr Daniel O'Neile, both being Non-executive Directors. A formal charter of the committee has been approved by the Board a copy of which is available on the Company's website; www.CML-Group.com.au. Unless otherwise determined by the Board, the Committee comprises only non-executive directors and a minimum of two independent directors with the Chairperson as an independent director and not the Chairperson of the board of directors.

Recommendation 4.4 – Companies should provide the information indicated in the guide to reporting in principle 4.

Principle 5 - Make Timely and Balanced Disclosure

Recommendation 5.1 - Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance, and disclose those policies or a summary of those policies.

Recommendation 5.2 - Companies should provide the information indicated in the Guide to reporting in Principle 5.
The Company has established procedures designed to ensure compliance with the ASX Listing Rules so that Company announcements are made in a timely manner, are factual, do not omit material information and are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.
The Board approves all disclosures necessary to ensure compliance with ASX Listing Rule disclosure requirements.
The Company Secretary is responsible for communication with the Australian Stock Exchange (ASX). This includes ensuring compliance with the continuous disclosure requirements in the ASX listing rules and overseeing information disclosure to analysts, brokers, shareholders, the media and general public. All information disclosed to the ASX is posted on the Company's website; www.CML-Group.com.au as soon as practicable after it is disclosed to the ASX.

Principle 6 - Respect the Rights of Shareholders

Recommendation 6.1 - Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings, and disclose their policy or a summary of that policy.

Recommendation 6.2 - Companies should provide the information indicated in the Guide to reporting in Principle 6.
The Company has a communications strategy and an established policy on stakeholder communication and continuous disclosure to promote effective communication with shareholders, subject to privacy laws and the need to act in the best interests of the Company by protecting commercial information.
The Company's policy on communication with shareholders is set out in the Company's Policy on stakeholder communication and continuous disclosure' which can be viewed on the Company's website www.CML-Group.com.au.

Corporate Governance Statement (continued)

Principle 7 – Recognise and Manage Risk

Recommendation 7.1 - Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Recommendation 7.2 - The Board should require management to design and implement a risk management and internal control system to manage the Company's material business risks, and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.
The risk management and internal control systems within the Company encompass all policies, processes, practices and procedures established by management and/or the Board to provide reasonable assurance that:-

- established corporate and business strategies and objectives are achieved;
- risk exposure is identified and adequately monitored and managed;
- resources are acquired economically, adequately protected and managed efficiently and effectively in carrying out CML Group business;
- significant financial, managerial and operating information is accurate, relevant, timely and reliable; and
- there is an adequate level of compliance with policies, standards, procedures and applicable laws and regulations.

The Audit Committee overseas the accounting and financial processes of the Group and the audits of the Group's financial statements, evaluates auditor performance, manages relations with the Company's independent registered public accounting firm and evaluates policies and procedures relating to internal control systems. The audit Committee operates under a written Audit charter that has been adopted by the board. The Audit Committee members are not professional accountants or auditors. The members' functions are not intended to duplicate or to certify the activities of management and the registered public accounting firm. The Audit Committee services a board-level oversight role in which it provides advice, counsel and direction to management and the auditors on the basis of the information it receives, discussions with management and the auditors, and the experience of the Audit Committee's members in business, financial and accounting matters.
The Audit Committee reviews how senior management:-

- Delegate approvals required under the risk management framework;
- Report risk management including operational issues, operational losses;
- Monitor operational control weaknesses and breakdowns, including fraud;
- Monitor due diligence conducted for appointment and ongoing monitoring of outsourced arrangements;
- Perform in self-assessment reviews and their monitoring of results of workshops for other employees.

Systems of internal financial control have been put in place by the management of the Company and are designed to provide reasonable, but not absolute protection against fraud and material misstatement. These controls are intended to identify, in a timely manner, control issues that require attention by the Board.

Recommendation 7.3 - The Board should disclose whether it has received assurance from the managing director and the chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act 2001 is founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects in relation to financial reporting risks.
The Board has received from management an assurance that internal risk management and the internal control system is effective; and assurance from the Managing Director that the declaration provided in accordance with section 295A of the Corporations Act 2001 is founded on a sound system of risk management and internal control which is operating effectively in respect to financial reporting risks.

Recommendation 7.4 - Companies should provide the information indicated in the Guide to reporting in Principle 7. This Information is contained in commentary for Recommendations 7.1 to 7.3.

Principle 8 – Remunerate Fairly and Responsibly

Recommendation 8.1 - The Board should establish a Remuneration Committee.

Corporate Governance Statement (continued)

Principle 8 – Remunerate Fairly and Responsibly (continued)

Recommendation 8.2 - The remuneration committee should be structured so that it:

- consists of a majority of independent directors
- is chaired by an independent chairperson
- has at least three members.

The Nomination and Remuneration Committee comprises a minimum of three directors with two members being independent directors. Members of the Committee are Greg Riley, Sue Healy (Chairperson) and Ian Winlaw.

The key responsibilities of the Remuneration and Nomination Committee are:-

- Management is responsible for recommending remuneration practices and policies. The Committee has the right to review, approve or refer to the Board for its approval, remuneration practices and policies;
- In relation to employees generally, the Committee reviews and approves remuneration policies and practices;
- In relation to senior management, the Committee reviews remuneration policies and practices and makes recommendations to the Board regarding their approval;
- In relation to the Managing Director and Company Secretary who is also the CFO, the Committee determines and makes recommendations to the Board on remuneration packages and other terms of employment having regard to the need to attract, retain and develop appropriately skilled people.
- The committee discusses with the Managing Director the packages of all executives reporting to him.
- Each member of the senior management team is employed under a contract covering a range of matters including their duties, rights, responsibilities and entitlements on termination;
- Remuneration of the senior management team is reviewed on an annual basis by the Committee having regard to personal and corporate performance and relevant comparative information;
- Remuneration for senior executives presently comprises a salary per annum, reviewed annually with reference to the progress of CML. Each may also be entitled to an annual bonus determined by the Managing Director or the Chairperson, reviewed by the Committee, and approved by the Board at the Board's absolute discretion; and
- Going forward the Committee may recommend a longer-term incentive component for the executive and senior management remuneration packages (equity based).

Recommendation 8.3 - Companies should clearly distinguish the structure of Non-Executive Directors' remuneration from that of Executive Directors and senior executives.

The remuneration policy, which sets the terms and conditions for the key management personnel, was developed by the remuneration committee and approved by the Board. All executives receive a base salary and superannuation.

Fringe benefits and performance incentives apply in some instances. The remuneration committee reviews executive packages annually by reference to company performance, executive performance, comparable information from industry sectors and other listed companies and independent advice. The performance of executives is measured against criteria agreed half yearly which is based on the forecast growth of the company's profits and shareholders value. The policy is designed to attract and retain the highest calibre executives and reward them for performance which results in long-term growth in shareholder value.

Non-executive Directors are paid a fixed fee from a pool which can only be varied at a general meeting. The maximum aggregate remuneration of $250,000 per annum was approved by shareholders on 25 March 2013. Executive directors are not paid directors' fees in addition to their remuneration as executives.

The amount of remuneration for executive directors, including all monetary and non-monetary components, is detailed in the Remuneration Report section of the Directors' Report. All remuneration paid to executives is valued at the cost to the company and expensed.

The Board expects that the remuneration structure implemented will result in the company being able to attract and retain the best executives to run the consolidated group. It will also provide executives with the necessary incentives to work to grow long-term shareholder value.

Recommendation 8.4 - Companies should provide the information indicated in the Guide to reporting in Principle 8.

This Information is contained in commentary for Recommendations 8.1 to 8.3. Further information on remuneration and the committee is contained in the Directors' Report.

Auditor's Independence Declaration

PITCHER PARTNERS
ACCOUNTANTS AUDITORS & ADVISORS

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Pitcher Partners, including Johnston Rorke,
is an association of independent firms
Melbourne | Sydney | Perth | Adelaide | Brisbane

CML GROUP LIMITED
AND CONTROLLED ENTITIES

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

In relation to the independent audit for the year ended 30 June 2014, 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.

Deborah Cartwright
Partner

PITCHER PARTNERS
Sydney

Date: 23 September 2014

Financial Report
For the year ended 30 June 2014

Contents of Financial Report

Consolidated Statement of Comprehensive Income
For the Year Ended 30 June 2014

	Note	Consolidated Group 2014 $ 000's	Consolidated Group 2013 $ 000's
Revenue	2	**139,369**	100,816
Expenditure			
Agency fees		**(66,778)**	(22,061)
Employee benefit expense (direct employees)		**(3,789)**	(4,910)
Employee benefit expense (on-hire staff)		**(64,390)**	(70,441)
Depreciation and amortisation expense		**(116)**	(91)
Finance costs - product related		**(496)**	(220)
Finance costs - corporate		**(161)**	(225)
Rent		**(361)**	(214)
Bad and doubtful debts		**(36)**	(261)
Other expenses		**(1,561)**	(1,210)
Total expenditure		**(137,688)**	(99,633)
Profit before Income Tax		**1,681**	1,183
Income tax (expense)	4	**(569)**	(417)
Profit attributable to members of the parent entity		**1,112**	766
Other comprehensive income		**-**	-
Total comprehensive income for the year		**1,112**	766
Earnings per Share:			
Basic and diluted earnings per share (cents)	27	**1.55**	1.23

The accompanying notes to the financial statements are included on pages 29-63

Consolidated Statement of Financial Position
As at 30 June 2014

	Note	Consolidated Group 2014 $ 000's	Consolidated Group 2013 $ 000's
Current Assets			
Cash and cash equivalents	5	**504**	1,538
Trade and other receivables	6	**24,321**	9,178
Other current assets	7	**916**	432
		25,741	11,148
Non Current Assets			
Plant and equipment	8	**174**	216
Deferred tax assets	4c	**876**	681
Intangible assets	9	**5,358**	5,243
		6,408	6,140
Total Assets		**32,149**	17,288
Current Liabilities			
Trade payables	10a	**10,755**	5,666
Other payables	10b	**2,524**	0
Other Current Liabilities	11	**106**	67
Borrowings	12	**6,685**	5,920
Current tax liabilities	4d	**671**	272
Short-term provisions	13	**1,120**	1,125
		21,861	13,050
Non Current Liabilities			
Borrowings	12	**17**	24
Long-term provisions	13	**4**	19
		21	43
Total Liabilities		**21,882**	13,093
Net Assets		**10,267**	4,195
Equity			
Issued capital	14	**10,350**	4,719
Retained Losses	15a	**(524)**	(524)
General Reserve	15b	**441**	-
Total Equity		**10,267**	4,195

The accompanying notes to the financial statements are included on pages 29-63

Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2014

	Note	Share Capital $ 000's	General Reserve $ 000's	Accumulated Losses $ 000's	Total Equity $ 000's
		Consolidated Group			
Balance at 1 July 2012		4,731	-	(666)	4,065
			-		
Total comprehensive income for the year		-	-	766	766
Transactions with owners in their capacity as owners :-					
Share based payments		-	-	-	-
Share issue costs		(12)	-	-	(12)
Dividends provided for or paid	16	-	-	(624)	(624)
Balance at 30 June 2013		4,719	-	(524)	4,195
Balance at 1 July 2013		**4,719**	-	**(524)**	**4,195**
Total comprehensive income for the year		-	**1,112**	-	**1,112**
Transactions with owners in their capacity as owners :-					
Shares issued		**5,785**	-	-	**5,785**
Share issue costs net of Deferred Tax Assets		**(154)**	-	-	**(154)**
Dividends provided for or paid	16	**-**	**(671)**	**-**	**(671)**
Balance at 30 June 2014		**10,350**	**441**	**(524)**	**10,267**

The accompanying notes to the financial statements are included on pages 29-63

Consolidated Statement of Cash Flows
For the Year Ended 30 June 2014

	Note	Consolidated Group 2014 $ 000's	2013 $ 000's
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**132,826**	98,595
Payments to suppliers and employees		**(135,104)**	(99,264)
Interest received		**24**	65
Finance costs		**(657)**	(445)
Income tax paid		**(288)**	(104)
Net cash (used in) / provided by operating activities	26(b)	**(3,199)**	(1,153)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		**(58)**	(65)
Payments for IT Development		**(152)**	(76)
Net cash (used in) / provided by investing activities		**(210)**	(141)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**5,785**	-
Cost of capital raising		**(231)**	(12)
Proceeds from borrowings		-	-
Repayment of borrowings		**(2,012)**	(275)
Dividends paid to company's shareholders		**(671)**	(624)
Net cash (used in) / provided by financing activities		**2,871**	(911)
Net (decrease)/ increase in cash held		**(538)**	(2,205)
Cash at the beginning of the financial year		**1,042**	3,247
Cash acquired on acquisition of subsidiary		**-**	-
Cash at the end of the financial year	26(a)	**504**	1,042

The accompanying notes to the financial statements are included on pages 29-63

Notes to the Financial Statements for the Year Ended 30 June 2014

NOTE 1 Summary of significant accounting policies

These consolidated financial statements and notes represent those of CML Group Limited and controlled entities ("group").
The separate financial statements of the parent entity, CML Group Limited, have been presented within this report as permitted by the Corporations Act 2001.
The financial statements were authorised for issue on 23 September 2014 by the directors of the company.

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The group is a for profit entity for financial reporting purposes under Australian Accounting Standards.
Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.
Except for cash-flow information the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current asset, financial assets and financial liabilities.

Going Concern

As at 30 June 2014 there is a surplus of working capital of $3.9m compared to a deficiency of working capital of $1.9m as at 30 June 2013. This surplus arose primarily from the capital raisings during the year netting $5.6m.

(a) Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by CML Group Limited at the end of the reporting period. A controlled entity is any entity over which CML Group Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.
Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 22 to the financial statements.
In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.
Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

NOTE 1 Summary of significant accounting policies (continued)

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill (refer to Note 1 (g)) or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement.

Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is re-measured each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

NOTE 1 Summary of significant accounting policies (continued)

Goodwill
Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:
(i) the consideration transferred;
(ii) any non-controlling interest; and
(iii) the acquisition date fair value of any previously held equity interest;
Over the acquisition date fair value of net identifiable assets acquired.
The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.
Fair value uplifts in the value of the pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.
The value of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interests is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

(b) Revenue
Revenue is measured at a fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.
The group recognises revenue for the major business activity of payroll and franchise services to the recruitment industry when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities as described below. The group recognises revenues for the finance revenue stream as revenue earned and generated within the financial year, irrespective of invoice date. To clarify,any requests from customers received post 30 June which relate to services performed prior to 30 June are recognised as transactions occurring within the financial year.
The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.
Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.
All Australian revenue is stated net of the amount of goods and services tax (GST).

NOTE 1 Summary of significant accounting policies (continued)

(c) Income tax

The income tax expense for the year comprises current income tax expense and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(d) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases (Note 21). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

For Finance leases the lease value, plus future interest cost is recognised as a liability on the Balance Sheet, split between current and amounts due after more than one year. Repayments made for finance leases are shown on the balance sheet as a reduction in liability.

NOTE 1 Summary of significant accounting policies (continued)

(e) Financial instruments

Classification

The consolidated entity classifies its financial instruments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets at fair value through profit or loss

Investments in listed securities are carried at fair value through profit and loss. They are measured at their fair value at each reporting date and any increment or decrement in fair value from the prior period is recognised in the profit and loss of the current period. Fair value of listed investments are based on closing bid prices at the reporting date.

I. *Held-to-maturity investments*

Fixed term investments intended to be held to maturity are classified as held-to-maturity investments. They are measured at amortised cost using the effective interest rate method.

II. *Loans and receivables*

Loans and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

III. *Available-for-sale*

Available-for-sale financial assets include any financial assets not included in the above categories and are measured at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity. The cumulative gain or loss is held in equity until the financial asset is de-recognised, at which time the cumulative gain or loss held in equity is recognised in profit and loss.

Non-listed investments for which fair value cannot be reliably measured, are carried at cost and tested for impairment.

IV. *Financial liabilities*

Financial liabilities include trade payables, other creditors, loans from third parties and loans or other amounts due to director-related entities.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Financial liabilities are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

V. *Compound financial instruments*

Compound financial instruments issued by the consolidated entity comprise convertible notes that are able to be converted to share capital at the option of the note holder, and the number of shares to be issued will not vary with changes in their fair value.

The liability component of a compound financial instrument is initially recognised at the fair value of a comparable liability that does not have an equity conversion option. The equity component is initially recognised at the difference between fair value of the compound financial instrument as a whole and the fair value of the liability component. All directly attributable transaction costs are allocated to the liability and equity component on a proportional basis.

After initial recognition, the liability component of the compound financial instrument will be measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured after initial recognition.

Interest, dividends, losses and gains relating to the financial liability are recognised in profit or loss. Distributions to the equity holders are recognised against equity, net of any tax benefit.

NOTE 1 Summary of significant accounting policies (continued)

(e) Impairment instruments (Continued)

Impairment of financial assets

Financial assets are tested for impairment at each financial year end to establish whether there is any objective evidence for impairment.

For loans and receivables or held-to-maturity investments carried at amortised cost, impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of the loss reduces the carrying amount of the asset and is recognised in profit or loss. The impairment loss is reversed through profit or loss if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised.

For available-for-sale financial assets carried at cost, impairment loss is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed.

For available-for-sale financial assets carried at fair value through other comprehensive income, the impairment loss is measured as the difference between the acquisition cost and current fair value, less any impairment loss previously recognised in profit or loss. If the asset is impaired, the cumulative loss is reclassified from equity to the profit or loss. For equity investments, the impairment loss is not reversed through profit or loss. For debt investments, the impairment loss is reversed through profit or loss if the fair value increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment losses was recognised in profit or loss.

(f) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

NOTE 1 Summary of significant accounting policies (continued)

(g) Intangibles

Goodwill:

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

(a) the consideration transferred;

(b) any non-controlling interest; and

(c) the acquisition date fair value of any previously held equity interest,

Over the acquisition date fair value of net identifiable assets acquired.

The value of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the aforementioned non-controlling interest. The Group can elect to measure the non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). The Group determines which method to adopt for each acquisition.

Under the full goodwill method, the fair values of the non-controlling interests are determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Refer to Note 9 for information on the goodwill policy adopted by the Group for acquisitions. Goodwill on acquisitions of subsidiaries is included in intangible assets.

Software in relation to IT development:

Software in relation to IT development is carried at cost less accumulated amortisation.

Software in relation to IT development is reported at cost value less GST and is amortised over its estimated useful economic life. The useful life of software varies depending on what the assets are and ranges from 18 months, being 66.67% amortisation, through to 5 years, being 20% amortisation.

(h) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(i) Trade receivables

Trade receivables are recognised initially at fair value less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in comprehensive income.

NOTE 1 Summary of significant accounting policies (continued)

(j) Plant and equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated on a diminishing balance or straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives. Leasehold improvements are depreciated over the shorter of either the expired period of the lease or the estimated useful lives of the improvements. The following estimated useful lives are used in the calculation of depreciation:-

	Depreciation rate
Motor vehicles	20-25%
Office equipment	20-40%
Leasehold Improvements	20-40%
Software	30-40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1(f)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the period in which they are incurred.

NOTE 1 Summary of significant accounting policies (continued)

(m) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period.

(iii) Share-based payments

Share-based compensation benefits may be provided to directors and employees.

The fair value of shares or options granted is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the shares/options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(n) Earnings per share

(i) Basic earnings per share.

Basic earnings per share is calculated by dividing the profit attributable to owners of the company, excluding any costs of servicing equity, other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(o) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(p) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

Notes to the Financial Statements for the year ended 30 June 2014

NOTE 1 Summary of significant accounting policies (continued)

(q) Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Class Order 98/100. Accordingly, amounts in the financial statements and directors' report have been rounded off where appropriate to the nearest $1,000.

(r) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates

(i) Impairment – general

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

The discounted cash flow method has been used to arrive at the carrying value of goodwill in the accounts.

No impairment has been recognised in respect of goodwill at the end of the reporting period.

(ii) Impairment – carbon price

There is presently uncertainty in relation to the impacts of the carbon pricing mechanism recently introduced by the Australian Government. This carbon pricing system could potentially affect the assumptions underlying value-in-use calculations used for asset impairment testing purposes. The consolidated entity has not incorporated the effect of any carbon price implementation in its impairment testing at 30 June 2014.

Key judgments

(i) Provision for impairment of receivables

Included in trade receivables at the end of the reporting period is an amount receivable from sales made to a variety of companies during the current financial year amounting to $37,404 that is considered to be impaired.

(s) New Accounting Standards first operative from 30 June 2014

AASB 10: Consolidated Financial Statements

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities which the parent controls. The group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

AASB 119: Employee Benefits

The amendments to AASB 119 revise the definitions of short term and long term employee benefits, placing the emphasis on when the benefit is expected to be settled rather than when it is due to be settled. The group has assessed its impact and concludes that the adoption of AASB 119 has no material effect on the amounts recognised in current or prior years.

No other new and amended standards effective 1 July 2013 affected any amounts recorded in the current or prior year

NOTE 1 Summary of significant accounting policies (continued)

(t) New Accounting Standards Issued but not operative at 30 June 2014

The following standards and interpretations have been issued at the reporting date but are not yet effective. The directors' assessment of the impact of these standards and interpretations is set out below.

(i) AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosure and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2017)

AASB 9 Financial Instruments improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. When adopted, the standard could change the classification and measurement of financial assets. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income for equity investments that are not held for trading. In the current reporting period, the group did not recognise a value under other comprehensive income in relation to the movements in the fair value of available for sale financial assets, which are not held for trading.

Most of the requirements for financial liabilities were carried forward unchanged. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk. The consolidated entity does not have any financial liabilities that are designated at fair value through profit or loss. The new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss. Therefore, there will be no impact on the consolidated entity's accounting for financial liabilities.

In December 2013, new general hedge accounting requirements were incorporated into AASB 9. The new model aligns hedge accounting more closely with risk management, and will be easier to apply and reduce the costs of implementation. However, the new model requires extended disclosure. The standard is not applicable until 1 January 2017 but is available for early adoption. The consolidated entity has yet to assess the impact of new general hedge accounting model on its hedge arrangements. The consolidated entity has decided not to early adopt AASB 9 at 30 June 2014.

Other standards and interpretations, including IFRS 15 have been issued at the reporting date but not yet effective. When adopted, these standards and interpretations are likely to impact on the financial information presented. However the assessment of impact has not yet been completed.

Notes to the Financial Statements for the year ended 30 June 2014

		Consolidated Group	
		2014	2013
		$ 000's	$ 000's
NOTE 2 Revenue			
Revenue from continuing operations			
(a)	**Services**		
-	Finance and payroll solutions including cashflow finance, migration, contract management, on-hire services and recruitment	**138,858**	99,982
(b)	**Other revenue**		
-	Interest received – other entities	**24**	115
-	Franchise Fees	**435**	635
-	Other	**52**	84
Total revenue		**139,369**	100,816

NOTE 3 Expenses

Profit before income tax from continuing operations includes the following specific

Depreciation and amortisation	**116**	91
Finance Costs Expensed	**657**	445
Bad and doubtful debts	**36**	261
Rental expenses on operating leases	**361**	214

NOTE 4 Income Tax Expense		Consolidated Group 2014 $ 000's	2013 $ 000's
(a)	*The components of Tax expense comprise:*		
	Current tax	**374**	113
	Deferred tax	**195**	304
		569	417
(b)	*The prima facie tax on profit from ordinary activities before income tax is*		
	Prima facie tax payable on profit from ordinary activities before income tax at	**504**	355
	Add tax effect of:		
	Previous years adjustment	**9**	56
	Other non-allowable items	**56**	6
	Income tax expense	**569**	417
	The applicable weighted average tax rates are as follows:	**34%**	35%
(c)	*Deferred taxation*		
	The balance comprises temporary differences attributable to :-		
	Provisions	**677**	596
	Other	**199**	85
	Total deferred tax assets	**876**	681
	Net deferred tax assets	**876**	681
(d)	*Income Tax Payable*	**671**	272

NOTE 5 Cash and cash equivalents

	2014	2013
Cash at bank and in hand	**504**	1,538

Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

	2014	2013
Cash and cash equivalents	**504**	1,538
Bank overdraft	-	(496)
Balances as per statement of cash flows	**504**	1,042

Notes to the Financial Statements for the year ended 30 June 2014

NOTE 6 Trade and other receivables	Consolidated Group 2014 $ 000's	2013 $ 000's
CURRENT:		
Trade receivables	**24,358**	9,347
Provision for impairment	**(37)**	(169)
	24,321	9,178

Impaired trade receivables

As at 30 June 2014 current trade receivables of the group with a nominal value of $37,404 (2013: $168,909) was impaired. The individually impaired receivables mainly relate to franchisees, which are in unexpectedly difficult economic situations.

(a) **The aging of these receivables is as follows;**

	2014	2013
30-60 days	**-**	-
Over 60 days	**37**	169
	37	169
Movements in the provision for impairment of receivables are as follows:-		
As at 1 July	**169**	135
Provision for impairment recognised during the year	**36**	261
Receivables written off during the year as uncollectable	**(168)**	(227)
As at 30 June	**37**	169

(b) **Past due but not impaired**

As at 30 June 2014, trade receivables of $7,087,474 (2013: $382,882) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. Trade credit insurance is in place across all receivables, reducing the groups' exposure to risk.

	2014	2013
Less than 30 days	**438**	11
31-60 days	**3,005**	119
61-90 days	**2,532**	35
Greater than 91 days	**1,112**	218
	7,087	383

(c) **Interest Rate Risk**

Information about the Group's and the parent entity's exposure to interest rate risk in relation to trade and other receivables is provided in Note 18.

(d) **Credit Terms**

Credit terms which apply to trade customers range from 7 day terms to 75 day terms. Most terms are 30 days net.

Notes to the Financial Statements for the year ended 30 June 2014

NOTE 6 - Trade and other receivables (continued)

(e) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to Note 18 for further information on the risk management policy of the Group and the credit quality of the entity's trade receivables.

In August 2014, CML Group appointed a receiver to a customer of its finance division. The current amount due to the Company is $440k, which will be 100% recoverable through asset sales, insurance and an agreement with CML Group Directors Greg and Daniel Riley to underwrite any shortfall. Greg Riley and Minnamurra Pty Limited, an entity controlled by Daniel Riley, have provided undertakings to cover any shortfall. In addition Greg Riley has provided a guarantee to CML Group to cover the obligations of Minnamurra Pty Limited pursuant to the Undertaking.

	Consolidated Group	
	2014	**2013**
	$ 000's	**$ 000's**
NOTE 7 Other Current Assets		
Prepayments	**354**	213
Accrued Income	**526**	82
Advances	**-**	116
Deposits Paid	**36**	21
	916	432

NOTE 8 Plant & Equipment		
Leased motor vehicles		
At cost	**98**	98
Accumulated depreciation	**(72)**	(62)
	26	36
Software & Office equipment		
At cost	**889**	861
Accumulated depreciation	**(778)**	(734)
	111	127
Leasehold Improvements		
At cost	**222**	222
Accumulated depreciation	**(185)**	(169)
	37	53
Total Plant & Equipment	**174**	216

NOTE 8 Plant & Equipment (Continued)

	Consolidated Group			
2014 Consolidated:-	Leased Motor Vehicle	Software & Office Equipment	Leasehold Improve-ments	Total
	$	$	$	$
Balance at the beginning of the financial year	**36**	**127**	**53**	**216**
Additions	**-**	**58**	**-**	**58**
Acquired on business combination	**-**	**-**	**-**	**-**
Disposals	**-**	**(21)**	**-**	**(21)**
Depreciation	**(10)**	**(52)**	**(17)**	**(79)**
Carrying amount at the end of the financial year	**26**	**112**	**36**	**174**
2013 Consolidated:-				
Balance at the beginning of the financial year	9	169	64	242
Additions	33	4	3	40
Acquired on business combination	-	-	-	-
Disposals	-	-	-	-
Depreciation	(6)	(46)	(14)	(66)
Carrying amount at the end of the financial year	36	127	53	216

Plant and equipment has been tested for impairment at 30 June 2014 resulting in no impairment loss.

	Consolidated Group	
	2014	**2013**
	$ 000's	**$ 000's**
NOTE 9 Intangible Assets		
Goodwill:-		
Opening net book balance	**5,167**	5,167
Acquisition of business in current year	**-**	-
Net book value	**5,167**	5,167
Software Development:-		
Opening net book balance	**76**	-
Capitalised during the year	**152**	76
Depreciation	**(37)**	-
Net book value	**191**	76
Total	**5,358**	5,243

Intangible assets have been tested for impairment at 30 June 2014 resulting in no impairment loss (2013 : $nil).

Intangible assets, other than goodwill, have finite useful lives ranging from 18 months to 5 years, amortisation is calculated according to the estimated remaining economic useful life of the asset.

Goodwill has an infinite life. The Intangible assets comprise goodwill recognised on;

- the acquisition of Lester Australia Limited on 19 September 2011 amounting to $2,576,028
- the acquisition of Zenith Management Services Pty Ltd in Financial Year 2010 amounting to $2,416,000 and
- the acquisition of an independent contractors Agreement from Lex Brown, with goodwill of $175,000.

(a) **Impairment tests for goodwill**

The recoverable amount of goodwill is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a 5 year period. The growth rate does not exceed the long-term average growth rate for the business in which the business operates.

The growth rate used is considered reasonable based on industry trends. The value in use calculations are on the basis of budgeted results for the 2014 and actual results for the 2014 financial years.

Growth Rate		Discount Rate	
2014	2013	**2014**	2013
%	%	**%**	%
2	2	**8**	8

(b) **Impairment Charge**

Intangible assets have been tested for impairment at 30 June 2010, 30 June 2011, 30 June 2012, 30 June 2013 and 30 June 2014 resulting in no impairment charge.

Notes to the Financial Statements for the year ended 30 June 2014

NOTE 9 Intangible assets (continued)

(c) **Impact of possible changes in key assumptions**

If the budgeted growth rate had been 2% lower than management estimates of 2%, the group would have not recognised an impairment of goodwill.

If the estimated cost of capital used in determining the discount rate for goodwill had been 10% higher than managements' estimates of 8%, the group would not have to recognise an impairment of goodwill.

NOTE 10 Trade and Other Payables

	Consolidated Group	
	2014	**2013**
	$ 000's	**$ 000's**
(a) **Trade payables**		
CURRENT:		
Unsecured liabilities		
Trade payables	**9,501**	1,433
Sundry payables and accrued expenses	**1,254**	4,233
	10,755	5,666
(b) **Other payables**		
CURRENT:		
Unsecured liabilities		
Finance on payables - Greensill Capital	**2,524**	-
	2,524	-

On 15 June 2014, CML group signed an agreement with Greensill Capital to access a $5m unsecured finance facility. In September 2014 this facility limit was increased to $10m. The interest rate on drawn funds is 10% per annum. As at 30 June 2014 the balance outstanding with Greensill is $2.524m with $1.513m due on 31 October 2014 and the remaining due on 15 December 2014. The Greensill facility is classified as other payables, there is no termination date and the facility can be cancelled with 90 days' notice.

NOTE 11 Other Current Liabilities

	Consolidated Group	
	2014	**2013**
	$ 000's	**$ 000's**
CURRENT:		
Unsecured liabilities		
Unearned revenue	**27**	24
Lease Incentive Liability	**79**	43
	106	67

Lease Incentive Liability relates to the rental of the Lavender Street property.

	Consolidated Group	
	2014	2013
	$ 000's	$ 000's

NOTE 12 Borrowings

CURRENT:		
Unsecured		
Finance Lease - Inclusive of unrealised Interest Charges	**8**	9
Finance Lease - unexpired Interest Charges	**(1)**	(2)
	7	7
Secured		
Commercial bills	**-**	2,005
Cashflow Finance Facility-Bank of Queensland	**-**	3,412
Cashflow Finance Facility-NAB	**6,678**	-
Bank overdraft	**-**	496
	6,678	5,913
	6,685	5,920
NON CURRENT:		
Unsecured		
Finance Lease - Inclusive of unrealised Interest Charges	**18**	27
Finance Lease - unexpired Interest Charges	**(1)**	(3)
	17	24

(a) **Financing arrangements**

The major facilities are summarised as follows :-

Bank overdrafts	*Arranged with ANZ Bank at standard variable interest rate*	-	500
Commercial bill facility:	*5 year capped interest rate facility with ANZ Bank expiring 4 November 2013, repaid 17 October 2013*	-	2,000

(b) **Secured liabilities and assets pledged as security**

The total secured liabilities (current and non-current) are as follows:-

Commercial bills	-	2,005
ANZ Bank overdraft	-	496
Cashflow Finance Facility - Bank of Queensland	-	3,412
Cashflow Finance Facility - NAB	**6,678**	-
	6,678	5,913

Notes to the Financial Statements for the year ended 30 June 2014

NOTE 12 Borrowings (continued)

On 28 August 2014, CML Group signed an agreement with NAB to reduce its facility from $13m to $4m on 1 September 2014 and to $3m by 1 October 2014 with the full exit of the facility by 31 October 2014. The facility can be terminated earlier than 31 October 2014 by NAB with 30 days' notice.

The Cash-flow Finance Facility - NAB is secured with cross guarantees over the assets of the Group.
Financial and reporting covenants imposed by the bank are:-

- Consolidated Interest Cover Ratio (the interest cover ratio for each financial quarter to be greater than 3:1)
- Dividend payouts are not to exceed $740k pa without NAB's consent
- Minimum Equity of $4.5m
- All ASX notices to be provided to NAB on day of release
- Quarterly accounts due within 30 days after the end of the quarter
- Audited accounts and three way budgets for the new financial year to be provided within 180 days of the end of the financial year.

(c) Risk exposure

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in Note 18.

NOTE 13 Provisions

	Consolidated Group	
	2014	2013
	$ 000's	$ 000's
Current		
Employee benefits	**1,120**	1,125
Reconciliation of movement in the liability is recognised in the balance sheet		
Balance at the beginning of the financial year	**1,125**	1,462
(Decrease)/increase in provision	**(5)**	(337)
Balance at end of the financial year	**1,120**	1,125
Non Current		
Employee benefits	**4**	19
Reconciliation of movement in the liability is recognised in the balance sheet		
Balance at the beginning of the financial year	**19**	29
(Decrease)/increase in provision	**(15)**	(10)
Balance at end of the financial year	**4**	19

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1(m)(i) and (ii) of the financial statements.

The provision for employee benefits of sponsored employee contractors is not recognised because the Group is entitled to the reimbursement of these costs from their customers. The group is also covered by their trade credit insurance policy in the event of default payment by their customers. As at 30 June 2014, the provision for employee benefits of sponsored employee contractors was $129,737.

Notes to the Financial Statements for the year ended 30 June 2014

NOTE 14 Contributed Equity

	Consolidated Group	
	2014	2013
	$ 000's	$ 000's
Balance at beginning of financial year *62,455,671 Ordinary Shares fully paid (2013: 62,455,671)*	**4,719**	4,731
Shares issued or under issue during the year:-		
120,000 Ordinary shares issued to staff for $nil consideration *when the share price was 29 cents*	**35**	-
Share issue of 5,000,000 Ordinary shares @ 15 cents	**750**	
Share issue of 22,727,023 Ordinary shares @ 22 cents	**5,000**	-
Less transaction costs arising from share placement	**(231)**	(12)
Add: Deferred tax benefit of these transaction costs	**77**	-
Balance at end of financial year *90,302,694 Ordinary Shares fully paid (2013 : 62,455,671)*	**10,350**	4,719

Notes:

On 6 November 2013 the Company issued 5,000,000 Ordinary shares at 15 cents for working capital.
On 31 January 2014 the Company issued 120,000 Ordinary shares to qualifying staff for $nil consideration.
On 28 February 2014 the Company issued 4,200,000 Ordinary shares at 22 cents to raise funds to support the growth of the cash-flow finance division.
On 3 April 2014 the Company issued 18,527,023 Ordinary shares at 22 cents to raise funds to support the continued growth in the cash-flow finance division.
Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Capital risk management

The Group and the parent entity's objective when managing capital is to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group's debt and capital includes ordinary share capital, redeemable preference shares, convertible preference shares and financial liabilities, supported by financial assets.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There are no externally imposed capital requirements and the Group's capital management strategy has not changed during the reporting period. This strategy is to ensure that the Group's gearing ratio remains under 80%. The gearing ratios for the year ended 30 June 2014 and 30 June 2013 are as follows:

NOTE 14 Contributed Equity (Continued)

	Consolidated Group	
	2014	2013
	$ 000's	$ 000's
Contributed Capital		
Total borrowings	**6,702**	5,944
Less Cash and cash equivalents	**(504)**	(1,538)
Trade and other payables	**13,279**	5,666
Net debt	**19,477**	10,072
Total equity	**10,267**	4,195
Total capital	**29,744**	14,267
Gearing ratio	**65.5%**	70.6%

NOTE 15 Reserves and Retained Earnings

	Notes	Consolidated Group	
		2014	2013
		$ 000's	$ 000's
Reserves and Retained Earnings			
Retained Losses	*(a)*	**(524)**	(524)
General Reserve	*(b)*	**441**	-
		(83)	(524)
(a) **Retained Losses**			
Balance at the beginning of year		**(524)**	(666)
Net profit attributable to members of *CML Group Ltd*		**-**	766
Total available for appropriation		**(524)**	100
Dividends paid		**-**	(624)
Balance at end of year		**(524)**	(524)
(b) **General Reseve**			
Balance at the beginning of year		**-**	-
Net profit attributable to members of *CML Group Ltd*		**1,112**	-
Total available for appropriation		**1,112**	-
Dividends paid		**(671)**	-
Balance at end of year		**441**	-

Due to accumulated losses incurred prior to the 1 Jul 2013, the Directors resolved to isolate profits derived from trading activities from 1 July 2013 through the establishment of a General Reserve.
During the year $1.112m (2013: $nil) in profit was recognised in the General reserve, offset by $0.671m (2013 $nil) in fully franked dividends paid during the year.

Notes to the Financial Statements for the year ended 30 June 2014

NOTE 16 Dividends

Ordinary shares

Interim dividend for year ended 30 June 2014 of 0.50 cents (2013: 0.50 cents) per fully paid share paid on 28 March 2014 (2013: 4 April 2013) Fully franked at tax rate of 30% (2013: 30%)	**312**	312
Proposed final dividend for year ended 30 June 2014 of 0.60 cents (2013: 0.50 cents) per fully paid share paid on 30 October 2014 (2013: 25 October 2012) Fully franked at tax rate of 30% (2013: 30%)	**359**	312

Franking credits

The franked portions of the final dividends recommended but not paid at 30 June 2014 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 June 2014.Franking credits available for subsequent financial years based on a tax rate of 30% (2013: 30%)

	3,836	3,769

The above amounts represents the balance of the franking account on a tax paid basis at financial year-end adjusted for franking credits arising from payment of provision for income tax and franking debits arising from the payment of dividends recognised as a liability at the reporting date.

NOTE 17 Remuneration of Auditors

During the year the following fees were paid or payable for services provided by the auditors of the parent entity:-

Audit and review of the financial statements	**59**	64
Other services:		
Taxation and corporate secretarial services	**16**	2
	74	66

NOTE 18 Financial Risk Management

The Audit Committee has been delegated responsibility by the Board of Directors for, amongst other issues, monitoring and managing financial risk exposures of the Group. The audit committee monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to financing risk and interest rate risk.

The Group's overall risk management strategy is to ensure that financial targets are met, while minimising potential adverse effects on financial performance relating to current and future cash flow requirements.

The Group's financial instruments consist mainly of deposit with banks, accounts receivable, investments, and trade and other payables.

		Consolidated Group	
		2014	2013
		$ 000's	$ 000's
The total for each category of financial instruments, measured in accordance with AASB			
Financial Assets			
Cash and cash equivalents		**504**	1,538
Trade and other receivables		**24,321**	9,178
Other current assets		**36**	432
		24,861	11,148
Financial liabilities			
Trade and other payables		**13,279**	5,733
Borrowings	pitcher	**6,678**	2,005
Bank overdraft		**-**	496
Lease liability		**24**	7
		19,981	8,241

(a) *Cash flow and fair value interest rate risk*

The group's main interest rate risk arises from short-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk if the borrowings are carried at fair value.

The group's fixed rate borrowings and receivables are carried at amortised cost. They are therefore not subject to interest rate risk as defined in AASB 7.

Interest rate risk is managed using a mix of fixed and floating rate debt. Other than finance leases, which are fixed rate debt, 100% of group debt is fixed rate at report date. It is the policy of the Group to keep between 50% and 100% of debt on fixed interest rates.

Sensitivity Analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates, exchange rates and commodity and equity prices. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

Notes to the Financial Statements for the year ended 30 June 2014

NOTE 18 Financial Risk Management (Continued)

Sensitivity Analysis	2014	2013
+/- 2% in interest rate		
Equity	**124**	88
Profit	**169**	88

For assets and liabilities the net fair value approximates their carrying values. No financial assets or financial liabilities are readily traded on organised markets in standardised form.

(b) *Credit risk*

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposure to customers as outstanding receivables. For banks and financial institutions, only independently rated parties with a minimum rating of 'AA' are accepted. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Group. The compliance with credit limits by customers is regularly monitored by line management. Sales to customers are required to be settled in cash, mitigating credit risk.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets summarised in the following table. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

		Consolidated Group	
		2014	2013
		$ 000's	$ 000's
Trade receivables			
Counterparts with external credit rating (Moody's)			
AAA	Federal government departments and instrumentalities	**659**	1,163
Counterparts without external credit rating			
Group 1	new customers (less than 6 months)	**8,180**	4,509
Group 2	existing customers (more than 6 months) with no defaults	**15,519**	3,674
Group 3	existing customers (more than 6 months) with some defaults all fully recovered	**-**	-
Total trade receivables		**24,358**	9,346
Cash at bank and short-term bank deposits			
AA2		**504**	1,538

NOTE 18 Financial Risk Management (Continued)

(c) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in instruments that are tradable in highly liquid markets.

The Group manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational and financing activities;
- ensuring that adequate capital raising activities are undertaken;
- maintaining a reputable credit profile; and
- investing surplus cash only with major financial institutions.

Management monitors rolling forecasts of the group's liquidity reserve (comprising the undrawn borrowing facilities below) and cash and cash equivalents (Note 5) on the basis of expected cash flows.

The group had access to the following undrawn borrowing facilities at the end of the reporting period:

	Consolidated Group	
	2014	2013
	$ 000's	$ 000's
Floating rate		
Net Financing Facility from NAB for the Group	**106**	-
Expiring within one year (bank overdraft and bill facility)	**-**	4
Expiring beyond one year (bank overdraft and bill facility)	**-**	-
	106	4

The bank overdraft facility with ANZ has now been closed.

With the exception of the NAB debtor financing facility, detailed in Note 12, CML Group had no other floating rate borrowings.

At 30 June 2014 undrawn funds available from the financing facility with NAB were $106,445.

On 28 August 2014, CML Group signed an agreement with NAB to reduce its facility from $13m to $4m on 1 September 2014 and to $3m by 1 October 2014 with the full exit of the facility by 31 October 2014. The facility can be terminated earlier than 31 October 2014 by NAB with 30 days' notice.

On 15 June 2014, CML group signed an agreement with Greensill Capital to access a $5m unsecured finance facility. In September 2014 this facility limit was increased to $10m. The interest rate on drawn funds is 10% per annum. As at 30 June 2014 the balance outstanding with Greensill is $2.524m with $1.513m due on 31 October 2014 and the remaining due on 15 December 2014. The Greensill facility is classified as other payables, there is no termination date and the facility can be cancelled with 90 days' notice.

Notes to the Financial Statements for the year ended 30 June 2014

NOTE 18 Financial Risk Management (Continued)

The following tables reflect undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments:

As at 30 June 2014	0 to 6 Months $ 000's	6 to 12 Months $ 000's	1 to 5 years $ 000's	More than 5 years $ 000's	Total contractual cash flows $ 000's	Carrying value $ 000's
Trade and other payables	**13,244**	**35**	**-**	**-**	**-**	**13,279**
Finance leases	**3**	**4**	**17**	**-**	**-**	**24**
Bank overdrafts and commercial bills	**6,678**	**-**	**-**	**-**	**-**	**6,678**
Total financial liabilities	**19,925**	**39**	**17**	**-**	**-**	**19,981**

As at 30 June 2013						
Trade and other payables	5,666	-	-	-	-	5,666
Finance leases	3	4	24	-	-	31
Bank overdrafts and commercial bills	2,501	3,412		-	-	5,913
Total financial liabilities	8,170	3,416	24	-	-	11,610

Fair value estimation

The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of current borrowings approximates the carrying amount, as the impact of any discounting is not significant.

Notes to the Financial Statements for the year ended 30 June 2014

NOTE 19 - Segment Information

Change of Segments
Due to the evolution of the CML Group, and to simplify communications with the investment community, CML group has merged the previously described operating segments called “Contract Management” and “Franchising and recruitment” into one segment called “Payroll and related services”. At the same time, due to the broadening of its product offering, the group has renamed the segment called “Payroll finance” to “Finance”.

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 utilized in line with sales volume.

ii. *Payroll and Related Services*
Refers to ‘managed employment’ of contract workers for clients that do not wish to engage these workers directly, generally as they do not have the processes, systems, insurances or desire to employ directly. The payroll division has the ability to sponsor and ‘on-hire’ foreign workers on 457 visas through a Labour Agreement negotiated with Department of Immigration and Border Protection (DIBP). This division also includes labour sourcing through recruitment agency panel management, project management and a migration practice.

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 Inter-segment transactions.

(c) *Segment assets*
Where an asset is used across multiple segments, the asset is allocated to that 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 for the year ended 30 June 2014

NOTE 19 Segment Information (continued)

(f) Comparative information

	Finance	Payroll and related services	Corporate	Total
	$'000's	*$'000's*	*$'000's*	*$'000's*
Year ended 30 June 2014				
Total segment revenue	64,604	74,741	-	139,345
Adjusted Profit before income tax	**1,601**	**1,670**	**(841)**	**2,430**

	Finance	Payroll and related services	Corporate	Total
	$'000's	*$'000's*	*$'000's*	*$'000's*
Year ended 30 June 2013				
Total segment revenue	18,968	81,733	-	100,701
Adjusted Profit before income tax	**539**	**1,473**	**(408)**	**1,604**

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 before income tax to operating profit before income tax is provided as follows:-

	Consolidated Group	
	2014	**2013**
	$ 000's	**$ 000's**
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	**2,430**	1,604
Depreciation and amortisation	**(116)**	(91)
Finance costs	**(657)**	(445)
Interest Income	**24**	115
Operating Profit before income tax	**1,682**	1,183

Notes to the Financial Statements for the year ended 30 June 2014

NOTE 19 Segment Information (continued)

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 assets is $30.645m (2013: $17.288m) per the consolidated statement of financial position. All assets are based in Australia.

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 $20.378m (2013: $13.093m) per the consolidated statement of financial position.

Major customers
The Group has a number of customers to which it provides both products and services. The Group supplies one single external customer in the recruitment sector which accounts for 3.5% of external revenue (2013: 8.8%). The next most significant client accounts for 2.6% (2013: 7.8%) of external revenue. All external revenue attributable to external customers was generated from Australia for the year ended 30 June 2014.

NOTE 20 Contingent liabilities

There is a rental guarantee of $21k relating to the property at Lavender Street. The guarantee of $21k is payable if lease terms regarding the property are broken.

The NAB facility amount owing will become due if covenants detailed in Note 12 are breached. There is also an interlocking guarantee over the assets of the Group of approximately $13.02m on the facility at 30 June 2014. Since balance date this amount has been reduced to $4m on 1 September 2014 and will be $3m by 1 October 2014 and the facility will be fully exited by 31 October 2014.

NOTE 21 Commitments

(a) Lease commitments – Group as lessee

i. *Non-cancellable operating leases*
The property lease for Zenith Management Services Pty Ltd expired in April 2013 and is now a month to month lease.
The current property lease for CML expires on 28 February 2018. It is a 5 year lease that commenced on 1 March 2013, with rent payable monthly in advance. Rental provisions with the lease agreement require the minimum lease payments shall increase by 4% per annum with a market review in year 4.

ii. *Finance leases*
The Group leases various plant and equipment with a carrying amount of $24,264 (2013:$ 31,121) under finance leases expiring within 1 to 3 years.
Commitments in relation to finance leases are payable as follows:-

NOTE 21 Commitments (Continued)

(b) Lease commitments – Group as lessee

	2014 $ 000's	2013 $ 000's
Non-cancellable operating leases contracted but not capitalised in the financial		
- Payable not later than one year	**143**	97
- Longer than 1 year and not longer than 5 years	**408**	558
	551	655
Finance leases		
- Payable not later than one year	**9**	9
- Longer than 1 year and not longer than 5 years	**18**	27
	27	**36**
Minimum lease payments	**27**	36
Less future finance charges	**(3)**	(5)
	24	31

NOTE 22 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(b)

	Country of Incorporation	2014 %	2013 %
Ultimate Parent Entity			
CML Group Limited	Australia		
Controlled Entities			
CMLPayroll Pty Limited	Australia	100%	100%
Zenith Management Services Group Pty Limited	Australia	100%	100%
Lester Australia Limited	UK	100%	100%
The Lester Partnership Pty Limited	Australia	100%	100%
Lester Payroll Services Pty Limited	Australia	100%	100%
Lester Associates Good Migration Pty Limited	Australia	100%	100%
Lester Associates Business Services Pty Limited	Australia	100%	100%
LesterPlus Pty Limited	Australia	100%	100%

Notes to the Financial Statements for the year ended 30 June 2014

NOTE 23 Related Party Disclosures

(a) *Parent entity*
The Parent entity and ultimate parent entity is CML Group Limited.

(b) *Controlled entities and joint venture entities*
Controlled entities and joint venture entities are detailed in Note 22 to the financial statements

(c) *Key management personnel*
Details of key management personnel, their positions, remuneration and number of shares held are detailed in the Remuneration Report within the Directors' Report.

(d) *Transaction with related parties*
The following transactions occurred with related parties:-

An entity related to Steve Rogers, who resigned as Non-Executive Director on 18 December 2013, is Rusher Business Trust T/A Rusher Rogers Recruiting.
Rusher Business Trust T/A Rusher Rogers Recruiting in its capacity as a CML Group Limited franchisee, provides staff to CML Group Limited clients. Sales from Rusher Business Trust T/A Rusher Rogers Recruiting to CML Group Limited were $0.85m for the related party period 1 July 2013 through to 18 December 2013. This is compared to $2.266m in sales for the previous year ending 30 June 2013.
Rusher Business Trust T/A Rusher Rogers Recruiting was billed by CML Group Limited at total of $32,605 for the related party period 1 July 2013 through to 18 December 2013, this is compared to $67,001 for franchise fees and other services for the previous year ending 30 June 2013.

In August 2014, CML Group appointed a receiver to a customer of its finance division. The current amount due to the Company is $440k, which will be 100% recoverable through asset sales, insurance and an agreement with CML Group Directors Greg and Daniel Riley to underwrite any shortfall. Greg Riley and Minnamurra Pty Limited, an entity controlled by Daniel Riley, have provided undertakings to cover any shortfall. In addition Greg Riley has provided a guarantee to CML Group to cover the obligations of Minnamurra Pty Limited pursuant to the Undertaking.

An entity related to Sue Healy, being SER Consulting Pty Limited, provided consulting services during the year to CML Group. Fees charged were $1,000 (2013: $nil).

An entity related to Daniel O'Niele, who was appointed on 18 December 2013, is Navfin Pty Ltd.
Navfin Pty Ltd in its capacity as a CML Group Limited business partner provides new finance leads to CML Group Ltd. Amounts paid from CML Group Pty Ltd to Navfin Pty Ltd for this service during the year totalled $25,576 from November 2013 to 30 June 2014.

(e) *Loans to related parties*
There were no loan amounts with related parties during the year.

NOTE 24 Parent Entity Disclosures

The individual financial statements for the parent entity show the following aggregate	2014 $ 000's	2013 $ 000's
Statement of Financial Position		
Current assets	**7,834**	2,294
Non current assets	**8,914**	4,424
Total assets	**16,748**	6,718
Current liabilities	**9,974**	5,309
Non current liabilities	**27**	10
Total liabilities	**10,001**	5,319
Net Assets	**6,747**	1,399
Shareholders' equity		
Contributed equity	**10,350**	4,719
Retained losses	**(3,603)**	(3,320)
Total equity	**6,747**	1,399
Net Loss for the year after tax	**(820)**	(464)
Total Comprehensive Loss	**(820)**	(464)

NOTE 25 Subsequent events

In August 2014, CML Group appointed a receiver to a customer of its finance division. The current amount due to the Company is $440k, which will be 100% recoverable through asset sales, insurance and an agreement with CML Group Directors Greg and Daniel Riley to underwrite any shortfall. Greg Riley and Minnamurra Pty Limited, an entity controlled by Daniel Riley, have provided undertakings to cover any shortfall. In addition Greg Riley has provided a guarantee to CML Group to cover the obligations of Minnamurra Pty Limited pursuant to the Undertaking.

During August 2014 CML Group received approval from Greensill to increase its facility from $5m to $10m. On 28 August 2014, CML Group the signed an agreement with NAB to reduce its facility from $13m to $4m on 1 September 2014 and to $3m by 1 October 2014 with the full exit of the facility by 31 October 2014.

Other than above, no matters of substance have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Notes to the Financial Statements for the year ended 30 June 2014

NOTE 26 Cash flow information

		Consolidated Group	
		2014	2013
(a)	*Reconciliation of cash*	**$ 000's**	$ 000's
	For the purposes of the statement of cash flows, cash includes cash on hand and		
	Cash and cash equivalents	**504**	1,538
	Bank overdraft	**-**	(496)
		504	1,042
(b)	*Reconciliation of profit/(loss) from ordinary activities after related income tax to*		
	Profit/(loss) from ordinary activities after related income tax	**1,112**	766
	Depreciation and amortisation of non-current assets	**116**	91
	Trade receivables provision for Impairment	**36**	261
	Disposal of Plant and Equipment	**21**	-
	Changes in assets and liability, net of effect of purchases of subsidiaries;		
	Decrease/(increase) in current receivables and other current assets	**(15,663)**	(4,947)
	Decrease/(increase) in deferred tax assets	**(118)**	304
	Decrease/(increase) in provisions	**(20)**	(347)
	Increase/(decrease) in trade and other payables and other liabilities	**10,918**	150
	Increase/(decrease) in client related cashflow facility	**-**	2,559
	Increase/(decrease) in Income tax payable	**399**	10
	Net cash from operating activities	**(3,199)**	(1,153)
(c)	*Non-cash financing and investing activities*		
	Share issue as part consideration for acquisition of a business	**-**	-
(d)	*Credit stand by arrangements with banks*		
	Credit facility	**-**	2,500
	Amount utilised	**-**	(2,496)
		-	4

	Consolidated Group 2014 $ 000's	Consolidated Group 2013 $ 000's

NOTE 27 Earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of

	2014	2013
Earnings	**1,112**	766
	000's	000's
Weighted average number of ordinary shares	**71,608**	62,456
	cents per share	cents per share
Basic and diluted earnings per share	**1.55**	1.23

Notes :

Earnings used in the calculation of basic earnings per share are net profit after tax as per the income statement.
There are no shares which are dilutive so that there is no difference between basic earnings per share and diluted earnings per share.

Directors' Declaration

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

1. The financial statements and notes as set out on pages 25-63 are in accordance with the Corporations Act 2001; and
    a. comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financials Reporting Standards (IFRS); and
    b. give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the consolidated group.
2. 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; and
3. The directors have been given the declarations required by s 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.
4. The company and its wholly owned subsidiaries have entered into a Deed of Cross Guarantee under which the company and its subsidiaries guarantee the debts of each other.

At the date of this Declaration, there are reasonable grounds to believe that the companies which are party to this Deed of Cross Guarantee will be able to meet any obligations or liabilities to which they are, or may become, subject to be virtue of the Deed.

Daniel Riley

Managing Director

Sydney 23rd September 2014

Independent Auditors' Report

PITCHER PARTNERS
ACCOUNTANTS AUDITORS & ADVISORS

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CML GROUP LIMITED
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CML GROUP LIMITED

Report on the Financial Report

We have audited the accompanying financial report of CML Group Limited and controlled entities, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Independent Auditors' Report (continued)

PITCHER PARTNERS

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's Opinion

In our opinion:

(a) the financial report of CML Group Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 15 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of CML Group Limited and controlled entities for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

Deborah Cartwright

Partner

PITCHER PARTNERS

Sydney

Date: 23 September 2014

Additional Information for Publicly Listed Companies

Statement of quoted securities as at 28 August 2014

- There are 800 shareholders holding a total of 90,302,694 ordinary fully paid shares on issue by the Company.
- The twenty largest shareholders between them hold 7.49% of the total issued shares on issue.
- Voting rights for ordinary shares are that on a show of hands each member present in person or by proxy or attorney or representative shall have one vote and upon a poll every member so present shall have one vote for every fully paid share held and for each partly paid share held shall have a fraction of a vote pro-rata to the amount paid up on each partly paid share relative to its issue price.

Distribution of quoted securities as at 28 August 2014

Ordinary fully paid shares

There are 42 shareholders holding less than a marketable parcel.

Range of holding		No. of holders
1 -	1,000	11
1,001 -	5,000	141
5,001 -	10,000	306
10,001 -	100,000	264
100,001 -	and over	78
Total holders		**800**

Substantial shareholdings as at 28 August 2014

Ordinary shareholder	Total relevant interest notified	% of total voting rights
CITICORP NOMINEES PTY LIMITED	18,441,444	20.42
G & A RILEY INVESTMENTS PTY LIMITED <G & A RILEY SMSF A/C>	12,683,779	14.05
MR GREGORY BRUCE RILEY	5,791,134	6.41

On-market buy-backs

There is no on-market buy back currently in place in relation to the securities of the company.

Material differences to Appendix 4E

There are material differences to the Trade Receivables and Trade Payables figures disclosed in the Appendix 4E lodged as on completion opitf the audit it was found that both have been understated by $1.504m, however the net asset figure has not changed. Other than this there are also minor changes in the classification of current assets, employee benefit expense (on-hire staff) and other expenses.

Restricted securities

There are no restricted securities on issue by the Company.

CML Group

Additional Information for Publicly Listed Companies

Top Twenty Shareholders as at 28 August 2014

Rank	Shareholder name	No of Shares	% of ordinary shares on issue
1	CITICORP NOMINEES PTY LIMITED	18,441,444	20.42
2	G & A RILEY INVESTMENTS PTY LIMITED <G & A RILEY SMSF A/C>	12,683,779	14.05
3	MR GREGORY BRUCE RILEY	5,791,134	6.41
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 3	4,505,455	4.99
5	G & A RILEY INVESTMENTS PTY LTD <G & A RILEY SMSF A/C>	4,000,000	4.43
6	MR DANIEL JON RILEY <M & D RILEY SMSF A/C>	2,659,470	2.95
7	MR NOEL D'SOUZA	2,410,978	2.67
8	KEISER INVESTMENTS PTY LTD <GANN FAMILY RETIREMENT A/C>	2,211,891	2.45
9	OSTRAVA EQUITIES PTY LTD	2,038,112	2.26
10	MR NOEL DIAGO LAWRENCE FRANCIS D'SOUZA + MRS CHRISTINE ANN	1,328,395	1.47
11	MRS CHRISTINE ANN D'SOUZA	1,089,492	1.21
12	OSTRAVA EQUITIES PTY LTD	909,091	1.01
13	MR ANDREW ROBERT PRESTON	798,021	0.88
14	MYALL RESOURCES PTY LTD <MYALL GROUP SUPER FUND A/C>	700,000	0.78
15	PERSHING AUSTRALIA NOMINEES PTY LTD <BLUE OCEAN EQUITIES A/C	700,000	0.78
16	MR PETER JOHN STIRLING + MRS ROSALIND VERENA STIRLING	699,910	0.78
17	MIEK PTY LTD <THE TUTT SUPER FUND A/C>	698,928	0.77
18	HALENT PTY LTD <GOLDSTEIN SUPER FUND A/C>	693,770	0.77
19	RUSHER ROGERS RECRUITING PTY LTD	688,370	0.76
20	MRS JANETTE MARY KELLY	604,470	0.67
		63,652,710	**70.51**