

APPENDIX 4D HALF-YEAR REPORT

1. Company details

Name of entity:	Customers Limited
ABN:	62 009 582 781
Reporting period:	Half-year ended 31 December 2011
Previous corresponding period:	Half-year ended 31 December 2010

2. Results for announcement to the market

Revenues from ordinary activities	up	2.8%	to	\$ 64,563,000
Profit from ordinary activities after tax attributable to the owners of Customers Limited	down	76.7%	to	\$ 2,691,000
Profit for the period attributable to the owners of Customers Limited	down	76.7%	to	\$ 2,691,000

Dividends

	Amount per security	Franked amount per security
Final dividend for the year ended 30 June 2011 paid on 28 September 2011	2.000 cents	0.000 cents

The directors determined an interim franked dividend of 2 cents per share will be paid in respect of the half-year ended 31 December 2011. The interim dividend, totalling approximately \$2,697,000 will have a record date of 13 March 2012 and a payment date of 20 April 2012. The conduit foreign income component of this dividend was \$Nil.

Comments

The profit for the consolidated entity after providing for income tax and non-controlling interest amounted to \$2,691,000 (31 December 2010: \$11,560,000).

For detailed commentary on the results for the half-year, refer to the directors report attached to this announcement.

Performance statistics

Six months ending	Dec-11 \$'000	Dec-10 \$'000	Change %
Revenue	64,563	62,795	3%
Earnings before interest, tax, depreciation and amortisation ('EBITDA')	17,383	23,238	(25%)
Add: Interest received	84	43	95%
Less: Interest expence	(2,530)	(1,888)	(34%)
Less: Depreciation and amortisation	(11,403)	(11,527)	1%
Net profit before tax	3,534	9,866	(64%)
Income tax (expense)/benefit	(1,479)	1,706	(187%)
Net profit after tax	2,055	11,572	(82%)
Loss from discontinued operations	-	(12)	n.a
Profit attributable to non-controlling interest	636	-	n.a
Profit attributable to the owners of Customers Limited	2,691	11,560	(77%)

3. NTA backing

Net tangible asset backing per ordinary security	Reporting period 7.23 cents	Previous corresponding period 8.00 cents
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4. Dividends

Current period

	Amount per security	Franked amount per security
Final dividend for the year ended 30 June 2011 paid on 28 September 2011	2.000 cents	0.000 cents

The directors determined an interim franked dividend of 2 cents per share will be paid in respect of the half-year ended 31 December 2011. The interim dividend, totalling approximately \$2,697,000 will have a record date of 13 March 2012 and a payment date of 20 April 2012. The conduit foreign income component of this dividend was \$Nil.

Previous corresponding period

	Amount per security	Franked amount per security
Final dividend for the year ended 30 June 2010 paid on 14 December 2011	8.000 cents	0.000 cents

5. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Current period	Previous corresponding period	Current period	Previous corresponding period
New Zealand ATM Services Limited *	47.75%	34.25%	\$ -	\$(179,000)
Transaction Media Pty Limited	50.00%	50.00%	\$ 37,000	\$ 17,000
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Profit(loss) from ordinary activities			\$ 37,000	\$(162,000)

* On 6 May 2011 the consolidated entity obtained control of New Zealand ATM Services Limited and from this date it is being consolidated (previously equity accounted).

6. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The accounts were subject to a review by the auditors and the review report is attached as part of the Interim Report.

7. Attachments

Details of attachments (if any):

The Interim Report of Customers Limited for the half-year ended 31 December 2011 is attached.

8. Signed



Signed: _____

Date: 28 February 2012

P Polson
Chairman
Melbourne

Customers Limited

ABN 62 009 582 781

Interim Report - 31 December 2011

**Customers Limited
Directors' report
31 December 2011**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Customers Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the half-year ended 31 December 2011.

Directors

The following persons were directors of Customers Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Peter L Polson
Timothy J Wildash
Ross A Burney
Charles V Carbonaro
Ross M Herron

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of:

- the provision of ATM services to the convenience market in Australia
- the provision of ATM services and other services to the financial institution industry and corporate markets in Australia
- the provision of ATM services to the New Zealand market

Review of operations

The profit for the consolidated entity after providing for income tax and non-controlling interest amounted to \$2,691,000 (31 December 2010: \$11,560,000).

Convenience ATMs (core business)

The Convenience ATM business continues to be resilient. However, the consolidated entity's earnings for the half-year have been impacted by the combination of continued significant investment in support of new revenue streams, delayed generation of revenue from the consolidated entity's growth initiatives, one-off costs within the business and delayed delivery of targeted cost savings due to a high level of internal operational activity.

Total transaction revenues for the half-year were over 3.7% up on the equivalent period last year. Total aggregate value transactions for the six months to 31 December 2011, off a smaller ATM base, were around 5% below the equivalent period last year. As at 31 December 2011, the consolidated entity had 5,558 terminals (31 December 2010: 5,861 terminals) in its convenience fleet. The reduction in terminals was primarily due to the consolidated entity exiting selected non-economic sites, a heightened focus on profitability in the procurement of new sites and transition of selected sites to the Bank of Queensland ('BOQ') managed service agreement.

Offsetting the decline in transaction volumes was an increase in transaction value and margin, when compared to the previous corresponding period, as follows:

- Revenue per transaction \$2.25 (2010: \$2.06) up 9.2%
- Rebates \$0.64 (2010: \$0.51) up 25.5%
- Gross margin \$1.60 (2010: \$1.55) up 3.2%

The decline in transactions compared with the previous corresponding period was due to the poor retail climate, low consumer confidence and increase in prices.

During the half-year, the convenience ATM business experienced a number of costs which reduced EBITDA by around \$1.8 million. These costs included:

- employee redundancies and related costs;
- professional fees for advice obtained with respect to a potential control transaction; and
- wide scale one-off promotional and marketing activity.

**Customers Limited
Directors' report
31 December 2011**

New revenue streams

The consolidated entity remains confident that it will generate an acceptable long-term shareholder return from its new growth initiatives, New Zealand ATM Services ('NZATM') and financial institutions/corporate outsourcing. The consolidated entity holds a unique competitive advantage in the Australasian marketplace that it is striving to fully maximise.

NZATM

To date the consolidated entity has invested approximately \$6 million in New Zealand, inclusive of ATM capex. It is expected that the consolidated entity will move to full ownership within 12 months, at a cost of a further \$10 million - \$11 million, plus the capex associated with expansion of NZATM's fleet.

The NZATM fleet has been in substantial roll out phase since November 2011, and now numbers more than 500 and is expected to reach 800 by the end of the financial year.

With effect from 15 February 2012, all NZ bank debit and EFTPOS card holders can access the NZATM network.

Financial institutions/corporate outsourcing

The consolidated entity's financial institutions and corporate outsourcing contracts provide it with the opportunity to continue to grow its market share in the Australian ATM industry with a fee for service revenue model that diversifies its traditional transaction based model.

The consolidated entity has committed to spend a total of \$10 million - \$11 million in capex on these agreements with \$4 million already spent.

Debt management

At the end of the half-year the consolidated entity had net debt of \$34.4 million compared to \$28.2 million as at 30 June 2011. The increase in debt was mainly attributable to an increase in capital expenditure in line with our Financial Institutions/Corporate Outsourcing requirements.

In December 2011 the consolidated entity finalised and executed a 3 year facility with the NAB and Westpac.

Capital Management

The Board will continue to adopt an active approach to capital management while being committed to a prudent level of gearing appropriate to the consolidated entity's needs.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Customers Limited
Directors' report
31 December 2011

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'P Polson', written over a horizontal line.

P Polson
Chairman

28 February 2012
Melbourne



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Customers Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2011 there have been:

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

KPMG

Suzanne Bell
Partner

Melbourne

28 February 2012

Customers Limited
Financial report
For the half-year ended 31 December 2011

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General information

The financial report covers Customers Limited as a consolidated entity consisting of Customers Limited and the entities it controlled. The financial report is presented in Australian dollars, which is Customers Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Customers Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Building 2
148 Chesterville Road
Cheltenham VIC 3192

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 28 February 2012. The directors have the power to amend and reissue the financial report.

Customers Limited
Statement of comprehensive income
For the half-year ended 31 December 2011

		Consolidated	
	Note	31 Dec 2011	31 Dec 2010
		\$'000	\$'000
Revenue from continuing operations	4	64,563	62,795
Share of profits of associates accounted for using the equity method		37	-
Other income		59	54
Expenses			
ATM transaction based payments		(19,853)	(16,455)
ATM communication, servicing and other expenses		(12,696)	(11,729)
Employee benefits expense		(7,735)	(5,931)
Depreciation and amortisation expense	5	(11,403)	(11,527)
Loss on disposal of assets		-	(54)
Non-recoverable GST		(1,164)	(838)
Share of loss of associates accounted for using the equity method		-	(162)
Other expenses		(5,744)	(4,399)
Finance costs	5	<u>(2,530)</u>	<u>(1,888)</u>
Profit before income tax (expense)/benefit from continuing operations		3,534	9,866
Income tax (expense)/benefit		<u>(1,479)</u>	<u>1,706</u>
Profit after income tax (expense)/benefit from continuing operations		2,055	11,572
Loss after income tax benefit from discontinued operations	6	<u>-</u>	<u>(12)</u>
Profit after income tax (expense)/benefit for the half-year		2,055	11,560
Other comprehensive income			
Foreign currency translation		<u>18</u>	<u>(7)</u>
Other comprehensive income for the half-year, net of tax		<u>18</u>	<u>(7)</u>
Total comprehensive income for the half-year		<u><u>2,073</u></u>	<u><u>11,553</u></u>
Profit for the half-year is attributable to:			
Non-controlling interest		(636)	-
Owners of Customers Limited		<u>2,691</u>	<u>11,560</u>
		<u><u>2,055</u></u>	<u><u>11,560</u></u>
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		(604)	-
Owners of Customers Limited		<u>2,677</u>	<u>11,553</u>
		<u><u>2,073</u></u>	<u><u>11,553</u></u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Customers Limited
Statement of comprehensive income
For the half-year ended 31 December 2011

		Consolidated	
	Note	31 Dec 2011	31 Dec 2010
		\$'000	\$'000
		Cents	Cents
Earnings per share from continuing operations attributable to the owners of Customers Limited			
Basic earnings per share	12	1.995	8.564
Diluted earnings per share	12	1.995	8.564
Earnings per share from discontinued operations attributable to the owners of Customers Limited			
Basic earnings per share	12	-	(0.009)
Diluted earnings per share	12	-	(0.009)
Earnings per share for profit attributable to the owners of Customers Limited			
Basic earnings per share	12	1.995	8.555
Diluted earnings per share	12	1.995	8.555

Refer to note 2 for detailed information on restatement of comparatives.

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Customers Limited
Statement of financial position
As at 31 December 2011

	Consolidated	
Note	31 Dec 2011	30 Jun 2011
	\$'000	\$'000
Assets		
Current assets		
Cash and cash equivalents	3,395	5,441
Trade and other receivables	4,191	3,123
Other	1,398	1,669
Total current assets	<u>8,984</u>	<u>10,233</u>
Non-current assets		
Investments accounted for using the equity method	195	158
Property, plant and equipment	54,487	48,784
Intangibles	155,669	156,397
Other	4,292	4,219
Total non-current assets	<u>214,643</u>	<u>209,558</u>
Total assets	<u>223,627</u>	<u>219,791</u>
Liabilities		
Current liabilities		
Trade and other payables	10,733	11,749
Borrowings	6,157	33,654
Derivative financial instruments	232	-
Income tax	4,053	2,513
Employee benefits	1,132	951
Other	2,137	-
Total current liabilities	<u>24,444</u>	<u>48,867</u>
Non-current liabilities		
Borrowings	31,636	-
Deferred tax	1,766	1,865
Employee benefits	359	302
Other	-	2,748
Total non-current liabilities	<u>33,761</u>	<u>4,915</u>
Total liabilities	<u>58,205</u>	<u>53,782</u>
Net assets	<u>165,422</u>	<u>166,009</u>
Equity		
Contributed equity	184,826	184,826
Reserves	(56)	(42)
Accumulated losses	(17,166)	(17,197)
Equity attributable to the owners of Customers Limited	167,604	167,587
Non-controlling interest	(2,182)	(1,578)
Total equity	<u>165,422</u>	<u>166,009</u>

Refer to note 2 for detailed information on restatement of comparatives.

The above statement of financial position should be read in conjunction with the accompanying notes

Customers Limited
Statement of changes in equity
For the half-year ended 31 December 2011

	Contributed equity \$'000	Reserves \$'000	Accumulated losses \$'000	Non- controlling interest \$'000	Total equity \$'000
Consolidated					
Balance at 1 July 2010	186,123	7	(21,254)	-	164,876
Other comprehensive income for the half-year, net of tax	-	(7)	-	-	(7)
Profit after income tax (expense)/benefit for the half- year	-	-	11,560	-	11,560
Total comprehensive income for the half-year	-	(7)	11,560	-	11,553
<i>Transactions with owners in their capacity as owners:</i>					
Own shares acquired	(1,284)	-	-	-	(1,284)
Capital returns to equity holders	(12)	-	-	-	(12)
Dividends paid	-	-	(9,990)	-	(9,990)
Balance at 31 December 2010	<u>184,827</u>	<u>-</u>	<u>(19,684)</u>	<u>-</u>	<u>165,143</u>
	Contributed equity \$'000	Reserves \$'000	Accumulated losses \$'000	Non- controlling interest \$'000	Total equity \$'000
Consolidated					
Balance at 1 July 2011	184,826	(42)	(17,160)	(1,578)	166,046
Other comprehensive income for the half-year, net of tax	-	(14)	-	32	18
Profit/(loss) after income tax (expense)/benefit for the half- year	-	-	2,691	(636)	2,055
Total comprehensive income for the half-year	-	(14)	2,691	(604)	2,073
<i>Transactions with owners in their capacity as owners:</i>					
Dividends paid	-	-	(2,697)	-	(2,697)
Balance at 31 December 2011	<u>184,826</u>	<u>(56)</u>	<u>(17,166)</u>	<u>(2,182)</u>	<u>165,422</u>

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

Customers Limited
Statement of cash flows
For the half-year ended 31 December 2011

	Consolidated	
Note	31 Dec 2011	31 Dec 2010
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	63,379	61,098
Payments to suppliers and employees (inclusive of GST)	<u>(48,758)</u>	<u>(37,040)</u>
	14,621	24,058
Interest received	84	43
Discontinued operations	<u>-</u>	<u>(18)</u>
Net cash from operating activities	<u>14,705</u>	<u>24,083</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(12,787)	(8,322)
Payments for intangibles	(2,353)	(6,577)
Loan to equity accounted investees	31	(151)
Payment for acquisition of other non-current assets	<u>(861)</u>	<u>(1,107)</u>
Net cash used in investing activities	<u>(15,970)</u>	<u>(16,157)</u>
Cash flows from financing activities		
Proceeds from borrowings	5,800	4,400
Dividends paid	9 (2,697)	(9,990)
Repayment of borrowings	(2,500)	(1,750)
Repurchase of own shares	-	(1,284)
Payment of capital return	-	(12)
Interest paid on debt and finance leases	(2,033)	(1,713)
Financing costs	<u>(508)</u>	<u>(130)</u>
Net cash used in financing activities	<u>(1,938)</u>	<u>(10,479)</u>
Net decrease in cash and cash equivalents	(3,203)	(2,553)
Cash and cash equivalents at the beginning of the financial half-year	<u>5,441</u>	<u>(39)</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>2,238</u></u>	<u><u>(2,592)</u></u>

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

Customers Limited
Notes to the financial statements
31 December 2011

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2011 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project

The consolidated entity has applied AASB 2010-4 amendments from 1 July 2011. The amendments made numerous non-urgent but necessary amendments to a range of Australian Accounting Standards and Interpretations. The amendments provided clarification of disclosures in AASB 7 'Financial Instruments: Disclosures', in particular emphasis of the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments; clarified that an entity can present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes in accordance with AASB 101 'Presentation of Financial Instruments'; and provided guidance on the disclosure of significant events and transactions in AASB 134 'Interim Financial Reporting'.

AASB 2010-5 Amendments to Australian Accounting Standards

The consolidated entity has applied AASB 2010-5 amendments from 1 July 2011. The amendments made numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the International Accounting Standards Board.

Note 1. Significant accounting policies (continued)

AASB 124 Related Party Disclosures (December 2009)

The consolidated entity has applied AASB 124 (revised) from 1 July 2011. The revised standard simplified the definition of a related party by clarifying its intended meaning and eliminating inconsistencies from the definition. A subsidiary and an associate with the same investor are related parties of each other; entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other.

AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project

The consolidated entity has applied AASB 2011-1 amendments from 1 July 2011. The amendments make changes to a range of Australian Accounting Standards and Interpretations for the purpose of closer alignment to International Financial Reporting Standards ('IFRSs') and harmonisation between Australian and New Zealand Standards. The amendments remove certain guidance and definitions from Australian Accounting Standards for conformity of drafting with IFRS but without any intention to change requirements.

Going concern

The financial report has been prepared on a going concern basis. Directors are of the opinion that funds will be available to finance operations and that realisation of assets and settlement of liabilities will occur in the normal course of business. In assessing whether a going concern basis is appropriate, the directors have taken into account all available information about the future which is at least 12 months from the date of signing this report.

In particular, the consolidated entity has extended its existing banking facilities with its syndicate banks, National Australia Bank and Westpac, for a term of three years and increased the limits under the facility for growth purposes.

Note 2. Restatement of comparatives

Reclassification

Certain other comparatives in the statement of comprehensive income have been reclassified to align to the current period presentation. The reclassifications had no effect on the profit for the half-year ended 31 December 2010.

Change in accounting policy

The consolidated entity had previously recognised the cost associated with the removal of ATMs at the time the ATM was being installed. Given difficulties reliably estimating both the amount and timing of the restoration costs, the accounting policy has been changed to recognise the cost of removing the ATM and restoration of the site as incurred. Accordingly, the balances relating to this item have been restated and are shown in the extract of the relevant statement that follows:

Customers Limited
Notes to the financial statements
31 December 2011

Note 2. Restatement of comparatives (continued)

Statement of comprehensive income

	Consolidated		
	31 Dec 2010		31 Dec 2010
Extract	\$'000	\$'000	\$'000
	Reported	Adjustment	Restated
Expenses			
ATM communication, servicing and other expenses	(11,410)	(319)	(11,729)
Depreciation and amortisation expense	(11,722)	195	(11,527)
	<u>9,990</u>	<u>(124)</u>	<u>9,866</u>
Profit before income tax (expense)/benefit from continuing operations			
Income tax (expense)/benefit	1,669	37	1,706
Profit after income tax (expense)/benefit from continuing operations	11,659	(87)	11,572
Loss after income tax benefit from discontinued operations	(12)	-	(12)
Profit after income tax (expense)/benefit for the half-year	11,647	(87)	11,560
Other comprehensive income for the half-year, net of tax	(7)	-	(7)
Total comprehensive income for the half-year	<u>11,640</u>	<u>(87)</u>	<u>11,553</u>

Statement of financial position at the end of the earliest comparative period

	Consolidated		
	30 Jun 2011		30 Jun 2011
Extract	\$'000	\$'000	\$'000
	Reported	Adjustment	Restated
Assets			
Non-current assets			
Property, plant and equipment	51,334	(2,550)	48,784
Total non-current assets	212,108	(2,550)	209,558
Total assets	<u>222,341</u>	<u>(2,550)</u>	<u>219,791</u>
Liabilities			
Non-current liabilities			
Deferred tax	1,828	37	1,865
Provisions	2,682	(2,682)	-
Total non-current liabilities	7,560	(2,645)	4,915
Total liabilities	<u>56,427</u>	<u>(2,645)</u>	<u>53,782</u>
Net assets	<u>165,914</u>	<u>95</u>	<u>166,009</u>
Equity			
Accumulated losses	(17,292)	95	(17,197)
Total equity	<u>165,914</u>	<u>95</u>	<u>166,009</u>

Customers Limited
Notes to the financial statements
31 December 2011

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into 3 operating segments as described below. These operating segments are based on the internal reports that are reviewed and used by the Managing Director (who is identified as the Chief Operating Decision Maker ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews both adjusted earnings before interest, tax, depreciation and amortisation (segment result) and profit before income tax. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on at least a monthly basis.

Types of products and services

The principal products and services of each of these operating segments are as follows:

Convenience ATM	The provision of ATM services to the convenience market in Australia
Financial Institutions	The provision of ATM services and other services to the financial institution industry and corporate markets in Australia
New Zealand	The provision of ATM services to the New Zealand market

Intersegment transactions

Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Customers Limited
Notes to the financial statements
31 December 2011

Note 3. Operating segments (continued)

Operating segment information

31 Dec 2011	Convenience ATMs \$'000	Financial Institutions \$'000	New Zealand \$'000	Intersegment eliminations/ unallocated \$'000	Consolidated \$'000
Revenue					
Sales to external customers	63,148	1,039	292	-	64,479
Intersegment sales	396	-	-	(396)	-
Total sales revenue	<u>63,544</u>	<u>1,039</u>	<u>292</u>	<u>(396)</u>	<u>64,479</u>
Share of profits of associates	37	-	-	-	37
Other income	142	-	1	-	143
Total revenue	<u>63,723</u>	<u>1,039</u>	<u>293</u>	<u>(396)</u>	<u>64,659</u>
Segment result	20,139	(1,437)	(1,319)	-	17,383
Depreciation and amortisation	(10,564)	(526)	(313)	-	(11,403)
Interest revenue	84	-	-	-	84
Finance costs	(2,495)	-	(35)	-	(2,530)
Profit/(loss) before income tax expense	<u>7,164</u>	<u>(1,963)</u>	<u>(1,667)</u>	<u>-</u>	<u>3,534</u>
Income tax expense					(1,479)
Profit after income tax expense					<u>2,055</u>
Assets					
Segment assets	209,431	8,409	5,787	-	223,627
Total assets					<u>223,627</u>
<i>Total assets includes:</i>					
Investments in associates	195	-	-	-	195
Acquisition of non-current assets	10,161	4,228	2,074	-	16,463
Liabilities					
Segment liabilities	51,141	-	7,064	-	58,205
Total liabilities					<u>58,205</u>

Customers Limited
Notes to the financial statements
31 December 2011

Note 3. Operating segments (continued)

	Convenience ATMs	Financial Institutions	New Zealand	Intersegment eliminations/ unallocated	Consolidated
31 Dec 2010	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue					
Sales to external customers	62,752	-	-	-	62,752
Total sales revenue	62,752	-	-	-	62,752
Other income	97	-	-	-	97
Total revenue	62,849	-	-	-	62,849
Segment result					
Depreciation and amortisation	24,503	(1,086)	(179)	-	23,238
Interest revenue	(11,311)	(216)	-	-	(11,527)
Finance costs	43	-	-	-	43
Loss on disposal of discontinued operations	(1,888)	-	-	-	(1,888)
	-	-	-	(17)	(17)
Profit/(loss) before income tax benefit	11,347	(1,302)	(179)	(17)	9,849
Income tax benefit					1,711
Profit after income tax benefit					11,560
30 Jun 2011					
Assets					
Segment assets	208,648	4,921	6,222	-	219,791
Total assets					219,791
<i>Total assets includes:</i>					
Investments in associates	158	-	-	-	158
Acquisition of non-current assets	11,235	1,425	176	-	12,836
Liabilities					
Segment liabilities	51,034	-	2,748	-	53,782
Total liabilities					53,782

Geographical information

	Sales to external customers		Geographical non-current assets	
	31 Dec 2011 \$'000	31 Dec 2010 \$'000	31 Dec 2011 \$'000	30 Jun 2011 \$'000
Australia	64,187	62,752	209,565	204,380
New Zealand	292	-	5,078	5,178
	<u>64,479</u>	<u>62,752</u>	<u>214,643</u>	<u>209,558</u>

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post employment benefits assets and rights under insurance contracts.

Customers Limited
Notes to the financial statements
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Note 4. Revenue

	Consolidated	
	31 Dec 2011	31 Dec 2010
	\$'000	\$'000
From continuing operations		
<i>Sales revenue</i>		
ATM transaction revenue	61,240	59,082
Contractual merchant revenue	2,152	1,212
Other ATM revenue	1,087	2,458
	<u>64,479</u>	<u>62,752</u>
<i>Other revenue</i>		
Interest	84	43
	<u>84</u>	<u>43</u>
Revenue from continuing operations	<u>64,563</u>	<u>62,795</u>

Note 5. Expenses

	Consolidated	
	31 Dec 2011	31 Dec 2010
	\$'000	\$'000
Profit before income tax from continuing operations includes the following specific expenses:		
<i>Depreciation</i>		
Leasehold improvements	83	78
Plant and equipment	74	-
Fixtures and fittings	146	262
Motor vehicles	27	21
ATMs	4,813	4,134
Other capitalised costs	2,321	3,545
	<u>7,464</u>	<u>8,040</u>
Total depreciation	<u>7,464</u>	<u>8,040</u>
<i>Amortisation</i>		
Merchant contracts	2,259	1,815
Software	623	459
Trademarks, licences and agreements	129	152
Capitalised commission	781	789
Bailment rights	147	272
	<u>3,939</u>	<u>3,487</u>
Total amortisation	<u>3,939</u>	<u>3,487</u>
Total depreciation and amortisation	<u>11,403</u>	<u>11,527</u>
<i>Other expenses</i>		
Bad debt expense	643	1,182
	<u>643</u>	<u>1,182</u>

Customers Limited
Notes to the financial statements
31 December 2011

Note 5. Expenses (continued)

	Consolidated	
	31 Dec 2011	31 Dec 2010
	\$'000	\$'000
<i>Finance costs</i>		
Interest expense on borrowings and finance lease	2,033	1,713
Amortisation of borrowing costs	190	173
Foreign exchange currency loss	75	2
Fair value movement on interest rate swap	232	-
	<u>2,530</u>	<u>1,888</u>
Finance costs expensed		

Note 6. Discontinued operations

Financial performance information

	Consolidated	
	31 Dec 2011	31 Dec 2010
	\$'000	\$'000
Discontinued operations	-	(17)
Total expenses	<u>-</u>	<u>(17)</u>
Loss before income tax benefit	-	(17)
Income tax benefit	<u>-</u>	<u>5</u>
Loss after income tax benefit	<u>-</u>	<u>(12)</u>
Loss after income tax benefit from discontinued operations	<u><u>-</u></u>	<u><u>(12)</u></u>

Note 7. Current liabilities - borrowings

	Consolidated	
	31 Dec 2011	30 Jun 2011
	\$'000	\$'000
Bank overdraft	1,157	-
Bank loans	5,000	34,000
Deferred facility transaction costs	<u>-</u>	<u>(346)</u>
	<u><u>6,157</u></u>	<u><u>33,654</u></u>

Customers Limited
Notes to the financial statements
31 December 2011

Note 8. Non-current liabilities - borrowings

	Consolidated	
	31 Dec 2011	30 Jun 2011
	\$'000	\$'000
Bank loans	32,300	-
Deferred facility transaction costs	(664)	-
	<u>31,636</u>	<u>-</u>

Total secured liabilities

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

	Consolidated	
	31 Dec 2011	30 Jun 2011
	\$'000	\$'000
Bank overdraft	1,157	-
Bank loans	37,300	34,000
	<u>38,457</u>	<u>34,000</u>

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	31 Dec 2011	30 Jun 2011
	\$'000	\$'000
Total facilities		
Bank overdraft	4,400	5,000
Bank loans	41,750	37,700
NZ bank loans	17,580	-
	<u>63,730</u>	<u>42,700</u>
Used at the reporting date		
Bank overdraft	1,157	-
Bank loans	37,300	34,000
NZ bank loans	-	-
	<u>38,457</u>	<u>34,000</u>
Unused at the reporting date		
Bank overdraft	3,243	5,000
Bank loans	4,450	3,700
NZ bank loans	17,580	-
	<u>25,273</u>	<u>8,700</u>

Customers Limited
Notes to the financial statements
31 December 2011

Note 9. Equity - dividends

	Consolidated	
	31 Dec 2011	31 Dec 2010
	\$'000	\$'000
Final dividend for the year ended 30 June 2011 of 2.0 cents per ordinary share paid on 28 September 2011 unfranked	2,697	-
Final dividend for the year ended 30 June 2010 of 8.0 cents per ordinary share paid on 14 December 2010 *	-	9,990
	<u>2,697</u>	<u>9,990</u>

* \$800,000 of this dividend was paid in the half-year ended 30 June 2011, bringing the total dividend paid to \$10,790,000.

The directors determined an interim franked dividend of 2 cents per share will be paid in respect of the half-year ended 31 December 2011. The interim dividend, totalling approximately \$2,697,000 will have a record date of 13 March 2012 and a payment date of 20 April 2012. The conduit foreign income component of this dividend was \$Nil.

Customers Limited
Notes to the financial statements
31 December 2011

Note 10. Contingent liabilities

	Consolidated	
	31 Dec 2011	30 Jun 2011
	\$'000	\$'000
Bank guarantees	<u>602</u>	<u>-</u>

GST

A contingent liability estimated to be \$115,000 (30 June 2011: \$100,000 to \$150,000) will arise over the next two year period due to the operation of Division 129 of the GST regulations regarding the supply of certain automatic teller machine ('ATM') services being defined as a 'financial supply' due to an amendment by the Reserve Bank of Australia to A New Tax System (Goods and Services Tax) Regulations 1999. The amount payable is only measurable at the end of each of the financial years, and payable in the following month.

New Zealand Services Limited

Under the terms of the NZ ATM Service Limited ('NZ ATM') shareholder agreement entered into with the non-controlling shareholders in NZ ATM, the consolidated entity holds a call option over the non-controlling shareholders 52.25% interest in NZ ATM, and the non-controlling shareholders have a corresponding put option. These options are exercisable as follows:

- Call option at any time until the date which is 13 months after Full Deployment*; and
- Put option at any time after the call option expiry date and before 14 months after Full Deployment.

* Full Deployment means the date of commencement of full deployment of ATMs by NZ ATM subsequent to NZ ATM receiving notice from Paymark Limited ('Paymark') in a form satisfactory to Customers Limited that Paymark will support the full deployment of ATMs by NZ ATM and at least 5 of the 6 Issuing Banks having agreed to facilitate their cardholders conducting withdrawal transactions.

Customers Limited has not received the notice from Paymark, as at the date of approval of this financial report. When the company receives the notice in form satisfactory to it the following maximum amounts are payable upon exercise of the put and call option:

Maximum potential cost of acquisition of the remaining equity in New Zealand Services Limited	A\$7.8m
Restraint fee	NZ\$1.1m
Repayment of shareholder loans	A\$2.7m

Note 11. Events after the reporting period

No matter or circumstance has arisen since 31 December 2011 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Customers Limited
Notes to the financial statements
31 December 2011

Note 12. Earnings per share

	Consolidated	
	31 Dec 2011	31 Dec 2010
	\$'000	\$'000
<i>Earnings per share from continuing operations</i>		
Profit after income tax	2,055	11,572
Non-controlling interest	636	-
	<u>2,691</u>	<u>11,572</u>
Profit after income tax attributable to the owners of Customers Limited		
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>134,869,357</u>	<u>135,123,669</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>134,869,357</u>	<u>135,123,669</u>
	Cents	Cents
Basic earnings per share	1.995	8.564
Diluted earnings per share	1.995	8.564
Consolidated		
	31 Dec 2011	31 Dec 2010
	\$'000	\$'000
<i>Earnings per share from discontinued operations</i>		
Profit after income tax attributable to the owners of Customers Limited	<u>-</u>	<u>(12)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>-</u>	<u>135,123,669</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>-</u>	<u>135,123,669</u>
	Cents	Cents
Basic earnings per share	-	(0.009)
Diluted earnings per share	-	(0.009)

Customers Limited
Notes to the financial statements
31 December 2011

Note 12. Earnings per share (continued)

	Consolidated	
	31 Dec 2011	31 Dec 2010
	\$'000	\$'000
<i>Earnings per share for profit</i>		
Profit after income tax	2,055	11,560
Non-controlling interest	636	-
	<u>2,691</u>	<u>11,560</u>
Profit after income tax attributable to the owners of Customers Limited	<u>2,691</u>	<u>11,560</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>134,869,357</u>	<u>135,123,669</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>134,869,357</u>	<u>135,123,669</u>
	Cents	Cents
Basic earnings per share	1.995	8.555
Diluted earnings per share	1.995	8.555

Customers Limited
Directors' declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors



P Polson
Chairman

28 February 2012
Melbourne



Independent auditor's review report to the members of Customers Limited

Report on the financial report

We have reviewed the accompanying half-year financial report of Customers Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2011, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes 1 to 12 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Customers Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Customers Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG
KPMG

S Bell

Suzanne Bell
Partner

Melbourne

28 February 2012