

# Customers Limited

A.B.N. 62 009 582 781

## Appendix 4D

### Half -Year Report

#### Period ending 31 December 2010

(Previous Corresponding Reporting Period ending 31 December 2009)

#### Results for announcement to the market

Results for announcement to the market					
In thousands of AUD					
2.1	Revenue	Increased	5.8%	to	\$62,752
2.2	Profit after tax attributable to members	Increased	2.2%	to	\$11,647
2.3	Net profit for the period attributable to members	Increased	2.2%	to	\$11,647
2.4	Dividends	Amount per security		Franked amount per security	
	Interim dividend	3¢		0¢	
	Previous corresponding period	0¢		0¢	
2.5	Record date for determining entitlements to the dividend			7 April 2011.	

<b>3. Net tangible assets per security</b>	<b>31 Dec 2010</b>	<b>31 Dec 2009</b>
<i>In thousands of AUD</i>		
Net tangible assets	10,927	35,792
Net assets	165,230	186,443
Total number of shares (in thousands)	134,869	137,949
Net assets per security	1.23	1.35
Net tangible assets per security	0.08	0.26

<b>4. Distributions</b>	<b>Amount per security</b>
Dividends distributed	8¢
Previous corresponding period	0¢
<b>Record date for determining entitlements to the dividend</b>	<b>30 November 2010.</b>

# **Customers Limited**

**ABN 62 009 582 781**

**and its controlled entities**

## **Interim Financial Report**

**For the six months ended 31 December 2010**

# **Customers Limited – Interim Financial Report**

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# Customers Limited – Interim Financial Report

## Directors' Report

The Directors present this report together with the condensed consolidated financial statements for the six months ended 31 December 2010 and the review report thereon.

### Directors

The Directors of the Company at any time during or since the end of the interim period are:

Name	Period of Directorship
<b>Non-executive</b>	
Mr Charles V Carbonaro	Appointed 25 August 2006
Mr Gregory K Monaghan	Appointed 17 May 2005 (resigned 23 November 2010)
Mr Greg R Rooke	Appointed 10 March 2008 (resigned 23 November 2010)
Mr Ross M Herron	Appointed 4 October 2010
Mr Peter L Polson	Appointed 23 November 2010
Mr Ross A Burney	Appointed 23 November 2010

### Executive

Mr Timothy J Wildash	Appointed 2 May 2007– Managing Director
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### Review

It is my pleasure to present Customers Limited's (Customers) latest half-year financial report, my first as Chairman of the company.

During the six months to 31 December 2010 we experienced a macro environment of soft retail trade, abnormal adverse weather conditions in many parts of Australia and rising interest rates. These factors had an impact on consumers habitual demand for cash.

Despite these conditions, Customers has performed credibly. We have continued to grow our fleet and invest in new revenue streams to lay a platform for sustained long-term growth and returns for shareholders.

### Half Year Financial Highlights

	December 2010	December 2009	Change
Revenue (\$M)	\$62.8	\$59.3	5.8%
ATM Network Expenses (\$M)	\$27.9	\$24.5	14%
EBITDA (\$M)	\$23.7	\$26.0	(8.8%)
EBIT (\$M)	\$12	\$16.9	(29.1%)
NPAT (\$M)	\$11.6	\$11.4	2.2%
Cash	(\$2.6)	\$28.0	(109%)
EPS (cps)	0.089	0.085	4.7%

In the six months the group's revenue increased 5.8% to \$62.8 million and was impacted by the following factors:

- a 4.0% increase in the average numbers of ATMs to 5,705
- a 6.0% decline in transactions per ATM (producing a net 2% decline in withdrawal volumes), and
- a 7.8% increase in average revenue received per value transaction to \$2.06

Reported earnings before interest, tax, depreciation and amortisation (EBITDA) were \$23.7 million, representing a decrease of \$2.3 million (8.8%) on the prior corresponding period (pcp). A major driver of the change in EBITDA was the level of investment in new revenue opportunities, and an increase of \$3.4 million in ATM network costs.

After allowing for investment in new revenue opportunities pertaining to the group's financial institution outsourcing strategy, the group reported a normalised EBITDA of \$25 million, representing a decrease of \$1 million. Given the projected significance of the company's growth opportunities, the company has commenced providing segment data in this period and will continue to do so.

Statutory profit after tax for the group was \$11.6 million, an increase of \$0.2 million on the pcp.

During the period, the company finalised its income tax advice in respect of the treatment of merchant contracts. This advice reduces tax payable by the company in the 2011 financial period by approximately \$5.6 million.

# **Customers Limited – Interim Financial Report**

## **Directors' Report (continued)**

### **Operational Highlights**

Total withdrawal volumes across the company's fleet were down 2% compared with the pcp. These volumes were driven by 4% higher machine numbers and a 6% drop in transactions per ATM.

The period saw the company achieve an average uptime per ATM of 99.46%, ensuring optimum customer satisfaction and minimising maintenance related overheads.

In line with our strategic objectives, Customers acquired three small independent ATM operators during the period. This has resulted in the expansion of our Australian ATM fleet by 201 sites with a further 21 sites awaiting deployment. The acquisitions provide an opportunity for Customers to utilise its scale benefits to enhance the service delivery and profitability of these fleets.

The group also completed the acquisition of the Australian assets of Canadian-based ATM driver, Calypso – a transition yielding operational cost savings and providing the opportunity to open up new revenue streams.

### **Growth Initiatives**

The company was delighted on 23 February 2011 to announce that Customers' expansion into New Zealand would proceed to full deployment following agreement from ANZ National Limited that it would allow its cardholders to use NZATM's independent network.

This cornerstone event means that NZATM, of which Customers holds a 34.25% stake, will commence rolling out terminals to sites where it already holds contracts. As part of its initial deployment, NZATM is aiming to complete the roll out of over 600 ATMs to new sites prior to the Rugby World Cup in September this year, ultimately providing a material revenue contribution for Customers.

The group continued to invest in its partnership with leading global ATM manufacturer Nautilus Hyosung (Hyosung). This strategy supports the group's new partnership with Citibank, and the response to date to our innovative Customers/Hyosung proposition from a range of financial institutions and corporate clients has been extremely positive.

### **Debt Management**

At the end of the period, the group had net debt of \$35.9 million, up from \$30.6 million as at 30 June 2010.

The change in net debt was attributable to significant activities requiring payment during the period, including the company's inaugural dividend return to shareholders (\$10 million), acquisition of other fleets (\$4.4 million), share buy back (\$1.3 million) and a \$1.75 million repayment of the company's senior debt facility.

During the period, the company announced new banking arrangements. The arrangements consist of facilities provided by National Australia Bank and Westpac Banking Corporation.

### **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 our business needs.

### **Outlook**

For the balance of the year we anticipate a largely unchanged economic environment, however we will continue to focus on our strategic growth platform while seeking to improve our cost/revenue operating environment.

### **Dividends Paid or Recommended**

On 23 February 2011, the Directors of the company declared an interim unfranked dividend of 3 cents per share in respect of the half year ended 31 December 2010. The interim dividend, totalling approximately \$4 million will have a record date of 7 April 2011 and a payment date of 21 April 2011.

# **Customers Limited – Interim Financial Report**

## **Directors' Report (continued)**

### **LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

The Lead Auditor's independence declaration is set out on page 6 and forms part of the Directors' report for the six months ended 31 December 2010.

#### **Rounding off**

The company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and Directors report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Dated at Melbourne this 24th day of February 2011.

Signed in accordance with a resolution of the Directors:

A handwritten signature in black ink, appearing to read 'P Polson', with a long horizontal flourish extending to the right.

**P Polson  
Chairman**



***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 interim period ended 31 December 2010 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.

A handwritten signature in black ink that reads 'KPMG'.

KPMG

A handwritten signature in black ink that reads 'Suzanne Bell'.

Suzanne Bell  
*Partner*

Melbourne

24 February 2011

# Customers Limited – Interim Financial Report

## Condensed consolidated Interim Statement of Comprehensive Income for the six months ended 31 December 2010

In thousands of AUD

	Note	31 Dec 2010	31 Dec 2009
Revenue	6	62,752	59,330
ATM network expenses	8	(27,919)	(24,500)
<b>Gross profit</b>		<b>34,833</b>	<b>34,830</b>
Other income	7	54	55
Employee benefits expenses	10	(5,931)	(4,452)
Non-recoverable GST		(838)	(2,108)
Other expenses	9	(4,399)	(2,321)
<b>EBITDA</b>		<b>23,719</b>	<b>26,004</b>
Depreciation and amortisation expense	14,16,17	(11,722)	(9,092)
<b>Results from operating activities</b>		<b>11,997</b>	<b>16,912</b>
Financial income	11	43	1,482
Financial expenses	11	(1,888)	(2,614)
<b>Net financing costs</b>		<b>(1,845)</b>	<b>(1,132)</b>
Share of loss of equity accounted investees		(162)	(60)
<b>Profit/ (loss) before income tax expense</b>		<b>9,990</b>	<b>15,720</b>
Income tax relating to ordinary activities		1,669	(4,182)
<b>Profit from continuing operations</b>		<b>11,659</b>	<b>11,538</b>
<b>Discontinued operation</b>			
Profit / (loss) from discontinued operations (net of income tax)	18	(12)	(139)
<b>Profit for the period</b>		<b>11,647</b>	<b>11,399</b>
<b>Other comprehensive income</b>			
Foreign currency translation differences for foreign operations, net of tax		(7)	10
Net change in fair value of cash flow hedge transferred to P&L, net of tax		-	(42)
<b>Other comprehensive income for the period, net of income tax</b>		<b>(7)</b>	<b>(32)</b>
<b>Total comprehensive income for the period</b>		<b>11,640</b>	<b>11,367</b>
<b>Profit attributable to:</b>			
Owners of the company		11,647	11,399
<b>Profit for the period</b>		<b>11,647</b>	<b>11,399</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the company		11,640	11,367
<b>Total comprehensive income for the period</b>		<b>11,640</b>	<b>11,367</b>
<b>Earnings per share</b>			
Basic earnings per share (\$ per share)		0.089	0.085
Diluted earnings per share (\$ per share)		0.089	0.082

The condensed consolidated interim statement of comprehensive income is to be read in conjunction with the notes to the condensed consolidated interim financial statements set out on pages 11 to 18.



# Customers Limited – Interim Financial Report

## Condensed consolidated Interim Statement of Financial Position as at 31 December 2010

*In thousands of AUD*

	Note	31 Dec 2010	30 June 2010
<b>Current Assets</b>			
Cash and cash equivalents	12	1,424	80
Trade and other receivables	13	5,219	3,638
Other current assets	14	1,792	1,620
<b>Total current assets</b>		<b>8,435</b>	<b>5,338</b>
<b>Non-Current Assets</b>			
Trade and other receivables	13	2,000	1,715
Plant and equipment	16	52,430	52,790
Investments in equity accounted investees	15	916	1,079
Intangible assets	17	154,303	151,201
Other non-current assets	14	4,093	4,102
<b>Total non-current assets</b>		<b>213,742</b>	<b>210,887</b>
<b>Total Assets</b>		<b>222,177</b>	<b>216,225</b>
<b>Current liabilities</b>			
Bank overdraft	12	4,016	119
Trade and other payables		11,361	10,896
Current tax payable		91	3,988
Loans and borrowings	19	3,500	3,500
Employee benefits		848	690
<b>Total current liabilities</b>		<b>19,816</b>	<b>19,193</b>
<b>Non-current liabilities</b>			
Loans and borrowings	19	29,807	27,114
Deferred tax liabilities		3,918	1,696
Provisions		3,147	3,151
Employee benefits		259	195
<b>Total non-current liabilities</b>		<b>37,131</b>	<b>32,156</b>
<b>Total Liabilities</b>		<b>56,947</b>	<b>51,349</b>
<b>Net Assets</b>		<b>165,230</b>	<b>164,876</b>
<b>Equity</b>			
Share capital	20	184,827	186,123
Reserves		-	7
Accumulated losses		(19,597)	(21,254)
<b>Total equity</b>		<b>165,230</b>	<b>164,876</b>

The condensed consolidated interim statement of financial position is to be read in conjunction with the notes to the condensed consolidated interim financial statements set out on pages 11 to 18.

## Customers Limited – Interim Financial Report

### Condensed consolidated Interim Statement of Changes in Equity for the interim period ended 31 December 2010

*In thousands of AUD*

	<b>Attributable to the equity holders of the Company</b>				
	Share capital	Cash flow hedge reserve	Translation reserve	Accumulated losses	Total equity
Balance at 1 July 2009	203,731	83	-	(40,081)	163,733
<b>Total comprehensive income for the period</b>					
Profit or loss	-	-	-	11,399	11,399
<b>Other comprehensive income</b>					
Foreign currency translation differences for foreign operations	-	-	10	-	10
Amortisation of cash flow hedge reserve to income statement, net of tax	-	(42)	-	-	(42)
Total other comprehensive income	-	(42)	10	-	(32)
Total comprehensive income for the period	-	(42)	10	11,399	11,367
<b>Transaction with owners recorded directly into equity</b>					
<b>Contributions by and distributions to owners</b>					
Share-base payments transactions	-	-	-	64	64
Share options exercised	11,279	-	-	-	11,279
Total contributions by and distributions to owners	11,279	-	-	64	11,343
<b>Balance at 31 December 2009</b>	<b>215,010</b>	<b>41</b>	<b>10</b>	<b>(28,618)</b>	<b>186,443</b>
 Balance at 1 July 2010	 <b>186,123</b>	 -	 <b>7</b>	 <b>(21,254)</b>	 <b>164,876</b>
<b>Total Comprehensive income for the period</b>					
Profit or loss	-	-	-	11,647	11,647
<b>Other comprehensive income</b>					
Foreign currency translation differences for foreign operations, net of tax	-	-	(7)	-	(7)
Amortisation of cash flow hedge reserve to income statement, net of tax	-	-	-	-	-
Total other comprehensive income	-	-	(7)	-	(7)
Total comprehensive income for the period	-	-	(7)	11,647	11,640
<b>Transaction with owners recorded directly into equity</b>					
<b>Contributions by and distributions to owners</b>					
Own shares acquired	(1,284)	-	-	-	(1,284)
Capital returns to equity holders	(12)	-	-	-	(12)
Dividend payment	-	-	-	(9,990)	(9,990)
Total contributions by and distributions to owners	(1,296)	-	-	(9,990)	(11,286)
<b>Balance at 31 December 2010</b>	<b>184,827</b>	<b>-</b>	<b>-</b>	<b>(19,597)</b>	<b>165,230</b>

The condensed consolidated interim statement of changes in equity is to be read in conjunction with the notes to the condensed consolidated interim financial statements set out on pages 11 to 18.

# Customers Limited – Interim Financial Report

## Condensed consolidated Statement of Cash Flows for the interim period ended 31 December 2010

In thousands of AUD

	Note	31 Dec 2010	31 Dec 2009
<b>Cash flows from operating activities</b>			
Cash receipts from customers		61,098	58,631
Cash paid to suppliers and employees <sup>1</sup>		(37,040)	(33,407)
Cash generated from operations		24,058	25,224
Discontinued Operations		(18)	-
Interest received		43	242
<b>Net cash from operating activities</b>		24,083	25,466
<b>Cash flows used in investing activities</b>			
Acquisition of plant and equipment		(8,322)	(10,724)
Proceeds from sale of plant and equipment		109	64
Acquisition of Intangibles		(6,577)	(757)
Investments in associates and joint ventures		-	(47)
Loan to equity accounted investees		(151)	(790)
Acquisition of other non current assets		(1,216)	(1,223)
<b>Net cash used in investing activities</b>		(16,157)	(13,477)
<b>Cash flows from financing activities</b>			
Net proceeds from issue of share capital		-	11,297
Proceeds from borrowings		4,400	-
Repayment of borrowings		(1,750)	-
Repurchase of own shares		(1,284)	-
Payment of capital return		(12)	-
Payment of dividend		(9,990)	-
Interest paid on debt and finance leases		(1,713)	(2,144)
Payments of transactions costs related to loans and borrowings		(130)	(155)
Finance lease repayments		-	(906)
<b>Net cash (used in)/ from financing activities</b>		(10,479)	8,092
<b>Net movement in cash and cash equivalents</b>		(2,553)	20,081
<b>Cash and cash equivalents at 1 July</b>		(39)	7,990
<b>Cash and cash equivalents at 31 December</b>	12	(2,592)	28,071

<sup>1</sup> Includes bailment interest paid as at 31 December 2010 of \$2,492,113 and, \$1,395,000 in the comparative period.

This condensed consolidated interim statement of cash flows is to be read in conjunction with the notes to the condensed consolidated interim financial statements set out on pages 11 to 18.

# Customers Limited – Interim Financial Report

## Notes to the Condensed consolidated interim financial statements For the interim period ended 31 December 2010

### 1. Reporting entity

Customers Limited (the "Company") is a company domiciled in Australia. The condensed consolidated interim financial statements of the Company as at and for the six months ended 31 December 2010 comprises the Company and its controlled entities (together referred to as the "Group") and the Group's interest in associates.

### 2. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. They do not include all of the information required for a full annual financial statement, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 30 June 2010.

These condensed consolidated interim financial statements were approved by the Board of Directors on 24<sup>th</sup> February 2011.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

Certain comparative amounts have been reclassified to conform with the current year's presentation.

### 3. Significant accounting policies

The accounting policies applied by the Group in the condensed consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2010.

### 4. a) Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2010.

### b) Goods and services tax (GST)

On the 25<sup>th</sup> January 2011, the Australian Tax Office approved a private ruling request made by Customers Limited regarding reduced input tax credits in respect of cash delivery services. The impact was an increase in assets and a decrease in non recoverable GST (P&L) of \$984,000.

### c) Income Tax

Due to recent changes to the tax consolidation regime, Customers Limited has recognised a tax deduction for merchant contracts acquired in previous years. This has resulted in a reduction of the current tax payable and a decrease in current tax expense (P&L) of \$5,580,000.

### d) Going Concern

The condensed consolidated interim financial statements have been prepared on a going concern basis. Directors believe that funds will be available to finance operations and that realisation of assets and settlement of liabilities will occur in the normal course of the 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 this report.

The working capital deficiency at reporting date is due to timing as a result of the payments primarily relating to accelerated capital expenditure to support growth opportunities, the dividends and repurchase of own shares. The company expects to be able to fulfil any liabilities that fall due through cash generated from its normal activities.

## Customers Limited – Interim Financial Report

### Notes to the Condensed consolidated interim financial statements For the interim period ended 31 December 2010

#### 5. Segment reporting For the six months ended 31 December

The Group has 3 reportable segments, as described below. The reportable segments offer different services and are managed separately because they require different resources and marketing strategies. For each operating segments, the CEO reviews the results of each segment on a monthly basis.

<i>In thousands of AUD</i>	Convenience ATM		Financial Institutions		New Zealand		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
External revenues	<b>62,752</b>	59,330	-	-	-	-	<b>62,752</b>	59,330
Reportable segment profit / (loss) before income tax	<b>11,471</b>	15,771	<b>(1,302)</b>	-	<b>(179)</b>	(51)	<b>9,990</b>	15,720

The Group comprises the following business segments:

1. Convenience ATM Business - The provision of ATM services to the convenience market.
2. Financial Institutions – The provision of ATM services to the financial institution industry.
3. New Zealand – The provision of ATM services to the New Zealand market.

#### 6. Revenue

<i>In thousands of AUD</i>	31 Dec 2010	31 Dec 2009
Transaction revenue	<b>59,082</b>	56,103
Contractual merchant revenue	<b>1,212</b>	2,052
Other ATM revenue	<b>2,458</b>	1,175
	<b>62,752</b>	59,330

Other ATM revenue consists of branding, rental and advertising.

#### 7. Other income

Net gain on sale of plant and equipment	-	55
Dividend revenue <sup>1</sup>	<b>54</b>	-
	<b>54</b>	55

<sup>1</sup> Dividend revenue received from Transaction Media Pty Ltd in which Customers Limited has a 50% share as set out in note 15.

## Customers Limited – Interim Financial Report

### Notes to the Condensed consolidated interim financial statements For the interim period ended 31 December 2010

#### 8. ATM network expenses

<i>In thousands of AUD</i>	31 Dec 2010	31 Dec 2009
Transaction based payments	16,455	14,464
Communication expenses	2,286	2,144
Cash servicing expenses	3,586	3,382
ATM maintenance expenses	2,425	2,617
Bailment expenses <sup>1</sup>	2,492	1,814
Other ATM expenses	675	79
	<b>27,919</b>	<b>24,500</b>

<sup>1</sup> On 10 September 2010 Customers Limited signed a new Bailment Agreement with the National Bank of Australia which allowed access to a maximum facility of \$155,000,000. The previous Bailment Agreement with the Bank of Queensland was terminated on that date.

#### 9. Other expenses

Professional fees	935	83
Administration expenses	1,411	1,089
Information technology costs	369	324
Occupancy costs	502	481
Bad debt expense	1,182	344
	<b>4,399</b>	<b>2,321</b>

#### 10. Employee benefit expense

Wages and salaries	4,353	3,102
Other associated personnel expenses	889	680
Contributions to defined contribution superannuation funds	466	432
Increase in liability for annual leave	159	127
Increase in liability for long service leave	64	47
Employee share based payments	-	64
	<b>5,931</b>	<b>4,452</b>

#### 11. Net financing costs

Interest expense on senior debt facility	(1,715)	(2,230)
Amortisation of borrowing costs	(173)	(384)
Finance expense	<b>(1,888)</b>	<b>(2,614)</b>
Interest income	43	242
Net change in fair value of derivatives	-	1,240
Finance income	<b>43</b>	<b>1,482</b>
	<b>(1,845)</b>	<b>(1,132)</b>

#### 12. Cash and cash equivalents

	31 Dec 2010	30 June 2010
Cash at bank and in hand	1,424	80
Bank overdraft	(4,016)	(119)
	<b>(2,592)</b>	<b>(39)</b>

## Customers Limited – Interim Financial Report

### Notes to the Condensed consolidated interim financial statements For the interim period ended 31 December 2010

#### 13. Trade and other receivables

*In thousands of AUD*

	31 Dec 2010	30 June 2010
<b>Current</b>		
Trade debtors	3,342	4,104
Other debtors	3,131	1,750
	<u>6,473</u>	<u>5,854</u>
less: allowance for impairment	(1,254)	(2,216)
	<u>5,219</u>	<u>3,638</u>
<b>Non Current</b>		
Loans to associates	2,000	1,715
	<u>2,000</u>	<u>1,715</u>

#### 14. Other assets

##### Current

Prepayments	733	760
Loan to Executive Director	218	247
Other	256	613
	<u>1,207</u>	<u>1,620</u>
Capitalised bailment costs <sup>1</sup>	857	-
Less: Accumulated amortisation of capitalised bailment costs	(272)	-
	<u>585</u>	<u>-</u>
	<u>1,792</u>	<u>1,620</u>

<sup>1</sup> This amount represents establishment fees incurred in respect of signing a new bailment facility agreement with NAB. The amount will be fully amortised by September 2011.

##### Non Current

Deferred commission costs	10,145	8,929
Less: Accumulated amortisation of deferred commission costs	(6,052)	(4,827)
	<u>4,093</u>	<u>4,102</u>

#### 15. Equity accounted investees

The Group accounts for the following investments in equity accounted investees using the equity method:

	Principal activities	Country	Reporting Date	Ownership		Carrying value <i>In thousands of AUD</i>	
				31 Dec 2010	30 Jun 2010	31 Dec 2010	30 June 2010
NZ ATM Services Limited	ATM Network provider	New Zealand	31 March	34.25%	34.25%	800	979
Transaction Media Pty Ltd	Advertising	Australia	30 June	50.0%	50.0%	116	100

# Customers Limited – Interim Financial Report

## Notes to the Condensed consolidated interim financial statements For the interim period ended 31 December 2010

### 16. Plant and equipment

<b>Cost</b> <i>In thousands of AUD</i>	<b>F &amp; F <sup>1</sup></b>	<b>P &amp; E <sup>2</sup></b>	<b>L I <sup>3</sup></b>	<b>M Vs <sup>4</sup></b>	<b>ATMs RP <sup>5</sup></b>	<b>ATMs #</b>	<b>Total</b>
Balance at 1 July 09	1,942	102	736	160	-	68,245	71,185
Additions	107	-	77	86	-	10,330	10,600
Disposals	(22)	-	-	-	-	(1,236)	(1,258)
<b>Balance at 31 Dec 09</b>	<b>2,027</b>	<b>102</b>	<b>813</b>	<b>246</b>	<b>-</b>	<b>77,339</b>	<b>80,527</b>
Balance at 1 July 10	2,626	102	889	255	3,151	87,177	94,200
Additions	121	-	38	-	319	6,907	7,385
Disposals	-	-	-	-	(323)	(1,838)	(2,161)
Reallocation	-	-	-	-	-	(3,309)	(3,309)
<b>Balance at 31 Dec 10</b>	<b>2,747</b>	<b>102</b>	<b>927</b>	<b>255</b>	<b>3,147</b>	<b>88,937</b>	<b>96,115</b>
<b>Accumulated Depreciation</b>							
Balance at 1 July 09	933	102	245	40	-	27,756	29,076
Depreciation	190	-	65	13	-	6,356	6,624
Disposals	(5)	-	-	-	-	(1,115)	(1,120)
<b>Balance at 31 Dec 09</b>	<b>1,118</b>	<b>102</b>	<b>310</b>	<b>53</b>	<b>-</b>	<b>32,997</b>	<b>34,580</b>
Balance at 1 July 10	1,315	102	382	58	358	39,195	41,410
Depreciation	262	-	78	21	196	7,678	8,235
Disposals	-	-	-	-	(323)	(1,884)	(2,207)
Reallocation	-	-	-	-	-	(3,753)	(3,753)
<b>Balance at 31 Dec 10</b>	<b>1,577</b>	<b>102</b>	<b>460</b>	<b>79</b>	<b>231</b>	<b>41,236</b>	<b>43,685</b>
<b>Carrying amounts</b>							
At 31 December 2009	909	-	503	193	-	44,342	45,947
At 31 December 2010	1,170	-	467	176	2,916	47,701	52,430

# Includes ATMs and other costs such as installation costs, freight, spare parts and signage

<sup>1</sup> Furniture and fittings, <sup>2</sup> Plant and equipment, <sup>3</sup> Lease-hold improvements, <sup>4</sup> Motor vehicles, <sup>5</sup> ATM removal provision



## Customers Limited – Interim Financial Report

### Notes to the Condensed consolidated interim financial statements For the interim period ended 31 December 2010

#### 17. Intangible assets

<b>Cost</b>	<b>Goodwill</b>	<b>Merchant Contracts</b>	<b>Software</b>	<b>Trademarks Licence and Agreements</b>	<b>Total</b>
<i>In thousands of AUD</i>					
Balance at 1 July 2009	139,191	27,306	1,749	-	168,246
Additions	-	-	324	433	757
Disposals	-	-	-	-	-
Balance at 31 December 2009	139,191	27,306	2,073	433	169,003
Balance at 1 July 2010	139,191	27,306	3,984	997	171,478
Additions	-	3,726	474	1,328	5,528
Disposals	-	-	-	-	-
Balance at 31 December 2010	139,191	31,032	4,458	2,325	177,006
<b>Accumulated amortisation and impairment</b>					
Balance at 1 July 2009	5,478	10,421	551	-	16,450
Amortisation charge	-	1,689	213	-	1,902
Disposals	-	-	-	-	-
Balance at 31 December 2009	5,478	12,110	764	-	18,352
Balance at 1 July 2010	5,478	13,800	999	-	20,277
Amortisation charge	-	1,815	459	152	2,426
Disposals	-	-	-	-	-
Balance at 31 December 2010	5,478	15,615	1,458	152	22,703
<b>Carrying amounts</b>					
At 31 December 2009	133,713	15,196	1,309	433	150,651
At 31 December 2010	133,713	15,417	3,000	2,173	154,303

#### 18. Discontinued Operations

Costs relating to the discontinued operations in Asia have previously been disclosed in the 30 June 2010 financial statements. Subsequent costs have been incurred in the liquidation of the company in the current reporting period. Total costs amounted to \$17,600, from which an income tax benefit of \$5,400 arises.

## Customers Limited – Interim Financial Report

### Notes to the Condensed consolidated interim financial statements For the interim period ended 31 December 2010

#### 19. Loans and borrowings

##### Interest bearing liabilities

*In thousands of AUD*

	31 Dec 2010	30 June 2010
<b>Current</b>		
Bank loans – secured	3,500	3,500
	<b>3,500</b>	<b>3,500</b>
<b>Non-current</b>		
Bank Loans – syndicated facility	30,350	27,700
Deferred facility transaction costs	(543)	(586)
	<b>29,807</b>	<b>27,114</b>
<b>a) Financing arrangements</b>		
The Group has access to the following lines of credit:		
Total facilities available:		
Bank overdrafts	5,000	5,000
Bank loans – syndicated facility	39,450	41,200
	<b>44,450</b>	<b>46,200</b>
Facilities utilised at balance date:		
Bank overdrafts	4,016	119
Bank loans – syndicated facility	33,850	31,200
	<b>37,866</b>	<b>31,319</b>
Facilities not utilised at balance date:		
Bank overdrafts	984	4,881
Bank loan – capital acquisition draw down facility	5,600	10,000
	<b>6,584</b>	<b>14,881</b>

#### 20. Capital and reserves

##### Share capital

The Company recorded the following amounts within shareholder's equity from the issuance of ordinary shares.

*In thousands of AUD*

	Share Capital	
	Dec 2010	June 2010
Issued capital	184,827	186,123

*In thousands of shares*

	Number of Ordinary Shares	
	Dec 2010	June 2010
On issue at 1 July	135,522	131,374
Repurchase of own shares	(653)	(2,427)
Exercise of share options and rights	-	6,575
On issue at reporting date– fully paid	<b>134,869</b>	<b>135,522</b>

# Customers Limited – Interim Financial Report

## Notes to the Condensed consolidated interim financial statements For the interim period ended 31 December 2010

### 21. Contingencies

The Directors are of the opinion that the following matter is not a present obligation of the group or capable of reliable measurement.

On 3 March 2009, the Reserve Bank of Australia amended the 'A New Tax System (Goods and Services Tax) Regulations 1999 (the Principle Regulations)' to define the supply of certain automatic teller machine (ATM) services as a 'financial supply'.

Division 129 of the GST Regulations contains a clawback provision for acquisitions above a certain threshold purchased for taxable supplies which are then subsequently used for input taxed supplies. The obligation is required to be paid over the next three years. The amount payable for each year is only measureable after the end of the year, and payable in the following month.

At 30 June 2010 the estimate of the total amount payable, is within the range of \$200,000 to \$500,000. This amount will be payable over the next three year period with the final payment in 2013.

### 22. Capital and other commitments

*In thousands of AUD*

	31 Dec 2010	30 June 2010
<b>Capital expenditure commitments</b>		
Spare parts and modems	-	77
ATM's	-	1,734
	-	1,811

### 23. Subsequent events

#### New Zealand

The Company on the 23 February 2011 announced that Customers' expansion into New Zealand would proceed to full deployment following agreement from ANZ National Limited that it would allow its cardholders to use NZATM's independent network.

This cornerstone event means that NZATM, of which Customers holds a 34.25% stake, will commence rolling out terminals to sites where it already holds contracts. As part of its initial deployment, NZATM is aiming to complete the roll out of over 600 ATMs to new sites prior to the Rugby World Cup in September this year, ultimately providing a material revenue contribution for Customers.

#### Dividend

On 23 February 2011, the Directors of the Company declared an interim unfranked dividend of 3 cents per share in respect of the half year ended 31 December 2010. The interim dividend, totalling approximately \$4 million will have a record date of 7 April 2011 and a payment date of 21 April 2011.

## Customers Limited – Interim Financial report

### Directors' declaration

In the opinion of the Directors of Customers Limited ("the Company"):

1. the financial statements and notes set out on pages 7 to 18, are 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 2010 and of its performance for the six month period ended on that date; and
  - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Dated at Melbourne this 24th day of February 2011.

Signed in accordance with a resolution of the Directors:

A handwritten signature in black ink, appearing to read 'P Polson', with a horizontal line extending to the right.

P Polson  
Chairman



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

### **Report on the financial report**

We have reviewed the accompanying interim financial report of Customers Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2010, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the interim period ended on that date, notes 1 to 23 comprising a description 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 interim period.

#### *Directors' responsibility for the interim financial report*

The Directors of the Company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the interim 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 interim 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 interim 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 2010 and its performance for the interim period 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 an interim 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 interim 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 2010 and of its performance for the interim period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

Suzanne Bell  
*Partner*

Melbourne

24 February 2011

## CORPORATE DIRECTORY

Directors:	Mr Peter Leith Polson Mr Charles Vincent Carbonaro Mr Ross Marshall Herron Mr Ross Andrew Burney Mr Timothy John Wildash	
Company Secretary:	Mr Richard Ronald Ulrick	
Registered Office:	Unit 2, 148 Chesterville Road Cheltenham Vic 3192 Tel: +61 3 9090 4800 Fax: +61 3 9090 4700	
Internet:	<a href="http://www.customers.com.au">www.customers.com.au</a>	
Email:	<a href="mailto:info@customers.com.au">info@customers.com.au</a>	
Auditors:	KPMG 161 Collins Street Melbourne, Victoria 3000	
Share Register:	Link Market Services Limited ANZ Building Level 15, 324 Queen Street Brisbane, Queensland, 4000	
Solicitors:	Blake Dawson 181 William Street Melbourne 3000	
Bankers:	National Australia Bank Level 28, 500 Bourke St Melbourne Vic 3000	Westpac Banking Corporation Level 9, 360 Collins St Melbourne Vic 3000
Stock Exchange Listing:	Customers Limited shares are listed on the Australian Stock Exchange. (ASX : CUS) The Home Exchange is Sydney.	