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# Concise Financial Report 2015



## Concise Financial Report

The Concise Financial Report and Auditors' Report contained within this document represent a Concise Report. The full financial report of Clemenger Group Limited for the year ended 31 December 2015 and the Auditors' Report thereon will be sent, free of charge, to members upon request. Members wishing to receive the full financial report and Auditors' Report may arrange for a copy by contacting Adrian Ciabotti on 03 9869 4206.

The Concise Report contained within this document has been derived from the full consolidated financial report of Clemenger Group Limited for the year ended 31 December 2015 and cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the consolidated entity as the full financial report.







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

To: the directors of Clemenger Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2015 there have been:

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

A handwritten signature in black ink, appearing to read 'KPMG'.

KPMG

A handwritten signature in black ink, appearing to read 'Gordon Sangster'.

Gordon Sangster  
*Partner*

Melbourne

18 March 2016

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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# Consolidated statement of financial position

as at 31 December 2015

	31 Dec 2015 \$'000	31 Dec 2014 \$'000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	108,860	164,888
Trade and other receivables	79,052	81,911
Other current assets	13,457	20,009
<b>Total current assets</b>	<b>201,369</b>	266,808
<b>Non-current assets</b>		
Receivables	31,599	39,621
Deferred tax assets	8,321	7,682
Investments in associates	44,070	46,120
Other non-current assets	12	12
Property, plant and equipment	11,809	11,621
Intangible assets and goodwill	74,078	71,520
<b>Total non-current assets</b>	<b>169,889</b>	176,576
<b>TOTAL ASSETS</b>	<b>371,258</b>	443,384
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	83,997	88,381
Income tax payable	939	6,209
Provisions	10,504	10,109
Other current liabilities	9,008	12,326
<b>Total current liabilities</b>	<b>104,448</b>	117,025
<b>Non-current liabilities</b>		
Payables	1,329	2,293
Deferred tax liability	3,297	3,062
Interest-bearing loans and borrowings	32,346	41,031
Provisions	3,796	4,069
<b>Total non-current liabilities</b>	<b>40,768</b>	50,455
<b>TOTAL LIABILITIES</b>	<b>145,216</b>	167,480
<b>NET ASSETS</b>	<b>226,042</b>	275,904
<b>EQUITY</b>		
Issued capital	23,210	23,210
Reserves	(12,130)	(10,659)
Retained earnings	211,274	260,714
<b>Parent interests</b>	<b>222,354</b>	273,265
<b>Minority interests</b>	<b>3,688</b>	2,639
<b>TOTAL EQUITY</b>	<b>226,042</b>	275,904

The Net Assets of the Group have decreased \$50 million due to the excess of dividends over profits during 2015. A 40c per share Special Dividend was paid in December 2015, in addition to the 11.25c dividend paid in May 2015. Non-current interest bearing loans and borrowings and non-current receivables have decreased as a result of loan repayments made with these dividends in relation to the Clemenger Employee Share Scheme.

# Consolidated statement of profit or loss

for the year ended 31 December 2015

	Notes	Year ended 31 Dec 2015 \$'000	Year ended 31 Dec 2014 \$'000
Commission and fees	1	314,753	289,509
Cost of Sales		(56,304)	(53,836)
<b>Gross Profit</b>		<b>258,449</b>	235,673
Interest revenue		6,874	7,239
Other income		1,782	3,152
Finance costs		(1,943)	(2,226)
Staff costs		(161,205)	(147,868)
Occupancy costs		(15,010)	(15,468)
Depreciation expense and impairment of goodwill		(12,149)	(10,226)
Travel & entertainment		(8,060)	(7,462)
Communications		(2,321)	(2,021)
Other expenses		(17,369)	(16,649)
Share of profit of associate		9,059	10,399
<b>Profit before income tax</b>		<b>58,107</b>	54,543
Income tax expense		(16,363)	(13,861)
<b>Net profit for the period</b>		<b>41,744</b>	40,682
<b>Net profit attributable to:</b>			
Members of the group		40,504	40,123
Non-controlling interests		1,240	559
		<b>41,744</b>	40,682

For the year ended 31 December 2015, the Group recorded a Profit after Tax of \$41.7 million, with \$40.5 million attributable to the members of the Group. Trading conditions experienced in the year were broadly consistent with the prior period.

# Consolidated statement of comprehensive income

for the year ended 31 December 2015

	Year ended 31 Dec 2015 \$000	Year ended 31 Dec 2014 \$000
<b>Net profit for the period</b>	<b>41,744</b>	40,682
<b>Other comprehensive income</b>		
Items that may be reclassified subsequently to profit and loss:		
Foreign currency translation movement (net of tax)	<b>(690)</b>	1,446
<b>Total comprehensive income for the period</b>	<b>41,054</b>	42,128
<b>Total comprehensive income for the period is attributable to:</b>		
Owners of Clemenger Group Limited	<b>39,814</b>	41,569
Non-controlling interests	<b>1,240</b>	559
	<b>41,054</b>	42,128

The foreign currency translation movement of \$0.7m was due to the New Zealand dollar depreciating 1% against the Australian dollar during 2015.

# Consolidated statement of changes in equity

for the year ended 31 December 2015

	Share capital	Retained earnings	Acquisition premium reserve	Foreign currency translation reserve	Owners of the parent	Minority interest	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>At 1 January 2015</b>	<b>23,210</b>	<b>260,714</b>	<b>(17,582)</b>	<b>6,923</b>	<b>273,265</b>	<b>2,639</b>	<b>275,904</b>
Profit for the year		40,504			40,504	1,240	41,744
Other comprehensive income				(690)	(690)		(690)
<b>Transactions with owners in their capacity as owners:</b>							
Dividends paid		(89,944)			(89,944)	(733)	(90,677)
Acquisition of non-controlling interest			(781)		(781)	(459)	(1,240)
Non-controlling interest arising on a business combination						1,001	1,001
<b>At 31 December 2015</b>	<b>23,210</b>	<b>211,274</b>	<b>(18,363)</b>	<b>6,233</b>	<b>222,354</b>	<b>3,688</b>	<b>226,042</b>
<b>At 1 January 2014</b>	<b>23,210</b>	<b>238,580</b>	<b>(14,028)</b>	<b>5,477</b>	<b>253,239</b>	<b>1,997</b>	<b>255,236</b>
Profit for the year		40,123			40,123	559	40,682
Other comprehensive income				1,446	1,446		1,446
<b>Transactions with owners in their capacity as owners:</b>							
Dividends paid		(17,989)			(17,989)	(613)	(18,602)
Acquisition of non-controlling interest			(3,554)		(3,554)	(670)	(4,224)
Non-controlling interest arising on a business combination						1,366	1,366
<b>At 31 December 2014</b>	<b>23,210</b>	<b>260,714</b>	<b>(17,582)</b>	<b>6,923</b>	<b>273,265</b>	<b>2,639</b>	<b>275,904</b>

The composition of retained earnings during the year was impacted by profits for the year, offset by dividends paid to shareholders. The foreign currency translation reserve movement of \$0.7m was due to the New Zealand dollar depreciating 1% against the Australian dollar during 2015.

# Consolidated statement of cash flows

for the year ended 31 December 2015

	Year ended 31 Dec 2015 \$000	Year ended 31 Dec 2014 \$000
<b>Cash flows from operating activities</b>		
Receipts from clients (including GST)	<b>638,393</b>	511,303
Payments to suppliers (including GST)	<b>(585,468)</b>	(458,971)
Interest received	<b>6,874</b>	7,239
Interest paid	<b>(1,943)</b>	(2,226)
Income tax paid	<b>(21,845)</b>	(13,535)
<b>Net cash flows from operating activities</b>	<b>36,011</b>	43,810
<b>Cash flows from investing activities</b>		
Purchase of property, plant & equipment	<b>(5,343)</b>	(6,188)
Purchase of other intangibles	<b>(187)</b>	(72)
Proceeds from repaid employee shareholder loans	<b>16,474</b>	2,427
Loans to employee investing shareholders	<b>(7,254)</b>	(6,441)
Purchase of business/subsidiary, net of cash acquired	<b>500</b>	8,737
Additional investment in controlled entities	<b>(1,240)</b>	(4,266)
Proceeds/(divestment) from sale of controlled entities	<b>542</b>	(624)
Proceeds from sale of associates	<b>-</b>	769
Dividends from associates	<b>4,141</b>	6,963
<b>Net cash flows from investing activities</b>	<b>7,633</b>	1,305
<b>Cash flows from financing activities</b>		
Dividend paid	<b>(89,944)</b>	(17,989)
Repayment of finance lease liabilities	<b>-</b>	(79)
Dividend paid to non-controlling interests	<b>(733)</b>	(613)
Proceeds from/ (repayment) of borrowings	<b>(8,685)</b>	3,946
<b>Net cash flows used in financing activities</b>	<b>(99,362)</b>	(14,735)
Net increase/(decrease) in cash and cash equivalents	<b>(55,718)</b>	30,380
Cash and cash equivalents at beginning of period	<b>164,888</b>	134,662
Net foreign exchange differences	<b>(310)</b>	(154)
<b>Cash and cash equivalents at end of period</b>	<b>108,860</b>	164,888

Net cash flows from operating activities decreased during the year as a result of the increase in income tax paid in 2015. This was due to the move to monthly tax payments. The balance of cash and cash equivalents decreased from the previous year, due to the payment of the 40c per share Special Dividend in December 2015, in addition to the 11.25c dividend paid in May 2015.



# Notes to the Concise Financial Statements

for the year ended 31 December 2015

	Year ended 31 Dec 2015 \$000	Year ended 31 Dec 2014 \$000
<b>1. Revenue and expenditure items</b>		
Commissions and fees	<b>314,753</b>	289,509
Interest revenue	<b>6,874</b>	7,239
<b>Total statutory IFRS revenue</b>	<b>321,627</b>	296,748
Further to revenue outlined above, the group's share of revenue from associates accounted under the equity method	<b>85,229</b>	76,607
<b>Total Clemenger Group revenue</b>	<b>406,856</b>	373,355
<b>2. Dividends proposed on ordinary shares</b>		
A fully franked dividend of \$0.115 cents (31 December 2014 – \$0.1125 cents) per share was declared at the board meeting held on 28 January 2016 and will be recommended at the AGM on 20 May 2016. It has not been provided for in the 31 December 2015 financial statements.	<b>20,183</b>	19,744
Clemenger Group Limited franking account balance	<b>57,150</b>	78,656
Franking credits of \$0.9m will arise from the 12th instalment of tax payable for the Clemenger tax consolidated group.		

# Notes to the Concise Financial Statements

## Continued

### 3. Registered office

Clemenger Group Limited  
474 St Kilda Road  
Melbourne, Victoria 3004

### 4. Changes in the state of affairs

As at 31 December 2015 the group was owned 26.33% (31 December 2014: 26.33%) by directors and staff in the consolidated group and 73.67% (31 December 2014: 73.67%) by Portview Holdings Australia Pty Ltd.

During the year ended 31 December 2015, the group's economic interest changed as follows:

- Hall & Partners | Open Mind Pty Ltd – Increased from 33.33% to 50.00%
- Raydar Limited – Increased from 75% to 100%
- Touchcast Limited – Increased from 85% to 100%

### 5. Subsequent events

There have been no significant events since 31 December 2015 until the date of this report.

### 6. Basis of preparation of the concise financial report

The concise financial report has been prepared in accordance with the requirements of the Corporations Act 2001 and Accounting Standard AASB 1039 "Concise Financial Reports". The presentation currency is Australian dollars.

### 7. Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable and where noted) under the option available to the company under ASIC CO 98/100. The company is an entity to which the Class Order applies.

### 8. Other

The financial report of Clemenger Group Limited for the year ended 31 December 2015, was authorised for issue in accordance with a resolution of the Directors on 18 March 2016.

### Directors' Declaration

The Directors declare that:

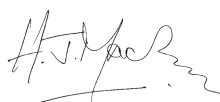
- The concise financial report of the consolidated entity for the year ended 31 December 2015 is in accordance with Accounting Standard AASB 1039 "Concise Financial Reports", and
- The financial statements and specific disclosures included in this concise financial report have been derived from the full financial report for the year ended 31 December 2015.

On behalf of the Board,



**Jonathan Brett Isaacs**

Director



**Hylton John Mackley**

Director

18 March 2016



## Independent auditor's report to the members of Clemenger Group Limited

### Report on the concise financial report

We have audited the accompanying concise financial report of the Group comprising Clemenger Group Limited ("the Company") and the entities it controlled at the year's end which comprises the consolidated statement of financial position as at 31 December 2015, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended and related Notes 1 to 8 derived from the audited financial report of the Group for the year ended 31 December 2015 and the discussion and analysis. The concise financial report does not contain all the disclosures required by Australian Accounting Standards and accordingly, reading the concise financial report is not a substitute for reading the audited financial report.

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

The directors of the Company are responsible for the preparation and presentation of the concise financial report in accordance with Australian Accounting Standard AASB 1039 *Concise Financial Reports* and the *Corporations Act 2001* and for such internal control as the directors determine are necessary to enable the preparation of the concise financial report.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the concise financial report based on our audit procedures which were conducted in accordance with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements*. We have conducted an independent audit in accordance with Australian Auditing Standards, of the financial report of Clemenger Group Limited for the year ended 31 December 2015. We expressed an unmodified audit opinion on the financial report in our report dated 18 March 2016. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the concise financial report. The procedures selected depend on the auditor's judgement, including the risk of material misstatement of the concise financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the concise financial report in order to design procedures, that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our procedures included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Australian Accounting Standard AASB 1039 *Concise Financial Reports* and whether the discussion and analysis complies with the requirements laid down in Australian Accounting Standard AASB 1039 *Concise Financial Reports*.

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

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*Independence*

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

*Auditor's opinion*

In our opinion, the concise financial report, including the discussion and analysis, of Clemenger Group Limited and its controlled entities for the year ended 31 December 2015 complies with Australian Accounting Standard AASB 1039 *Concise Financial Reports*.

A handwritten signature in black ink, appearing to be 'KPMG'.

KPMG

A handwritten signature in black ink, appearing to be 'Gordon Sangster'.

Gordon Sangster  
*Partner*

Melbourne

18 March 2016

# Clemenger Group Limited and controlled entities

Valuation of shares as at 31 December, 2015

## Formula as described by the company's constitution

Net assets after translating 31 December 2015 New Zealand assets and liabilities at the year-end rate of exchange for the applicable financial year.

Less: Dividend to be proposed.

Add: 8 times average net profit after tax attributable to parent company shareholders for the last three years, with an adjustment to net profit after tax in 2013 as set out in clause 5(a)(ii)(c).

Divided by: the number of shares on issue at 31 December 2015

Share Price Calculation	\$'000
Capital	23,210
Reserves	(12,148)
Retained Earnings	211,275
Subtotal (excludes minorities)	222,337
Less: Annual Dividend	20,183
Dividend per share (cents)	11.5 cents
Adjusted Net Assets	202,154
FY December 2015 Profit after tax	40,503
FY December 2014 Profit after tax	40,123
FY December 2013 Profit after tax, as adjusted	36,348
Average PAT × 8.0	311,929
Capitalisation	
(Average PAT + Net Assets)	514,083
Numbered Issued Shares	175,500,000
<b>Share Valuation</b>	<b>\$2.93</b>





#### Independent Auditor's Report to the Directors of Clemenger Group Limited

We have audited the accompanying Share Price Calculation ("the Calculation") of Clemenger Group Limited ("the Company") as at 31 December 2015. The Calculation has been prepared by management using the basis of preparation prescribed in Clause 5(a) of the Company's Constitution ("the Constitution").

#### *Directors' responsibility for the Calculation*

The Directors are responsible for the preparation of the Calculation in accordance with the basis of preparation prescribed in the Company's Constitution, and for such internal controls as the directors determine is necessary to enable the preparation of the Calculation that is free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Calculation. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Calculation, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the Calculation 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the Calculation.

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 Accounting Professional and Ethical Standards Board.

#### *Auditor's opinion*

In our opinion, the Calculation is prepared, in all material respects, in accordance with the basis of preparation as prescribed in Clause 5(a) of the Company's Constitution as at 31 December 2015.

#### **Basis of preparation and restriction on distribution and use**

Without modifying our opinion, we draw attention to Clause 5(a) to the Constitution, as available on the Company's website, which describes the basis of preparation. The Calculation has been prepared to assist Clemenger Group Limited to comply with its Constitution. As a result, the Calculation may not be suitable for another purpose. Our report is intended solely for the directors and shareholders of Clemenger Group Limited and should not be distributed to or used by other parties.

#### **Distribution and use of report**

The Company's Directors are responsible for the integrity of the Clemenger Group Limited's website where our report is attached to the website version of the Concise Report. We have not been engaged to report on the integrity of Clemenger Group Limited's website. This report refers only to the Calculation described above and does not provide an opinion or assurance on any other information which may have been hyperlinked to / from the Calculation. Our prior written consent is required before our name is quoted in any material other than our Audit Report.

KPMG

Gordon Sangster  
Partner  
Melbourne  
18 March 2016

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## Contact details

Adrian.Ciabotti@clemenger.com.au  
or call 03 9869 4206

