

**CLEMENGER** GROUP

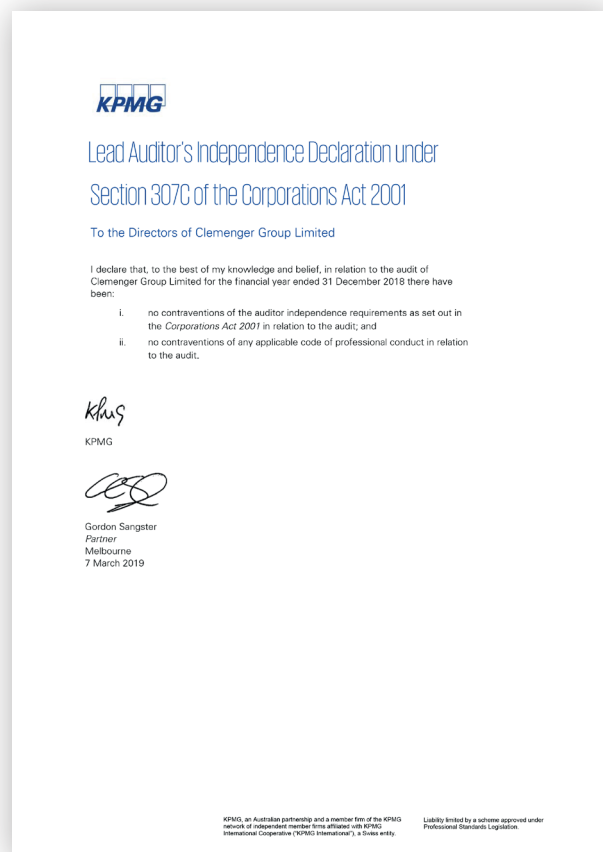
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# Concise financial report

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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 2018 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 2018 and cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as the full financial report.



# Consolidated Statement of Financial Position

	As at 31 Dec 2018 \$'000	As at 31 Dec 2017 \$'000
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	78,696	145,647
Trade and other receivables	85,939	85,207
Other current assets	14,344	16,140
<b>Total current assets</b>	<b>178,979</b>	<b>246,994</b>
<b>Non-current assets</b>		
Receivables	50,183	46,581
Deferred tax assets	8,382	8,933
Investments in associates	44,051	52,222
Other non-current assets	11	3
Property, plant and equipment	15,404	10,635
Intangible assets and goodwill	78,456	73,340
<b>Total non-current assets</b>	<b>196,487</b>	<b>191,714</b>
<b>TOTAL ASSETS</b>	<b>375,466</b>	<b>438,708</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	78,172	80,732
Income tax payable	996	3,964
Provisions	12,366	11,530
Other current liabilities	14,485	18,492
<b>Total current liabilities</b>	<b>106,019</b>	<b>114,718</b>
<b>Non-current liabilities</b>		
Payables	5,665	1,964
Deferred tax liabilities	2,595	2,677
Interest bearing loans and borrowings	52,716	48,274
Provisions	3,019	4,330
<b>Total non-current liabilities</b>	<b>63,995</b>	<b>57,245</b>
<b>TOTAL LIABILITIES</b>	<b>170,014</b>	<b>171,963</b>
<b>NET ASSETS</b>	<b>205,452</b>	<b>266,745</b>
<b>Equity</b>		
Issued capital	23,210	23,210
Reserves	(16,426)	(18,643)
Retained earnings	196,073	259,630
<b>Parent interests</b>	<b>202,857</b>	<b>264,197</b>
<b>Minority interests</b>	<b>2,595</b>	<b>2,548</b>
<b>TOTAL EQUITY</b>	<b>205,452</b>	<b>266,745</b>

The net assets of the Group have decreased \$61.3 million due to the payment of a special dividend, offset by the Group's profits for the year ended 31 December 2018.

# Consolidated Statement of Profit or Loss

	Note	Year Ended 31 Dec 2018 \$000	Year Ended 31 Dec 2017 \$000
Commissions and fees	1	361,944	351,260
Cost of sales		(61,132)	(56,802)
<b>Gross profit</b>		<b>300,812</b>	<b>294,458</b>
Interest revenue		4,658	5,647
Finance costs		(1,305)	(1,812)
Staff costs		(185,134)	(181,728)
Occupancy costs		(15,271)	(14,496)
Depreciation and impairment		(10,180)	(11,176)
Travel and entertainment		(11,503)	(11,573)
Communications		(2,172)	(2,318)
Other expenses		(28,354)	(24,613)
Share of profit of associate		12,744	13,170
<b>Profit before income tax</b>		<b>64,295</b>	<b>65,559</b>
Income tax expense		(16,191)	(17,218)
<b>Net profit for the period</b>		<b>48,104</b>	<b>48,341</b>
<b>Net profit attributable to:</b>			
Members of the Group		47,009	47,007
Non-controlling interests		1,095	1,334
		<b>48,104</b>	<b>48,341</b>

For the year ended 31 December 2018, the Group recorded a net profit after tax of \$48.1 million, with \$47.0 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

	Year Ended 31 Dec 2018 \$000	Year Ended 31 Dec 2017 \$000
<b>Net profit for the period</b>	<b>48,104</b>	<b>48,341</b>
<b>Other comprehensive income</b>		
Items that may be reclassified subsequently to profit and loss:		
Foreign currency translation movement (net of tax)	2,610	(3,125)
<b>Total comprehensive income for the period</b>	<b>50,714</b>	<b>45,216</b>
<b>Total comprehensive income for the period attributable to:</b>		
Members of the Group	49,619	43,882
Non-controlling interests	1,095	1,334
	<b>50,714</b>	<b>45,216</b>

The foreign currency translation reserve movement of \$2.6 million was due to the New Zealand dollar appreciating 5% against the Australian dollar during 2018.

# Consolidated Statement of Changes in Equity

	Issued capital	Retained earnings	Acquisition premium reserve	Foreign currency translation reserve	Owners of the parent	Non-controlling interest	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>At 1 January 2018</b>	<b>23,210</b>	<b>259,630</b>	<b>(23,091)</b>	<b>4,448</b>	<b>264,197</b>	<b>2,548</b>	<b>266,745</b>
Profit for the year		47,009			47,009	1,095	48,104
Other comprehensive income				2,610	2,610		2,610
<b>Transactions with owners in their capacity as owners:</b>							
Dividends paid		(110,566)			(110,566)	(1,368)	(111,934)
Acquisition of non-controlling interest			(393)		(393)	(41)	(434)
Non-controlling interest arising on a business combination						300	300
Foreign currency translation						61	61
<b>At 31 December 2018</b>	<b>23,210</b>	<b>196,073</b>	<b>(23,484)</b>	<b>7,058</b>	<b>202,857</b>	<b>2,595</b>	<b>205,452</b>
<b>At 1 January 2017</b>	<b>23,210</b>	<b>234,122</b>	<b>(18,486)</b>	<b>7,573</b>	<b>246,419</b>	<b>3,611</b>	<b>250,030</b>
Profit for the year		47,007			47,007	1,334	48,341
Other comprehensive income				(3,125)	(3,125)		(3,125)
<b>Transactions with owners in their capacity as owners:</b>							
Dividends paid		(21,499)			(21,499)	(1,570)	(23,069)
Acquisition of non-controlling interest			(4,605)		(4,605)	(1,015)	(5,620)
Non-controlling interest arising on a business combination						188	188
Foreign currency translation						-	-
<b>At 31 December 2017</b>	<b>23,210</b>	<b>259,630</b>	<b>(23,091)</b>	<b>4,448</b>	<b>264,197</b>	<b>2,548</b>	<b>266,745</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 \$2.6 million was due to the New Zealand dollar appreciating 5% against the Australian dollar during 2018.

# Consolidated Statement of Cash Flows

	Year Ended 31 Dec 2018 \$000	Year Ended 31 Dec 2017 \$000
<b>Cash flows from operating activities</b>		
Receipts from clients (including GST)	652,577	649,167
Payments to suppliers (including GST)	(601,244)	(597,869)
Interest received	4,658	5,647
Interest paid	(1,305)	(1,812)
Income tax paid	(19,320)	(17,138)
<b>Net cash flows from operating activities</b>	<b>35,366</b>	<b>37,995</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(10,483)	(3,784)
Purchase of other intangibles	(192)	(354)
Proceeds from repaid employee shareholder loans	17,611	7,496
Loans to employee investing shareholders	(20,222)	(15,725)
Purchase of business / subsidiary, net of cash acquired	(3,580)	(2,703)
Additional investment in controlled entities	(434)	(5,621)
Dividends from associates	21,888	9,975
<b>Net cash flows from investing activities</b>	<b>4,588</b>	<b>(10,716)</b>
<b>Cash flows from financing activities</b>		
Dividend paid	(110,566)	(21,499)
Repayment of finance lease liabilities	1,189	387
Dividend paid to non-controlling interests	(1,368)	(1,570)
Proceeds from / (repayment) of borrowings	3,254	9,341
<b>Net cash flows from financing activities</b>	<b>(107,491)</b>	<b>(13,341)</b>
Net increase / (decrease) in cash and cash equivalents	(67,537)	13,938
Cash and cash equivalents at beginning of period	145,647	132,998
Net foreign exchange differences	447	(1,289)
<b>Cash and cash equivalents at end of period</b>	<b>78,557</b>	<b>145,647</b>

The balance of cash and cash equivalents decreased by \$67.5 million from prior year due to the payment of a special dividend, offset by cash flows arising from operating and investing activities.

# Notes to the Concise Financial Statements

	Year Ended 31 Dec 2018 \$000	Year Ended 31 Dec 2017 \$000
<b>1 Revenue and expenditure items</b>		
Commissions and fees	361,944	351,260
Interest revenue	4,658	5,647
<b>Total statutory IFRS revenue</b>	<b>366,602</b>	<b>356,907</b>
Further to revenue outlined above, the Group's share of revenue from associates accounted for under the equity method	179,026	113,622
<b>Total Clemenger Group revenues</b>	<b>545,628</b>	<b>470,529</b>

## 2 Dividends proposed on ordinary shares

A fully franked dividend of 13.25 cents per share, totalling \$23,253,750 (31 December 2017: 13.00 cents per share, totalling \$22,815,000) was declared at the Board meeting held on 13 February 2019 and will be recommended at the Annual General Meeting on 16 May 2019. It has not been provided for in the 31 December 2018 financial statements.

Clemenger Group Limited franking account balance	46,439	64,393
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## 3 Registered office

Clemenger Group Limited  
474 St Kilda Road  
Melbourne Victoria 3004

## 4 Changes in the state of affairs

As at 31 December 2018 the Group was owned 26.33% (31 December 2017: 26.33%) by directors and staff in the consolidated Group and 73.67% (31 December 2017: 73.67%) by Portview Holdings Australia Pty Ltd (31 December 2017: Portview Holdings Australia Pty Ltd). During the year ended 31 December 2018, the Group's economic interest changed as follows:

- Levo Digital Pty Ltd - increased from 0% to 70%
- GRA Partners Pty Ltd (formerly GRA Everingham Pty Ltd) - increased from 64.99% to 80%

## 5 Subsequent events

A fully franked dividend of 13.25 cents per share, totalling \$23,253,750 (31 December 2017: 13.00 cents per share, totalling \$22,815,000) was declared at the Board meeting held on 13 February 2019 and will be recommended at the Annual General Meeting on 16 May 2019. It has not been provided for in the 31 December 2018 financial statements. There have been no other events subsequent to the balance date of 31 December 2018 that require adjustment to, or disclosure in the concise financial 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 Group is a kind referred to in ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2017/191 (the Instrument), and in accordance with the Instrument, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

## 8 Other

The financial report of Clemenger Group Limited for the year ended 31 December 2018 was authorised for issue in accordance with a resolution of the Directors on 7 March 2019.

# Directors' Declaration

The Directors declare that:

- (a) The concise financial report of the consolidated entity for the year ended 31 December 2018 is in accordance with Accounting Standard AASB 1039 *Concise Financial Reports*, and
- (b) 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 2018.

On behalf of the Board

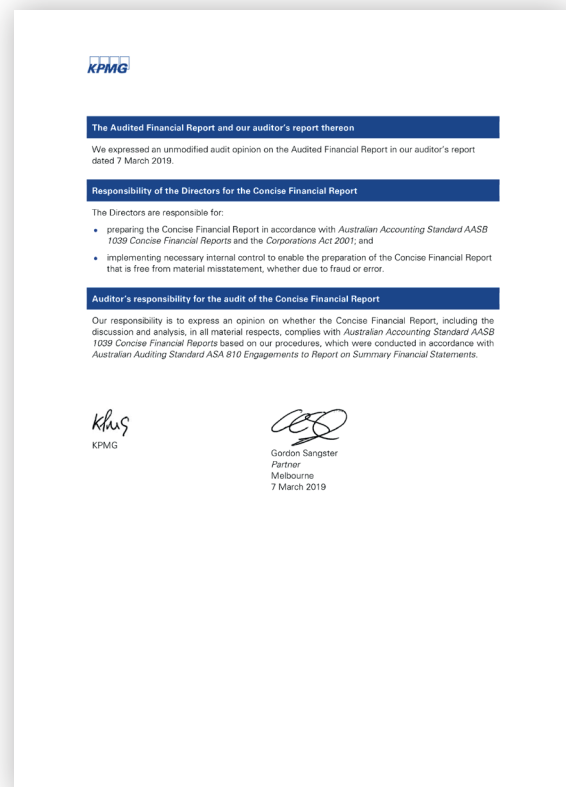
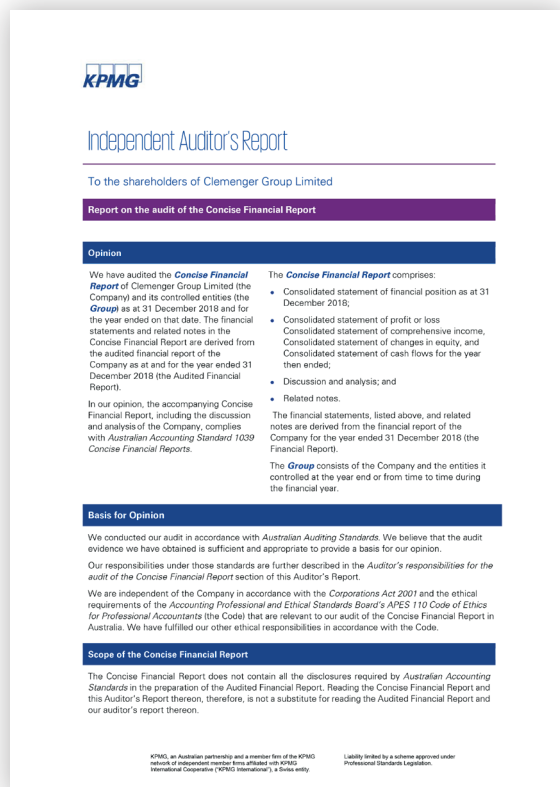


**Robert Stanley Morgan**  
Director



**Jonathan Brett Isaacs**  
Director

Melbourne  
7 March 2019





# Clemenger Group Limited and controlled entities

## Valuation of shares as at 31 December 2018

### Formula as described by the Company's constitution

Net assets after translating 31 December 2018 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.

Divided by: the number of shares on issue at 31 December 2018.

\$'000

### Share Price Calculation

Capital	23,210
Reserves	(16,426)
Retained Earnings	196,073
Subtotal (excludes minorities)	202,857
Less: Annual Dividend	23,254
Dividend per Share (cents)	13.25 cents
Adjusted Net Assets	179,603
FY December 2018 PAT <sup>1</sup>	47,009
FY December 2017 PAT <sup>1</sup>	47,007
FY December 2016 PAT <sup>1</sup>	43,030
Average PAT <sup>1</sup> x 8	365,457
Capitalisation (Average PAT <sup>1</sup> + Net Assets)	545,060
Numbered Issued Shares	175,500,000
<b>Share Valuation</b>	<b>\$3.11</b>

<sup>1</sup>Profit after tax attributable to parent company shareholders

