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Consolidated Operations Group Limited
and its controlled entities

ABN 58 100 854 788

Appendix 4E & Preliminary Final Report

Results for announcement to the market
Year ended 30 June 2017

Comparisons are to the year ended 30 June 2016

Performance comparison to prior year	**30 June 2017 $'000**	**up/down**	**% movement**
Revenue from ordinary activities [(1)]	81,304	up	n/a
Net profit from ordinary activities after tax	6,356	down	-55%
Net profit from ordinary activities after tax, attributable to members	3,559	down	-75%

There is no comparison basis for revenue as prior to 1 November 2016 Consolidated Operations Group Limited (COG) prepared its accounts on an Investment Entity basis; subsequent to this date a change in accounting standards to consolidated accounting was required. For this reason the net profit after tax figures are also not comparable to the prior year. Please refer to the Chairman's Letter and Directors' Report for commentary and explanation of the results.

	30 June 2017 Cents	**30 June 2016 Cents**
Earnings per share, attributable to members	0.4	2.9

Net tangible asset backing	**30 June 2017 $'000**	**30 June 2016 $'000**
Net assets	**185,308**	**88,694**
Less: Intangible assets / goodwill	(123,684)	-
Non-controlling interests	(5,670)	-
Net tangible assets	**55,954**	**88,694**
NTA per share (cents)	**4.3**	**15.6**

The net assets of COG, formerly named Armidale Investment Corporation Limited (AIK) until 21 April 2017, and its controlled entities have increased during the financial year, primarily due to capital raising activities which have been applied to the recent acquisitions. However, the net tangible assets per share of COG have reduced when compared to the 30 June 2016 financial year as a result of the change in a key accounting policy with COG ceasing to be an Investment Entity during the financial year. As a result, the above information compares a consolidated statement of financial position for this current year with a Company only statement of financial position (where equity investments were held at fair value) in the prior year. The key difference being that the consolidated balance sheet for the current year has resulted in the recognition of goodwill, intangible assets and non-controlling interests as at 30 June 2017 (which are excluded from the calculation of 'tangible assets').

In addition, COG raised funds in June 2017 for further expansion of the Finance Broking & Aggregation segment. As a result of the June capital raisings and growth in TL Rentals lease origination that has been funded by COG, there are excess assets at 30 June 2017 of Cash (excluding NCI) of $37 million and Self-Funded Leases of $16 million.

Dividends
There were no dividends paid, declared or proposed during the year (2016: nil).

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Commentary and explanations of the results

The financial report of the Company for the financial year ended 30 June 2017 is the first period that the Company has consolidated its results with its controlled entities and moved away from investment entity accounting. As a result of the change in status during the financial year, the results presented include investment entity accounting from 1 July 2016 to 31 October 2016 and also include the consolidated earnings from controlled entities from 1 November 2016 to 30 June 2017. Please refer to the Chairman's Letter and Directors' Report for commentary and explanations of results.

Additional Appendix 4E disclosure requirements, commentary and explanation of the results for the financial year is contained in the Directors Report and the accompanying Financial Report dated 28 August 2017.

Notes

1. *This report is based on the financial report which has been audited.*
2. *All the documents comprise the information required by listing rule 4.3A. The information should be read in conjunction with the audited 30 June 2017 annual financial report and all ASX announcements made by the Company during the year.*



Cameron McCullagh
Managing Director
Date: 28 August 2017

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Consolidated Operations Group Limited and its controlled entities

ABN 58 100 854 788

Annual Financial Report

For the year ended 30 June 2017

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Chairman's Letter

Consolidated Operations Group Limited (COG) was historically an investment company and under the accounting standards used Investment Accounting where the movement in the capital value of assets was recognised in the income statement. In October 2016, when COG purchased CFG, Linx and QPF, we achieved synergies and were able, under the accounting standards to move to Consolidated Accounting.

The move to Consolidated Accounting is important so as to inform shareholders in future years on a basis that is consistent with its expanded underlying operations. Care should be taken in comparing the 2017 year (8 months of which is Consolidated Accounting) to the disclosures in prior year.

To assist our stakeholders in understanding the change in accounting policies, a pro-forma income statement will be provided as an Investor Presentation, which will be released to the market.

Operating Performance

The TL Rentals operations continued their dramatic increase in origination, exceeding the forecast by $2 million to achieve $42 million. This represented a 27% increase over the 2016 levels. TL Rentals originations in 2018 are forecast at a 29% increase to $55 million.

The broking operations recovered from a poor start to the year to achieve approximately the purchased EBITDA. We do not expect the decreased revenue from a key funder (caused by a slowdown of funding approvals) to continue in 2018 and we expect that the operations purchased in 2017 will recover to historic growth levels with the principals refocused in their operations rather than the sale process.

The company strategy is on track and will continued to be rolled out, focusing on organic growth of existing operations and the patient acquisition of brokers.

Cameron McCullagh has a passion for increasing the products and services offered through the broking aggregation membership group and in the organic expansion of the Novated Lease offering where we consider we have a competitive advantage in software and competitive pricing.

Subsequent Events

The company did not complete an anticipated acquisition in August 2017, as the vendors requested a change to key criteria in the Terms Sheet after the completion of due diligence. The management team will remain focused on due diligence disciplines to ensure they are a cultural fit, EPS accretive and add to shareholder value.

We expect to complete the final of the announced possible acquisitions in October 2017. The remaining opportunity appears to be an attractive deal with significant revenue synergies.

Director and Key Management Personnel changes

With the continued growth across the Group we have also improved the board's industry and market knowledge through the appointment of Rohan Ford on 1 March 2017 and David Gray on 1 March 2017.

Mark Smith resigned on 28 February 2017.

Chairman's Letter (continued)

COG's small management team has been strengthened through;

- The transition of the Managing Director role from Andrew Grant to Cameron McCullagh, whereby they acted as Joint MDs for a short period, has been completed, whereby Cameron has moved to be the sole Managing Director, with Andrew moving to a part time operational role managing TL Rentals;
- Raylee Carruthers has moved from CFO to COO to reflect her operational role with involvement in credit, compliance, integration of operations and due diligence of further broker acquisition opportunities; and
- Nathan Thomas has been appointed to the CFO role.

I look forward to seeing you at the Annual General Meeting.

Yours sincerely,



Bruce Hatchman

Chairman

28 August 2017

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Directors' Report

The Directors of Consolidated Operations Group Limited (COG or the Company) and its controlled entities (together the Consolidated Entity or the Group), formerly Armidale Investment Corporation Limited, present their Report together with the financial statements of the Consolidated Entity, for the financial year ended 30 June 2017.

Director details

The following persons were Directors of the Company during or since the end of the financial year:
Bruce Hatchman – Chairman
Cameron McCullagh – Managing Director
Andrew Grant – Executive Director
Steve White – Non-executive Director
Rohan Ford – Executive Director (appointed effective 1 March 2017)
David Gray – Non-executive Director (appointed effective 1 March 2017)
Mark Smith – Non-executive Director (resigned effective 28 February 2017)

Bruce Hatchman
FCA, MAICD, JP
Non-executive Director (Independent)
Chairman
Chair of Nomination and Remuneration Committee
Member of Audit Committee
Director since 2014

Bruce Hatchman is an experienced financial professional. As the former Chief Executive of Crowe Horwath, Mr Hatchman has over 40 years' experience in providing corporate finance, strategic planning, and audit and assurance services to listed companies and large private enterprises. He is a Chartered Accountant and a member of the Australian Institute of Company Directors.

Other current Directorships:
Chairman - JCurve Solutions Limited, Chairman - Darwin Clean Fuels Limited, Chairman - Suters Holdings Pty Limited; DWP International Limited.

Previous Directorships (listed companies in the last 3 years):
None

Interests in shares:
625,000

Interests in debentures (of a related entity, Secured Finance Limited, a wholly owned subsidiary of Hal Group Limited):
$68,854

Cameron McCullagh
B. Bus
Managing Director/Executive Director
Director since 2015
Cameron has over 30 years' experience in the finance sector, having trained as a Chartered Accountant at KPMG. Cameron was a partner at Moore Stephens Sydney and founded and grew White Outsourcing to an entity with back office administration of over $30 billion. Cameron was CEO of Employers Mutual until 2010, having grown it from $30 million of annual premium under management to over $1 billion. As COO, Cameron took operational responsibility for the successful listing on the ASX of the insurance broking accumulator Steadfast Group. Cameron is Chairman of A S White Global Pty Limited, which has over 700 employees in Australia and Asia providing shared service teams.

Other current Directorships:
Hospitality Employers Mutual Limited (APRA licensed insurer).

Interest in shares:
237,233,001

Directors' Report (continued)

Andrew Grant
B.Bus (Hons), MAICD
Executive Director
Director since 2012

Andrew Grant is one of the founders of Hal Group Pty Limited, which includes TL Rentals Pty Limited. Andrew is an Associate Member of the Chartered Institute of Management Accountants (UK). He has financial management experience in excess of 30 years and extensive experience within the IT and finance industry. Andrew is also a member of the Australian Institute of Company Directors.

Other current Directorships:
Non-executive Director of Employers Mutual Limited (EML), a specialised workers compensation manager and insurer, and is the Chairman of EML's Audit Risk and Compliance Committee. Andrew is also Director of Employers Mutual NSW Limited and Hospitality Employers Mutual Limited.

Previous Directorships (listed companies in the last 3 years):
None

Interests in shares:
4,630,000

Interests in debentures (of a related entity, Secured Finance Limited, a wholly owned subsidiary of Hal Group Limited):
$1,306,695

Steve White
M.Mngt, GAICD
Non-executive Director (Independent)
Chair of Audit Committee
Member of Nomination and Remuneration Committee
Director since 2010

Steve is a Principal and Director of Noah's Rule, a specialist risk advisory firm providing independent input and advice on strategy and execution to companies managing significant financial markets exposures. Steve has had over 30 years of experience in banking including roles with Barclays Capital Singapore, Rothschild and HSBC Japan in their treasury divisions. Steve is actively involved working with Managing Directors and Chief Financial Officers in developing the strategies and solutions to their company's financial markets risks, ensuring the management of these risks are within corporate strategy while enhancing any potential upside. Steve is a Graduate Member of the Australian Institute of Company Directors and has a Masters of Management from MGSM.

Other current Directorships:
None

Previous Directorships (listed companies in the last 3 years):
None

Interests in shares:
3,593,750

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Directors' Report (continued)

Rohan Ford
B.Bus (Accounting)
Executive Director
Director appointed 1 March 2017

Rohan is the founder of Consolidated Finance Group (CFG) and the founder and CEO of Linx Finance Australia Group (Linx). COG owns 80% of CFG and 50% of Linx.

Rohan commenced finance broking in 1991, working extensively around Australia providing finance facilities to all capital intensive industries. Rohan has long-standing relationships with Australia's largest financial institutions/lenders and a solid reputation amongst the Australian asset finance broking industry.

Other current Directorships:
None

Previous Directorships (listed companies in the last 3 years):
None

Interests in shares:
58,433,585

Mark Smith
B.Optom
Non-executive Director
Member of Audit Committee
Member of Nomination and Remuneration Committee
Director since 2010 (resigned 28 February 2017)

Mark lives in Armidale in country New South Wales. He has been a long-term investor for many years. He has also established a number of successful small businesses in the New England region of New South Wales. Mark is also a part time owner-builder, farmer and apiarist.

Other current Directorships:
None

Previous Directorships (listed companies in the last 3 years):
None

David Gray
Bachelor of Business in Business Administration, MAICD
Non-executive Director (Independent)
Director appointed 1 March 2017

David is the founder, CEO & Managing Director of Insight Capital Advisors Pty Limited. David is a former Managing Director and Head of Equity Capital Markets at both J.P. Morgan and Deutsche Bank, with over twenty five years experience in financial markets, performing senior roles in Equity Capital Markets, Institutional Equity Sales and Corporate Treasury.

David has a breadth of experience across a broad range of industries and offerings including initial public offers, follow on equity raisings, block trades, M&A, capital management as well as general corporate and capital markets advice. He has been involved in more than 300 advisory roles and capital raisings with a total value of more than A$100 billion. In 2016, David founded the boutique capital markets and corporate advisory business Insight Capital Advisors and was voted as the Best Independent Equity Capital Markets Banker in the East Coles Investment Banking survey.

Other current Directorships:
Chairman, Director and Trustee of multiple private companies and family trusts.

Previous Directorships (listed companies in the last 3 years):
N/A

Interests in shares:
1,278,409

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Directors' Report (continued)

Company Secretary
David Franks - BEc, CA, F Fin, JP
David Franks is principal of Franks and Associates Pty Limited (Chartered Accountants). David is currently Company Secretary for the following public companies: Elk Petroleum Limited, JCurve Solutions Limited, Noxapharm Limited, Tomorrow Entertainment Limited, White Energy Company Limited and White Energy Technology Limited. David has been Company Secretary of COG since 2010. David is also a Non-executive Director of JCurve Solutions Limited.

Principal activities*
The Company is an Australian Securities Exchange (ASX) listed company whose principal activities are primarily focused on the equipment finance sector. The investment objective of the Company is to grow its earnings per share from investing in complementary entities and growing existing businesses that specialise in equipment finance broking, finance aggregation and commercial leases for essential business assets.

**The above mentioned principal activity is an enhanced description of the Company's previous activities which were focused on investing in fixed interest, debt and equity instruments under its previous classification as an 'investment entity'.*

Review of operations and financial results
The Directors are pleased to present the financial report of the Company for the financial year ended 30 June 2017, which is the first period that the Company has reported as a non-investment entity and consolidated its results with its controlled entities. As a result of the change during the financial year, the results presented include:

- investment entity accounting from 1 July 2016 to 31 October 2016; plus
- the consolidated earnings from controlled entities from 1 November 2016 to 30 June 2017.

Profit after tax, attributable to members of the Consolidated Entity for the financial year ended 30 June 2017 was $3.6 million (2016: $14.2 million). Earnings per share, attributable to members from continuing operations was 0.4 cents for the period (2016: 2.9 cents).

The Consolidated Entity's net asset position as at the end of the financial year was $185.3 million (2016: $88.7 million) with $119.0 million (2016: nil) of goodwill being recognised during the period as a result of deemed acquisitions of controlled entities on the change of accounting policy (being no longer classified as an investment entity with investments held at fair value) on 1 November 2016 and acquisitions of other entities during the period following the accounting policy change.

Capital raising and acquisitions
During the period, the Company successfully raised $89.4 million (before capital raising costs) by way of share placements, rights issues and scrip consideration.

The majority of the funds raised were used for the purpose of acquiring:

- 80% of the share capital of Consolidated Finance Group Pty Limited (CFG). CFG is a membership based asset finance aggregator, responsible for $1.7 billion of asset finance in the year ended 30 June 2017.
- 50% of the share capital of Linx Group Holdings Pty Limited (Linx). Linx offers equipment finance, insurance and mortgage solutions to business and individuals throughout Australia.
- 50% of the share capital of QPF Holdings Pty Limited (QPF). QPF is based in Queensland and offers asset finance, working capital finance and both commercial and residential mortgages.
- 80% of the share capital of Fleet Network Pty Limited (Fleet Network) through Platform Consolidated Group (PCG). Fleet Network is based in Perth and offers an end to end process for clients from vehicle purchase, finance, salary calculations and administration of their motor vehicle salary packages.

Linx and QPF are the largest asset finance broker members of CFG.

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Directors' Report (continued)

Review of operations and financial results (continued)

CFG, Linx and QPF acquisition

Purchase consideration was 40% payable in scrip and 60% payable in cash. The effective date of the acquisitions was 1 July 2016 (for profit share purposes) with the Share Purchase Agreements being executed in October 2016.

The Shareholders Agreements (which formed part of the transactions) provided the following provisions:

i. Between 1 July and 31 July 2018, the vendor shareholders in QPF and Linx may require COG to purchase up to 5% of the share capital in QPF and Linx. The price on this transaction will be calculated at 8 times the normalised EBITDA for the financial year ending 30 June 2018. COG has the equivalent right to require the vendor shareholders in QPF and Linx to sell up to 5% of the issued shares to COG. Each of the parties have the right to defer the request for 12 months. This put and call option repeats in 2020 and in 2022. If all three options were exercised by either party COG would own 65% of Linx and QPF during the financial year ending 30 June 2023.

ii. Between 1 July and 31 July 2018, the vendor shareholders in CFG may require COG to purchase their remaining 20% share in CFG. The price on this transaction will be calculated at 8 times the normalised EBITDA for the financial year ending 30 June 2018. COG has the equivalent right to require the vendor shareholders in CFG to sell their remaining 20% share to COG. Each of the parties have the right to defer the request for 12 months. If this option is exercised by either party COG would own 100% of CFG during the financial year ending 30 June 2019.

Fleet Network acquisition by PCG

Purchase consideration was 28% payable in scrip and 72% payable in cash. The effective date of the acquisition was 31 March 2017 with the Share Purchase Agreement being executed on 31 March 2017.

The Shareholders Agreement (which formed part of the transaction) provided the following provisions:

i. After 30 months following completion date, the vendor shareholders in Fleet Network may require COG to purchase their remaining 20% share in Fleet Network. The price on this transaction will be calculated at 4.2 times the normalised EBITDA for the financial year ending 30 June 2019. COG has the equivalent right to require the vendor shareholders in Fleet Network to sell their remaining shares to COG. Each of the parties have the right to defer the request for 12 months. If this option is exercised by either party COG would own 100% of Fleet Network during the financial year ending 30 June 2020.

DLV (Qld) Pty Limited (DLV) acquisition by QPF

The total consideration payable by QPF Holdings Pty Limited (QPF), to purchase 50% of DLV. Purchase consideration was 50% payable in scrip and 50% payable in cash. The effective date of the acquisition was 1 July 2017 with the Share Purchase Agreement being executed on 1 July 2017.

The Shareholders Agreement (which formed part of the transaction) provided the following provisions:

i. A shareholder may exit the business 3 years post the transaction (after providing 12 month's notice) and may require COG to purchase their remaining shares. The price on this transaction will be calculated at 4.5 times the normalised EBITDA for the most recent financial year. A maximum of 18% of the shares in DLV can be sold via this process in any 12 month period. If this option was exercised by either the DLV shareholders to the maximum extent as early as possible QPF would own 100% of DLV during the financial year ending 30 June 2023.

Bendigo Bank Debt Facility

During the period, the Company secured a $15 million bank facility with Bendigo Bank. The first drawdown of $10 million occurred in December 2016, and a further drawdown of $5 million occurred in January 2017. The funds have been applied to the completion of the recent acquisitions and the continued development of the Commercial Equipment Leasing segment of the Group. The balance owing at 30 June 2017 was $13.5 million.

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Directors' Report (continued)

Significant changes in the state of affairs

Prior to 1 November 2016 the Company was classified as an Investment Entity as defined in AASB 10 *Consolidated Financial Statements*. As a result, the Company's investments that would usually be recognised as consolidated subsidiaries were measured at fair value, with any changes in value recognised in the income statement.

From 1 November 2016, due to recent acquisitions, the Company no longer met the definition of an Investment Entity. Consequently the Company is required to account for its investments in subsidiaries in accordance with the general provisions of AASB 10, which require consolidated accounting. The transition from Investment Entity accounting to consolidated accounting for subsidiaries requires the recognition of these investments in subsidiaries as deemed acquisitions on transition date and consolidated accounting from that date forward. The change has been recognised as outlined below.

Likely developments

As previously announced to the market, the Company intends to continue on the path of acquiring part or all of equipment finance broking entities where there is seen to be a strategic, cultural and commercial fit and are committed to a broker accumulation strategy. COG does not intend to do any more than three to five such acquisitions over the next 18 months, subject to available funding.

In assessing future business acquisitions, strict acquisition criteria will be applied, including that an acquisition is expected to be earnings per share accretive for the consolidated entity in an appropriate time frame.

COG continues to work closely with the existing management team of each acquired business and allows each entity to operate in a manner consistent with their ownership structure.

The medium-term goal for the Commercial Equipment Leasing segment is to increase value by selectively writing leases, whilst maintaining credit quality and utilising available funding avenues. The Directors are also focused on the development of additional sources of funding, additional sales resources and alliances with vendors.

Dividends

No dividends were paid or declared during the year.

Events subsequent to reporting date

The following items are noted as events subsequent to the financial year end:

DLV (QLD) Pty Limited acquisition

On 13 July 2017, QPF Holdings Pty Limited (QPF), a 50% owned COG subsidiary acquired a 50% equity holding in DLV. With a normalised EBITDA of $0.7m for FY16, QPF is paying $1.6m (50% cash and 50% COG shares @ 12.35 cents per share).

Other than declared in this Report, the Directors are not aware of any other events subsequent to the financial year that would materially affect the financial report.

Directors' Report (continued)

Director' meetings

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director is as follows:

	Board Meetings		Audit Committee		Nomination and Remuneration Committee	
Director	**A**	**B**	**A**	**B**	**A**	**B**
Bruce Hatchman	8	8	2	2	1	1
Cameron McCullagh	8	7	N/A	N/A	N/A	N/A
Andrew Grant	8	8	N/A	N/A	N/A	N/A
Steve White	8	8	2	2	1	1
Rohan Ford [i]	2	2	N/A	N/A	N/A	N/A
David Gray [ii]	2	2	N/A	N/A	N/A	N/A
Mark Smith [iii]	6	4	2	1	1	1

Where:

- Column A is the number of meetings the Director was entitled to attend.
- Column B is the number of meetings the Director attended.

i. Rohan Ford commenced as a Director on 1 March 2017
ii. David Gray commenced as a Director on 1 March 2017
iii. Mark Smith ceased as a Director on 28 February 2017

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Directors' Report (continued)

Remuneration report – audited

The Directors of COG present the Remuneration Report for Non-executive Directors, Executive Directors and other senior executives, collectively referred to as the Key Management Personnel (KMP), prepared in accordance with the *Corporations Act 2001* and the *Corporations Regulations 2001.*

The Remuneration Report is set out under the following main headings:

a. Principles of compensation
b. Remuneration structure
c. Company performance and shareholder wealth
d. Key Management Personnel remuneration
e. Key Management Personnel share and option transactions
f. Service agreements
g. Other Key Management Personnel transactions

a. Principles of compensation

COG's policy for determining the nature and amount of remuneration of KMP is as follows:

- the maximum total remuneration of the Directors of COG (other than executive Directors) has been set at $250,000 per annum to be divided among them in such proportions as they see fit
- other KMP are remunerated based on market competitive rates which are benchmarked from time-to-time.

The principles of COG's executive incentive programs are:

- to align rewards to business outcomes that deliver value to shareholders
- to ensure remuneration is competitive in the relevant employment market place to support the attraction, motivation and retention of executive talent.

The remuneration of executives is linked to the performance of COG through short and long-term incentive programs designed to increase shareholder wealth through increased profitability and increases in share price. Non-executive directors are remunerated through fixed fees only.

b. Remuneration structure

Executive Remuneration

Appropriate fixed remuneration and variable short and long-term remuneration have been determined based on ad-hoc benchmarking.

Short-term Incentive (STI) programs are designed to link management outcomes to the financial results of controlled entities, which in turn drive shareholder returns.

STI programs for Andrew Grant and Raylee Carruthers were granted on 1 July 2016 and are based on the following criteria:

- the value of assets underlying leases written by the Commercial Equipment Leasing segment for the year ended 30 June 2017
- meeting minimum PBT for the Hal group of controlled entities for the year ended 30 June 2017
- remaining employed until STI payment date
- STI that does not vest is forfeited
- there is no maximum or minimum STI and incentives are payable in cash.

The STI program for Nathan Thomas was granted on 1 April 2017 is based on non-financial KPIs associated with business performance, process improvement and delivery of group statutory obligations for the year ended 30 June 2017 and require:

- employment until STI payment date
- STI that does not vest is forfeited
- the maximum STI payable for 2017 is $12,500 and is payable in cash; there is no minimum incentive.

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Directors' Report (continued)

Remuneration report – audited (continued)

b. Remuneration structure (continued)

Executive Remuneration (continued)

For the year ended 30 June 2017 Raylee Carruthers and Andrew Grant received 106% of target STI and Nathan Thomas 100% of maximum STI. From time-to-time discretionary bonuses are given to KMP and are approved by the Board of Directors prior to payment.

No other KMP are eligible to receive an STI in 2017.

The Long-term Incentive (LTI) program for Andrew Grant and Raylee Carruthers are based on the following criteria:

- average share price sustained for at least three months over the three-year period from 1 July 2014 to 30 June 2017. If COG's share price increases to 23 cents per share during the three years ending 30 June 2017 and is maintained or exceeded in that period on an average basis for a minimum of three months, COG will pay a bonus of $500,000 per person. At 15 cents per share COG will pay a bonus of $150,000 per person. A pro rata payment will be made for any increase in the COG share price at or over 15 cents per share
- share-based payments are cash-settled with the maximum LTI payable for is $500,000 per person payable in cash; there is no minimum incentive.

The LTI program vested at 30 June 2017, with cash payment of $238,565 each to be made to both participants in the following financial year pending continued employment until payment date. The cash payment represents 48% of the maximum LTI. No other KMP are eligible to receive an LTI in 2017.

Non-executive Director remuneration

The current base remuneration for Non-executive Directors was last reviewed with effect from 13 April 2017. The maximum total remuneration of the Directors of COG (other than executive Directors) has been set at $250,000 per annum to be divided among them in such proportions as they see fit. Non-executive Directors received no additional benefits other than base remuneration and superannuation.

Target remuneration structure

The table below represents the target remuneration mix for KMP as at 30 June 2017.

	Fixed remuneration %	Variable remuneration Short-term %	Variable remuneration Long-term %
Executive Directors			
Cameron McCullagh – Managing Director	100%	nil	nil
Andrew Grant – Executive Director	57%	16%	27%
Rohan Ford – Executive Director	100%	nil	nil
Non-executive Directors			
Bruce Hatchman – Chairman	100%	nil	nil
Steve White – Director	100%	nil	nil
David Gray – Director	100%	nil	nil
Senior executives			
Raylee Carruthers – Chief Operating Officer	54%	17%	29%
Nathan Thomas – Group Chief Financial Officer	83%	17%	nil

The above does not include disclosures for non-continuing KMP; Mark Smith (former Director) and Jesse Hamilton (former Chief Financial Officer).

Directors' Report (continued)

Remuneration report – audited (continued)

c. Company performance and shareholder wealth

The following table compares COG's performance and KMP remuneration in respect of the current financial year and previous four financial years:

	2017 (1)	2016	2015	2014	2013
Net profit after tax ($'000)	6,356	14,208	7,799	3,655	11,105
Dividends paid (cents per share)	-	-	-	-	-
Share price at 30 June (cents)	13.0	12.5	10.0	12.0	5.0
EPS (cents per share)	0.4	2.9	2.7	1.7	(0.5)
Continuing KMP Remuneration ($'000)	1,744	1,078	1,027	794	501

(1) Prior to 1 November 2016 the Group accounted for its subsidiaries as Investment Entities; subsequent to this date a change in accounting standards to consolidated accounting was required. For this reason the net profit after tax figures are not comparable to the prior year.

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Directors' Report (continued)

Remuneration report – audited (continued)

d. Key Management Personnel remuneration

The remuneration of Key Management Personnel of COG during is set out in the following table:

		Short-term benefits			Post-employment				
		Fixed Remuneration ($)	STI cash bonus ($)	Non-cash benefits ($)	benefits [i] ($)	Other long-term benefits[ii] ($)	Share-based payments (cash) ($)	Total ($)	Performance based remuneration (%)
Executive Directors									
Andrew Grant	2017	326,012	105,605	2,052	19,616	5,663	173,652	632,600	44.1%
	2016	296,762	83,388	-	19,308	3,314	24,167	426,939	25.2%
Cameron McCullagh	2017	72,948	-	-	16,430	-	-	89,378	0.0%
	2016	27,942	-	-	2,654	-	-	30,596	0.0%
Rohan Ford [iii]	2017	64,080	-	4,075	6,333	1,110	-	75,598	0.0%
Non-executive Directors									
Bruce Hatchman	2017	81,450	-	-	8,550	-	-	90,000	0.0%
	2016	82,192	-	-	7,808	-	-	90,000	0.0%
Steve White	2017	40,000	-	-	3,800	-	-	43,800	0.0%
	2016	40,000	-	-	3,800	-	-	43,800	0.0%
David Gray [ii]	2017	13,333	-	-	1,267	-	-	14,600	0.0%
Mark Smith [iv]	2017	32,308	-	-	3,069	-	-	35,377	0.0%
	2016	40,000	-	-	3,800	-	-	43,800	0.0%
Senior executives									
Raylee Carruthers [v]	2017	314,878	205,605	2,052	19,616	7,240	173,652	723,043	52.5%
	2016	310,333	83,388	-	19,308	5,257	24,167	442,453	24.3%
Nathan Thomas [vi]	2017	56,850	12,500	513	4,904	-	-	74,767	16.7%
Jesse Hamilton	2017	81,943	10,959	-	8,221	68	-	101,191	10.8%
	Total 2017	1,083,802	334,669	8,692	91,806	14,081	347,304	1,880,354	36.3%
	Total 2016	797,229	166,776	-	56,678	8,571	48,334	1,077,588	20.0%

(i). Is wholly comprised of Superannuation.
(ii). Is wholly comprised of Long service leave.
(iii). Commenced as a KMP on 1 March 2017.
(iv). Ceased as a KMP on 28 February 2017.
(v). STI cash bonus includes a $100,000 discretionary bonus approved by the Board.
(vi). Commenced as a KMP on 1 April 2017.

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Directors' Report (continued)

Remuneration report – audited (continued)

e. Key Management Personnel share transactions

The movement during the year in the number of ordinary shares held, directly or indirectly, by each of the KMP, including their related parties, is as follows:

	30 June 2015	Rights issued [i]	On market sale	30 June 2016	Rights issued [i]	On market purchase	On market sale	KMP Change [ii]	30 June 2017 [iii]
Executive Directors									
Andrew Grant	11,721,150	-	(91,150)	11,630,000	-	-	(7,000,000)	-	4,630,000
Cameron McCullagh	128,287,628	32,071,907	-	160,359,535	75,304,908	1,568,558	-	-	237,233,001
Rohan Ford [iv]	-	-	-	-	-	-	-	58,433,585	58,433,585
Non-executive Directors									
Bruce Hatchman	-	-	-	-	125,000	500,000	-	-	625,000
Steve White	1,050,000	460,000	-	1,510,000	2,281,250	-	(197,500)	-	3,593,750
David Gray [iv]	-	-	-	-	255,682	-	-	1,022,727	1,278,409
Mark Smith [v]	11,308,534	-	-	11,308,534	-	-	-	(11,308,534)	-
Senior Executives									
Raylee Carruthers	-	-	-	-	-	-	-	-	-
Nathan Thomas	-	-	-	-	-	-	-	-	-
	152,367,312	32,631,907	(91,150)	184,808,069	77,966,840	2,068,558	(7,197,500)	48,147,778	305,793,745

(i). Represents participation in on market or institutional rights issues
(ii). Represents their holdings at the point they commenced / ceased to be a KMP.
(iii). KMP shareholdings remain consistent at annual report issue date.
(iv). Commenced as a KMP on 1 March 2017.
(v). Ceased as a KMP on 28 February 2017.

There were no options granted as remuneration during the financial year (2016: nil).

There were no shares issued on the exercise of options granted as remuneration during the financial year (2016: nil).

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Directors' Report (continued)

Remuneration report – audited (continued)

f. Service agreements

Terms of employment for the Executive Directors and senior executives are formalised in service agreements. The major provisions of the agreements relating to agreement terms and fixed remuneration are set out below:

Name	Fixed Remuneration per annum [(i)]	Term of agreement	Notice period [(ii)]	Termination payment [(iii)]
Cameron McCullagh	$110,000	No set term	12 weeks	12 weeks
Andrew Grant [(iv)]	$350,000	No set term	12 weeks	12 weeks
Rohan Ford	$200,000	No set term	12 months	12 months
Raylee Carruthers	$312,625	No set term	12 weeks	12 weeks
Nathan Thomas	$249,616	No set term	2 months	12 weeks

(i) Fixed Remuneration includes statutory Superannuation contributions
(ii) Notice periods are consistent for both COG and the KMP
(iii) Termination payment in lieu of notice period is calculated as a proportion of the KMP's fixed remuneration. Summary termination with no payment is enforceable for gross misconduct or gross negligence.
(iv) Subsequent to year-end Andrew Grant's base salary has been modified to reflect reduced working hours, all other terms and conditions remain consistent.

For Non-executive Directors terms of service are in accordance with Rule 6.7 of COG's Constitution. The Constitution requires one third of the Directors or, if their number is not a multiple of 3, then, subject to the Listing Rules, the number nearest to one third to retire from office and if eligible seek re-election at every annual general meeting.

g. Other Key Management Personnel transactions

Loans from Key Management Personnel and their related entities

During 2017, unsecured loans advanced by Key Management Personnel to a COG controlled entity were $2,700,000 (2016: $7,150,000). Interest is payable on an arms-length basis at 10% (2016: 10%) and the loans are repayment in cash on average 14 months after the issue date. The interest and principal repayments on debentures advanced to Secured Finance Limited, a wholly owned subsidiary of COG, during the year were as follows:

	Balance at 30 June 2016 $	Amount advanced during the year $	Commission received $	Interest payment $	Principal repayment $	Balance at 30 June 2017 $
KMP (and related entities):						
Bruce Hatchman	-	100,000	-	5,770	31,146	68,854
Cameron McCullagh	2,563,841	-	-	61,048	2,563,841	-
Andrew Grant	1,083,807	2,300,000	40,250	117,691	2,077,112	1,306,695
Raylee Carruthers	154,977	300,000	7,000	14,259	214,082	240,895

Loans to Key Management Personnel and their related entities

As part of the acquisition of Linx and CFG by COG various loans were held between Linx, CFG and their shareholders and their related entities. One of these shareholders is Rohan Ford who commenced as a KMP of COG on 1 March 2017. On 1 March 2017 the loan balance was $358,319, with a further $112,876 of advances and $355,241 of repayments to 30 June 2017; leaving a remaining balance at 30 June 2017 of $115,954. The maximum balance loan balance was $365,051 in 2017 with all outstanding balances were repaid in July 2017. The loans were interest free, using an arm's length interest rate of 10% the interest owed by Rohan Ford would be $4,075; which has been included as a non-cash benefit in the disclosure of his KMP remuneration for 2017.

End of audited remuneration report.

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Directors' Report (continued)

Environmental legislation
COG's operations are not subject to any particular or significant environmental regulation under the law of the Commonwealth or of a State or Territory in Australia.

Options
At 30 June 2017 there were no options outstanding. No options have been granted over unissued shares during or since the end of the financial year.

Indemnities given and insurance premiums paid to auditors and officers
COG has executed a deed of indemnity for each of the Directors which indemnify them to the extent permitted by Sections 199A, 199B and 199C of the *Corporations Act 2001*.

During the year, COG paid a premium to insure officers of COG. The officers of COG covered by the insurance policy include all Directors.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of COG, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to COG.

Details of the amount of the premium paid in respect of the insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

COG has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditors of COG against a liability incurred as such by an officer or auditor.

Non-audit services
BDO East Coast Partnership, COG's auditor, performed taxation and due diligence services to the value of $35k during the year in addition to their statutory audit duties.

A copy of the auditor's independence declaration as required under S307C of the *Corporations Act 2001* is included on page 18 of this financial report and forms part of this Directors' Report.

Proceedings on behalf of COG
No person has applied for leave of the Court under S237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of COG, or to intervene in any proceedings to which COG is a party for the purpose of taking responsibility on behalf of COG for all or part of those proceedings.

Rounding of amounts to nearest dollar
In accordance with *ASIC Corporations (Rounding in Financial/Director Reports) Instrument 2016/191*, the amounts in the Directors Report have been rounded to the nearest thousand Australian dollars, unless otherwise stated.

Signed in accordance with a resolution of the Board of Directors on 28 August 2017.



Bruce Hatchman
Chairman



Cameron McCullagh
Managing Director

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Sydney NSW 2000

Australia

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DECLARATION OF INDEPENDENCE BY GARETH FEW TO THE DIRECTORS OF CONSOLIDATED OPERATIONS GROUP LIMITED

As lead auditor of Consolidated Operations Group Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Consolidated Operations Group Limited and the entities it controlled during the period.

Gareth Few
Partner

BDO East Coast Partnership

Sydney, 28 August 2017

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

Corporate Governance Statement

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, Consolidated Operations Group Limited (COG) has adopted the third edition of the Corporate Governance Principles and Recommendations which was released by the ASX Corporate Governance Council on 27 March 2014 and became effective for financial years beginning on or after 1 July 2014.

COG's Corporate Governance Statement for financial year ending 30 June 2017 is dated as at 28 August 2017 and was approved by the Board on 28 August 2017. The Corporate Governance Statement is available on COG's website at www.coglimited.com.au.

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2017

	Notes	30 June 2017 $'000	30 June 2016 $'000
Revenue from continuing operations	8	81,304	257
Interest income	9	2,060	1,502
Unrealised gain on investments		-	13,420
Dividend income		1,060	1,116
Cost of sales		(13,195)	-
Commissions paid		(31,809)	-
Employee benefits expense	10	(17,907)	(1,149)
Administration expenses		(5,994)	-
Occupancy expenses		(1,175)	-
Finance costs		(1,480)	-
Depreciation and amortisation		(1,626)	(193)
Acquisition-related costs		(837)	-
Other expenses		(740)	(678)
Share of results from equity accounted associates	18	400	-
Profit before income tax		**10,061**	**14,275**
Income tax expense	11	(3,705)	(67)
Profit after tax for the year		**6,356**	**14,208**
Other comprehensive income for the year		**-**	**-**
Total comprehensive income for the year		**6,356**	**14,208**
Profit after tax attributable to:			
Members of Consolidated Operations Group Limited		3,559	14,208
Non-controlling interests		2,797	-
Total profit after tax for the year		**6,356**	**14,208**
Total comprehensive income attributable to:			
Members of Consolidated Operations Group Limited		3,559	14,208
Non-controlling interests		2,797	-
Total comprehensive income for the year		**6,356**	**14,208**
Earnings and diluted per share from continuing operations, attributable to members:			
- Basic and diluted earnings per share (cents)	22	0.4	2.9

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The accompanying notes form part of these financial statements.

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Consolidated Statement of Financial Position

as at 30 June 2017

	Notes	30 June 2017 $'000	30 June 2016 $'000
Assets			
Current			
Cash and cash equivalents	12	39,837	11
Trade and other receivables	13	13,015	506
Financial assets – lease receivables	14	12,169	-
Inventories		505	-
Other financial assets	15	3,715	4,072
Total current assets		**69,241**	**4,589**
Non-current			
Trade and other receivables	13	3,628	-
Financial assets – lease receivables	14	34,688	-
Financial assets – at FVTPL		-	69,361
Other financial assets	15	1,943	19,268
Equity accounted associates	18	3,994	-
Property, plant and equipment	16	2,337	-
Intangible assets and goodwill	17	123,684	-
Total non-current assets		**170,274**	**88,629**
Total assets		**239,515**	**93,218**
Liabilities			
Current			
Trade and other payables	19	17,312	4,082
Interest bearing liabilities	20	16,611	-
Current tax liabilities		2,538	-
Provisions	10	2,460	324
Total current liabilities		**38,921**	**4,406**
Non-current			
Provisions	10	300	118
Interest bearing liabilities	20	12,408	-
Deferred tax liabilities	11	2,578	-
Total non-current liabilities		**15,286**	**118**
Total liabilities		**54,207**	**4,524**
Net assets		**185,308**	**88,694**
Equity			
Share capital	21	216,216	128,297
Reserves		39,793	36,768
Accumulated losses		(76,371)	(76,371)
Non-controlling interests		5,670	-
Total equity		**185,308**	**88,694**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2017

	Notes	Share Capital $'000	Accumulated losses $'000	Reserves $'000	Non-controlling interests $'000	Total Equity $'000
Balance at 1 July 2015		**110,623**	**(76,371)**	**22,560**	**-**	**56,812**
Net profit for the year, after tax		-	14,208	-	-	14,208
Total comprehensive income for the year		**-**	**14,208**	**-**	**-**	**14,208**
Transactions with owners:						
Transfer to reserves		-	(14,208)	14,208	-	-
Issue of share capital		17,934	-	-	-	17,934
Share issue costs		(260)	-	-	-	(260)
Balance at 30 June 2016		**128,297**	**(76,371)**	**36,768**	**-**	**88,694**
Balance at 1 July 2016		**128,297**	**(76,371)**	**36,768**	**-**	**88,694**
Net profit for the year, after tax		-	3,559	-	2,797	6,356
Other comprehensive income for the year:		-	-	-	-	-
Movements in reserves		-	-	-	-	-
Total comprehensive income for the year		**-**	**3,559**	**-**	**2,797**	**6,356**
Transactions with owners:						
Non-controlling interests acquired on deemed acquisition of controlled entities		-	-	(534)	2,351	1,817
Dividends		-	-	-	(1,780)	(1,780)
Shares issued via placement		31,877	-	-	-	31,877
Shares issued via rights issue		32,931	-	-	-	32,931
Shares issued via scrip consideration for acquisitions		24,586	-	-	-	24,586
Issue of share capital		-	-	-	2,302	2,302
Costs of raising capital, net of tax		(1,475)	-	-	-	(1,475)
Transfer to reserves		-	(3,559)	3,559	-	-
Balance at 30 June 2017	**21**	**216,216**	**(76,371)**	**39,793**	**5,670**	**185,308**

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The accompanying notes form part of these financial statements.

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Consolidated Statement of Cash Flows

for the year ended 30 June 2017

	Notes	30 June 2017 $'000	30 June 2016 $'000
Cash flows from operating activities			
Receipts from customers		88,576	-
Payments to suppliers and employees		(80,996)	(1,620)
Dividends received		1,571	676
Management fees received		-	241
Interest received	9	2,060	1,502
Finance costs		(1,480)	-
Income taxes paid		(3,044)	(326)
Net cash inflow / (outflow) from operating activities	25	**6,687**	**473**
Cash flows from investing activities			
Payments for investments		(32,671)	(13,530)
Payments for equipment – finance leases		(17,140)	-
Payments for property, plant and equipment		(876)	-
Proceeds from sale of property, plant and equipment		275	-
Loans advanced to investee companies		(5,148)	(20,966)
Receipts from redemption of term deposit		1,500	-
Proceeds from sale of business		45	-
Proceeds from loans repaid by investee companies		-	10,915
Net cash acquired on acquisition of controlled entities	7	7,402	-
Net cash sold on disposal of subsidiaries		(18)	-
Net cash outflow from investing activities		**(46,631)**	**(23,581)**
Cash flows from financing activities			
Proceeds from issue of shares		62,996	12,544
Costs of raising capital		-	(260)
Proceeds from interest bearing liabilities		19,695	-
Repayments of interest bearing liabilities		(1,141)	-
Dividends paid by subsidiaries to non-controlling interests		(1,780)	-
Net cash inflow from financing activities		**79,770**	**12,284**
Net increase / (decrease) in cash and cash equivalents		39,826	(10,824)
Cash and cash equivalents, beginning of the financial year		11	10,835
Cash and cash equivalents, end of the financial year		**39,837**	**11**
Non-cash investing and financing activities:			
Scrip consideration issued for acquisitions of investments		24,586	5,390

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements

NOTE 1. GENERAL INFORMATION

Consolidated Operations Group Limited ('COG' or 'the Company'), formerly Armidale Investment Corporation Limited, and its controlled entities (together 'the Group' or 'the consolidated entity') is an Australian Securities Exchange (ASX) listed Company whose principal activities are primarily focused on the equipment finance sector. The investment objective of the Group is to grow its earnings per share from investing in complementary entities and growing existing businesses that specialise in equipment finance broking, finance aggregation and commercial leases for essential business assets.

COG is the ultimate parent of the Group and is a for-profit listed Company limited by shares, incorporated and domiciled in Australia.

The financial statements have been approved and authorised for issue by the Board of Directors on 28 August 2017.

The registered office is:
C/O Franks and Associates Pty Limited
Suite 2, Level 10, 70 Phillip Street
Sydney, NSW, 2000
Phone 02 9299 9690

Principal place of business:
Level 1, 72 Archer Street
Chatswood NSW 2067
Phone 1300 137 146

NOTE 2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These general purpose financial statements for the financial year ended 30 June 2017 have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB), as appropriate for for-profit oriented entities. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

In accordance with *ASIC Corporations (Rounding in Financial/Director Reports) Instrument 2016/191*, the amounts in the consolidated financial report have been rounded to the nearest thousand Australian dollars, which is the Group's functional and presentation currency.

The principal accounting policies adopted are consistent with those of the previous financial year unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current financial year. Adoption has not had a material impact on amounts recognised and disclosed in these financial statements.

The consolidated entity has decided against early adoption of the following standards. A discussion of those future requirements and their impact on the consolidated entity follows:

AASB 9 Financial Instruments (applicable for annual financial years beginning on or after 1 January 2018):

The standard introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.

The main changes are:

a) Financial assets that are debt instruments will be classified based on:
   i. the objective of the Group's business model for managing the financial assets; and
   ii. the characteristics of the contractual cash flows.

Notes to the Financial Statements (continued)

NOTE 2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (CONTINUED)

b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
   i. the change attributable to changes in credit risk are presented in other comprehensive income (OCI); and
   ii. the remaining change is presented in profit or loss.

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Otherwise, the following requirements have been carried forward unchanged from AASB 139 into AASB 9:
   i. classification and measurement of financial liabilities; and
   ii. de-recognition requirements for financial assets and liabilities.

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in the financial statements.

Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting. The Group is still assessing the impact of implementing AASB 9, which will be first adopted for the year ending 30 June 2019 financial statements.

AASB 15 Revenue from Contracts with Customers (applicable for annual financial years beginning on or after 1 January 2018):
AASB 15:

- replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations
- establishes a new revenue recognition model
- changes the basis for deciding whether revenue is to be recognised over time or at a point in time
- provides new and more detailed guidance on specific topics (e.g., multiple element arrangements, variable pricing, rights of return, warranties and licensing)
- expands and improves disclosures about revenue

The Group is still assessing the impact of implementing AASB 15, which will be first adopted for the year ending 30 June 2019 financial statements.

AASB 16 Leases (applicable for annual financial years beginning on or after 1 January 2019):
AASB 16:

- replaces AASB 117 Leases and some lease-related Interpretations
- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases
- provides new guidance on the application of the definition of lease and on sale and lease back accounting
- largely retains the existing lessor accounting requirements in AASB 117
- requires new and different disclosures about leases

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Notes to the Financial Statements (continued)

NOTE 2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (CONTINUED)

The Group is still assessing the impact of implementing AASB 16, which will be first adopted for the year ending 30 June 2020.

NOTE 3. CHANGE OF ACCOUNTING POLICY

The Group had previously determined that it falls within the definition of Investment Entity as set out in the Australian Accounting Standards Board (AASB) *AASB 2013-5 Amendment to Australian Accounting Standards – Investment Entities*. In accordance with this accounting standard, the Group's interests in its investments that would have otherwise been accounted for as subsidiaries were not consolidated but rather measured at fair value through the statement of profit or loss (FVTPL).

Effective 1 November 2016 and as a consequence of the recent acquisitions, the Group determined that it ceased to be an Investment Entity which resulted in a status change and move to consolidated accounting. The change has been accounted for prospectively from the date of the change in status as prescribed by the accounting standards. Please refer to note 7 for further information regarding the deemed acquisitions and recognition of associates as a result of the change in accounting policy.

NOTE 4. SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. The excess of the consideration transferred over the fair value of identifiable net assets acquired and non-controlling interests is recorded as goodwill. If the consideration transferred is less than the fair value of identifiable net assets acquired and non-controlling interests, the difference is recognised directly in profit or loss. Costs of acquisition are expensed as incurred, except if it related to the issue of debt or equity securities.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements of the Group from the date on which control commences until the date on which control ceases.

Non-controlling interests

Non-controlling interests (NCI) are measured at their proportionate share of the acquired subsidiaries' identifiable net assets at the date of acquisition. The term 'NCI' is used to describe that portion not owned by the parent entity, the NCI share of the consolidated profit and net assets is disclosed separately in the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position and the consolidated statement of changes in equity.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. For disposals to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interests are also recorded in equity.

Interests in equity-accounted associates

The Group's interests in equity-accounted investees comprise interests in associates. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the Company's share of the profit or loss of associates and the joint venture is included in the Group's profit or loss.

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Notes to the Financial Statements (continued)

NOTE 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Principles of consolidation (continued)

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in full.

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Sales revenue

Sales revenue comprises revenue earned (net of returns, discounts and allowances) from the provision of products or services to entities outside the Group. Sales revenue is recognised when goods are provided to a customer with a complete contract of sale.

Finance commission income

Finance commission income, volume bonus incentives and fee income are accounted for on an accruals basis when the related service has been provided and the amount of consideration can be reliably measured. Such revenues are recorded on the gross basis as the Group acts as Principal in its dealings with customers and aggregation partners.

Finance lease income

Finance leases are capitalised by recording an asset at the lower of the amounts equal to the fair value of the minimum lease payments, including any guaranteed residual values. Lease receipts are allocated between the reduction of lease receivables and the lease interest income for the period.

Residual rights

The Group recognises the estimated sum of expected end of term earnings on inception of the lease, discounted at the interest rate implicit in the lease (including residual rights) such that at the commencement of the lease, no income is recognised. Income received from lease rentals and asset sale proceeds past the term of the lease over and above the residual rights receivable asset are recognised as per note 4(e).

Lease rentals

Rental income on operating leases (where applicable) comprises revenue earned from leasing equipment where the Group is the lessor and has retained the right to the contracted rentals streams. Rental income on operating leases is recognised on a straight-line basis, with amounts received but unearned taken up as deferred income and amounts earned but not yet received taken up as trade debtors.

Trail revenue

Trail revenue and related receivables balances are initially recognised and measured at the net present value of expected future net cash receipts. Subsequent to initial recognition the trail receivable asset is measured at amortised cost with any changes in the net present value of net cash receipts recognised in the Consolidated Statement of Profit and Loss and Other Comprehensive Income.

Gain on sale of assets

Gain on sale of assets is recognised upon disposal of the asset and when right to receive payment is established.

Sale of receivable streams

Where contracted rental streams are sold to financiers and the Group contractually retains the residual rights then the proceeds received are recorded as revenue when received.

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Notes to the Financial Statements (continued)

NOTE 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Revenue recognition (continued)

Interest income

Interest income is recognised on a proportional basis taking into account the interest rates applicable to the financial assets, using the effective interest rate method.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash within three months of year end and which are subject to an insignificant risk of changes in value.

(d) Lease receivables

The Group has classified its long-term contracts as finance leases for accounting purposes. Under a finance lease, substantially all the risks and benefits incidental to the ownership of the lease asset are transferred by the Group to the lessees. The Group recognises at the beginning of the lease term as an asset at an amount equal to the aggregate of the present value (discounted at the interest rate implicit in the lease) of the minimum lease payments and an estimate of any unguaranteed residual value expected to accrue to the Group at the end of the lease term.

(e) Lease receivable – residual rights

The residual rights assets recognised represent the Group's rights to the guaranteed and unguaranteed residual values in the lease agreements, therefore they are accounted for as part of lease receivable on inception of a lease agreement and discounted at the interest rate implicit in the lease. Any over or under in recovery of this receivable is recognised directly in the profit or loss.

(f) Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when COG becomes a party to the contractual provisions of the financial instrument.

Financial instruments are initially measured at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss where transaction costs related to financial instruments are expensed to profit or loss immediately.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

A financial liability is derecognised when its contractual obligations are extinguished, discharged, cancelled or expired. The Group has no derivative financial assets or liabilities in the current or previous financial years.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- loans and receivables;
- financial assets at fair value through profit or loss (FVTPL),

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

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Notes to the Financial Statements (continued)

NOTE 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments (continued)

Classification and subsequent measurement of financial assets (continued)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income, unrealised gain or loss on investments, or other financial items, except for impairment of trade receivables which is included within other expenses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. COG's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Classification and subsequent measurement of financial liabilities

A financial liability is classified as at FVTPL if it is classified as held for trading or is designated as such on initial recognition. Directly attributable costs are recognised in profit or loss as incurred. Financial liabilities at FVTPL are measured at fair value and gains or losses are recognised in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method. The Group's financial liabilities including trade and other payables, and interest bearing liabilities, fall into this category.

All interest-related charges and if applicable, changes in an instrument's fair value that are reported in profit or loss, are included within finance costs or finance income.

(g) Impairment

i. Non-derivative financial assets

Financial assets not classified as at FVTPL, including an interest in an equity accounted investee, are assessed each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- Default or delinquency by a debtor;
- Indications that a debtor will enter bankruptcy;
- Adverse changes in the payment status of borrowers or issuers; or
- Observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

Notes to the Financial Statements (continued)

NOTE 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
(g) Impairment (continued)

Financial assets measured at amortised cost	The Group considers evidence of impairment for these assets at both the individual asset and collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics. In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of losses incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends. An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of the impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.
Equity accounted investees	An impairment loss in respect of an equity accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

ii. Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciated and amortisation, if no impairment loss had been recognised.

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Notes to the Financial Statements (continued)

NOTE 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Income taxes

Income tax expense comprises current and deferred income tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

i. Tax consolidated group

The Company (COG parent entity) and its wholly owned subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Consequently, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are offset in the consolidated financial statements (where applicable).

In addition, certain controlled entities and their wholly owned subsidiaries have formed income tax consolidated groups under the tax consolidation regime. These entities are also taxed as a single entity and the deferred tax assets and liabilities of these tax consolidated groups are offset in the consolidated financial statements.

ii. Current tax

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior financial years, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

iii. Deferred tax

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax is not recognised for:

- Temporary differences on the initial recognition of an asset or liability in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on COG's forecast for individual subsidiaries in the Group and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised, such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax liabilities are always provided for in full.

Deferred tax is measured, without discounting, at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Changes in deferred taxes are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity respectively.

Deferred tax assets and liabilities are offset only when COG has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Notes to the Financial Statements (continued)

NOTE 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Inventories

Inventories are measured at lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle.

(j) PPE

i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

iii. Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss. Leased assets are depreciated over the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- Leasehold improvements 5 – 40 years
- Plant and equipment 1 – 10 years
- Operating leased assets 1 – 5 years
- Other assets 2 – 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Intangible assets and goodwill

i. Recognition and measurement

Goodwill	Goodwill arising on the acquisition of subsidiaries has an infinite useful life and is measured at cost less accumulated impairment losses.
Other intangible assets	Other intangible assets, including customer lists, intellectual property and software that are acquired or developed by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

ii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss under 'amortisation' in operating expenses. Goodwill is not amortised.

The estimated useful lives for current and comparative periods are as follows:

- Intellectual property 1 – 5 years
- Software 1 – 6 years
- Customer lists 5 – 10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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Notes to the Financial Statements (continued)

NOTE 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Leases

i. Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

ii. Lease assets

If the Group is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of the asset to the lessee, then the arrangement is classified as a finance lease and a receivable equal to the net investment in the lease is recognised and presented on the consolidated statement of financial position. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

iii. Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Associated costs, such as maintenance and insurance, are expensed as incurred.

(m) Employee benefits

i. Short-term employee benefits

Short-term employee benefits are current liabilities included in employee benefits, measured at the undiscounted amount that COG expects to pay as a result of the unused entitlement.

ii. Share-based employee remuneration

The Group operates a cash-settled share-based remuneration plan. All goods and services received in exchange for the grant of any share-based payment are measured and determined indirectly by reference to the fair value of the long-term incentives granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to liabilities. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the remuneration expected to vest. No adjustment is made to any expense recognised in prior periods if remuneration ultimately exercised is different to that estimated on vesting.

iii. Other long-term employee benefits

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on high quality corporate bonds with terms to maturity that match the expected timing of cash flows.

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Notes to the Financial Statements (continued)

NOTE 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Equity and reserves

i. Share capital

Share capital represents the fair value of shares that have been issued. Any transaction costs directly associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

ii. Profit reserve

The Current Profit Reserve has been established by the Board by allocating the profits from the years ended 30 June 2014, 30 June 2015, 30 June 2016 and 30 June 2017, for the purpose of considering dividends in a future financial period.

Accumulated losses include all prior period losses before the year ended 30 June 2013.

All transactions with owners of the parent are recorded separately within equity.

(o) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

(p) Finance costs

The Group's finance costs include:

- Interest expense
- The net gain or loss on financial assets at fair value through profit or loss
- The foreign currency gain or loss on financial assets and financial liabilities

Interest expense is recognised using the effective interest method.

(q) Rounding of amounts

The Parent Entity has applied the relief available to it under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and accordingly, amounts in the financial statements and Directors' report have been rounded off to the nearest $1,000, or in certain cases, the nearest dollar.

NOTE 5. KEY ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Notes to the Financial Statements (continued)

NOTE 5. KEY ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

(a) Key judgement – investment entity accounting

The Company had previously determined that it met the definition of Investment Entity as set out in the Australian Accounting Standards Board (AASB) *AASB 2013-5 Amendment to Australian Accounting Standards – Investment Entities*. In accordance with this accounting standard, the Company's interests in its investments that would have otherwise been accounted for as subsidiaries were not consolidated but rather measured at fair value through the statement of profit or loss (FVTPL).

The Company has reassessed the investment entity status during the financial year due to facts and circumstances which indicated that there has been a change to one or more of the elements making up the definition of an investment entity and to the typical characteristics thereof.

Whilst acknowledging that there are many factors that contribute to the Company remaining as or no longer being considered an investment entity, where an entity obtains, or has the objective of obtaining, other benefits from its investments that are not available to other parties that are not related to the investees, the entity is arguably considered not to be investing solely for capital appreciation and investment income. or both, in which case the entity would arguably fail to meet certain criteria within the definition of an investment entity.

As a result of the recent acquisitions made in the Finance Broking & Aggregation segment during the period, COG intends to realise the benefits of scale and size from current controlled entities and intends to continue on the path of acquiring part or all of asset finance broking entities where there is seen to be a strategic, cultural and commercial fit. As a result, a change in accounting status has occurred during the period and the Company ceased to be an investment entity.

(b) Key judgement – finance commission income

Finance commission income, volume bonus incentives and fee income is accounted for on the gross basis as the Group acts as Principal in its dealings with customers and aggregation partners.

Refer to note 4(b) for the further details on finance commission income.

(c) Key estimate – rate of return on the residual rights

The Group estimates the value of unguaranteed lease residual rights based on its prior experience and history for similar contracts. The return is estimated to be between 20% to 25% of the original cost of the underlying asset (originally paid to the supplier). The Group recognises the estimated sum of expected end of term earnings on inception of the lease, discounted at the interest rate implicit in the lease (including residual rights) such that at the commencement of the lease, no income is recognised.

(d) Key estimates – allowance for impairment of receivables

The Group assesses the allowance for impairment of receivables at each reporting date based on the likelihood of collectability of receivables due at that time.

Refer to note 4(g) for the further details on allowance for impairment of receivables.

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Notes to the Financial Statements (continued)

NOTE 5. KEY ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

(e) Key estimates – fair value of assets acquired

The Group measures the net assets acquired in a business combination at their fair value at the date of acquisition. If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date, identified adjustments to the fair value, then the amounts recognised as at the acquisition date will be retrospectively revised. For deemed acquisitions, fair value is estimated with reference to the market transactions for similar assets or discounted cash flow analysis.

Refer to note 7 for the further details on business combinations.

(f) Key estimates – goodwill

Goodwill is not amortised but assessed for impairment annually or when there is objective evidence of an impairment. The recoverable amount of goodwill is estimated using the higher of fair value or the value in use analysis of the relevant cash generating unit (CGU) deducting the carrying amount of the identifiable net assets of the CGU. Key assumptions used in the calculation of recoverable amounts are the discount rates, terminal value growth and EBITDA growth rates and multiples.

Refer to note 7 and note 17 for the further details on goodwill.

(g) Key estimates – recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and operating tax losses only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Refer to note 11 for the further details on taxation.

NOTE 6. OPERATING SEGMENTS

The Group's corporate structure includes controlled entities in Finance Broking & Aggregation businesses, the Commercial Equipment Leasing sector and other complementary businesses that are all domiciled in Australia. Management of the Group believes that all of its controlled entities in the Finance Broking & Aggregation businesses exhibit similar economic characteristics and have therefore been aggregated into a single operating segment, being the 'Finance Broking & Aggregation' segment. This assessment is based on each of the business operations having similar products and services, similar types of customers, employing similar operating processes and procedures, and operating within similar regulatory environments, in addition, significant integration of back end operations has occurred during the year and continues post year-end. Given the characteristics of TL Rentals being a Commercial Equipment Leasing provider, it has separate economic characteristics and will therefore be reported in its own operating segment.

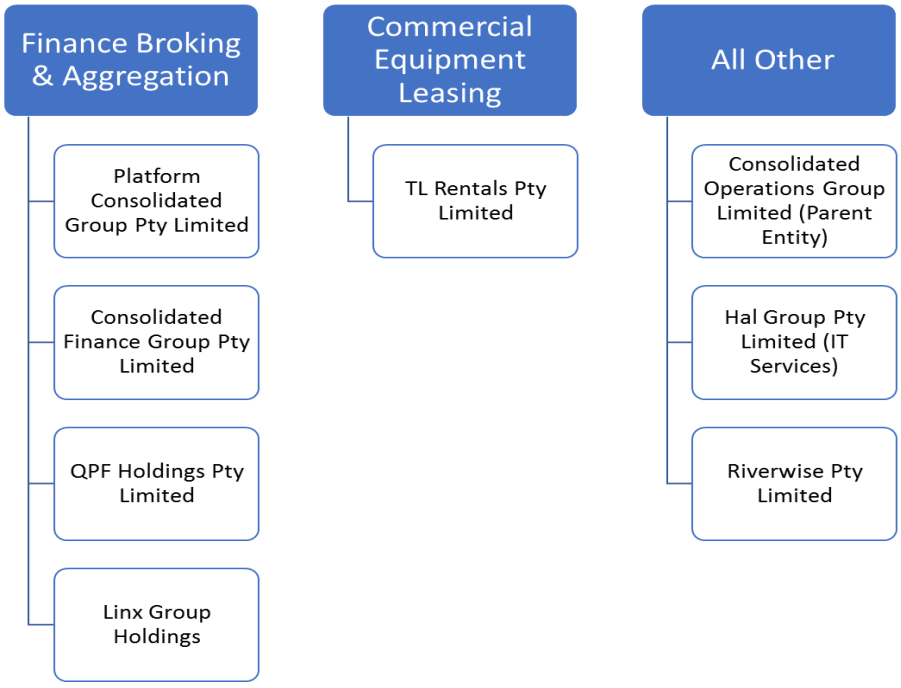
The Group's corporate structure is set out as follows:

- **Finance Broking & Aggregation** businesses:
  - Platform Consolidated Group Pty Limited
  - Consolidated Finance Group Pty Limited
  - QPF Holdings Pty Limited
  - Linx Group Holdings Pty Limited
- TL Rentals Pty Limited (**Commercial Equipment Leasing** provider)
- Hal Group Pty Limited (excl. TL Rentals) who provides managed IT services (**'All Other'** complementary businesses)
- Leading Edge Group (through Riverwise Pty Limited) which is a buying group and telecommunication reseller (**'All Other'** complementary businesses), which is accounted for as an associate.

Notes to the Financial Statements (continued)

NOTE 6. OPERATING SEGMENTS (CONTINUED)

The Chief Operating Decision Makers (being the Executive Directors, Chief Operating Officer and Group Chief Financial Officer) review the key performance measure *earnings before interest, tax, depreciation and amortisation* (EBITDA) from core operations by segment. EBITDA and other related information is provided on a regular basis to the Chief Operating Decision Makers.



The information presented below for the Finance Broking & Aggregation and Commercial Equipment Leasing segments is only representative of the entities' consolidated results from 1 November 2016.

As a result of the change in accounting policy during the financial year, the results presented include:

- investment entity accounting from 1 July 2016 to 31 October 2016; plus
- the consolidated earnings from controlled entities from 1 November 2016 to 30 June 2017.

Year ended 30 June 2017	Finance Broking & Aggregation $'000	Commercial Equipment Leasing $'000	All Other / Intersegment $'000	Total $'000
Revenue	69,844	9,762	1,699	81,304
EBITDA from core operations	**10,026**	**4,069**	**(3,611)**	**10,484**
Interest income				2,060
Finance costs				(1,480)
Depreciation and amortisation				(1,626)
Acquisition related costs				(837)
Dividend income				1,060
Share of results from associates				400
Profit before tax				10,061
Income tax expense				(3,705)
Profit after tax				**6,356**
Non-controlling interests				(2,797)
Profit after tax, attributable to members				**3,559**

No single customer represents more than 10% of Group revenue. No segment information has been presented for comparative purposes due to the change in accounting policy during the period.

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Notes to the Financial Statements (continued)

NOTE 7. BUSINESS COMBINATIONS

During 2017 COG amended its accounting methodology from Investment Entity accounting to consolidated accounting. In addition, the Group continued to acquire equipment finance broker and aggregation businesses, driving growth through synergies and taking advantage of organic growth opportunities within the segment.

Business combinations in the year are outlined as follows:

- Deemed acquisitions on transition from Investment Entity accounting to consolidated accounting are outlined in section (a) below.
- The acquisitions of Fleet Network, Fleet Avenue are outlined in section (b) below.
- The acquisition of additional ownership interests in Platform from non-controlling interests is outlined in section (c) below.

The Group incurred $837k of acquisition related costs for all acquisitions during the financial year. This expenditure related to legal fees, consultancy costs and financial due diligence expenses for business interests acquired during the financial year. All costs have been recognised in acquisition related costs in the consolidated statement of profit or loss and other comprehensive income for the period.

Subsequent to year-end COG acquired 50% of the shares in DLV (QLD) Pty Limited, further details regarding this acquisition are outlined in note 33.

(a) Deemed acquisition accounting

Prior to 1 November 2016 the Company was classified as an Investment Entity as defined in AASB 10 *Consolidated Financial Statements*. As a result, the Company's investments that would usually be recognised as consolidated subsidiaries were measured at fair value, with any changes in value recognised in the income statement.

From 1 November 2016, due to recent acquisitions, the Company no longer met the definition of an Investment Entity. Consequently the Company is required to account for its investments in subsidiaries in accordance with the general provisions of AASB 10, which require consolidated accounting. The transition from Investment Entity accounting to consolidated accounting for subsidiaries requires the recognition of these investments in subsidiaries as deemed acquisitions on transition date and consolidated accounting from that date forward. The change has been recognised as outlined below.

The table below outlines the subsidiaries (or 'controlled entities') of the consolidated entity which were consolidated through the 'deemed acquisition' on the status change effective 1 November 2016 and as a result of the change in accounting policy:

Name of subsidiary acquired (ultimate parent entities only)	Notes	Deemed acquisition on 1 November 2016
Hal Group Pty Limited	(i)	100%
Platform Consolidated Group Pty Limited	(ii)	60%
Consolidated Finance Group Pty Limited	(iii)	80%
QPF Holdings Pty Limited	(iv)	50%
Linx Group Holdings Pty Limited	(v)	50%

i. Hal Group Pty Limited (Hal Group) (including TL Rentals Pty Limited (TL Rentals))

Hal Group is an IT service provider and is also the holding Company for TL Rentals. TL Rentals writes leases for commercial business equipment. Funding of these leases is through:

- Loans funded by COG;
- Principal and agency agreements of which at present, there are three external parties with which Hal Group has these agreements in place;
- Sale of receivables agreements of which, at present, there is one external party with which Hal Group has such an agreement in place;
- Raising of debt funding via the issue of debentures by a special purpose vehicle within the Hal Group; and
- Raising debt funding from a bank via a special purpose vehicle within the Hal Group.

Notes to the Financial Statements (continued)

NOTE 7. BUSINESS COMBINATIONS (CONTINUED)

ii. Platform Consolidated Group Pty Limited (Platform)

Platform owns 100% of the following main operating entities:

- Mildura Finance Limited (Mildura Finance)
- Melbourne Finance Broking Pty Limited (Melbourne Finance)
- Platinum Direct Finance Australia Pty Limited (Platinum Direct Finance)
- beInformed Group Pty Limited (trading as beCarWise) (beCarWise)

In addition to its finance broking operation to individuals and businesses including mortgage, commercial and equipment finance and ancillary services, Mildura Finance operates throughout Australia offering a comparator site, back office services and broking services through distribution channels such as mortgage brokers and accountants.

Melbourne Finance provides the business and private sectors with an independent source of finance specifically tailored towards motor vehicle, marine and equipment acquisition - both new and used. Melbourne Finance also provides independent brokers with fully serviced office facilities.

Platinum Direct Finance also specialises in motor vehicle finance and generates leads through its website and smartphone application using Search Engine Optimisation and Search Engine Marketing.

beCarWise provides services when buying, financing and insuring a motor vehicle. The services include novated leases; offering a complete service that includes advice, the purchase of the motor vehicle, warranty, insurance, maintenance, resale of the motor vehicle and ease of record keeping. beCarWise also offers salary packaging and vehicle procurement.

Platform is the majority owner of the Group Platform Unit Trust, which is an aggregation platform and placed over $1 billion of asset finance with financial institutions in the 2016 financial year.

iii. Consolidated Finance Group Pty Limited (CFG)

CFG is a membership based group that aggregated approximately $1.8 billion of asset finance with financial institutions in the 2016 financial year.

CFG currently provides services to over 100 independent finance broking firms, which represent over 250 individual brokers. CFG is currently the largest independent specialist equipment finance aggregator in Australia. CFG is not a finance broker; it provides its equipment finance broker members access to lenders, product, commission, volume based incentives and services such as credit, documentation and compliance advice.

iv. Linx Group Holdings Pty Limited (Linx)

Linx has offices in Melbourne and regional New South Wales. Linx provides financial services throughout Australia. Linx specialises in the heavy equipment industries with expertise in the transport, bus, coach, logging, civil construction, manufacturing and agricultural sectors. The financial services offered by Linx include asset finance, insurance along with residential and commercial mortgages. Linx provides financial services as a credit representative under CFG's credit licence.

v. QPF Holdings Pty Limited (QPF)

QPF was established in 1977 and is a commercial finance broker with offices in Brisbane, Perth and regional Queensland. QFP provides finance solutions to businesses throughout Australia via partnerships with equipment vendors and a strong online presence on leading internet equipment sales platforms. The financial services offered by QPF include asset finance, working capital finance, insurance and both residential and commercial mortgages. QPF provides financial services under its credit licence.

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Notes to the Financial Statements (continued)

NOTE 7. BUSINESS COMBINATIONS (CONTINUED)

The following disclosures provide information in relation to the deemed acquisitions of controlled entities by the Company as a result of the change in investment entity status during the period.

i. Identifiable assets and liabilities acquired as a result of the deemed acquisition

Description	Hal Group $'000	Platform $'000	CFG $'000	Linx $'000	QPF $'000	Total $'000
Cash and cash equivalents (1)	1,007	3,125	464	590	1,248	6,434
Trade and other receivables (2)	2,374	4,631	1,394	683	3,050	12,132
Financial assets	29,717	1,471	-	-	-	31,188
Inventory	-	286	-	-	-	286
Other assets	2,212	275	8	253	65	2,813
Property, plant and equipment	2,218	354	19	150	551	3,292
Intangible assets	409	-	-	46	101	556
Deferred tax assets	8,114	137	-	-	136	8,387
Trade and other payables	(551)	(7,533)	(972)	(440)	(737)	(10,233)
Current tax liabilities	-	(735)	(199)	(311)	(517)	(1,762)
Provisions	(298)	(528)	(52)	(125)	(435)	(1,438)
Interest bearing liabilities (3)	(38,659)	-	-	-	(232)	(38,891)
Deferred tax liabilities	(8,940)	-	-	(90)	(924)	(9,954)
Other liabilities	-	(10)	(529)	(475)	(669)	(1,683)
Total net identifiable (liabilities) / assets	**(2,397)**	**1,473**	**133**	**281**	**1,637**	**1,127**

(1) This balance represents the net cash acquired on deemed acquisition of the controlled entities (as presented in the consolidated statement of cash flows).
(2) The trade receivables comprise contractual amounts and are expected to be fully recoverable.
(3) The interest bearing liabilities acquired from Hal Group include pre-existing relationships with the parent entity in and are eliminated on consolidation.

All intangible assets and goodwill recognised by the Group at the end of the financial year were as a result of the deemed acquisitions and other business combination transactions outlined in section (b) below.

In relation to the deemed acquisitions recognised in this financial year, if new information is obtained within the one year measurement period from the deemed acquisition date, about facts and circumstances that existed at the acquisition date which identifies adjustments to the amounts recognised, then the acquisition accounting will be revised accordingly.

ii. Deemed purchase consideration on change of accounting policy ('deemed status change')

Description	Hal Group $'000	Platform $'000	CFG $'000	Linx $'000	QPF $'000	Total $'000
Fair value of investments on deemed status change (1)	42,650	22,869	14,703	13,054	21,301	114,577
Total	**42,650**	**22,869**	**14,703**	**13,054**	**21,301**	**114,577**

(1) At the Company's respective ownership interests.

The fair value of the investments held by the Company on 1 November 2016 represent the purchase consideration for the deemed acquisitions. Any difference between the fair value of identified assets and the purchase consideration for the deemed acquisitions is recognised as goodwill.

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Notes to the Financial Statements (continued)

NOTE 7. BUSINESS COMBINATIONS (CONTINUED)

iii. Goodwill recognised on deemed acquisition

Description	Hal Group $'000	Platform $'000	CFG $'000	Linx $'000	QPF $'000	Total $'000
Deemed purchase consideration	42,650	22,869	14,703	13,054	21,301	114,577
Net identifiable liabilities/(assets) acquired	2,397	(1,473)	(133)	(281)	(1,637)	(1,127)
Non-controlling interests acquired	-	592	26	140	895	1,653
Goodwill on deemed acquisition	**45,047**	**21,988**	**14,596**	**12,913**	**20,559**	**115,103**

The majority of goodwill recognised on the deemed acquisition primarily relates to the subsidiaries' ability to generate future profits, their long-standing operations, key personnel, reputation and processes, in addition to the identified benefits from the combination of synergies (where applicable). None of the goodwill recognised on the deemed acquisition is expected to be deductible for tax purposes. Non-controlling interests are measured based on their relative ownership of the fair value of identified net assets on acquisition date.

iv. Financial performance of acquired subsidiaries

The contribution for the period since the deemed acquisition date (1 November 2016) by the acquired subsidiaries to the financial performance of the consolidated entity in the form of total revenue and profit after income tax attributable to members was $71,331k and $3,948k respectively.

If the acquisitions of the subsidiaries had been deemed to have occurred on 1 July 2016, the contributions to the Group by the acquired subsidiaries in the form of total revenue and profit after income tax attributable to members contributions would have been $108,719k and $6,212k respectively for the financial year ended 30 June 2017.

(b) Other acquisitions

Fleet Network

On 31 March 2017, Platform Consolidated Group (PCG)acquired 80% of Fleet Network Pty Limited (Fleet Network). Fleet Network is based in Perth and offers an end to end process for clients for vehicle purchase, finance, salary calculations and administration of their motor vehicle salary packages.

On 30 September 2019, the vendor shareholders in Fleet Network may require PCG to purchase their remaining shares in Fleet Network. The price on this transaction will be calculated at 4.2 times the normalised EBITDA for the financial year ending 30 June 2019. COG has the equivalent right to require the vendor shareholders in Fleet Network to sell their remaining shares to COG. Each of the parties have the right to defer the request for 12 months. If this option is exercised by either party, COG would own 100% of Fleet Network during the financial year ending 30 June 2020.

Fleet Avenue

On 1 November 2016, PCG acquired 50% of Fleet Avenue Pty Limited (Fleet Avenue). Fleet Avenue is based in Sydney and assists in the purchase of new vehicles and related finance, packing and trade-in activities for consumers.

The accounting for both acquisitions is currently provisional.

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Notes to the Financial Statements (continued)

NOTE 7. BUSINESS COMBINATIONS (CONTINUED)

(b) Other acquisitions (continued)

i. Identifiable assets and liabilities acquired

Description	Fleet Network $'000	Fleet Avenue $'000	Total $'000
Cash and cash equivalents (1)	933	35	968
Trade and other receivables (2)	1,093	315	1,408
Financial assets	1,500	-	1,500
Inventory	-	32	32
Current tax asset	-	-	-
Other assets	138	-	138
Property, plant and equipment	101	-	101
Intangible assets	4,505	-	4,505
Deferred tax assets	103	-	103
Trade and other payables	(1,384)	(182)	(1,566)
Current tax liabilities	(140)	(42)	(182)
Provisions	(213)	(11)	(224)
Interest bearing liabilities	-	-	-
Deferred tax liabilities	(1,352)	-	(1,352)
Other liabilities	(1,979)	(99)	(2,078)
Total net identifiable assets / (liabilities)	**3,305**	**48**	**3,353**

(1) This balance represents the net cash acquired on deemed acquisition of the controlled entities (as presented in the consolidated statement of cash flows).
(2) The trade receivables comprise contractual amounts and are expected to be fully recoverable.

All intangible assets and goodwill recognised by the consolidated entity at the end of the financial year were as a result of the deemed acquisition outlined in section (a) above and the Fleet Network and Fleet Avenue business combinations.

At the reporting date, the identifiable net assets and liabilities were deemed to be carried at fair value. In relation to the acquisition recognised, if new information is obtained within the one year measurement period from the acquisition date, about facts and circumstances that existed at the acquisition date which identifies adjustments to the amounts recognised, then the acquisition accounting will be revised accordingly.

ii. Purchase consideration transferred

Description	Fleet Network $'000	Fleet Avenue $'000	Total $'000
COG cash consideration	2,132	150	2,282
COG share scrip consideration (9,758k shares) (1)	1,489	-	1,489
Platform NCI shareholders' cash consideration	2,434	-	2,434
Deferred cash consideration due 31 July 2017	-	50	50
Total	**6,055**	**200**	**6,255**

(1) The fair value of the scrip issued to the vendors was based on share price of the Company on issue date of $0.15 per share.

iii. Goodwill recognised on acquisition

Description	Fleet Network $'000	Fleet Avenue $'000	Total $'000
Purchase consideration	6,055	200	6,255
Fair value of net identifiable assets acquired	(3,305)	(48)	(3,353)
Non-controlling interests acquired	662	37	699
Goodwill on acquisition	**3,412**	**189**	**3,601**

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Notes to the Financial Statements (continued)

NOTE 7. BUSINESS COMBINATIONS (CONTINUED)

(b) Other acquisitions (continued)

iii. Goodwill recognised on acquisition (continued)

The majority of goodwill recognised on acquisition primarily relates to the subsidiaries ability to generate future profits, their long standing operations, key personnel, reputation and processes, in addition to the identified benefits from the combination of synergies (where applicable). None of the goodwill recognised on the acquisition is expected to be deductible for tax purposes. Non-controlling interests are measured based on their relative ownership of the fair value of identified net assets on acquisition date.

iv. Financial performance of acquired subsidiaries

The contribution for the period since the acquisitions by the acquired subsidiaries to the financial performance of the consolidated entity, in the form of total revenue and profit after income tax attributable to members, was $9,838k and $268k respectively.

If the acquisition of the subsidiaries had been deemed to have occurred on 1 July 2016, the contribution to the Group by the acquired subsidiaries, in the form of total revenue and profit after income tax attributable to members contributions, would have been $32,530k and $1,258k respectively for the financial year ended 30 June 2017.

(c) Acquisitions from non-controlling interests

On 31 May 2017, the Group acquired 2.1% of Platform from non-controlling interests, taking the Group's total ownership to 62.3%. As the Group already controls Platform, this not considered a business combination and is instead treated as a transfer between non-controlling interests and the Group's equity.

COG issued 2,523k shares ($315k) as scrip consideration and paid $356k of cash to the non-controlling vendors. This resulted in an increase in equity ownership of $134k based on the acquisition date fair value of identifiable net assets and a $537k increase in equity reserves representing the incremental increase in value associated with the subsidiary's ability to generate future profits, its long-standing operations, key personnel, reputation and processes, in addition to the identified benefits from the combination of synergies.

NOTE 8. REVENUE

See accounting policies in note 4(b)

	2017 $'000	2016 $'000
Commission, fee and volume bonus income	52,950	-
Finance lease income	8,763	-
Sale of goods	19,023	-
Other operating revenue	568	257
Total	**81,304**	**257**

NOTE 9. FINANCE INCOME

See accounting policies in note 4(b)

	2017 $'000	2016 $'000
Finance lease interest income	1,164	-
Bank interest income	896	91
Other - loans	-	1,411
Total	**2,060**	**1,502**

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Notes to the Financial Statements (continued)

NOTE 10. EMPLOYEE BENEFITS

See accounting policies in Note 4(m)

(a) Employee benefit expenses

	2017 $'000	2016 $'000
Salaries and wages expense	14,184	1,031
Superannuation expense	1,359	-
Cash-settled share-based payments expense	380	18
Payroll tax	770	63
Other employee benefits expense	1,214	37
Total	**17,907**	**1,149**

Cash-settled share-based payment arrangement:

COG operates a cash settled share-based payment Long-term Incentive (LTI) program with the following criteria:

- Average share price sustained for at least three months over the three year period from 1 July 2014 to 30 June 2017
- If COG's share price increases to 23 cents per share during the three years ending 30 June 2017 and is maintained or exceeded in that period on an average basis for a minimum of three months, COG will pay a bonus of $500k per person. At 15 cents per share COG will pay a bonus of $150k per person. A pro rata payment will be made for any increase in the COG share price at or over 15 cents per share
- Share-based payments are cash-settled with the maximum LTI payable of $500k per person payable in cash; there is no minimum incentive.

The LTI program vested at 30 June 2017, with a liability of $477k at 30 June 2017 (2016: $97k). Cash payment will be made to both participants in the subsequent financial year, pending continued employment until payment date. The cash payment represents 48% of the maximum LTI. No other employees are eligible to receive an LTI in 2017 nor are there any other share-based payments schemes in operation in either the 2016 or 2017 financial years.

(b) Employee benefit liabilities

	2017 $'000	2016 $'000
Annual leave liability	1,128	107
Long-service leave liability	627	22
Bonus provision	1,005	313
Total employee benefits provisions	**2,760**	**442**
Analysis of employee benefits provisions		
Current	2,460	324
Non-current	300	118
Total employee benefits provisions	**2,760**	**442**
Opening balance at the beginning of the year	442	320
Additional provisions raised during the year	1,731	177
Provisions acquired from business combinations during the year	1,695	-
Amounts utilised	(1,108)	(55)
Closing balance at the end of the year	**2,760**	**442**

Provision for employee benefits

A provision is recognised for employee benefits relating to short-term bonus, annual leave and long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been included in note 4(m).

Notes to the Financial Statements (continued)

NOTE 11. TAXATION

See accounting policies in note 4(h)

(a) Components of tax expense/(benefit) comprise:

	2017 $'000	2016 $'000
Current year tax	998	-
Prior year tax expense (over)/under provision	96	67
Movement in deferred assets and liabilities	2,611	-
Total income tax expense	**3,705**	**67**

'Income tax expense' excludes the Group's share of the tax expense on equity-accounted investees of $36k (2016: nil), which has been included in 'Share of profit of equity-accounted investees, net of tax' on the consolidated statement of financial position.

(b) The prima facie tax on profit/(loss) before income tax is reconciled to income tax as follows:

	2017 $'000	2016 $'000
Accounting profit before tax	10,061	14,275
Prima facie tax payable on profit before income tax at 30% (2016: 30%)	3,018	4,283
Add/(deduct):		
Franking credits applied	(1,491)	(274)
Other non-assessable income	11	(4,916)
Other non-deductible expenses	424	972
Other assessable income	645	-
Other deductible expenses	-	(65)
Over provision from prior years	96	67
Capital raising costs recognised in equity	(169)	-
Current year tax losses not recognised	(10)	-
Initial recognition of deferred taxed assets	1,181	-
Total income tax expense	**3,705**	**67**

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Notes to the Financial Statements (continued)

NOTE 11. TAXATION (CONTINUED)

(c) Movement in deferred tax balances

2017	Net balance at 1 July 2016 $'000	Recognised in profit or loss (DTE) $'000	Recognised in OCI $'000	Recognised directly in equity $'000	Acquired in business combination $'000	Balance at 30 June 2017: Net balance at 30 June 2017 $'000	DTA $'000	DTL $'000
Property, plant and equipment	-	4,196	-	-	6,143	10,339	12,014	(1,675)
Intangible assets	-	(10)	-	-	(1,322)	(1,332)	-	(1,332)
Inventories	-	51	-	-	(51)	-	-	-
Employee benefits	-	386	-	-	450	836	836	-
Other items	-	363	-	2,329	(814)	1,878	2,018	(140)
Lease receivables	-	(7,672)	-	-	(6,637)	(14,309)	-	(14,309)
Tax losses carried forward	-	(48)	-	-	58	10	10	-
Tax assets (liabilities)	**-**	**(2,734)**	**-**	**2,329**	**(2,173)**	**(2,578)**	**14,787**	**(17,456)**

2016	Net balance at 1 July 2015 $'000	Recognised in profit or loss (DTE) $'000	Recognised in OCI $'000	Recognised directly in equity $'000	Acquired in business combination $'000	Balance at 30 June 2016: Net balance at 30 June 2017 $'000	DTA $'000	DTL $'000
Property, plant and equipment	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-	-	-
Other items	-	-	-	-	-	-	-	-
Tax losses carried forward	-	-	-	-	-	-	-	-
Tax assets (liabilities)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Notes to the Financial Statements (continued)

NOTE 11. TAXATION (CONTINUED)

(d) Unrecognised deferred tax assets

Management continues to consider it probable that future taxable profits would be available against which the above tax losses can be recovered and, therefore, the related deferred tax asset can be realised.

	2017		2016	
	Gross amount $'000	Tax effect $'000	Gross amount $'000	Tax effect $'000
Tax losses	16,060	4,818	11,599	3,480
Deductible temporary differences	-	-	-	-
Total	**16,060**	**4,818**	**11,599**	**3,480**

NOTE 12. CASH AND CASH EQUIVALENTS

See accounting policies in note 4(c)

	2017 $'000	2016 $'000
Cash at bank and on hand	39,837	11
Cash and cash equivalents in the consolidated statement of financial position and consolidated statement of cash flows	**39,837**	**11**

NOTE 13. TRADE AND OTHER RECEIVABLES

See accounting policies in note 4(f)

	2017 $'000	2016 $'000
Current		
Trade receivables	3,727	-
Less provision for doubtful debts	(768)	-
Income tax receivable	-	27
Accrued income and other debtors	4,919	-
Trail income receivable	1,209	-
Terminated lease receivable	4,728	-
Less provision for doubtful debts	(1,893)	-
Dividends receivable	-	440
Other receivables	1,093	39
Total	**13,015**	**506**
Non-current		
Trail income receivable	3,628	-
Total	**3,628**	**-**

Credit and markets risks, and impairment losses

Information about the Group's exposure to credit and market risks, and impairment losses for trade and other receivables, is included in note 30.

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Notes to the Financial Statements (continued)

NOTE 14. FINANCE LEASE RECEIVABLES

See accounting policies in note 4(d) & 4(e)

Finance lease assets are receivable as follows:

	2017 $'000	2016 $'000
Current	12,169	-
Non-current	34,688	-
	46,857	**-**

	2017 $'000
Gross investment in finance leases receivable:	
Less than one year	16,766
Between one and five years	45,203
More than five years	203
Total gross investment	**62,172**
Unearned finance income	(14,970)
Net investment in finance leases	**47,202**
Less impairment allowance	(345)
Total	**46,857**

Net investment in finance leases receivable:	Gross investment $'000	Present value of minimum lease payments $'000
Less than one year	16,766	12,514
Between one and five years	45,203	34,560
More than five years	203	128
Total	**62,172**	**47,202**

As the Group's finance lease receivables were acquired in the current year through change in accounting policy (deemed acquisition), there are no comparative figures.

NOTE 15. OTHER FINANCIAL ASSETS

See accounting policies in note 4(f)

	2017 $'000	2016 $'000
Current		
Loan loss reserves	2,005	-
Loans receivable	54	4,072
Goods and services tax	854	-
Prepayments	482	-
Bank guarantees	210	-
Other assets	110	-
Total	**3,715**	**4,072**
Non-current		
Loans receivable	280	19,268
Vendor advances	1,452	-
Security deposits and bonds	146	-
Other assets	65	-
Total	**1,943**	**19,268**

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Notes to the Financial Statements (continued)

NOTE 16. PROPERTY, PLANT AND EQUIPMENT

See accounting policies in note 4(j)

Reconciliation of carrying amount

Cost	Leased assets $'000	Plant and equipment $'000	Leasehold Improvements $'000	Other $'000	Total $'000
Balance at 1 July 2015	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at 30 June 2016	**-**	**-**	**-**	**-**	**-**
Balance at 1 July 2016	-	-	-	-	-
Acquisitions through business combinations	8,239	1,440	709	394	10,782
Additions	50	306	150	42	548
Disposals	(2,690)	(44)	(317)	(92)	(3,143)
Balance at 30 June 2017	**5,599**	**1,702**	**542**	**344**	**8,187**

Accumulated depreciation and impairment losses	Leased assets $'000	Plant and equipment $'000	Leasehold Improvements $'000	Other $'000	Total $'000
Balance at 1 July 2015	-	-	-	-	-
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at 30 June 2016	**-**	**-**	**-**	**-**	**-**
Balance at 1 July 2016	-	-	-	-	-
Acquisitions through business combinations	(6,046)	(818)	(298)	(227)	(7,389)
Depreciation	(942)	(185)	(63)	(27)	(1,217)
Disposals	2,473	38	210	35	2,756
Balance at 30 June 2017	**(4,515)**	**(965)**	**(151)**	**(219)**	**(5,850)**
Carrying amount at 30 June 2017	**1,084**	**737**	**391**	**125**	**2,337**

NOTE 17. INTANGIBLES ASSETS AND GOODWILL

See accounting policies in note 4(k)

(a) Reconciliation of carrying amount

Carrying amount	Goodwill $'000	Software $'000	Customer lists $'000	Other $'000	Total $'000
Carrying amount at 1 July 2015	-	-	-	386	386
Amortisation	-	-	-	(193)	(193)
Derecognition on extinguishment of Loan note	-	-	-	(193)	(193)
Carrying amount at 30 June 2016	**-**	**-**	**-**	**-**	**-**
Balance at 1 July 2016	-	-	-	-	-
Acquisitions through business combinations	118,967	58	4,505	235	123,765
Additions	-	313	-	15	328
Amortisation	-	(33)	(273)	(103)	(409)
Carrying amount at 30 June 2017	**118,967**	**338**	**4,232**	**147**	**123,684**

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Notes to the Financial Statements (continued)

NOTE 17. INTANGIBLES ASSETS AND GOODWILL (CONTINUED)

(b) Impairment test

Goodwill is assessed for recoverability at a segment level. The Group's segments are considered to be the cash generating units (CGUs) due to the high degree of interconnectivity of cash inflows and business processes going forward. Goodwill is allocated to the following CGUs at 30 June 2017:

	Finance Broking & Aggregation $'000	Commercial Equipment Leasing $'000	All Other / Intersegment $'000	Total $'000
1 July 2016	-	-	-	-
Business combinations	73,702	45,265	-	118,967
30 June 2017	**73,702**	**45,265**	**-**	**118,967**

Commercial Equipment Leasing segment

The value of goodwill for the Commercial Equipment Leasing segment is based on a Value in Use (VIU) model comprising a five year discounted cash flow model plus terminal value. The model includes the following key assumptions:

- Commercial equipment leasing activity growing at a rate lower than 2017 actual growth rate. The model assumes growth will decline to nil% between the final cash flow year and the terminal value.
- External funding mix, lease mix and lease profitability consistent with 2017 actual performance.
- Operational expenditure broadly increasing in line with lease activity growth, using normalised 2017 actual operational expenditure as a basis.
- Discount rate between 17% and 19% and terminal growth rate consistent with the Reserve Bank of Australia's long-term target consumer price index rate.

No reasonably possible changes would unfavourably impact the model to the extent that the related goodwill would be impaired.

Finance Broking & Aggregation segment

The value of goodwill for the Finance Broking & Aggregation segment is based on a Fair Value Less Costs to Sell (FVLCTS) model. The model includes the following key assumptions:

- EBITDA for each business unit is broadly consistent with the normalised EBITDA on which the business units were acquired.
- EBITDA multiples for arm's length transactions of similar sized and natured businesses to the business units within recent financial periods.

The resulting FVLCTS model is consistent with a level 3 instrument in the fair value hierarchy. No reasonably possible changes would unfavourably impact the model to the extent that the related goodwill would be impaired.

NOTE 18. EQUITY ACCOUNTED ASSOCIATES

See accounting policies in note 4(a)

As outlined in note 3 and note 7, the Company had previously determined that it met the definition of an Investment Entity as set out in the Australian Accounting Standards Board (AASB) *AASB 2013-5 Amendment to Australian Accounting Standards – Investment Entities*. In accordance with this accounting standard, the Company's interests in its investments that would have otherwise been accounted for as associates were measured at fair value through the statement of profit or loss and other comprehensive income (FVTPL).

Effective 1 November 2016 and as a consequence of the recent acquisitions, the Company had determined that it ceased to be an Investment Entity which resulted in a status change and move to consolidated accounting. The change has been accounted for prospectively from the date of the change in status as prescribed by the accounting standards.

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Notes to the Financial Statements (continued)

NOTE 18. EQUITY ACCOUNTED ASSOCIATES (CONTINUED)

Accordingly, on 1 November 2016 the Group's investment in Riverwise Pty Limited (Riverwise) became equity accounted for under *AASB 128 Investments in Associates and Joint Ventures*. As prescribed by the accounting standards, the fair value of the investments on the deemed change of status represents the initial value to be recorded on the recognition of the associate.

The Company holds 33% of the equity in Riverwise; which is the sole shareholder of the Leading Edge Group Limited (LEG). LEG provides telecommunication distribution services to three large telecommunications providers and also operates buying groups. The principal activities of LEG are:

- Ownership of two Telstra Business Centres, one in Victoria and one in New South Wales,
- Operation of an outsourced sales team for British Telecom in the United Kingdom and retail, business to business distribution channels in New Zealand, and
- Operation of buying groups with over 900 member retail shop-fronts throughout Australia.

	2017 $'000	2016 $'000
Riverwise Pty Limited		
Non-current assets	34,300	-
Current assets	46,658	-
Non-current liabilities	(12,831)	-
Current liabilities	(40,094)	-
Net assets (100%)	28,033	-
Group's share of net assets (33%)	9,251	-
Carrying amount of investment in associate	**3,994**	**-**
Revenue	209,209	-
Profit from continuing operations (100%)	1,690	-
Other comprehensive income (100%)	158	-
Total comprehensive income (100%)	1,848	-
Total comprehensive income (33%)	610	-
Group's share of total comprehensive income	**400**	**-**

NOTE 19. TRADE AND OTHER PAYABLES

See accounting policies in note 4(f)

	2017 $'000	2016 $'000
Current		
Trade payables	4,509	-
Deferred consideration	350	4,000
Income in advance	5,367	-
Salaries and commissions	2,338	-
PAYG and other taxes	1,208	-
Deferred income	381	-
Other payables and accruals	3,159	82
Total	**17,312**	**4,082**

Information about the Group's exposure to currency and liquidity risks is included in note 30.

Included in the above trade and other payables amount is deferred consideration in relation to the acquisition of Platform (December 2015), CFG, Linx and QPF (October 2016) and Aussie Solar (November 16). Table (a) below reconciles the movements in deferred consideration payable during the period.

Notes to the Financial Statements (continued)

NOTE 19. TRADE AND OTHER PAYABLES (CONTINUED)

(a) Movement in deferred consideration	**$'000**
Carrying amount at 1 July 2016	4,000
Fair value of deferred consideration (Aussie Solar, CFG, Linx & QPF)	4,265
Amounts paid	(7,870)
Released during the year	(45)
Total deferred consideration at 30 June 2017	**350**

NOTE 20. INTEREST BEARING LIABILITIES

See accounting policies in note 4(f)

	2017 $'000	**2016 $'000**
Current		
Loan – Bendigo Bank [1]	3,000	-
Loan – MGM266 Pty Limited [2]	1,885	-
Debenture funding – Secured Finance Limited [3]	7,601	-
BEN Leasing facility [4]	4,013	-
Other interest bearing liabilities	112	-
	16,611	**-**
Non-current		
Loan – Bendigo Bank [1]	10,500	-
Debenture funding – Secured Finance Limited [3]	1,908	-
	12,408	**-**

(1) During the financial year, the Group secured a bank facility with Bendigo Bank, which includes the following key terms:
- facility limit of $15,000k,
- term of 60 months from initial drawdown date,
- quarterly repayments of $750k commencing three months from the initial drawdown date,
- variable interest rates based on a floating base rate, plus the applicable margin,
- the facility is guaranteed by the Company and certain controlled entities,
- other terms and conditions (as well as covenants) commensurate with a facility of this size and nature and the circumstances of the Company, and
- the Group must maintain compliance with the loan covenants at all times during the financial year.

(2) Unsecured loan from a related party of Hal Group Pty Limited (a wholly owned subsidiary of COG) repayable on demand.

(3) Multiple debentures secured against specific financial lease assets, subject to specific repayment periods up to 24 months.

(4) Funding secured against specific financial lease assets, subject to repayment consistent with the cash flows associated with the related financial lease assets.

The fair value of fixed interest financial liabilities is consistent with their balances as disclosed above.

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Notes to the Financial Statements (continued)

NOTE 21. SHARE CAPITAL AND RESERVES

(a) **Ordinary shares**

	2017 $'000	2016 $'000	2017 No. of Shares '000	2016 No. of Shares '000
Shares issued and fully paid				
Balance at the beginning of the financial year	128,297	110,623	567,846	396,183
Shares issued in business combination (scrip issue) [(i)]	24,586	5,390	167,807	47,695
Shares issued via rights issue [(ii)]	32,931	8,321	285,942	83,209
Shares issued via placement [(iii)]	31,877	4,223	279,624	40,759
Costs of raising capital, net of tax	(1,475)	(260)	-	-
Balance at the end of the financial year	**216,216**	**128,297**	**1,301,219**	**567,846**

i. To partially fund acquisitions during the period, the Company issued scrip consideration to the vendors of CFG, Linx and QPF totalling 155,262k shares ($22,752k). The shares were issued in two tranches with 85% of the shares being issued on completion in October 2016 and the remaining 15% being issued in December 2016. To partially fund the Fleet Network acquisition during the period, the Company issued scrip consideration of 9,758k shares ($1,489k) to the vendors of Fleet Network. The shares were issued in one tranche in March 2017. Additional minor scrip issues were made as part of settling a portion of the CFG deferred consideration in May 2017 and to purchase minority interests in Platform in June 2017, these totalled 2,787k shares ($345k).

ii. The Company also raised additional capital to fund future acquisitions and the Commercial Equipment Leasing segment operations through two rights issues; 138,221k shares ($15,204k) through a one for five non-renounceable entitlement offer to shareholders in September 2016 and 147,721 shares ($17,727k).

iii. During the period, the Company raised additional capital supplementing the capital raised via rights issues through two placements of scrip with sophisticated investors in September 2016 for 167,689k shares ($18,446k) and June 2017 for 111,935k shares ($13,432k) respectively.

Ordinary shares participate in the dividends and the proceeds on winding up of the Company in proportion to the number of shares held and are entitled to one vote per share at general meetings of the Company. In the event of winding up of the Company, ordinary shareholders rank after unsecured creditors.

As at 30 June 2016 and 2017:

- All shares issued are fully paid
- The Company does not have a maximum value of shares authorised
- Company shares do not have a par value
- There are no treasury shares held
- No shares are reserved for issue under options or other contracts.

(b) Options

No options have been issued by the Company during the current or comparative financial year. At reporting date the number of options over ordinary shares in the Company was nil.

(c) Reserves

Profits Reserve

The Profits Reserve has been established by the Board by allocating the profits from the year ended 30 June 2013 and beyond, for the purpose of considering the payment of dividends in future periods.

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Notes to the Financial Statements (continued)

NOTE 21. SHARE CAPITAL AND RESERVES (CONTINUED)

(d) Capital management policy

Management utilises the existing share capital of the Company to ensure there is sufficient funding to manage day-to-day working capital, service debt arrangements and fund minor business acquisitions while ensuring the Group continues as a going concern.

Alterations to the Group's capital are undertaken primarily to provide funding for additional acquisitions in the Finance Broking & Aggregation segment consistent with the Group's communicated strategy. Careful consideration of the existing capital structure and additional capital requirements are undertaken when examining proposed acquisitions; with the cost of capital and utilisation of debt funding weighed up to ensure an appropriate mix of funding to support on-going capital management requirements.

At all times during the financial year, the Group was in compliance with externally imposed capital requirements on its secured loan facility. Consistent with the capital structure requirements, all proposed capital structure changes are discussed with the counterparty to the secured loan facility prior to enactment.

NOTE 22. EARNINGS PER SHARE

Both the basic and diluted earnings per share have been calculated using the profit attributable to members of the Company as the numerator.

	2017	2016
Profit after income tax, attributable to members ($'000)	3,559	14,208
Basic and diluted earnings per share (cents)	**0.4**	**2.9** (1)
Weighted average number of ordinary shares outstanding during the period used in calculating basic and diluted earnings per share ('000)	928,631	497,649 (1)
Closing number of ordinary shares on issue at the end of the year ('000)	1,301,219	567,846

(1) 2016 financial year weighted average number of ordinary shares outstanding adjusted for bonus component of rights issues undertaken in the 2017 financial year.

There are no outstanding securities that are potentially dilutive in nature for the Company.

NOTE 23. DIVIDENDS

There were no dividends paid in or declared to be paid during the year ended 30 June 2017 (2016: nil).

As at the end of the financial year, the franking credits available for subsequent financial periods based on a tax rate of 30% was $3,165k (2016: $1,376k).

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

i. franking credits that will arise from the payment of the current tax liability;
ii. franking debits that will arise from the payment of dividends recognised as a liability at the year end;
iii. franking credits that will arise from the receipt of dividends recognised as receivables at the year end;
iv. franking credits that the entity may be prevented from distributing in subsequent years; and
v. total tax losses not brought to account is $16,060k (2016: $11,599k).

The ability to utilise the franking credits is dependent upon there being sufficient available net assets to declare dividends, and the payment of dividends not prejudicing COG's ability to pay its creditors.

Notes to the Financial Statements (continued)

NOTE 24. AUDITOR'S REMUNERATION

	2017	2016
Audit services	**$**	**$**
BDO East Coast Partnership	447,500	-
Grant Thornton Audit Pty Limited	-	62,500
Total	**447,500**	**62,500**
Non-audit services		
BDO East Coast Partnership – taxation and due diligence	35,000	-
Total	**35,000**	**-**

NOTE 25. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2017 $'000	2016 $'000
Profit from ordinary activities after income tax	3,559	14,208
Adjustments for non-cash items included in profit or loss:		
Amortisation of intangibles	409	193
Depreciation	1,217	-
Loss on sale of assets	113	-
Write-off of investment	140	-
Profit on sale of entity	(20)	-
Gain on revaluation of financial assets	-	(13,420)
Management fee write off CAT One & Venagrow	-	(64)
Other income non-cash	-	(23)
Share of equity accounted results (less dividend received)	(329)	-
Profits attributable to Non-controlling interests	2,797	-
Changes in assets and liabilities:		
Movement in trade and other receivables	(3,372)	170
Movement in dividend receivable	440	(440)
Movement in other assets	(855)	-
Movement in inventory	(187)	-
Movement in trade and other payables	3,232	(15)
Movement in tax accounts	661	(259)
Movement in other liabilities	(1,782)	-
Movement in provisions	664	123
Net cash inflow from operating activities	**6,687**	**473**

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Notes to the Financial Statements (continued)

NOTE 26. RELATED PARTY TRANSACTIONS

(a) Transactions with Key Management Personnel and related parties

Loans from Key Management Personnel and their related entities

During 2017, unsecured loans advanced by Key Management Personnel (KMP) to a COG controlled entity were $2,700,000 (2016: $7,150,000). Interest is payable on an arms-length basis at 10% (2016: 10%) and the loans are repaid in cash on average 14 months after the issue date. The interest and principal repayments on debentures advanced to Secured Finance Limited, a wholly owned subsidiary of COG, during the year were as follows:

	Balance at 1 July 2016 $	Amount advanced during the year $	Commission received $	Interest payment $	Principal repayment $	Balance at 30 June 2017 $
KMP (and related entities):						
Bruce Hatchman	-	100,000	-	5,770	31,146	68,854
Cameron McCullagh	2,563,841	-	-	61,048	2,563,841	-
Andrew Grant	1,083,807	2,300,000	40,250	117,691	2,077,112	1,306,695
Raylee Carruthers	154,977	300,000	7,000	14,259	214,082	240,895

	Balance at 1 July 2015 $	Amount advanced during the year $	Commission received $	Interest payment $	Principal repayment $	Balance at 30 June 2016 $
KMP (and related entities):						
Cameron McCullagh	-	3,300,000	-	35,868	736,159	2,563,841
Andrew Grant	340,937	1,650,000	36,750	71,718	907,128	1,083,807
Raylee Carruthers	84,017	300,000	3,500	19,749	229,040	154,977

Loans to Key Management Personnel and their related entities

As part of the acquisition of Linx and CFG by COG, various loans were held between Linx, CFG and their shareholders and their related entities. One of these shareholders is Rohan Ford who commenced as a KMP of COG on 1 March 2017. On 1 March 2017 the loan balance was $358,319, with a further $112,876 of advances and $355,241 of repayments to 30 June 2017; leaving a remaining balance at 30 June 2017 of $115,954. All outstanding balances were repaid in July 2017. The loans were interest free; using an arm's length interest rate of 10% the interest owed by Rohan Ford would be $4,075; which has been included as a short-term employee benefit in the disclosure of his KMP remuneration for 2017.

Key Management Personnel compensation

Key Management Personnel compensation is comprised as follows:

	2017 $	2016 $
Short-term employee benefits	1,427,163	964,005
Post-employment benefits	91,806	56,678
Other long-term benefits	14,081	8,571
Share-based payments	347,304	48,334
Total	**1,880,354**	**1,077,588**

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Notes to the Financial Statements (continued)

NOTE 26. RELATED PARTY TRANSACTIONS (CONTINUED)

Key Management Personnel share and option transactions

The movement during the year in the number of ordinary shares held, directly or indirectly, by each of the KMP, including their related parties, is as follows:

Number of shares	Andrew Grant	Cameron McCullagh	Rohan Ford [i]	Bruce Hatchman	Steve White	David Gray [i]	Mark Smith [ii]
30 June 2015	11,721,150	128,287,628	-	-	1,510,000	-	11,308,534
Rights issued [iii]	-	32,071,907	-	-	-	-	-
On market sale	(91,150)	-	-	-	-	-	-
30 June 2016	**11,630,000**	**160,359,535**	**-**	**-**	**1,510,000**	**-**	**11,308,534**
Rights issued [iii]	-	75,304,908	-	625,000	2,281,250	-	-
On market purchase	-	1,568,558	-	-	-	255,682	-
On market sale	(7,000,000)	-	-	-	(197,500)	-	-
KMP Change [iv]	-	-	58,433,585	-	-	1,022,727	(11,308,534)
30 June 2017 [v]	**4,630,000**	**237,233,001**	**58,433,585**	**625,000**	**3,593,750**	**1,278,409**	**-**

(i). Commenced as a KMP on 1 March 2017.
(ii). Ceased as a KMP on 28 February 2017
(iii). Represents participation in on market or institutional rights issues
(iv). Represents their holdings at the point they commenced / ceased to be a KMP.
(v). KMP shareholdings remain consistent at annual report issue date.

There were no options granted as remuneration during the financial year (2016: nil). There were no shares issued on the exercise of options granted as remuneration during the financial year (2016: nil)

(b) Transactions with associates

During 2017, COG received directors fee income and management services income from Leading Edge Group Limited (wholly owned subsidiary of Riverwise Pty Limited in which COG holds 33.00% (2016: 33.00%) equity in) of $73,833 (2016: $200,000).

(c) Transactions with subsidiaries

During 2017, in relation to the loans between COG and its controlled subsidiaries:

- COG received interest revenue from Hal of $3,067,373 (2016: $1,411,095)
- COG advanced loans to Hal of $5,000,000 (2016: $20,966,000)
- COG received loan repayments from Hal of $1,402,765 (2016: $10,914,725)
- COG received interest revenue from Platinum Finance Group of $55,855 (2016: $28,216)
- COG received loan repayments from Platinum Finance Group of $295,217 (2016: $133,291)

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Notes to the Financial Statements (continued)

NOTE 27. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following key subsidiaries:

Name of entity	Country of incorporation	Direct equity interest	*Indirect equity interest
Hal Group Pty Limited	**Australia**	**100%**	
Hal Assist Pty Limited	Australia		100%
Data Box International Pty Limited	Australia		100%
TL Rentals Pty Limited	Australia		100%
Secured Finance Limited	Australia		100%
BEN Leasing Portfolio Pty Limited	Australia		100%
Number Rentals Pty Limited	Australia		100%
Platform Consolidated Group Pty Limited	**Australia**	**62%**	
Beinformed Group Pty Limited	Australia		62%
Platinum Direct Finance Australia Pty Limited	Australia		62%
The Mardent Group Pty Limited	Australia		62%
National Direct Finance (Australia) Pty Limited	Australia		62%
Mildura Finance Pty Limited	Australia		62%
Melbourne Finance Broking Pty Limited	Australia		62%
Aussie Fleet Management Pty Limited	Australia		62%
New Cars Group Pty Limited	Australia		62%
Aussie VIP Card Pty Limited	Australia		62%
Platinum Fleet Pty Limited	Australia		44%
Platinum Finance (Central Coast) Pty Limited	Australia		31%
Platinum Finance Accounting Solutions Pty Limited	Australia		42%
Access Cash Flow Solutions Pty Limited	Australia		42%
Group Platform Finance Pty Limited	Australia		47%
Fleet Network Pty Limited	Australia		51%
Consolidated Finance Group Limited	**Australia**	**80%**	
CFG (QLD) Pty Limited	Australia		80%
QPFCFG Pty Limited	Australia		80%
Linx Group Holdings Pty Limited	**Australia**	**50%**	
Linx Finance Australia Pty Limited	Australia		50%
Linx Mortgage Holdings Pty Limited	Australia		50%
Linx Mortgage Australia Pty Limited	Australia		50%
Linx Insurance Holdings Pty Limited	Australia		50%
Linx Insurance Australia Pty Limited	Australia		50%
QPF Holdings Pty Limited	**Australia**	**50%**	
QLD Pacific Finance Pty Limited	Australia		50%
QPF Mortgages Pty Limited	Australia		50%
Security Allied Finance Pty Limited	Australia		50%
Crain Holdings Pty Limited**	Australia		50%
Gordon Holdings Pty Limited**	Australia		50%
Deep Blue Holdings Pty Limited**	Australia		50%
QPF Condontreasure Pty Limited	Australia		25%

** Indirect equity interests represent the beneficial interest in entities which are non-wholly owned but are controlled entities of direct equity interests.*

*** These entities did not operate during or since the end of the financial year and are in the process of being de-registered.*

Notes to the Financial Statements (continued)

NOTE 28. CONTINGENCIES AND COMMITMENTS

(a) Contingent liabilities

There are no contingent liabilities at 30 June 2017 or 30 June 2016.

(b) Commitments

The Group holding Company has commitments to acquire share capital of various subsidiaries. The following commitments are based upon multiples of future financial year's normalised EBITDA and include opportunities for a one-year deferral by either party:

- Consolidated Finance Group Pty Limited (20% of the share capital in the year ending 30 June 2019)
- Fleet Networks Pty Limited (20% of share capital in the year ending 30 June 2020)
- Platform Consolidated Group Pty Limited (19% of the share capital in each of the years ending 30 June 2019 and 2021)
- QPF Holdings Pty Limited (5% of the share capital in each of the years ending 30 June 2019, 2021 and 2023)
- Linx Group Holdings Pty Limited (5% of the share capital in each of the years ending 30 June 2019, 2021 and 2023).

As disclosed in note 33, subsequent to 30 June 2017, COG completed the acquisition of 50% of the share capital of DLV (Qld) Pty Limited.

There are no other capital commitments at 30 June 2017 (2016: nil).

NOTE 29. FAIR VALUE MEASUREMENT

AASB 13 requires disclosure of fair value measurements by level of the fair value hierarchy, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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Notes to the Financial Statements (continued)

NOTE 29. FAIR VALUE MEASUREMENT (CONTINUED)

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

At 30 June 2017 all financial assets and financial liabilities are not measured at fair value however their carrying amount is a reasonable approximation of fair value.

		Carrying Amount				Fair Value		
30 June 2016	Note	Designated at FVTPL $'000	Loans and receivables $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Financial assets measured at fair value								
Equity in unlisted companies		69,361	-	-	-	-	-	69,361
Total		**69,361**	**-**	**-**	**-**			
Financial assets not measured at fair value								
Cash and cash equivalents	12	-	11	-	11	N/A	N/A	N/A
Trade and other receivables	13	-	506	-	506	N/A	N/A	N/A
Loans advanced to Hal	15	-	23,339	-	23,339	N/A	N/A	N/A
Total		**-**	**23,856**	**-**	**23,856**			
Financial liabilities measured at fair value								
Contingent consideration	19	4,000	-	-	4,000	-	-	4,000
Total		**4,000**	**-**	**-**	**4,000**			
Financial liabilities not measured at fair value								
Trade and other payables	19	-	-	82	82	N/A	N/A	N/A
Total		**-**	**-**	**82**	**82**			

Notes to the Financial Statements (continued)

NOTE 29. FAIR VALUE MEASUREMENT (CONTINUED)

The Company's financial assets measured and recognised at fair value (Level 3) at 30 June 2017 and 30 June 2016 on a recurring basis are as follows:

Financial assets at FVTPL	**2017 $'000**	**2016 $'000**
(a) Composition of equity investments – Level 3		
Hal Group Pty Limited	-	42,650
Riverwise Pty Limited	-	3,665
The Reading Room Inc – BDB Soti Pty Limited	-	140
Platform Consolidated Group Pty Limited	-	22,906
	-	**69,361**

(b) Movements during the financial period – Level 3	**$'000**
Opening balance at 1 July 2016	69,361
Equity acquired in Consolidated Finance Group Pty Limited	14,518
Equity acquired in Linx Group Holdings Pty Limited	13,472
Equity acquired in QPF Holdings Pty Limited	20,755
Derecognition of investment in Riverwise at FVTPL*	(3,665)
Derecognition of investments in Hal Group, Platform, CFG, Linx and QPF at FVTPL**	(114,301)
Write-off of investment in Reading Room Inc	(140)
Closing balance at 30 June 2017 – Level 3	**-**

**Investment in Riverwise is equity accounted for from 1 November 2016 as a result of the change in accounting policy from the deemed status change as an investment entity.*
***Investments in Hal Group, Platform, CFG, Linx and QPF are consolidated as controlled entities from 1 November 2016 as a result of the change in accounting policy from the deemed status change as an investment entity.*

There have been no transfers between the levels of the fair value hierarchy during the year ended 30 June 2017.

As outlined in note 3 and note 7, the Company had previously determined that it met the definition of an Investment Entity as set out in the Australian Accounting Standards Board (AASB) *AASB 2013-5 Amendment to Australian Accounting Standards – Investment Entities*. In accordance with this accounting standard, the Company's interests in its investments that would have otherwise been accounted for as subsidiaries were measured at fair value through the statement of profit or loss and other comprehensive income (FVTPL).

Effective 1 November 2016 and as a consequence of the recent acquisitions, the Company had determined that it ceased to be an Investment Entity which resulted in a status change and move to consolidated accounting. The change has been accounted for prospectively from the date of the change in status as prescribed by the accounting standards. As prescribed by the accounting standards, the fair value of the investments on the deemed acquisition date represents the transferred deemed consideration when measuring goodwill or any gain arising from deemed acquisition. In accordance with the above, the fair values of all the investments held by the Company had been assessed at the acquisition date in order to determine the deemed value of consideration on the acquisition date.

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Notes to the Financial Statements (continued)

NOTE 30. FINANCIAL RISK MANAGEMENT

Overview

The Group is exposed to various risks in relation to financial instruments. The main types of risks are credit risk, liquidity risk and market risk.

This note presents information about the Group's exposure to each of the above risks and the Board's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout this financial report.

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(a) Credit risk

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date as summarised below. The Group's management considers that all of the financial assets that are not impaired or past due for each of the balance date are of good credit quality.

	2017 $'000	2016 $'000
Current		
Cash and cash equivalents	39,837	11
Trade and other receivables	13,015	506
Financial assets – lease receivables	12,169	-
Other financial assets	3,715	4,072
Sub-total	**68,736**	**4,589**
Non-current		
Trade and other receivables	3,628	-
Financial assets – FVTPL	-	69,361
Financial assets – lease receivables	34,688	-
Other financial assets	1,943	19,268
Sub-total	**40,259**	**88,629**
Total	**108,995**	**93,218**

i. Trade and other receivables and lease receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry in which customers operate.

The credit approval team has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard rental terms and conditions are offered. Exposure limits can be established per customer and these are reviewed on a regular basis. Any sales exceeding those limits require approval from the Chief Operating Officer.

The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one and three months for individual and corporate customers respectively.

Equipment financing lease agreements are sold subject to retention of title clauses, so that in the event of non-payment the Group have a secured claim.

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Notes to the Financial Statements (continued)

NOTE 30. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

i. Trade and other receivables and lease receivables (continued)

The Group establishes an allowance for impairment that represents the estimate of incurred losses in respect of trade and other receivables.

As at 30 June 2017, the ageing of the Group's finance lease receivables that were not impaired was as follows:

Finance lease receivables	**2017 $'000**	**2016 $'000**
Neither past due nor impaired	46,851	-
Past due 1 – 30 days	3	-
Past due 31 – 90 days	2	-
Past due 91 – 120 days	1	-
Past due 121+ days	-	-
Total	**46,857**	**-**

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectable in full, based on historical payment behaviour and extensive analysis or customer credit risk, including underlying customers' credit rates if they are available.

As at 30 June 2017, the ageing of the Group's trade receivables that were not impaired was as follows:

Trade receivables	**2017 $'000**	**2016 $'000**
Neither past due nor impaired	2,919	-
Past due 1 – 30 days	517	-
Past due 31 – 90 days	108	-
Past due 91 – 120 days	46	-
Past due 121+ days	83	-
Total	**3,673**	**-**

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

	Trade and other receivables $'000	**Finance lease receivables $'000**	**Total $'000**
Balance at 1 July 2015	-	-	-
Impairment loss recognised	-	-	-
Amounts written off	-	-	-
Balance at 30 June 2016	**-**	**-**	**-**
Increase from deemed acquisitions	5,274	140	5,414
Impairment loss recognised	242	205	447
Amounts written off	(2,855)	-	(2,855)
Balance at 30 June 2017	**2,661**	**345**	**3,006**

ii. Cash and cash equivalents

The Group held cash and cash equivalents of $39,837k at 30 June 2017 (2016: $11k). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated A- to AA-, based on Standard & Poor's long-term credit ratings.

Notes to the Financial Statements (continued)

NOTE 30. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk

The following are the contractual maturities of non-derivative financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

2017	Carrying amount $'000	Contractual cash flow $'000	6 months or less $'000	6 – 12 months $'000	More than 12 months $'000
Trade and other payables	16,962	(16,962)	(16,962)	-	-
Contingent consideration	350	(350)	(350)	-	-
Borrowings (Bendigo Bank)	13,500	(15,183)	(1,844)	(1,805)	(11,534)
Finance lease liabilities	15,519	(16,137)	(11,075)	(3,118)	(1,944)
Total	**46,331**	**(48,632)**	**(30,231)**	**(4,923)**	**(13,478)**
2016					
Trade and other payables	82	(82)	(82)	-	-
Contingent consideration	4,000	(4,000)	(4,082)	-	-
Total	**4,082**	**(4,082)**	**(4,082)**	**-**	**-**

Liquidity risk is the risk that the Group might be unable to meet its obligations. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

As disclosed in note 20(a), the Group has a secured bank loan that contains a loan covenant; a future breach of covenant may require the Group to repay the loan earlier than indicated in the above table. Under the agreement, the covenant is monitored on a regular basis by management to ensure compliance with the agreement.

Interest payments on variable interest rate loans in the table above reflect forward interest rates at reporting date and these amounts may change as market interest rates change.

The future cash flows on contingent consideration may be different from the above table as the relevant conditions underlying the contingency may change.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

i. Currency risk

The Group conducts the vast majority of its operations within Australia and is not materially exposed to foreign exchange fluctuations.

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Notes to the Financial Statements (continued)

NOTE 30. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

ii. Interest rate risk

The Group targets to minimise the amount of interest-bearing debt liabilities (such as borrowings).

The interest rate profile of the Group's interest-bearing instruments is as follows:

	2017 $'000	2016 $'000
Fixed-rate instruments		
Financial assets	50,858	23,339
Financial liabilities	15,519	-
Total fixed-rate instruments	**66,377**	**23,339**
Variable-rate instruments		
Financial assets	39,837	11
Financial liabilities	13,500	-
Total variable-rate instruments	**53,337**	**11**

The Group has not changed its market risk strategies during 2017.

(d) Sensitivity analysis

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

The exposure to interest rate risk is based on the cash held in short-term money market accounts. The total cash held for COG is $39,837k (2016: $11k) and is held in accounts where there is interest rate risk.

At 30 June 2017, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2017 $'000	2016 $'000
Change in profit after tax		
Increase in interest rate by 100 basis points	263	1
Decrease in interest rate by 100 basis points	(263)	(1)
Change in equity		
Increase in interest rate by 100 basis points	263	1
Decrease in interest rate by 100 basis points	(263)	(1)

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Notes to the Financial Statements (continued)

NOTE 31. OPERATING LEASE COMMITMENTS

(a) Operating leases as lessee

The Group leases a number of office premises, motor vehicles and other equipment.

i. Future minimum lease payments

At 30 June 2017, the future minimum lease payments under non-cancellable leases were payable as follows:

	2017	2016
Future minimum lease payments	**$'000**	**$'000**
Less than one year	1,342	-
Between one and five years	2,358	-
More than five years	-	-
Total	**3,700**	**-**

ii. Amounts recognised in profit or loss

	2017	2016
Amounts recognised in profit or loss	**$'000**	**$'000**
Lease expense	1,056	-

(b) Operating leases as lessor

The Group leases out its property, plant and equipment (see note 16).

i. Future minimum lease payments

At 30 June 2017, the future minimum lease payments under non-cancellable leases were receivable as follows:

	2017	2016
Future minimum lease payments	**$'000**	**$'000**
Less than one year	1,441	-
Between one and five years	391	-
More than five years	2	-
Total	**1,834**	**-**

ii. Amounts recognised in profit or loss

During 2017, revenue from equipment rentals of $8,763k (2016: nil) were included in 'Revenue' (See note 8).

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Notes to the Financial Statements (continued)

NOTE 32. PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ended 30 June 2017 the parent entity of the Group was Consolidated Operations Group Limited (COG), formerly Armidale Investment Corporation Limited (AIK).

	30 June 2017 $'000	30 June 2016 $'000
Results of parent entity		
Interest income	3,102	1,502
Dividend received	3,540	1,116
Other income	74	13,677
Employee related expenses	(2,321)	(1,149)
Administration expenses	(645)	(678)
Acquisition related expenses	(804)	-
Other expenses	(558)	(193)
Profit for the period before tax	**2,388**	**14,275**
Income tax expense	(764)	(67)
Profit for the period after tax	1,624	14,208
Other comprehensive income	-	-
Total comprehensive income for the period	**1,624**	**14,208**
Financial position of the parent entity at year end		
Current assets	34,180	4,562
Non-current assets	159,419	88,629
Total assets	193,599	93,191
Current liabilities	4,826	4,379
Non-current liabilities	10,536	119
Total liabilities	15,362	4,498
Net assets of the parent entity at year end	**178,237**	**88,693**
Total equity of the parent entity comprising of:		
Share capital	216,217	128,297
Accumulated loss	(76,371)	(53,812)
Profits reserve	36,767	-
Retained earnings	1,624	14,208
Total equity	**178,237**	**88,693**

Parent entity contingencies and commitments are outlined in note 28.

NOTE 33. SUBSEQUENT EVENTS

The following items are noted as events subsequent to the financial year:

DLV (QLD) Pty Limited acquisition by DLV

On 13 July 2017, QPF Holdings Pty Limited, a 50% owned COG subsidiary acquired a 50% equity holding in DLV. With a normalised EBITDA of $0.7m for FY16, QPF is paying $1.6m (50% cash and 50% COG shares @ 12.35 cents per share).

Directors' Declaration

1. In the opinion of the Directors of Consolidated Operations Group Limited (the Company):
   a) the consolidated financial statements and notes of Consolidated Operations Group Limited and its controlled entities, are in accordance with the *Corporations Act 2001*, including:

      i. giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and

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

   b) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Managing Director and Chief Financial Officer for the financial year ended 30 June 2017.

3. The Directors draw attention to note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

This declaration is made in accordance with a resolution of the Directors.



Bruce Hatchman
Chairman



Cameron McCullagh
Managing Director

28 August 2017

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INDEPENDENT AUDITOR'S REPORT

To the members of Consolidated Operations Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Consolidated Operations Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deemed acquisitions

Key Audit Matter	*How addressed during audit*
As detailed in note 7, as of 1 November 2016, the Company no longer met the definition of an Investment Entity, and is now required to account for its subsidiaries on a consolidated basis. The change in the accounting treatment is a Key Audit Matter due to the complexity and critical assumptions adopted by Management as detailed in note 5a.	Our procedures included but were not limited to: • Assessing the application of AASB 10 – *Consolidated Financial Statements*, reviewing and discussing critical assumptions in the recording of the change of status. • Assessing Management's determination of fair value of the "acquired" entities at 1 November 2016, being the date of deemed acquisition. • Reviewing the disclosure included within the financial statements to ensure compliance with Accounting Standards.

Goodwill impairment assessment

Key Audit Matter	*How addressed during audit*
As disclosed in note 17, goodwill arising from business combinations is $119m at 30 June 2017. Annual impairment testing requires a significant amount of judgment and estimation by Management, on determination of Cash Generating Units, cash flows, growth rates and discount rates. The critical assumptions used by Management are disclosed in Note 5f. The assumptions and complexity of the calculations have made the impairment assessment of goodwill a Key Audit Matter.	In order to evaluate and challenge key assumptions used by Management in their impairment analysis, our procedures included but were not limited to: • Critically evaluating whether the models prepared by Management comply with the requirements of AASB 136 *Impairment of Assets*. • Evaluating the appropriateness of Management's identification of the Group's cash generating units. • Recalculating the mathematical accuracy of the impairment models. • Comparing the projected cash flows, including assumptions relating to revenue growth rates and operating margins, against historical performance to test the accuracy of Management's projections. • In conjunction with our valuation specialists, assessing the discount rates and EBITDA multiples utilised in the recoverable amount calculations.

	• Applying a sensitivity analysis to Management's key assumptions. • We also assessed the adequacy of the Group's disclosures in relation to Goodwill and Impairment.

Revenue

Key Audit Matter	*How addressed during audit*
As noted in the revenue recognition accounting policy in note 4b, the Group's revenue is derived from a variety of sources. The recognition of revenue involves significant Management estimation as detailed in note 5 b and c and complex accounting treatments.	Our procedures included but were not limited to: • Developing an understanding of each revenue stream and reviewed each component's revenue accounting policy, against the relevant Australian Accounting Standards (AASB 118 Revenue and AASB 117 Leases) to confirm it's adequacy and application. • Assessing management assumptions in relation to whether the brokerage and aggregation businesses were acting in the capacity as principal or agent as well as key assumptions relating to the lease income including the rate of return applied. • Assessing the control environment relating to revenue recognition. • Testing sample of revenue transactions to evaluate whether they were appropriately recorded as revenue. This included checking the amounts recorded to supporting evidence. • Performing analytical procedures to understand movements and trends in revenue for comparisons against expectations. • Performing cut-off testing to ensure that revenue transactions around year end have been recorded in the correct reporting period. • We assessed the adequacy of the Group's disclosure in respect of the accounting policies on revenue recognition.

Other information

The directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

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Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_files/ar1.pdf.

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Consolidated Operations Group Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an

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opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO East Coast Partnership



Gareth Few
Partner

Sydney, 28 August 2017

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ASX Additional Information

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in the report is set out below. The information is effective 22 August 2017.

Substantial Shareholders
The number of substantial shareholders and their associates are set out below:

Shareholder	No. of ordinary shares	% of Total
GEGM INVESTMENTS PTY LIMITED	237,233,001	18.14
NAOS ASSET MANAGEMENT LIMITED	215,675,832	16.50
SANDON CAPITAL	95,917,445	7.34

Distribution of security holders

Range	No. of ordinary Shares	%	No. of holders	%
100,001 and Over	1,285,973,094	98.35	414	37.00
10,001 to 100,000	20,425,650	1.56	443	39.59
5,001 to 10,000	694,348	0.05	84	7.51
1,001 to 5,000	398,963	0.03	124	11.08
1 to 1,000	18,938	0.00	54	4.82
Total	**1,307,510,993**	**100.00**	**1,119**	**100.00**

There were 155 holders of less than a marketable parcel of ordinary shares.

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ASX Additional Information (continued)

Substantial Shareholders (continued)

Rank	Twenty Largest Shareholders	A/C designation	No. of shares held	% of total
1	GEGM INVESTMENTS PTY LIMITED		235,272,303	17.99
2	AET SFS PTY LTD	NEOC AC	141,177,131	10.80
3	AET SFS PTY LTD	NAOC AC	71,244,617	5.45
4	ONE MANAGED INVT FUNDS LTD	SANDON CAPITAL INV LTD A/C	71,083,962	5.44
5	J P MORGAN NOMINEES AUSTRALIA LTD		60,092,007	4.60
6	LINX HOLDINGS PTY LIMITED	LINX FINANCE HOLDINGS A/C	56,806,723	4.34
7	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LTD	VFA A/C	40,178,814	3.07
8	NATIONAL NOMINEES LTD		39,705,033	3.04
9	CITICORP NOMINEES PTY LTD		33,485,341	2.56
10	AUST EXECUTOR TRUSTEES LTD	DS CAPITAL GROWTH FUND	23,897,957	1.83
11	AUSTRALIAN EXECUTOR TRUSTEES LTD	NO 1 ACCOUNT	20,698,843	1.58
12	UBS NOMINEES PTY LTD		20,454,545	1.56
13	ANACACIA PTY LTD	WATTLE FUND	14,583,333	1.12
14	FIDUCIO PTY LTD	LE A/C	13,962,387	1.07
15	MFB INVESTMENTS NO 2 PTY LTD	MELB FUN INV UNIT NO 2 A/C	13,419,575	1.03
16	MR MATTHEW LEIGH CRAIN	MCSC A/C	13,156,349	1.01
17	HSBC CUSTODY NOMINEES (AUSTRALIA) LTD		11,981,595	0.92
18	ROSEMARY LAURENCE PTY LTD	ROSEMARY LAURENCE S/F A/C	10,500,000	0.80
19	MELBOURNE FINANCE BROKING HOLDINGS PTY LTD	MELB FIN BROKING UNIT A/C	10,030,480	0.77
20	MR ANDREW DAVID CRAIN	CRAIN FAMILY A/C	8,808,523	0.67
		Total	**910,539,518**	**69.64**
		Balance of register	**396,971,475**	**30.36**
		Grand total	**1,307,510,993**	**100.00**

Securities exchange
COG is listed on the Australian Securities Exchange under ASX code COG.

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ASX Additional Information (continued)

Listing Rule 3.13.1 and 14.3

Further to Listing Rule 3.13.1 and Listing Rule 14.3, the Annual General Meeting of COG is scheduled for 17 November 2017

DIRECTORS
Bruce Hatchman – Independent Non-executive Chairman
Cameron McCullagh – Managing Director
Rohan Ford – Executive Director
Andrew Grant – Executive Director
David Gray – Independent Non-executive Director
Steve White – Independent Non-executive Director

SECRETARY
David Franks

MANAGEMENT
Raylee Carruthers – Chief Operating Officer
Nathan Thomas – Group Chief Financial Officer

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Internet: www.linkmarketservices.com.au

KEY DATES

Annual General Meeting Date: 17 November 2017

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