Caxton Print Group Holdings Pty Limited

ABN 47 160 926 732

Annual Report

30 June 2015

Caxton Print Group Holdings Pty Limited

Contents

Caxton Print Group Holdings Pty Limited

Directors' report

For the year ended 30 June 2015

The directors present their report together with the financial statements of the Group comprising of Caxton Print Group Holdings Pty Limited (the Company), and its subsidiaries (the Group) for the financial year ended 30 June 2015 and the auditor's report thereon.

1 Directors

The directors of the Company at any time during or since the end of the financial year are:

Director	**Appointed**
Geoff Bruce Selig	24/10/2012
Paul Stephen Selig	24/10/2012
Angus John Stuart	24/10/2012
James Scott Charles Todd	24/10/2012

Unless otherwise stated, the directors held office for the entire period.

2 Principal activities

The principal activities of the Group during the course of the financial year were:

- Conceptual and creative design across print, mobile and interactive media;
- Printing of magazines, catalogues, marketing and corporate communications materials and stationery;
- Printing of point of sale display material and large format banners for retail applications;
- Personalised communications including marketing mail, publication mail, eCommunications and multi-channel solutions; and
- Outsourced communications solutions for large organisations including development of customised multi-channel management models covering creative and digital services, supply chain optimisation, inventory management, warehousing and logistics.

The Group services all major industry sectors in Australia including financial services, publishing, retail, communications, property, clubs and associations, not-for-profit, utilities, manufacturing, education and government.

There were no significant changes in the nature of the activities of the Group during the year.

3 Operating and financial review

The profit after tax of the Group for the year ended 30 June 2015 was $1,460 thousand (2014: restated profit after tax of $5,841 thousand).

Reconcilation of profit or loss to earnings before interest, tax, depreciation, amortisation and restructuring (EBITDAR):

In thousands of AUD	**2015**	**2014**
Revenue	307,703	278,375
Cost of sales	(146,605)	(135,302)
	161,098	143,073
Other income	374	321
Production expenses (excluding direct production depreciation expenses)	(78,263)	(73,128)
Administration expenses (excluding indirect overhead depreciation and amortisation expenses)	(53,172)	(47,566)
Realised foreign currency gains	10	15
EBITDAR	30,047	22,715

3 Operating and financial review (continued)

Reconcilation of profit or loss to EBITDAR (continued)

In thousands of AUD	**2015**	**2014 Restated***
Profit before tax	3,197	8,753
Addback:		
Depreciation and amortisation (including makegood amortisation)	12,787	9,506
Interest	1,878	1,574
Restructuring, acquisition and other expenses	7,700	1,973
Listing costs	3,597	-
Share-based payments	888	909
EBITDAR	30,047	22,715

* *refer to details in note 32.*

4 Alternate balance sheet

The Group had a bank loan with a carrying amount of $22,000 thousand at 30 June 2015 (2014: $10,000 thousand). The loan contains a number of covenants of which all are complaint apart from Shareholders Funds are not less than 35% of total assets at each relevant date. The Group fell below this percentage at year end. Due to this breach, and despite the bank waiving this covenant as at 30 June 2015, the bank debt is required to be disclosed as current. Subsequent to year end, management obtained a waiver from the bank amending the covenant and confirming the bank would not call upon this debt as a result of the breach. The impact of this waiver is reflected in the non-statutory, alternate balance sheet provided which presents the loan of $22,000 thousand as non-current as a result of the waiver obtained.

Caxton Print Group Holdings Pty Limited

Directors' report (continued)

For the year ended 30 June 2015

4 Alternate balance sheet (continued)

In thousands of AUD	**2015**	**2014 Restated***
Assets		
Cash and cash equivalents	6,667	3,743
Trade and other receivables	57,557	47,539
Inventories	14,388	14,750
Prepayments	2,103	670
Other current assets	477	956
Total current assets	81,192	67,658
Deferred tax assets	11,734	8,168
Property, plant and equipment	35,433	38,404
Intangible assets and goodwill	25,277	11,089
Other non-current assets	232	-
Total non-current assets	72,676	57,661
Total assets	153,868	125,319
Liabilities		
Trade and other payables	53,797	37,068
Finance lease liabilities	2,694	2,143
Bank loans	-	-
Employee benefits	9,509	8,402
Current tax payable	3,087	1,546
Provisions	772	597
Share based payment liability	1,797	909
Total current liabilities	71,656	50,665
Trade and other payables	1,000	-
Finance lease liabilities	6,767	7,520
Bank loans	22,000	10,000
Shareholder loans	-	2,000
Employee benefits	4,522	4,333
Provisions	6,040	2,378
Total non-current liabilities	40,329	26,231
Total liabilities	111,985	76,896
Net assets	41,883	48,423
Equity		
Share capital	15,250	15,250
Retained earnings	26,633	33,173
Total equity	41,883	48,423

* refer to details in note 32.

5 Significant changes in the state of affairs

Other than the acquisitions noted in note 21, in the opinion of the directors there were no other significant changes in the state of affairs of the Group that occurred during the financial year under review.

6 Environmental regulation

The Group's operation is not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they may apply to the Group during the period covered by this report.

7 Dividends

Dividends of $8,000 thousand were declared and paid by the Company to members in respect of the year ended 30 June 2015 (2014: nil).

8 Events subsequent to reporting date

On 31 July 2015, one of the Company's subsidiaries, Ive Group Australia Pty Limited, acquired customers, selected assets and stock of Oxygen08 Pty Ltd.

Other than the matter mentioned above, there has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

9 Likely developments

Information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

10 Indemnification and insurance of officers and auditors

Indemnification

The Company has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Company.

Insurance premiums

During the financial year the Company has paid premiums in respect of directors' and officers' liability and legal expenses insurance contracts for the year ended 30 June 2015 and since the financial year, the Company paid or agreed to pay premiums in respect of such insurance contracts for the year ending 30 June 2016. Such insurance contracts insure against certain liability (subject to specific exclusions) persons who are or have been directors or executive officers of the Company.

The directors have not included details of the nature of the liabilities covered or the amount of the premiums paid in respect of the directors' and officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

11 Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 7 and forms part of the directors' report for the financial year ended 30 June 2015.

12 Rounding off

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

This report is made in accordance with a resolution of the directors:

James S. C. Todd

James Todd
Director

Dated at Sydney this 15th day of October 2015

KPMG

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

To: the directors of Caxton Print Group Holdings Pty Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2015 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Chris Hollis
Partner

Sydney

15 October 2015

Caxton Print Group Holdings Pty Limited

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2015

In thousands of AUD	*Note*	2015	2014 Restated*
Revenue		307,703	278,375
Cost of sales		(146,605)	(135,302)
Gross profit		161,098	143,073
Other income	*4*	756	321
Production expenses		(88,530)	(80,844)
Administrative expenses		(56,580)	(50,265)
Other expenses		(11,679)	(1,973)
Results from operating activities	*5, 6*	5,065	10,312
Finance income		103	79
Finance costs		(1,971)	(1,638)
Net finance costs	*7*	(1,868)	(1,559)
Profit before tax		3,197	8,753
Income tax expense	*8*	(1,737)	(2,912)
Profit for the year		1,460	5,841
Other comprehensive income		-	-
Total comprehensive income for the year		1,460	5,841
Profit attributable to:			
Owners of the Company		1,460	5,841
Profit for the year		1,460	5,841
Total comprehensive income attributable to:			
Owners of the Company		1,460	5,841
Total comprehensive income for the year		1,460	5,841
Earnings per share			
Basic earnings per share (dollars)		0.09	0.47
Diluted earnings per share (dollars)		0.09	0.47

* refer to details in note 32.

The notes on pages 12 to 45 are an integral part of these consolidated financial statements.

Caxton Print Group Holdings Pty Limited

Consolidated statement of financial position

As at 30 June 2015

In thousands of AUD	*Note*	2015	2014 Restated*
Assets			
Cash and cash equivalents	9	6,667	3,743
Trade and other receivables	10	57,557	47,539
Inventories	11	14,388	14,750
Prepayments		2,103	670
Other current assets		477	956
Total current assets		81,192	67,658
Deferred tax assets	8	11,734	8,168
Property, plant and equipment	12	35,433	38,404
Intangible assets and goodwill	13	25,277	11,089
Other non-current assets		232	-
Total non-current assets		72,676	57,661
Total assets		153,868	125,319
Liabilities			
Trade and other payables	14	53,797	37,068
Finance lease liabilities	15	2,694	2,143
Bank loans	16	22,000	-
Employee benefits	17	9,509	8,402
Current tax payable		3,087	1,546
Provisions	19	772	597
Share based payment liability	18	1,797	909
Total current liabilities		93,656	50,665
Trade and other payables	14	1,000	-
Finance lease liabilities	15	6,767	7,520
Bank loans	16	-	10,000
Shareholder loans		-	2,000
Employee benefits	17	4,522	4,333
Provisions	19	6,040	2,378
Total non-current liabilities		18,329	26,231
Total liabilities		111,985	76,896
Net assets		41,883	48,423
Equity			
Share capital	20	15,250	15,250
Retained earnings		26,633	33,173
Total equity		41,883	48,423

* refer to details in note 32.

The notes on pages 12 to 45 are an integral part of these consolidated financial statements.

Caxton Print Group Holdings Pty Limited

Consolidated statement of changes in equity

For the year ended 30 June 2015

	Attributable to owners of the Company		
In thousands of AUD	**Share capital**	**Retained earnings**	**Total equity**
Balance at 1 July 2013	15,250	27,332	42,582
Total comprehensive income for the year			
Profit for the year	-	5,841	5,841
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	5,841	5,841
Transactions with owners of the Company, recorded directly in equity			
Contributions by owners of the Company			
Issue of B shares **(restated*)**	-	-	-
Total contributions by owners of the Company **(restated*)**	-	-	-
Balance at 30 June 2014 (restated*)	15,250	33,173	48,423
Balance at 1 July 2014 **(restated*)**	15,250	33,173	48,423
Total comprehensive income for the year			
Profit for the year	-	1,460	1,460
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	1,460	1,460
Transactions with owners of the Company, recorded directly in equity			
Contributions by owners of the Company			
Dividends to owners of the Company	-	(8,000)	(8,000)
Total contributions by owners of the Company	-	(8,000)	(8,000)
Balance at 30 June 2015	15,250	26,633	41,883

* refer to details in note 32.

The notes on pages 12 to 45 are an integral part of these consolidated financial statements.

Caxton Print Group Holdings Pty Limited

Consolidated statement of cash flows

For the year ended 30 June 2015

In thousands of AUD	*Note*	2015	2014
Cash flows from operating activities			
Cash receipts from customers		328,879	306,352
Cash paid to suppliers and employees		(301,673)	(293,965)
Cash generated from operating activities		27,206	12,387
Interest received		93	64
Interest paid		(1,882)	(2,817)
Income tax paid		(3,448)	(83)
Net cash from operating activities	9	21,969	9,551
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		1,350	402
Acquisition of property, plant and equipment and intangible assets		(6,061)	(4,436)
Acquisitions of businesses, net of cash acquired		(10,708)	(919)
Payment of other costs in relation to acquisitions		(1,499)	-
Proceeds from earnout agreement from sale of Print ACT		540	708
Contingent consideration paid on acquired business		(1,096)	(800)
Net cash used in investing activities		(17,474)	(5,045)
Cash flows from financing activities			
Proceeds from bank loans		12,000	10,000
Repayment of shareholders' loans		(2,000)	(13,250)
Payment of listing costs		(1,005)	-
Payment of transaction costs related to bank loans		(321)	-
Dividends paid		(8,000)	-
Payment of finance lease liabilities		(2,245)	(1,812)
Net cash used in financing activities		(1,571)	(5,062)
Net increase/(decrease) in cash and cash equivalents		2,924	(556)
Cash and cash equivalents at beginning of year		3,743	4,299
Cash and cash equivalents at end of year	9	6,667	3,743

The notes on pages 12 to 45 are an integral part of these consolidated financial statements.

1 Reporting entity

Caxton Print Group Holdings Pty Limited (the Company) is a company domiciled in Australia which was incorporated on 24 October 2012. The address of the Company's registered office is Building B, 350-374 Parramatta road, Homebush, NSW 2140. The consolidated financial statements of the Company as at and for the year ended 30 June 2015 comprise the Company and its subsidiaries (together referred to as the Group and individually as Group entities).

The Group is a for-profit entity. The Group is primariy involved in:
• Conceptual and creative design across print, mobile and interactive media;
• Printing of magazines, catalogues, marketing and corporate communications materials and stationery;
• Printing of point of sale display material and large format banners for retail applications;
• Personalised communications including marketing mail, publication mail, eCommunications and multi-channel solutions; and
• Outsourced communications solutions for large organisations including development of customised multi-channel management models covering creative and digital services, supply chain optimisation, inventory management, warehousing and logistics.

The Group services all major industry sectors in Australia including financial services, publishing, retail, communications, property, clubs and associations, not-for-profit, utilities, manufacturing, education and government.

During the year, the Company changed its registered office from 81 Derby Street, Silverwater, NSW 2128 to Building B, 350-374 Parramatta Road, Homebush, NSW 2140.

2 Basis of preparation

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

In previous periods, the Group prepared Tier 2 general purpose financial statements. Tier 2 general purpose financial statements are unable to claim compliance with International Financial Reporting Standards (IFRS) because they do not comply with the disclosure requirements of all accounting standards. As a result of the Group preparing Tier 1 general purpose financial statements for the first time, the Group has applied AASB 1 *First Time Adoption of Australian Accounting Standards* in preparing these consolidated financial statements. As the Group has always materially complied with the recognition and measurement criteria of all AASBs, the Group's accounting policies have not changed in the current period and there is no quantitative effect on the prior year's results and therefore no transition reconciliations are provided in the notes to these consolidated financial statements. Additional disclosures have been included as required under Tier 1 general purpose financial statements.

The consolidated financial statements were authorised for issue by the Board of Directors on 15 October 2015.

2 Basis of preparation (continued)

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for contingent consideration which is measured at fair value.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

(d) Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the consolidated financial statements are described in note 13 (impairment testing for cash-generating units containing goodwill).

3 Significant accounting policies

The accounting policies set out below have been applied consistently during the period presented in these consolidated financial statements, and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) 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 generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except those related to the issue of debt or equity securities.

Any contingent consideration is measured at fair value at the date of acquisition, with subsequent changes in the fair value of the contingent consideration recognised in profit or loss.

(ii) 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 from the date on which control commences until the date on which control ceases.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Foreign currency differences arising on retranslation are recognised in profit or loss.

3 Significant accounting policies (continued)

(c) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of consolidated financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following categories of non-derivative financial assets: loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(ii) Non-derivative financial liabilities

Financial liabilities are recognised initially on the date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise finance lease liabilities, shareholder loans, bank loans and trade and other payables.

3 Significant accounting policies (continued)

(c) Financial instruments (continued)

(iii) Share capital

Ordinary shares, A shares and B shares

Ordinary shares, A shares and B shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares, A shares and B shares are recognised as a deduction from equity, net of any tax effects.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) are recognised in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of 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.

The estimated useful lives for the current year of significant items of property, plant and equipment are as follows:

• Leasehold improvements	shorter of lease term and life of asset
• plant and equipment	3 - 12 years
• fixtures and fittings	5 - 10 years

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

3 Significant accounting policies (continued)

(e) Intangible assets and goodwill

(i) Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

(ii) Other intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) 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 generally recognised in profit or loss. Goodwill is not amortised.

The estimated useful lives are as follows:

• computer software	3 years
• customer relationships	5-7 years

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

(f) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition of finance leases the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are classified as operating leases and are not recognised in the Group's consolidated statement of financial position.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale. The cost of inventories is based on the first-in, first-out principle.

3 Significant accounting policies (continued)

(h) Impairment

(i) Non-derivative financial assets

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group or economic conditions that correlate with defaults.

Financial assets measured at amortised cost

The Group considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its 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 against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date 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. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are 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. 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 CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

3 Significant accounting policies (continued)

(h) Impairment (continued)

(ii) Non-financial assets (continued)

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) 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 depreciation or amortisation, if no impairment loss had been recognised.

(i) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iv) Share-based payment transactions

The fair value of the amount payable to employees in respect of SARs, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the SARs. Any changes in the liability are recognised in profit or loss.

3 Significant accounting policies (continued)

(j) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

(ii) Make good provision

A make good provision is recognised when the Group enters into a lease contract that requires the property to be returned to the lessor in its original condition. The provision is based on the expected future cost of the refurbishment discounted to reflect current market assessments.

(k) Revenue

Sales

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

(l) 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.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(m) Finance income and finance costs

Finance income comprises interest income on funds invested and foreign exchange gains. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3 Significant accounting policies (continued)

(n) Tax

Tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; or
- temporary differences related to investments in associates to the extent that the Company 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.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured 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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. 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.

(iii) Tax exposures

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3 Significant accounting policies (continued)

(o) Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(p) Segment reporting

Determination and presentation of operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

(q) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2014, and have not been applied in preparing these financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

AASB 9 *Financial Instruments (2014)*

AASB 9, approved in December 2014, replaces the existing guidance in AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018. The Group is assessing the potential impact on its financial statements resulting from the application of AASB 9.

AASB 15 *Revenue from Contracts with Customers*

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 *Revenue*, AASB 111 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes.*

AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018. The Group is assessing the potential impact on its financial statements resulting from the application of AASB 15.

4 Other income

In thousands of AUD	*Note*	2015	2014
Bargain purchase gain	*21*	382	-
Other income		374	321
		756	321

5 Personnel expenses

In thousands of AUD		2015	2014 Restated*
Wages and salaries		92,275	84,687
Contributions to defined contribution plans		7,811	6,236
Share-based payment expense	*18*	888	909
		100,974	91,832

6 Expenses

Included in the consolidated statement of profit or loss and other comprehensive income:

In thousands of AUD	2015	2014
Depreciation and amortisation	12,737	9,452
Acquisition costs	1,499	1,038
Restructurings Costs - Onerous Lease (non cash)	4,028	840
Restructurings Costs - Other	2,508	-
Net gain on disposal of property, plant and equipment	(304)	(78)
Listing expenses	3,597	-
Make good expenses (incl amortisation)	402	227

7 Finance income and finance costs

In thousands of AUD	2015	2014
Interest income	93	64
Net foreign exchange gains	10	15
Finance income	103	79
Interest expense	(1,971)	(1,638)
Finance costs	(1,971)	(1,638)
Net finance costs	(1,868)	(1,559)

* refer to details in note 32.

8 Taxes

In thousands of AUD	2015	2014 Restated*
Current tax expense		
Current year	4,989	1,591
Deferred tax (recovery)/expense		
Origination and reversal of temporary differences	(3,252)	1,321
Total tax expense	1,737	2,912

Numerical reconciliation between tax expense and pre-tax accounting profit

In thousands of AUD	2015	2014
Profit before tax	3,197	8,753
Tax using the Company's domestic tax rate of 30%	959	2,626
Non-deductible expenses	725	424
Other items (net)	53	(138)
	1,737	2,912

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
In thousands of AUD	2015	2014	2015	2014	2015	2014
Property, plant and equipment	3,399	2,714	-	-	3,399	2,714
Inventories	-	-	(270)	(430)	(270)	(430)
Employee benefits	4,624	4,195	-	-	4,624	4,195
Provisions	2,743	1,210	-	-	2,743	1,210
Other items	1,238	479	-	-	1,238	479
Tax assets/(liabilities)	12,004	8,598	(270)	(430)	11,734	8,168
Set off of tax	(270)	(430)	270	430	-	-
Net tax	11,734	8,168	-	-	11,734	8,168

* refer to details in note 32.

8 Taxes (continued)

Movement in temporary differences during the year

In thousands of AUD	Balance 1 July 2014	Acquisition through business combination	Recognised in profit or loss	Balance 30 June 2015
Property, plant and equipment	2,714	-	685	3,399
Inventories	(430)	-	160	(270)
Employee benefits	4,195	314	115	4,624
Provisions	1,210	-	1,533	2,743
Other items	479	-	759	1,238
	8,168	314	3,252	11,734

In thousands of AUD	Balance 1 July 2013	Acquisition through business combination	Recognised in profit or loss	Balance 30 June 2014
Property, plant and equipment	3,634	-	(920)	2,714
Inventories	(398)	-	(32)	(430)
Employee benefits	3,952	77	166	4,195
Provisions	1,409	-	(199)	1,210
Other items	815	-	(336)	479
	9,412	77	(1,321)	8,168

9 Cash and cash equivalents

In thousands of AUD	2015	2014
Bank balances	6,660	3,737
Petty cash	7	6
Cash and cash equivalents in the statement of cash flows	6,667	3,743

9 Cash and cash equivalents (continued)
Reconciliation of cash flows from operating activities

In thousands of AUD	2015	2014
Cash flows from operating		
Profit for the year	1,460	5,841
Adjustments for:		
Depreciation and amortisation	12,737	9,452
Net gain on disposal of property, plant and equipment	(304)	(78)
(Reversal of)/provision for impairment loss on trade receivables	(50)	304
Interest expense (non cash)	89	-
Restructuring cost (non cash)	4,028	73
Bargain purchase gain	(382)	-
Inventory obsolesence	(66)	-
Sharebased payment expense	888	909
Acquisition costs	1,499	-
Listing expenses	3,597	-
Income tax expense	1,737	2,912
	25,233	19,413
Change in trade and other receivables	(9,968)	(182)
Change in inventories	1,430	(1,672)
Change in current assets	1,272	73
Change in prepayment	(1,433)	(65)
Change in trade and other payables	8,839	(6,684)
Change in provisions and employee benefits	44	(70)
Change in shareholder loans	-	(1,179)
Cash generated from operating activities	25,417	9,634
Income tax paid	(3,448)	(83)
Net cash from operating activities	21,969	9,551
Non-cash investing and financing activities		
Acquisition of property, plant and equipment through finance lease	(2,043)	-
Acquistion of property, plant and equipment through payables	-	(33)

10 Trade and other receivables

In thousands of AUD	2015	2014 Restated*
Current		
Trade receivables	56,421	47,346
Allowance for impairment	(333)	(383)
	56,088	46,963
Other receivables	1,469	576
	57,557	47,539
Non-current		
Loans to related party (***restated****)	-	-

* refer to details in note 32.

11 Inventories

In thousands of AUD	2015	2014
Finished goods	1,395	1,268
Work in progress	2,907	2,351
Raw materials	10,548	11,659
Allowance for inventory obsolesence	(462)	(528)
	14,388	14,750

During the year, raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales amounted to $146,243 thousand (2014: $133,571 thousand).

12 Property, plant and equipment

In thousands of AUD	Leasehold improvements	Plant and equipment	Fixtures and fittings	Total
Cost				
Balance at 1 July 2013	3,720	43,549	515	47,784
Acquisitions through business combinations	-	260	-	260
Additions	550	2,644	324	3,518
Disposals	-	(661)	-	(661)
Balance at 30 June 2014	4,270	45,792	839	50,901
Balance at 1 July 2014	4,270	45,792	839	50,901
Acquisitions through business combinations	-	2,035	-	2,035
Additions	729	6,370	105	7,204
Disposals	-	(1,795)	-	(1,795)
Balance at 30 June 2015	4,999	52,402	944	58,345
Depreciation and impairment losses				
Balance at 1 July 2013	450	3,926	74	4,450
Depreciation for the year	635	7,629	120	8,384
Disposals	-	(337)	-	(337)
Balance at 30 June 2014	1,085	11,218	194	12,497
Balance at 1 July 2014	1,085	11,218	194	12,497
Depreciation for the year	769	7,253	167	8,189
Impairment	-	2,975	-	2,975
Disposals	-	(749)	-	(749)
Balance at 30 June 2015	1,854	20,697	361	22,912
Carrying amounts				
At 1 July 2014	3,185	34,574	645	38,404
At 30 June 2015	3,145	31,705	583	35,433

12 Property, plant and equipment (continued)

Leased plant and machinery

The Group leases production equipment under a number of finance lease agreements. Some leases provide the Group with the option to purchase the equipment at a beneficial price. At 30 June 2015 the net carrying amount of leased assets was $11,637 thousand (2014: $9,885 thousand).

Security

At 30 June 2015 the carrying amount of total assets less the written down value of finance leased assets were held as security for bank facilities.

13 Intangible assets and goodwill

In thousands of AUD

	Goodwill	Computer software	Customer relationships	Total
Cost				
Balance at 1 July 2013	8,196	2,360	807	11,363
Acquisition through business combinations	692	-	89	781
Other additions	-	951	-	951
Other adjustments	(116)	-	-	(116)
Balance at 30 June 2014	8,772	3,311	896	12,979
Balance at 1 July 2014	8,772	3,311	896	12,979
Acquisition through business combinations	11,300	-	2,050	13,350
Other additions	-	900	-	900
Other adjustments	1,511	-	-	1,511
Balance at 30 June 2015	21,583	4,211	2,946	28,740
Amortisation and impairment losses				
Balance at 1 July 2013	-	822	-	822
Amortisation for the year	-	907	161	1,068
Balance at 30 June 2014	-	1,729	161	1,890
Balance at 1 July 2014	-	1,729	161	1,890
Amortisation for the year	-	892	681	1,573
Balance at 30 June 2015	-	2,621	842	3,463
Carrying amounts				
At 1 July 2014	8,772	1,582	735	11,089
At 30 June 2015	21,583	1,590	2,104	25,277

13 Intangible assets and goodwill (continued)

Impairment losses recognised

No impairment losses in relation to goodwill have been recognised in the year ended 30 June 2015 (2014 nil).

Impairment testing for cash-generating units containing goodwill

The following CGUs have carrying amounts of goodwill:

In thousands of AUD	**2015**	**2014**
Ive Group Australia	17,180	4,368
Caxton Print Group	4,403	4,404
	21,583	8,772

The recoverable value for goodwill relating to the acquisitions have been determined by value in use calculations. The calculations use cash flow projections based on actual operating results and in the case of recent acquisition's next year's budget and/or acquisition business case. A post tax 12% WACC is used in all cases, with no growth allowance in the 5 year cash flow projections along with no terminal growth, which is considered by management to be a conservative approach. In management's assessment, there are no reasonable possible changes in assumptions that would give rise to an impairment.

14 Trade and other payables

In thousands of AUD	**2015**	**2014**
Current		
Trade payables	29,410	27,301
Accrued expenses	19,237	8,671
Contingent consideration	5,150	1,096
	53,797	37,068
Non-current		
Contingent considerations	1,000	-

15 Finance lease liabilities

Finance lease liabilities of the Group are payable as follows:

	Future minimum lease payments		**Interest**		**Present value of minimum lease payments**	
In thousands of AUD	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Less than one year	3,367	2,930	673	787	2,694	2,143
Between one and five years	6,646	8,480	901	1,599	5,745	6,881
More than five years	1,096	697	74	58	1,022	639
	11,109	12,107	1,648	2,444	9,461	9,663

At 30 June 2015, the finance lease liabilities include $1,666 thousand lease liability for leased properties (2014: $1,872 thousand) and $7,795 thousand lease liability for leased plant and equipment (2014: $7,791 thousand).

16 Bank loans

In thousands of AUD	2015	2014
Current		
Bank loans	22,000	-
Non-current		
Bank loans	-	10,000

Bank loan covenants

The Group had a bank loan with a carrying amount of $22,000 thousand at 30 June 2015 (2014: $10,000 thousand). This loan is a trade receivable facility with a 3 year term. Except for the following, the Company was in compliance with all loan covenants as at 30 June 2015. The loan contains a number of covenants of which all are complaint apart from Shareholders Funds are not less than 35% of total assets at each relevant date. The Group fell below this percentage at year end. Due to this breach, and despite the bank waiving this covenant as at 30 June 2015, the bank debt is required to be disclosed as current. Subsequent to year end, management obtained a waiver from the bank amending the covenant and confirming the bank would not call upon this debt as a result of the breach.

17 Employee benefits

In thousands of AUD	2015	2014
Current		
Liability for long service leave	3,569	3,129
Liability for annual leave	5,940	5,273
	9,509	8,402
Non-current		
Liability for long service leave	4,522	4,333
	4,522	4,333

18 Share-based payment

Description of the share-based payment arrangements

At 30 June 2015 the Group has the following share-based payment arrangements:

Share appreciation rights (cash-settled)

On 13 August 2013, the Group granted 888 thousand share appreciation rights (SARs), respectively, to specific employees that entitle them to cash settlement. The amount of cash payment is determined based on the increase in the share price of the Company between grant date and the time of exercise.

Details of the liabilities arising from the SARs were as follows.

In thousands of AUD	2015	2014 Restated*
Total carrying amount of liabilities for SARs	1,797	909

* refer the details in note 32.

Measurement of fair values

The fair value of the SAR's is equivalent to the value of the Company's ordinary shares, adjusted for the probability of a liquidity event occurring at valuation date. A capitalisation of future maintainable earnings model was used as the most appropriate model in valuing the unlisted Company's ordinary shares.

	Grant date	Measurement date
	13 August 2013	30 June 2015
Fair Value share price	$ 3.41	$ 3.25

19 Provisions

In thousands of AUD	Restructuring	Make good	Total
Balance at 1 July 2014	597	2,378	2,975
Provisions made during the year	4,816	406	5,222
Provisions reversed during the year	(1,385)	-	(1,385)
Balance at 30 June 2015	4,028	2,784	6,812
Current	772	-	772
Non-current	3,256	2,784	6,040
	4,028	2,784	6,812

20 Capital and reserves

Share capital

	Company					
	Ordinary shares		A shares		B Shares	
In thousands of shares	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
On issue at beginning of year	12,500	12,500	2,750	2,750	888	-
Issued during the year	-	-	1,746	-	101	888
Converted during the year	4,496	-	(4,496)	-	-	-
On issue at end of year	16,996	12,500	-	2,750	989	888

Issuance of A shares

On 10 October 2014, the Company issued 1,746,403 A shares to Caxton Print Holdings Pty Ltd and Shansley Pty Ltd for nil consideration.

Issuance of B shares

On 10 October 2014, the Company issued 101,643 B shares to CPGH Employee Pty Ltd for nil consideration. These shares are a bonus share issue.

Conversion of A shares to Ordinary shares

On 10 October 2014, by resolution of the shareholders, 4,496,403 A shares were converted to ordinary shares.

Ordinary shares, A shares and B shares

The Company does not have authorised capital or par value in respect of its issued shares. All issued ordinary shares, A shares and B shares are fully paid.

The holders of ordinary shares and A shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

A shares

A class shares convert to ordinary shares in the event of the sale of the Company or upon resolution of the shareholders. The number of ordinary shares they convert to is determined by a formula outlined in the Annexure to the Company's Constitution. In the event of the wind up of the Company the A shares rank behind the ordinary shares in relation to any distribution to Shareholders.

B shares

B class shares convert to ordinary shares in the event of the sale of the Company. In the event of a wind up of the Caxton Print Holdings Pty Ltd, the series B shares rank behind the ordinary shares and A class shares in relation to any distribution. The B class shares do not hold any voting or dividend rights.

20 Capital and reserves (continued)

Dividends

The following dividends were declared and paid by the Company for the year ended 30 June:

In thousands of AUD	Dollars per share	Total amount	Date of payment
2015			
Final 2014 ordinary	0.18	3,000	13 October 2014
Final 2014 ordinary	0.29	5,000	9 January 2015
Total amount		8,000	

On 13 October 2014 a dividend of 18 cents per share (100% franked) was declared and paid by the directors. The dividend was paid out of opening retained profits and profits earned up to that date.

On 9 January 2015 a further dividend of 29 cents per share (100% franked) was declared and paid by the directors. The dividend was paid out of profits earned up to that date.

Dividend franking account

In thousands of AUD	2015	2014
Amount of franking credits available to shareholders of Caxton Print Group Holdings Pty Limited for subsequent financial years	90	82

The ability to utilise the franking credits is dependent upon the ability to declare dividends.

21 Acquisitions

During the year, the Group acquired a number of businesses, the details of which are as follows:

STI Lilyfield Pty Ltd (STI)
On 1 July 2014, the Group entered into an Asset Purchase Deed with STI.

STI specialise in design, manufacturing, sale and delivery of point of purchase and other commercial print products. Taking control of STI will enable the Group to expand its servicing offering to include point of purchase resulting in increasing wallet share of existing clients and opportunities for new clients. Blue Star, a subsidiary of the Company, intends to further enhance on the capabilities of STI with the addition of new equipment and further investments. This is considered to be a growth segment for Blue Star.

Thompson Print & Displays Pty Ltd (Thompson)
On 27 February 2015, the Group entered into an Asset Purchase Deed with Thompson.

Thompson specialise in design, manufacturing, sale and delivery of point of purchase and other commercial print products.

Task2 Pty Ltd (Task 2)
On 30 April 2015, the Group entered into a Share Sale Agreement with the Directors of Task2 to purchase all of the issued shares of the company.

Task2 specialise in creative design and production.

VaVaVoom Promotions Pty Ltd (VaVaVoom)
On 30 April 2015, the Group entered into an Asset Purchase Deed with VaVaVoom.

VaVaVoom specialise in designing and sourcing promotional products for the promotional marketing industry.

21 Acquisitions (continued)

The POS Collective (POS)

On 1 May 2015, the Group entered into an Asset Purchase Deed with POS.

POS specialise in designing and providing temporary and permanent display through in-house manufacturing and off shore supply for the point of sale industry. POS will add an offshore supply chain including permanent displays.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

In thousands of AUD	STI*	Thompson	Task 2	VaVaVoom	POS	Total
Consideration transferred						
Cash	1,893	1,164	750	1,519	5,000	10,326
Contingent consideration	-	750	650	2,250	1,000	4,650
	1,893	1,914	1,400	3,769	6,000	14,976
Identifiable assets acquired and liabilities assumed						
Assets held for sale	951	-	-	-	-	951
Property, plant and equipment	1,303	307	25	33	367	2,035
Inventory	314	15	-	481	192	1,002
Intangible assets	93	524	228	263	942	2,050
Employee entitlements	(545)	(124)	-	(96)	(296)	(1,061)
Deferred tax assets	159	37	-	29	89	314
Trade and other payables	-	(407)	-	(127)	(699)	(1,233)
	2,275	352	253	583	595	4,058
(Bargain purchase gain)/goodwill	(382)	1,562	1,147	3,186	5,405	

*This transaction resulted in bargain purchase gain as STI Lilyfield Pty Ltd was a distressed sale.

22 Operating segments

The Group operates a single segment providing design, production and management communication solutions.

23 Financial risk management and financial instruments

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

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

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The CFO is responsible for developing and monitoring the Group's risk management policies. He reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee 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.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

		Carrying amounts	
In thousands of AUD	***Note***	**2015**	**2014**
Cash and cash equivalents	*9*	6,667	3,743
Trade and other receivables	*10*	57,557	47,539
		64,224	51,282

23 Financial risk management and financial instruments (continued)

Credit risk (continued)

Impairment

The aging of the trade and other receivables at the end of the reporting period that were not impaired was as follows:

In thousands of AUD	Carrying amounts 2015	Carrying amounts 2014
Neither past due nor impaired	36,413	30,021
Past due 1-30 days	14,480	13,004
Past due 31-90 days	6,020	3,708
Past due 91 days to 120 days	977	1,189
	57,890	47,922

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

In thousands of AUD	2015	2014
Balance at beginning of the year	383	150
Impairment loss recognised	98	304
Impairment recovered/written off	(148)	(71)
Balance at end of year	333	383

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 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.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments:

30 June 2015

In thousands of AUD	Carrying amount	Contractual cash flows Total	12 mths or less	1-5 years	More than 5 years
Non-derivative financial liabilities					
Trade and other payables	54,797	54,797	53,797	1,000	-
Finance lease liabilities	9,461	11,109	3,367	6,646	1,096
Bank loans	22,000	22,000	22,000	-	-
	86,258	87,906	79,164	7,646	1,096

30 June 2014

In thousands of AUD	Carrying amount	Contractual cash flows Total	12 mths or less	1-5 years	More than 5 years
Non-derivative financial liabilities					
Trade and other payables	37,068	37,068	37,068	-	-
Finance lease liabilities	9,663	12,107	2,930	8,480	697
Shareholder loans	2,000	2,000	-	2,000	-
Bank loans	10,000	10,000	-	10,000	-
	58,731	61,175	39,998	20,480	697

23 Financial risk management and financial instruments (continued)

Market risk

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

Currency risk

Management of currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which purchases are denominated and the respective functional currencies of Group entities. The functional currency of the Group is the Australian dollar (AUD). The currencies in which these transactions are primarily denominated are euro, US dollars and AUD.

The Group uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date. As a result the Group has no significant exposure to currency risk.

Interest rate risk

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
In thousands of AUD	**2015**	**2014**
Fixed rate instruments		
Financial liabilities - finance lease liabilities	(9,461)	(9,663)
	(9,461)	(9,663)
Variable rate instruments		
Financial assets - bank balances	6,660	3,737
Financial liabilities - bank loans	(22,000)	(10,000)
	(15,340)	(6,263)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

23 Financial risk management and financial instruments (continued)

Interest rate risk (continued)
Cash flow sensitivity analysis for variable rate instruments
A change of 10 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by $15 thousand (2014: $7 thousand). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as 2014.

Fair value hierarchy
The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined 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 (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Level 3 fair values
Contingent consideration has been categorised as Level 3 in the fair value hierarchy.

Reconciliation of Level 3 fair values
The following table shows a reconciliation from the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy:

In thousands of AUD	**2015**	**2014**
Balance at 1 July	1,096	2,000
Assumed in a business combination in current year	4,650	-
Assumed in a business combination in prior year	1,500	-
Contingent consideration settled during the year	(1,096)	(800)
Contingent consideration reduced	-	(104)
Balance at 30 June	6,150	1,096

Fair values versus carrying amounts
As at the reporting date, the carrying value of other financial assets and liabilities as at the end of the financial year are considered to approximate their fair value.

Capital management
The primary objective of the Group's capital management is to ensure that it maintains a sound credit rating and healthy capital ratios through cashflow management in order to support its business and maximise shareholder value. There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

24 Operating leases

Leases as lessee
Non-cancellable operating lease rentals are payable as follows:

In thousands of AUD	2015	2014
Less than one year	15,317	12,717
Between one and five years	21,807	26,554
More than five years	1,751	3,578
	38,875	42,849

The Group leases office space and plant and equipment under operating leases. The leases typically run for a period of 2 to 10 years, with an option to renew the lease after that date.

During the year an amount of $16,002 thousand (2014: $14,146 thousand) was recognised as an expense in profit or loss in respect of operating leases.

25 Capital commitments

As at 30 June 2015, the following commitments existed for purchasing plant and equipment (2014: nil).

(i) Wide Format Digital Equipment $2,400k.
(ii) Printing Press $4,700k.
(iii) Platesetter $260k.

26 Related parties

Key management personnel compensation
Key management personnel compensation comprised the following:

In AUD	2015	2014
Short-term employee benefits	2,173,941	1,626,000
Post-employee benefits	135,460	91,000
	2,309,401	1,717,000

26 Related parties (continued)

Related party transactions and outstanding balances

In AUD	**Transaction value year ended 30 June 2015**	**Transaction value year ended 30 June 2014**
Caxton Web Pty Limited - purchases	11,313	84,697
Perpetual Corporate Trust Limited (Wolseley) - purchases	140,395	134,810
Caxton Property (Chapman) Pty Ltd - sales	74,473	19,350
CPGH Employee Pty Ltd - issuance of B shares	-	887,566
Caxton Property Investments Pty Ltd - purchases	924,000	1,001,000

	Balance outstanding as at 30 June 2015	**Balance outstanding as at 30 June 2014**
	receivable/(payable)	
Caxton Web Pty Limited	-	(10,292)
Perpetual Corporate Trust Limited (Wolseley)	-	(56,130)
Caxton Property (Chapman) Pty Ltd	-	19,890
CPGH Employee Pty Ltd	887,566	887,566

26 Related parties (continued)
Related party transactions and outstanding balances (continued)

Caxton Web Pty Limited
Geoff Selig and Paul Selig (directors of the Company), hold positions in Caxton Web Pty Limited that result in them having control or significant influence over the financial or operating policies of this entity. In addition, Caxton Web Pty Limited holds shares of the Company.

Caxton Print Holdings Pty Limited
Geoff Selig and Paul Selig (directors of the Company), hold positions in Caxton Print Holdings Pty Limited that result in them having control or significant influence over the financial or operating policies of this entity. In addition, Caxton Print Holdings Pty Limited holds shares of the Company.

Perpetual Corporate Trust Limited (Wolseley)
Perpetual Corporate Trust Limited (Wolseley) is the parent entity of the Company who holds shares of the Company.

Caxton Property Investments Pty Limited
Geoff Selig and Paul Selig (directors of the Company), hold positions in Caxton Property Investments Pty Limited that result in them having control or significant influence over the financial or operating policies of this entity.

CPGH Employee Pty Ltd
Loan to CPGH Employee Pty Limited for B class share issue to be used as a long term incentive vehicle for key employees of CPGH Pty Limited in relation to an exit event.

The terms and conditions of the transactions above were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to other third parties on an arm's length basis.

27 Group entities
Parent and ultimate controlling party
The Group's parent entity is Perpetual Corporate Trust Limited (Wolseley).

	Ownership interest	
	2015	2014
Parent entity	%	%
Caxton Print Group Holdings Pty Limited		
Significant subsidiaries		
Caxton Print Group Pty Limited	100	100
Ive Group Australia Pty Limited (formerly Blue Star Group Australia Pty Limited)	100	100
Ive Group Victoria Pty Limited (formerly Blue Star (Victoria) Pty Limited)	100	100
Task 2 Pty Ltd	100	-
Controlled entity		
CPGH Employee Pty Ltd		

CPGH Employee Pty Ltd is a special purpose employee benefit vehicle that is ultimately controlled by the Company.

28 Parent entity disclosures

As at, and throughout, the financial year ending 30 June 2015 the parent entity of the Group was Caxton Print Group Holdings Pty Limited.

In thousands of AUD	2015	2014
Result of parent entity		**Restated***
Loss for the year	(1,325)	(309)
Other comprehensive income	-	-
Total comprehensive income for the year	(1,325)	(392)
Financial position of parent entity at year/period end		
Current assets	-	-
Total assets	23,388	23,494
Current liabilities	1,751	1,032
Total liabilities	9,604	8,945
Total equity of the parent entity comprising of:		
Share capital	15,250	15,250
Accumulated losses	(1,466)	(701)
Total equity	13,784	14,549

* refer to details in note 32.

29 Subsequent events

On 31 July 2015, one of the Company's subsidiaries, Ive Group Australia Pty Limited, acquired customers, selected assets and stock of Oxygen08 Pty Ltd.

Other than the matter mentioned above, there have been no other events subsequent to balance date which would have a material effect on the Group's financial statements at 30 June 2015.

30 Auditors' remuneration

In AUD	2015	2014
Audit services		
Auditors of the Company - KPMG		
Audit and review of financial reports	153,000	123,000
Half year audit	65,000	-
	218,000	123,000
Other services		
Auditors of the Company - KPMG		
Tax and statutory account preparation	36,800	36,316
Half year statutory accounts tax review	10,024	-
Transaction services (IPO)	854,900	-
	901,724	36,316

31 Deed of cross guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and directors' reports.

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The Company and its subsidiaries entered into a Deed of Cross Guarantee on 27 February 2014. The subsidiaries subject to the Deed are:

- Ive Group Australia Pty Limited (formerly Blue Star Group Australia Pty Limited)
- Ive Group Victoria Pty Limited (formerly Blue Star (Victoria) Pty Limited)
- Caxton Print Group Pty Limited

Task 2 Pty Ltd was added to this Deed of Cross Gurantee at 30 June 2015.

A consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, for the year ended 30 June 2015 is set out on pages 8 and 9 of this financial report.

32 Restatements

The following has been restated in the 30 June 2014 numbers.

- shares granted in August 2013 share-based payment was not reflected in 30 June 2014 financial statements; and
- wholly owned subsidiary eliminated on consolidation.

In thousands of AUD	Previously reported	Effect of restatement	Restated
Statement of profit or loss and other comprehensive income for the year ended 30 June 2014			
Administrative expenses	(49,356)	(909)	(50,265)
Profit for the year	6,750	(909)	5,841
Statement of financial position as at 30 June 2014			
Trade and other receivables (non-current)	888	(888)	-
Share-based payment liability	-	909	909
Net assets	**50,220**	**(1,797)**	**48,423**
Share capital	16,138	(888)	15,250
Retained earnings	34,082	(909)	33,173
Total equity	**50,220**	**(1,797)**	**48,423**

Caxton Print Group Holdings Pty Limited

Directors' declaration

1 In the opinion of the directors of Caxton Print Group Holdings Pty Limited (the Company):

(a) the consolidated financial statements and notes, set out on pages 8 to 45, 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 2015 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) 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 There are reasonable grounds to believe that the Company and the group entities identified in Note 27 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Class Order 98/1418.

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

Signed in accordance with a resolution of directors.

James Todd
Director

Dated at Sydney this 15th day of October 2015

Independent audit report to the members of Caxton Print Group Holdings Pty Limited

We have audited the accompanying financial report of Caxton Print Group Holdings Pty Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2015, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 32 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Company and the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility 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 is free from material misstatement whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control . An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

KPMG

Independent audit report to the members of Caxton Print Group Holdings Pty Limited (continued)

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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

Independence

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

Auditor's opinion

In our opinion the financial report of the Group is in accordance with the Corporation ACT 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the period ended on that date; and

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

KPMG

KPMG

Chris Hollis
Partner

Sydney

15 October 2015