ANNUAL REPORT 2016

CONTENTS

Registered Office and
Principal Administrative Office

IVE Group Limited
Building B, 350 Parramatta Road
Homebush NSW 2140
Telephone: +61 2 8020 4400

ACN 606 252 644

The 2016 Annual General Meeting of shareholders of the company will be held at 10am on 21 November 2016 at The Mint, 10 Macquarie Street, Sydney NSW 2000.

ABOUT IVE

IVE is a vertically integrated marketing services and print communications provider. IVE enables its customers to communicate more effectively with their customers by creating, managing, producing and distributing content across multiple channels.

The marketing services and print communications industry is dynamic and constantly evolving. IVE's response to this evolution has been to maintain relevance with our customers through ongoing investment and expansion of our product and service offering.

This has been achieved through an effective combination of both organic growth initiatives and strategic acquisitions.

IVE has an unparallelled product and service offering in Australia and holds leading positions across multiple industry sectors. IVE delivers its products and services through four operating divisions:

ive

kalido.

bluestar

paretogroup

iveo

PERFORMANCE SUMMARY

The results are presented on a Pro Forma basis which reflect the effect of the operating and capital structure that was established at time of the IPO, and excludes the costs of IPO, one off tax implications arising as a result of the IPO, and other non-operating items which are not expected to occur in future periods.

Pro-forma results for the full year compared with prospectus forecast

$ million	Actual FY2016	Prospectus forecast	Variance %
Revenue	382.0	381.0	0.3
Earnings before interest, tax, depreciation, amortisation (EBITDA)	42.8	42.5	0.8
Earnings before interest, tax (EBIT)	32.8	32.0	2.6
Net profit after tax (NPAT)	20.9	20.3	2.9
Net profit after tax and amortisation (NPATA)	22.5	22.0	2.5
Dividend (cents) – fully franked	8.6	8.4	2.4

Pro-forma and statutory results for the full year compared with the previous year

$ million	Pro-forma		Statutory	
	FY2016	FY2015	FY2016	FY2015
Revenue	382.0	337.4	369.2	307.7
Gross profit	199.6	179.9	192.0	161.1
EBITDA	42.8	30.9	26.5	17.8
EBIT	32.8	17.3	16.9	5.1
Profit before tax	30.6	15.2	14.2	3.2
NPAT	20.9	9.6	15.1	1.5
NPATA	22.5	10.9	16.4	2.2

HIGHLIGHTS OF THE YEAR

Successfully listed on the ASX – 16 December 2015

Financial Performance

- Earnings and dividend exceeded prospectus forecasts
- Pro-forma revenue up on FY15 13.2% to $382 million
- Pro-forma EBITDA up on FY15 38.7% to $42.8 million

Capital Expenditure Investment of $13.2 million

Acquisitions

- Product offering expanded with the acquisition of:
  - Pareto Group (October 2015)
  - JBA Digital (May 2016)
- Existing businesses strengthened through integration of four bolt-on acquisitions

Customers

- Secured four major new managed solutions contracts
- Renewed a number of key contracts
- 64% of the revenue generated by customers using multiple Group products and services
- Customer base increased by 12%

Expansion into Singapore through Kalido

Launched company-wide employee benefits program

EXECUTIVE CHAIRMAN'S REPORT

Dear Shareholders,

FY2016 was a significant year for IVE Group Limited, with the company successfully listing on the Australian Securities Exchange on 16 December 2015.

We've come a long way since our family founded a suburban newspaper printing business in 1921. Today, the underlying strengths and performance of the business are testament to the commitment and talent of our people, the effectiveness of our strategy to place our customers at the centre of our thinking, and the drive to have an offering that remains relevant to our customers' evolving communication and marketing needs.

These solid foundations, combined with access to capital as a public company, place us in a unique position from which to continue the execution of our ongoing diversification strategy and growth initiatives over the years ahead.

Results for the year

I am pleased to report that our prospectus forecasts were exceeded for the year to 30 June 2016. Pro-forma after-tax profit, at $20.9 million, was 2.9% above forecast.

Compared with the previous year, pro-forma revenue was up 13.2% to $382 million as a result of continued organic growth, higher revenue from existing customers through an expanded service offering, and further contributions from acquisitions. Pro-forma EBITDA of $42.8 million was an increase of 38.7% over the previous year, and was achieved through revenue growth, a stable gross profit margin, continued capital expenditure to improve efficiency, and rigorous management of the cost base.

Cash generation was strong with net debt at 30 June 2016 of $36.6 million, representing 0.9 times pro-forma EBITDA. The board declared a fully franked final dividend of 8.6 cents per share, compared with the prospectus forecast of 8.4 cents.

Operational performance

IVE's solutions-based strategy has led to deep, long-term relationships with our customers, providing a wonderful opportunity to expand further the extent to which they engage with us. Our customer profile and metrics reflect the effectiveness of this strategy, with approximately 64% of revenue coming from customers using multiple products and services, an average tenure of our largest 20 customers of eight years, and 77% of our entire revenue either contracted or based on long-term relationships.

Our customer profile is particularly strong, with broad industry spread and the largest customer accounting for only 4% of group revenue.

We continued throughout the year with our disciplined acquisition program, with a number of bolt-on acquisitions, including two strategic acquisitions that further expanded our value proposition: Pareto Group, an agency that works closely with the not-for-profit sector to develop strategy, execute and measure data-driven direct fundraising programs; and JBA Digital, which has capabilities in customer analytics, marketing automation and website optimisation. I am pleased to report all acquisitions are performing in line with expectations.

Our board and shareholders

Following our listing on the ASX last December, we enhanced further the diversity and skill set of the board with the appointment of three highly experienced independent non-executive directors – Andrew Harrison, Gavin Bell and Sandra Hook.

I would like to recognise and thank Angus Stuart, who retired from the board in June of this year, for his meaningful contribution over the last three and a half years.

We are very pleased with the quality of both our private and institutional investor base, and look forward to building further on the relationships we have developed since the listing.

(L to R) **Warwick Hay** Managing Director / **Gavin Bell** Non-Executive Director / **James Todd** Non-Executive Director / **Paul Selig** Non-Executive Director / **Sandra Hook** Non-Executive Director / **Andrew Harrison** Non-Executive Director / **Geoff Selig** Executive Chairman

Outlook

The marketing communications landscape continues to remain complex and ever-changing. IVE has a proven track record of anticipating and responding to changed market conditions through evolving our offering to ensure we maintain our relevance with customers. We are therefore very well positioned to expand our share of the marketing services and print communications market over the year ahead, resulting in increases in both revenue and earnings.

We will continue to pursue our strategy of diversification and growth, a disciplined acquisition program to take advantage of sector consolidation opportunities, and targeted capital expenditure to drive efficiency and to enhance our offer further.

Thank you

It has been a seminal year for the business as we successfully transitioned from private to public ownership, delivering a financial result with all performance metrics above our prospectus forecasts and well up over the previous year.

I am particularly proud of the product and service offering IVE takes to market and the reputation we have for operating a values-based business. We are most fortunate to have very supportive customers and supply partners that we have worked with over many years. On behalf of the board I convey my thanks to our Managing Director Warwick Hay and the entire leadership team for their outstanding commitment over the last year. Finally, to our wonderful staff, thank you for your continued efforts to ensure the ongoing sustainability and success of the business.

Geoff Selig
Executive Chairman
19.09.2016

MANAGING DIRECTOR'S REPORT

(L to R) **Geoff Selig** Executive Chairman (IVE Group Limited) / **Joel Norton** Chief Executive Officer (Kalido) / **Mike Shannon** Group General Manager Business Services (IVE Group Limited) / **Matt Aitken**, Chief Operating Officer (IVE Group Limited) / **Graham Morgan** Head of Acquisitions (IVE Group Limited) / **Cliff Brigstocke** Chief Executive Officer (Blue Star Group) / **Warwick Hay** Managing Director (IVE Group Limited) / **Glen Draper** Chief Executive Officer (IVEO) / **Darren Dunkley** Chief Financial Officer (IVE Group Limited)

/ Our financial performance demonstrated the effectiveness of our strategy to place our customers at the centre of our thinking and to remain relevant to our customers' ever-changing communication needs."

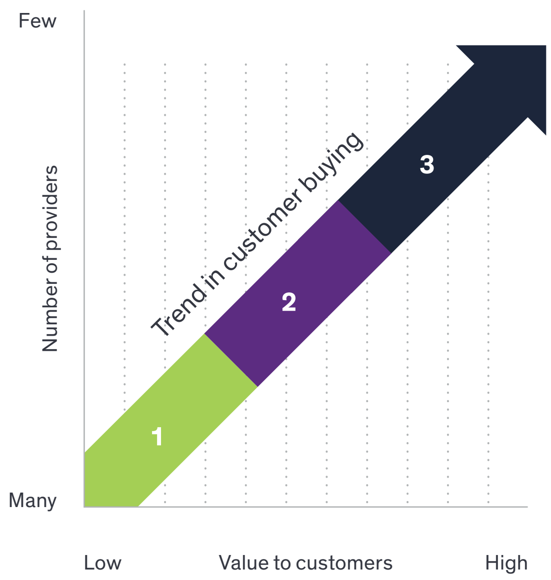
FY2016 was an enjoyable and rewarding year for IVE Group. As Geoff Selig has outlined, we delivered strong growth across all financial metrics compared to the previous year.

The marketing services and print communications sectors, across which IVE operates, continue to evolve with technology advancements that provide organisations with more communication channels than ever before. Increasingly, companies look to outsource marketing services to a single supply partner which has an in-depth understanding of its communication objectives and needs.

These developments create opportunities for IVE to identify and provide solutions to more customers in all industry sectors. As an industry leader, we understand this ever-changing and diverse communication landscape and are well positioned to create, design, produce and manage tailored communications across multiple channels. In turn, this helps our customers connect with their customers in the most efficient and effective manner.

Our investment strategy therefore is focused on complementary communication-related technology as we continually enhance and expand our product and service offering to give our customers a real point of difference.

IVE's solutions-based strategy typically involves bundling various products and services to provide a customer with a tailored managed solution



1. Transactional

- Simple transactional relationships
- Limited engagement on 'value-add' opportunities
- Fragmented print procurement with unit cost focus

2. Bundled product and service offering

- Solutions for target industry verticals (e.g. retailing)
- Components of product and service offering bundled to provide a tailored solution
- Customers typically spend greater than $0.5m per annum

3. Total managed solutions

- Centrally managed, consolidated communications supply chain
- Focus on total supply chain cost, return on marketing spend drives decisions
- Multi-channel campaign management
- Supply chain and inventory management
- Customers typically spend greater than $2m per annum

Strong year-on-year performance

Revenue

IVE strives to deliver year-on-year growth and it's pleasing to see the Group's 13.2% pro-forma revenue increase on FY2015 to $382 million. This was helped by successful cross-selling of services and securing a number of new customers.

New business development across a broad cross-section of customers was strong during the year, and we also renewed a number of major key contracts. Overall, we worked with over 2,260 customers, an increase of 12% over FY2015, demonstrating our business model's stability and scalability as a reliable partner in the marketing services and print communications sector.

The Group's revenue also benefited from the successful integration of acquisitions made in the second half of both FY2015 and FY2016.

Earnings

IVE's ability to grow revenue and leverage its existing cost base resulted in an increase in EBITDA margin from 9.2% in FY2015 to 11.2%, and a 38.7% increase in EBITDA over the previous year to $42.8 million on a pro-forma basis. This was achieved through revenue growth, a technology-focused capital expenditure program, and several major initiatives across the Group to drive continuous improvements in performance.

Continued investment in our future

Capital Expenditure

The Group invested $13.2 million across the business during the year in capital expenditure initiatives to drive efficiencies and innovations, create greater flexibility and expand our capabilities to deliver new products. Our annual capital expenditure program ensures we continue to operate the most contemporary equipment fleet in the country.

People / Structure

Our company-wide employee benefits program IVE Plus was launched during the year. The program has been tailored to provide all our staff with support and benefits across the areas of health and well-being, family and community, and wealth and security. We also launched our regular giving program that supports six Australian charities.

With IVE continuing to experience solid growth, it is important that our organisational structure is refined accordingly. During the year, we strengthened our leadership team with the appointment of a Chief Operating Officer for the Group (Matt Aitken, formerly CEO of the Blue Star Group), a new Chief Executive Officer of our Blue Star Division (Cliff Brigstocke), and a Group General Manager, Blue Star PRINT and DIRECT for the Blue Star Division (Hugh Chisholm).

MANAGING DIRECTOR'S REPORT (CONT'D)

Disciplined acquisition strategy

We continued throughout the year with our disciplined acquisition strategy, expanding our product and service offering with the addition of two businesses:

JBA Digital, a customer analytics and marketing automation business at the forefront of helping brands to deliver exceptional customer experience based on data insights. It also has a strong website analytics and optimisation offering. JBA builds on the digital capability of Kalido, IVE's creative and digital services division. The acquisition was completed in May 2016.

Pareto Group, a leader in developing and executing direct fundraising programs for the not-for-profit sector. Pareto Fundraising is Australia's and New Zealand's largest fundraising strategy and data-driven solutions company for the sector. Pareto Phone is our outbound call centre that uses the latest technology to enable charities to communicate effectively with their supporters. The acquisition was completed in October 2015.

We also made four bolt-on acquisitions which have been integrated successfully with our existing operations:

Oxygen, a medium-size sheet fed printer with capability in offset and digital print along with sourcing of offshore printed material. The business has been integrated into our Blue Star PRINT operation in Sydney. The acquisition was completed in August 2015.

Laser Computer Services (LCS), a specialist in data-driven business-to-customer communications, offering a complete range of personalised mail and digital communication solutions. The business has been integrated into our Blue Star DIRECT Victorian business. The acquisition was completed in February 2016.

Fineline, which has a suite of services including design, commercial printing, wide format printing, print management and warehousing. The business has been integrated into our Blue Star PRINT Victorian business. The acquisition was completed in April 2016.

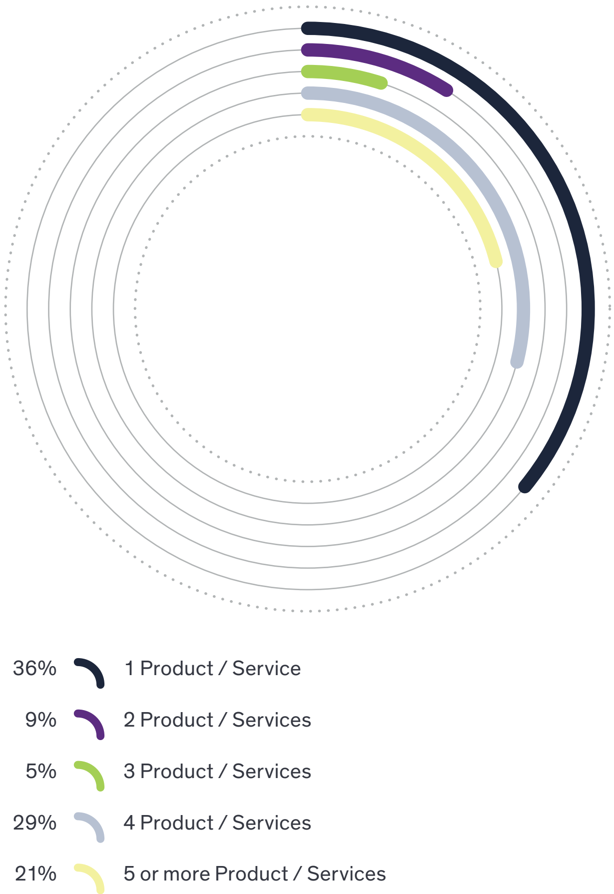
Frost Promotions, one of Melbourne's premier promotional agencies with a reputation for quality and operational excellence. The business has been integrated into our Blue Star PROMOTE business. The acquisition was completed in May 2016.

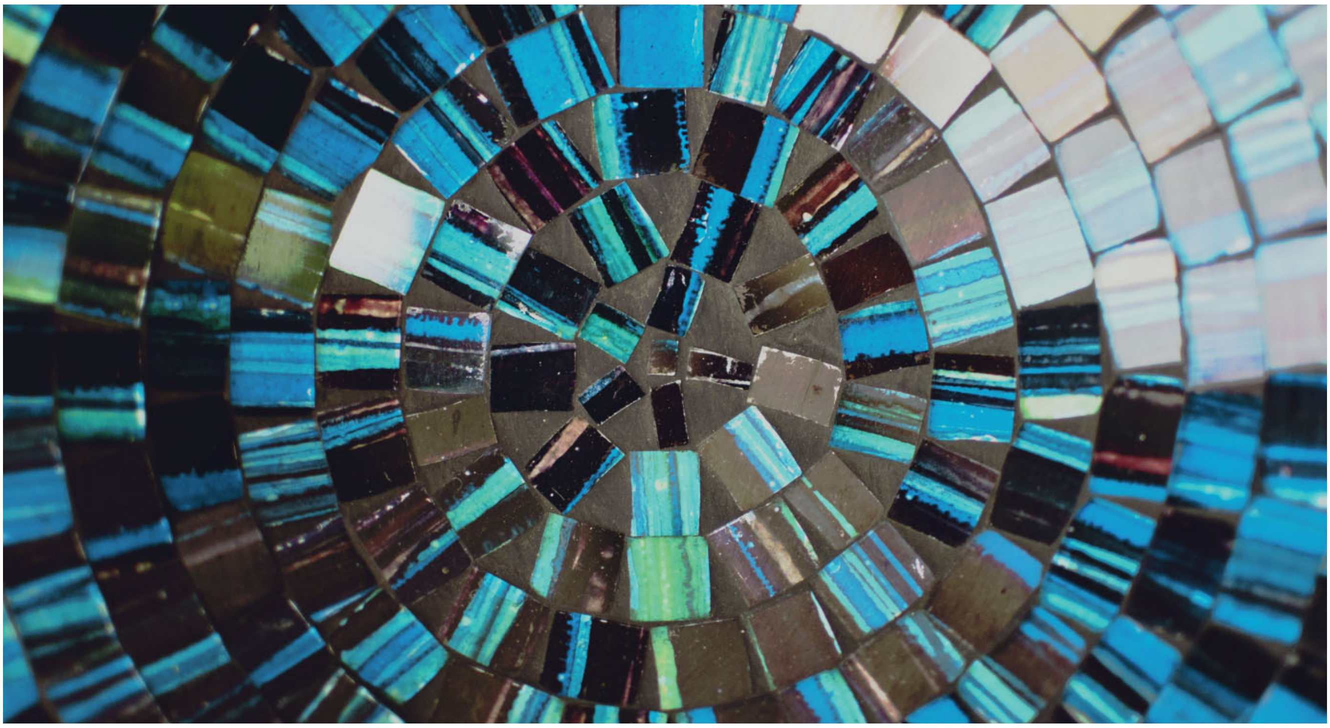
Our ongoing commitment

Over the past 12 months, IVE has continued to execute successfully our strategy to evolve our value proposition through an expanded product and service offering to our customers. Tailored communication options supporting multi-channel strategies have helped to create a competitive edge for our customers.

This approach continues to be the backbone for the Group's future growth and will ensure that we remain relevant to our customers in an ever-changing communications landscape.

Percentage of revenue generated by customers using multiple products and services





Looking forward
IVE is well-positioned to build on its business momentum and on the strong culture that now defines the company, a culture that continues to excel in leading the market across many areas. We are confident we will leverage our market position to continue to deliver year-on-year growth.

We could not have achieved these results without the support of our dedicated and skilled staff and supply partners to whom I would like to offer my sincere thanks.

Importantly, we recognise and thank our customers for the opportunities and trust they place in us to provide solutions to their changing communication needs. We are committed to continuing to increase value to our customers over the years ahead.

Warwick Hay

Warwick Hay
Managing Director
19.09.2016

GLOBAL TELECOMMUNICATIONS PROVIDER

CASE STUDY

Overview

This client tasked the market to propose a model that would meet its demanding requirements for speed-to-market and reduce the cost of doing business. It wanted improved service levels for design, print management and campaign distribution to enable it to respond more effectively to market events.

The client accepted IVEO's proposal as the best solution for its requirements with maximum potential for cost savings. IVEO was appointed as the provider of an integrated managed solution, which featured design, print production, point-of-sale, mailing, warehousing and campaign distribution.

IVEO services this client through a dedicated team:

IVEO's team located in Sydney manages the overall solution, providing a range of services with a focus on innovation and speed-to-market. The team engages through strategic consultation, project management and campaign management. Services provided include print, mailing, warehousing, kitting and distribution. Point-of sale is a critical service component and Blue Star DISPLAY provides temporary, semi-permanent and permanent retail display products as well as industrial design.

Products and services provided

Creative services

For digital campaigns, Kalido provides creative services including ideation, creative concept development, video content creation, virtual reality and mobile app creation.

Personalised communications

Blue Star DIRECT provides direct mail services, including daily mailing of critical information summaries and other mailing campaigns.

Retail display

Blue Star DISPLAY provides concept creation, design and production of temporary and permanent point-of-sale collateral.

Print production

Printed communications including financial documents, marketing and retail point-of-sale materials are supplied by IVE Group businesses or external suppliers sourced through IVEO's third party sourcing supply chain.

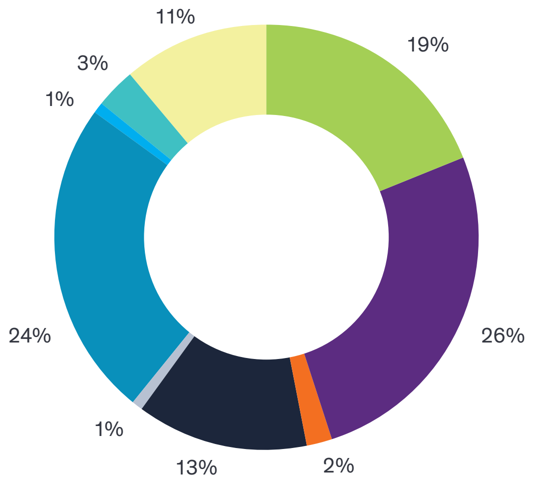
Logistics & fulfilment

Blue Star CONNECT provides inventory management, warehousing, kitting and campaign distribution.

Outcome

IVEO collaborates with the client from the beginning to the end of each campaign. We achieve superior outcomes by taking ownership of all facets of the campaign whether it is retail, product marketing or after sales. Our team has strong working relationships with customer stakeholders, who see them as trusted advisers.

The quality of our team, effectiveness of our systems and integrated structure of our multi-service solution combine to provide this client with crucial speed-to-market in a dynamic FMCG market.



- Print Production – Commercial
- Retail Display
- Personalised Communications
- Print Production – Niche Web Offset
- Print Production – Digital
- Logistics and Fulfilment
- Creative Services
- Promotional Marketing
- Third Party Sourcing

FINANCIAL SERVICES PROVIDER

CASE STUDY

Overview

This leading financial services group has engaged IVE over many years to provide personalised marketing communication. This relationship has now expanded, with IVEO providing a total marketing and print managed solution.

IVE services this company through two dedicated teams:

IVEO's on-site team provides a comprehensive array of services ranging from idea creation and project management to campaign delivery and strategic consultation. The team also provides print management, creative design, digital print, warehousing and kitting services.

Blue Star DIRECT provides the client with personalised marketing communication solutions via direct mail and emails.

Products and services provided

Creative services

12 on-site IVEO creative staff delivering design production and a range of digital design solutions including interactive forms, web tiles and video production.

Personalised communications

Blue Star DIRECT provides direct mail, email, purls, SMS, MMS and Quick Response codes.

Print production

Printed communications including financial documents, marketing and retail point-of-sale materials are supplied by IVE Group businesses or external suppliers sourced through IVEO's third party sourcing supply chain.

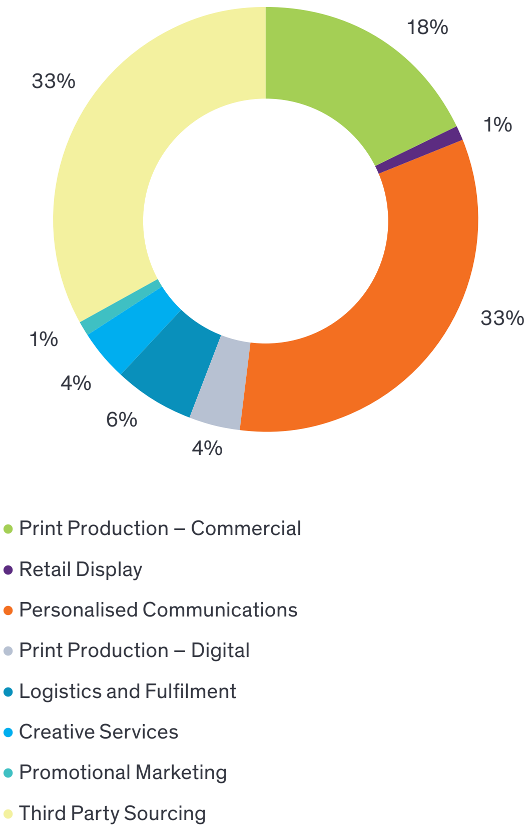
Logistics & fulfilment

Blue Star CONNECT provides inventory management, storage, warehousing and pick-pack.

Outcome

The client sees great value in IVE's end-to-end solutions management offer, with its technology platforms seamlessly coordinating the supply chain and delivering efficiencies and improved stakeholder experiences.

The client sees IVE as a direct extension of its team. Consequently, opportunity exists to expand current product and service offerings – particularly in the areas of creative services and promotional merchandise.



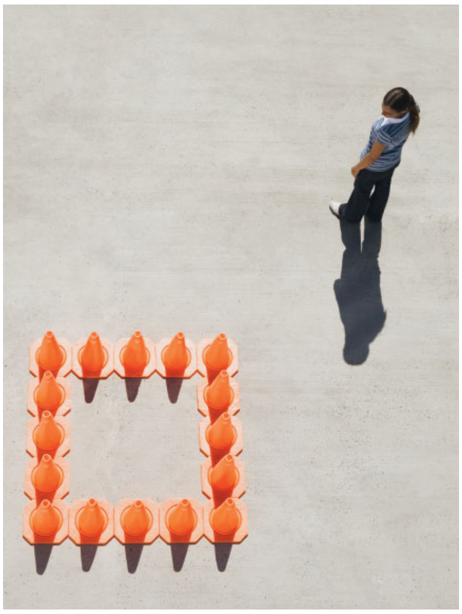
WE THRIVE ON CREATIVITY

WE CREATE BEAUTIFUL FUTURES

Just as a kaleidoscope reveals unexpected patterns and shifts your perspective, we help create new visions for our clients.

Business models are being disrupted leading to trepidation about the path ahead. In this era of constant and rapid change, our focus is the combination of art + science, leveraging technology and craft, to create something beautiful.

And that's why we exist, to create beautiful futures. For the clients we have, the people they serve, and for ourselves.



Kalido is a customer experience agency that helps clients prosper.

Unless our clients succeed and our work contributes to the success of their business then all our efforts will have been in vain. To truly deliver results, we believe in the integration of strategy, creativity and technology to unlock value at every touch point. Our multidisciplinary teams collaborate and partner with our clients to create digital platforms and products, campaigns, content, experiences and innovation.

Through the application of fact, imagination and the possible, we create genuine value for our clients and their customers.

Fact is the foundation – it's the insight and truth that data can illuminate or design thinking can unearth. As Einstein said, logic gets you from A to B but imagination takes you everywhere. By adding technology, we unlock the exciting potential of what's possible.

In an era of constant and rapid change, our mission is to embrace change and help shape meaningful and elegant brand experience for our clients, resulting in a beautiful future that works for all.

WE ARRIVE AT SOLUTIONS

Blue Star Group is Australia's leading provider of integrated print, display, personalised communications, promotional products, warehouse and logistics services.

Operating across six specialist businesses, the Blue Star Division is Australia's most diversified business of its kind. Continual focus on technology, innovation and efficiency, coupled with our highly experienced and passionate team, creates a nimble and flexible environment dedicated to delivering a responsive service to the market.

PERSONALISED COMMUNICATION

bluestar DIRECT

Blue Star DIRECT is the largest data-driven direct personalised communication business in Australia. Blue Star DIRECT works with customers' data to produce highly personalised, multi-channel communications. These include both physical communications distributed through the mail as well as digital communications delivered through multiple channels, including email, SMS and social media.

Blue Star DIRECT has modern, highly efficient production facilities in both Sydney and Melbourne, and works with many of Australia's leading brands in managing their one-to-one customer communications strategy.

PRINT PRODUCTION

Blue Star PRINT and Blue Star WEB businesses have one of the largest print networks of its kind in Australia. Utilising the latest print technology, these businesses produce a wide range of printed collateral. Sophisticated proofing, colour management systems and comprehensive finishing capabilities deliver consistently high quality outcomes for any size project and to the most demanding deadlines.

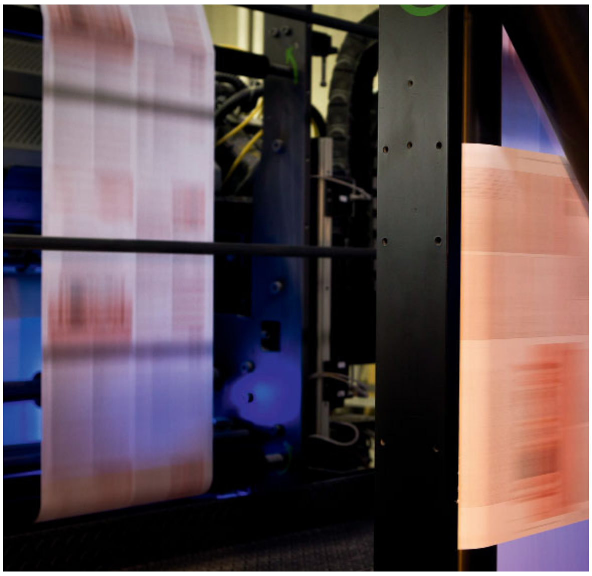
IVE delivers print solutions from two specialty businesses:

bluestar PRINT

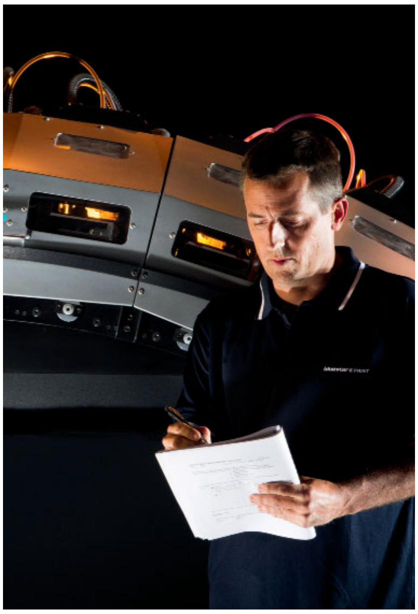
As the largest commercial offset printer in Australia, with state-of-the-art facilities in Sydney and Melbourne, Blue Star PRINT has an extensive offer, which is used in conjunction with the other divisions of IVE to communicate to our customers and in turn their customers as part of the overall communications mix.

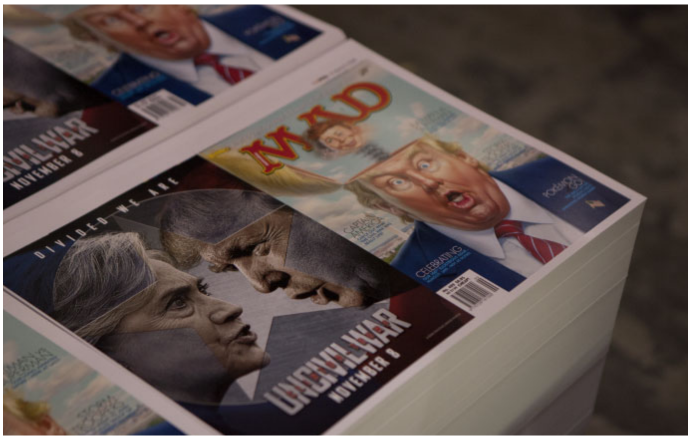
bluestar WEB

Operating out of a purpose-built, highly automated and efficient facility in Sydney, Blue Star WEB is a leader in niche heat set web offset printing, producing a broad range of special interest publications, custom publications, corporate livery including travel and tourism and financial services collateral, and magalogues.




WIN a Car & $10,000 Cash!




MAD
DIVIDED WE ARE
UNCIVIL WAR
NOVEMBER 8

RETAIL DISPLAY

bluestar DISPLAY

With operations in both Sydney and Melbourne, Blue Star DISPLAY specialises in the production of retail display point-of-sale and point-of-purchase collateral. It is a full service retail display business providing services from concept and design (structural and industrial), through to production and distribution. Services include offshore sourcing where appropriate through a dedicated team based in our China office.

Blue Star DISPLAY works with customers to design solutions that attract consumers into store, drive sales and deliver positive brand experiences.

PROMOTIONAL MERCHANDISING

bluestar PROMOTE

With offices across Australia, New Zealand and China, Blue Star PROMOTE is a leading corporate supplier of promotional merchandise, apparel and award solutions. We work with our customers to increase brand awareness, foster good employee morale, build positive client relationships and drive sales through fully customisable promotional product solutions that creatively and effectively communicate the true essence of a brand.

LOGISTICS AND FULFILMENT

bluestar CONNECT

Blue Star CONNECT is a highly specialist logistics operation. An integral part of the Group's broader solutions, core capabilities incorporate two distinct disciplines:

- Inventory management, call centre, warehousing, pick & pack, distribution
- Campaign driven, time sensitive kitting and fulfilment

Operating out of facilities in Sydney and Melbourne, Blue Star CONNECT interfaces directly into customers' enterprise resource planning systems. Customers can use CONNECT's customised online portals for the purposes of placing orders, tracking activity, inventory control and detailed reporting.


WE DRIVE YOUR
BUSINESS FURTHER

paretogroup

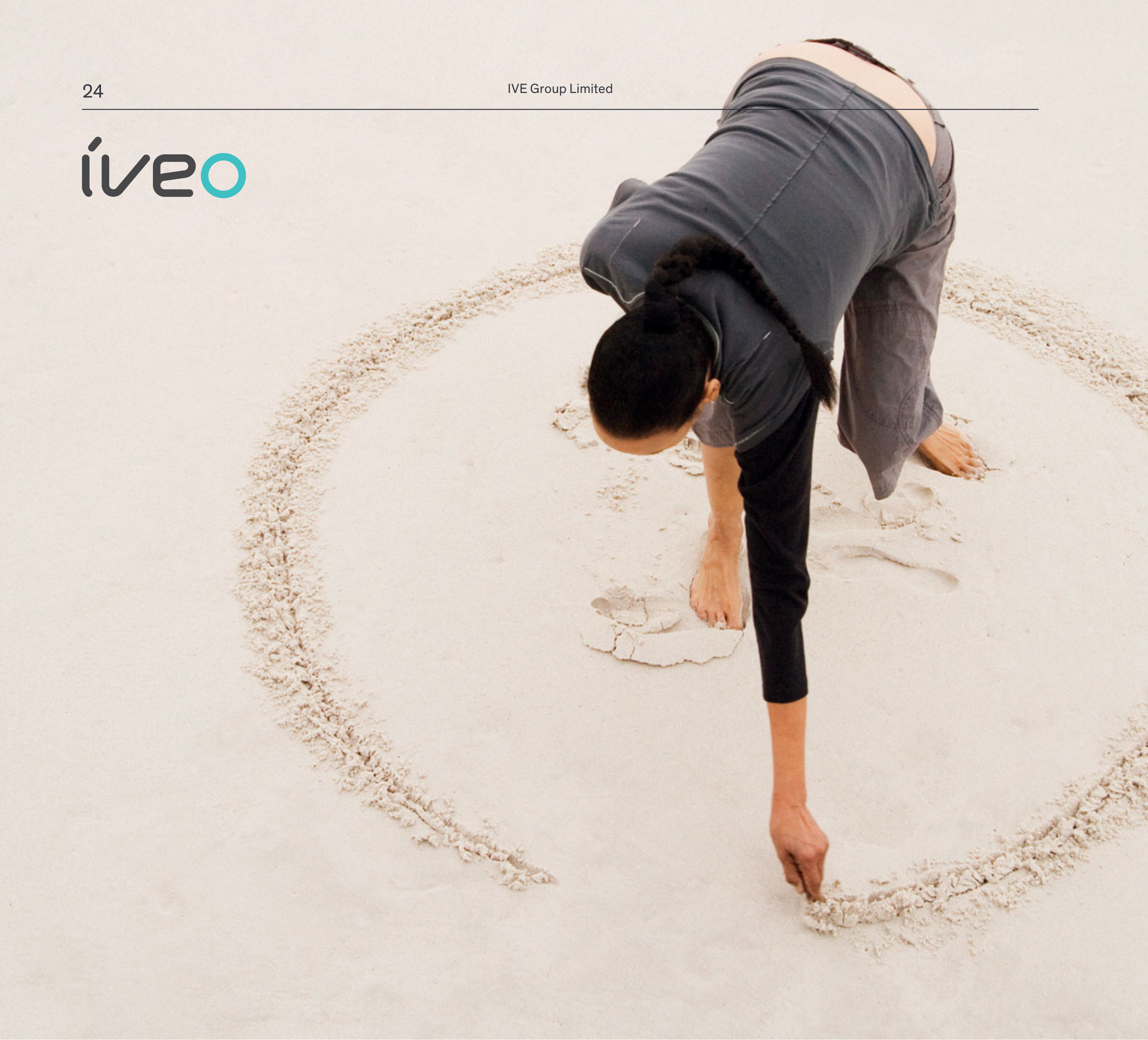
WE HELP CHARITIES THRIVE

paretofundraising

Pareto Fundraising is Australia and New Zealand's largest fundraising strategy and data-driven solutions company serving the not-for-profit sector. It has market-leading capability across analytics, direct mail and online channels. It is also internationally recognised and well-respected for its Benchmarking program, which provides whole-of-sector analytics, strategic consultancy and industry thought leadership.

paretophone

A telephone fundraising agency that helps non-profit organisations change the world for the better. Pareto Phone uses the best and latest technology to ensure that charities maximise contact with their most valuable supporters while securely handling sensitive payment details.



WE DELIVER ON CREATIVITY

IVEO is IVE's managed solutions division. IVEO bundles the Group's broad range of products and services into multi-channel communication solutions for customers.

IVEO's engagements typically involve dedicated teams being located on or near customers' sites. Using IVE's technology platform HIVE, these dedicated teams provide the customer with a single point of access to IVE's product and service offering spanning creative through to distribution.

Through efficiency, simplicity and consistent quality, IVEO improves communications speed to market whilst maintaining brand integrity, enabling our customers to maximise their competitive advantage and return on investment.


bluestar


AUSTRALIA/NZ
Inked


THIS IS YOUR


World'sChildren


WE STRIVE
FOR PERFECTION

IVE GROUP LIMITED FINANCIAL REPORT

YEAR ENDED 30 JUNE 2016

OPERATING AND FINANCIAL REVIEW

1. INTRODUCTION

The Directors are pleased to present the full year Operating and Financial Review (OFR) for IVE Group Limited (IVE) for the year ended 30 June 2016 (FY2016).

The OFR is provided to assist shareholders' understanding of IVE's business performance and factors underlying its results and financial position.

2. SUMMARY

IVE achieved strong revenue growth for FY2016 of 13.2% compared to the prior corresponding period ('PCP') on a Pro Forma basis, and 20.0% revenue growth on a Statutory basis (Pro Forma and Statutory basis are defined in Section 5 of the OFR). The revenue increase, which was in line with the Pro Forma revenue growth disclosed in the Prospectus dated 4 December 2015 of 12.9%, reflects continued organic growth through a combination of new business from the existing customer base and expanded service offering (share of wallet), as well as business acquisitions throughout the year.

IVE also achieved continued EBITDA growth with Pro Forma EBITDA growth of 38.7% over the PCP (37.6% per Prospectus) through a combination of revenue growth (outlined above), as well as continued productivity gains and cost base refinement through capital expenditure investment, continued focus on cost management, and the benefits arising from acquisition synergies. Statutory EBITDA is 48.6% higher than the PCP due mainly to similar factors outlined above, and is in line with the Prospectus Statutory forecast.

Pro Forma NPAT achieved 117.5% to PCP, which was in line with Prospectus forecast and Statutory NPAT growth on PCP of 930.6% and was impacted by a one-off tax benefit.

During FY2016 IVE completed the successful integration of H2 FY2015 acquisitions, and continued its acquisition program acquiring 100% of share capital in Pareto Phone Pty Ltd and Pareto Fundraising Pty Ltd (October 15) as well as acquiring the assets of Oxygen8 Pty Ltd (July 15), Laser Computer Services Pty Ltd (February 16), Fineline Pty Ltd (April 16), Frost Promotions (May 16) and in mid May 2016 acquiring 100% of the share capital in James Bennett & Associates Pty Ltd.

3. LISTING

IVE Group Limited listed on the Australian Securities Exchange via an Initial Public Offering on 16 December 2015.

OPERATING AND FINANCIAL REVIEW (CONT.)

4. STRATEGY AND OPERATING OVERVIEW

IVE is a vertically integrated marketing and print communications provider. IVE enables its customers to communicate more effectively with their customer by creating, managing, producing and distributing content across multiple channels. IVE has an unparalleled product and service offering in Australia and holds leading positions across multiple industry sectors.

IVE's growth strategy is focused on the following key initiatives:

- New customer origination driven by a highly customer centric culture;
- Growing share of wallet with existing customers;
- Execution of a disciplined acquisition program;
- Expansion of the value proposition through the addition of complementary products and services;
- Continued strengthening and leveraging of the existing business through targeted operational efficiency programs.

Further information on IVE's strategy, operations and market is set out in the Prospectus. Other than the effect of acquisitions during FY2016, there have been no significant changes to IVE's strategy, operations and market from the Prospectus.

5. OVERVIEW OF RESULTS FOR FY2016

IVE's Financial Report for FY2016 is presented on a statutory basis in accordance with Australian Accounting Standards which comply with International Financial Reporting Standards (IFRS).

In this OFR, certain non-IFRS financial information has also been included to allow investors to understand the underlying performance of IVE, and relate to the performance outlined in the Prospectus prepared on a Pro Forma basis.

The Directors believe that the Pro Forma presentation of the results better reflects the underlying performance, is consistent with Prospectus, and differs from the Statutory presentation. The Pro Forma results reflect the effect of the operating and capital structure that was established at time of the IPO, and excludes the costs of IPO, one-off tax implications arising as a result of the IPO, and other non-operating items which are not expected to occur in future periods.

The non-IFRS Pro Forma financial information has not been audited or reviewed.

Data in this OFR is expressed in millions and has been rounded to one decimal place. This differs from the Financial Report where numbers are expressed in thousands. As a result, some minor rounding discrepancies occur.

5.1 PRO FORMA RESULTS

Pro Forma results are provided for FY2016 to allow investors to make a comparison to the Prospectus forecast, and to make an assessment of IVE's performance on an ongoing basis as a listed company.

The FY2016 Pro Forma results set out in table 1 show that IVE exceeded its full year Pro Forma forecast per the Prospectus at revenue, EBITDA, EBIT, NPAT and NPATA level.

Table 1: Pro Forma and Statutory results

	Pro Forma				
	Actual FY2016	Prospectus Forecast Jun-16	Actual Jun-15	Variance $'M	Variance %
Revenue	**382.0**	**381.0**	**337.4**	**44.6**	**13.2%**
Gross Profit	**199.6**	**199.2**	**179.9**	**19.7**	**10.9%**
% of Revenue	52.2%	52.3%	53.3%	–1.1%	–2.0%
EBITDA	**42.8**	**42.5**	**30.9**	**11.9**	**38.7%**
EBIT	**32.8**	**32.0**	**17.3**	**15.6**	**90.1%**
Profit before tax	**30.6**	**29.7**	**15.2**	**15.4**	**101.5%**
NPAT	**20.9**	**20.3**	**9.6**	**11.3**	**117.5%**
NPATA	22.5	22.0	10.9	11.6	106.7%

5.2 STATUTORY RESULTS PER THE FINANCIAL REPORT

Table 2 outlines the statutory results for FY2016 and FY2015 on a comparable basis. The Statutory FY2016 forecast per the Prospectus has also been included for comparative purposes.

Table 2: Statutory results

	Actual FY2016	Prospectus Forecast Jun-16	Actual Jun-15	Variance $'M	Variance %
Revenue	**369.2**	**368.2**	**307.7**	**61.5**	**20.0%**
Gross Profit	**192.0**	**193.6**	**161.1**	**30.9**	**19.2%**
% of Revenue	52.0%	52.6%	52.4%	–0.4%	–0.7%
EBITDA	**26.5**	**27.9**	**17.8**	**8.7**	**48.6%**
EBIT	16.9	17.8	5.1	11.8	232.4%
Profit before tax	**14.2**	**15.1**	**3.2**	**11.0**	**343.4%**
NPAT	**15.1**	**8.3**	**1.5**	**13.6**	**930.6%**
NPATA	16.4	9.6	2.2	14.2	658.6%

OPERATING AND FINANCIAL REVIEW (CONT.)

5.2 STATUTORY RESULTS PER THE FINANCIAL REPORT (CONT.)

The key variances on a Statutory basis between FY2016 and FY2015 are as follows:

- **Revenue**

Revenue increase of $61.5M or 20.0% over PCP reflects the impacts of continued organic growth, increased revenue from the existing customer base through expanded service offering, and the contribution from acquisitions undertaken in H2 FY2015 and in FY2016. The revenue increase has been achieved through realising the successful execution of IVE's growth strategy initiatives. This has led to a number a of new customers partnering the Group throughout the year, the continued success of cross selling to existing and acquired customers, and the ability to achieve several key contract extensions.

- **Gross profit**

Gross profit increase of $30.9M over PCP largely driven by increased revenue. Achieved gross profit of 52.0% to revenue compared with 52.4% in PCP largely reflects the sales mix including the contribution from acquisitions. Gross profit has remained stable as a result of managing inputs, continued leveraging of supply chain and reducing outsource spend wherever possible by producing internally.

- **EBITDA (Earnings before interest, tax, depreciation and amortisation)**

EBITDA of $26.5M represents an increase of $8.7M or 48.6% over PCP achieved through organic and acquisition revenue growth, as well as efficiency gains expanding the EBITDA margin.

Production expenses (excluding depreciation and amortisation) of $84.7M are 22.9% to revenue compared $78.3M and 25.4% to revenue in PCP. Production costs further refined through capital expenditure efficiencies.

Administration expenses (excluding depreciation and amortisation) of $74.7M are 20.2% to revenue compared to $54.1M and 17.6% to revenue in PCP, again increased due to revenue growth as well as being impacted by one-off costs associated with the close out of the Management Equity Plan on listing of $6.2M.

- **NPAT (Net profit after tax)**

Increase in NPAT from PCP of $13.6M is attributable to the results from trading outlined above. PCP was also impacted by a one-off impairment charge reflected in depreciation expense of $2.9M.

A non-recurring deferred tax benefit of $7.1M was recognised in FY2016 as a result of IVE entering into a tax consolidation in connection with the IPO and the consequential uplift of tax carrying values.

5.3 RECONCILIATION STATUTORY REVENUE AND NPAT TO PRO FORMA

The FY2016 Pro Forma results set out in table 3 illustrate adjustments to the Statutory results. The FY2016 forecast reconciliation per the Prospectus has also been included for comparative purposes. Commentary has been provided on key adjustments.

Table 3: Reconciliation of Statutory results to Pro Forma

	Actual	Prospectus Forecast
Statutory revenue	**369.2**	**368.2**
Pareto Group statutory revenue	12.8	12.8
Pro Forma revenue	**382.0**	**381.0**
Statutory NPAT	**15.1**	**8.3**
Pareto Group statutory PBT	2.1	2.1
Pareto Group acquisiton costs	0.7	0.5
Discontinued operations	0.2	0.0
Public company costs	–0.5	–0.5
Management Equity Plan	6.2	6.2
Equity Incentive Plan	0.7	0.0
Offer costs	6.6	5.9
Net finance costs	0.4	0.4
Deferred consideration on acquisition	0.3	0.3
Tax effect of reset tax cost base on consolidation	–7.1	0.0
Tax effect of adjustments	–3.7	–2.9
Pro forma NPAT	**20.9**	**20.3**

- **Pareto Group Statutory revenue and PBT**

On 30 October 2015 IVE acquired 100% of the shares in Pareto Phone Pty Ltd and Pareto Fundraising Pty Ltd (collectively “Pareto Group”). This adjustment has been made to the Statutory results to reflect Pareto Group acquisitions as if it had occurred on 1st July 2015. Inclusion of the pre-acquisition operating results of the Pareto entities i.e. 1st July 2015 to 31st October 2015 is consistent with the Prospectus.

- **Pareto Group acquisition costs**

Primarily relates to one-off transaction costs associated with the acquisition of the Pareto Group.

OPERATING AND FINANCIAL REVIEW (CONT.)

5.3 RECONCILIATION STATUTORY REVENUE AND NPAT TO PRO FORMA (CONT.)

- **Discontinued operations**

In FY2013 IVE discontinued its operations in ACT. This reconciliation reflects a small adjustment to an onerous lease recognised in FY2015.

- **Listed company expenses**

An adjustment has been made to include IVE's estimate of the incremental annual costs that it will incur as a listed company.

- **Management Equity Plan**

The Management Equity Plan that existed prior to listing has been closed out as a result of the IPO. An adjustment has been made to eliminate the one-off cost associated with the closure.

- **Equity Incentive Plan (EIP)**

As outlined in Prospectus, certain employees were issued with performance rights under the EIP. This was not reflected in the Prospectus forecast, and is consequently being adjusted as a reconciling difference.

- **Offer costs**

Reflects costs associated with the IPO which are expensed in the Statutory results and excluded from Pro Forma on the basis that they relate to the IPO and are non-recurring.

- **Net finance costs**

Net finance costs included in the Statutory results have been adjusted to reflect the net debt level and leverage ratio in the post IPO capital structure.

- **Deferred consideration on acquisition**

Reflects an immaterial non-recurring component of deferred consideration paid as a payroll expense.

- **Tax effect of reset cost base on consolidation**

As part of the IPO, IVE formed a consolidated group for taxation purposes. Part of this process involved reassessing carrying values for IVE's tax asset base and resulted in a one-off uplift in tax carrying values. The impact is a non-recurring credit to tax expense in FY2016 and an increase to deferred tax assets representing future deductions available.

- **Tax effect of adjustments**

The tax effect on the above adjustments has been estimated based on a statutory tax rate of 30% excluding items which are identified as non-deductible.

5.4 BALANCE SHEET

Table 4 sets out the indebtedness of IVE on a Statutory basis comparing FY2016 to FY2015 as presented in the Prospectus.

Table 4: FY2016 Statutory indebtedness

	Actual FY2016 $'M	Actual FY2015 $'M
Short-Term – Finance Leases	2.6	2.7
Long-Term Debt – Finance Leases	11.7	6.8
Trade Receivable Facility	26.0	22.0
Acquisition Facility	10.8	0.0
Sub Total	51.1	31.5
Cash	–14.5	–6.7
Net Debt	36.6	24.8

The above reflects current debt structure for IVE as at 30 June 2016.

The finance lease facility has increased due to capital investment to drive additional productivity and cost efficiency.

The acquisition facility has been partially utilised to fund both recent acquisitions, and deferred consideration from previous acquisitions. Further information on the facility, and acquisitions, is set out in the Financial Report. The full EBITDA benefits of the recent acquisitions are forecast to be realised in FY2017.

Based on FY2016 Pro Forma, net debt represents 0.9 times EBITDA. During FY2016 IVE remained in compliance with all covenants relating to debt facilities and additional headroom is available for all facilities that meet IVE's current forecast requirements.

Cash movement over the year increased by $7.8M due to strong operating results and a working capital focus. Cash inflow from the IPO and borrowings has been used to pay for the costs associated with listing as well as fund business acquisitions.

6. FY2017 FINANCIAL OUTLOOK

The company continues to effectively execute its strategy to further diversify and grow the business. The underlying strength of our value proposition to customers, combined with ongoing capital investment, the successful integration of recent acquisitions, and the continuation of a disciplined acquisition program positions us well to grow revenue and EBITDA for FY2017.

7. ADDITIONAL INFORMATION

For further information contact:

Geoff Selig
Executive Chairman

+ 61 2 9089 8550

Darren Dunkley
Chief Financial Officer

+ 61 2 8020 4400

DIRECTORS' REPORT

For the year ended 30 June 2016

The directors present their report together with the consolidated financial statements of the Group comprising of IVE Group Limited (the Company), and its subsidiaries (the Group) for the financial year ended 30 June 2016 and the auditor's report thereon.

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.

Operating and financial review

The profit after tax of the Group for the year ended 30 June 2016 was $15,051 thousand (2015: $1,460 thousand). A review of operations and results of the Group for the year ended 30 June 2016 are set out in the Operating and Financial Review, which forms part of the Annual Financial Report.

Dividends

The directors have declared a final dividend of 8.6 Australian cents per share, fully franked, to be paid on 20 October 2016 to shareholders on the register at 14 September 2016. Total dividends of $7,647 thousand were declared by the Company to members in respect of the year ended 30 June 2016 (2015: $8,000 thousand).

Significant changes in the state of affairs

Initial Public Offering – Listing

IVE Group Limited was incorporated on 10 June 2015, but did not undertake any trading activities until its listing on the Australian Stock Exchange (ASX) on 16 December 2015 where from the majority of the listing proceeds it contemporaneously acquired Caxton Print Group Holdings Pty Ltd (CPGH). The consolidated financial statements of the new IVE Group have been presented as a continuation of the preexisting accounting values of assets and liabilities in CPGH's financial statements. Further details are provided in note 1 of the Financial Report.

During the year, the Group acquired a number of businesses, the details of which are included in note 22 of the Financial Report.

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.

Information on Directors

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

Director	Experience, special responsibilities and other directorships
Geoff Selig *Executive Chairman*	Geoff has over 25 years' experience in the industry. Geoff was CEO of Blue Star's Australian operations between 2001 and 2007 after the Selig family printing business, Link Printing, was acquired by Blue Star Group in 1997. He re-entered the industry in 2010 leading the Selig family's acquisition of Caxton Web, followed by partnering with Wolseley Private Equity to acquire the Australian operations of Blue Star in late 2012. He is currently a director of Caxton Group, the Selig family's private investment vehicle, Caxton Property Investments and Caxton Print Holdings, and sits on the board of the National Heart Foundation of Australia (N.S.W Division), The Pinnacle Foundation and The Lysicrates Foundation. Geoff was the State President of the NSW Liberal Party from 2005-8. Geoff holds a Bachelor of Economics (Accounting Major) from Macquarie University and is a Member of the Australian Institute of Company Directors.
Warwick Hay *Managing Director*	After joining as Chief Executive Officer of Blue Star WEB in 2009, Warwick was appointed Managing Director of the Group in September 2014. Warwick has 20 years' management experience across all business operations in complex business-to-business environments. Prior to joining IVE, he was General Manager of Huhtamaki Flexibles Packaging Oceania and spent 15 years in senior roles in Carter Holt Harvey's packaging division. Warwick completed his tertiary education in New Zealand and has a Graduate Diploma in Packaging Technology from Massey University and a Post Graduate Diploma in Business from Auckland University.
Gavin Bell *Independent Non-executive Director*	Gavin was Chief Executive Officer of law firm Herbert Smith Freehills from 2005 until he retired from the role in 2014. He joined the firm as a graduate solicitor in 1982. Gavin is currently a non-executive director of Smartgroup Corporation Ltd and Insurance and Care NSW. He holds a Bachelor of Laws from the University of Sydney and a Master of Business Administration (Exec) from AGSM, University of New South Wales.
Andrew Harrison *Independent Non-executive Director*	Andrew is an experienced company director and corporate adviser, having previously held senior executive positions and non-executive directorships with public, private and private equity owned companies, including as Chief Financial Officer of Seven Group Holdings, Group Finance Director of Landis and Gyr, and Chief Financial Officer and a director of Alesco. He is currently a non-executive director of Burson Group, Estia Health, Xenith, WiseTech Global and ingogo. He was previously a Senior Manager at Ernst & Young (Sydney and London) and Gresham Partners Ltd, and an Associate at Chase Manhattan Bank (New York). Andrew holds a Bachelor of Economics from the University of Sydney and a Master of Business Administration from Wharton, and is a chartered accountant.

DIRECTORS' REPORT (CONT.)

For the year ended 30 June 2016

Director	Experience, special responsibilities and other directorships
Paul Selig *Non-executive Director*	Paul has over 25 years' experience in the industry and is currently Managing Director of Caxton Group, the Selig family's private investment vehicle. In 2010, he was appointed a director of Caxton Web following its acquisition by Caxton Group. He became a director of IVE following the purchase of Blue Star's Australian operations, of which he was Chief Executive Officer from 1997 until 2001, in partnership with Wolseley Private Equity. Paul is currently a director of Caxton Group, Caxton Property Investments, Caxton Print Holdings and Thornleigh Golf Centre. He holds a Bachelor of Economics (Hons) from Macquarie University.
James Todd *Non-executive Director*	James was appointed non-executive chairman of Caxton Print Group Holdings (IVE's predecessor company) in November 2012 and became a non-executive director in September 2014 when Geoff Selig was appointed Executive Chairman. James is an experienced company director, corporate adviser and investor. He is Managing Director of Wolseley Private Equity, an independent private equity firm which he co-founded in 1999. He commenced his career in investment banking with Hambros Bank, both in Sydney and London, and has taken active roles with, and invested in, a range of public and private companies. James also served as a Council Member of the Australian Private Equity and Venture Capital Association (AVCAL), where he was chair of the AVCAL Growth Funds Committee. He is currently a non-executive director of AGS World Transport. James holds a Bachelor of Commerce and Bachelor of Laws from the University of New South Wales, and a Graduate Diploma from the Financial Services Institute of Australia (FINSIA), where he is a Fellow. He is also a Member of the Australian Institute of Company Directors.
Sandra Hook *Independent Non-executive Director*	Sandra has extensive operational, financial management and strategic experience built over 25 years in senior executive roles as a CEO, COO, Marketing Director, and General Manager of some of Australia's largest media companies including Foxtel, Federal Publishing Company, Murdoch Magazines, Fairfax, ACP and News Limited. She has a track record in driving transformation and transitioning traditional businesses in rapidly evolving environments. She currently holds a number of directorships including Chair of WYZA Limited, non- executive director of RXP Services Limited, MedAdvisor Limited, Sydney Fish Markets, and is a Trustee of the Royal Botanic Gardens and Sydney Harbour Federation Trust.

Company Secretary

Emma Lawler

Emma was appointed as Company Secretary on 11 December 2015. Emma has two decades of experience as a company secretary and governance professional. Emma holds a Bachelor of Business and a Graduate Diploma in Applied Corporate Governance and is a Fellow of the Governance Institute of Australia.

Darren Dunkley

Darren has been the Chief Financial Officer (CFO) of the Group since 2012, and has been with IVE for over 15 years. He has over 25 years of experience with a range of blue chip companies including Sharp Corporation, ANZ Banking Group Ltd and Nashua Australia. Darren has a Bachelor of Commerce majoring in Accounting and is a CPA.

Meetings of Directors

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

	Board Meetings	Audit, Risk and Compliance Committee	Nomination and Remuneration Committee
Number of meetings held	**11**	**4**	**1**
Geoff Selig	11	N/A	N/A
Warwick Hay*	9	N/A	N/A
Gavin Bell*	10	4	1
Andrew Harrison*	9	4	1
Paul Selig	11	4	N/A
James Todd**	11	N/A	1
Sandra Hook***	1	N/A	N/A

*Gavin Bell, Andrew Harrison and Warwick Hay were appointed on 25 November 2015 and eligible to attend 10 meetings.

**Angus Stuart resigned as the Alternate Director for James Todd on 1 June 2016. Mr. Stuart did not attend any meetings as a Director, although attended meetings as an observer.

***Appointed 1 June 2016 and only eligible to attend 1 Board meeting.

There was one meeting of a Special Purpose Committee attended by Geoff Selig and Warwick Hay. The Committee was to approve the half year financial results.

DIRECTORS' REPORT (CONT.)

For the year ended 30 June 2016

Directors' interest and benefits

The relevant interests of each director in the shares of the Company as at the date of this report are disclosed in the Remuneration Report (on page 41).

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.

Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any 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.

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.

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 insurance contracts for the year ended 30 June 2016. In addition, since the financial year, the Company paid or agreed to pay premiums in respect of such insurance contracts for the year ending 30 June 2017. Such insurance contracts insure against certain liability (subject to specific exclusions) for 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 insurance contracts, as such disclosure is prohibited under the terms of the contract.

Non-audit services

During the year, KPMG, the Group's auditor has performed certain other services in addition to its statutory duties. The Board has considered the non-audit services provided during the year by the auditor, and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirement of the Corporations Act 2001 (Cth) for the following reasons:

- All non-audit services are subject to corporate governance procedures adopted by the Group and have been reviewed by those charged with governance throughout the year to ensure they do not impact the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to audit independence as set out in the APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate to the Group or jointly sharing the risks and rewards.

Details of the amounts paid to the auditor of the Group, KPMG, for audit and non-audit services provided during the year are set out in note 31 of the Financial Report.

Remuneration Report (Audited)

This Remuneration Report (**Report**), which has been audited, describes the Key Management Personnel (**KMP**) remuneration arrangements for the period ended 30 June 2016 for IVE Group, in accordance with the Corporations Act 2001 and its regulations.

The remuneration report contains the following sections:

- Who this report covers
- Overview of the remuneration framework for executive KMP
- Linking reward and performance
- Share based remuneration
- Non-Executive Director remuneration framework
- Contractual arrangements with executive KMPs
- Details of remuneration for KMPs
- Directors and executive KMP shareholdings in IVE Group Limited
- Other statutory disclosures

Who this report covers

This report covers Non-Executive Directors and executive KMP (collectively KMP) and includes:

	Role
Non-Executive Directors	
Gavin Bell	Independent Non-Executive Director
Andrew Harrison	Independent Non-Executive Director
Sandra Hook (appointed 1 June 2016)	Independent Non-Executive Director
Paul Selig	Non-Executive Director
James Todd	Non-Executive Director
Angus Stuart (resigned 1 June 2016)	Alternate Director
Executive Key Management Personnel	
Geoff Selig	Executive Chairman
Warwick Hay	Managing Director
Darren Dunkley	Chief Financial Officer & Company Secretary
Matt Aitken	Chief Operating Officer

Overview of IVE Group's remuneration framework for executive KMP

The objective of IVE Group's remuneration philosophy is to ensure KMPs are rewarded for business performance and retained to continue to grow the business. The objectives underpinning the remuneration philosophy are that remuneration will:

- Be competitive and reasonable to attract and retain key talent;
- Align to IVE's strategies and business objectives;
- Provide a balance between fixed and variable rewards;
- Be transparent and easily understood; and
- Be acceptable to shareholders.

DIRECTORS' REPORT (CONT.)

For the year ended 30 June 2016

A key factor in IVE Group's business success will be being able to attract and retain key talent and the remuneration framework has been designed to enable this.

Governance

When IVE Group listed on the ASX, it established a Nomination and Remuneration Committee (NRC) whose role is to assist the Board with its remuneration responsibilities, including reviewing and recommending arrangements for executives, Executive Directors and Non-Executive Directors. The NRC has three members, two of whom are independent, including an independent Chair. The members of the NRC have appropriate qualifications and experience to enable the NRC to fulfil its role.

External remuneration consultants

The Terms of Reference for the NRC requires that any remuneration consultants engaged be appointed by the NRC. During 2016 IVE did not engage the services of any external remuneration consultants.

Any advice that may be received from remuneration consultants in future will be carefully considered by the NRC to ensure it is given free of undue influence by IVE Group executives.

Structure of Remuneration

The remuneration framework for KMP includes both fixed and performance-based pay.

Fixed remuneration

Fixed remuneration is set using a combination of historical levels and sector comparisons. Fixed remuneration includes base pay, statutory contributions for superannuation and non-monetary benefits.

The NRC reviews the fixed remuneration of executive KMP on an annual basis.

Short term incentive (STI)

In 2016, executive KMP were eligible to receive an STI payment up to 30% of fixed remuneration. The STI is a cash incentive payment and is conditional on achievement of certain performance-based criteria, including:

- Financial and non-financial performance; and
- IVE Group's profit performance.

The performance measures for each KMP's STI are assessed and their relative weightings tailored to each KMP role by the NRC each year.

Due in part to the listing of IVE Group during the year, the Board has determined that no STI payments will be made to executive KMP for 2016.

STI will be offered in 2017, to be paid as a cash incentive, up to a total target as specified in the table on page 48 for achievement of EBITDA targets at a Group level.

Long term incentive (LTI)

The Board has established a LTI Plan as disclosed in the Prospectus and outlined in the section in this Report entitled "Share based remuneration". No offers were made to KMP in FY2016 under the LTI Plan, although offers will be made as part of the FY2017 remuneration framework.

The LTI Plan will offer Performance Share Rights (Rights) and the Rights will vest and convert to ordinary shares on a one-for-one basis after a 3 year performance period, subject to meeting specific performance conditions as outlined in the section in this Report entitled "Share based remuneration". The LTI Plan has been designed commensurate with IVE Group's long-term strategic objectives so that the Senior Leadership Team will be rewarded when there is a demonstrable increase in shareholder value.

The grant of Rights to the Executive Chairman and Managing Director are subject to shareholder approval at the 2016 Annual General Meeting. The proportion of total remuneration to be granted as part of the LTI Plan is shown in the table below.

The Board has the discretion to amend the vesting terms and performance hurdles for each award of Rights to ensure that they are aligned to market practice and ensure the best outcome for IVE Group. The Board also has the discretion to change the LTI Plan and to determine whether LTI grants will be made in future years. Note there is no-retesting of performance hurdles.

Proportions of fixed and variable remuneration

The Board and NRC consider annually the fixed remuneration and proportion of variable remuneration that is dependent on performance ("at risk") for each executive KMP. The relative proportions of fixed versus variable pay received by executive KMP during the current financial period and proposed for the next financial period are as follows:

	Fixed remuneration					
	Proposed 2017	2016	At risk – STI (on target) Proposed 2017	2016	At risk – LTI (on target) Proposed 2017	2016
Geoff Selig	82.9%	100%	10.0%	0%	7.1%	0%
Warwick Hay	72.7%	100%	15.9%	0%	11.4%	0%
Darren Dunkley	78.7%	100%	11.5%	0%	9.8%	0%
Matt Aitken	70.0%	100%	17.5%	0%	12.5%	0%

Note this table excludes remuneration earned from the IPO (as detailed in Specific Arrangements for 2016 below).

Specific Arrangements for 2016

IVE Group listed on the ASX in December 2015 and disclosed specific arrangements for FY2016 in its Prospectus. Certain executive KMP were provided with a one-off cash bonus for the successful listing. These amounts are included in the remuneration tables later in this Report.

In addition, prior to the listing and as disclosed in the Prospectus, some members of management, including executive KMP, were discretionary beneficiaries of a management incentive plan that was established in July 2013. As part of the wind up of this plan, each management beneficiary became entitled to a cash benefit of which 75% of the post-tax cash amount was required to be re-invested in Shares under the IPO offer. These Shares are included in the tables of equity detailed later in the Report and the cash benefit is included in the remuneration tables.

The above arrangements related to FY2016 only and do not form part of the ongoing remuneration framework.

Assessment of performance

Performance of executive KMPs will be assessed against the agreed non-financial and financial targets on a regular basis. Based on this assessment, the Executive Chairman will make a recommendation to the NRC for Board approval of the amount of STI and LTI to award (as applicable) to each KMP, other than the Executive Chairman. Recommendations in relation to the Executive Chairman will be made by the Chair of the NRC for Board approval.

The NRC assesses the actual performance of IVE Group and the Executive Chairman against the agreed targets and recommends the amount of the STI and LTI (as applicable) to be paid for approval by the Board.

DIRECTORS' REPORT (CONT.)
For the year ended 30 June 2016

How reward is linked to performance

Performance indicators

IVE Group's financial performance has been strong and Prospectus forecasts have been achieved.

As IVE Group has recently listed, statutory disclosures relating to dividend payments, dividend payout ratio, and increase/(decrease) in share price are not applicable. Key financial metrics over the last four years are shown below:

	Revenue $'M	EBITDA $'M	Net profit after tax $'M
2013	276.5	20.3	5.1
2014	303.5	22.9	6.4
2015	337.4	30.9	9.7
2016	382.0	42.8	20.9

The above results are prepared on a pro forma basis.

Performance and impact on remuneration

However, it should be noted that there is no direct link between remuneration and performance in FY2016. As stated above and due in part to the listing of IVE Group during the year, the Board has determined not to award STI and LTI payments for FY2016 for the senior management team. The Board will report on the link between pay and performance in future reports.

Share based remuneration

IVE Group operates an LTI plan for eligible senior executives (the IVE Group Equity Incentive Plan). The vesting of Performance Share Rights (Rights) is subject to the achievement of performance conditions as set out in the LTI description in the "Overview of IVE Group's remuneration framework" section of this report. Rights carry no dividend or voting rights. No Rights were granted to KMP during the year. Rights which were granted to certain senior managers (no KMP) as a one-off equity grant for commitment to the business and significant contributions in the lead up to the listing on the ASX vested converted to Shares during the year (325,000 shares) and are disclosed in this Report.

There were no unvested Performance Share Rights or options as at 30 June 2016.

The terms of the Equity Incentive Plan which provide the framework under which the LTI grants will be made in 2017 are as follows:

Feature	Terms of the IVE Group Equity Incentive Plan
Type of security	Performance Share Rights which are an entitlement to receive fully paid ordinary IVE Group Limited shares (as traded on the ASX) on a one-for-one basis.
Valuation	The number of Performance Share Rights for each KMP is calculated by dividing the allocated value of the LTI award for that KMP by the fair value of a Performance Share Right calculated using a Black Scholes financial model. For the Executive Chairman and Managing Director, the value of the potential LTI award, as recommended by the Board, will be submitted for approval by shareholders at the relevant Annual General Meeting, as required by the ASX Listing Rules.
Performance Period	The Performance Period is the three year period 1 July to 30 June inclusive.

Feature	**Terms of the IVE Group Equity Incentive Plan**
Performance Conditions	The number of Performance Share Rights that may vest will be determined by reference to: • Earnings Per Share (**EPS**) compound annual growth over the Performance Period. EPS growth will be calculated as IVE Group's Net Profit After Tax (NPAT) divided by the undiluted weighted average shares on issue throughout the Performance Period, using the following formula: $\text{EPS CAGR} = \sqrt[3]{\left(\frac{Year\ 3\ EPS}{Year\ 0\ EPS}\right)} - 1$ (Benchmark 1); and • Relative Total Shareholder Return (**TSR**) performance of the Company in comparison to similar companies in a peer group determined by the Board. The TSR of each company will be measured from the start of the Performance Period to the end of the Performance Period (Benchmark 2), (collectively the P**erformance Conditions**). Together Benchmark 1 and Benchmark 2 comprise the total Performance Conditions but act independently relative to their specific target component of 60% and 40% of Performance Share Rights, respectively.
Re-testing	There is no re-testing. Any unvested LTI after the test at the end of the Performance Period will lapse immediately.
Forfeiture	All Rights will lapse if the participant elects to cease employment with IVE Group prior to the Conversion Date (being the date that Performance Share Rights convert to shares). Rights will immediately lapse if the participant is dismissed or removed from office as an employee for any reason which entitles IVE Group to dismiss the participant without notice or if the participant acts fraudulently, dishonestly or in breach of their obligations to the Company. The only exception to the lapse of rights if for a Good Leaver reason detailed below: • Any unvested Rights will not lapse if the participant's employment with IVE Group ceases due to death, ill-health, total permanent disability or sale of the business in which they are employed. • Rights for employees who cease employment due to death will vest in full upon cessation. • Rights for other good leavers will remain on foot and will be tested against the Performance Conditions as at the Vesting Date, vesting on a pro-rata basis. The Board has discretion to allow vesting for other reasons, such as retirement or redundancy.
Clawback	The Board has broad "clawback" powers if, amongst other things, the participant has acted fraudulently or dishonestly, engaged in gross misconduct or has acted in a manner that has brought the Company into disrepute, or there is a material financial mis-statement, or the Company is required or entitled under law or company policy to reclaim remuneration from the participant, or the participant's entitlements vest as a result of the fraud, dishonesty or breach of obligations of any other person and the Board is of the opinion that the incentives would not have otherwise vested.

DIRECTORS' REPORT (CONT.)

For the year ended 30 June 2016

Non-executive Director Remuneration

Non-Executive Directors enter into service agreements through a letter of appointment which are not subject to a fixed term. Non-executive Directors receive a fee for their contribution as Directors. Fees are determined with reference to the demands of the role and the responsibilities carried out by Directors. The fee setting process also takes into account market levels and the need to attract high quality Directors.

Directors receive fees for their role as members of the Board and, where applicable, for additional responsibilities. Non-executive Directors do not receive additional fees for being a Chair or member of a Board Committee. Non-executive Directors do not receive any variable or performance-based remuneration. Where Directors are required to provide additional services, these are paid on a fixed fee basis or determined on an hourly basis depending on the nature of the service. The current annual fees, inclusive of superannuation, provided to Non-executive Directors are shown below:

Role	Chair fee	Member fee
Board	N/A as Executive Chairman	$90,000

The Non-executive Director fee pool has a maximum value of $1 million per annum. The total amount to be paid to non-executive directors in a full year post listing on the ASX is currently $450,000 per annum, being 45% of the approved cap. The total amount paid during 2016 is shown in the table on page 48.

Non-executive Directors do not receive fees that are contingent on performance, shares in return for their services, retirements benefits, other than statutory superannuation or termination benefits.

The Executive Chairman and Managing Director are not remunerated separately for acting as Directors.

There is no intent to seek to increase the Non-executive Director fee pool at the 2016 AGM and there were no increases to Non-executive Directors' fees during the 2016 reporting period.

Directors are not required under the Constitution or any other Board policy to hold any shares in IVE Group. The shareholding level of directors is detailed in the tables later in this Report.

Contractual arrangements with executive KMPs

Remuneration and other conditions of employment are set out in the executive KMPs employment contracts. The key elements of these employment contracts are summarised below:

Name:	**Geoff Selig**
Title:	Executive Chairman
Terms of Agreement:	No fixed term – subject to termination provisions detailed below
Details:	Annual remuneration including cash salary, superannuation and non-cash benefits – $700,000 Incentives – eligible to participate in short term incentive and equity remuneration plans
Termination:	Termination – 12 months written notice (except in certain circumstances, such as where committed any breach or material neglect of the material terms of his contract of employment, or any act of serious or wilful misconduct) by Company or employee. All payments on termination will be subject to the termination benefits cap under the Corporations Act 2001 in the absence of shareholder approval. Post-employment – 12 months restraint provisions

Name:	**Warwick Hay**
Title:	Managing Director
Terms of Agreement:	No fixed term – subject to termination provisions detailed below
Details:	Annual remuneration including cash salary, superannuation and non-cash benefits – $440,000 Incentives – eligible to participate in short term incentive and equity remuneration plans.
Termination:	Termination – 6 months written notice (except in certain circumstances, such as where committed any breach or material neglect of the material terms of his contract of employment, or any act of serious or wilful misconduct) by Company or employee. All payments on termination will be subject to the termination benefits cap under the Corporations Act 2001 in the absence of shareholder approval. Post-employment – 3 months restraint provisions.
Name:	**Darren Dunkley**
Title:	Chief Financial Officer
Terms of Agreement:	No fixed term – subject to termination provisions detailed below.
Details:	Annual remuneration including cash salary, superannuation and non-cash benefits – $305,000 (from February 2016) Incentives – eligible to participate in short term incentive and equity remuneration plans.
Termination:	Termination – 6 months written notice (except in certain circumstances, such as where committed any breach or material neglect of the material terms of his contract of employment, or any act of serious or wilful misconduct) by Company or employee. All payments on termination will be subject to the termination benefits cap under the Corporations Act 2001 in the absence of shareholder approval. Post-employment – 3 months restraint provisions.
Redundancy:	6 months' pay in circumstance where employment is terminated due to redundancy.
Name:	**Matt Aitken**
Title:	Chief Operating Officer
Terms of Agreement:	No fixed term – subject to termination provisions detailed below.
Details:	Annual remuneration including cash salary, superannuation and non-cash benefits – $400,000 Incentives – eligible to participate in short term incentive and equity remuneration plans.
Termination:	Termination – 6 months written notice (except in certain circumstances, such as where committed any breach or material neglect of the material terms of his contract of employment, or any act of serious or wilful misconduct) by Company or employee. All payments on termination will be subject to the termination benefits cap under the Corporations Act 2001 in the absence of shareholder approval. Post-employment – 3 months restraint provisions.
Redundancy:	6 months' pay in circumstance where employment is terminated due to redundancy.

DIRECTORS' REPORT (CONT.)

For the year ended 30 June 2016

The table below provides actual remuneration for directors and executive KMP year ended 30 June 2016 (except as noted below). Due to IVE Group Limited listing on the ASX in December 2015, no comparatives for the prior year have been provided.

2016	Fixed Remuneration				Variable Remuneration		IPO one – off benefits			
Name	Cash salary and fees	Super-annuation	Non-monetary benefits	Long service leave and annual leave	Short term incentive	Fair value of LTI award	One-off IPO bonus benefits	MEP cash settled	MEP equity settled	Total
Executive Directors										
Geoff Selig[3] Executive Chairman	243,351	9,653		39,271		0				292,275
Warwick Hay[5] Managing Director	375,387	29,827		45,305		0	468,000	820,816	1,001,362	2,740,697
Non-executive Directors										
Gavin Bell[4]	49,315	4,684				0				53,999
Andrew Harrison[4]	49,315	4,684				0				53,999
Sandra Hook[1]	6,849	651				0				7,500
Paul Selig[3]	93,335					0				93,335
James Todd[4]	49,315	4,684				0				53,999
Angus Stuart (Alternate Director)[2]						0				
Other Executive KMP										
Darren Dunkley[5] CFO and Company Secretary	245,878	19,307		22,791		0	364,000	656,653	801,090	2,109,719
Matt Aitken[5] Chief Operating Officer	345,551	19,307		41,290		0	468,000	820,816	1,001,362	2,696,326

Amounts paid to Non-executive Directors in the 2016 table above related to the period commencing on 16 December 2015 and ending on 30 June 2016 except where noted.

1 Sandra Hook was appointed a Director on 1 June 2016.

2 Angus Stuart resigned as an Alternate Director on 1 June 2016.

3 Prior to 31st January 2016 Geoff Selig and Paul Selig were not paid directly by IVE Group. Payments were made to Caxton Property Investments Pty Ltd (which is not an entity in the IVE Group) as disclosed in Note 27 to Financial Statements Total payments made to Caxton Property Investments Pty Ltd from 1st July 2015 to 31st January 2016 for Geoff and Paul Selig's services were $539,000. Geoff Selig and Paul Selig reported remuneration in the table above represents payments after 31st January 2016. Paul Selig also advises IGL on certain matters mainly relating to property, costs relating to this consulting from February to June 2016 are $55,835 (also included in table above).

4 Gavin Bell and Andrew Harrison were appointed on 25 November 2015 and the fees cover from this date to 30 June 2016. James Todd was only paid as a Non-executive Director from this date also.

5 Some members of management including Warwick Hay, Darren Dunkley and Matt Aitken were participants of the MEP established in July 2013. As part of the IPO, the MEP was closed, and a total of 4,452,576 ordinary shares ($8.9 million) were issued to settle the share based payment liability from the MEP. Settlement of the MEP also required the beneficiaries to contribute $0.9 million by way of loan repayment. Further details of the pre-IPO MEP were set out in the Prospectus dated 4 December 2015 and in note 19 of the 30 June 2016 Annual Financial Report.

Director and Executive KMP Shareholding

The table below provides the number of shares in IVE Group Limited held by each Director and executive KMP during the period, including their related parties:

	Balance at Listing Date or Appointment	Shares received during the period on exercise of Performance Share Rights	Additional shares issued	Balance at the end of the period
Executive Directors				
Geoff Selig, Executive Chairman[1]	13,316,329	-	-	13,316,329
Warwick Hay, Managing Director[5]	500,681	-	-	500,681
Non-executive Directors				
Gavin Bell	75,002	-	-	75,002
Andrew Harrison	30,000	-	-	30,000
Sandra Hook[4]	0	-	-	0
Paul Selig[1]	13,316,329	-	-	13,316,329
James Todd[2]	50,000	-	-	50,000
Angus Stuart (Alternate Director)[2, 3]	25,000	-	-	N/A
Executive KMP				
Darren Dunkley, CFO and Company Secretary[5]	400,545	–	–	400,545
Matt Aitken, Chief Operating Officer[5]	500,681	-	-	500,681

1 Geoff Selig and Paul Selig do not hold a direct interest in shares in IVE Group Limited. However each of Paul Selig and Geoff Selig are beneficiaries of the Selig Family Trust No. 5, the trustee of which holds 13,316,329 shares.

2 James Todd is the Managing Director of Wolseley Private Equity, and Angus Stuart was a director of Wolseley Private Equity, which holds an ultimate beneficial interest of 33.8 million shares.

3 Angus Stuart resigned as an Alternate Director on 1 June 2016.

4 Sandra Hook was appointed as a Director on 1 June 2016.

5 Issued as part of pre-IPO MEP close out.

This concludes the remuneration report, which has been audited.

Loans to directors and executives

No loans were made to directors and executives of IVE Group Limited including their close family and entities related to them during the year.

Shares under option

There were no unissued ordinary shares of IVE Group Limited under option outstanding at the date of this report.

DIRECTORS' REPORT (CONT.)

For the year ended 30 June 2016

Shares under performance rights

There were no unissued ordinary shares of IVE Group Limited under performance rights outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of IVE Group Limited issued on the exercise of options during the year ended 30 June 2016 and up to the date of this report

Shares issued on the exercise of Performance Share Rights

The following ordinary shares of IVE Group Limited were issued during the year and up to the date of this Report on the exercise of performance rights granted. None of these performance rights were granted to KMP. The performance condition related to the performance rights was continued employment as at 30 June 2016 and all participants received the full balance of the offer at 30 June 2016.

Number of Performance Rights issued during 2016 improvements	Grant Date	Vesting Date	Number of Shares issued
325,000	21 March 2016	30 June 2016	325,000

Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 51 and forms part of the directors' report for the financial year ended 30 June 2016.

Rounding off

The Group is of a kind referred to in ASIC Corporations Instrument 2016/191 dated 24 March 2016 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:

Geoff Selig

Director

Dated at Sydney this 29th day of August 2016

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

To: the directors of IVE Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2016, 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

Chris Hollis
Partner

Sydney

29 August 2016

FINANCIAL REPORT

CONTENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2016

In thousands of AUD	**Note**	**2016**	**2015**
Revenue		369,231	307,703
Cost of sales		(177,239)	(146,605)
Gross profit		**191,992**	**161,098**
Other income	4	1,980	756
Production expenses		(91,174)	(88,530)
Administrative expenses		(77,737)	(56,580)
Other expenses		(8,170)	(11,679)
Results from operating activities	**5, 6**	**16,891**	**5,065**
Finance income		135	103
Finance costs		(2,847)	(1,971)
Net finance costs	**7**	**(2,712)**	**(1,868)**
Profit before tax		**14,179**	**3,197**
Income tax benefit/(expense)	8	872	(1,737)
Profit for the year		**15,051**	**1,460**
Other comprehensive income		**–**	**–**
Total comprehensive income for the year		**15,051**	**1,460**
Profit attributable to:			
Owners of the Company		15,051	1,460
Profit for the year		**15,051**	**1,460**
Total comprehensive income attributable to:			
Owners of the Company		15,051	1,460
Total comprehensive income for the year		**15,051**	**1,460**
Earnings per share			
Basic earnings per share (dollars)		0.18	0.02
Diluted earnings per share (dollars)		0.18	0.02

The notes on pages 57 to 87 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

In thousands of AUD	Note	2016	2015
Assets			
Cash and cash equivalents	9	14,480	6,667
Trade and other receivables	10	66,747	57,557
Inventories	11	12,466	14,388
Prepayments		2,413	2,103
Other current assets		5,074	477
Total current assets		101,180	81,192
Deferred tax assets	8	17,209	11,734
Property, plant and equipment	12	41,707	35,433
Intangible assets and goodwill	13	70,279	25,277
Other non-current assets		1,021	232
Total non-current assets		**130,216**	**72,676**
Total assets		**231,396**	**153,868**
Liabilities			
Trade and other payables	14	67,673	53,797
Finance lease liabilities	15	2,555	2,694
Loan and borrowings	16	–	22,000
Employee benefits	17	11,041	9,509
Current tax payable		3,694	3,087
Provisions	18	1,308	772
Share based payment liability	19	–	1,797
Total current liabilities		**86,271**	**93,656**
Trade and other payables	14	5,687	1,000
Finance lease liabilities	15	11,747	6,767
Loan and borrowings	16	36,750	–
Employee benefits	17	4,967	4,522
Provisions	18	4,447	6,040
Total non-current liabilities		**63,598**	**18,329**
Total liabilities		**149,869**	**111,985**
Net assets		**81,527**	**41,883**
Equity			
Share capital	20	39,843	15,250
Retained earnings		41,684	26,633
Total equity		**81,527**	**41,883**

The notes on pages 57 to 87 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2016

In thousands of AUD	**Note**	**Share capital**	**Retained earnings**	**Total equity**
Balance at 1 July 2014		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**
Tansactions with owners of the Company				
Dividends to owners of the Company		–	(8,000)	(8,000)
Total transactions with owners of the Company		–	(8,000)	(8,000)
Balance at 30 June 2015		**15,250**	**26,633**	**41,883**
Balance at 1 July 2015		15,250	26,633	41,883
Total comprehensive income for the year				
Profit for the year		–	15,051	15,051
Other comprehensive income		–	–	–
Total comprehensive income for the year		–	15,051	15,051
Transactions with owners of the Company				
Issue of share capital	20	24,593	–	24,593
Total transactions with owners of the Company		24,593	–	24,593
Balance at 30 June 2016		**39,843**	**41,684**	**81,527**

The notes on pages 57 to 87 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2016

In thousands of AUD	Note	2016	2015
Cash flows from operating activities			
Cash receipts from customers		399,122	328,879
Cash paid to suppliers and employees		(365,067)	(301,673)
Relocation and make good		(1,176)	–
Cash generated from operating activities		32,879	27,206
Interest received		135	93
Interest paid		(2,173)	(1,882)
Income tax paid		(7,638)	(3,448)
Payment of other costs in relation to acquisitions		(2,628)	(1,499)
Net cash from operating activities	9	**20,575**	**20,470**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		1,710	1,350
Acquisition of property, plant and equipment and intangible assets		(8,642)	(6,061)
Acquisitions of businesses, net of cash acquired	22	(22,309)	(10,708)
Proceeds from earnout agreement from sale of Print ACT		–	540
Contingent consideration paid on acquired business		(1,948)	(1,096)
Net cash used in investing activities		(31,189)	(15,975)
Cash flows from financing activities			
Proceeds from shares issue and sell down of existing		15,800	–
Beneficiaries contribution to share based payment settlement		888	–
Net proceeds from bank loans		14,750	12,000
Repayment of shareholders' loans		–	(2,000)
Payment of listing costs		(10,362)	(1,005)
Payment of transaction costs related to bank loans		(501)	(321)
Dividends paid		–	(8,000)
Payment of finance lease liabilities		(2,148)	(2,245)
Net cash from/(used in) financing activities		**18,427**	**(1,571)**
Net increase in cash and cash equivalents		7,813	2,924
Cash and cash equivalents at beginning of year		6,667	3,743
Cash and cash equivalents at end of year		14,480	6,667

The notes on pages 57 to 87 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2016

1. Reporting entity

IVE Group Limited (the ultimate parent entity or the Company) is a company domiciled in Australia. It's registered address is 350 Parramatta Road, Homebush NSW 2140.

This consolidated financial reporting as at and for the year ended 30 June 2016 comprises the Company and its subsidiaries (IVE or Group).

IVE Group Limited was incorporated on 10 June 2015, but did not undertake any trading activities until its listing (IPO) on the Australian Stock Exchange (ASX) on 16 December 2015 where it also contemporaneously acquired Caxton Print Group Holdings Pty Ltd (CPGH). There are no historical consolidated financial statements for the newly incorporated IVE Group Limited, which became the holding company of CPGH immediately prior to listing.

An internal restructure took place resulting in IVE Group Limited becoming the holding company of CPGH. The Directors elected to account for the restructure as a capital re-organisation rather than a business combination. In the Directors' judgement, the continuation of the existing accounting values is consistent with the accounting that would have occurred if the assets and liabilities had already been in a structure suitable to IPO and most appropriately reflects the substance of the internal restructure. As such, the consolidated financial statements of the new IVE Group have been presented as a continuation of the preexisting accounting values of assets and liabilities in CPGH's financial statements.

For the year ended 30 June 2016 the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and accompanying explanatory notes include the results of IVE Group Limited and all of its controlled entities for the full twelve month period. The comparative information for the year ended 30 June 2015 is from the audited statutory consolidated historical financial statements of CPGH as at 30 June 2015.

In adopting this approach the Directors note that there is an alternative view that such a restructure conditional on the IPO completing could be accounted for as a business combination that follows the legal structure of the Company being the acquirer. If this view had been taken, the net assets of the Group would have been uplifted to fair value by $123.1 million, based on a market capitalisation at IPO of $177.7 million, which consequently impacts on the profit and loss and statement of financial position.

An IASB project on accounting for common control transactions is likely to address such restructures in the future. However, the precise nature of any new requirements and the timing of these are uncertain. In any event, history indicates that any potential changes are unlikely to require retrospective amendments to the financial statements.

The Group is a for-profit entity. The Group is primary 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.

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).

The consolidated financial statements were authorised for issue by the Board of Directors on 29 August 2016. Details of the Group's accounting policies is included in Note 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2016

2. Basis of preparation (cont.)

(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 Corporations Instrument 2016/191 dated 24 March 2016 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

In preparing these consolidated financial statements, management has made 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.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements of CPGH as at and for the year ended 30 June 2015 other than in relation to the accounting treatment applied to IPO costs. Significant judgements in relation to the accounting for IPO costs included identification of incremental qualifying costs that are attributable to the share issue.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

(i) Judgements

Information about judgements made in applying the Group's accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 3(d) & (e) – estimation of useful lives of assets;
- Note 3(j) – provisions; and
- Note 24 – Level 3 fair value of contingent consideration.

(ii) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 30 June 2016 is included in the following notes:

- Note 3(h)(ii) & 13 – impairment testing for cash generating units containing goodwill; and
- Note 22 – acquisitions: fair value measured on a provisional basis.

Measurement of fair values

When measuring the fair value of an asset or a liability, the group uses market observable data as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques 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).

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 all entities in the Group.

(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.

The consideration transferred does not include amounts related to the settlement of pre-exiting relationships. Such amounts are generally recognised in profit or loss.

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 (Australian dollars) 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.

(c) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2016

3. Significant accounting policies (cont.)

(c) Financial instruments (cont.)

(i) Non-derivative financial assets (cont.)

Trade and other receivables

Trade and other 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 trade and other receivables are measured at amortised cost using the effective interest method, less any impairment losses.

(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, bank loan, and trade and other payables.

(iii) Share capital

Ordinary shares

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

(iv) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

Derivatives are recognised initially at fair value; any directly attributable transaction costs are recognised in profit or loss as they are incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

(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.

3. Significant accounting policies (cont.)

(d) Property, plant and equipment (cont.)

(i) Recognition and measurement (cont.)

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items 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 3-12 years
- plant and equipment — 5-10 years
- fixtures and fittings

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

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2016

3. Significant accounting policies (cont.)

(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. The cost of inventories is based on the first-in, first-out principle. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

(h) Impairment

(i) Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment.

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 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.

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 unit (CGU). 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 (cont.)

(h) Impairment (cont.)

(ii) Non-financial assets (cont.)

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.

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

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 grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights (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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2016

3. Significant accounting policies (cont.)

(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

(i) 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.

(ii) Rendering of services

The Group is involved in a range of services relating to print, communications, creative and digital services, supply chain optimisation, inventory management, warehousing and logistics. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated on a relative fair value basis between the different services.

The Group recognises revenue from rendering of services in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on surveys of work performed.

(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.

3. Significant accounting policies (cont.)

(m) Finance income and finance costs (cont.)

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.

(n) Income tax

Income 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.

(iv) Tax consolidation

IVE Group Limited and it's wholly owned Australian controlled entities formed a tax consolidated group on 16 December 2015. As a consequence, these entities are taxed as a single entity and the deferred tax asset and liabilities of these entities are offset in the consolidated financial statements.

The entities have also entered into a Tax Sharing and Tax Funding Agreement. The Tax Sharing Agreement provides for the allocation of income tax liability between the entities should the head entity default on it's obligation. The Tax Funding Agreement provides for the allocation of current tax assets and liabilities between the entities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2016

3. Significant accounting policies (cont.)

(o) Good and services tax (GST)

Revenue, expenses and assets are recognized net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(p) 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.

(q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. It has been determined the Board of Directors is the chief operating decision maker, as they are ultimately responsible for allocating resources and assessing performance.

(r) 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 2016, 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, and is currently assessing the impact of these standards on it's accounting policies and consolidated financial statements.

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.

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.

AASB 16 Leases

Under this Standard, there will no longer be a distinction between operating and finance leases. Instead, there will be one treatment and a requirement to recognise an asset and a lease liability for all leases. The effective date is for annual reporting periods beginning on or after 1 January 2019.

4. Other income

In thousands of AUD	2016	2015
Bargain purchase gain	–	382
Other income	1,980	374
	1,980	**756**

5. Personnel expenses

In thousands of AUD	2016	2015
Wages and salaries	107,960	92,275
Contributions to defined contribution plans	8,900	7,811
Share-based payment expense	6,871	888
	123,731	**100,974**

6. Expenses

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

In thousands of AUD	2016	2015
Depreciation and amortisation	9,614	9,762
Impairment of property, plant and equipment	–	2,975
Acquisition costs	2,272	1,499
Restructuring Costs – Onerous Lease (non cash)	163	4,028
Restructuring Costs – Other	712	2,508
Net gain on disposal of property, plant and equipment	(1,060)	(304)
Listing expenses	6,680	3,597
Make good expenses (incl depreciation)	(597)	402

7. Finance income and finance costs

In thousands of AUD	2016	2015
Interest income	135	93
Net foreign exchange gains	–	10
Finance income	135	103
Interest expense	(2,840)	(1,971)
Net foreign exchange losses	(7)	–
Finance costs	**(2,847)**	**(1,971)**
Net finance costs	**(2,712)**	**(1,868)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2016

8. Taxes

In thousands of AUD	2016	2015
Current tax expense		
Current year	7,364	4,989
Deferred tax (recovery)/expense		
Origination and reversal of temporary differences	(8,236)	(3,252)
Total tax (benefit)/expense	(872)	1,737

Numerical reconciliation between tax expense and pre-tax accounting profit

In thousands of AUD	2016	2015
Profit before tax	14,179	3,197
Tax using the Company's domestic tax rate of 30%	4,254	959
Non-deductible expenses	1,834	725
Change in recognised deductible temporary differences*	(7,126)	–
Other items (net)	166	53
	(872)	**1,737**

*As part of the IPO, IVE formed a consolidated group for taxation purposes. Part of this process involved reassessing carrying values for IVE's tax asset base and resulted in a one-off uplift in tax carrying values of $7,126 thousand (tax effected). The impact is a non-recurring credit to tax expense in the 2016 financial year, and an increase to deferred tax assets representing future deductions available.

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
In thousands of AUD	2016	2015	2016	2015	2016	2015
Property, plant and equipment	9,404	3,399	–	–	9,404	3,399
Inventories	–	–	(506)	(270)	(506)	(270)
Intangible assets	–	–	(2,739)	–	(2,739)	–
Employee benefits	5,519	4,624	–	–	5,519	4,624
Provisions	2,516	2,743	–	–	2,516	2,743
Other items	3,015	1,238	–	–	3,015	1,238
Tax assets/(liabilities)	20,454	12,004	(3,245)	(270)	17,209	11,734
Set off of tax	(3,245)	(270)	3,245	270	–	–
Net deferred tax assets	**17,209**	**11,734**	**–**	**–**	**17,209**	**11,734**

8. Taxes (cont.)

Movement in temporary differences during the year

2016 *In thousands of AUD*	Balance 1 July 2015	Acquisition through business combination*	Recognised in equity	Recognised in profit or loss	Balance 30 June
Property, plant and equipment	3,399	–	–	6,005	9,404
Inventories	(270)	–	–	(236)	(506)
Intangible assets	–	(3,088)	–	349	(2,739)
Employee benefits	4,624	–	–	895	5,519
Provisions	2,743	–	–	(227)	2,516
Other items	1,238	–	327	1,450	3,015
	11,734	**(3,088)**	**327**	**8,236**	**17,209**

*The movement includes recognition of deferred tax on acquisitions made in the previous reporting period. These adjustments have been made within twelve months since the acquisition date.

2015 *In thousands of AUD*	Balance 1 July 2014	Acquisition through business combination*	Recognised in equity	Recognised in profit or loss	Balance 30 June
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**

9. Cash and cash equivalents

In thousands of AUD	2016	2015
Bank balances	14,472	6,660
Petty cash	8	7
Cash and cash equivalents in the statement of cash flows	14,480	6,667

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2016

9. Cash and cash equivalents (cont.)

Reconciliation of cash flows from operating activities

In thousands of AUD	**2016**	**2015**
Cash flows from operating		
Profit for the year	15,051	1,460
Non-cash items		
Depreciation, amortisation and impairment	9,614	12,737
Share based payment expense	6,871	888
Contingent consideration reduced	(1,910)	–
(Reversal of)/provision for impairment loss on trade receivables	982	(50)
Interest expense	667	89
Acquisition costs	324	–
Restructuring costs	163	4,028
Bargain purchase gain	–	(382)
Inventory obsolescence	–	(66)
Income tax expense	(872)	1,737
Cash items		
Net gain on disposal of property, plant and equipment	(1,060)	(304)
Listing expenses	6,680	3,597
	36,510	23,734
Change in trade and other receivables	(7,102)	(9,968)
Change in inventories	3,265	1,430
Change in current assets	(4,597)	1,272
Change in prepayment	(254)	(1,433)
Change in trade and other payables	343	8,839
Change in provisions and employee benefits	48	44
Cash generated from operating activities	28,213	23,918
Income tax paid	(7,638)	(3,448)
Net cash from operating activities	**20,575**	**20,470**
Non-cash investing and financing activities		
Acquisition of property, plant and equipment through finance lease	(6,674)	(2,043)

10. Trade and other receivables

In thousands of AUD	**2016**	**2015**
Current		
Trade receivables	66,760	56,421
Allowance for impairment	(1,315)	(333)
	65,445	56,088
Other receivables	1,302	1,469
	66,747	**57,557**

11. Inventories

In thousands of AUD	2016	2015
Finished goods	2,463	1,395
Work in progress	3,070	2,907
Raw materials	7,323	10,548
	12,856	14,850
Allowance for inventory obsolescence	(390)	(462)
	12,466	**14,388**

During the year, raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales amounted to $177,239 thousand (2015: $146,605 thousand).

12. Property, plant and equipment

In thousands of AUD	Leasehold improvements	Plant and equipment	Fixtures and fittings	Total
Cost				
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
Balance at 1 July 2015	4,999	52,402	944	58,345
Acquisitions through business combinations	79	970	79	1,128
Additions	1,229	11,962	44	13,235
Disposals	(15)	(3,471)	(23)	(3,509)
Balance at 30 June 2016	**6,292**	**61,863**	**1,044**	**69,199**
Depreciation and impairment losses				
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
Balance at 1 July 2015	1,854	20,697	361	22,912
Depreciation for the year	630	6,652	157	7,439
Disposals	(10)	(2,841)	(8)	(2,859)
Balance at 30 June 2016	**2,474**	**24,508**	**510**	**27,492**
Carrying amounts				
At 1 July 2015	3,145	31,705	583	35,433
At 30 June 2016	**3,818**	**37,355**	**534**	**41,707**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2016

12. Property, plant and equipment (cont.)

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 2016 the net carrying amount of leased assets was $18,465 thousand (2015: $11,637 thousand).

Security

At 30 June 2016 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	Note	Goodwill	Computer software	Customer relationships	Total
Cost					
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
Balance at 1 July 2015		21,583	4,211	2,946	28,740
Acquisition through business combinations	22	36,512	97	8,430	45,039
Other additions		–	1,456	–	1,456
Other adjustments		682	–	–	682
Balance at 30 June 2016		**58,777**	**5,764**	**11,376**	**75,917**
Amortisation and impairment losses					
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
Balance at 1 July 2015		–	2,621	842	3,463
Amortisation for the year		–	856	1,319	2,175
Balance at 30 June 2016		**–**	**3,477**	**2,161**	**5,638**
Carrying amounts					
At 1 July 2015		21,583	1,590	2,104	25,277
At 30 June 2016		58,777	2,287	9,215	70,279

No impairment losses in relation to goodwill have been recognised in the year ended 30 June 2016 (2015 nil).

13. Intangible assets and goodwill (cont.)

Impairment testing for cash-generating units containing goodwill

The following CGUs or groups of CGUs have carrying amounts of goodwill:

In thousands of AUD	2016	2015
Print communication and marketing services (group of CGUs)	29,281	20,436
Creative services (group of CGUs)	13,614	1,147
Pareto	15,882	–
	58,777	**21,583**

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 budgeted EBITDA approved by the Board. A post- tax rate of 9.99% WACC is used 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 for the purpose of impairment assessment. In management's assessment, there are no reasonable possible changes in assumptions that would give rise to impairment.

14. Trade and other payables

In thousands of AUD	2016	2015
Current		
Trade payables	35,991	29,410
Accrued expenses	19,275	19,237
Deferred consideration	7,720	1,150
Contingent consideration	4,687	4,000
	67,673	**53,797**
Non-current		
Deferred consideration	–	250
Contingent consideration	5,687	750
	5,687	**1,000**

15. Finance lease liabilities

Finance lease liabilities of the Group are payable as follows:

	Future minimum lease payment		Interest		Present value of minimum lease payments	
In thousands of AUD	2016	2015	2016	2015	2016	2015
Less than one year	3,215	3,367	660	673	2,555	2,694
Between one and five years	10,595	6,646	1,352	901	9,243	5,745
More than five years	2,646	1,096	142	74	2,504	1,022
	16,456	11,109	2,154	1,648	14,302	9,461

At 30 June 2016, the finance lease liabilities include $1,441 thousand lease liability for leased properties (2015: $1,666 thousand) and $12,861 thousand lease liability for leased plant and equipment (2015: $7,795 thousand).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2016

16. Loans and borrowings

In thousands of AUD	2016	2015
Current		
Bank loans	–	22,000
Non-current		
Bank loans	36,750	–

Bank loan covenants

The Group had a bank loan with a carrying amount and face value of $36,750 thousand at 30 June 2016 (2015: $22,000 thousand). This loan is a trade receivable and acquisition facility with a 3 year term, interest of 0.9% plus BBSY Bid rate, and matures on 16 December 2018. The Company was in compliance with all loan covenants as at 30 June 2016.

17. Employee benefits

In thousands of AUD	2016	2015
Current		
Liability for long service leave	4,134	3,569
Liability for annual leave	6,907	5,940
	11,041	**9,590**
Non-current		
Liability for long service leave	4,967	4,522
	4,967	**4,522**

18. Provisions

In thousands of AUD	Restructuring	Make good	Total
Balance at 1 July 2015	4,028	2,784	6,812
Provisions made during the year	163	–	163
Provisions reversed during the year	(773)	(447)	(1,220)
Balance at 30 June 2016	3,418	2,337	5,755
Current	915	393	1,308
Non-current	2,503	1,944	4,447
	3,418	2,337	5,755

Note 3(j) provides a description on the nature of the provisions.

19 . Share-based payments

Management Equity Plan (MEP)

Some members of management were participants of the MEP established in July 2013. As part of the IPO, the MEP was closed, and a total of 4,452,576 ordinary shares ($8.9 million) were issued to settle the share based payment liability from the MEP as at 30 June 2015 of $1.8 million and the increase in the share based payment liability through the closure of the scheme of $6.2 million. Settlement of the MEP also required the beneficiaries to contribute $0.9 million.

Equity Incentive Plan (EIP)

In the lead up to IPO, certain members of management not considered KMP were granted a once off award of performance rights as an IPO bonus under the EIP. The total value of the performance rights made under this once off grant was $650 thousand. These performance rights were issued for nil consideration, and have converted into fully paid ordinary shares on 30 June 2016. The EIP has been expensed in the 2016 financial year.

20. Capital and reserves

IVE Group Limited was incorporated on 10 June 2015. Contemporaneously with the listing of the consolidated group on the Australian Securities Exchange on 16 December 2015, IVE Group Limited acquired all of the issued share capital of Caxton Print Group Holdings Pty Ltd (CPGH), such that on that date CPGH has been a subsidiary of IVE Group Limited.

The Directors elected to account for the restructure as a capital re-organisation rather than a business combination. In the Directors' judgement, the continuation of the existing accounting values is consistent with the accounting that would have occurred if the assets and liabilities had already been in a structure suitable to IPO and most appropriately reflects the substance of the internal restructure.

For the year ended 30 June 2016 the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and accompanying explanatory notes include the results of IVE Group Limited and all of its controlled entities for the full twelve month period.

The comparative information for the year ended 30 June 2015 is from the audited statutory consolidated historical financial statements of CPGH as at 30 June 2015.

Issued and paid up capital

	2016	2015
89,180,901 (June 2015: 16,996,403) ordinary shares fully paid	39,843	15,250

Movement in ordinary share capital

Date	Details	Number of shares	Issue Price	Total $'000
1-Jul-14	**Opening balance**	15,250,000	$1.00	15,250
10-Oct-14	Share split	1,746,403		
30 Jun-15	**Closing balance**	**16,996,403**		**15,250**
1-Jul-15	Opening balance	16,996,403		15,250
16-Dec-15	Share split (refer below)	59,506,922		
16-Dec-15	Cessation of Management Equity Plan	4,452,576	$2.00	8,905
16-Dec-15	Issue of new shares on initial public offering	7,900,000	$2.00	15,800
	Transaction costs arising from issue of shares (net of tax)			(762)
30-Jun-16	Issue of new shares under Equity Incentive Plan	325,000	$2.00	650
30-Jun-16	**Closing balance**	**89,180,901**		**39,843**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2016

20. Capital and reserves (cont.)

On 16 December 2015 the Directors approved an increase in shares with no impact on proportional ownership of the company before IPO. There was no impact to the value of ordinary shares on issue.

Of the total cash generated from the IPO, the below table reconciles cash proceeds in IVE and those paid to former shareholders of CPGH:

	$'000
Payment of cash proceeds to former shareholders as part consideration for the acquisition of the Existing CPGH shares	59,799
Cash proceeds for share capital in IVE Group Limited offered as part of IPO	15,800
Total cash proceeds received for the issue of share capital from the IPO	**75,599**

Dividends

On 26 August 2016, the directors have declared a fully franked dividend of 8.6 cents per share to be paid on 20 October 2016 to shareholders on the register at 14 September 2016. The final dividend payout is $7.6m (2015: $5m). A liability has not been recognised as the dividend was declared after the reporting date.

The following dividends were declared and paid during the year ended 30 June 2015:

In thousands of AUD	**Cents per share**	**Total amount**	**Date of payment**
2015			
Interim 2014 ordinary	18.0	3,000	13 October 2014
Final 2014 ordinary	29.0	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	**2016**	**2015**
Amount of franking credits available to shareholders of IVE Group Limited for subsequent financial years	8,583	90

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

21. Earnings per share

In dollars	**2016**	**2015**
Basic earnings per share	0.18	0.02
Diluted earnings per share	0.18	0.02

In thousands	**2016**	**2015**
Earnings		
Profit after income tax attributable to owners of the company used in calculating basic and diluted earnings per share	15,051	1,460
Weighted average number of ordinary shares		
Weighted average number of ordinary shares used in calculating basic earnings per share	83,171	76,503
Weighted average number of ordinary shares used in calculating diluted earnings per share	83,171	76,503

22. Acquisitions

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

Acquisition of Oxygen8

On 31 July 2015, IVE Group entered into an asset purchase deed with Oxygen8. Oxygen8 specialise in commercial print. This business was integrated into IVE's Print business.

Acquisition of Pareto Fundraising Pty Limited and Pareto Phone Pty Limited

On 30 October 2015, IVE Group acquired 100% of the shares in Pareto Fundraising Pty Limited and Pareto Phone Pty Limited ("Pareto Group"). Pareto Fundraising and Pareto Phone exist to help charities raise more net income. Pareto Fundraising's unique selling point is data-led creative fundraising and Pareto Phone's is their use of data.

Acquisition of Laser Computer Service

On 29 February 2016, IVE Group acquired the selected assets of Laser Computer Services (Vic) Pty Limited (LCS). LCS is a direct communications service provider, and has been integrated into IVE's Direct business.

Acquisition of Fineline Printing

On 29 April 2016, IVE Group acquired the selected assets of Fineline Printing Australia Pty Limited (Fineline). Fineline is a print and communications business, and has been integrated into IVE's Print business.

Acquisition of James Bennett & Associates

On 16 May 2016, IVE Group acquired 100% of the shares in James Bennett & Associates Pty Limited (JBA).

As a data led marketing agency, JBA is at the forefront of harnessing behavioural insights and data science to deliver exceptional customer experiences. The acquisition will build on Kalido's existing business offerings.

Acquisition of Frost

On the 31st of May 2016, IVE Group acquired the selected assets of Frost Merchandising Pty Ltd (Frost). Frost is an Australian-owned company that specialises in providing creative promotional product solutions. The Frost business will be integrated into IVE's Promote business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2016

22. Acquisitions (cont.)

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	Pareto Group	JBA	Other acquisitions*	Total
Consideration transferred				
Cash	15,500	5,016	5,740	26,256
Deferred consideration	4,700	1,500	1,454	7,654
Contingent consideration	300	5,000	2,574	7,874
	20,500	11,516	9,768	41,784
Identifiable assets acquired and liabilities assumed				
Cash and cash equivalents	3,069	878	–	3,947
Trade and other receivables	2,404	666	–	3,070
Inventories	1,099	–	244	1,343
Prepayments	56	–	–	56
Property, plant and equipment	453	22	653	1,128
Other non-current assets	–	21	–	21
Intangible assets	5,924	452	2,151	8,527
Deferred tax liabilities	(1,748)	(136)	(602)	(2,486)
Trade and other payables	(805)	(1,445)	(291)	(2,541)
Accrued expenses				
Provisions	(5,398)	(1,153)	(221)	(6,772)
Provisions	(436)	(256)	(329)	(1,021)
	4,618	(951)	1,605	5,272
Goodwill on acquisition	**15,882**	**12,467**	**8,163**	**36,512**

*All other acquisitions include Oxygen8, LCS, Fineline and Frost. These acquisitions are not individually material, and are disclosed in aggregate.

As part of the consideration transferred, contingent consideration is expected to be payable. The Group has made a best estimate of the amount of consideration payable for the acquisitions where there is a variable purchase price based on future revenue, or earnings performance. Based on past and expected performance the Group assumes that the acquirees will meet the future revenue or earnings targets. Any variation at time of settlement will be recognised as an expense or income.

Management have measured the assets and liabilities acquired at fair value with the remainder of the purchase consideration being allocated to goodwill. The fair value of intangible assets has been measured provisionally pending completion of a final valuation. If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date, then the accounting for the acquisition will be revised.

The goodwill is attributable to the future profitability of the acquisitions and the synergies expected to arise within the Group. None of the goodwill recognised is expected to be deductible for tax purposes.

The acquisition of Oxygen8, LCS, Fineline and Frost assets have been fully integrated into IVE's existing business units, with profit before tax contribution indistinguishable from existing results. On this basis a disclosure of profit before tax is impracticable. However, the revenues of these businesses have been tracked due to contingent consideration. The total revenue since acquisition is $6,352 thousand. Individually these businesses are considered immaterial.

22. Acquisitions (cont.)

Since acquisition, the Pareto Group and JBA have contributed $20,950 thousand in revenue and $4,385 thousand in profit before tax. The result of JBA is considered individually immaterial and has been combined with Pareto Group.

If these acquisitions had occurred from beginning of the reporting period the combined Group revenue would have been $394,872 thousand. The Group has not estimated the profit before tax for the reasons provided above.

Acquisition-related costs totaling $2,272 thousand for all acquisitions has been included in Acquisition costs in the Group's consolidated statement of profit or loss and other comprehensive income.

23. Operating segments

The Group has identified one operating segment (whole of business) based on the internal reports that are reviewed and used by the Board (Chief Operating Decision Maker or "CODM") in assessing performance and in determining the allocation of resources. The Board reviews the internal report on a monthly basis.

The key measure of performance used by the CODM to assess performance is earnings before interest, tax, depreciation and amortisation (EBITDA).

A reconciliation of the reportable segment's EBITDA to profit before income tax expense is shown below. Profit and loss, total assets and liabilities for the reportable segment is consistent with the primary statements included in this consolidated interim financial report.

In thousands of AUD	**2016**	**2015**
EBITDA	26,505	17,802
Depreciation, amortisation and impairment	(9,614)	(12,737)
Net finance costs	(2,712)	(1,868)
Profit before income tax	14,179	3,197

24. Financial risk management and financial instruments Overview

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

a. credit risk

b. liquidity risk

c. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2016

24. Financial risk management and financial instruments Overview (cont.)

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.

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of services are made to customers with an appropriate credit history based on enquires through the Group's Finance department. Ongoing customer credit performance is monitored on a regular basis.

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**	**2016**	**2015**
Cash and cash equivalents	9	14,480	6,667
Trade and other receivables	10	66,747	57,557
		81,227	**64,224**

Impairment

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

	Carrying amounts	
In thousands of AUD	**2016**	**2015**
Neither past due nor impaired	40,781	36,413
Past due 1-30 days	16,338	14,480
Past due 31-90 days	8,002	6,020
Past due 91 days to 120 days	2,941	977
	68,062	**57,890**

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

In thousands of AUD	**2016**	**2015**
Balance at beginning of the year	333	383
Impairment loss recognised	1,187	98
Impairment recovered/written off	(205)	(148)
Balance at end of year	**1,315**	**333**

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.

24. Financial risk management and financial instruments Overview (cont.)

Liquidity risk (cont.)

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:

	Contractual cash flows				
In thousands of AUD	**Carrying amount**	**Total**	**12 months or less**	**1-5 years**	**More than 5 years**
30 June 2016					
Non-derivative financial liabilities					
Trade and other payable	55,266	55,266	55,266	–	–
Deferred consideration	7,720	7,720	7,720	–	–
Contingent consideration	10,374	10,374	4,687	5,687	
Finance lease liabilities	14,302	16,456	3,215	10,595	2,646
Bank loans	36,750	36,750	–	36,750	–
	124,412	126,566	70,888	53,032	2,646

	Contractual cash flows				
In thousands of AUD	**Carrying amount**	**Total**	**12 months or less**	**1-5 years**	**More than 5 years**
30 June 2015					
Non-derivative financial liabilities					
Trade and other payable	48,647	48,647	48,647	–	–
Deferred consideration	1,400	1,400	1,150	250	–
Contingent consideration	4,750	4,750	4,000	750	–
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

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.

During the year, less than 16% of total group purchases were made in foreign currencies. The Group has used forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date. The fair value of forward exchange contracts at balance date is not material.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2016

24. Financial risk management and financial instruments Overview (cont.)

Currency risk (cont.)

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

	As at 30 June 2016		As at 30 June 2015	
In thousands of AUD	**Euro**	**USD**	**Euro**	**USD**
Next three months' forecast purchases	2,612	514	4,894	1,050
Forward exchange contracts	(2,612)	(514)	(4,894)	(1,050)
Net exposure	–	–	–	–

Sensitivity analysis

The impact of exchange rate movements on profit is subject to other variables including movement in market prices. The impact of exchange rate movements on profit and loss is not material.

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	**2016**	**2015**
Fixed rate instruments		
Financial liabilities – finance lease liabilities	(14,302)	(9,461)
	(14,302)	**(9,461)**
Variable rate instruments		
Financial assets – bank balances	14,472	6,660
Financial liabilities – bank loans	(36,750)	(22,000)
	(22,278)	**(15,340)**

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.

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 $22 thousand (2015: $15 thousand). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as 2015.

24. Financial risk management and financial instruments Overview (cont.)

Level 3 fair values

The only financial asset or liability categorised as a Level 3 in the fair value hierarchy is contingent consideration. The table below gives information on the valuation technique and unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Relationship between the fair value and unobservable inputs
Contingent consideration	The fair value is calculated based on the acquired business achieving future revenue or earnings target.	Forecast revenue and earnings growth	At this point in time, the revenue and earnings growth targets for all acquisitions with contingent consideration is expected to be achieved over the defined measurement period (between 2017 and 2018 financial years). On this basis, the full amount of the contingent consideration has been recognised. If the applicable performance targets for all acquisitions are lower than expected by 10%, then the contingent consideration value will be decreased by approximately $3.5 million.

Reconciliation of Level 3 fair values

The following table shows 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	**2016**	**2015**
Balance at 1 July	4,750	1,096
Assumed in a business combination in current year	7,874	3,250
Assumed in a business combination in prior year	–	1,500
Contingent consideration settled during the year	(340)	(1,096)
Contingent consideration reduced	(1,910)	–
Balance at 30 June	**10,374**	**4,750**

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 cash flow 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2016

25. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

In thousands of AUD	2016	2015
Less than one year	12,299	15,317
Between one and five years	30,976	21,807
More than five years	19,053	1,751
	62,328	**38,875**

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 $17,559 thousand (2015: $16,002 thousand) was recognised as an expense in profit or loss in respect of operating leases.

26. Capital commitments

At 30 June 2016, a commitment existed for purchasing plant and equipment (printing press) of EUR1,850 thousand (2015:$7,360 thousand).

27. Related parties and outstanding balances

Key management personnel compensation

Key management personnel compensation comprised the following:

In AUD	2016	2015
Short-term employee benefits	3,445,953	2,173,941
Post-employee benefits	92,797	135,460
Share-based payments	3,958,617	–
	7,497,367	**2,390,401**

Related party transactions and outstanding balances

In AUD	Transaction value year ended 30 June 2016	Transaction value year ended 30 June 2015
Caxton Web Pty Limited – purchases	–	11,313
Perpetual Corporate Trust Limited (Wolseley) – purchases	51,921	140,395
Caxton Property (Chapman) Pty Ltd – sales	–	74,473
CPGH Employee Pty Ltd – issuance of shares	8,905,152	–
Caxton Property Investments Pty Ltd – purchases	632,336	924,000

In AUD	Balance as at 30 June 2016 receivable/ (payable)	Balance as at 30 June 2015 receivable/ (payable)
CPGH Employee Pty Ltd	–	887,566

27. Related parties and outstanding balances (cont.)

Related party transactions and outstanding balances (cont.)

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) was the parent entity of the Company's subsidiary Caxton Print Group Holdings Pty Limited. It 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

As part of the closure of the Management Equity Plan, the loan to CPGH Employee Pty Limited was settled and shares in the company issued.

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.

28. Group entities

As part of the IPO, an internal restructure took place resulting in IVE Group Limited becoming the holding company of Caxton Print Group Holdings Pty Limited.

	Ownership interest	
	2016 %	**2015 %**
Ultimate parent entity		
IVE Group Limited		
Controlled entities		
Caxton Print Group Holdings Pty Limited	100	100
Caxton Print Group Pty Limited	100	100
IVE Group Australia Pty Limited	100	100
IVE Group Victoria Pty Limited	100	100
Task 2 Pty Ltd	100	100
Pareto Fundraising Pty Ltd	100	–
Pareto Phone Pty Ltd	100	–
James Bennett & Associates Pty Limited	100	–
CPGH Employee Pty Ltd	–	100
IVE Employment (Australia) Pty Ltd	100	–
IVE Employment (Victoria) Pty Ltd	100	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2016

29. Parent entity disclosures

During the financial year ending 30 June 2016, IVE Group Limited became the parent entity of the Group. Prior to this Caxton Print Group Holdings Pty Limited was the parent and it's disclosures are provided as a comparative. The details of the restructure are provided in Note 1.

In thousands of AUD	**2016**	**2015**
Result of parent entity		
Loss for the year	(11,949)	(1,325)
Other comprehensive income	–	–
Total comprehensive income for the year	**(11,949)**	**(1,325)**
Financial position of parent entity at year/period end		
Current assets	439	–
Total assets	12,644	23,388
Current liabilities	–	1,751
Total liabilities	**–**	**9,604**
Total equity of the parent entity comprising of:		
Share capital	171,255	15,250
Other equity reserve	(146,662)	–
Accumulated losses	(11,949)	(1,466)
Total equity	**12,644**	**13,784**

30. Subsequent events

There have been no other events subsequent to balance date which would have a material effect on the Group's consolidated financial statements at 30 June 2016.

31. Auditors' remuneration

In AUD	**2016**	**2015**
Audit services		
Auditors of the Company – KPMG		
Audit and review of financial reports	247,750	218,000
Other services		
Auditors of the Company – KPMG		
Tax and statutory account preparation	49,305	46,824
Transaction services	704,771	854,900
	754,076	**901,724**

32. 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:

a. Caxton Print Group Holdings Pty Limited
b. IVE Group Australia Pty Limited
c. IVE Group Victoria Pty Limited
d. Caxton Print Group Pty Limited
e. Task 2 Pty Ltd
f. Pareto Fundraising Pty Ltd
g. Pareto Phone Pty Ltd
h. James Bennett & Associates Pty Limited
i. IVE Employment (Australia) Pty Limited
j. IVE Employment (Victoria) Pty Limited

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 2016 is set out on pages 53 and 54 of this financial report.

DIRECTORS' DECLARATION

1. In the opinion of the directors of IVE Group Limited (the Company):
   (a) the consolidated financial statements and notes, set out on pages 53 to 87, 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 2016 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.

Geoff Selig

Geoff Selig
Director

Dated at Sydney this 29th day of August 2016

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF IVE GROUP LIMITED

We have audited the accompanying financial report of IVE Group Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2016, 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 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.

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 Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2014 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

29 August 2016

ADDITIONAL SHAREHOLDER INFORMATION

Additional information required by the Australian Securities Exchange (ASX) and not shown elsewhere in this report is as follows. The information is current at 22 August 2016.

Substantial Shareholders

Name	Number of Shares	Current Interest	Date became a Substantial Shareholder
Caxton Print Holdings Pty Ltd as trustee for the Selig Family Trust	13,316,329	14.93%	18/12/2015
Wolseley Partners Pty Ltd and Wolseley Partners Fund II LP	33,758,608	37.85%	18/12/2015
IVE Group Limited and its subsidiaries	51,056,583	57.46%	16/12/2015

Distribution of Shareholders

There are 649 holders of 89,180,901 ordinary shares. There are no other classes of equity securities on issue.

Ordinary Shares

	Ordinary Shares	
	Number of Holders	Number of Shares
1 – 1,000	37	19,793
1,001 – 5,000	134	488,878
5,001 – 10,000	168	1,432,593
10,001 – 100,000	274	7,790,702
100,001 and over	36	79,448,935
Total	**649**	**89,180,901**

There were 10 holders of ordinary shares holding less than a marketable parcel.

Top Twenty Shareholders

Name	Number of Ordinary Shares held	%
Perpetual Corporate Trust Limited	33,758,608	37.85
Caxton Print Holdings Pty Ltd	13,316,329	14.93
Citicorp Nominees Pty Limited	6,275,184	7.04
National Nominees Limited	6,183,812	6.93
HSBC Custody Nominees (Australia) Limited	3,856,102	4.32
J P Morgan Nominees Australia Limited	2,820,719	3.16
HSBC Custody Nominees (Australia) Limited – A/C 3	2,244,715	2.52
Shansley Pty Ltd	1,862,899	2.09
BNP Paribas Noms Pty Ltd	1,330,000	1.49
BNP Paribas Nominees Pty Ltd	1,254,243	1.41
RBC Investor Services Australia Nominees Pty Limited	645,757	0.72
MVEL Aitken Pty Ltd	500,681	0.56
WLHALH Holdings Pty Ltd	500,681	0.56
UBS Nominees Pty Ltd	470,000	0.53
DNSMD Pty Ltd	400,545	0.45

Top Twenty Shareholders (cont.)

Name	Number of Ordinary Shares held	%
R.E.D Investment Holdings Pty Ltd	400,545	0.45
Pershing Australia Nominees Pty Ltd	347,984	0.39
Citicorp Nominees Pty Limited	328,967	0.37
Pacific Custodians Pty Limited	325,000	0.36
Boost Marketing Solutions Pty Ltd	316,295	0.35
Escor Investments Pty Ltd	200,000	0.22
Mr Raymond Charles King & Mrs Dawn King	176,000	0.20
Total Top 20	**77,515,066**	**86.92**

On-Market Buy Back

There is no current on-market buy back.

Voting Rights

The voting rights attached to ordinary shares are set out below:

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Options

IVE Group has no options on issue.

Securities subject to Voluntary Escrow

Period escrow ends	Number of securities subject to escrow
The first day after the day on which IVE Group's audited results for the period ending 30 June 2016 are released to ASX	42,407,592
The first day after the day on which IVE Group's audited results for the period ending 30 June 2017 are released to ASX	8,648,991
Total of Escrowed Shares	**51,056,583**

Use of Cash and Assets

IVE Group has used the cash and assets in a form readily convertible to cash at the time of admission to the ASX in a way consistent with its business objectives as stated in its Prospectus.

Stock Exchange Listing

IVE Group securities are only listed on the ASX.

CORPORATE GOVERNANCE STATEMENT

The Board is responsible for the overall corporate governance of IVE Group Limited, including adopting appropriate policies and procedures designed to ensure that the IVE Group is properly managed to protect and enhance Shareholder interests.

The Board monitors the operational and financial position and performance of IVE and oversees its business strategy, including approving the strategic goals of IVE. The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of IVE.

In conducting business with these objectives, the Board is committed to ensuring that IVE is properly managed to protect and enhance Shareholder interests, and that IVE, its Directors, officers and employees operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing IVE, including adopting relevant internal controls, risk management processes and corporate governance policies and practices, which it believes are appropriate for IVE's business and that are designed to promote the responsible management and conduct of IVE.

Details of IVE's key governance policies and the charters for the Board and each of its committees are available on IVE's website at **www.ivegroup.com.au**.

The Corporate Governance Statement reports against the 3rd edition of the ASX Corporate Governance Council's Principles and Recommendations (**ASX Principles**) and the practices detailed in the Corporate Governance Statement are current as at 26 August 2016. It has been approved by the Board and is available on the IVE website under Investors at **http://investors.ivegroup.com.au/homevvv/**.

IVE GROUP LIMITED CORPORATE DIRECTORY

Board of Directors

Geoff Selig – Executive Chairman

Warwick Hay – Managing Director

Gavin Bell – Non-executive Director

Andrew Harrison – Non-executive Director

Sandra Hook – Non-executive Director

Paul Selig – Non-executive Director

James Todd – Non-executive Director

Secretaries

Darren Dunkley

Emma Lawler

Registered Office and Principal Administrative Office

Building B, 350 Parramatta Road
Homebush NSW 2140
Telephone: +61 2 8020 4400

Share Registry

Link Market Services Limited
Level 12, 680 George Street, Sydney South NSW 2000
Telephone: +61 1300 554 474

Auditors

KPMG
Level 38, Tower 3, 300 Barangaroo Avenue
Sydney NSW 2000 Australia

Bankers

Westpac Banking Corporation
Level 3, Westpac Place,
275 Kent Street, Sydney, NSW 2000

ivegroup.com.au

IVE338571/1016