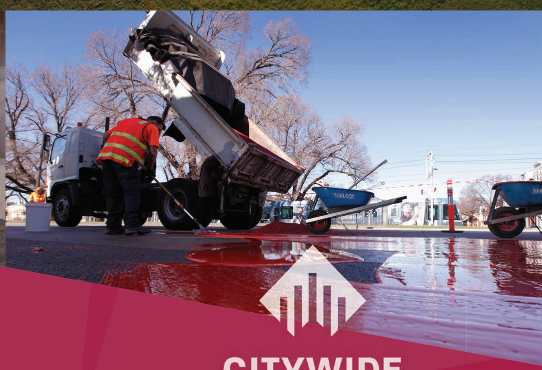
YEAR IN REVIEW
2016



SHAPING LIVEABLE CITIES

CITYWIDE


CITYWIDE
CITYWIDE

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shaping liveable cities for 12 million Australians

13% increase in residential recycling delivered for processing*

3,500 mattresses recycled*

* City of Melbourne

4,000

kilometres of roads serviced

>750,000

trees maintained

2,500

parks & reserves managed

OUR STORY
SHAPING LIVEABLE CITIES

FOR 21 YEARS, CITYWIDE HAS BEEN ENHANCING THE LIVES OF URBAN COMMUNITIES BY APPLYING INNOVATION, ENVIRONMENTAL EXPERTISE AND A SENSE OF PURPOSE IN EVERYTHING WE DO.

Since 1995, our focus has been on ensuring customer satisfaction by delivering service quality and practical solutions to managing some of the nation's most valued and iconic landmarks and open space precincts.

Nationally, we maintain 2,500 parks and reserves, more than 750,000 trees and we are responsible for numerous community waste and street cleaning services that enhance public health. Collectively, our services positively impact 12 million Australians every day.

As a leading integrated services company providing comprehensive civil infrastructure, open space and environmental solutions to Local Government Authorities and private enterprise, Citywide enhances community assets and the quality of life through the shaping of liveable cities.

A New Trajectory

Financial year 2016 provided an opportunity to reflect on our journey to date and to plan for an even stronger future, with an ability to respond to evolving challenges including increasing competition, rapid population growth and urbanisation and an increased focus on productivity in the economy.

In late 2015, we set about developing a revised Strategy which would provide a clear focus for the next decade; a restatement of the key values that underpin our culture and behaviours; a structure that focused on bundling our services to align with the needs of the customer, and; improved calibre and capability of management.

Critically, our safety focus remained paramount with a resolve to operate with Zero Harm. Achieving and operating with Zero Harm is a commitment to our people and the communities and environment in which we operate and will remain an ongoing journey for Citywide.

We also implemented a new operating model, anchored by a 'Customer First' philosophy - the cornerstone of our approach towards managing and delivering in line with their expectations.

Our ability to deliver integrated services, together with the skills and experience developed over the past two decades, enables Citywide to collaborate more effectively with our customers.

As we embrace these values and instil a strong culture of excellence and service delivery, we are excited about the possibilities ahead.

Left to right: Citywide CEO Chris Campbell, City of Melbourne Lord Mayor Robert Doyle, and Citywide Chairman John Brumby pictured during an inspection of the latest hi-tech waste management fleet of vehicles introduced into operations this year.

MESSAGE FROM OUR CHAIRMAN

On behalf of the Board of Directors, it is my pleasure to present the Financial Year 2016 Citywide Annual Report.

It has been a pivotal year for Citywide. Faced with increasing competition and continued pressure on margins, the business undertook a comprehensive review of how we operate and compete in a challenging environment.

Under the guidance of our new Chief Executive Officer Chris Campbell, we set out to redefine and reshape our operating model, aligning it more closely with the needs of our customers. Simply put, our focus is now firmly centred on partnering with our customers on the basis of trust and capability, in line with our philosophy that puts the customer at the heart of all we do.

Despite the prevailing economic headwinds, I am pleased to note that the business remains in profit - $8,555,000 - a positive result based on the commitment and determination of our leadership team and operations personnel.

Citywide is proud to be owned by the City of Melbourne, who are also our primary customer. This partnership has, I believe, substantially contributed to Melbourne retaining the title of the world's most liveable city for the sixth consecutive year.

On behalf of the Board and Company, I wish to acknowledge the continuing support of the Lord Mayor, all the Councillors, the CEO and senior management.

Additionally, on behalf of my fellow Directors we recognise the excellent leadership and achievements of Chris, his new executive team and the extended senior leadership group in guiding the business through another significant year of challenge and change. We congratulate them on their commitment to successfully re-positioning the company for sustained profitability and growth.

As Chairman, I also wish to acknowledge the contribution of my colleagues on the Citywide Board, as their input and support throughout the year has again been exemplary.

Finally, at this time of transition and great opportunity, I would like to thank all Citywide personnel for their dedication, engagement and support to identify and drive our sustainable growth. Your numerous contributions are evident in many landmark locations around Australia.

As we evolve to meet the demands of tomorrow, and remain responsive and innovative in a dynamic environment loaded with economic challenges, we fully intend to meet the expectations of all customers and community stakeholders for whom we are shaping liveable cities.

John Brumby
Chairman
Citywide Board


BICK

MESSAGE FROM OUR CEO

I joined Citywide in October 2015 with a mandate to modernise our operating model and competitively position the company to take advantage of our compelling service offering to meet market opportunities.

The financial year was challenging, characterised by numerous factors which included the effects of rate-capping on Council budgets leading to a productivity imperative; increasing competition, and inflation to our cost base that eroded margins and impacted our ability to maintain sustained growth.

Responding to this, my executive team set about transforming our operating model, creating a leaner vehicle to better deliver what our customers seek. Enabling our effective and skilled workforce to bundle services offered by Citywide, along with a focus on personal accountability and improving service delivery, has resulted in a compelling proposition to meet and deliver more of customers' requirements.

The company delivered another profitable year, with this positive performance coming from our strong partnerships with our long-term client base, a strong contract retention rate plus our ability to deliver continuous business improvement.

Testimony to the new approach was Citywide's success in securing an enhanced partnership with the City of Melton, to deliver their open space, tree maintenance, and civil infrastructure services through a combined offering that embodies our new 'Customer First' philosophy.

This year also marked the commencement of a strategic joint venture with Fulton Hogan Industries Pty Ltd for the operation of the Citywide North Melbourne Asphalt Plant.

Fulton Hogan is a strong partner for us to work with, given their strong safety and customer focus culture.

Safety remains a key area of focus at Citywide as we strive for Zero Harm, and indeed it is an intrinsic part of our culture. A business strategy and organisational reset can impact safety results as we observed in the LTIFR figure this year, although pleasingly the frequency rate trend materially improved towards the end of the financial year. As CEO, I am personally committed to ensure we deliver all services in a safe and responsible manner under our ongoing Zero Harm focus.

In May, we farewelled John Collins, our long-standing Chief Financial Officer – and prior to my commencement, Acting Chief Executive Officer. John's guidance and advice over the past decade helped position Citywide in such a strong position. John's commitment to our growth, along with his positive mentorship of staff, will have a lasting impact on the company and I wish to acknowledge his contribution.

The road ahead for Citywide is positive, and our resolve to succeed is firm. Our new operating model and 'Customer First' philosophy will continue to transform our business, allowing us to serve our customers better and compete more effectively in the market place.

Citywide is a company powered by capable and passionate people; aligned with a sound purpose, and; on track to continue to build on the achievements of our predecessors.

I commend all employees for their commitment to Citywide's continued success, and thank them for their efforts this year.

Chris Campbell
Chief Executive Officer

A YEAR IN REVIEW

Our financial performance was in the context of the wider prevailing economic conditions impacting our business and most of our customers.

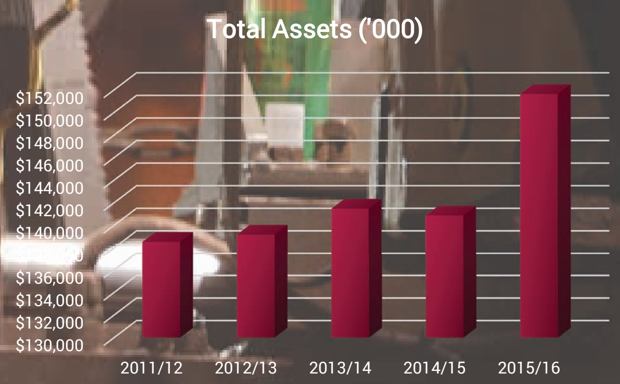
Many businesses are currently facing economic uncertainty and challenge; indeed this is consistent with the declining Terms of Trade of Australia in line with an adjusting economy. We are no different in this respect and have seen increased pressure on our margins during the year.

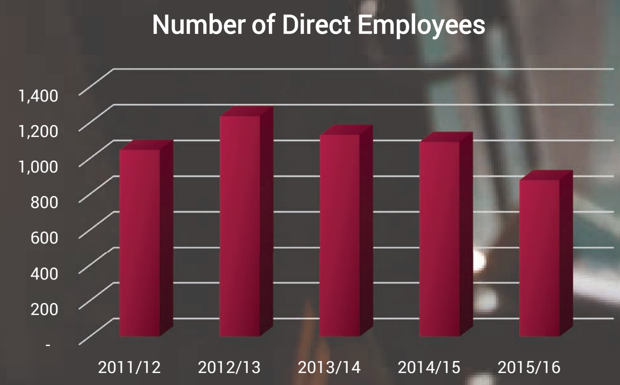
As a commercial entity, we face up to the challenges of rising competition in the market and increases to our cost base that erode margins and impact our ability to maintain sustained growth.

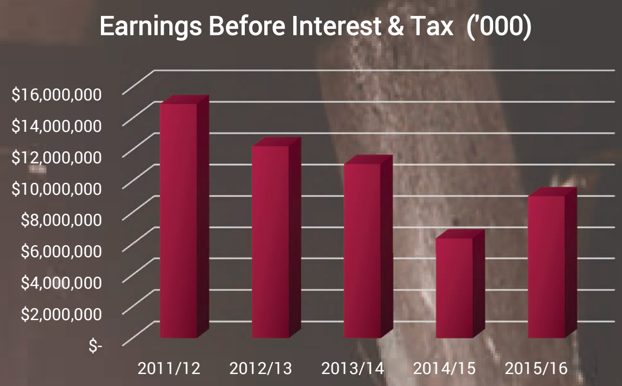
However, as well as a challenge, these conditions also present an opportunity for Citywide. Our customer-facing operating model and bundled service offering enables us to provide a compelling proposition of being a trusted partner to drive productivity improvements for our core customer base.

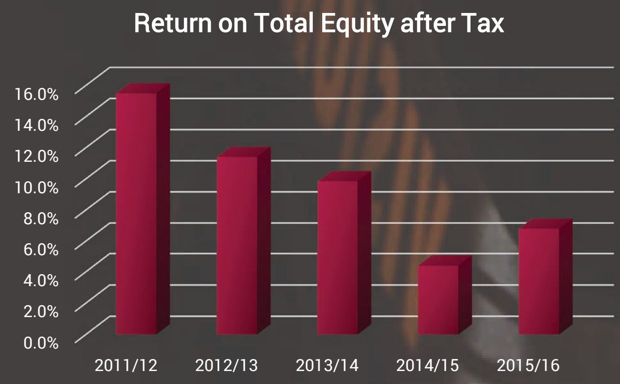
Also, Citywide as a business remains both profitable and debt-free – an envious position for any organisation and one which ensures we have a firm foundation on which to move confidently forward and pursue our growth opportunities.

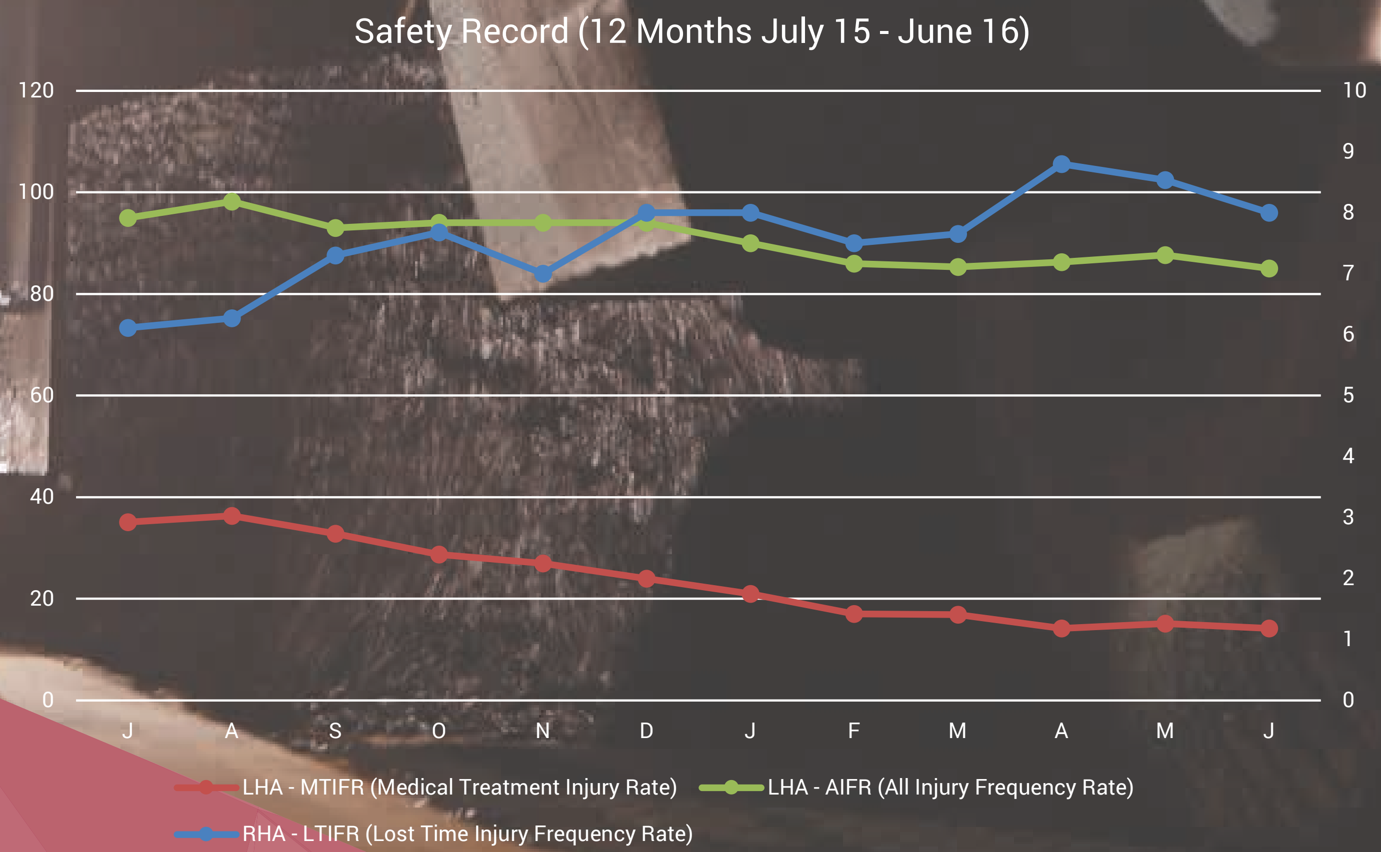
FINANCIAL PERFORMANCE


Total Assets ('000)
$152,000
$150,000
$148,000
$146,000
$144,000
$142,000
$140,000
$136,000
$134,000
$132,000
$130,000
2011/12
2012/13
2013/14
2014/15
2015/16


Number of Direct Employees
1,400
1,200
1,000
800
600
400
200
-
2011/12
2012/13
2013/14
2014/15
2015/16


Earnings Before Interest & Tax ('000)
$16,000,000
$14,000,000
$12,000,000
$10,000,000
$8,000,000
$6,000,000
$4,000,000
$2,000,000
$-
2011/12
2012/13
2013/14
2014/15
2015/16


Return on Total Equity after Tax
16.0%
14.0%
12.0%
10.0%
8.0%
6.0%
4.0%
2.0%
0.0%
2011/12
2012/13
2013/14
2014/15
2015/16


Safety Record (12 Months July 15 - June 16)
120
100
80
60
40
20
0
10
9
8
7
6
5
4
3
2
1
0
J
A
S
O
N
D
J
F
M
A
M
J
LHA - MTIFR (Medical Treatment Injury Rate)
LHA - AIFR (All Injury Frequency Rate)
RHA - LTIFR (Lost Time Injury Frequency Rate)

our purpose. our culture. our values.

Constantly striving to improve, seeking to partner on the basis of trust and capability, Citywide creates value by shaping liveable cities.

Responsive and **Innovative**

Demonstrating a deep customer understanding, diverse skills and scale to compete, a "find it and fix it" approach delivers innovative solutions that improve quality of life and enhance community amenities.

Powered by **Capable People**

Inspired, passionate and aligned in our values, we help our customers to plan and deliver for the long term, meeting their market needs of today and evolving with them for tomorrow.

Delivered **Safely**

Safety is core in everything we do. We strive for zero harm to our people, the community and the environment.

EXCELLENCE

We always aim to do things right the first time, and seek superior performance to excel.

INNOVATION

We seek new and better ways, inquisitive to find and adapt new technology to assist us.

ENDURING RELATIONSHIPS

Never assuming we know everything, we seek to understand our stakeholders, help them understand us, and take the time to engage on what matters to them beyond the immediate task at hand.

ACCOUNTABILITY

Empowered, we each own our responsibility to deliver on our commitments on time.

WE CARE

Safety matters deeply to us, as do the people we work with, the communities we operate in, and the environment in which we work.

OUR SAFETY

ZERO HARM CULTURE INFLUENCES INNOVATION

'Don't learn about safety by accident' – a visual encouragement all our customers and residents are reminded of as they leave Citywide's Dynon Road Waste Transfer and Recycling Centre in West Melbourne.

Safety is a core value at Citywide, underlining our total care and commitment to all our customers, the community members we serve, as well as our personnel. Our safety culture is underpinned by our relentless focus on seeking Zero Harm.

In line with our continuous improvement culture, our safety-conscious, forward-looking teams are enabled to bring their innovative ideas and solutions to life.

Upon winning the City of Melton contract, our Open Space and Assets team commissioned an innovative stump grinder truck, dramatically lifting productivity while minimising Occupational Health and Safety risks through reduced manual handling of the equipment.

Similarly, Citywide's Maribyrnong trees crew designed and developed a 4x4 side-tipping truck to more safely store and unload wood chips without affecting other operational aspects of the vehicle; improving Occupational Health and Safety procedures and efficiency gains.

Dynon Road Waste Transfer Station

Maribyrnong side-tipping truck

Melton Stump Truck

CUSTOMER
FIRST

When it comes to our 'Customer First' philosophy, we don't only carry out services for them, we seek to plan ahead and anticipate requirements so they can focus on delivering for their communities.

We are proud to have assisted the City of Sydney win the prestigious international Green Flag Award through our role in maintaining Pirrama Park, in Pyrmont.

The Green Flag Award – presented to parks around the world judged to be the most usable, functional, and clean – highlights the level of care Citywide takes to ensure some of Australia's most iconic parks and gardens deliver the Australian outdoor lifestyle's benefits and aesthetics.

FEEDING BELLYBINS WHILE WATCHING OUR 'WASTE' LINE

Proudly owned by the City of Melbourne, the municipality is also our major customer and a world leader in adopting technological solutions to some of its civic issues.

Citywide supported Melbourne in the trial of six 'BigBelly' litter bins, which have been designed to reduce waste overflow and boast a 560-litre capacity, compared with standard 80-litre public litter bins.

Embedded in their technological design, the BigBelly bins are solar-powered, compacting up to seven times as much waste as normal bins and come equipped with smart sensors that communicate to Citywide vehicles, alerting our waste collection teams when they are ready to be emptied within an hour's notice.

Green Flag Award 2016

Smart "BigBelly" bins

OUR REACH
Civil Infrastructure and Asset Management

With a reputation built on quality, Citywide offers unparalleled experience and advice on integrated civil contracting services to government and private enterprise in regional and metropolitan areas.

City of Melbourne

For nearly 20 years, Citywide has proudly serviced the City of Melbourne's civil infrastructure and asset maintenance needs.

From design, planning and project management to programmed maintenance solutions, the integrated services provided to Council include:

- Routine and preventative civil infrastructure maintenance services for roads, footpaths, pavement/kerb & channel, line-marking and stormwater drainage systems;
- Routine and preventative maintenance on signage and street/park furniture, including regulatory and general signs;
- Asphalt production and lay; and
- Traffic & event management.

City of Bayside

In addition to providing horticulture and arboriculture services to Council, Citywide delivers civil infrastructure maintenance services to the residents of Bayside.

Since 2003, we have worked closely with Bayside Council to improve the quality of its civil and natural assets, shaping and maintaining a municipality in accordance with the community's expectations.

Citywide's broad civil maintenance service provided to Council ranges from road patching, potholing and edge repairs to footpath repair and replacement, asset surveillance, street furniture installation and drainage.

It is with much pleasure that we offer a generous thank you to all parties involved with the makeover of our rear access laneway. Troublesome tree roots have been removed and many low spots are now filled with asphalt.

We thank Council and Citywide for an excellent makeover.

Brighton Resident

OUR REACH
Waste Managing & Recycling

Public health and safety is the highest civic priority for all our customers. Well-executed waste management and street cleaning activities minimise risk and environmental impact, ensuring public spaces are healthier and more liveable.

From an initial environmental audit through to waste collection and recycling, Citywide offers a completely integrated waste service solution underpinned by educational programs, performance auditing and detailed reporting.

We offer a flexible and responsive service to customers large and small in the private and public sectors.

City of Melbourne

For nearly two decades, Citywide has provided the City of Melbourne with the full range of waste management services including: waste collection and disposal; waste processing; green and non-organic recycling; litter bin collection and commercial waste and recycling services.

Conscious of operating in highly populated areas, we manage risk, noise and vehicle emissions and we optimise vehicle routes to ensure a secure, safe and consistent service that reduces any risk to pedestrians. In line with our environmental and sustainability principles, we were also the first organisation in Victoria to introduce municipal collection vehicles fuelled by compressed natural gas.

We understand the importance of maintaining consistent cleanliness when it comes to urban landscapes and local amenities and remain committed to delivering a sustainable future for the City's residents and visitors.

Dynon Road Waste Transfer Station

Citywide's Waste Transfer Station is a significant part of the company's waste management and environmental solutions. Essentially, the transfer station is the hub of all things environmental.

Providing waste management services to various local government and commercial clients, the facility is one of the largest of its kind in Victoria.

Waste streams processed generally consist of municipal waste, commercial and industrial waste as well as multiple recycling streams such as paper/cardboard, steel and organics.

This facility is central to the delivery of all of Citywide's waste management contracts - in particular our waste management contract with the City of Melbourne.

Over the last twelve months, Citywide has broadened the facility's capabilities to include street sweeping recycling, and organics processing. The increased throughput also enabled us to move to a 24/7 operation to meet the needs of all of our customers.


RECYCLING
Tái chế
Loose items only
No plastic bags
KAYA

"Acknowledg(ing) the excellent work that Citywide have been doing over the last couple of years in Shipston Reserve.

[Our customer] and his wife regularly attend the reserve and have been very pleased with how it's been improved in recent years."

Citywide customer

OUR REACH

Nurturing healthy environments

From tree-lined boulevards to riverside gardens and sports grounds, the inviting green space and tree canopy of our cities is central to the social cohesion, health and lifestyle of all community members.

As a leader in sustainable landscape design and management, Citywide delivers integrated horticultural and arboriculture services to government, commercial and private customers in many of Australia's landmark locations.

Applying sustainable practices, Citywide maximises the life of valuable natural assets and creates healthy environments for communities, residents and families to enjoy.

City of Sydney

Twice a year, the harbour city explodes in a floral display as part of its Living Colour festival.

Spring 2015 was no exception, as our Open Space team transformed Sydney's streets with 74 magnificent floral displays, including a vibrant 'green wall' at Martin Place, all assembled from 26,000 plants, 800 crates, 100 café planters and 27 floral towers.

We know how important it is to support the City of Sydney in maintaining its image as one of the world's most iconic global cities.

Western Sydney University

Through our subsidiary, Sterling Group Services, we have proudly maintained the Western Sydney University grounds since 2005 and have developed a proven track record of horticultural technical excellence and provided dependable grounds management services to the University's 15 campus locations.

Over the years, Sterling has acquired an intimate knowledge of each of the University's numerous sites and provides open space maintenance services that deliver the contract's specifications.

Always seeking improvements, our delivery team has applied industry best practices to the grounds maintenance program, and in partnership with the University stakeholders, seeks to deliver a customer-centric service that ensures the safety of students and staff and improves the condition of campus assets in accordance with the university's management plans and the contract specification.

I'd like to pass on my thanks to the team for the way they went about the work. As well as being good at their job, they were courteous and friendly.

We also appreciated them making the effort to ensure our place was accessible at all times. I work in safety and have dealt with a lot of construction sites in my time. This was a difficult site to manage and they did it well.

North Melbourne resident

COMMITMENT TO EXCELLENCE

INNOVATION AND CONTINUOUS IMPROVEMENT

Citywide is committed to continuously improving the quality of our operations and services delivered to all customers, relentlessly striving to:

- Identify the client's evolving needs and expectations;
- Maintain processes and procedures to ensure consistent, quality customer service;
- Foster a culture of continuous improvement;
- Encourage our people to perform within statutory and regulatory guidelines;
- Provide a safe, healthy workplace and, by extension, safe communities for all.

Our commitment to continuous improvement can be demonstrated in our contracts with the City of Melbourne. Since January 2015, the following innovations have been introduced:

- Best Practice Alliance Workshops to facilitate greater client understanding and collaboration;
- Innovative map and truck routes technology, enhancing productivity leading to cost savings;
- Managing City of Melbourne Waste Compactors - a 'one stop shop' service delivery model;
- Trial of Smart Waste bin types - helping create a cleaner, greener and healthier city
- Introduction of 'Hot Spot' early shift waste collections, including trial of 240-litre bins – better managing waste collections at critical times in key CBD locations;
- Trial of Bin Sensors – additional technology tools for better waste collection efficiency.

INVESTING IN COMMUNITIES

Social sustainability is an important component of Citywide's shared value approach. We have a long history of working with community and not-for-profit organisations to generate sustainable outcomes that achieve a positive social impact.

For us, part of shaping liveable cities means investing in the community and supporting all stakeholders to make a positive impact on their surrounding environment.

THE HUDDLE

The Huddle is an initiative of the North Melbourne Football Club and works with young people aged between the ages of 12 and 25, with a focus on building more socially inclusive communities through four key areas of work:

- Sport and Recreation (with sports including Australian football, soccer, cricket, and hockey);
- Education and Careers;
- Digital Skills; and
- Civic Participation

The Huddle's award-winning programs – including Sisters through Sport (female-only sport program) and Study Support – continue to engage over 6,000 people every year, with 50,000 participants since its inception in 2010, aiming to help young people Learn, Grow and Belong.

With its operational base in North Melbourne, Citywide entered into an agreement in 2016 to support The Huddle's existing programs through funding and staff support.

FARESHARE

Food charity FareShare is committed to rescuing surplus quality food from supermarkets, farmers, and other businesses and cooking it for those in need.

FareShare encourages sustainable practices to help reduce food waste, while at the same time addressing the growing social problem of hunger and food poverty among Victorians.

With the help of 800 regular volunteers, FareShare cooks 25,000 nutritious meals a week in Australia's largest charity kitchen for Victorian charities – such as soup vans, homeless shelters, food banks and school breakfast programs.

Citywide provides FareShare with financial and in-kind support, including:

- Pro-bono waste management collection and bin cleaning
- Garden irrigation advice, supplies and discounted procurement with a Citywide supplier for FareShare Kitchen Gardens
- Teams of Citywide volunteers in FareShare's kitchen and two gardens

Citywide staff volunteer at Fareshare's Abbotsford kitchen.

SUSTAINABLE DELIVERY

ENVIRONMENTAL PERFORMANCE

Sustainability is a fundamental part of our social licence to operate and informs our approach to issues from water use minimisation in heritage-listed gardens to investment in world-leading asphalt technology.

Across the Citywide Group of Companies – which include our Sterling Group Services and Technigro brands – sustainability is about being transparent, responsible and accountable to our stakeholders and the communities we serve.

Our record of effective environmental management assists our customers to meet stringent environmental and emissions targets. For example, across metropolitan Melbourne alone, more than 200 kilometres of environmentally sustainable asphalt, known as GreenPave, has now saved more than 550 cubic tonnes of carbon dioxide.

In line with environmental excellence, we continuously seek to reduce our water consumption through initiatives including: centralised water monitoring systems; increased use of recycled waste water and irrigation systems; and incorporating drought tolerant plants in our landscaping services delivered to customers.

OUR JOURNEY

CELEBRATING NOTABLE ACHIEVEMENTS OVER THE PAST 21 YEARS

1995-1997

- **1995 Citywide established**
- Awarded City of Melbourne Tree Maintenance Contract
- Company achieves $14M in revenue

1998

- Achieved ISO 9002 accreditation
- Awarded City of Port Phillip waste services
- Awarded City of Melbourne Open Space Contract

1999

- Awarded City of Sydney "Living Colour" Contract
- Awarded City of Hume Asphalt Works Contract
- Awarded City of Port Phillip Open Space contract

2000

- Awarded City of Glen Eira Street Sweeping Contract
- Awarded Government House of VIC Open Space Contract

2001

- **Company surpasses $45M in revenues**
- Awarded City of Hobson's Bay Civil and Drainage Contracts
- Awarded Docklands Infrastructure Maintenance Services Contract

2002

- Awarded City of Bayside Open Space Services
- Awarded City of Whittlesea Open Space Services

2003

- Awarded City of Bayside Civil Infrastructure Contract
- **Company surpasses $70M in revenues**
- Awarded Energy Australia Powerline Clearance Contract

2004

- Retained City of Melbourne Tree Maintenance Contract
- Awarded City of Melbourne Open Space Contract
- Awarded Telstra Dome (Etihad Stadium) Civil/ Traffic Control Contract

2005

- Awarded VicRoads Infrastructure Contract
- Second ashphalt plant commissioned
- Company surpasses $85M in revenue

2006

- **Awarded the Commonwealth Games Traffic Management Services Contract**
- Company purchases third party Open Space business




2007

- Awarded City of Waverley - Bondi Beach Redevelopment Contract
- **Company surpasses $125M in revenues**

2008

- **Company surpasses $154M in revenues**
- Awarded City of Sydney Open Space Maintenance Contract
- Introduces Paper and Cardboard Recycling business

2009

- Retained City of Whittlesea Open Space Contract
- Awarded City of Melton Tree Maintenance Contract

2010

- Awarded NCA Open Space Maintenance Contract
- Awarded Shire of Cardinia Open Space Contract
- Awarded Docklands Street Cleaning Contract

2011

- **Aquisition of Sterling Group Services Pty Ltd**
- Awarded 400,000m of Asphalt works for Transurban's CityLink

2012

- Awarded Townsville City Council Open Space Contract
- Aquisition of AWD Earthmoving Pty Ltd

2013

- **Aquisition of Technigro Pty Ltd**
- 1,700 Hectares of Space Under Management in NSW
- **Company surpasses $270M in revenues**

2014

- Retention of City of Melbourne Tree Maintenance Contract
- **Retention of City of Sydney Living Colour Contract**

2015

- Appointment of new CEO - Chris Campbell
- Joint Venture of Citywide North Melbourne Asphalt Plant with Fulton Hogan
- Awarded City of Melton Combined Contracts (Horticulture, Arboriculture, Infrastructure)

2016+

- Revised Strategy, Purpose, Mission and Values
- Awarded City of Knox Tree Management Contract
- Awarded City of Yarra Festivals and Events Contract

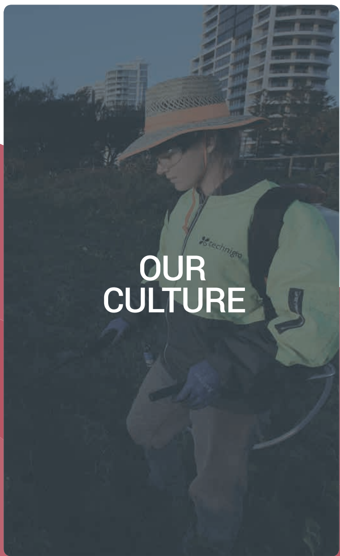
our focus

PURPOSE

Responsive and innovative,
we shape liveable cities

MISSION

Citywide creates value by shaping liveable cities. We constantly strive to improve and seek to partner on the basis of trust and capability.



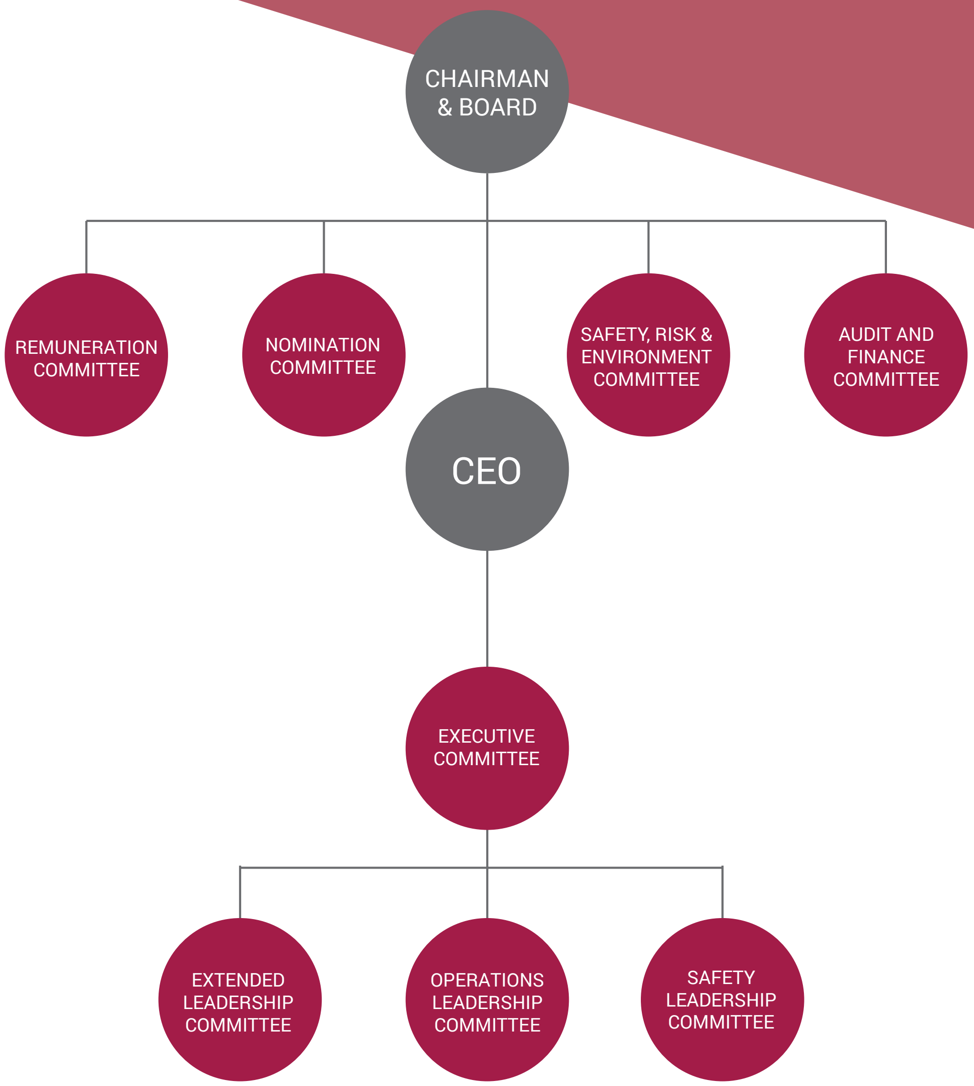
OUR VALUES

We Care, Excellence, Innovation, Enduring Relationships, and Accountability

"Owned by the City of Melbourne (the world's most liveable city) the Board of Citywide is proud to oversee a company that shapes liveable cities for the benefit of the host communities where we work and whom we serve."

John Brumby

Chairman
Citywide Board



Citywide is a company with a clear purpose and mission – we shape liveable cities. As such, we strive for all employees to be aligned to our values and beliefs, with a common goal of making Citywide a great company.

Our values define us as a team and as a company, and we will live these values consistently in our behaviours and actions.

Adopting a critical focus on Safety as a core value, driving towards zero harm at all times, must become part of our DNA and how we operate.

We will work relentlessly to drive and instil a strong culture of accountability, which has the customer at the heart of all we do, and embraces innovation, productivity and sets us apart in terms of service delivery.

The key areas of our focus – culture, productivity, growth – will ensure that the work we undertake is aligned with our renewed strategy.

Supported through our renewed strategy, our new customer-focused operating model, and modernised management systems, we are firmly on the path for a period of sustained growth.

Citywide's Board, Executive and leadership groups, together with its policies, systems and processes, provide an effective governance structure to build Citywide into a stronger, larger and better organisation.

our executives

Chris Campbell
Chief Executive Officer

Chris Campbell joined Citywide as Chief Executive Officer in October 2015. He has more than 20 years of executive leadership experience in the resources and energy sectors within Australia and internationally. The majority of this time was spent at BHP Billiton where he held a variety of senior roles, and more recently at EnergyAustralia, where he was responsible for a key strategic project.

Glenn Lihou
Chief Financial Officer

Glenn Lihou joined Citywide as Chief Financial Officer in 2016 and brings with him extensive experience as a finance executive operating across all aspects of financial and operational management. Glenn joined Citywide from Programmed Maintenance Services Limited where he was the General Manager - Finance and Commercial for the Property Services division. Prior to this, he was the Director of Finance & Operations for the Assurance and Advisory practice at Deloitte.

Matthew Whelan
Executive, Operations Victoria

Matthew Whelan joined Citywide in 2015. He is responsible for all of Citywide's Victorian operations, including the Dynon Road Waste Transfer Station. Matthew has over 20 years of experience in the waste and infrastructure industries. He has held senior management positions with both national and global organisations, including: Pacific Waste, The Alex Fraser Group, Cleanaway, Transpacific Industries and One Steel.

From left to right; Matthew Whelan, Heidi Mitchell, Chris Campbell,

Jayne Crow, Craig Fuller and Glenn Lihou

Jayne Crow

Executive, People and Reputation

Jayne Crow joined Citywide in 2014. She is responsible for Human Resources, Public Relations and Communications, and chairs the Safety Leadership Group. Prior to joining Citywide, Jayne held several senior Corporate Services and Human Resources roles in the energy, construction, water, and finance sectors including most recently with Spanish construction firm ACCIONA.

Heidi Mitchell

General Counsel & Company Secretary

Heidi Mitchell joined Citywide in 2016, bringing with her substantial experience as a senior corporate lawyer in a broad range of commercial dealings, including advising on competition law and workplace health and safety. Heidi joins Citywide from Viva Energy Australia Pty Ltd (formerly The Shell Company of Australia Limited) where she was Senior Legal Counsel for Wholesale Supply and Distribution. In addition, she held Company Secretary positions at W.A.G. Pipeline Pty Ltd and Crib Point Terminal Pty Ltd. Heidi has written and delivered legal training and held Director and Committee Member positions in several organisations, including not-for-profits.

Craig Fuller

Executive, Operations ACT, NSW, QLD

Craig Fuller joined Citywide in 2016. Craig has more than 30 years of experience in energy utilities and related contracting and construction industries. He has held a number of senior management positions, with experience ranging from project development, project directorship and operational management with accountability for business profit and loss. His more recent accomplishments were with AGL, Alinta, Jemena and Zinfra.

our board

Hon. John M Brumby
CHAIRMAN

John was Premier of Victoria from 2007– 2010 after spending seven years as the State's Treasurer.

He is currently the Chairman of the Motor Trades Association of Australia Superannuation Fund Pty Ltd, Chair of the Olivia Newton-John Cancer Research Institute, Chair of the Fred Hollows Foundation, Deputy Chair of Industry Super Australia, a Director of Huawei Australia and Vice-Chancellor's Professorial Fellow at both the University of Melbourne and Monash University.

Mr Paul Hardy
DIRECTOR

Paul previously served as Global CEO of Aurecon, Executive Chairman at Connell Wagner, and Executive Director at GHD.

He was recognised by Engineers Australia in 2009, 2010, 2011, 2012 and 2013 as one of the 100 most influential engineers in Australia, and he has more than 35 years of experience in the consulting industry. He is a Director of Pitt & Sherry, Director of Collingwood Football Club Foundation, Strategic Advisor at St Vincent's Health Australia and Partner at Pan Group Australia Pty Ltd. Paul is a fellow of the Institution of Engineers Australia and a graduate of the Australian Institute of Company Directors.

Ms Prue Willsford
DIRECTOR

Prue has extensive experience in the financial services sector and is the CEO of the Australian and New Zealand Institute of Insurance and Finance (Australia, Hong Kong and China) and has held senior leadership roles at National Australia Bank and State Trustees.

She was the Deputy Chancellor of Victoria University and had various roles on the University Council, including Chairman of the Resources Committee. She is currently a Director of MyLifeMyFinance, a Fellow of the Australian Institute of Company Directors and a Fellow of the Governance Institute of Australia.

Ms Andrea Waters

DIRECTOR

Andrea is an experienced auditor, accountant and Non-Executive Director. She is a Director and Fellow of Chartered Accountants Australia & New Zealand and a member and accredited facilitator of the Australian Institute of Company Directors.

She is a former partner with KPMG, Director of the Lord Mayor's Charitable Foundation and Board of Management Lord Mayor's Charitable Fund, CareSuper and Bennelong Funds Management Group. She has previously been a Director of Cancer Council Victoria.

Ms Janice van Reyk

DIRECTOR

Janice is a Director of Lochard Energy Group, Port of Melbourne Corporation, Northern Territory Environment Protection Authority and Melbourne Forum Limited. She was previously a Director of Melbourne Water and an Independent Member of the Ministerial Advisory Committee for the Public Inquiry into the Victorian EPA.

She is a member of the Environment Institute of Australia and New Zealand and a Fellow of the Australian Institute of Company Directors. Janice is experienced in environmental and stakeholder issues on infrastructure projects and public policy in the water, energy, waste and transport sectors.

Mr Peter Lamell

DIRECTOR

Peter has served on over 25 boards across the energy, power, services, technology, telecommunications and not-for-profit sectors. He has broad global senior executive experience having worked in the UK, US, Europe, Asia/Pacific, Canada and Australia with a prime focus on successfully building and turning around a number of complex businesses.

He spent over 25 years working with Shell and was a member of the Board of Shell Australia. He is a member of the Advisory Board of 8over8 Ltd, Director of the Melbourne Forum, Director of the National Trust Australia (Victoria), Chairman of Renew Australia, President of Lorne Sculpture Biennale and is a fellow of the AICD. He has a Senior Executive MBA from Melbourne Business School.

FINANCIAL CONTENTS

DIRECTORS' REPORT

DIRECTORS

The Directors of Citywide Service Solutions Pty Ltd (the Company) for the whole of the financial year and up to the date of this report (unless otherwise indicated) are:

- John Brumby;
- Peter Lowe retired 26 October 2015;
- Janice van Reyk;
- Andrea Waters;
- Prue Willsford;
- Peter Lamell appointed 1 July 2015; and
- Paul Hardy appointed 1 July 2015.

PRINCIPAL ACTIVITIES OF THE COMPANY

The principal continuing activities of the Company and its subsidiaries (the Group) during the year were to meet the service needs of local government, other government and private and public sector corporations and the community by providing a comprehensive range of quality, physical services.

TRADING RESULTS

The Group's profit from ordinary activities before income tax equivalents for the year was $8,555,000 (2015: $6,185,000).
The Group's profit for the year was $5,555,000 (2015: $3,369,000) after deducting income tax equivalents of $3,000,000 (2015: $2,816,000)

DIVIDENDS

The Directors of the Company have declared a dividend of 19.83 cents (2015: 14.13 cents) per Ordinary Share for the year ended 30 June 2016.

The total dividends in respect of the current year are as follows:

	2016 ($)	2015 ($)
Dividend of 19.83 cents (2015: 14.13 cents) per fully paid Ordinary Share 3,650,000		2,600,000

REVIEW AND RESULTS OF OPERATIONS

The Group's revenue from ordinary activities for the year was $234,537,000 (2015: $244,547,000).

The Group has undergone significant change during the year with the new CEO, Chris Campbell, introducing a new business model with a stronger focus on customers and safety. As a result there were some restructuring costs. As part of the changes, the organisation has moved the Head Office to new premises in North Melbourne.

On 15 January 2016, the Group entered into an arrangement with Fulton Hogan Industries Pty Ltd to form a Joint Operation known as Citywide North Melbourne Asphalt. As part of this arrangement, the Group sold 50% of the asphalt plant assets into the Joint Operation and now only recognises 50% of the earnings from the asphalt plant. The principal activities of the Joint Operation is the manufacture and sale of asphalt products and is run by a Manager appointed by the Board of the Joint Operation.

The sale of the land at Rex Road Campbellfield, was also finalised during the year, rationalising land surplus to current requirements. Trading conditions remain highly competitive which continue to exert downward pressure on margins.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than the above, in the opinion of the Directors, there were no significant changes in the state of affairs of the Group that occurred during the financial year.

LIKELY DEVELOPMENTS IN THE STATE OF AFFAIRS

The Group is continuously investigating opportunities to expand and grow its business. The Group has a strategic planning process that underpins the corporate strategy and future growth of the Group and is supported by a strong Balance Sheet.

Further information about likely developments in the operations of the entity 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 entity.

DIRECTORS' BENEFITS

No Director of the Company has received since the end of the previous financial year and up to the date of this report or become entitled to receive a benefit (other than a benefit included in the total amount of emoluments received or due and receivable by Directors shown in the financial report) by reason of a contract made by the Group or a related body corporate with the director or with a firm of which the director is a member, or with an entity in which the director has a substantial financial interest.

CORPORATE GOVERNANCE

The Board recognises the need for the highest standards of corporate behaviour and accountability in order to fulfill its responsibilities to the Group's stakeholders who include its shareholder, customers, suppliers, employees, the community and the environment.

In keeping with this responsibility the Group has established a Code of Governance Practices to ensure the Board is well equipped to discharge its responsibilities. This code covers amongst other things the function, composition, nomination, performance and remuneration processes of Directors together with the reporting obligations of the Group and Board performance.

The Board consists of six Directors, which are independent non-executive Directors, including the Chairman. The Directors bring a balance of skills, experience and diversity to assist the Group to meet its strategic objectives. Non-executive Directors meet periodically, in line with better governance, without the Chief Executive Officer or other management present. In accordance with the Company's Constitution one third of the Directors must retire each year, however if eligible, may offer themselves for re-election.

The Board is fully involved in setting the strategic direction of the Group, as well as reviewing the current performance on a monthly basis, with the overall vision to achieve growth in the performance of the Group.

As part of this process the Board has four committees, Remuneration, Audit and Finance, Safety, Risk and Environment, and Nominations. These committees have their own written charter setting out the role, the responsibilities and the manner in which the committee is to operate. Each is comprised entirely of non-executive Directors who provide support to the full Board by giving a professional and skilled focus in each of the above areas. A temporary Due Diligence committee was created by the Board in July 2015 to oversee divestment of the Asphalt Plant and establishment of the Joint Operation with Fulton Hogan Industries Pty Ltd. The Committee met on an ad hoc basis in the first half of the year until the sale of the Asphalt Plant was finalised. It consisted of non-executive directors, management and specialist advisors as required. All matters determined by committees are submitted to the full Board as recommendations for Board decision. The Chief Executive Officer is an ex officio attendee of all Board Committees. The Chief Financial Officer and the Group Risk and Audit Manager are ex officio members of the Audit and Finance Committee and the Safety, Risk and Environment Committee. The Executive Operations Victoria and Executive Operations NSW/ACT/Qld is an ex officio attendee of the periodic Board meetings. The Executive People and Reputation is an ex officio member of the Remuneration Committee and Safety, Risk and Environment Committee.

The Board has agreed policies and procedures in the event that actual or potential conflicts arise between the interests of a director and those of the Group. Generally this means that the Director will disclose their interest and, if appropriate, will not take part in, and may in some instances absent themselves during any discussions and not vote on that matter.
Directors and Board Committee members have the right in connection with their duties and responsibilities to seek independent professional advice at the Company's expense, subject to the prior approval of the Chairman of the Board, which will not be unreasonably withheld. Any information so obtained must be shared with all Directors if appropriate.

Under Group governance protocols the independent external auditor does not provide any other services to the Group. In addition to the statutory audit, the Group also has a comprehensive internal audit programme, which it out-sources, and an external safety, quality and environmental audit regime.

Governance is a major area of Board responsibility. In addition the Board is kept fully informed on issues in the following areas, Strategy execution, Environmental matters, Occupational Health and Safety, Legal Compliance, Finance, Treasury, Corporate matters, and sets policy in these and other areas of the business activity.

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the company under Instrument 2016/191. The company is an entity to which the class Order applies.

DIRECTORS' MEETINGS

The number of Directors' meetings and meetings of committees of Directors held in the period each director held office during the financial year ended 30 June 2016 and the number of meetings attended by each director are set out below:

	Board of Directors		Audit & Finance Committee		Renumeration Committee		Risk & Sustainability Committee		Nomination Committee		Due Diligence Committee	
Director	*# Held*	*# Present*	*# Held*	*# Present*	*# Held*	*# Present*	*#Held*	*# Present*	*# Held*	*# Present*	*# Held*	*# Present*
J Brumby	11	11	3	3#	3	3	-	-	2	2	-	-
P Lowe	4	4#	1	1#	-	-	1	1#	-	-	-	-
J van Reyk	11	10	4	4	-	-	4	4	-	-	-	-
A Waters	11	11	4	4	-	-	4	4	-	-	5	5
P Willsford	11	10	3	3#	3	3	-	-	2	2	-	-
P Hardy	11	11	-	-	-	-	4	4	2	2	5	5
P Lamell	11	10	-	-	3	3	4	4	-	-	-	-

#Number of meetings eligible to attend

INDEMNIFICATION AND INSURANCE OF OFFICERS AND DIRECTORS

During the financial year, the Company continued with previously disclosed agreements to indemnify all Directors of the Company and Group named in this report and current and former executive officers of the Company and Group against all liabilities to persons (other than the Company or a related body corporate) which arise out of the performance of their normal duties as a Director or executive officer unless the liability relates to conduct involving a lack of good faith. This policy also covers Directors and officers in the performance of their duties as Directors or officers of associated companies. The Company has agreed to indemnify the Directors and executive officers against all costs and expenses incurred in defending an action that falls within the scope of the indemnity and any resulting payments.

In consideration of each of the Directors acting as both a Director and officer of the Company or Group Company, the Company has agreed to indemnify the Directors in accordance with Sections 241 (2) and (3) of the Corporations Act 2001 and this continues for a period of seven years from the date from which the director ceases to be an Officer of the Company or Group Company.

The Directors and officers liability insurance provides cover against all costs and expenses involved in defending legal actions and any resulting payments arising from a liability to persons (other than the Company or a related body corporate) incurred in their position as director or executive officer unless the conduct involves a wilful breach of duty or an improper use of inside information or position to gain advantage.

EVENTS OCCURRING AFTER REPORTING DATE

There were no matters or circumstances which have arisen between 30 June 2016 and the date of this report that have significantly affected or may significantly affect the operations of the Group, the result of those operations or the state of affairs of the Group in subsequent financial periods.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included as an attachment at the end of this report.

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

J Brumby
(Chairman)

A Waters
(Director)

Melbourne, 1 September 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016	2015
		$'000	$'000
Revenue from operations			
Services and Other revenue	2	234,537	244,547
Other Income	2	9,800	651
Deferred purchase consideration adjustment		-	500
Total revenue from operations		**244,337**	**245,698**
Expenses from operations			
Employee benefits		88,923	90,496
Contractor costs		62,205	61,409
Raw materials and consumables used		23,812	25,228
Fleet costs		15,318	17,196
Occupancy costs		6,074	5,925
Waste tipping fees		13,146	11,861
Depreciation and amortisation	10 & 12	14,115	13,197
Impairment of goodwill	12	-	2,658
Deferred purchase consideration adjustment - goodwill	12	-	500
Finance costs		30	164
Other expenses		12,159	10,879
Total expenses from operations		**235,782**	**239,513**
Profit before income tax equivalents		**8,555**	**6,185**
Income tax equivalents expense	4	3,000	2,816
Profit for the year	3	**5,555**	**3,369**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain on revaluation of property, net of tax		7,893	-
Other comprehensive income for the year, net of tax		**7,893**	**-**
Total comprehensive income for the year		**13,448**	**3,369**

The above consolidated statement of Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Notes	2016	2015
		$'000	$'000
ASSETS			
Current Assets			
Cash and cash equivalents	5	2,678	5,519
Trade and other receivables	6	39,964	39,325
Inventories	7	517	759
Prepayments		2,580	1,024
Other assets	8	2,081	4,543
Assets classified as held for sale	9b	-	1,350
Total Current Assets		**47,820**	**52,520**
Non-Current Assets			
Property, plant and equipment	9	73,107	59,489
Other assets	10	1,643	-
Deferred income tax equivalent assets	11	5,171	5,118
Intangible assets	12	23,445	23,745
Total Non-Current Assets		**103,366**	**88,352**
TOTAL ASSETS		**151,186**	**140,872**
LIABILITIES			
Current Liabilities			
Trade and other payables	14	38,759	40,468
Current tax equivalent liabilities		3,023	1,328
Provisions	16	15,548	15,250
Total Current Liabilities		**57,330**	**57,046**
Non-Current Liabilities			
Trade and other payables	14	-	2,445
Interest-bearing loans and borrowings	15	497	500
Deferred Income tax equivalent liabilities	17	5,112	2,216
Provisions	16	1,598	1,814
Total Non-Current Liabilities		**7,207**	**6,975**
TOTAL LIABILITIES		**64,537**	**64,021**
NET ASSETS		**86,649**	**76,851**
EQUITY			
Contributed equity	18	18,406	18,406
Retained earnings	19	56,312	54,407
Asset revaluation reserve	19	11,931	4,038
TOTAL EQUITY		**86,649**	**76,851**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	Contributed equity $'000	Retained earnings $'000	Asset revaluation $'000	Total $'000
Balance at 1 July 2014	18,406	53,638	4,038	76,082
Profit for the year	-	3,369	-	3,369
Other comprehensive income for the year, net of tax	-	-	-	-
Transactions with owners in their capacity as owners:				
Dividends provided	-	(2,600)	-	(2,600)
Balance at 30 June 2015	**18,406**	**54,407**	**4,038**	**76,851**
Profit for the year	-	5,555	-	5,555
Other comprehensive income for the year, net of tax	-	-	7,893	7,893
Transactions with owners in their capacity as owners:				
Dividend provided	-	(3,650)	-	(3,650)
Balance at 30 June 2016	**18,406**	**56,312**	**11,931**	**86,649**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 $'000 Inflows/ (Outflows)	2015 $'000 Inflows/ (Outflows)
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		255,992	269,964
Payments to suppliers and employees (inclusive of GST)		(247,900)	(241,880)
Interest paid		(30)	(165)
Interest received		80	23
Income tax equivalents paid		(1,845)	(4,384)
Net cash provided by operating activities	**25**	**6,297**	**23,558**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		14,107	1,252
Purchase of property, plant and equipment		(20,646)	(10,216)
Net cash flows used in investing activities		**(6,539)**	**(8,964)**
Cash flows from financing activities			
Repayment of borrowings		-	(6,000)
Dividends paid		(2,600)	(3,400)
Net cash flows used in financing activities		**(2,600)**	**(9,400)**
Net increase/(decrease) in cash and cash equivalents		**(2,842)**	**5,194**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		5,519	325
Cash and cash equivalents at end of year	**25**	**2,678**	**5,519**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements comprise the consolidated financial statements of Citywide Service Solutions Pty Ltd and its subsidiaries. Citywide Service Solutions Pty Ltd (the "Company" or "parent entity") and its subsidiaries are referred to in this financial report as the "Group" or "consolidated entity".

The Company is a proprietary company incorporated under the Corporations Act 2001, and is domiciled in Australia. The Company's registered office and principal place of business is 294 Arden Street, North Melbourne VIC 3051.

The Group's principal activities are to meet the contract service needs of local government, other government and private and public sector corporations and the community by providing a comprehensive range of quality, physical services.

1.1 BASIS OF PREPARATION

These consolidated financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board. Compliance with Australian Accounting Standards ensures that the financial statements comply with International Financial Reporting Standards issued by the International Accounting Standards Board. The Company is a for-profit entity for the purpose of preparing the financial statements.

The financial statements were authorised for issue by the Directors on 1 September 2016.

The consolidated financial statements have been prepared on an accruals basis and are based on historical costs and therefore do not reflect changes in the purchasing power of money or current valuations of non-monetary assets, except where indicated. Certain non-current assets and financial instruments are measured at revalued amounts or fair values, as explained in the accounting policies below.

The consolidated financial statements have been prepared on a going concern basis. As at 30 June 2016, current liabilities exceed current assets by $9.5m (2015: $4.5m). The directors believe that the Group is a going concern because of continued profitability, positive operating cash inflows and the available bank loan facility as disclosed in Note 15.

The functional and presentation currency of the Group is Australian Dollars.

The Company is of a kind referred to in Instrument 2016/191, (dated 24 March 2016) issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or a liability, the Group uses observable market data as far 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 in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.
The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.
Further information about the assumptions made in measuring fair values are included in the relevant note.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.2 PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets, liabilities and results of the Company and the entities controlled by the Company (its subsidiaries). Control is achieved where the Company a) has power over the investee, b) is exposed, or has rights, to variable returns from its involvement with the investee, and c) has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Refer to Note 27 for details of the Group's subsidiaries.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated Statement of Profit or Loss and Other Comprehensive Income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

1.3 BUSINESS COMBINATIONS

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners and the equity instruments issued by the Group in exchange for control of the acquiree.

Acquisition-related costs are expensed in the Statement of Profit and Loss and Other Comprehensive Income as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 Income Taxes and AASB 119 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 Share Based Payment at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 Non-Current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in the Statement of Profit or Loss and Other Comprehensive Income as a bargain purchase gain.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 139 Financial Instruments: Recognition and Measurement, or AASB 137 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in the Statement of Profit or Loss and Other Comprehensive Income.

1.4 JOINT OPERATIONS

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liaiblities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Citywide recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operation are set out in Note 13.

Citywide accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the AASB's applicable to the particular assets, liabilities, revenue and expenses. When Citywide transacts with a joint operation in which Citywide is a joint operator (such as a sale or contribution of assets), this is considered to be conducting the transactions with the other party to the joint operation, and gains and losses resulting from the transactions are recognised in Citywide's financial statements only to the extent of other parties' interests in the joint operation.

When Citywide transacts with a joint operation in which Citywide is a joint operator (such as a purchase of assets), Citywide's share of the gains and losses is not recognised until those assets are sold to a third party.

1.5 GOODWILL

Goodwill is recognised as an intangible asset. Goodwill arising on a business combination is carried at cost as established at the date of the business combination (refer to Note 1.3 above) less any accumulated impairment losses.

For the purposes of impairment testing, goodwill is allocated to a cash-generating unit (or group of cash-generating units) that is expected to benefit from the synergies of the business combination. Goodwill is reviewed for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the Statement of Profit or Loss and Other Comprehensive Income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or group of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. In assessing value in use, the estimated future cash flows, including a terminal value 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.

1.6 REVENUE RECOGNITION

In accordance with Accounting Standard AASB 118 Revenue, the Group recognises revenue arising from service contracts by reference to the stage of completion of the contract, unless the outcome of the contract cannot be reliably estimated. The Group determines the stage of completion by reference to the proportion that costs incurred to date bear to the estimated total costs of the contract. Administrative overheads are not included in the costs of the contract for this purpose.

Revenue from work performed other than under a service contract is recognised when the services have been provided.

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

1.7 INVENTORIES

Stores and raw materials are stated at the lower of cost and net realisable value. Costs have been assigned to inventory quantities on hand at reporting date using the weighted average cost method. The cost of purchase comprises the purchase price including taxes (other than those subsequently recoverable by the entity from the taxing authorities) transport, handling and other costs directly attributable to the acquisition of raw materials. Volume discounts and rebates are included in determining the cost of purchase.

Net realisable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

1.8 RECOVERABLE AMOUNT OF NON-CURRENT ASSETS

At each reporting date, the Group reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows arising from its continued use and subsequent disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit). A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 PROPERTY, PLANT AND EQUIPMENT

Buildings, plant and equipment and motor vehicles are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised on the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in the Statement of Profit or Loss and Other Comprehensive Income as incurred.

Land is stated in the statement of financial position at fair value, based on periodic but at least triennial valuations by external independent valuers (refer to Note 9). Any revaluation increase arising on the revaluation of such land is recognised in other comprehensive income and accumulated within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the asset revaluation reserve is transferred directly to retained earnings.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives. The estimated useful lives and residual values are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Land	not depreciated
Buildings - portables	5-10 years
Buildings - other	40 years
Plant and Equipment	1-15 years
Motor Vehicles	3-10 years

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use.

1.10 INTANGIBLE ASSETS OTHER THAN GOODWILL

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic life. The depreciable amount is determined after deducting its residual value (only where there is an active market for the asset). The amortisation period and method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The amortisation expense is recognised in the statement of profit or loss. Intangible assets with finite lives are assessed for impairment whenever there is an indication that the asset may be impaired.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is de-recognised.

Customer relationship assets

The fair value of customer relationships acquired is calculated considering the estimated future recurring revenues from existing customers in the acquired operations at the date of the acquisition. Any deferred tax liabilities related to customer relationships are calculated and recorded as a part of goodwill. Customer relationships have a useful life of 5 years and are amortised on a straight-line basis.

1.11 LEASEHOLD IMPROVEMENTS

The cost of improvements to or on leasehold properties is depreciated over the unexpired period of the lease or the estimated useful life of the improvement to the Group whichever is the shorter. The ranges of expected useful lives to the Group are unchanged from last year with the majority of these assets being depreciated over 5 years.

1.12 MAINTENANCE AND REPAIRS

Maintenance, repair costs and minor renewals are charged as expenses as incurred.

1.13 TRADE RECEIVABLES

Receivables are recognised at the amounts receivable as they are due for settlement, no more than 30 days from the date of recognition. Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the group may not be able to collect the debt.

1.14 TRADE AND OTHER PAYABLES

Payables represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

1.15 EMPLOYEE BENEFITS

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and other employee benefits when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement plus related on costs in respect of employees' services up to reporting date.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Remeasurements are recognised in profit or loss in the period in which they arise.

Superannuation - defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group 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 plans are recognised as employee benefits expenses in profit or loss in the periods during which the services are rendered by employees.

Superannuation - defined benefits plans

The Company participates in a multi-employer defined benefits plan for which sufficient information is not available to use defined benefits accounting. As such, it accounts for contributions to those plans as if they were defined contributions plans rather than defined benefit plan accounting as allowed under AASB 119. Details of these arrangements are set out in Note 22.

1.16 TAX EQUIVALENT REGIME

The Group is exempt from income tax under section 50-25 of the Income Tax Assessment Act 1997, due to it being wholly owned by the City of Melbourne, a local government authority.

The Group is subject to paying income tax equivalents to City of Melbourne, equal to the amount of income tax otherwise payable under the Income Tax Assessment Act 1997. The Group has adopted the provisions of AASB 112 Income Tax to account for these income tax equivalents.

Income tax equivalents expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding tax bases used in the computation of taxable profit. Deferred tax is measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised based on laws that have been enacted or substantively enacted at reporting date.

Deferred tax assets are recognised for all deductible temporary differences only to the extent that it is probable that taxable profits will be available against which those deductible temporary differences 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.

1.17 GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

i) where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority;

ii) when it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii) for receivables and payables, which are stated with the amount of GST included.

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 included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

1.18 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the consolidated Statement of Financial Position comprise cash at banks and on hand.

For the purpose of the consolidated Statement of Cash Flows, cash and cash equivalents consist of cash as defined above, net of outstanding bank overdrafts.

1.19 ASSETS HELD FOR SALE

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Once classified as held for sale, intangible assets and property, plant and equipment will no longer be amortised or depreciated.

1.20 INTEREST BEARING BORROWINGS

All loans and borrowings are initially recognised at the fair value of the consideration received.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the date of the Statement of Financial Position.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. The Group currently has no qualifying assets.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.21 LEASING

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Operating lease commitments are not recognised in the Statement of Financial Position. Commitments are disclosed at their nominal value by way of a note and are presented inclusive of the GST payable.

1.22 CONTRACTOR COSTS

Contractor costs are recognised when the services have been provided.

1.23 DIVIDENDS

Provision is made for the amount of any dividend determined, being appropriately authorised on or before the end of the financial year but not distributed by the year end date.

1.24 PARENT ENTITY FINANCIAL INFORMATION

The financial information for the parent entity, disclosed in Note 29 has been prepared on the same basis as the Consolidated Financial Statements, except for investments in subsidiaries, associates and joint venture entities which are accounted for at cost in the financial statements of the parent entity.

1.25 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

1.26 COMPARATIVE FIGURES

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. Where the Group has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional Statement of Financial Position as at the beginning of the earliest comparative period will be disclosed.

1.27 FOREIGN CURRENCY TRANSLATION

Transactions in foreign currencies are translated to the functional currency of the Group at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate at reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are recognised in profit or loss.

1.28 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In application of the Groups' accounting policies, the Group is required to make judgements, estimates and assumptions on the financial statements based on historical assumptions, experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period of the revision and future periods if the revision affects both current and future periods. Information about critical assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are discussed below:

i) Revenue recognition
The Group recognises revenue arising from service contracts by reference to the stage of completion of the contract in accordance with the accounting policy stated in Note 1.6. Where the outcome of a contract can not be reliably estimated, contract costs are recognised as and when expenses are incurred and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

ii) Estimated impairment of goodwill
The Group tests annually if goodwill has suffered any impairment in accordance with the accounting policy stated at Note 1.5. The recoverable amounts of cash generating units have been determined based on value in use calculations using discounted cash flow projections based on the budget approved by the board for the next financial year and management's forecasts covering a five year period. These calculations require the use of assumptions. Refer to Note 12 for details of these assumptions.

iii) Contingent consideration arrangements
In accordance with Note 1.3, where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Estimating the acquisition-date fair value of contingent consideration involves the development of expected cash flows discounted to the acquisition date at an appropriate discount rate. Projecting the expected cash flows involves estimating the likelihood and timing of various possible outcomes and weighting each scenario with an estimated probability factor. Further details are provided in Note 27.

iv) Customer relationship asset
In accordance with Note 1.10, the fair value of customer relationships acquired is calculated considering the estimated future recurring revenues from existing customers in the acquired operations at the date of the acquisition. Estimating the acquisition-date fair value of customer relationship asset involves the development of expected cash flows discounted at an appropriate discount rate. Projecting the expected cash flows involves estimating the likelihood of existing customers extending and renewing long-term contracts based on historical observations. The estimated useful life for amortisation is determined based on that assessment.

1.29 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

There have been no new standards issued during the year which have had an impact on the Group's financial statements.

Standards and Interpretations on issue not yet adopted
At the date of authorisation of the financial statements, the following Accounting Standards, Interpretations and Amending Pronouncements were on issue but not yet effective:

(i) AASB 9 Financial Instruments and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (effective 1 January 2018);

(ii) AASB 116 Property, Plant & Equipment, AASB 138 Intangible Assets and AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation (effective 1 January 2016).

(iii) AASB 15 Revenue from Contracts with Customers and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 (effective 1 January 2018);

(iv) AASB 16 Leases (effective 1 January 2019)
The Group is assessing the potential impact on its financial statements resulting from the application of these accounting standards, interpretations and amending pronouncements. The Group does not plan to early adopt any of these standards, interpretations or amending pronouncements.

	2016	2015
	$'000	$'000

2. Revenue and Other Income

	2016 $'000	2015 $'000
Sales revenue		
Rendering of services	234,457	244,524
Other revenue		
Interest received	80	23
Total Revenue	**234,537**	**244,547**
Other Income		
Gain on disposal of property, plant and equipment, net of costs (a)	9,800	651

(a) This amount includes a gain on sale of assets into the Joint Operation of $8.4m and a gain on sale of land of $0.4m.

3. Profit from Operations

a) Operating profit before income tax equivalents has been determined after:

	2016 $'000	2015 $'000
Expenses		
Depreciation:		
Buildings	171	198
Plant & equipment	3,546	3,653
Motor vehicles	9,646	8,761
Leasehold improvements	452	285
Total depreciation	**13,815**	**12,897**
Finance costs: Interest charges paid	30	164
Provision for:		
Employee benefits	5,901	6,642
Impairment expense – Trade debtors	110	90
Bad debts	36	40
Contributions to employee superannuation funds	6,134	6,166
Rental expense on operating leases	2,794	2,601
Rental expense on licence agreements	1,058	1,220
Employee separation costs	2,236	632

	2016	2015
b) Auditors' remuneration	**$**	**$**
Amounts received, or due and receivable by the external auditors for auditing the financial report	78,000	76,000
Amounts received, or due and receivable by the internal auditors	204,979	196,424

	2016	2015
	$'000	$'000

4. Income tax equivalents

The Income tax equivalents on the profit from continuing operations differ from the amount of prima facie tax equivalents payable on that profit as follows:

	2016 $'000	2015 $'000
Prima facie income tax equivalents on the profit from continuing operations at 30% (2015: 30%)	(2,565)	(1,856)
Increase tax equivalents payable due to:		
Non deductible expenses	(42)	(839)
Other	(393)	(121)
Income tax equivalents attributed to operating profit	**(3,000)**	**(2,816)**

	2016 $'000	2015 $'000
Income tax equivalents attributable to operating profit comprise:		
Current tax provision	(3,540)	(3,233)
Deferred income tax liability	487	159
Deferred income tax asset	53	258
	(3,000)	**(2,816)**

5. Current Assets - Cash and cash equivalents

	2016 $'000	2015 $'000
Cash at bank and on hand	2,678	5,519

Cash at bank attracts interest rate of 0 - 2.5% (2015: 0 - 2.5%).

6. Current Assets - Trade and other receivables

	2016 $'000	2015 $'000
Trade receivables	25,706	25,324
Less: Allowance for impairment of receivables	(510)	(400)
	25,196	24,924
Amounts owing from ultimate parent entity	14,611	14,325
Other debtors	157	76
	39,964	**39,325**

Impaired trade and other receivables

The Group has recognised losses of $146,000 (2015: $130,000) in the statement of profit or loss and other comprehensive income in respect of bad and doubtful trade receivables.

At 30 June 2016, there were no (2015: nil) material receivables either past due which have not been impaired or individual balances specifically impaired. Collateral is not normally obtained for balances owing.

Movement in Allowance for impairment

	2016 $'000	2015 $'000
Balance at beginning of year	(400)	(310)
Allowance for impairment recognised during the year	(146)	(130)
Receivables written off during the year as uncollectable	36	40
Balance at end of year	**(510)**	**(400)**

	2016	2015
	$'000	$'000

7. Current Assets - Inventories

	2016 $'000	2015 $'000
Stores and raw materials (at cost)	296	536
Finished goods (at cost)	221	223
	517	759

8. Current Assets - Other assets

	2016 $'000	2015 $'000
Accrued income – Unbilled services	2,081	4,543
	2,081	4,543

9. Non-current Assets - Property, plant and equipment

	2016 $'000	2015 $'000
Land at Valuation (Note 9a)	21,433	10,158
Buildings (at cost)	4,472	4,606
Less accumulated depreciation and impairment	(2,195)	(2,096)
	2,277	2,510
Leasehold improvements (at cost)	4,453	2,571
Less accumulated depreciation and impairment	(1,298)	(1,511)
	3,155	1,060
Plant and equipment (at cost)	33,082	41,359
Less accumulated depreciation and impairment	(22,251)	(25,810)
	10,831	15,549
Motor vehicles (at cost)	90,817	85,015
Less accumulated depreciation and impairment	(55,686)	(54,988)
	35,131	30,027
Work in progress	280	185
Total property, plant and equipment	73,107	59,489

9. Non-current Assets - Property, plant and equipment (continued)

	Land	Buildings	Leasehold improvements	Plant and equipment	Motor vehicles	Work in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2014	11,508	2,655	836	15,472	33,137	512	64,120
Additions	-	53	508	4,087	5,895	(327)	10,216
Disposals	-	-	(4)	(10)	(586)	-	(600)
Transfers	-	-	5	(347)	342	-	-
Reclassification to assets held for sale	(1,350)	-	-	-	-	-	(1,350)
Depreciation	-	(198)	(285)	(3,653)	(8,761)	-	(12,897)
Balance at 30 June 2015	**10,158**	**2,510**	**1,060**	**15,549**	**30,027**	**185**	**59,489**
Balance at 1 July 2015	10,158	2,510	1,060	15,549	30,027	185	59,489
Additions	-	45	2,570	2,690	15,246	95	20,646
Disposals	-	(108)	(23)	(3,862)	(496)	-	(4,488)
Revaluation	11,275	-	-	-	-	-	11,275
Depreciation	-	(171)	(452)	(3,546)	(9,646)	-	(13,815)
Balance at 30 June 2016	**21,433**	**2,277**	**3,155**	**10,831**	**35,131**	**280**	**73,107**

a) Valuation of Land
The revalued land is located in Australia.
Fair value of land was determined using the direct comparison approach that reflect recent transaction prices for similar properties. The direct comparison approach is on a rate per square meter of land area basis. The sales evidence utilised by the valuers comprise improvements, and to ensure a consistent analytical methodology, deductions for demolition improvements were not being considered.
As at the date of revaluation on 24 March 2016, the land's fair value are based on valuations performed by Knight Frank, an accredited independent valuer, and they have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations.
The highest and best use of the freehold land is redevelopment.
The fair value of land is categorised as level 2 within the fair value hierarchy.
The fair value of land is $21,433,000 (2015: $10,158,000).
The historical cost of land is $5,741,000.

b) Assets classified as held for sale	**2016**	**2015**
	$'000	**$'000**
Land held for sale	-	1,350

10. Non-current Assets - Other assets

	2016	2015
	$'000	$'000
Land sale deferred settlement	1,643	-

11. Non-current Assets - Deferred income tax equivalent assets

Deferred income tax equivalent asset	5,171	5,118

Movements	Employee Benefits $'000	Deferred Revenue $'000	Accruals $'000	Other $'000	Total $'000
Opening Balance	4,362	-	382	116	4,860
Charged to Income	44	-	58	156	258
Balance at 30 June 2015	**4,406**	**-**	**440**	**272**	**5,118**
Opening Balance	4,406	-	440	272	5,118
Charged to Income	(241)	-	5	289	53
Balance at 30 June 2016	**4,165**	**-**	**445**	**561**	**5,171**

12. Non-current Assets – Intangible assets

	2016	2015
	$'000	$'000
Goodwill on acquisitions	27,566	27,566
Less accumulated impairment/adjustment	(4,796)	(4,796)
	22,770	22,770
Customer relationships	1,500	1,500
Less accumulated amortisation	(825)	(525)
	675	975
	23,445	23,745

12. Non-current Assets – Intangible assets (continued)

Movements	Goodwill on acquisitions $'000	Customer relationships $'000	Total $'000
Balance at 1 July 2014	25,928	1,275	27,203
Amortisation	-	(300)	(300)
Impairment	(2,658)	-	(2,658)
Deferred purchase consideration adjustment	(500)	-	(500)
Balance at 30 June 2015	**22,770**	**975**	**23,745**
Balance at 1 July 2015	22,770	975	23,745
Amortisation	-	(300)	(300)
Balance at 30 June 2016	**22,770**	**675**	**23,445**

Impairment testing for cash-generating units (“CGU”) containing goodwill

Goodwill has been reviewed for impairment for the year ending 30 June 2016.

For the purposes of impairment testing, Goodwill is allocated to the consolidated entity’s operating divisions. The aggregate carrying amounts of Goodwill allocated to each CGU are as follows:

	2016 $’000	2015 $’000
Arboriculture VIC	194	194
Horticulture VIC	5,224	5,224
Street Cleaning VIC	3,296	3,296
Open Space NSW	7,868	7,868
Open Space QLD	6,188	6,188
	22,770	22,770

The recoverable amount of each CGU has been determined based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The recoverable amount of each unit was determined to be in excess of the carrying value for each CGU, and therefore no impairments/adjustments have been recognised other than detailed below.

Key assumptions used in the discounted cash flow projections
The key assumptions used in the calculation of recoverable amounts are discount rates and EBITDA growth. These assumptions are as follows:

	2016	2015
Discount rate	9.30%	9.30%
EBITDA/Terminal Value Growth Rate	1.50%	1.00%

The discount rate used is a post-tax measure based on the company's weighted average cost of capital.

Each CGU has five years of cash flows included in its discounted cash flow models and a terminal growth rate thereafter. In the discounted cash flow models the first year cash flow is based on the current budget. The long-term compound annual growth rate in EBITDA is estimated by management using past experience and expectations for the future.

Sensitivity to change in assumptions

The company has modelled a 10% reduction in base EBITDA in each CGU and a 1% increase in the discount rate. In each case, the value in use would not be lower than the carrying amount and therefore no impairment charge would arise.

13. Joint Operation

Citywide has a 50% interest in a joint arrangement called Citywide North Melbourne Asphalt (Asphalt JO) which was set up as a partnership together with Fulton Hogan Industries Pty Ltd for the manufacture and sale of asphalt products.

The principal place of business of the joint operation is in Australia.

The joint arrangement agreement in relation to the Asphalt JO requires unanimous consent from all parties for all relevant activities. The two participants own the assets of the partnership as tenants in common and are jointly and severally liable for the liabilities incurred by the partnership. Therefore it is classified as a joint operation and the Group recognises its direct right to the jointly held assets, liabilities, revenue and expenses as described in Note 1.4

Guarantee provided to Fulton Hogan Industries Pty Ltd
As part of the joint arrangement Citywide has provided a guarantee up to a maximum of $7,000,000. In the event that the Asphalt JO ceases its operations and shut down permanently within 7 years due to changes in law or issue of notices, making of order or direction given by an Government Agency since the commencement date, Fulton Hogan has a right to claim for compensation from Citywide. The liability payable on the closure date will be reduced by the number of months the Asphalt JO has operated since the commencement date. As at 30 June 2016, management is of the view that the Asphalt JO will continue its operation and liability for compensation to Fulton Hogan is unlikely. As a result, no liability has been recognised.

14. Current/Non-current Trade and other payable

	2016 $'000	2015 $'000
Current		
Trade and other payables	38,719	40,429
Amount owing to Ultimate Parent Entity	40	39
	38,759	40,468

Trade accounts payable are generally settled within 30 days. The Directors consider the carrying amounts of trade and other accounts payable to approximate their net fair values.

Non-current		
Other payables and accurals (refer Note 27)	-	2,445

15. Current/Non-current Interest-bearing loans and borrowings

Non-current		
Bank loans	-	-
Security Deposits	497	500
	497	500

Terms and conditions
Interest bearing loans and borrowings
<u>Bank Overdraft and Bank Loans</u>
The bank overdraft facility of $0.6m (2015: $0.6m) and bank loan facility of $29.0m (2015: $29.0m) are secured facilities with a 1st ranking fixed and floating charge over the net assets of the Group. There were no bank loans drawn at 30 June (2015: $0). Subject to the continuance of satisfactory covenants achievement, the bank facilities may be drawn at any time. The bank facilities may be terminated by the bank if the Group defaults under the loan agreement. The facilities expire on 27 July 2019.

<u>Security Deposits</u>
Security Deposits are unsecured and represent amounts withheld and payable by the Group in future periods relating to recent acquisitions. Interest is being charged to the Group on these deposits at the current Bank Bill Swap rate of 1.95% (2015: 1.95%).

16. Current / Non-current Provisions

	2016	2015
	$'000	$'000
Current expected to be settled within 12 months		
Annual leave	3,854	3,844
Long service leave	1,004	1,046
Other provisions	7	-
Dividend payable	3,650	2,600
	8,515	7,490
Current expected to be settled after 12 months		
Annual leave	1,344	1,836
Long service leave	5,689	5,924
	7,033	7,760
Total current balance	**15,548**	**15,250**
Non-current		
Long service leave	1,598	1,814
Movement in Dividend Payable Provision		
Balance at beginning of year	2,600	3,400
Additional provisions raised during the year	3,650	2,600
Amounts paid during the year	(2,600)	(3,400)
Balance at end of year	**3,650**	**2,600**

The Board has declared a dividend of $3,650,000 (2015: $2,600,000), payable in November 2016.

17. Non-current Liabilities - Deferred income tax equivalent liabilities

Provision for deferred income tax equivalent liability	5,112	2,216

	Depreciation	Revaluation of Land	Customer Relationships	Total
	$'000	$'000	$'000	$'000
Balance at 1 July 2014	262	1,731	382	2,375
Charged to Income	(69)	-	(90)	(159)
Balance at 30 June 2015	**193**	**1,731**	**292**	**2,216**
Balance at 1 July 2015	193	1,731	292	2,216
Charged to Income	(396)	3,382	(90)	2,896
Balance at 30 June 2016	**(203)**	**5,113**	**202**	**5,112**

18. Contributed equity

	2016	2015
	$'000	$'000
Share capital		
Ordinary shares - fully paid	18,406	18,406

Movement in ordinary share capital

	2016		2015	
	No.	$'000	No.	$'000
Balance at start of year	18,405,629	18,406	18,405,629	18,406
Shares issued	-	-	-	-
Balance at end of year	18,405,629	18,406	18,405,629	18,406

Ordinary shares

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

The Group regards total equity, being issued capital and retained profits, as capital. The objective of the Group is to provide a strong capital base so as to maintain shareholders confidence and to sustain future development of the business. The Board of Directors monitors the return of capital as the level of dividends to shareholders.

The Group seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The weighted average interest expense on interest bearing borrowings was 2.04% (2015: 2.53%). The Group's net debt (total liabilities less cash and cash equivalents) to total equity was 0.71 (2015: 0.76). There were no changes in the Group's approach to capital management during the year.

19. Retained Earnings and Reserves

	2016	2015
	$'000	$'000
Retained profits at the beginning of the financial year	54,407	53,638
Net profit attributable to members of the company	5,555	3,369
Total available for appropriation	59,962	57,007
Dividends provided for or paid (Note 16)	(3,650)	(2,600)
Retained profits at the end of the financial year	56,312	54,407

	Cents	Cents
Earnings per share for profit attributable to the ordinary equity owners of the Company	30.2	18.3

Reserves	**$'000**	**$'000**
Revaluation of Land	11,931	4,038

The asset revaluation reserve records the revaluation of the Group's Land which is carried at fair value.

20. Key Management Personnel Compensation

Citywide Non Executive Director's payments for the year ended 30 June 2016

Position	Name	Total Payments $
Chairman	John Brumby	143,232
Director (1)	Peter Lowe	26,835
Director	Janice van Reyk	89,714
Director	Andrea Waters	96,011
Director	Prue Willsford	86,460
Director (2)	Paul Hardy	81,066
Director (2)	Peter Lamell	79,089

(1) Mr P Lowe retired from the Board on 26 October 2015

(2) Mr P Hardy and Mr P Lamell appointed as Director's effective from 1 July 2015

Citywide Executive Remuneration for the year ended 30 June 2016

Position	Name	Total payments $	Total employment package $
Chief Executive Officer (3)	Chris Campbell	332,171	480,000
Chief Financial Officer/Acting Chief Executive Officer (4)	John Collins	413,666	331,776
Chief Financial Officer (5)	Glenn Lihou	39,376	300,000
Chief Operating Officer (6)	Michael North	246,171	350,850
Chief Information Officer (7)	Harvey Webb	156,041	290,542
Executive Operations Victoria (8)	Matthew Whelan	299,563	293,000
Executive Operations NSW/ACT/Qld (9)	Craig Fuller	124,649	265,000
General Counsel and Company Secretary (10)	Heidi Mitchell	37,034	211,200
Executive People and Reputation	Jayne Crow	292,511	296,600

(3) Mr C Campbell appointed as Chief Executive Officer effective 19 October 2015

(4) Mr J Collins was acting CEO between 1 July 2015 and 19 October 2015. Mr J Collins stepped down from the Executive Committee on 16 May 2016.

(5) Mr G Lihou appointed as Chief Financial Officer effective 16 May 2016

(6) Mr M North retired as Chief Operating Officer on 30 November 2015

(7) Mr H Webb retired as Chief Information Officer on 31 December 2015

(8) Mr M Whelan appointed as Executive Operations Victoria on 1 January 2016

(9) Mr C Fuller appointed as Executive Operations NSW/ACT/QLD effective 2 December 2015

(10) Mrs H Mitchell appointed as General Counsel and Company Secretary effective 2 May 2016 on a part-time basis

	2016	2015
Key management personnel compensation comprised the following:	**$**	**$**
Short-term employee benefits	2,438,421	2,493,980
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	105,168	346,586
Share-based payments	-	-
	2,543,589	2,840,566

The executive have an at risk component within their remuneration that was not paid in the current year. Directors' fees are reviewed annually by the shareholder to ensure that they are in line with current business standards.
Other KMP transactions - For details of other transactions with KMP, refer to Note 24 Related Party Information.

21. Commitments for expenditure

	2016	2015
	$'000	$'000
Capital expenditure commitments		
Capital expenditure contracted for at reporting date but not recognised as liabilities in the financial report:		
- Payable within one year	2,358	1,139
Non-cancellable operating leases payable		
Non-cancellable operating lease commitments contracted for but not recognised in the financial report:		
- Payable within one year	2,131	2,780
- Payable later than one year, not later than five years	4,763	5,460
- Payable later than five years	600	1,224
	7,493	9,464

The Group has entered into non-cancellable operating leases in respect to administrative premises and various items of plant and fleet

22. Retirement benefit obligations

Superannuation
Citywide Service Solutions Pty Ltd makes employer superannuation contributions in respect of its employees to complying accumulation superannuation funds. Obligations for contributions are recognised as an expense in profit or loss when they are due.

Accumulation Funds
The accumulation funds, (including the Local Authorities Superannuation fund's accumulation category, Vision Super Saver), receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (9.50% required under Superannuation Guarantee Legislation). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of each individual fund.

Defined Benefit Plan
The Fund's Defined Benefit Plan is a multi-employer sponsored plan which is not open to new members. As the Plan's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to reliably allocate benefit liabilities, assets and costs between employers. As provided under Paragraph 32 (b) of AASB 119 Employee Benefits, Citywide Service Solutions Pty Ltd does not use defined benefit accounting for these contributions.

Citywide Service Solutions Pty Ltd makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 30 June 2014 and on advice from the City of Melbourne, Citywide Service Solutions Pty Ltd makes the following contributions:

- 13% (inclusive of 1% salary continuance cover) of salaries for Division D members;
- fund the top-up payments for exiting members equal to the Benefit Payment less (Vested Benefit x VBI) plus contribution tax (same as previous year).

Top-up payments are calculated and invoiced quarterly in arrears.

	2016	2015
	$'000	$'000
Employer contributions to complying superannuation funds	6134	6166
Employer contributions payable to complying superannuation funds at reporting date	541	578

23. Contingent liabilities

Details of contingent liabilities of the Group at year end are:
- Guarantees issued by the Bank in respect of contracts secured of $10,374,000 (2015: $11,319,000).

The Group is a defendant from time to time in legal proceedings in respect of claims and court proceedings arising from the conduct of its business. The Group does not consider that the outcome of any current proceedings, for which allowance has not been made in these accounts, is either individually or in aggregate, likely to have a material effect on the operations or financial position of the Group.

CoInvest has made a claim that Citywide is an employer under the Construction Industry Long Service Leave Act, 1997 (amended 2004). Citywide has obtained advice that it is not an employer for the purposes of the Portable Long Service Scheme and have declined to provide information to CoInvest in regard to its employees. CoInvest have instigated criminal proceedings against Citywide for non compliance with a Section 10 notice served under the Construction Industry Long Service Leave Act, 1997 (amended 2004).

Refer to Note 13 for disclosure of guarantee to Fulton Hogan for joint operation.

24. Related party information

Controlling entity
The immediate parent entity and ultimate parent entity is the Melbourne City Council (100% of shares held).

Key management personnel
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly, including any director (whether executive or otherwise) of the Company is considered key management personnel.
Refer to Note 20 for the details of the Key management personnel remuneration during the financial year.

Transactions with the ultimate parent entity
Transactions with the ultimate parent entity during the financial year were based on a contract for the provision of services comprising vehicle rental, provision of administration services, property rental, contract sales, purchases of raw materials and plant and equipment and in accordance with the Tax Equivalent Policy, the payment of charges (tax equivalents) which includes income tax and payroll tax. All transactions were made on commercial terms and conditions and at market rates.

Revenue transactions with the ultimate parent entity amounted to $53,136,000 (2015: $54,902,000) during the financial year. The amount owing at reporting date is detailed in Note 6.

Expenditure transactions with the ultimate parent entity amounted to $432,000 (2015: $426,000) during the financial year. The amount owing at reporting date is detailed in Note 14.

Refer to Note 4 for the income tax equivalent charges and Note 16 for the dividends payable.

Transactions with subsidiaries
Transactions with subsidiaries during the financial year were based on the provision of services comprising contract sales. All transactions were made on commercial terms and conditions and at market rates.

Expenditure transactions with subsidiaries during the financial year were as follows:

Name of subsidary	2016	2015
	$'000	$'000
Sterling Group Services Pty Ltd	54	12
AWD Earthmoving Pty Ltd	-	29
	54	**41**

24. Related party information (continued)

Transactions with other related parties
The Group provides services to Port of Melbourne Corporation, of which J van Reyk is a director. Revenue transactions with the Port of Melbourne Corporation amounted to $0 (2015: $5,000). All transactions were made on commercial terms and conditions and at market rates.

The Group provided services to The Queen Victoria Market amounting to $4,479,000 (2015: $4,353,000), which is also owned by the Melbourne City Council. Transactions occurred on commercial arm's length terms.

25. Cash flow information

	2016 $'000	2015 $'000
Reconciliation of cash and cash equivalents		
Cash assets at the end of the financial year as shown in the consolidated Statement of Cash Flows is reconciled to the related items in the consolidated Statement of Financial Position as follows:		
Cash and cash equivalents (Note 5)	2,678	5,519
Balance per consolidated Statement of Cash Flows	2,678	5,519

Reconciliation of net cash provided by operating activities to net profit after income tax equivalents

	2016	2015
Net profit after income tax equivalents	5,555	3,369
Non-cash items in operating profit:		
- Net (gain) / loss on disposal of non-current assets	(9,800)	(651)
- Gain on deferred purchase consideration adjustment	-	(500)
- Depreciation / amortisation of non-current assets	14,115	13,197
- Impairment of goodwill/Goodwill adjustment	-	3,158
- Forward exchange contract	-	-
Changes in operating assets and liabilities:		
- (Increase)/Decrease in Prepayments, Trade and Other Receivables	613	2,499
- (Increase)/Decrease in Amounts Owing by Ultimate Parent Entity	(285)	(3,062)
- (Increase)/Decrease in Inventories	22	(106)
- (Increase)/Decrease in Deferred Tax Equivalent Assets	(53)	(258)
- Increase/(Decrease) in Trade and Other Payables	(4,137)	7,052
- Increase/(Decrease) in Employee Entitlements	(941)	131
- (Decrease)/Increase in Current Tax Equivalent Liabilities	1,383	(1,151)
- Increase/(Decrease) in Amounts Owing to Ultimate Parent Entity	1	39
- (Decrease)/Increase in Deferred tax equivalent liabilities	(176)	(159)
Net cash provided by operating activities	**6,297**	**23,558**

26. Financial instruments

Objectives and Policies

The Company's principal financial instruments comprise cash assets, receivables, payables and security deposits. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in Note 1 of the financial statements. Risk management is carried out by senior management under policies approved by the Company. These policies include identification and analysis of the risk exposure to Company and appropriate procedures, controls and risk minimisation.

Market Risk

Market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices. The Company's exposures to market risk is primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

Credit risk

The credit risk on financial assets of the Group, is generally the carrying amount net of any provisions for doubtful debts. Debtors risk is managed by ongoing following up on debts as they fall due. The Company's exposure to interest rate risk and the effective weighted average interest rate for each class of financial asset and financial liability as at 30 June 2016 is set out below. Exposures arise predominantly from assets and liabilities bearing variable interest rates as the Group intends to hold fixed rate assets and liabilities to maturity. This exposure is managed by the type of borrowings used as per Note 15.

	Notes	Floating interest rate	Non-interest bearing	Total
2016		$'000	$'000	$'000
Financial assets				
Cash and cash equivalents	5	2,661	17	2,678
Trade and other receivables	6	-	39,964	39,964
		2,661	**39,981**	**42,642**
Weighted average interest rate		1.75%		
Financial liabilities				
Trade and other payables	14	-	38,759	38,759
Interest bearing loans and borrowings	15	497	-	497
		497	**38,759**	**39,256**
Weighted average interest rate		2.04%		
Net financial assets		**2,164**	**1,222**	**3,385**
2015				
Financial assets				
Cash and cash equivalents	5	5,496	23	5,519
Trade and other receivables	6	-	39,325	39,325
		5,496	**39,348**	**44,844**
Weighted average interest rate		2.25%		
Financial liabilities				
Trade and other payables	14	-	42,913	42,913
Interest bearing loans and borrowings	15	500	-	500
		500	**42,913**	**43,413**
Weighted average interest rate		2.53%		
Net financial assets		**4,996**	**(3,565)**	**1,431**

26. Financial instruments (continued)

Ageing of Trade Receivables	2016 $'000	2015 $'000
Current (not yet due)	36,064	35,842
Past due by up to 30 days	1,394	2,184
Past due between 31 and 180 days	2,102	1,459
Past due between 181 and 365 days	757	164
	40,317	39,649

Liquidity Risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

The Group manages its liquidity risk by monitoring the total inflows and outflows expected on a monthly basis. The Group ensures that sufficient liquid assets are available to meet all the short-term cash payments. The Group has a Bank loan facility that it uses to cover working capital requirements as needed (available funds at 30 June 2016 were $32.3m).

Contractual Maturities	6 months or less $'000	6 - 12 months $'000	1 - 5 years $'000	5 Years or more $'000	Total $'000
Year Ended 30 June 2016					
Liquid financial assets					
Cash and cash equivalents	2,678	-	-	-	2,678
Trade and other receivables	39,964	-	-	-	39,964
	42,642	**-**	**-**	**-**	**42,642**
Financial liabilities					
Trade and other payables	36,314	2,445	-	-	38,759
Interest bearing loans and borrowings	-	-	497	-	497
	36,314	**2,445**	**497**	**-**	**39,256**
Net Inflow/(Outflow)	**6,327**	**(2,445)**	**(497)**	**-**	**3,385**
Year Ended 30 June 2015					
Liquid financial assets					
Cash and cash equivalents	5,519	-	-	-	5,519
Trade and other receivables	39,325	-	-	-	39,325
	44,844	**-**	**-**	**-**	**44,844**
Financial liabilities					
Trade and other payables	40,468	-	2,445	-	42,913
Interest bearing loans and borrowings	-	-	500	-	500
	40,468	**-**	**2,945**	**-**	**43,413**
Net Inflow/(Outflow)	**4,376**	**-**	**(2,945)**	**-**	**1,431**

Fair Value

The carrying amounts of financial assets and liabilities are a reasonable approximation of fair value due to their short-term maturity.

Interest Rate Sensitivity Analysis

Taking into account past performance, future expectations, economic forecasts and management's knowledge and experience in the financial markets, the Group believes that a movement of 50 basis points higher or lower is reasonably possible.

At Reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's Net Profit would decrease by $7,000 and increase by $7,000 respectively (2015: increase by $32,000 and decrease by $32,000). This is attributable to the Group's exposure to interest rates on its variable rate borrowings.

27. Subsidiaries

The consolidated financial statements of the Group include:

Name of subsidiary	Principal activity	Date of acquisition	Country of Incorporation	% Equity interest	
				30/06/2016	30/06/2015
Sterling Group Services Pty Ltd	Open Space Management	1 January 2011	Australia	100%	100%
AWD Earthmoving Pty Ltd	Infrastructure	31 May 2012	Australia	100%	100%
Technigro Australia Pty Ltd	Holding Company	1 October 2013	Australia	100%	100%
Technigro Pty Ltd	Open Space Management	1 October 2013	Australia	100%	100%

Technigro Australia Pty Ltd
On 1 October 2013, the Group acquired 100% of Technigro Australia Pty Ltd and its subsidiary Technigro Pty Ltd for a total consideration of $9.165m inclusive of a contingent consideration of $2.445m which may be payable on 30 June 2017. Details of the fair values of the assets and liabilities acquired and the goodwill arising are disclosed in the 2014 Citywide Group Annual Report. There have been no adjustments to the fair value of assets and liabilities acquired.

28. Events occurring after reporting date

There were no material matters or circumstances which have arisen between 30 June 2016 and the date of this report that have significantly affected or may significantly affect the operations of the Group, the result of those operations or the state of affairs of the Group in subsequent financial periods.

29. Parent entity information

a) Summary financial information

The individual financial statements of the parent entity show the following aggregate amounts:

	2016	2015
	$'000	$'000
Statement of Profit or Loss and Other Comprehensive Income		
Profit for the year	6,939	6,939
Other comprehensive income	7,893	-
Total comprehensive income	**14,832**	**6,939**
Statement of Financial Position		
ASSETS		
Current Assets	45,714	50,360
Non-Current Assets	112,498	97,709
Total Assets	**158,212**	**148,069**
LIABILITIES		
Current Liabilities	61,958	65,921
Non-current Liabilities	7,808	4,883
Total Liabilities	**69,766**	**70,804**
EQUITY		
Contributed equity	18,406	18,406
Retained profit	58,109	54,821
Asset revalutation reserve	11,931	4,038
Total Equity	**88,446**	**77,265**

b) Guarantees
Refer to Note 23 for Guarantees issued by the Bank in respect of contracts secured relating to the Company. All Guarantees stated in Note 23 relate to the Company.

c) Capital expenditure commitments
Refer to Note 21 for capital expenditure contracted for at the balance date but not recognised as liabilities in the financial report. All Capital Expenditure Commitments stated in Note 21 relate to the Company.

DIRECTORS' DECLARATION

In the Directors' opinion:

a) the financial statements and notes set out on pages 5 to 35 are in accordance with the Corporations Act 2001, including:

(i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the Group's Consolidated financial position as at 30 June 2016 and of its performance for the financial year ended on that date;

b) the financial statements also comply with International Financial Reporting Standards issued by the International Accounting Standards Board as disclosed in Note 1.1; and

c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

J Brumby
(Chairman)

A Waters
(Director)

Melbourne, 1 September 2016

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Citywide Service Solutions Pty Ltd

The Financial Report

I have audited the accompanying financial report for the year ended 30 June 2016 of Citywide Service Solutions Pty Ltd which comprises consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year as disclosed in note 27 to the financial report.

The Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

As required by the *Corporations Act 2001* and *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about 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 audit procedures selected depend on 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, consideration is given to the internal control relevant to the company'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 company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, I and my staff and delegates have complied with the applicable independence requirements of the Australian accounting profession and the *Corporations Act 2001*, Australian Auditing Standards and relevant ethical pronouncements. I confirm that I have given to the Directors of the company a written independence declaration, a copy of which is included in the Directors' report.

Opinion

In my opinion, the financial report of Citywide Service Solutions Pty Ltd is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the company's consolidated financial position as at 30 June 2016 and of its consolidated financial performance for the year ended on that date

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

MELBOURNE
6 September 2016

Dr Peter Frost
Acting Auditor-General

VAGO
Victorian Auditor-General's Office

Level 24, 35 Collins Street
Melbourne VIC 3000

Telephone 61 3 8601 7000
Facsimile 61 3 8601 7010

Website www.audit.vic.gov.au

AUDITOR-GENERAL'S INDEPENDENCE DECLARATION

To the Directors, Citywide Service Solutions Pty Ltd

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General, an independent officer of parliament, is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised.

Under the *Audit Act 1994*, the Auditor-General is the auditor of each public body and for the purposes of conducting an audit has access to all documents and property, and may report to parliament matters which the Auditor-General considers appropriate.

Independence Declaration

As auditor for the Citywide Service Solutions Pty Ltd for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- no contraventions of any applicable code of professional conduct in relation to the audit.

MELBOURNE
6 September 2016

Dr Peter Frost
Acting Auditor-General

CITYWIDE

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