



ANNUAL REPORT 2011

Extraordinary people; Extraordinary outcomes

CONTENTS

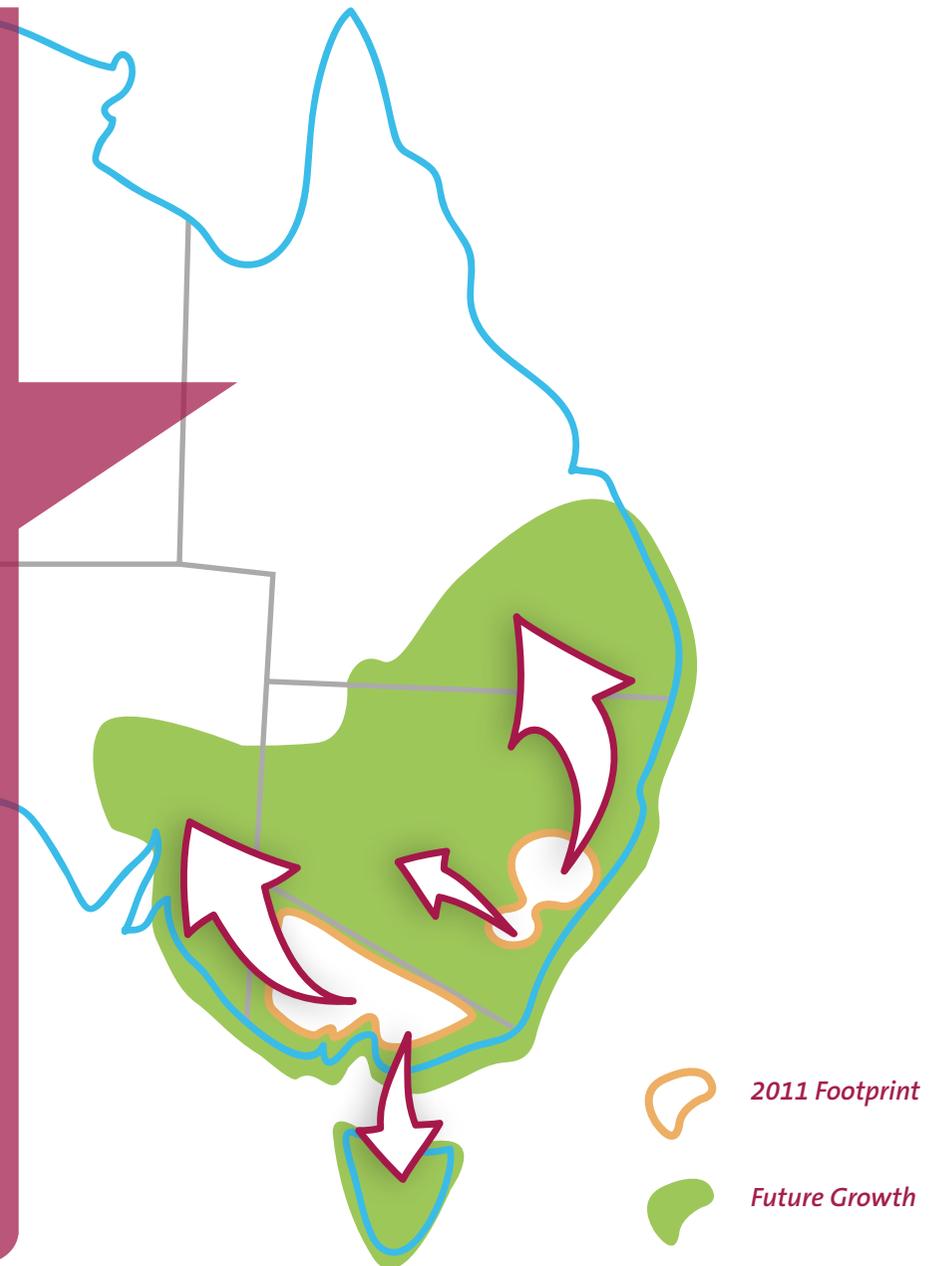
Highlights	2	Sustainability Report	18
<i>Key Performance Indicators</i>	3	<i>Our Workplace</i>	20
Messages	4	<i>Our Community</i>	22
<i>Chairman’s Message</i>	4	<i>Our Environment</i>	24
<i>Managing Director’s Message</i>	6	Profiles	29
Operational Overviews	8	<i>Director’s Profiles</i>	29
<i>Infrastructure</i>	8	<i>Executive Profiles</i>	32
<i>Open Space</i>	10	Financial Statements	35
<i>Environmental</i>	12	<i>Director’s Report</i>	35
Our Organisation	15	<i>Financials</i>	36
<i>Our Vision, Our Values</i>	15	<i>Auditor General’s Report</i>	62

Managing and maintaining some of Australia's most iconic landmarks, Citywide administers over 2,500 parks and reserves, more than one million trees, in excess of 4,000km of roads, and is responsible for community waste and street cleansing services that protect public health.

The critical pieces of transport and social infrastructure Citywide administers ensure millions of Australians are able to enjoy a better standard of living, can commute to work, and have the freedom to meet in picturesque open spaces.

Behind every road, every tree and every parkland, are Citywide people. With their hands in the earth, on a shovel or at the wheel, they help shape Australia's sustainable urban and regional landscapes. When they find a better way of doing things, they put ideas into action; when they can help out, they get involved.

That's why our extraordinary people get extraordinary outcomes.

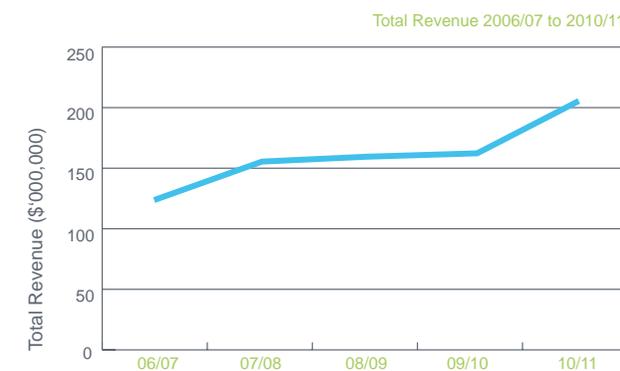
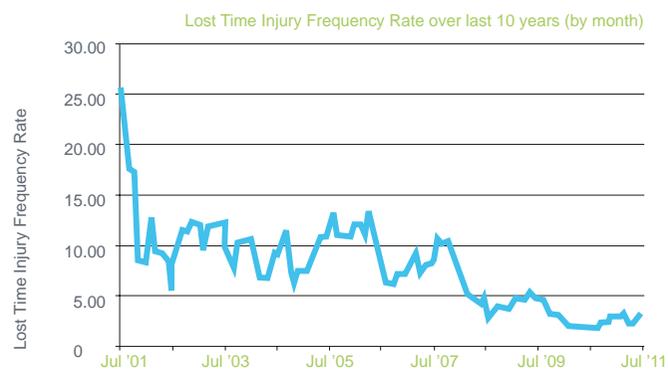




HIGHLIGHTS

- Administering over 100 open space, infrastructure and environmental contracts throughout VIC, NSW and the ACT, with a combined value (excluding variations), of over \$150 million per annum.
- Won an additional \$45 million in annualised revenue, with whole-of-life contract value in excess of \$120 million.
- Workforce grows to over 1000 employees for the first time in the Company's 16 year history.
- After a two year trial, VicRoads grants conditional approval to Greenpave low emission asphalt.
- Infrastructure commercial operations grew 30% and the division surpasses \$100 million in revenue for the first time in the Company's history.
- Open Space wins \$30m in new tenders, commences seven new contracts and employs a further 70 personnel.
- Environmental successfully re-wins the City of Moreland Waste contract, a partnership that will now move beyond 20 years.

EXTRAORDINARY OUTCOMES



Key Performance Indicators

INDICATORS ('000)	2007	2008	2009	2010	2011
Total Revenue	\$128,003	\$154,681	\$158,321	\$160,813	\$201,904
Profit from ordinary activities before income tax	\$8,764	\$9,756	\$8,053	\$9,632	\$11,480
Net profit after income tax	\$6,113	\$6,800	\$5,789	\$7,133	\$7,969
Total assets	\$85,113	\$95,753	\$90,042	\$98,747	\$121,355
Total equity	\$38,659	\$42,799	\$46,222	\$53,361	\$58,190
PERFORMANCE MEASURES					
Number of permanent employees	770	780	733	797	947
Earnings per share after tax	33.2 cents	36.9 cents	31.5 cents	38.8 cents	43.3 cents
Revenue per employee	\$166,238	\$198,309	\$215,990	\$201,773	\$213,203
Return on sales before tax	6.8%	6.3%	5.1%	6.0%	5.7%
Return on assets after tax	7.2%	7.1%	6.4%	7.2%	6.6%
Return on total equity after tax	15.8%	15.9%	12.5%	13.4%	13.7%



“Backed by a solid foundation of long-term contracts under management, acquisitions will continue to be a focus.”

- Lyn Davies, Chairman

MESSAGE FROM THE CHAIRMAN

On behalf of the Board of Directors, it is my pleasure to present the 2010/11 Citywide Annual Report.

Fiscal 2011 was an excellent year for Citywide. Revenue improved 26% to \$202 million, a record for the business. Profit was \$11.4 million; this was also a record for the business, a healthy 10.9% above budget underlining our capacity to expand while managing margins. In fact, Citywide has proudly recorded its 10th consecutive year of growth, an outstanding achievement of which few companies our size can claim. It represents not only a high performing year - but a decade of hard work and careful strategic planning.

Growth was not confined to revenue and profit. For the first time, our workforce of permanent and casual employees surpassed the 1000 mark. The collective contributions of each person saw contracts under management expand across all three operational divisions.

Citywide declared an annual dividend of 17c per share, making a total declared dividend of \$3,140,000; a 15% improvement on last year. The year's impressive performance is largely attributable to four key factors: effective integration of a major acquisition, successful tendering for work in new markets, determined pursuit of capital and variation works, and management of unseasonal conditions which threatened to erode Company profits.

Citywide commenced the financial year with a clear strategy to identify and acquire new businesses that either extended our reach into markets we currently serve, or added significant capacity to our business. The acquisition of Sterling Group Services Pty Ltd in NSW, achieves both these objectives, opening doors to new income streams from major landscaping works and commercial contracts while further establishing our grounds maintenance presence across Sydney and along the New South Wales (NSW) Central Coast.

Financial year 2010/11 provided examples of how strategy, implemented over time, leads to strong and sustainable growth. Citywide Infrastructure was awarded a major two year road resurfacing contract from Transurban CityLink and increased its market share of VicRoads road maintenance contracts. The Company now maintains in excess of 4,000 km of Victorian state roads.

“Strong customer relationships like these lie behind Citywide’s outstanding 90% contract retention rate.”

Supporting this result is a strategic plan to extend Citywide’s market beyond local government civil maintenance services, to regional road and city highway maintenance projects. This broadens our revenue base and reduces revenue risk, while securing long lifecycle less complex contracts.

While we pursue growth, we never lose sight of our valued customers. This year, Citywide and the people from the City of Moreland, Victoria, celebrated 15 years of partnership. The Company was re-awarded the municipality’s waste services contract for a further seven years. The win is a credit to Citywide’s staff as much as the City of Moreland’s, who put their trust in us.

Equally, Citywide has been entrusted by the City of Melbourne to maintain the Victorian capital’s numerous trees, city infrastructure and street cleansing; contracts Citywide has held for in excess of 15 years, re-winning each through numerous competitive tendering processes. Strong customer relationships like these lie behind Citywide’s outstanding 90% contract retention rate.

The wet weather of the past twelve months affected communities along the Eastern Seaboard. Every Citywide business experienced significant impacts, most notably Open Space. I wish to acknowledge our people for limiting the very real danger that rain, debris and accelerated plant life growth presented to our business. Open spaces were secured, our finances stayed firmly in the black. Substantial growth presents challenges to our structure, succession planning, and margin management. We will reduce our reliance on infrastructure subcontractors in the year ahead.

In October the Board farewelled a longstanding director whose advice has helped steer the Company on its path from a small open space provider to major integrated physical services business. Barry McGuinness joined the Board on 20 November 1996; 14 years after his appointment he leaves our Company in very strong shape. We acknowledge his extraordinary contribution to the Company and thank him for his professionalism over these many years. His commitment to Citywide’s growth and development along with his mentoring of senior management has left a lasting impact on this company. His replacement, Janice van Reyk brings a depth of experience in OH&S and Environmental compliance after holding senior roles in a number of major, publicly listed Australian companies. I commend her appointment and, on behalf of the Board, take this opportunity to once again welcome her to our Company.

Citywide enters 2012 in a strong position, backed by a solid foundation of long-term contracts under management. During this year, we will continue to focus on acquisitions as part of our long term strategic growth. The Board also sees opportunity for growth along Australia’s eastern seaboard, and across the Tasman to New Zealand.

Behind the push into new geographical and commercial markets is a team of people for whom a job with Citywide

is a source of confidence and pride. The Board is equally proud to work with such a dedicated workforce. Our staff are led by a capable Managing Director, Kerry Osborne, and his experienced management team that continues to adapt strategically and tactically to the varied forces which face the Company and shape the markets in which we operate.

I express to the Board my appreciation of their professional performance as Directors and thank them collectively for this leadership and their significant contributions to Citywide’s continuing success.

I wish to record on behalf of the Board and the Company our appreciation of the continuing support of the Lord Mayor, the Council and Senior Management of the City of Melbourne who represent our shareholders. We acknowledge the very significant relationship that has developed over the years between the operating management of Citywide, and the City of Melbourne, that has facilitated the growth and the development of our services to the City of Melbourne and the success of Citywide in the greater market.

Not only is ‘extraordinary people, extraordinary outcomes’ the theme of this year’s annual report, but is also a correct statement about the contributions of our employees. I commend all involved for their commitment to Citywide’s continued success and thank them for their efforts in contributing to this record year.



Lyn Davies
Chairman



“It is a credit to our performance record that Citywide won an additional \$45 million in annualised revenue this year.”

- Kerry Osborne, Managing Director

MESSAGE FROM THE MANAGING DIRECTOR

After a year of impressive performance, I am pleased to report that Citywide is in its strongest ever position. A combination of strong organic and acquisition-led growth has seen the Company further establish itself as a leader in the local government physical services sector.

Across our operations, the Company now administers well over 100 open space, infrastructure and environmental contracts throughout Victoria, NSW and the ACT, with a combined value (excluding variations), of over \$150 million per annum. It is a credit to our performance record that Citywide won an additional \$45 million in annualised revenue this year - a result that represents a record number of tender wins and whole-of-life contract value in excess of \$120 million.

This outcome is testament to the combined efforts of our people. I have always acknowledged that the Company's employees are its greatest asset. That belief is reflected in our values, our customer proposition and consistent investment in training. In this year's annual report we take a closer look at the people behind the brand and the customers who give them the opportunity to excel.

Citywide's Infrastructure division grew its commercial operations 30% this financial year and surpassed \$100 million in revenue for the first time in the Company's history, including \$25 million in capital works. The year was capped off with a successful tender for the provision of road resurfacing services for multinational Company, Transurban, on its flagship CityLink toll road. The contract demonstrates approval of Citywide's specialist road maintenance expertise and surfacing experience. The win is significant because, with each

commercial contract, we diversify our mix of government and non-government works, thereby reducing risk to revenue.

Another major vote of confidence was Victoria's state road authority, VicRoads, providing conditional approval to Citywide's low emission asphalt mix, Greenpave. It follows a two year trial, which saw rigorous testing in heavy traffic areas. This is an important trigger for expanded adoption of Greenpave by local governments.

“\$200 million in revenue, 10 years of consistent growth, 1000 employees: these are important milestones in the development of our business of which every Citywide employee can be proud.”

Sustainability continues to be at the core of the business. Both an ethos and a business goal, sustainability drives innovation across all departments as we reduce consumption, emissions and environmental impact at each step of the supply chain. Capitalising on \$12 million of new business last year, Open Space had a successful 2010/11. The Company holds three of Australia's most prestigious contracts: maintenance of capital city gardens in Melbourne, Sydney and Canberra. We never rest on our laurels and continue to improve this important infrastructure we are privileged to maintain.

Unusually high rainfalls extended from spring well into summer, creating challenges for teams as severe flooding affected

Victorian regions serviced by Citywide. Regional staff worked tirelessly alongside SES volunteers and residents to secure roads and public space. Like the fire clean-up following Black Saturday, Citywide went beyond its contracted responsibilities to maintain the integrity of the communities within which it operates. This year, Open Space funded and re-built the Ex-Servicewomen's Memorial Garden at the foot of Melbourne's Shrine of Remembrance. Highly symbolic, it is the first time the contribution of Victorian women during war has been recognised alongside those of men.

Citywide Environmental delivered solid earnings results on the back of a strong year. The waste business expanded to over 50 waste collection vehicles across twelve municipal contracts. A major vote of confidence in Citywide came from the City of Moreland as the Company was re-awarded the waste services contract for a further seven years.

At financial year's end, Citywide continues to provide one of the safest workplaces in its sector, based on independently measured benchmarks. Citywide's close monitoring of high-risk occupational areas has seen the company-wide Lost Time Injury Frequency Rate (LTIFR) register at 2.49, an excellent effort considering the industry average is triple this figure. Ultimately, safety comes down to culture which is shaped by investment (in safe processes, systems and equipment) and the duty of care shown by each and every employee. We continue to work hard to get that balance right.

As we expand, recruitment remains a challenge. Citywide has implemented market leading training programs to up-skill current employees while adopting innovative approaches to recruitment. Our social media initiative, Treescapers, has

successfully boosted applications by qualified candidates.

It is very pleasing to look back on a year in which strong financial performance was matched by safety, improved environmental management and community engagement. \$200 million in revenue, 10 years of consistent growth and, over 1000 employees (full time and casual): these are important milestones in the development of which every Citywide employee can be proud.

I wish to acknowledge the support of the Citywide Board whose members have provided wise counsel and strategic support for our new market and acquisition strategy. I also wish to thank the senior management team, who delivered an impressive result while facing many challenges under pressure.

Finally, I extend my gratitude to all members of our workforce who, every working day of the year, represent our Company with professionalism and diligence before our customers and their stakeholders.



Kerry Osborne
Managing Director

“Citywide Greenpave has saved a total of 176,446kg of emissions – equal to 3,528,934 black balloons. Australia’s first low emission asphalt mix, Greenpave is being adopted by councils across the Melbourne metropolitan area.”

- Benny DiLorenzo, Asphalt Plant Manager



INFRASTRUCTURE OVERVIEW

It was an exceptional year for Citywide Infrastructure.

Commercial operations grew 30% and the division surpassed \$100 million in revenue for the first time in the Company’s history, including nearly \$25 million in capital works. A number of developments during 2010/11 contributed to that success. Significant major tender wins included a two-year contract for the provision of road resurfacing services for Transurban CityLink, a contract estimated to comprise of 400,000m² in asphalt works. A significant win for the division, it demonstrates the market’s approval of Citywide’s professional expertise and our ability to deliver large-scale projects on-time and on-budget.

Further solidifying Citywide’s position as a major player in the competitive road services and maintenance sector, Citywide’s low emission asphalt, Greenpave, received approval from Victoria’s State Road Authority VicRoads to be used as an alternative to conventional asphalt. This, officially, makes it Australia’s first approved low emission asphalt mix.

A stringent testing program saw 9000 tonne of Greenpave, laid on a major road traffic zone, assessed over a two-year period. It is a fantastic result for Citywide and its partner, Shell Bitumen. Demonstrating the environmental benefits, the pilot program alone saved a total of 176,446 kilograms of CO₂ emissions (equal to 3.5 million black balloons).

Continuing Citywide’s environmental commitment, we increased Recycled Asphalt Product (RAP) across many of our asphalt mixes. Citywide produces RAP at its North Melbourne Asphalt plant and the market is responding – fiscal 2011 saw asphalt sales and revenue exceed budgeted figures by 30% and the plant produced a record tonnage.

“The division surpassed \$100 million in revenue for the first time in the Company’s history, including nearly \$25 million in capital works.”

Our regional Victoria operations have grown considerably as we further increased market share in the provision of road maintenance services for VicRoads, the Victorian state road authority. In the past twelve months Citywide Infrastructure secured VicRoads contracts in East Gippsland and Buloke, and re-won contracts in Echuca and Colac. The division now maintains in excess of 4,000km of Victorian state roads, with eight operational depots strategically spread across the state.

Citywide’s VicRoads work has allowed the Company to develop relationships with many of the Shires in regional Victoria and, in-turn, win contracts for major civil construction projects including road re-sheeting and traffic signal installations. After growth into the Mansfield, Benalla, Wangaratta, Shepparton and Mildura regions throughout

2010/11, Citywide now services most of Victoria, with contracts under management extending from Mallacoota to Mildura.

In late 2010 we completed one of our most challenging projects: sealing 13.4 km of winding road in Victoria's picturesque high country. The \$3.4 million project involved the construction of gravel pavement from over 21,000m³ of crushed rock, coupled with 95,000m² of bitumen seal and 1,000 linear metres of guardrails over the final unsealed stretch from Jamieson to Big River.

Faced with the region's wettest spring in 30 years and some of Victoria's most rugged terrain, our team of civil engineers, in collaboration with project partner, Alpine Civil, took on a number of logistical challenges requiring tactical responses, innovation and a can-do attitude. The project covered a 61 km stretch admired by weekend motorcyclists, campers, 4WD enthusiasts and nature lovers.

Victoria's extended heavy rain in early 2011, impacted road infrastructure and caused significant danger as witnessed through landslips along sections of the Great Ocean Road and major flooding damage to roads in many parts of the state. Citywide played a central role in repairing and clearing the iconic coastal road and assisting relief efforts in flood affected areas.

From helping communities in need to being at the forefront of innovative technology development, Citywide Infrastructure demonstrated expertise, dedication and drive throughout the year. We look forward to providing excellent service to our existing client base and maintaining the strong relationships that have been forged over many years.

HIGHLIGHTS

- *Surpassed \$100 million in revenue for the first time.*
- *VicRoads gives conditional approval for Greenpave asphalt.*
- *400,000m² of asphalt works for Transurban's CityLink network.*
- *61 km of alpine road paved during extreme weather.*



"Joining the Citywide team as a graduate and being responsible for maintenance of a major piece of infrastructure like CityLink is a fantastic opportunity."

- Christopher McKenna, Graduate Engineer

"Over the past 12 months, Infrastructure has secured four VicRoads contracts in regional Victoria and implemented RAMM, market-leading software that gives us absolute visibility over our work."

- Helen Sanders, Project Engineer



“With over 20 volunteer friends groups and 30 working bees a month, Citywide’s Bushland and Nursery teams work with local residents to bring indigenous bushland back to Bayside.”

- Jo Hurse, Team Leader, Bushland & Nursery



OPEN SPACE OVERVIEW

Capitalising on \$12 million of new business in 2009/10, Citywide Open Space had a successful year in 2010/11, despite seasonal extremes that created unforeseen challenges.

Winning \$30m of new tenders in 2010/11, the division established seven new contracts and employed a further 70 personnel. Across Open Space, innovative methods of operations, reduced safety incidents, improved business processes and new business systems were introduced. Importantly, additional open space management contracts were won with existing customers, underlining their satisfaction with the high standard of service delivery, including: the Cities of Casey, Whitehorse and Knox. New customers include the Shire of Cardinia and the City of Mildura, which is the division’s first open space contract in regional Victoria.

The impact of the wet spring season was the factor that most affected the division – the unprecedented growing conditions had a major impact on all horticultural contracts for an eight-month period. Although the impact of this extreme rainfall was significant, well-managed productivity and logistics ensured the majority of horticultural contracts remained profitable and were still completed on schedule.

In Victoria, Citywide sponsored and constructed the new Ex-Servicewomen’s Memorial Garden and Cairn at the Shrine of Remembrance, and produced outstanding floral displays at Fitzroy Gardens, in-beds and the conservatory.

Our foreshore team at Bayside City Council continued to enhance the area through significant planting programs and introduced new plant varieties propagated by our nursery team.

It was an outstanding year for the arboriculture business, with all contracts tracking ahead of schedule due to an increase in tree planting programs and strong variations across all contracts. Arboriculture tenders contributed a further \$8 million in new business, and a major highlight was the retaining of the City of Port Phillip’s Horticultural and Arboricultural contracts, worth \$37 million over seven years. In addition to this, contract extensions were also negotiated for Government House, Windy Hill and Brighton Grammar.

Citywide’s Northern Region consolidated the newly transitioned National Capital Authority contract to build its position in the ACT. This is a relatively new market for Citywide, one that brings further opportunity for Open Space as it secures contracts along the Eastern Seaboard.

In Sydney, the team developed services for a number of new clients and retained significant contracts in horticulture and arboriculture services, including the prestigious City of Sydney horticulture and arboriculture contracts. A significant development was the acquisition of Sterling Group Services. A major NSW open space services provider, Sterling brings additional capabilities to Citywide, enabling it to deliver services to a broader geographical area and customer base.

After a detailed strategic planning process, Northern Region operations have been restructured, with significant investment in plant and equipment throughout the year. This investment

will improve capacity, productivity and the safety of operations, and the business has earmarked another \$6 million in capital expenditure on equipment to further boost productivity.

Training was a significant focus this year, with compliance training complemented by the launch of an apprenticeship scheme and Certificates 2 and 3 in Horticulture and Arboriculture. We will increase the number of apprentices, Certificate 2 trainees and school based trainings in 2011/12, taking advantage of federally funded training programs.

Recruitment of skilled employees will be a major focus for the division and we will be working closely with HR in supporting arborist recruitment strategies, including Treescapers, our social media initiative.

Looking forward, Open Space will continue to seek tender based opportunities, and acquisition led growth in VIC, NSW, ACT, TAS, SA and QLD. New Zealand is also actively being investigated. We are well positioned for further organic growth through our existing client base. New power line regulations are an example of external factors expected to result in additional work for inner-city contracts as councils are required to achieve new levels of compliance.

“Winning \$30m of new tenders, the division established seven new contracts and employed a further 70 personnel.”

HIGHLIGHTS

- *Won an additional \$30 million in new contracts.*
- *Retained Government House, Windy Hill and Brighton Grammar contracts.*
- *Developed Memorial Garden at Shrine of Remembrance.*
- *Effectively managed unseasonal wet weather and growing conditions.*



“Re-winning the highly contested trees, parks and gardens contract for City of Port Phillip is a great outcome for Citywide Open Space. The guys work-hard day-in, day-out – and their work is being noticed.”

- Simon Smith, Port Phillip Operations Manager

“Citywide arborists care for over 1 millions trees. Our Treescapers website tells the story of what we do, sharing our photos and stories with potential future arborists.”

- Citywide Arborist



ENVIRONMENTAL OVERVIEW

Citywide Environmental delivered solid earnings results on the back of a strong year that saw the division win new business while maintaining key relationships with existing clients.

Full year divisional revenue was a healthy \$44 million meeting projected earnings and budget forecasts. The division retained its key contracts while winning considerable new business.

Fiscal 2010 was also a year of looking forward with a restructure of the Environmental business providing the opportunity to improve productivity, profitability and a positive working environment.

During the fiscal year, the waste business expanded to over 50 waste collection vehicles across twelve municipal contracts.

A major vote of confidence in Citywide's services came from the City of Moreland, as the Company was re-awarded the waste services contract for a further seven years. Citywide Environmental has been providing waste management services to the City of Moreland for the past 15 years and the new contract win is set to take this relationship to over two decades of dedicated service to the community.

Commercial waste operations achieved a growth of 28% contract profit. This was primarily attributed to strong client retention, continued growth in new business and the benefits of a restructure within the business.

Following its upgrade in 2009, the Transfer Station has made use of expanded capacity, sorting and processing well over 200,000 tonnes of waste in 2010/11. The Company diverted record volumes of steel and cardboard from landfill, with positive environmental impacts for its many customers.

The Company's Dynon Rd Transfer Station is strategically located on the fringe of Melbourne's CBD and currently provides waste management solutions to in excess of 45,000 local residents as well as surrounding municipalities and commercial customers.

“The Company diverted record volumes of steel and cardboard from landfill, with positive environmental impacts for its many customers.”

Citywide Environmental was also successful in signing a major Commercial client for a two year contract at the transfer station as well as introducing a number of new commercial clients into the facility. We will pursue further growth in our Commercial waste business, including a feasibility study exploring the introduction of a skip bin service.

During the year, Citywide commissioned a review of emerging alternative waste technology, an area that is continually developing with potential opportunities for the Company.

“Ultimately waste management is about community health, safety and wellbeing. We're proud to give that certainty to the people of Manningham.”

— Haydon Cooksley, Operations Manager, Manningham



Citywide personnel visited treatment plants in Europe, gaining important insight with which to progress talks with municipal councils and the Victorian state government.

Street cleansing continues to achieve record results with new contracts continuing to grow the commercial sweeping arm of the business. In 2010/2011, the operations secured a number of wins including the City of Melbourne Docklands Precinct Street Cleansing contract.

Developing our people is crucial in developing our performance. In 2011/12 there will be a strong focus on the training and up-skilling of employees, as well as implementation of the cultural development program, in collaboration with human resources.

HIGHLIGHTS

- *Rewon the City of Moreland Waste contract – a relationship set to last over 20 years.*
- *Collected and recycled over 4,200 tonnes of cardboard, preventing 20,000,000 black balloons of CO₂ emissions.*
- *Collected and recycled over 720 tonnes of steel, enough to manufacture 450 Holden Commodores.*
- *Achieved record numbers of street cleansing contracts bonuses.*
- *Successfully completed major management restructure.*



“We employ best practice systems, procedures and training to ensure – from collection and throughout processing – Citywide complies with legislation and meets community expectations.”

-Nikki Carden, Compliance Officer

“With improved technologies and processes, Citywide Environmental has developed time saving practices in waste collection and transportation, dramatically improving productivity.”

- Meti Ozmani, Supervisor, Bayside City Council Street Sweeping





“Joining a strong and expanding organisation such as Citywide is a major development for Sterling. Our values and skill sets are aligned and, together, Citywide and Sterling are poised for an exciting future in New South Wales.”

- Justin Hollis, General Manager, Sterling Group Services



VISION, VALUES, PURPOSE

Innovative, sustainable and focused on people

Citywide is a diverse Company shaping and maintaining high performance assets. We deliver the full scope of open space, environmental and civil infrastructure services, supported with expert advice, to government and private enterprise.

A trusted partner in our customers' growth and development, Citywide has a strong reputation for service innovation and the quality of our work. *We shape sustainable landscapes.*

Extraordinary people; extraordinary outcomes

Citywide's unique, diversified service model has underpinned the Company's rapid growth since its foundation in 1995.

Today we deliver integrated services to Australia's most prominent capital city governments and national corporations. Our dedicated service teams are led by people who are experts in their fields.

Applying knowledge and experience, we deliver services that set benchmarks for best practice. We also invest in annual in-house training and development programs to further our reputation for highly skilled people, process innovation and effective application of new technology.

A partner in the truest sense, we work with customers to achieve extraordinary outcomes.



Our vision

"To be Australia's leader in the provision of sustainable open space, environmental and infrastructure services in our areas of competency through the development of our people, application of technology and industry best performance."

Our values

Citywide's values are reflected in the selection of new employees and their behaviour when on the job.

- People
- Customer relationships
- Performance
- Knowledge
- Innovation
- Sustainability

"Citywide's unique, diversified service model has underpinned the company's rapid growth since its foundation in 1995."



“Just one year into this new contract, seeing the overall improvements Citywide has made to National Capital Authority open spaces is very rewarding. We have more visibility over the condition of our natural assets, and the work being completed is better than we ever had before.”

- Peter Beutel, Asset Manager, National Capital Authority



OUR ORGANISATION

Citywide. The workplace of extraordinary people.

This annual report features the people - their faces, their ideas - behind the brand. Our engineers, environmental staff, horticulturalists, arborists, road workers and vehicle operators work around the clock to deliver projects that maintain and enhance public spaces, nurture gardens and secure infrastructure. The real outcome of our work is not in the job completed, it's the exceptional quality of life enjoyed by the communities we serve in cities and towns across eastern Australia.

As with all great companies, the sum output of our people is much greater than each individual's contribution. Teamwork and a sense of unity across the Company ensures Citywide is resilient, constantly innovating and outperforming competitors.

We want our employees to contribute and feel part of the Company's success. After conducting a company-wide employee alignment survey in 2010, Citywide introduced a values alignment program to encourage employee communication, collaboration and an understanding of what it takes to get great, people-based results for customers and their communities.

A job with Citywide offers stability and security to employees. Given the physical nature of our work in the field, employee safety is a primary focus.



The year's Lost Time Injury Frequency Rate (LTIFR) was 2.49, well below our target of 5. We have one of the safest workplaces in the industry and genuinely care about the health and wellbeing of all employees, each year offering a range of health services.

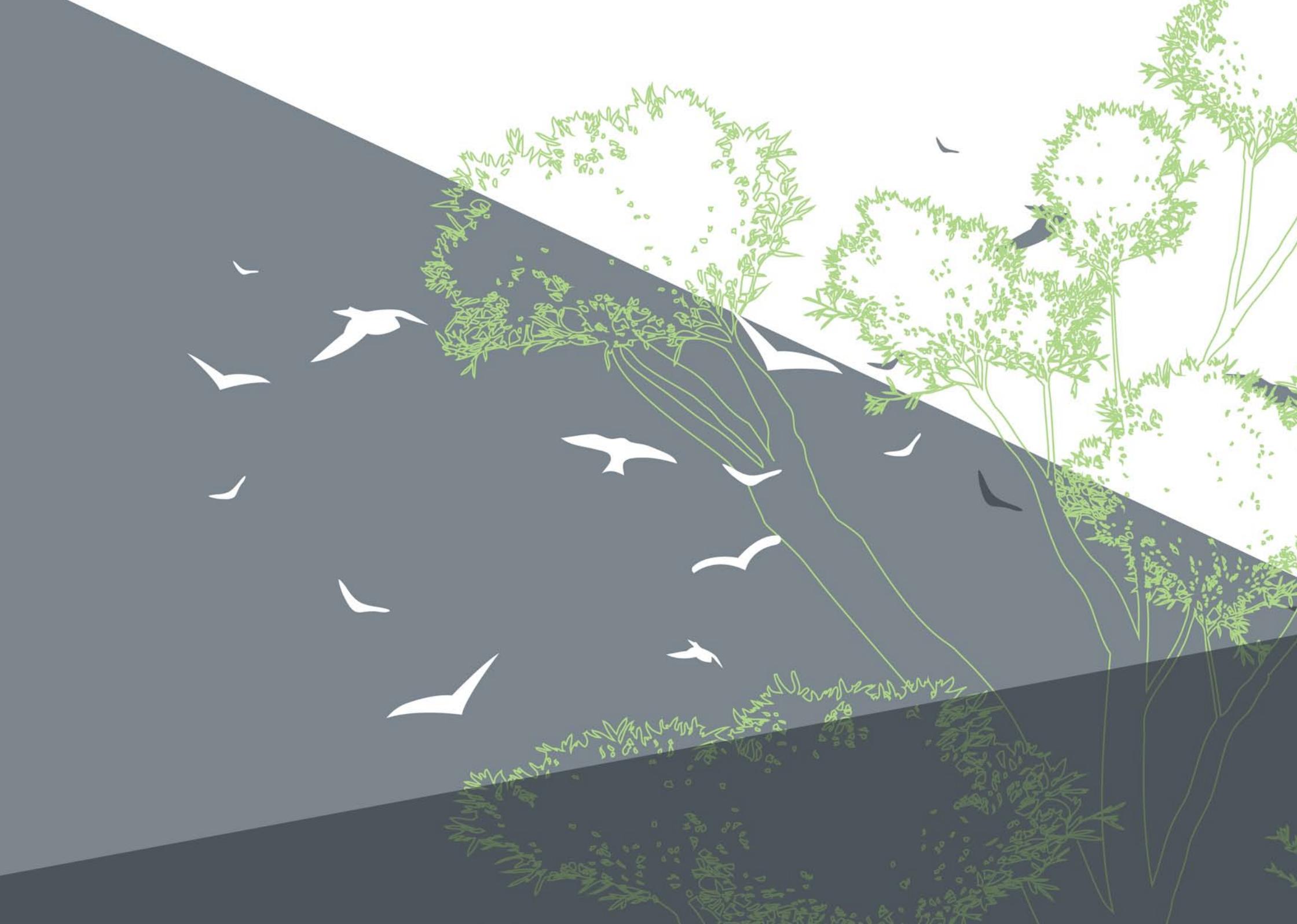
“The real outcome of our work is not in the job completed, it's the exceptional quality of life enjoyed by the communities we serve in cities and towns across eastern Australia.”

The Citywide Enterprise Bargaining Agreement (EBA) means Citywide people are comfortable knowing their remuneration compares well to their industry peers. These aspects of our Company are fundamental to employee confidence. But there is more to a job than the work environment and a pay packet. It's the camaraderie shared with team mates, positive feedback for a job well done, opportunities to learn more, and the satisfaction of solving problems.

This year Citywide launched Treescapers, a website linked to social media that enables the Company's arborists to tell prospective employees what it's like working on Australia's premier gardens. A groundbreaking approach to recruitment, it is attracting candidates who are aware of the expectations of the role, and helps employees define who they want to work with. Treescapers is innovation. Innovation originates from Citywide people who, beyond daily tasks, are always looking for better ways to do things.

Passing 1000 employees for the first time in our history was a major milestone for Citywide and a challenge for the HR team. Effective recruiting is critical: the Company needs to know employees have the right level of skills but, just as importantly, the right attitude. The organisation remains a champion of apprenticeships and training programs, working both with third party institutions and conducting a diverse range of internal programs.

The Company's diverse, capable workforce is central to its safe and successful operations. That is why Citywide people are at the vanguard of public space maintenance.





CITYWIDE

SUSTAINABILITY REPORT

*Investing in a sustainable future
for Australian communities.*

OUR WORKPLACE

Workforce profile

Citywide's staff numbers surpassed the 1000 mark this year. Workforce expansion is directly linked to new contracts and the acquisition of Sterling Group Services. The Company's demographic remains constant, with a predominantly male workforce primarily employed in full-time work. Turnover of staff was 15.9% for the year. This figure is inclusive of terminations resulting from redundancies in operations.

Extraordinary outcomes

Occupational Health & Safety

It has been another great year for Citywide in terms of its safety performance with all of the Company's 2010/11 safety targets being achieved.

The Lost Time Injury Frequency Rate (LTIFR) for the year was 2.49 including labour hire staff: significantly below our target of 5. Medically treated incidents decreased from 57.88 in 2009/10 to 56.16 in fiscal 2011, as a result we are now revising down the target for 2011/12, ever focused on improving safety.

The Company also achieved its target for Motor Vehicle Accident Frequency Rate (MVAFR), which was 64.84. There were 147 at fault motor vehicle accidents reported in 2010/11, thirty less than 2009/10 – a great result, particularly given the increased size of fleet over the year. The projected WorkCover claims rate (2.8) was achieved, a testament to all employees, particularly Injury Management advisors who work

tirelessly to ensure a speedy return to work for injured workers. Citywide's relationship with Injurynet, established last year, played a key role in the overall result due to a focus on early intervention.

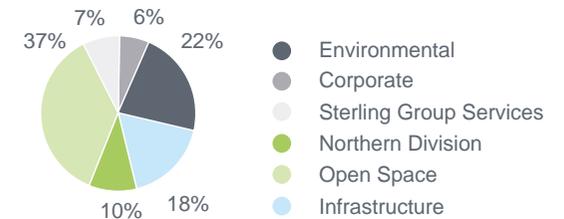
Developing and Retaining the Best People

Organisational development continues to be a primary focus and has gained momentum, with programs launched during the year that support the growth of the organisation and development of its people. Citywide implemented strategies to develop employee capabilities, skills and behaviours essential to achieving the Company's long-term objectives. These include implementation of the Culture Survey and leadership development programs. A competency based employee development and talent management program was launched, as well as a new competency based performance review process.

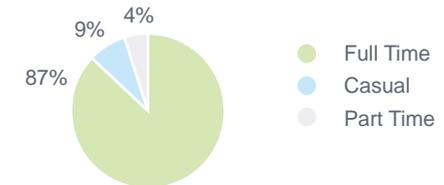
Another significant achievement has been the development of a new apprenticeship program for the Open Space division, complemented by a mentor program with clear outcomes. Training has been conducted for all mentors who will communicate responsibilities and program goals. Strategic partnerships have been formed with third party organisations to attract the right talent to the program.

Our strategies pertaining to the long-standing challenge of arborist recruitment have also yielded positive results. Over the last 12 months Citywide has secured eight arborists from the United Kingdom, making use of Australia's temporary resident visas.

Employment type



Citywide staff by division



Cultural Alignment Survey

A values alignment program was implemented across the entire organisation. The program aims to build a culture and leadership style that supports the achievement of our vision and fosters the values held by our organisation, ensuring long term sustainability.

Online Induction

As part of Citywide's focus on continuous improvement and a commitment to a safe and healthy work environment, a new Online Induction Program was launched for all new employees, ensuring all new staff members are provided with up-to-date information. Furthermore, it gives employees a greater understanding of the importance we place upon Safety, Quality, Environment & Risk (SQER). All labour hire staff are required to complete the online induction prior to the commencement of duties.

MEASURING PERFORMANCE

DESCRIPTION	INITIATIVE	TARGET 11/12	ACTUAL 10/11	
Organisational Development				
Operational Values Journey	Ensure Citywide's values have meaning and purpose for all employees	Ongoing	New program	
Senior Leadership Program	Improved Management Skills of leadership group	Ongoing	New program	
Development and Implementation of Online Induction	Highly engaging interactive tool which ensures new employees and contractors gain maximum knowledge and understanding of Citywide and key SQE requirements	Ongoing	Online package implemented	
Competency Framework	Greater control over increment review Identification of skill development areas for future training and development	Ongoing	Leadership Competencies incorporated in performance review process.	
Innovation Program	The innovation program will allow Citywide's employees to be engaged in the process of submitting, developing and implementing innovative ideas	To be incorporated with the role out of espoused values	Program on hold due to culture survey	
Safety, Quality & Environmental (SQE)				
LTI Frequency Rate	Calculated by the number of lost time injuries divided by the total hours worked x 1,000,000 hours	4.2	target 5	actual 2.49
Standard Claims Rate	Total number of days lost divided by the total hours worked x 1,000,000 hours	target 4.3	target 4.3	actual 2.86
At Fault Motor Vehicle Accident Reduction	Calculated by the number of at-fault motor vehicle accidents divided by the total hours worked multiplied by 1 million hours	95	target <100	actual 64.84
Measured monthly through RMSS	Non-compliance of corrective actions	≥90%	target ≥95%	actual 95.2
MTIFR	Medically Treated Injury Frequency Rate	65 (new measure)		
Employee Engagement				
Health Well Being Program	Holistic program to be incorporated in the compliance calendar of events	June2012		
Organisational Culture Alignment Survey	Espouse Values Journey & Senior Leadership training	June 2012		
Continuation of Employee Health Measure	<ul style="list-style-type: none"> - Sun smart Training - Herbicide Surveillance - Influenza Vaccinations - Hepatitis Vaccinations 	Ongoing	Ongoing	
Citywide recognises and values the knowledge and experience of our longer term employees	Recognition of Employment Program	Annual Ceremony - December	Years of Services 10 20 30+	No of people 21 3 1

OUR COMMUNITY

Our Approach

Citywide's work with community organisations acknowledges that, regardless of the type of work the Company's employees perform, the outcome is always 'community focused'. The natural and urban environments our staff maintain and manage, the improvements they make to road networks, and the advice they give passersby in parks and gardens, these thousands of daily actions all help to shape community life.

Community & Stakeholder Engagement

Community and stakeholder engagement is instrumental to our goal of supporting communities. Citywide recognises the need to work together with councils, key stakeholders and local neighbourhoods in order to deliver improved outcomes.

Addressing the needs of local government customers and their residents, Citywide's community engagement initiatives have been developed over many years.

The principles of Citywide's community program initiatives are:

- Foster a closer working relationship with the community, and to encourage integration
- Provide an open channel of communication
- Partner with key stakeholders
- Engage with communities and stakeholders openly to achieve positive outcomes
- Exhibit the behaviours of a good corporate citizen
- Align with the organisation's philosophy of helping



In broad terms, our support spans four key areas:

- Communication and knowledge sharing
- Innovation
- Enlisting community and stakeholder support
- Providing transparency

Community Involvement

Citywide's desire to deliver meaningful results, both to business and to the community, is at the heart of our community engagement strategy. Shaping sustainable landscapes is about providing local community with the means, the vision, and the tools to make a positive impact on their environment. As such, Citywide believes it has an important role to play in enhancing the quality of life for all.

Citywide approaches every contract; from tendering and project initiation to programming work and managing occupational health and safety from a community perspective. Our people often create and manage community programs or contribute resources to a worthy local cause that is aligned with the Company's values. Before any activity that may disrupt commuters or public space users, traffic managers and delivery teams post notices and talk to local community leaders. Citywide recognises the need to work together with councils, key stakeholders and communities in order to deliver improved outcomes.

Each year Citywide and its staff support a number of events and charities with both in-kind and financial assistance. This year we were proud to add a few more to the list. The Company also runs public education programs in waste and environmental management.

2010/2011 Community Programs Community Initiatives

Ex-Servicewomen's Memorial Garden

In commemoration of the 70,000 Australian women who served in the armed forces from the Boer War through to 1985, the Ex-Servicewomen's Memorial Cairn in Melbourne is a significant public monument. For many years it was relatively hidden in the Kings Domain Gardens, quite distant from the Shrine and increasingly difficult to reach for senior ex-servicewomen.

Citywide sponsored and assisted in the construction of a memorial garden on the grounds of the Shrine reserve, which surrounds the relocated cairn. The garden features over 500 concrete violets and a copse of jacaranda trees.

After design and construction, it was opened at a small and moving ceremony in November 2010. In conjunction with the opening, Citywide also ran a public awareness campaign, which resulted in coverage in Victorian radio and newspaper, national horticulture and landscape media.

Bayside Community Nursery

The Bayside Community Nursery grows indigenous plants, grasses and trees for planting in reserves, foreshore, parks and also for public sale. It has successfully saved endangered plant life, and been instrumental in revegetating coastal reserves and public parks with native flora.

The propagation and promotion of native plants has transformed local reserves. Once dormant species such as the Silky Tea Tree, Prickly Spear Grass and the Long Purple Flag are becoming popular in community and private gardens; Victoria's floral emblem, the Pink Heath, has been brought back from the point of extinction.

The Friends of Bayside volunteers have been actively involved in revegetation exercises. Interacting with Citywide horticultural experts, local nursery volunteers and community members acquire knowledge and skills.

In addition to plant promotion and volunteer engagement, Citywide manages annual tree planting events and leading horticulturalists attend the yearly open garden day, answering questions from Bayside's green thumbs.

Angela Taylor Memorial Fun Run

Organised through the Victoria Police Blue Ribbon Foundation, the 5km and 10km event conducted at Melbourne's Tan Track

pays homage to Constable Angela Taylor, who passed away on the 27th of March 1986, after a car bomb exploded outside Melbourne's Russell Street police complex.

“Interacting with Citywide horticultural experts, local nursery volunteers and community members acquire knowledge and skills.”

Citywide entered a team of eight runners, each of whom performed admirably on the day and walked away with a renewed appreciation for the sacrifices our emergency services teams endure when working in the line of duty. The event proved very popular, with more than 150 keen participants running through the picturesque Domain Gardens, Queen Victoria Gardens and the Shrine Reserve.

Community training and education programs

Whittlesea NMIT disadvantaged persons training initiative

In partnership with NMIT, Citywide has created a work experience placement program designed to create opportunities for people who have experienced barriers to education or suffer learning disabilities.

Primarily aimed at aiding TAFE students undertaking a Certificate 1 in Work Education, the one week program provides post-school students (16 years and above) who have intellectual and learning disabilities with a pathway for future employment opportunities and further educational studies.

Formally established two years ago, the initiative has delivered multiple benefits for the NMIT students. Not only are the students provided with a setting to contribute in a team environment, they're also given a physical outlet to develop their skill sets, as well as participate in a project which will provide a sense of pride, achievement and accomplishment.

Citywide sponsorships

During 2010/11, Citywide invested in the following community sponsorships:

- Manningham Rotary: Walk the Torque Driver Education Program
- Bayside Christmas Carols in the Park
- Ex-Servicewomen's Memorial Garden and Cairn
- Uniting Care - Helping Hand
- Bayside City Council - Family Life
- Uniting Care Connections
- Craigieburn Phoenix Rugby League Club
- Doncaster Sharks Football Club
- The Holland Foundation
- Whittlesea and District Netball Association
- Marcellin Old Collegians FC
- Victoria Police Blue Ribbon Foundation - Angela Taylor Memorial Fun Run
- Chelsea Bowling Club Inc
- Bayside Community Nursery
- The Melbourne Lost Dogs Home
- Orbest Snowy Rovers Football and Netball Club
- St Vincent DePaul Society - CEO Sleep out

OUR ENVIRONMENT

Our Approach

The key to effective environmental improvement and risk management is to ensure all impacts and opportunities to innovate are identified and managed. Citywide's leadership team reviews all environmental sustainability priorities, and receives regular updates on environmental performance.

A Committee oversees sustainability governance, with benchmarking and stakeholder research conducted annually to ensure best practice is considered when establishing performance targets. All material issues are identified and managed in partnership with the relevant stakeholders through the Citywide Risk Management process.

Climate change presents potential risks and opportunities. Citywide has responded to this challenge with programs to reduce greenhouse gas emissions and expand public reporting. Improved collection and management of environmental data, particularly relating to energy/GHG emissions and water, has been a focus. In October 2010, energy and GHG emissions data was reported under the National Greenhouse Energy Reporting Scheme (NGERS).

Our customers are leading community change, developing policies and setting targets for the reduction of greenhouse gases, efficient water use, waste minimisation and improved biodiversity. With innovative approaches and advanced technology, Citywide assists customers to meet these targets.



Environmental Management System

With a goal of continuous environmental improvement, the Company has established an Environmental Management System (EMS) consistent with ISO 14001. The EMS document system has been independently audited and certified, and the Company has received AS/NZS ISO 14001:2004 certification for a large number of contracts. During fiscal 2011, these included the cities of Sydney, Port Phillip, Casey and Cardinia Shire as well as Citywide's Head Office. The EMS is part of a safety, quality, environmental and risk management system (SQER) which integrates management and is inclusive of all aspects of the business that affect safety, quality, the environment and risk.

In order to maintain full compliance, Citywide subscribes to EnviroLaw, a web-based legal obligations directory that provides regular updates of relevant Environmental Acts,

Regulations, Codes of Practice, and Standards. We report that, for the 2010-2011 financial year, Citywide did not incur any fines or legal action relating to environmental compliance issues.

This year, Citywide achieved its Key Organisational KPI of less than 475,000 black balloons per employee.

Environmental Innovations (Fiscal 2011)

Each year the Company invests in the development of its own, or adoption of procured environmental and 'clean and green' technologies. Green technology is a key factor in the Citywide's sector leadership.

Water sensitive devices were installed in open space contracts to reduce water usage. Citywide's AirRaider soil aeration machines continued to be developed and operate in Melbourne and Sydney. The machine breaks up compacted soil around root systems and delivers nutrient rich water previously blocked by dense soil. Citywide proprietary H2Pods are deployed in a number of municipalities. Sold or leased to customers, the Citywide-designed water barriers release water by a slow drip feed to the base of trees.

The North Melbourne Asphalt Plant is designed to achieve gas and electricity consumption savings of over 30% and reduce noise, dust and odour. This year an impactor machine was installed to produce higher volumes of recycled asphalt. The plant produces Greenpave, Victoria's leading low emission asphalt which achieves 25% less emissions than standard asphalt and improves workplace and community safety. Citywide's intent is to introduce hybrid technology across the business and further reduce our carbon footprint.

Hybrid trucks, using electric and LPG fuel are being trialled, achieving a 14% reduction in carbon emissions and a 12% reduction in NOx (a toxic pollutant).

Citywide rolled out spill management training across all company sites during the year and achieved Waste Wise Silver certification from Sustainability Victoria. Water Management Action Plans (WaterMAP) were implemented on key Open Space contracts to minimise water wastage. In partnership with the City of Melbourne, education programs promoted organic waste recycling, waste minimisation and recycling.

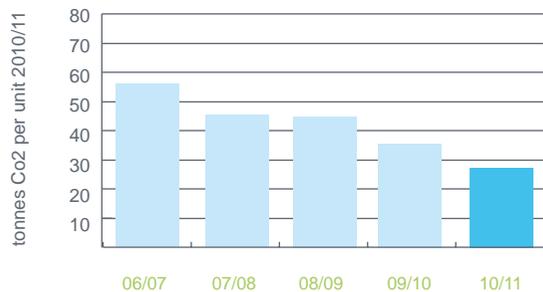
Meeting its commitment to transparency, the Company reported on greenhouse impact of each contract, including greenhouse gas emissions from vehicles and machinery, and indirect greenhouse emissions from electricity use.

Green purchasing

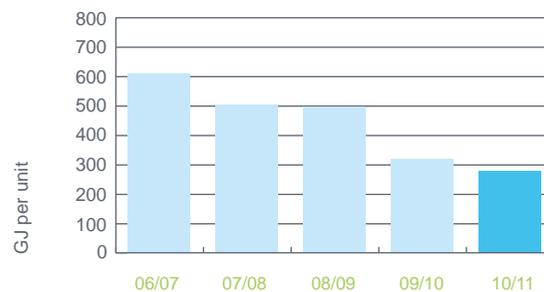
Citywide’s Purchasing Policy ensures a ‘green’ alternative is always investigated, including fleet and equipment, alternative fuels and hybrid fleet options. Citywide is a member of EcoBuy.

AREA	INITIATIVES	OUTCOME
Waste reduction	Waste audits at all sites and depots	Audit completed with view of reduce, reuse recycle
	Asphalt Plant	Impactor machine installed at North Melbourne Plant to recycle asphalt
	Cardboard and paper	Installed cardboard collection unit at Dynon Road Transfer station
	Concrete recycling	Civil concrete recycled, through third party
Energy reduction	Energy audits of major sites and depots	Baseline data collected and energy developed for each contract reported
	“Switch Off” Energy Awareness Campaign	Campaign reinforced
	Energy efficiency or greenhouse programs	Independent audit of National Greenhouse and Energy programs
	Alternate technologies to lower emissions	Report (NGER); Biofuel used in number of key contracts
	Systems in place to measure emissions	Ongoing report of emissions on contract by contract basis
Water use reduction	Innovative water savings solutions to clients	Water sensitive devices installed in open space contracts Aeration machines developed and operating in Melbourne and Sydney
	Rainwater harvesting from depots roofs	A number of water tanks have been installed at depot’s
	Major parks water release barriers	Proprietary H2Pods in number of municipalities
	Consumption and cost savings tracking	Reports on contracts and integrated with business reporting systems;
	Water risk assessments for key sites	Water Management Action Plan developed for key contracts/depots

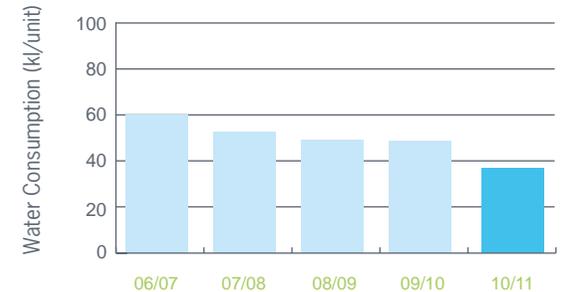
Energy greenhouse gas emissions 2006/07 to 2010/11

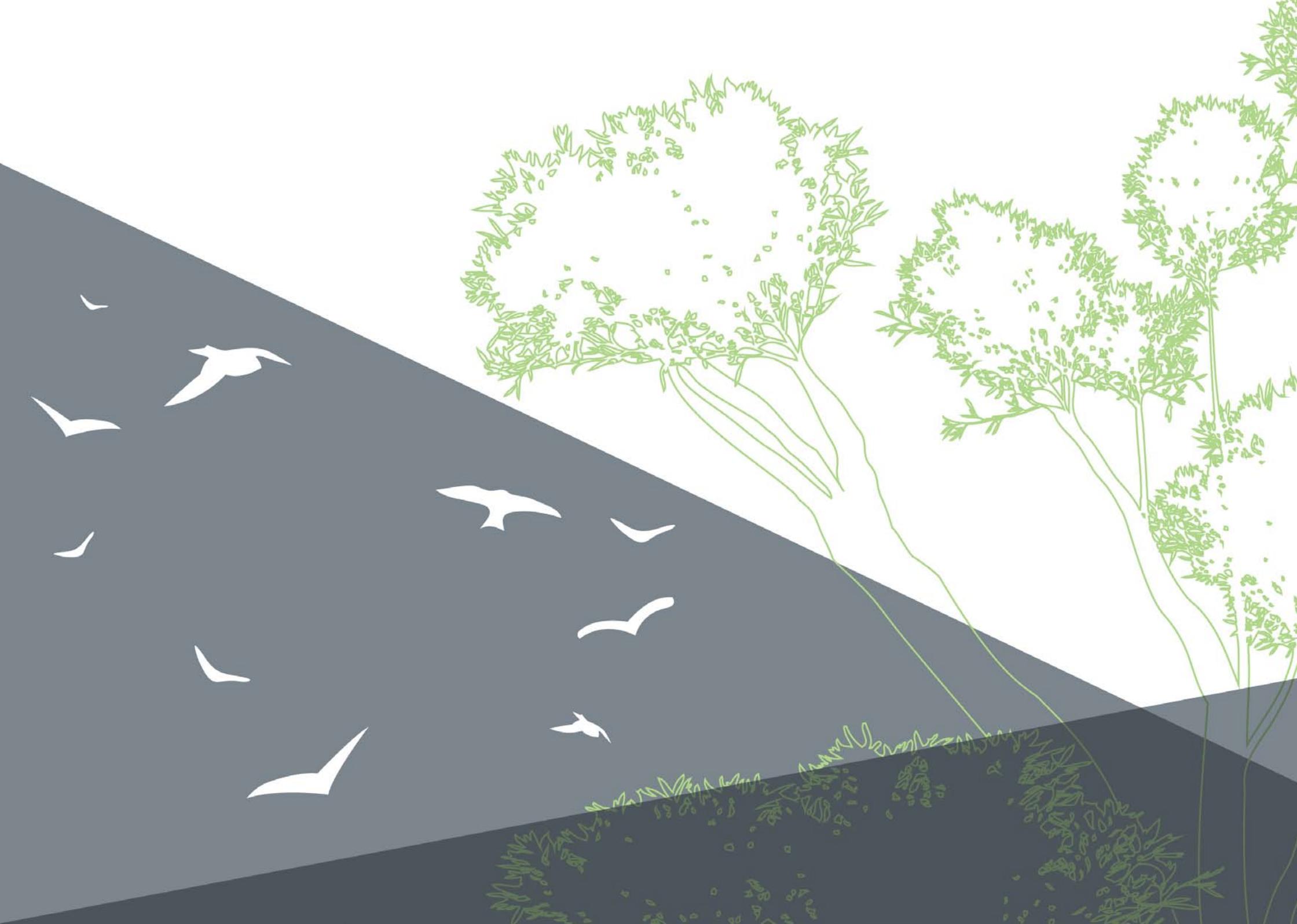


Energy Consumption 2006/07 to 2010/11



Water Usage 2006/07 to 2010/11









“Citywide Infrastructure has 45 full time staff working across regional Victoria. The work of this experienced team, often in challenging weather conditions, represents an important contribution to our success over the past twelve months.”

- Rob Thompson, VicRoads Contract Manager, Citywide

DIRECTOR'S PROFILES



J L (LYN) DAVIES

Chairman

Lyn Davies joined Citywide Services on 3 March 1995 as Chairman. He is a member of the Company's Audit and Risk Management Committee and of the Remuneration Committee of the Company. He is 67 years of age. His qualifications are a Diploma of Agriculture and an advanced Diploma from the Australian Institute of Company Directors. Lyn is a Company Director. He is a Fellow of the Australian Institute of Company Directors, a Fellow of the Australian Institute of Management, and a Life Member of the Australian Institute of Agricultural Science and Technology.

Lyn is also Chairman of Star Services International Pty Ltd and is a Director of Mackay Consolidated Industries Pty Limited and of Independence Australia. He has previously been Chairman of Service Stream Ltd, HRL Ltd, The Nordia Group, Floriana Pty Ltd, and Collins Booksellers Group and was a Director of Castle Bacon Pty Ltd. He was also Chairman of the Board of Yarra Valley Grammar. Lyn has acted as an advisor on commercial matters to Boards in a wide range of industries and he brings highly developed commercial and corporate governance skills to the Citywide Board. His previous business experience includes more than 20 years at Executive Director level with Elders IXL Limited, Wattie Limited and Goodman Fielder Limited.



K F OSBORNE

Managing Director

Kerry Osborne joined Citywide as CEO on 1 January 2001 and was appointed Managing Director on 20 December 2002. He is 54 years of age.

Kerry is Chairman of the New Zealand Victoria Business Group (NZVBG) and is a Fellow of the Australian Institute of Company Directors. He is also a member of the Planning & Development Committee for the Shrine of Remembrance in Melbourne and a director of Wild at Heart Community Arts, which is a program that creates opportunities for people with a disability and/or mental illness to create music, video and performance events for the whole community.

Kerry started his career as a Civil Engineer working across Auckland and the North Island of New Zealand. This culminated in Kerry becoming CEO of Eastworks in Gisborne, New Zealand (a municipal services company) before moving to Melbourne in 1997 with his family as Australian General Manager of Excell Corporation, prior to joining Citywide.

DIRECTOR'S PROFILES



A H EVANS

Director

Alan Evans was appointed to the board of Citywide on 1 March 2007 and is a member of the Finance & Operations Committee and the Remuneration Committee. He has a Bachelor of Economics, Bachelor of Law and is a Chartered Engineer. Alan recently retired from the position of President and Chairmen of the NRMA Board and the Australian Automobile Association. He has held positions as CEO and a Senior Executive in both the public and private sectors, including as CEO of Medicines Australia, Head of the Office of Regional Development, Executive General Manager of AusIndustry and Principal Advisor to the Federal Treasurer.

Alan is currently Executive Chairman of Dyno Dynamics(Aust) Pty Ltd and Managing Director of Strategic Consulting Services Pty Ltd; Chairman of Rally Australia Pty Ltd. He is a Director of CAMS and Eco-Motive Australia Pty Ltd. He is a member of the NSW Government's Road Freight Advisory Council and Co-Chairman with the Chief Minister of the ACT Road Safety Task Force. He has previously been the Chairman of Kingmill Pty Ltd (t/a Thrifty Australia) and Kistler Aerospace Australia Pty Ltd and a Director of Adventureworld Travel Pty Ltd.



J B C VAN REYK

Director

Janice van Reyk was appointed to the board of Citywide on 13 July 2010 and is a member of the Audit and Risk Management Committee and a member of the Finance and Operations Committee. Her multi-disciplinary qualifications include a Master of Environment, Master of Commerce, Bachelor of Law (Hons) and Bachelor of Arts.

Janice is also a non-executive director of Gippsland Water and Chairman of its Safety Health and Environment Committee and a non-executive director of Fitted For Work and Chairman of its Governance and Nominations Committee.

In addition she consults on environmental and stakeholder issues on infrastructure projects and public policy in the water, energy, waste and transport sectors. Previously she was a senior executive in industrial companies including BHP Billiton, CSR, Macquarie Bank, National Foods and Orica. She is a member of the Environment Institute of Australia and New Zealand and the Australian Institute of Company Directors.

DIRECTOR'S PROFILES



P S LOWE

Director

Peter Lowe was appointed to the Board of Citywide on 23 January 2006 and is Chairman of the Audit and Risk Committee and a member of the Finance and Operations Committee and the Remuneration Committee of the Company. He holds a Bachelor of Commerce and a Master of Business Administration from the University of Melbourne.

Peter is a fellow of CPA Australia and member of the Australian Institute of Company Directors.

He is currently a Director of Norfolk Group Limited, Western Australia Network Holdings Pty Ltd, United Energy Distribution Holdings Pty Ltd, Multinet Group Holdings Pty Ltd, Snowy Hydro Limited, Aurora Energy Pty Ltd.

Peter has had extensive experience at senior management level in all aspects of finance including Chief Financial Officer for both Australian and US public companies in the energy utility sector. He was also CEO for the Australasian operations of Aquila, formerly Utilicorp United Inc.

EXECUTIVE PROFILES



JIM DUNSTAN

Chief Operating Officer

MRiskMgt, MBusLaw, GAICD

Jim Dunstan joined Citywide in June 2000 as General Manager Environmental Services and was appointed Chief Operating Officer in January 2008. Prior to this he held various Senior Executive roles with Brambles Industries over a twenty year period, including Divisional Manager Australia for Brambles United and Brambles Tankers. Jim has also been a member of the Board of Governors at Ivanhoe Grammar School since 2001 and is a Director of Club Fifty, a not for profit fund-raising organisation aimed at raising funds primarily for disadvantaged children.



PAUL GILMORE

Executive Group Manager Sales, Marketing and Commercial

B.Eng (Elec Stg 4), Grad Dip Mkt., MBA, AAICD

Paul Gilmore joined Citywide in 2001 as Marketing and Sales Manager and was appointed Executive Group Manager Marketing, Sales & Commercial in 2008. Prior to this, Paul has held a number of senior management roles spanning a broad range of industries, in the areas of manufacturing, marketing, operations and product development, with companies such as Boral, Otis Elevator Company, P&O Services and Spotless.



CRAIG NISBET

Group Manager Risk and Information Technology

B.Ec., Grad DipTax M.Acc., DBA, FAICD

Craig Nisbet joined Citywide in 2007. Prior to this he held various Senior Leadership positions at Foster's Group Limited including heading the Group Risk and Audit functions. Craig also lectured in the MBA at RMIT University, was Group Audit Manager at ANZ and spent a number of years consulting at Deloitte and PricewaterhouseCoopers. Craig is currently the independent member of the Shire of South Gippsland's Audit Committee.

EXECUTIVE PROFILES



ANGELICA GEORGAKLIS

*Group Manager Human Resources
BA, Grad Dip Applied Sociology*

Angelica Georgaklis joined Citywide in 2005 as our Senior HR Advisor. In February 2008 she was appointed Group Manager Human Resources. Prior to joining Citywide Angelica worked as an Employee/Industrial Relations practitioner within both corporate and union environments.



JOHN COLLINS

*Chief Financial Officer and Company Secretary
B Bus (Accounting), CA, GAICD*

John Collins is a Chartered Accountant with extensive experience at CFO level within large multinational organisations. He joined Citywide in July 2005 and prior to this his roles included CFO and acting CEO of ASX listed companies Nova Health and IAMA.



STUART SCHRAMM

*Northern Regional Manager
B.Comm, Dip. Horticulture (Agriculture)*

Stuart Schramm joined Citywide in 2009. Stuart has over 16 years managerial experience across a broad range of industries in the public and private sector. Prior to working at Citywide he held senior management positions with the Southbank Corporation, Sydney Harbour Foreshore Authority, Star City and was the Director at Corporate Solutions Consulting.



“The Shrine Trustees and I are enormously grateful for the dedication and support of the Citywide team in the development of the Ex-Servicewomen’s Memorial Garden. It’s a beautiful and worthy tribute.”

- Denis Baguley, Chief Executive, Shrine of Remembrance

DIRECTORS' REPORT

Directors

The Directors of the 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:

- J L (Lyn) Davies (Chairman)
- G E (Barry) McGuinness (Retired 29 October 2010)
- Peter S Lowe
- Alan H Evans
- Janice B C van Reyk (Appointed 13 July 2010)
- Kerry F Osborne

Principal activities of the company

The principal continuing activities of the Company and its subsidiaries (the Group) during the year were 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.

Trading results

The Group's profit from ordinary activities before income tax equivalents for the year was \$11,480,000 (2010 \$9,632,000).

The Group's net profit for the year was \$7,969,000 (2010 \$7,133,000) after deducting income tax equivalents of \$3,511,000 (2010 \$2,499,000).

The Group has a liability for all normal tax obligations, either by virtue of the tax equivalents regime or direct to the relevant taxing authorities.

Dividends

The Directors of the Company have declared an interim dividend of 17.06 cents (2010 14.83 cents) per Ordinary Share for the year ended 30 June 2011.

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

	2011	2010
	\$	\$
Declared Interim dividend of 17.06 cents (2010 14.83 cents) per fully paid Ordinary Share	3,140,000	2,730,000
Final Dividend	0	0
	3,140,000	2,730,000

Review and results of operations

The Group's revenue from ordinary activities for the year was \$201,904,000 (2010 \$160,813,000). A review of the operations and results of the Group are set out elsewhere in this annual report.

Significant changes in the state of affairs

The Company acquired Sterling Group Services Pty Ltd on 1 January 2011. In the opinion of the directors, there were no other significant changes in the state of affairs of the Group that occurred during the financial year.

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.

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 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.

DIRECTORS' REPORT

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 requires the Chairman to review the individual performance of each of the Directors.

The Board consists of five Directors, four independent non-executive Directors, including the Chairman, and an executive Managing Director. 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 Managing Director 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 Group.

As part of this process the Board has three committees, Finance and Operations, Remuneration, and Audit and Risk Management. 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 three areas. All matters determined by committees are submitted to the full Board as recommendations for Board decision. The Managing Director is an ex officio member of all Board Committees. The Chief Financial Officer is an ex officio member of the Finance and Operations Committee and the Audit and Risk Committee. The Group Manager Risk is an ex officio member of the Audit and Risk 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 ASIC Class Order 98/0100. 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 2010 and the number of meetings attended by each director are set out on the facing page.

DIRECTORS' REPORT

Director	Board of Directors		Audit & Risk Management Committee		Remuneration Committee		Finance & Operations Committee	
	No. Held	No. Present	No. Held	No. Present	No. Held	No. Present	No. Held	No. Present
J L Davies	13	13	4	4	1	1	-	-
G E McGuinness*	5	5	1	1	-	-	2	2
P S Lowe	13	13	4	4	1	1	3	3
A H Evans	13	13	-	-	1	1	3	3
J B C van Reyk	13	13	4	4	-	-	3	3
K F Osborne	13	13	4	4	1	1	3	3

* Retired 29 October 2010

In addition to these, a significant number of informal meetings are held between Directors and senior management as required.

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 willful breach of duty or an improper use of inside information or position to gain advantage.

Auditor's independence declaration

The auditor's independence declaration is included in the 2011 Annual Report.

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

P S Lowe (Director)



J B C van Reyk (Director)



Melbourne, 19 August 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 \$'000	2010 \$'000
INCOME FROM CONTINUING OPERATIONS			
Services		201,904	160,813
Cost of sales		20,002	17,609
Gross profit		181,902	143,204
Other Income		21	9
EXPENSES FROM CONTINUING OPERATIONS			
Employee benefits		66,808	56,532
Contractor costs		61,342	42,489
Fleet costs		20,612	18,602
Occupancy costs		3,419	2,938
Finance costs		640	417
Other expenses		17,831	12,772
Expenses from continuing operations		170,652	133,750
Net gain / (loss) on disposal of non-current assets		209	169
PROFIT BEFORE INCOME TAX EQUIVALENTS	2	11,480	9,632

	Notes	2011 \$'000	2010 \$'000
Income tax equivalents expense	1 & 3	3,511	2,499
NET PROFIT FOR THE YEAR		7,969	7,133
Other comprehensive income			
Gain/(loss) on revaluation of property, net of tax		0	2,736
Other comprehensive income for the year, net of tax		0	2,736
Total comprehensive income for the year		7,969	9,869

The consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2011

	Notes	2011 \$'000	2010 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	4	1,632	15
Trade and other receivables	5	32,401	23,519
Inventories	6	407	478
Prepayments	7	659	592
Other Current Assets	8	3,804	2,439
Total Current Assets		38,903	27,043
Non-current Assets			
Property, plant and equipment	9	60,032	57,966
Deferred income tax equivalent assets	10	4,706	3,886
Intangible assets	11	17,714	9,852
Total Non-current Assets		82,452	71,704
TOTAL ASSETS		121,355	98,747

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

	Notes	2011 \$'000	2010 \$'000
LIABILITIES			
Current Liabilities			
Trade and other Payables	12	36,342	26,024
Current Tax liabilities	13	3,370	2,874
Provisions	14	9,495	7,858
Unearned income	1	1,417	1,268
Total Current Liabilities		50,624	38,024
Non-current Liabilities			
Deferred Income tax equivalent liabilities	16	4,087	4,304
Provisions	14	1,454	1,234
Interest-bearing loans and borrowings	15	7,000	1,824
Total non-current Liabilities		12,541	7,362
TOTAL LIABILITIES		63,165	45,386
NET ASSETS		58,190	53,361

EQUITY			
Contributed equity	17	18,406	18,406
Retained earnings	18	33,139	28,310
Reserves	18	6,645	6,645
TOTAL EQUITY		58,190	53,361

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2011

	ISSUED CAPITAL	RETAINED EARNINGS	ASSET REVALUATION	TOTAL
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2009	18,406	23,907	3,909	46,222
Net Profit for the year	0	7,133	0	7,133
Revaluation of land and buildings to fair value	0	0	2,736	2,736
Total comprehensive income for the year	0	7,133	2,736	9,869
Dividend paid	0	(2,730)	0	(2,730)
Balance at 30 June 2010	18,406	28,310	6,645	53,361
Net Profit for the year	0	7,969	0	7,969
Revaluation of land and buildings to fair value	0	0	0	0
Total comprehensive income for the year	0	7,969	0	7,969
Dividend provided	0	(3,140)	0	(3,140)
Balance at 30 June 2011	18,406	33,139	6,645	58,190

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

CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 \$'000	2010 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (Inclusive of GST)		194,246	160,347
Payments to suppliers (Inclusive of GST)		(114,232)	(87,468)
Payments to employees		(55,822)	(48,131)
Interest Paid		(640)	(417)
Interest Received		21	9
Income tax equivalents paid		(4,052)	(2,924)
Net cash provided by operating activities	23	19,521	21,416
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash outflow acquisition of business	25	(9,051)	0
Proceeds from sale of property, plant and equipment		565	669
Purchase of property, plant and equipment		(11,864)	(12,442)
Net cash flows used in investing activities		(20,350)	(11,773)

	Notes	2011 \$'000	2010 \$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings		6,000	(6,500)
Repayment of Borrowings		0	(47)
Dividends paid to Company Shareholders		(2,730)	(2,366)
Net cash flows from/(used in) financing activities		3,270	(8,913)
Net (decrease) increase in cash and cash equivalents		2,441	730
Cash and cash equivalents at beginning of year		(809)	(1,539)
Cash and cash equivalents at end of year	23	1,632	(809)

The consolidated statement of cashflows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

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

1 Summary of significant accounting policies

1.1 Statement of compliance

The consolidated financial report of Citywide Service Solutions Pty Ltd (the Company), constitutes a general purpose financial report prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial statements comprise the consolidated financial statements of the parent entity and its subsidiaries (the Group).

Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with Australian-International Financial Reporting Standards ('A-IFRS')

1.2 Basis of preparation

The financial report has been prepared on the basis of historical cost and therefore does not reflect changes in the purchasing power of money or current valuations of non-monetary assets, except where indicated.

The Company is of a kind referred to in Class Order 98/0100, (dated 10 July 1998) issued by the Australian Securities & 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 class order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

1.3 Basis of Consolidation (subsequent to 1 July 2010)

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expense of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions.

The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

1.4 Business combinations (subsequent to 1 July 2010)

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 recognised in profit or loss 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;
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Noncurrent 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.

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, or AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', as appropriate, with the corresponding gain or loss being recognised in profit or loss.

1.5 Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the fair value of the Company's interest in the net identifiable assets of the acquired entity at the date of acquisition. Goodwill is recognised as an intangible asset.

Goodwill is not amortised, instead it is reviewed for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired and is carried at cost less accumulated impairment losses, as per AASB 3: "Business Combinations".

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates.

Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

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 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.

Goodwill has been reviewed for impairment for the year ending 30 June 2011.

1.6 Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Accounting estimates are made in the recognition of revenue and costs associated with services and other contracts performed by the company. Revenue recognition is applied as stated under the revenue recognition statement set out below.

1.7 Revenue recognition

In accordance with Accounting Standard AASB 118: "Revenue", the Company 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 Company 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.

Where the outcome of a contract can not be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

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.

1.8 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 balance date using the weighted average cost method. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw Materials - purchase cost on a weighted average cost basis. 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 is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

1.9 Recoverable amount of non-current assets

The recoverable amount of an asset is the net amount expected to be recovered through the net cash inflows and outflows arising from its continued use and subsequent disposal. These net cash flows are discounted to their present values.

At each reporting date, the Company reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and the value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

1.10 Property, plant & equipment

Plant and equipment is 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 profit and loss as incurred.

Land and buildings are measured at fair value, based on periodic but at least triennial valuations by external independent valuers, less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation.

Depreciation is calculated on a straight-line basis over the estimated useful life of assets as follows:

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

The assets residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end. The life of the Assets are unchanged from the prior year.

Revaluations of land and buildings

Any revaluation increment is credited to the asset revaluation reserve included in the equity section of the statement of financial position.

Disposal

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

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 Company, whichever is the shorter. The ranges of expected useful lives to the Company 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

All receivables are recognised at the amounts receivable as they are due for settlement, no more than 30 days from the date of recognition.

Collectibility 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 will not be able to collect the debt.

1.14 Trade and other payables

Payables represent liabilities for goods and services provided to the Company 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

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, annual leave, long service leave, sick leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates expected to be paid when the liability is settled plus related on costs in respect of employees' services up to that date. All employee benefit liabilities not anticipated to be paid within twelve months of the reporting date are measured at the present

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Superannuation

Contributions to defined benefit and other employee superannuation plans are charged as an expense as the contributions are paid or become payable. The cost of providing super under the defined benefit plan is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised immediately as income or expense in the statement of comprehensive income.

1.16 Tax equivalent regime

The Company is exempt from income tax under Section 24AM of the Income Tax Assessment Act 1936, due to the Company being 100% owned by Melbourne City Council, a local government authority. The Company is subject to paying charges (tax equivalents) to the Melbourne City Council equal to the amount of income tax otherwise payable under the Income Tax Assessment Act 1997.

Tax effect accounting is applied using the liability method, whereby the income tax expense for the year is based on the accounting profit after allowing for permanent differences. The deferred income tax assets and liabilities represent the net cumulative effect of items of income and expense that have been brought to account for tax and accounting purposes in different years. Future income tax benefits pertaining to timing differences have only been brought to account where the benefits are expected to be realised beyond reasonable doubt.

1.17 Other Taxes

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

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- and 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 consolidated statement of financial position. Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

1.18 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at bank and in hand. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

1.19 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 statement of financial position date.

Borrowing costs

Borrowing costs are recognised as an expense when incurred.

1.20 Leased assets

Operating lease payments are charged as an expense over the period of the lease term, as this represents the pattern of benefits derived from the leased assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

2 Profit from continuing operations

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

	2011	2010
	\$'000	\$'000
OPERATING REVENUE		
Profit on sale of non-current assets:		
Property, plant & equipment	296	312
EXPENSES		
Depreciation:		
Buildings	217	244
Plant & equipment	3,251	2,133
Motor vehicles	6,403	7,157
Leasehold improvements	52	163
Provision for:		
Employee benefits	5,320	4,424
Doubtful debts – Trade debtors	69	55
Bad debts	82	24
Contributions to employee superannuation funds	4,062	3,451
Rental expense on operating leases	1,805	1,725
Rental expense on licence agreements	358	373
Loss on sale of non-current assets:		
Property, plant & equipment	87	143
Employee separation costs	201	177

b) Directors' remuneration

	2011	2010
	\$'000	\$'000
Income received or due and receivable by Directors of the Company from the Company	1,059	849

The number of Directors of the Company included in these income figures are shown below in their relevant income bands:

Income of	Number	Number
\$30,000 to \$39,999	1	0
\$70,000 to \$79,999	0	1
\$80,000 to \$89,999	2	1
\$90,000 to \$99,999	1	1
\$120,000 to \$129,999	1	1
\$460,000 to \$469,999	0	1
\$640,000 to \$649,999	1	0
	6	5

No retirement benefits were paid on behalf of Directors during the current financial year or in the prior year. Directors' fees are reviewed annually using independent surveys to ensure that they are in line with current business standards.

c) Auditors' remuneration

Amounts received, or due and receivable by the external auditors for:

Auditing the financial report	68	67
Amounts received, or due and receivable by the internal auditors.	140	138

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

3 Income tax equivalents

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

	2011	2010
	\$'000	\$'000
Prima facie income tax equivalents on the profit from continuing operations at 30% (2010 30%)	(3,445)	(2,890)
Increase tax equivalents payable due to:		
Non deductible expenses	(90)	(60)
Other	24	451
Income tax equivalents attributed to operating profit	(3,511)	(2,499)

Income tax equivalents attributable to operating profit comprise:

Current tax provision	(4,548)	(3,817)
Deferred income tax liability	217	425
Deferred income tax asset	820	893
	(3,511)	(2,499)

4 Current Assets - Cash and cash equivalents

Cash on Hand	1,632	15
--------------	-------	----

Cash at bank earned floating interest rates between 4.10% and 4.37% (2010 2.83% and 4.36%)

5 Current Assets - Trade and other receivables

	2011	2010
	\$'000	\$'000
Trade receivables	20,319	15,304
Less: Provision for impairment of receivables	(343)	(274)
	19,976	15,030
Amounts owing from ultimate parent entity	11,329	7,070
Other debtors	1,096	1,419
	32,401	23,519

6 Current Assets - Inventories

Stores and raw materials (at cost)	229	361
Finished goods (at cost)	178	117
	407	478

7 Current Assets - Prepayments

Prepayments	659	592
-------------	-----	-----

8 Current Assets - Other

Accrued income – Unbilled services	3,804	2,439
------------------------------------	-------	-------

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

9 Non-current Assets - Property, plant and equipment

	2011	2010
	\$'000	\$'000
Land at Valuation (2010)	16,105	12,196
Revaluation	0	3,909
	16,105	16,105
Buildings (at cost)	4,457	4,455
Less Accumulated depreciation	(1,425)	(1,209)
	3,032	3,246
Leasehold improvements (at cost)	1,149	1,092
Less Accumulated depreciation	(923)	(872)
	226	220

	2011	2010
	\$'000	\$'000
Plant and equipment (at cost)	28,432	22,949
Less Accumulated depreciation	(17,580)	(14,034)
	10,852	8,915
Motor Vehicles (at cost)	62,605	56,615
Less Accumulated depreciation	(32,825)	(27,627)
	29,780	28,988
Work in progress	37	492
Total property, plant and equipment	60,032	57,966

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

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

	Land	Buildings	Leasehold improvements	Plant and equipment	Motor vehicles	Work in progress	Total
2010							
Carrying value at start of year	12,196	3,249	376	8,155	27,722	114	51,812
Asset Revaluation	3,909	0	0	0	0	0	3,909
Additions	0	241	7	2,912	8,904	378	12,442
Acquisitions	0	0	0	0	0	0	0
Disposals / transfers	0	0	0	(19)	(481)	0	(500)
Depreciation	0	(244)	(164)	(2,132)	(7,157)	0	(9,697)
Carrying value at year end	16,105	3,246	220	8,915	28,988	492	57,966
2011							
Carrying value at start of year	16,105	3,246	220	8,915	28,988	492	57,966
Asset Revaluation	0	0	0	0	0	0	0
Additions	0	3	58	4,881	7,376	0	12,318
Acquisitions	0	0	0	330	152	0	482
Disposals / transfers	0	0	0	(23)	(333)	(455)	(811)
Depreciation	0	(217)	(52)	(3,251)	(6,403)	0	(9,923)
Carrying value at year end	16,105	3,032	226	10,852	29,780	37	60,032

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

10 Non-current Assets - Deferred income tax equivalent assets

	2011	2010
	\$'000	\$'000
Deferred income tax equivalent asset	4,706	3,886

11 Non-current Assets - Intangible assets

Goodwill on Acquisition	17,714	9,852
-------------------------	--------	-------

Goodwill has been reviewed for impairment for the year ending 30 June 2011.

12 Current Liabilities - Trade and other payables

Trade payables	8,989	5,183
Accrued expenses	23,984	17,868
Payroll Tax	229	208
Amount owing to Ultimate Parent Entity	3,140	2,765
	36,342	26,024

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

13 Current Liabilities - Income tax equivalent payable

	2011	2010
	\$'000	\$'000
Current tax liabilities	3,370	2,874

14 Employee Benefits

CURRENT		
All annual leave and Long Service Leave entitlements representing 7+ years of continuous service		
- Short-term employee benefits, that fall within 12 months after the end of the period measured at nominal value	4,955	4,210
- Present value of other long-term employee benefits that do not fall due within 12 months after the end of the period	4,540	3,648
	9,495	7,858
NON-CURRENT		
Long Service Leave representing less than 7 years of continuous service measured at present value	1,454	1,234

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

15 Current / Non-current Interest-bearing borrowings

	2011	2010
	\$'000	\$'000
NON-CURRENT		
Overdraft facility	0	824
Bill facility	7,000	1,000
Bill Acceptance and discount facility, secured by a first ranking fixed and floating charge. \$22.1m facility and overdraft. (2010 \$22.1m)	7,000	1,824

Terms and conditions

Interest bearing loans and borrowings

Bank Overdraft and Bill Acceptance and Discount Facility

The bank overdraft facility \$0.6m (2010 \$0.6m) and Bill Acceptance and Discount Facilities \$22.1m (2010 \$22.1m) are secured facilities. There is a 1st ranking fixed and floating charge. The bank facilities may be drawn at any time and may be terminated by the bank subject to default under the loan agreement. Subject to the continuance of satisfactory covenant achievement, the bank facilities may be drawn at any time. The facilities expire on the 30 September 2013.

16 Non-current Liabilities - Deferred Income tax equivalent liabilities

	2011	2010
	\$'000	\$'000
Provision for deferred income tax equivalent liability	4,087	4,304

17 Contributed equity

SHARE CAPITAL		
500,000,000 Ordinary shares of \$1 each	500,000	500,000
ISSUED SHARE CAPITAL		
18,405,629 Ordinary shares of \$1 each	18,406	18,406

Movement in Share Capital

	2011		2010	
FULLY PAID ORDINARY SHARES	Number	\$'000	Number	\$'000
Balance at start of year	18,405,629	18,406	18,405,629	18,406
Shares issued	0	0	0	0
Balance at end of year	18,405,629	18,406	18,405,629	18,406

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

18 Retained Earnings and Reserves

	2011	2010
	\$'000	\$'000
Retained profits at the beginning of the financial year	28,310	23,907
Net profit attributable to members of the company	7,969	7,133
Total available for appropriation	36,279	31,040
Dividends provided for or paid (a)	(3,140)	(2,730)
Retained profits at the end of the financial year	33,139	28,310

OTHER RESERVES

Revaluation of Land & Buildings	6,645	6,645
---------------------------------	--------------	--------------

(a) The Board has declared an Interim dividend of \$3,140,000 which is payable in November 2011 (2010 \$2,730,000).

19 Commitments for expenditure

CAPITAL EXPENDITURE COMMITMENTS

Total capital expenditure contracted for at balance date but not recognised as liabilities in the financial report:

Payable within one year	5,844	3,271
Payable later than one year, not later than five years	0	0
Payable later than five years	0	0
	5,844	3,271

	2011	2010
	\$'000	\$'000

NON-CANCELLABLE OPERATING LEASES PAYABLE

Non-cancellable operating lease commitments contracted for but not recognised in the financial report:

Payable within one year	1,818	1,371
Payable later than one year, not later than five years	4,688	2,819
Payable later than five years	2,209	2,573
	8,715	6,763

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

NON-CANCELLABLE OPERATING LEASES RECEIVABLE

Non-cancellable operating lease receivable contracted for but not recognised in the financial report:

Receivable within one year	51	51
Receivable later than one year, not later than five years	101	152
Receivable later than five years	0	0
	152	202

The Company has entered into non-cancellable operating leases in respect to business premises.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

20 Employee benefits

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% 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. 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, 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 31 December 2008, Citywide Service Solutions Pty Ltd makes the following contributions:

- 4.00% of members' salaries for the City of Melbourne subplan (same as previous year);
- the difference between resignation and retrenchment benefits paid to any retrenched employees, plus contribution tax (same as previous year);

	2011 \$'000	2010 \$'000
Employer contributions to complying superannuation funds	4,062,000	3,451,000
Employer contributions payable to complying superannuation funds at reporting date	353,000	308,000

21 Contingent liabilities

Details of contingent liabilities of the Company at year end are:

Guarantees issued by the Bank in respect of contracts secured of \$9,244,081 (2010 \$7,610,332).

The Company 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 Company does not consider that the outcome of any current proceeding, 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 Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

22 Related party information

Controlling entity

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

Directors and Director – Related Entities

The Directors named below each held office as a director of the Company during the year ended 30 June 2011 (unless otherwise stated):

- J L (Lyn) Davies (Chairman)
- G E (Barry) McGuinness (Retired 29 October 2010)
- Peter S Lowe
- Alan H Evans
- Janice B C van Reyk (Appointed 13 July 2010)
- Kerry F Osborne

Refer to Note 2b for the details of the Directors' remuneration during the financial year.

Related party transactions

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.

The above transactions were made on commercial terms and conditions and at market rates except where indicated.

Amounts receivable and payable

Amounts receivable from and payable to the ultimate parent entity are disclosed in Notes 5 and 12 to the financial report.

Intercompany revenue and expenditure

Revenue transactions with the ultimate parent entity amounted to \$58,328,098 during the financial year (2010 \$51,327,074).

Expenditure transactions with the ultimate parent entity amounted to \$384,077 during the financial year (2010 \$375,000).

Economic dependency

The Company conducts a significant volume of business with the Melbourne City Council.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

23 Cash flow information

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:

	2011	2010
	\$'000	\$'000
Cash on Hand (Refer Note 4)	17	15
Bank (Including overdraft, Refer Note 15)	1,615	(824)
	1,632	(809)

Non-cash financing and investing activities

The Company has in place an unused credit facility of \$10,000,000 from its ultimate parent entity. At 30 June 2011 \$0 (June 2010, \$0) had been utilised.

Bill Facility

The company has a secured (1st ranking fixed and floating charge) bill facility with Westpac for \$22,100,000 (2010 \$22,100,000).

Overdraft

The company has a secured (1st ranking fixed and floating charge) overdraft facility with Westpac for \$600,000, (2010 \$600,000).

2011 2010
\$'000 \$'000

RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO NET PROFIT AFTER INCOME TAX EQUIVALENTS		
Net profit after income tax equivalents	7,969	7,133
Net (gain) / loss on disposal of non-current assets	(209)	(169)
Depreciation / amortisation of non-current assets	9,923	9,697
Changes in operating assets and liabilities		
Increase / (Decrease) in current tax equivalents liability	182	1,216
(Increase) / Decrease in deferred tax equivalent assets	(758)	(893)
Increase / (Decrease) in deferred tax equivalent liabilities	(217)	(748)
Increase / (Decrease) in provision for doubtful debts	69	55
(Increase) / Decrease in trade and other debtors	(1,605)	(2,571)
(Increase) / Decrease in accrued income	(1,365)	(1,283)
(Increase) / Decrease in prepayments	(21)	(154)
(Increase) / Decrease in inventories	71	(96)
(Increase) / Decrease in amounts owing by ultimate parent entity	(4,259)	2,390
Increase / (Decrease) in trade creditors	3,210	1,307
Increase / (Decrease) in accrued expenses	4,774	4,068
Increase / (Decrease) in unearned income	149	472
Increase / (Decrease) in amounts owing to ultimate parent entity	(34)	10
Increase / (Decrease) in employee benefits	1,642	982
Net cash provided by operating activities	19,521	21,416

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

24 Financial instruments

Credit risk exposures

The credit risk on financial assets of the Company, 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 is set out below. This exposure is managed by the type of borrowings used as per Note 15. Exposures arise predominantly from assets and liabilities bearing variable interest rates as the Company intends to hold fixed rate assets and liabilities to maturity.

	Notes	\$'000 Floating interest rate	\$'000 Non-interest bearing	\$'000 Total
2011				
Financial assets				
Cash and cash equivalents	4	1,632	0	1,632
Trade receivables	5	0	32,401	32,401
		1,632	32,401	34,033
Weighted average interest rate		4.30%		
Financial liabilities				
Trade payables	12	0	36,342	36,342
Interest bearing borrowings	15	7,000	0	7,000
		7,000	36,342	43,342
Weighted average interest rate		4.83%		
Net financial assets		(5,368)	(3,941)	(9,309)

	Notes	\$'000 Floating interest rate	\$'000 Non-interest bearing	\$'000 Total
2010				
Financial assets				
Cash and cash equivalents	4	15	0	15
Trade receivables	5	0	23,519	23,519
		15	23,519	23,534
Weighted average interest rate		3.60%		
Financial liabilities				
Trade payables	12	0	26,024	26,024
Interest bearing borrowings	15	1,824	0	1,824
		1,824	26,024	27,848
Weighted average interest rate		3.83%		
Net financial assets		(1,809)	(2,505)	(4,314)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

Net fair value of financial assets and liabilities

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Company approximates their carrying value.

The carrying amounts and net fair values of financial assets and liabilities at balance date are:

Notes	2011		2010	
	\$'000	\$'000	\$'000	\$'000
	Carrying amount	Net fair value	Carrying amount	Net fair value
RECORDED FINANCIAL INSTRUMENTS				
Financial assets				
Receivables	32,401	32,401	23,519	23,519
Cash assets	1,632	1,632	15	15
	34,033	34,033	23,534	23,534
Financial liabilities				
Payables	36,342	36,342	26,024	26,024
Interest Bearing Liabilities	7,000	7,000	1,824	1,824
	43,342	43,342	27,848	27,848

Aging of Trade Receivables

	2011	2010
	\$'000	\$'000
Current (not yet due)	29,945	20,172
Past due by up to 30 days	1,295	1,711
Past due between 31 and 180 days	270	451
Past due between 181 and 365 days	138	40
Past due by more than 1 year	0	0
	31,648	22,374

Interest Rate Sensitivity Analysis

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 increase by \$66 thousand and decrease by \$66 thousand (2010: increase by \$54 thousand and decrease by \$54 thousand).
- This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

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.

Citywide Service Solutions Pty Ltd 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

	\$'000	\$'000	\$'000	\$'000	\$'000
Year Ended 30 June 2011	6 months or less	6-12 months	1-5 Years	5 Years or more	Total
LIQUID FINANCIAL ASSETS					
Cash and cash equivalents	1,632	0	0	0	1,632
Trade and other receivables	32,401	0	0	0	32,401
	34,033	0	0	0	34,033
FINANCIAL LIABILITIES					
Trade and other payables	36,342	0	0	0	36,342
Interest bearing loans and borrowings	0	0	7,000	0	7,000
	36,342	0	7,000	0	43,342
Net Inflow/(Outflow)	(2,309)	0	(7,000)	0	(9,309)

Year Ended 30 June 2010

	\$'000	\$'000	\$'000	\$'000	\$'000
Year Ended 30 June 2010	6 months or less	6-12 months	1-5 Years	5 Years or more	Total
LIQUID FINANCIAL ASSETS					
Cash and cash equivalents	15	0	0	0	15
Trade and other receivables	23,519	0	0	0	23,519
	23,534	0	0	0	23,534
FINANCIAL LIABILITIES					
Trade and other payables	26,024	0	0	0	26,024
Interest bearing loans and borrowings	0	0	1,824	0	1,824
	26,024	0	1,824	0	27,848
Net Inflow/(Outflow)	(2,490)	0	(1,824)	0	(4,314)

25 Business Combinations

25.1 Subsidiaries acquired

	Principal Activity	Date of acquisition	Proportion of shares acquired %	Consideration transferred \$'000
2011				
Sterling Group Services Pty Ltd.	Open Space	1/01/2011	100%	12,065

Sterling Group Services was acquired so as to continue the expansion of the Group's Open Space activities.

2010

Nil.	0	0	0	0
------	---	---	---	---

25.2 Consideration transferred

Sterling Group Services Pty Ltd

Cash	11,065
Contingent consideration arrangement (a)	1,000
Total	12,065

(a) Under the contingent consideration arrangement, the Group is required to pay the vendors up to \$1.0m for the year ending 31 December, 2011. The directors consider it probable that the payment will be made. The amount has been accrued as at the acquisition date.

Acquisition related costs of \$350,000 have been excluded from the consideration transferred and have been recognised as an expense in the year in the consolidated statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

25.3 Assets acquired and liabilities assumed at the date of acquisition

	2011
	\$'000
Current assets	
Cash & cash equivalents	2,014
Trade and other receivables	3,196
Inventories	0
Non-current assets	
Plant & Equipment	481
Current liabilities	
Trade and other payables	961
Provisions	527
Net assets acquired	4,203

The receivables acquired (which comprised of trade receivables \$1,518,000, other receivables of \$1,569,000 and other current assets of \$109,000) had a fair value of \$3,196,000. The trade receivables had a gross contractual value of \$1,518,000. For the receivables, the best estimate at acquisition date, was that all of the contracted cash flows would be collected.

25.4 Goodwill arising on acquisition

Consideration transferred	12,065
Less: fair value of identifiable net assets acquired	(4,203)
Goodwill arising on acquisition	7,862

Goodwill arose in the acquisition of Sterling Group Services Pty Ltd as it includes amounts in relation to revenue growth, future market development and expected synergies with the Group. These benefits are not separately recognised from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

25.5 Net cash outflow on acquisition of subsidiaries

	2011
	\$'000
Consideration paid in cash	11,065
Less: cash and cash equivalent balances acquired	(2,014)
	9,051

25.6 Impact of acquisitions on the results of the Group

Included in the profit for the year is \$1,265,000 derived from Sterling Group Services Pty Ltd. Revenue for the year includes \$5,460,000 derived from Sterling Group Services Pty Ltd.

Had the business combination been effected at 1 July 2010, the revenue of the Group from continuing operations would have been \$207,364,000, and the profit would have been \$12,745,000. The directors of the Group consider these 'pro-forma' numbers represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

26 Events occurring after reporting date

There were no material post balance sheet events occurring after the reporting date requiring disclosure in this financial report.

27 Parent Entity Information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to note 1 for a summary of the significant accounting policies relating to the Group.

	2011 \$'000	2010 \$'000
FINANCIAL POSITION		
ASSETS		
Current Assets	36,886	27,043
Non-current Assets	86,007	71,704
Total assets	122,893	98,747
LIABILITIES		
Current Liabilities	52,722	38,024
Non-current Liabilities	12,508	7,362
Total Liabilities	65,230	45,386
EQUITY		
Contributed equity	18,406	18,406
Retained profit	32,612	28,310
Reserves		
Asset revaluation	6,645	6,645
Total Equity	57,663	53,361

	2011 \$'000	2010 \$'000
FINANCIAL PERFORMANCE		
Profit for the year	7,084	7,133
Other comprehensive income	0	2,736
Total comprehensive income	7,084	9,869

Capital expenditure commitments

Total capital expenditure contracted for at balance date but not recognised as liabilities in the financial report:

Payable within one year	5,844	3,271
Payable later than one year, not later than five years	0	0
Payable later than five years	0	0
	5,844	3,271

DIRECTOR'S DECLARATION

The Directors declare that the financial report

- a complies with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements (including Australian International Financial Reporting Standards), and
- b gives a true and fair view of the Company's financial position as at 30 June 2011 and its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the Directors opinion:

- a the financial report is in accordance with the Corporations Act 2001; and
- b there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

P S Lowe
(Director)



J B C van Reyk
(Director)



Melbourne, 19 August 2011

VAGO

Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors, CityWide Service Solutions Pty Ltd

The Financial Report

The accompanying financial report for the year ended 30 June 2011 of the CityWide Service Solutions Pty Ltd which comprises comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and Directors declaration has been audited.

The Board of Directors' Responsibility for the Financial Report

The Board of Directors of the 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, including the Australian Accounting Interpretations and the financial reporting requirements of the *Corporations Act 2001*, and for such internal control as the Board of Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 judgment, 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 entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of 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.

Level 24, 35 Collins Street, Melbourne Vic. 3000
Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email comments@audit.vic.gov.au Website www.audit.vic.gov.au

Auditing in the Public Interest

VAGO

Victorian Auditor-General's Office

Independent Auditor's Report (continued)

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, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession and the *Corporations Act 2001*. I confirm that I have given to the Board of 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 the CityWide Service Solutions Pty Ltd is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 30 June 2011 and of its financial performance for the year ended on that date; and
- complying with Australian Accounting Standards, including Australian Accounting Interpretations and the *Corporations Regulations 2001*.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the CityWide Service Solutions Pty Ltd for the year ended 30 June 2011 included both in the CityWide Service Solutions Pty Ltd's annual report and on the website. The Board of Directors of the CityWide Service Solutions Pty Ltd are responsible for the integrity of the CityWide Service Solutions Pty Ltd's website. I have not been engaged to report on the integrity of the CityWide Service Solutions Pty Ltd's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE
25 August 2011


D D R Pearson
Auditor-General

Level 24, 35 Collins Street, Melbourne Vic. 3000
Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email comments@audit.vic.gov.au Website www.audit.vic.gov.au

Auditing in the Public Interest

VAGO

Victorian Auditor-General's Office

AUDITOR-GENERAL'S INDEPENDENCE DECLARATION

To the Board of 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 authority and for the purposes of conducting an audit has access to all documents and property, and may report to parliament any matters which the Auditor-General considers appropriate.

Independence Declaration

As auditor for the CityWide Service Solutions Pty Ltd for the year ended for the CityWide Service Solutions Pty Ltd, 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
25 August 2011


D D R Pearson
Auditor-General

Level 24, 35 Collins Street, Melbourne Vic. 3000
Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email comments@audit.vic.gov.au Website www.audit.vic.gov.au

Auditing in the Public Interest



“Citywide re-won Moreland’s waste contract from a extremely high quality field. This is a testament to both the exceptional quality and cost efficiency of their service. Their long-term relationship with our community is highly valued.”

- Andrew McKinnon, Group Manager, City Operations, City of Moreland



The 2011 Citywide Annual Report has been printed on FSC® Certified Paper



Registered Office:

Citywide Service Solutions Pty Ltd
Level 1, 150 Jolimont Road, East Melbourne 3002
GPO Box 4969 Melbourne VIC 3001

VIC *ph* + 61 3 9261 5000 *fax* + 61 3 9261 5005

NSW *ph* + 61 2 9662 9900 *fax* + 61 2 9697 3788

After Hours Support *ph* + 61 1300 136 234

www.citywide.com.au