



STW Group Limited
Level 6, 72 Christie Street
St Leonards, NSW 2065
Sydney Australia
t + 61 2 9373 6488
f + 61 2 9373 6398
ABN 84 001 657 370
www.stwgroup.com.au

ASX Release
13 February 2014

STW ANNOUNCES FULL YEAR 2013 RESULT

12.5% growth in net profit; strong second half result

STW Communications Group Limited ("STW Group" ASX: SGN), Australasia's leading marketing, content and communications group, today announced its financial results for the full year ended 31 December 2013.

Key features of the result include:

- Revenue¹ of \$402.1 million, up 12.4% (31 December 2012: \$357.8 million).
- Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA")¹ of \$87.6 million, up 10.5% (31 December 2012: \$79.3 million).
- Underlying Net Profit ("NPAT") of \$49.5 million, up 12.5% (31 December 2012: \$44.0 million).
- Underlying earnings per share of 12.3 cents, up 2.5% (31 December 2012: 12.0 cents).
- Final dividend of 5.3 cents per share, fully franked. Total dividend for the year of 8.6 cents up 3.6% (2012: 8.3 cents per share, fully franked).

STW Group's NPAT for the full year ended 31 December 2013 is comprised as follows:

(\$ millions)	2013	2012	Change
Revenue	402.1	357.8	12.4%
EBITDA	87.6	79.3	10.5%
Margin	21.8%	22.2%	(0.4%)
EBIT	79.0	70.6	11.8%
Underlying NPAT	49.5	44.0	12.5%
Underlying EPS (fully diluted)	12.3 cents	12.0 cents	2.5%

Note 1: STW Group has a direct and indirect ownership interest in over 80 advertising and communication entities. The financial data presented above aggregates on a percentage basis, STW Group's interest in the revenues, profits and losses of its subsidiaries and associates.

STW's Chief Executive Officer, Michael Connaghan said "Our full year trading results are pleasing in the face of continued challenging economic conditions. We have delivered strong revenue and profit growth in the second half of the year, underpinned by organic market share gains. We have also made significant progress in accelerating our growth strategy for the future.

"Importantly, STW's resilient and consistent growth performance highlights the benefits of the diversification and scale that underpins our business model. We have largely held margins while being able to invest significant funds into training, incubating new businesses and developing intellectual property.

"STW's three pillared strategic growth focus remains firmly on track; we continue to drive growth out of our leadership positions in Australia and New Zealand; continue to 'future proof' our business by growing and leading in the evolving areas of our services, including digital and data; and are making very pleasing progress with the selective and careful export of our business into new markets in Asia and beyond.

"As clients diversify marketing and sales spend into a wider range of channels and disciplines, we need to continually push out our services to deliver to their fast-changing needs. Our investments in 2013, including an outstanding new partnership with leading insights business Colmar Brunton, our investment in data consulting specialist Beyond Analysis, in digital specialists Cru Digital, experiential market leader Maverick, and data driven CRM South East Asian leader CPR Vision, are great examples of STW's capabilities going deeper and broader. We will continue on this path to ensure STW Group remains relevant and leading edge, irrespective of how quickly client marketing support needs change," Mr Connaghan said.

2014 Outlook

Mr Connaghan said "We start the year in great shape and with momentum on our side. STW anticipates mid-single digit growth in net profit after tax for the full year ended 31 December 2014, prior to any new acquisitions.

Cash, Gross Debt & Facilities

As at 31 December 2013, STW's cash and gross debt balances were \$43.3 million (31 December 2012: \$43.6 million) and \$172.4 million (31 December 2012: \$136.2 million) respectively.

Lukas Aviani STW's Chief Financial Officer said: "Operating cash flow for the year was \$35.4 million (31 December 2012: \$52.6 million) and after completion payments for new acquisitions STW's net drawn debt position increased to \$172.8 million at 31 December 2013 (31 December 2012: \$92.6 million). Despite the increase in net debt, STW's balance sheet and capital position remains in good health."

"STW has access to debt facilities totaling \$238 million (of which \$172.8 million is drawn). These debt facilities expire in January 2015 (\$75.0 million), July 2015 (\$25 million), September 2015 (\$25 million), August 2016 (\$70 million) and August 2018 (\$40 million)."

Dividend

The Directors of STW Communications Group declared a fully franked final dividend of 5.3 cents per share, bringing the total dividend for the year to 8.6 cents per share up 3.6% (2012: 8.3 cents per share).

The final dividend will be paid on 16 April 2014 to shareholders registered at 2 April 2014.

Results Presentation

The STW Group's full year 2013 results presentation will take place at a public briefing at the Adelaide Room, Sofitel Wentworth Sydney, Level 4, 61-101 Phillip Street, Sydney on Wednesday 13th February 2014 at 9:00 am AEST. The presentation will also be broadcast live on Boardroom Radio.

For further information contact:

Michael Connaghan
Chief Executive Officer
STW Communications Group Limited
(02) 9373 6463

Lukas Aviani
Chief Financial Officer
STW Communications Group Limited
(02) 9373 6463



**ASX APPENDIX 4E
PRELIMINARY FINAL REPORT**

FOR THE YEAR ENDED 31 DECEMBER 2013

STW COMMUNICATIONS GROUP LIMITED

ABN 84 001 657 370

APPENDIX 4E

STW COMMUNICATIONS GROUP LIMITED

Name of entity

STW Communications Group Limited

ABN or equivalent company reference

Year ended ('current period')

Year ended ('previous period')

84 001 657 370	31 December 2013	31 December 2012
-----------------------	-------------------------	-------------------------

Results for announcement to the market

In A\$'000's (unless otherwise noted)

Revenues from ordinary activities	up	13.33%	to	\$395,025
Profit from ordinary activities after tax attributable to members	up	12.48%	to	\$49,456
Net profit for the year attributable to members	up	12.48%	to	\$49,456
Earnings per share – Basic	up	1.73%	to	12.35¢
Earnings per share – Diluted	up	2.58%	to	12.34¢
Dividends		Amount per security		Franked amount per security at 30%
<i><u>Current Year:</u></i>				
Final dividend declared subsequent to 31 December 2013		5.3¢		5.3¢
Interim dividend declared (paid 10 September 2013)		3.3¢		3.3¢
<i><u>Previous Year:</u></i>				
Final dividend declared subsequent to 31 December 2012 (paid 19 April 2013)		5.0 ¢		5.0 ¢
Interim dividend declared (paid 10 September 2012)		3.3 ¢		3.3 ¢
Record date for determining entitlements to the dividend		2 April 2014		
Date dividend is payable		16 April 2014		
Brief explanation of any of the figures reported above or other items of importance not previously released to the market:				
Refer to the Press Release for commentary				
Discussion and Analysis of the results for the year ended 31 December 2013:				
Refer to the Press Release for commentary				

STW COMMUNICATIONS GROUP LIMITED
Consolidated Statement of Profit or Loss
For the financial year ended 31 December 2013

	Notes	Consolidated Entity	
		2013	2012
		\$'000	\$'000
Continuing operations			
Revenue	2(a)	395,025	348,561
Other income	2(b)	5,512	5,606
Share of profits of associates	2(c)	12,894	11,197
		413,431	365,364
Employee benefits expense		(245,682)	(212,537)
Occupancy costs		(24,784)	(19,663)
Depreciation expense	3(a)	(7,863)	(7,083)
Amortisation expense	3(a)	(560)	(1,478)
Travel, training and other personal costs		(12,697)	(10,706)
Research, new business and other commercial costs		(7,255)	(6,665)
Office and administration costs		(17,344)	(14,361)
Compliance, audit and listing costs		(8,574)	(9,079)
Finance costs	3(b)	(13,478)	(13,932)
Profit before income tax		75,194	69,860
Income tax expense	4	(13,540)	(15,392)
Net profit		61,654	54,468
Net profit attributable to:			
Non-controlling interests		12,198	10,501
Members of the parent entity		49,456	43,967
		Cents	Cents
Earnings per share			
Basic earnings per share	9	12.35	12.14
Diluted earnings per share	9	12.34	12.03

The above Consolidated Statement of Profit or Loss should be read in conjunction with the accompanying notes.

STW COMMUNICATIONS GROUP LIMITED
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the financial year ended 31 December 2013

	Notes	Consolidated Entity 2013	2012
		\$'000	\$'000
Net Profit		61,654	54,468
Other comprehensive income			
Transactions with non-controlling interest (a)		-	5,149
Exchange gain arising on translation of foreign operations		11,602	2,976
Gain on cash flow hedges taken to equity		1,146	186
Income tax expense relating to components of other comprehensive income		(344)	(56)
Other comprehensive income for the year (net of tax)		12,404	8,255
Total comprehensive income for the year		74,058	62,723
Total comprehensive income attributable to:			
Non-controlling interests		13,644	10,693
Members of the parent entity		60,414	52,030

- (a) During the year ended 31 December 2012, STW Media Services Pty Limited (“SMS”) disposed of a 33.33% equity interest in DT Digital. The proceeds received by SMS were \$5.2 million. The gain on sale as a result of this transaction was \$3.1 million (less the associated income tax expense)

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

STW COMMUNICATIONS GROUP LIMITED

Consolidated Statement of Financial Position

As at 31 December 2013

	Notes	Consolidated Entity	
		2013	2012
		\$'000	\$'000
Current assets			
Cash and cash equivalents		43,271	43,641
Trade and other receivables		169,491	154,458
Other current assets		5,328	4,975
Total current assets		218,090	203,074
Non-current assets			
Other receivables		16,478	14,149
Investments accounted for using the equity method		116,750	95,373
Other financial assets		583	500
Plant and equipment		33,703	25,495
Deferred tax assets		11,130	11,207
Intangible assets		505,156	495,533
Other non-current assets		836	610
Total non-current assets		684,636	642,867
Total assets		902,726	845,941
Current liabilities			
Trade and other payables		172,144	182,271
Borrowings		215	3,208
Current tax liabilities	4	6,054	9,316
Provisions		8,239	7,089
Total current liabilities		186,652	201,884
Non-current liabilities			
Other payables		42,325	37,782
Borrowings		172,150	133,009
Deferred income tax liabilities		2,642	6,756
Provisions		3,059	3,075
Total non-current liabilities		220,176	180,622
Total liabilities		406,828	382,506
Net assets		495,898	463,435
Equity			
Issued capital	7	315,240	313,829
Reserves		27,228	18,213
Retained profits		106,770	90,649
Equity attributable to members of the parent		449,238	422,691
Non-controlling interests		46,660	40,744
Total equity		495,898	463,435
		Consolidated Entity	
		2013	2012
Net Tangible Asset Backing			
Net tangible asset backing per ordinary share		(2.31)€	(8.07)€

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

STW COMMUNICATIONS GROUP LIMITED

Consolidated Statement of Changes in Equity For the financial year ended 31 December 2013

	Attributable to members of the parent											
	Notes	Issued capital \$'000	Equity settled share-based payment reserve* \$'000	Transactions with non-controlling interests reserve*			Interest rate hedge reserve* \$'000	Foreign currency translation reserve* \$'000	Retained earnings \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
				\$'000	\$'000	\$'000						
At 1 January 2012		274,895	1,272	-	16,275	(1,206)	(7,072)	76,801	360,965	35,339	396,304	
Net profit		-	-	-	-	-	-	43,967	43,967	10,501	54,468	
Other comprehensive income		-	-	5,149	-	130	2,784	-	8,063	192	8,255	
Total comprehensive income		-	-	5,149	-	130	2,784	43,967	52,030	10,693	62,723	
Non-controlling interests on acquisition of controlled entities		-	-	-	-	-	-	-	-	1,216	1,216	
Share issue	7(a)	38,532	-	-	-	-	-	-	38,532	-	38,532	
Cost of share based payments		-	1,283	-	-	-	-	-	1,283	-	1,283	
Equity dividends provided for or paid	5	402	(402)	-	-	-	-	(30,119)	(30,119)	(6,504)	(36,623)	
At 31 December 2012		313,829	2,153	5,149	16,275	(1,076)	(4,288)	90,649	422,691	40,744	463,435	

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

* Nature and purpose of reserves:

- The equity settled share-based payment reserve is used to record the amortised cost of share rights granted to executives, the value of which has not been transferred to the relevant executives.
- The transactions with non-controlling interests reserve relates to transactions with non-controlling interests that do not result in a loss of control.
- The brand name revaluation reserve is used to record the net upward revaluation of acquired brand names.
- The interest rate hedge reserve is used to record the portion of the gains or losses on a hedging instrument in a hedge that is determined to be an effective cash flow hedge.
- The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign controlled entities.

STW COMMUNICATIONS GROUP LIMITED

Consolidated Statement of Changes in Equity For the financial year ended 31 December 2013

	Attributable to members of the parent											
	Notes	Issued capital \$'000	Equity settled share-based payment reserve* \$'000	Transactions with non-controlling interests reserve*			Interest rate hedge reserve* \$'000	Foreign currency translation reserve* \$'000	Retained earnings \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
				\$'000	\$'000	\$'000						
At 1 January 2013		313,829	2,153	5,149	16,275	(1,076)	(4,288)	90,649	422,691	40,744	463,435	
Net profit		-	-	-	-	-	-	49,456	49,456	12,198	61,654	
Other comprehensive income		-	-	-	-	802	10,188	-	10,990	1,414	12,404	
Total comprehensive income		-	-	-	-	802	10,188	49,456	60,446	13,612	74,058	
Non-controlling interests on acquisition of controlled entities		-	-	-	-	-	-	-	-	825	825	
Cost of share based payments		-	(564)	-	-	-	-	-	(564)	-	(564)	
Issue of executive share plan shares		1,411	(1,411)	-	-	-	-	-	-	-	-	
Equity dividends provided for or paid	5	-	-	-	-	-	-	(33,335)	(33,335)	(8,521)	(41,856)	
At 31 December 2013		315,240	178	5,149	16,275	(274)	5,900	106,770	449,238	46,660	495,898	

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

* Nature and purpose of reserves:

- The equity settled share-based payment reserve is used to record the amortised cost of share rights granted to executives, the value of which has not been transferred to the relevant executives.
- The transactions with non-controlling interests reserve relates to transactions with non-controlling interests that do not result in a loss of control.
- The brand name revaluation reserve is used to record the net upward revaluation of acquired brand names.
- The interest rate hedge reserve is used to record the portion of the gains or losses on a hedging instrument in a hedge that is determined to be an effective cash flow hedge.
- The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign controlled entities.

STW COMMUNICATIONS GROUP LIMITED
Consolidated Cash Flow Statement
For the financial year ended 31 December 2013

	Notes	Consolidated Entity	
		2013	2012
		\$'000	\$'000
Cash Flows from operating activities			
Receipts from customers		1,035,535	1,023,579
Payments to suppliers and employees		(976,681)	(949,232)
Net cash flows from operations		58,854	74,347
Interest received		1,570	2,896
Interest and other costs of finance paid		(11,685)	(12,656)
Dividend and trust distributions received from associated entities		6,679	7,659
Income tax paid		(20,005)	(19,665)
Net cash inflow from operating activities	10	35,413	52,581
Cash Flow from investing activities			
Payments for purchase of newly controlled entities, net of cash acquired	12(c)	(6,037)	(45,677)
Payments for purchase of associated entities		(3,466)	(2,543)
Proceeds from disposal of controlled and associated entities		2,781	5,262
Earnout payments on controlled entities		(17,719)	(4,289)
Payments for purchase of plant and equipment		(15,873)	(8,565)
Loans from/(to) associated entities (net)		8,977	(5,416)
Net cash outflow from investing activities		(31,337)	(61,228)
Net cash used in operating and investing activities		4,076	(8,647)
Cash Flow from financing activities			
Proceeds from borrowings		231,500	237,109
Repayment of borrowings		(195,351)	(213,977)
Proceeds from issue of shares	7(a)	-	38,532
Dividends paid to non-controlling interests		(8,521)	(6,504)
Equity holder dividends paid		(33,335)	(30,119)
Net cash (outflow)/inflow from financing activities		(5,707)	25,041
Net (decrease)/increase in cash held		(1,631)	16,394
Effects of exchange rate changes on cash and cash equivalents		1,261	106
Cash at the beginning of the year		43,641	27,141
Cash at the end of the year		43,271	43,641

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

STW COMMUNICATIONS GROUP LIMITED

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2013

Note 1. Basis of preparation of preliminary final report

This preliminary final report is a general purpose financial report, which has been prepared on the same basis as the last annual report unless otherwise indicated and in accordance with the ASX Listing Rules and other mandatory professional reporting requirements.

The preliminary final report has been prepared in accordance with the historical cost convention.

The preliminary final report does not include all notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows as the full financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 31 December 2012 and any public announcements made by STW Communications Group Limited during, and subsequent to, the year ended 31 December 2013 in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the Listing Rules of the ASX.

The principal accounting policies adopted in its preparation are consistent with those of the previous financial year and corresponding interim financial report.

STW COMMUNICATIONS GROUP LIMITED

Notes to the Consolidated Financial Statements For the financial year ended 31 December 2013

Note 2. Revenues

	Consolidated Entity	
	2013	2012
	\$'000	\$'000
(a.) Revenues		
Services rendered	393,455	345,665
Interest income		
Associated entities	23	222
Other entities	1,547	2,674
Total interest income	1,570	2,896
Total revenues from ordinary activities	395,025	348,561
(b.) Other income		
Gain on fair value adjustment on non-current liability (deferred cash settlement)	2,419	1,926
Other income	3,093	3,680
Total other income	5,512	5,606
(c.) Share of net profit of associates accounted for using the equity method		
Equity share of associates net profit	12,894	11,197

STW COMMUNICATIONS GROUP LIMITED

Notes to the Consolidated Financial Statements For the financial year ended 31 December 2013

Note 3. Profit from Ordinary Activities

Profit for the year has been derived after crediting/(charging) the following losses and expenses:

		Consolidated Entity	
		2013	2012
	Notes	\$'000	\$'000
(a.) Depreciation and amortisation expenses			
Depreciation and amortisation of non-current assets:			
Plant and equipment		7,863	7,083
Total depreciation of non-current assets		7,863	7,083
Amortisation of non-current assets:			
Intangible assets		560	1,478
Total amortisation of non-current assets		560	1,478
Total depreciation and amortisation expense		8,423	8,561
(b.) Finance costs			
Interest expense – other parties		11,685	12,690
Interest expense – deferred consideration payable		1,793	1,242
Total finance costs		13,478	13,932

STW COMMUNICATIONS GROUP LIMITED

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2013

Note 4. Income Tax

	Consolidated Entity	
	2013	2012
	\$'000	\$'000
(a) Income tax expense		
Current tax	17,876	16,363
Adjustments in respect of current income tax of previous years	45	44
Deferred tax	(4,381)	(1,015)
Income tax expense reported in income statement	13,540	15,392
(b) Tax asset and liability included in the financial statements:		
Current tax liabilities	(6,054)	(9,316)
	(6,054)	(9,316)
(c) Numerical reconciliation of income tax expense to tax payable:		
Accounting profit before income tax	75,194	69,860
At the statutory income tax rate of 30% (2012: 30%)	22,558	20,958
Adjustments in respect of current income tax of previous years	46	44
Tax adjustments resulting from equity accounting	(3,868)	(3,359)
Other items allowable for income tax purposes	(5,196)	(2,581)
Amortisation of intangible assets	-	330
Income tax expense reported in Income Statement	13,540	15,392

STW COMMUNICATIONS GROUP LIMITED

Notes to the Consolidated Financial Statements For the financial year ended 31 December 2013

Note 5. Dividends

Date proposed final dividend payable.

16 April 2014

Date to determine entitlements to the dividend (i.e. on the basis of registrable transfers received by 5.00pm if securities are not CHES approved, or security holding balances established by 5.00pm or such later time permitted by SCH Business Rules if securities are CHES approved) and the last date for receipt of election notices for the dividend.

2 April 2014

Dividend Reinvestment Plan

A dividend reinvestment plan will not be in operation.

	Consolidated Entity	
	2013	2012
	\$'000	\$'000
Declared and paid during the year		
Dividends on ordinary shares:		
Final franked dividend for 2012: 5.0 cents per share (2011: 5.0 cents per share)	20,047	18,139
Dividends paid pursuant to the executive share plan ("ESP")	57	8
Interim franked dividend for 2013: 3.3 cents per share (2012: 3.3 cents per share)	13,231	11,972
	33,335	30,119
Dividends not recognised at the end of the financial year		
In addition to the above dividends, since the end of the financial year the directors have recommended the payment of a final dividend of 5.3 cents (2012: 5.0 cents) per fully paid ordinary share, fully franked at 30%. The aggregate amount of the proposed final dividend expected to be paid on 16 April 2014 (2012: 19 April 2013), out of retained profits at the end of the financial year, but not recognised as a liability, is:	21,403	20,191
Franked Dividends		
The franked portions of dividends recommended after 31 December 2013 will be franked out of existing franking credits.		
Franking credits available for subsequent financial years based upon a tax rate of 30%	13,197	22,451

STW COMMUNICATIONS GROUP LIMITED

Notes to the Consolidated Financial Statements For the financial year ended 31 December 2013

Note 6. Investments Accounted For Using the Equity Method

Associates

Name	Principal Activity	Effective Ownership Interest	
		2013	2012
Amblique Pty Limited	Digital marketing	40%	40%
Beyond Analysis Australia Pty Limited (i)	Analytics	49%	-
Bohemia Communications Pty Limited	Media planning	37.5%	37.5%
Bullseye Group Pty Limited (i)	Digital marketing	40%	-
Campaigns & Communications Group Pty Limited	Campaign management	20%	20%
CPR Vision Pte Limited (i)	Digital marketing	40%	-
Cru Holdings Pty Limited (i)	Digital marketing	39.2%	-
Enigma Communication Pty Limited	Advertising	20%	20%
Evocatif Pty Limited	Communications	49%	49%
Ewa Heidelberg Pty Limited (formerly i2i Communications Pty Limited)	Communications	49%	49%
Feedback ASAP Pty Limited	Mystery shopping	20.4%	20.4%
Fusion Enterprises Pty Limited (i)	Digital marketing	49%	-
Houston Group Pty Limited	Branding and design	40%	40%
Ikon3 LLC	Media planning	20%	20%
Ikon Perth Pty Limited	Media buying	45%	45%
J. Walter Thompson International Limited (New Zealand)	Advertising	49%	49%
Jamshop Pty Limited	Advertising	40%	40%
Marketing Communications Holdings Australia Pty Limited and its subsidiaries	Advertising and communications	49%	49%
Massive Media Pty Limited (ii)	Website design	-	49%
M Media Group Pty Limited and its subsidiaries	Media buying	47.5%	47.5%
Ogilvy Public Relations Worldwide Pty Limited and its subsidiaries	Public relations	49%	49%
Paragon Design Group Pty Limited	Advertising	49%	49%
Purple Communications Australia Pty Limited	Public relations	44%	44%
Spinach Advertising Pty Limited	Advertising	20%	20%
TaguchiMarketing Pty Limited	E-mail marketing	20%	20%
TCO Pty Limited	Branded content production	40%	40%
The Origin Agency Pty Limited	Public relations	49%	49%

(i) The Company acquired shares in the entity during the year.

(ii) The Company disposed of all of its share in the entity during the year.

STW COMMUNICATIONS GROUP LIMITED

Notes to the Consolidated Financial Statements For the financial year ended 31 December 2013

Note 6. Investments Accounted For Using the Equity Method (continued)

	Notes	Consolidated Entity	
		2013	2012
		\$'000	\$'000
Investment in associates:			
JWT Group	(i)	2,541	2,173
M Media Group Pty Limited		7,330	5,138
Ogilvy Public Relations Worldwide Pty Limited		750	938
Other contributions	(ii)	2,273	2,948
Equity share of associates profit		12,894	11,197

(i) The JWT Group comprises Marketing Communications Holdings Australia Pty Limited, Ewa Heidelberg Pty Limited (formerly i2i Communications Pty Limited) and J. Walter Thompson International Limited (New Zealand).

(ii) The individual contributions to this balance are insignificant to an understanding of these financial statements.

Note 7. Contributed Equity

	2013 Number of Shares	2012 Number of Shares	2013 \$'000	2012 \$'000
Ordinary shares issued and fully paid – parent entity	403,828,512	403,828,512	324,386	334,676
Shares under the ESP	(2,885,208)	(6,184,833)	(9,146)	(20,847)
Total issued capital - consolidated	400,943,304	397,643,679	315,240	313,829

(a) Movement in contributed equity

	2013 Number of Shares	2013 \$'000	2012 Number of Shares	2012 \$'000
At 1 January	397,643,679	313,829	356,613,518	275,297
Shares under the ESP	3,299,625	1,411	-	-
Share issue	-	-	41,030,161	38,532
At 31 December for consolidated entity	400,943,304	315,240	397,643,679	313,829

(b) Terms and conditions of ordinary shares

The Company's shares have no par value. Ordinary shares have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

(c) Share Issue

During the year ended 31 December 2012, a total of 41,030,161 ordinary shares were issued by the Company on-market pursuant to its capital raising. These shares were issued at a price of \$0.97 per share prior to the costs incurred as part of the capital raising. No share issue occurred during the year ended 31 December 2013.

STW COMMUNICATIONS GROUP LIMITED

Notes to the Consolidated Financial Statements For the financial year ended 31 December 2013

Note 7. Contributed Equity (continued)

(d) Unvested employee incentive shares – ESP Shares

The Company has an executive incentive scheme, the ESP, under which rights to the Company's shares have been granted to senior executives. Shares in the Company are held by the STW Executive Share Plan Trust for the purpose of issuing shares under the executive incentive scheme and are deducted from equity.

Movement in shares under the ESP

	2013 Number of Shares	2013 \$'000	2012 Number of Shares	2012 \$'000
At 1 January	6,184,833	20,847	6,652,333	21,249
Shares allocated to executives	(3,299,625)	(11,701)	(467,500)	(402)
At 31 December for parent entity	2,885,208	9,146	6,184,833	20,847

Note 8. Control Gained / Lost over Entities

Name	Transaction Date	Effective Ownership Interest as at 31 December 2013 %
Acquisitions – Control gained		
Antics Asia International Holdings Limited	1 January 2013	75%
Human Communications Pty Limited	1 July 2013	100%
Colmar Brunton Pty Limited	1 July 2013	80%
Disposals – Control lost		
Haines NZ Limited	1 January 2013	-

STW COMMUNICATIONS GROUP LIMITED

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2013

Note 9. Earnings Per Share

The following reflects the income and share data used in the total operations' basic and diluted earnings per share computations:

	Consolidated Entity	
	2013	2012
	\$'000	\$'000
Net profit attributable to ordinary equity holders of the Company from continuing operations for basic earnings per share	49,456	43,967
Effect of dilution:		
Dilutive adjustments to net profit	-	-
Net profit attributable to ordinary equity holders of the Company for diluted earnings per share	49,456	43,967
	Number of Shares	Number of Shares
Weighted average number of ordinary shares for basic earnings per share	400,527,461	362,202,129
Impact of Executive share plan shares where EPS growth performance targets have been met	304,063	3,299,625
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted EPS	400,831,524	365,501,754
	Cents	Cents
Earnings per share for profit from continuing operations attributable to ordinary equity holders of the Company		
Basic earnings per share	12.35	12.14
Diluted earnings per share	12.34	12.03

STW COMMUNICATIONS GROUP LIMITED

Notes to the Consolidated Financial Statements For the financial year ended 31 December 2013

Note 10. Notes to the Cash Flow Statement

	Consolidated Entity	
	2013	2012
	\$'000	\$'000
Reconciliation from net profit to the net cash flows from/(used in) operating activities		
Net profit	61,654	54,468
Adjustments		
Share of associates net profits, net of dividends and trust distributions received	(6,215)	(3,551)
Depreciation and amortisation of non-current assets	8,423	8,561
ESP expense non-cash	(563)	1,283
Interest expense on fair value adjustment on non-current liability (deferred cash settlement)	1,793	1,242
Net loss on disposal of non-current assets	-	-
Loss on disposal of non-current assets	31	24
Gain on fair value adjustment to non-current liability (deferred cash settlement)	(244)	(2,426)
Changes in assets and liabilities		
(Increase)/decrease in receivables	(8,323)	28,144
Increase in other receivables	(2,603)	(325)
Decrease/(increase) in deferred tax assets	969	(482)
Decrease in trade and other payables	(6,202)	(27,213)
Decrease in provisions	(3,731)	(4,581)
Decrease in current income tax payable	(3,383)	(3,994)
(Decrease)/increase in other liabilities	(6,193)	1,431
Net cash flows from operating activities	35,413	52,581

STW COMMUNICATIONS GROUP LIMITED

Notes to the Consolidated Financial Statements For the financial year ended 31 December 2013

Note 11. Intangible assets - goodwill

	Goodwill \$'000	Brand names \$'000	Intellectual Property \$'000	Total \$'000
At January 2012				
Gross carrying amount – at cost	350,967	57,027	6,668	414,662
Accumulated impairment and amortisation	(3,267)	-	(1,483)	(4,750)
Net carrying amount	347,700	57,027	5,185	409,912
Year ended 31 December 2012				
Balance at the beginning of the year	347,700	57,027	5,185	409,912
Additions	-	-	-	-
Acquisition of subsidiary (refer to Note 12)	79,653	-	5,781	85,434
Disposals	-	-	-	-
Net exchange differences on translation	1,665	-	-	1,665
Impairment and amortisation expense	-	-	(1,478)	(1,478)
Balance at the end of the year	429,018	57,027	9,488	495,533
At 31 December 2012				
Gross carrying amount – at cost	432,285	57,027	12,449	501,761
Accumulated impairment and amortisation	(3,267)	-	(2,961)	(6,228)
Net carrying amount	429,018	57,027	9,488	495,533
Year ended 31 December 2013				
Balance at the beginning of the year	429,018	57,027	9,488	495,533
Additions	3,280	-	649	3,929
Movement in the estimate of deferred cash settlements	(11,659)	-	-	(11,659)
Acquisition of subsidiary (refer to Note 12)	11,847	-	-	11,847
Disposals	(8,445)	-	(417)	(8,862)
Net exchange differences on translation	14,928	-	-	14,928
Impairment and amortisation expense	-	-	(560)	(560)
Balance at the end of the year	438,969	57,027	9,160	505,156
At 31 December 2013				
Gross carrying amount – at cost	442,236	57,027	12,681	511,944
Accumulated impairment and amortisation	(3,267)	-	(3,521)	(6,788)
Net carrying amount	438,969	57,027	9,160	505,156

STW COMMUNICATIONS GROUP LIMITED

Notes to the Consolidated Financial Statements For the financial year ended 31 December 2013

Note 12. Business Combinations

(a) Summary of acquisitions and disposals

During the year ended 31 December 2013:

On 1 January 2013, STW Group Asia Holdings Pte Limited ("SGA") acquired 75% of Antics Asia International Holdings Limited ("Antics"). Antics is a digital media agency with offices in Malaysia, Indonesia and Singapore.

On 1 July 2013, STW Media Services Pty Limited ("SMS") acquired 80% of Colmar Brunton Pty Limited ("Colmar Brunton"). Colmar Brunton is full-service market research business with offices in Sydney, Melbourne, Canberra, Adelaide and Brisbane.

On 1 July 2013, SMS acquired an additional 85% of Human Communications Pty Limited ("Human") thereby increasing SMS's ownership to 100%. Human is a full service advertising agency which operates out of Sydney.

During the year ended 31 December 2012:

On 1 January 2012, STW Group Investments Pte Limited acquired 100% of Edge Marketing Limited ("Edge"). Edge is a full service advertising agency which operates out of Thailand, Vietnam, Singapore and Hong Kong.

On 1 January 2012, STW Media Services Pty Limited ("SMS") acquired an additional 25% of Catalyst Advertising Pty Limited ("Catalyst") thereby increasing SMS's ownership to 75%. Catalyst is a full service advertising agency which operates out of Melbourne.

On 1 March 2012, SMS acquired 80% of Yellow Edge Pty Limited ("Yellow Edge"). Yellow Edge is a training and facilitation agency which operates out of the ACT, New South Wales, Queensland, Victoria and New Zealand.

On 1 April 2012, SGA acquired 100% of Buchanan Group Holdings Pte Limited ("Buchanan"). Buchanan is a full service advertising agency which operates out of Canada, the United Kingdom, Malaysia, Singapore and Australia.

STW COMMUNICATIONS GROUP LIMITED

Notes to the Consolidated Financial Statements For the financial year ended 31 December 2013

Note 12. Business Combinations (continued)

(a) Summary of acquisitions and disposals (continued)

During the year ended 31 December 2012 (continued):

On 1 July 2012, SMS acquired 70% of Picnic Software Pty Limited (“Picnic”). Picnic is a production software company which operates out of Melbourne.

On 1 July 2012, SMS acquired 80% of Maverick Marketing and Communications Pty Limited (“Maverick”). Maverick is an experiential marketing & public relations agency which operates out of Sydney.

On 1 July 2012, SMS acquired 100% of Markitforce Group Pty Limited (“Markitforce”). Markitforce is a point of sale management, product fulfilment, warehousing & distribution services company which operates out of Sydney, Melbourne, Brisbane, Adelaide, Perth and Auckland.

On 1 July 2012, SMS acquired an additional 50% of White Digital Pty Limited (“White”) thereby increasing SMS’s ownership to 100%. White is a full service digital marketing agency which operates out of Sydney.

On 1 July 2012, Singleton, Ogilvy & Mather (Holdings) Pty Limited (“SOM Holdings”) acquired 51% of Ogilvy Action 2012 Pty Limited. STW Communications Group Limited holds a 66.67% share in SOM Holdings. Ogilvy Action 2012 Pty Limited is a market research and advertising agency specific to the retail industry which operates out of Sydney.

On 10 September 2012, SMS acquired 75% of Switched On Media Pty Limited (“Switched On Media”). Switched On Media is a full service digital marketing agency which operates out of Sydney.

On 1 December 2012, SGA acquired 60% of Aleph Pte Limited (“Aleph”). Aleph is a digital strategy, design and innovation agency which operates out of Singapore.

STW COMMUNICATIONS GROUP LIMITED
Notes to the Consolidated Financial Statements
For the financial year ended 31 December 2013

Note 12. Business Combinations (continued)

(a) Summary of acquisitions and disposals (continued)

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

	Notes	Consolidated Entity	
		2013	2012
		\$'000	\$'000
Purchase consideration:			
Deferred/contingent consideration		9,044	28,933
Acquisition cost in prior periods		-	9,596
Cash paid in the current period	12(c)	4,979	53,254
Total purchase consideration		14,023	91,783
Fair value of net identifiable assets acquired	12(b)	2,176	12,130
Goodwill acquired		11,847	79,653

The acquired businesses contributed revenues of \$26,548,761 and a net profit of \$2,068,138 to the Group for the period from 1 January 2013 to 31 December 2013. The contributed revenues and net profit would not have been materially different if control over these entities had all been achieved on 1 January 2013.

The goodwill acquired is attributable to the high profitability of the acquired businesses and synergies expected to arise after the company's acquisition of the new subsidiaries. The fair values of assets and liabilities acquired are based on discounted cash flow models.

STW COMMUNICATIONS GROUP LIMITED

Notes to the Consolidated Financial Statements For the financial year ended 31 December 2013

Note 12. Business Combinations (continued)

(b) Assets and liabilities acquired

The assets and liabilities arising from the acquisitions are as follows:

	Notes	Consolidated Entity	
		2013	2012
		\$'000	\$'000
Fair value of net assets acquired			
Current assets			
Cash and cash equivalents		(1,058)	7,577
Receivables		5,963	15,616
Prepayments		-	219
Other current assets		-	5,406
Current tax receivable		16	-
Non-current assets			
Plant and equipment		1,133	3,210
Deferred tax asset		841	-
Other non-current assets		250	801
Trademark		-	5,781
Current liabilities			
Trade payables		(1,277)	(7,356)
Other current liabilities		(1,411)	(14,304)
Provisions		(1,621)	(1,740)
Current tax liabilities		-	(873)
Non-current liabilities			
Borrowings		-	(1,213)
Other non-current liabilities		(155)	(16)
Net assets		2,681	13,108
Non-controlling interests in net assets acquired		(505)	(978)
Net identifiable assets acquired	12(a)	2,176	12,130

At the dates of acquisition of the various entities, apart from the brand name, the carrying value of the assets and liabilities acquired approximated their fair value.

(c) Purchase consideration

	Notes	Consolidated Entity	
		2013	2012
		\$'000	\$'000
Outflow of cash to acquire controlled entities, net of cash acquired			
Cash consideration	12(a)	4,979	53,254
Cash balances acquired	12(b)	1,058	(7,577)
Outflow of cash		6,037	45,677

STW COMMUNICATIONS GROUP LIMITED

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2013

Note 13. Disposal of subsidiary

During the financial year, the Company disposed of its interest in Haines NZ Limited. The effective date of the transaction was 1 January 2013.

	Consolidated	
	2013	2012
	\$'000	\$'000
(a) Consideration received		
Consideration received in cash and cash equivalents	381	-
Total consideration	381	-
(b) Analysis of assets and liabilities over which control was lost		
Current assets		
Cash and cash equivalents	489	-
Trade receivables	912	-
Other receivables	405	-
Non-current assets		
Prepayments	86	-
Shares in associated entities	15	-
Plant & equipment	904	-
Deferred tax asset	23	-
Intangible assets	417	-
Goodwill	8,445	-
Current liabilities		
Trade creditors	(562)	-
Other current payables	(2)	-
Provision for annual leave	(43)	-
Net assets disposed of	11,089	-
(c) Loss on disposal of subsidiary		
Consideration received in cash and cash equivalents	381	-
Investment in Haines	(11,090)	-
Foreign currency translation reserve	(523)	-
Charged to impairment provision	11,232	-
Loss on disposal	-	-
(d) Net cash outflow on disposal of subsidiary		
Consideration received in cash or cash equivalents	381	-
Cash and cash equivalent balances disposed of	(489)	-
Net cash outflow on disposal	(108)	-

STW COMMUNICATIONS GROUP LIMITED

Notes to the Consolidated Financial Statements For the financial year ended 31 December 2013

Note 14. Segment Information

(a) Identification of Reportable Segments

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The operating segments are identified by the Board based on reporting lines and the nature of services provided. Discrete financial information about each of these operating businesses is reported to the Board on a monthly basis. The businesses operate predominantly in Australia.

The reportable segments are based on aggregated operating segments determined by the similarity of the services provided and other factors.

(b) Segments

The Company has reported the following segments:

- Advertising, Production and Media; and
- Diversified Communications.

Advertising, Production and Media

The Advertising, Production and Media segment provides advertising services, television and print production services and media investments for the Company's clients.

Diversified Communications

The Diversified Communications segment covers the full gamut of marketing communications services. The Diversified Communications segment was established in order to offer clients a total solution to their marketing needs, well beyond their traditional advertising, production and media requirements.

(c) Holding Company

Holding Company costs and revenues are those costs which are managed on a Group basis and not allocated to business segments. They include revenue from one off projects undertaken by the head office for external clients, and costs associated with strategic planning decisions, compliance costs and treasury related activities.

(d) Accounting Policies

Segment revenues and expenses are those directly attributable to the segments. The accounting policies of the reportable segment are the same as the Group's accounting policies.

(e) Intersegment Transfers

Sales between segments are carried out at arm's length and are eliminated on consolidation. As intersegment revenues are considered immaterial, no further disclosure of these is made in this note.

STW COMMUNICATIONS GROUP LIMITED

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2013

Note 14. Segment Information (continued)

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable operating segment for the periods under review:

	Advertising, Media and Production		Diversified Communications		Holding company and Unallocated		Consolidated	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Revenue	190,435	181,741	203,040	163,239	-	685	393,475	345,665
Share of net profit of associates	10,935	8,569	1,958	2,628	-	-	12,893	11,197
Other income	1,418	1,732	889	643	3,208	3,231	5,515	5,606
Segment revenue	202,788	192,042	205,887	166,510	3,208	3,916	411,883	362,468
Segment result (EBITDA)	60,924	58,446	41,971	40,128	(7,370)	(9,117)	95,525	89,457
Depreciation and amortisation							(8,423)	(8,561)
Net interest							(11,908)	(11,036)
Profit before income tax							75,194	69,860
Income tax expense							(13,540)	(15,392)
Net profit							61,654	54,468
Net profit attributable to:								
Non-controlling interests							12,198	10,501
Members of the parent entity							49,456	43,967

STW COMMUNICATIONS GROUP LIMITED
Notes to the Consolidated Financial Statements
For the financial year ended 31 December 2013

Note 15. Subsequent Events

There are no other material or unusual matters or circumstances that have arisen in the interval between the end of the financial period and the date of signing of this financial report which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

STW COMMUNICATIONS GROUP LIMITED

Notes to the Consolidated Financial Statements For the financial year ended 31 December 2013

ANNUAL GENERAL MEETING

The annual meeting will be held as follows:

Place	Ogilvy House 72 Christie Street St Leonards NSW 2065
Date	16 May 2014
Time	9.30am
Approximate date the annual report will be available	26 March 2014

AUDIT

This report is based upon accounts that are in the process of being audited.

Signed



Robert Mactier
Chairman

Sydney
13 February 2014



Michael Connaghan
CEO & Managing Director

Sydney
13 February 2014