



adcorp

Friday 27th February 2015

Adcorp Australia Ltd

Half Year results to December 2014

Adcorp Australia's restructuring initiatives have helped return an operating profit before tax and non-controlling interests, of \$141,000 for the first half of the financial year. The company posted a loss of \$1,532,000 in the prior comparative period.

Billings of \$36,100,000 for the six months to December 2014 are down 16% on the prior comparative period's \$43,000,000 as the prior period included billings for the NSW Government media placement contract (which ended in August 2013) and included billings under the Australian Government Master Media Advertising contract. As of 1 July 2014, Adcorp is a subcontractor to Mitchell and Partners on this contract and is billing subcontractor fees only.

Adcorp continues to grow its specialty services in Creative, Digital and Video marketing solutions, supported by improved timekeeping and charging systems. This has contributed to an improved revenue margin and an operating revenue in line with prior period at \$9,423,000 (2013: \$9,430,000).

Adcorp's contract with the Northern Territory Government for Interstate and International advertising has also been extended for another 12 months through until February 28 2016.

We have substantially reduced our operating costs, down \$1,724,000 (16%) from \$11,038,000 in prior year to \$9,314,000 in the current period. This is largely through restructuring resources and streamlining processes across all our divisions including shared services and reducing our Office and Communications costs, where we are continuing to make savings.

Adcorp has managed cash flow well during the period, with a closing balance of \$1,980,000 in funds at 31 December 2014. This is down on the closing balance of \$7,102,000 at 30

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adcorp

June 2014 as large campaigns booked and paid for by clients before 30 June 2014 were completed in the period to December 2014 and supplier payments made.

We have signed a formal debtor financing agreement to replace the overdraft and Premises Rental Guarantee facilities (currently with the ANZ Bank). As at 27 February 2015, we are well advanced in transitioning our finance facilities over to the new provider. These facilities, together with ongoing rigorous management of costs and cash flows will provide sufficient funding for working capital needs in the coming twelve months.

We are confident that our market positioning, broad range of services and specialties, and a dynamic market-focused business development approach will benefit our clients and deliver growth for shareholders into the second half of the financial year and beyond.

~ends~

For further information, please contact:
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Adelaide
Auckland
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1. Company details

Name of entity:	Adcorp Australia Limited
ABN:	72 002 208 915
Reporting period:	For the half-year ended 31 December 2014
Previous period:	For the half-year ended 31 December 2013

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	down	0.5% to	9,455
Profit from ordinary activities after tax attributable to the owners of Adcorp Australia Limited	up	104.1% to	61
Profit for the half-year attributable to the owners of Adcorp Australia Limited	up	104.1% to	61

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The profit for the consolidated entity after providing for income tax and non-controlling interest amounted to \$61,000 (31 December 2013: loss of \$1,470,000).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(2.90)</u>	<u>(1.25)</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.



8. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Reporting period %	Previous period %	Reporting period \$'000	Previous period \$'000
Limelight Group Pty Ltd (Associate)	40.00%	40.00%	-	-
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Profit/(loss) from ordinary activities before income tax			-	-
Income tax on operating activities			-	-

Due to the losses sustained in this investment in the period to 30 June 2014, Adcorp had written down the value of the investment to \$nil at 30 June 2014. Limelight Group Pty Ltd entered into a Deed of Creditor Arrangement on 8 July 2014.

A full and final dividend has been paid to creditors and, as at 27 February 2015, the Deed of Creditor arrangement is in the process of being finalised and accordingly Limelight Group Pty Ltd will be struck off the register.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):

The Interim Report of Adcorp Australia Limited for the half-year ended 31 December 2014 is attached.

12. Signed

Signed _____

Date: 27 February 2015

Craig McMenamin
Company Secretary
Sydney



Adcorp Australia Limited

ABN 72 002 208 915

Interim Report - 31 December 2014



The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Adcorp Australia Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2014.

Directors

The following persons were directors of Adcorp Australia Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Ian Rodwell
David Morrison
Garry Lemair
Dean Capobianco

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of:

- Advertising agency services specialising in human resources, real estate, government, motor vehicle, education and retail;
- Website design, development and database support services;
- Digital marketing services and consulting, including supply of web-based products, and strategic employment solutions; and
- Video production and marketing solutions.

Review of operations

The profit for the consolidated entity after providing for income tax and non-controlling interest amounted to \$61,000 (31 December 2013: loss of \$1,470,000).

As stated in the company's ASX announcement on 10 December 2014, Adcorp has completed a significant phase of restructuring and has delivered an operating profit for the first half of the financial year of \$141,000 before tax and non-controlling interests. (31 December 2013: operating loss of \$1,532,000).

Billings of \$36,100,000 for the six months to December 2014 are down on the prior comparative period's \$43,000,000. The prior period included billings for the NSW Government media placement contract (ended in August 2013) and included billings under the Australian Government Master Media Advertising contract. As of 1 July 2014, Adcorp is a subcontractor to Mitchell and Partners on this contract and billing subcontractor fees only.

We also continued to grow our speciality services in Creative, Digital and Video marketing solutions, supported by improved timekeeping and charging systems.

The lower level of billings on Government contracts and growth in fee income across our Creative, Digital and Client service areas has resulted in an overall improvement in revenue margin to 26% from the prior comparative period 22%. Net operating revenues are \$9,423,000 (2013: \$9,430,000).

We substantially reduced our operating costs, down \$1,724,000 from \$11,038,000 in prior year to \$9,314,000 in the current period largely a result of reduced labour and Office and Communications costs.

Labour costs are down \$1,418,000 (19%) from \$7,568,000 to \$6,150,000 on the prior period through more efficient utilisation of resources and streamlining processes across all our divisions including shared services.

Reduction in our office space and sub-leasing delivered savings in Office and Communications overheads of \$274,000 (11%) from \$2,404,000 in the prior year to \$2,130,000. We will continue to seek savings in this category through more efficient use of our premise across the region.

Adcorp has managed cash flow well during the period, with a closing balance of \$1,980,000 in funds at 31 December 2014. This is down on the closing balance of \$7,102,000 at 30 June 2014 as large campaigns booked and paid for by clients before 30 June 2014 were completed and the subsequent payments made by Adcorp to media in the period to December 2014.

As a result of the improvement in operating profit at 31 December 2014, Adcorp achieved both the EBITDA and Debtors Covenant requirements on the ANZ bank facility.



Adcorp Australia Limited
Directors' report
31 December 2014

We have signed a formal debtor financing agreement to replace the overdraft and Premises Rental Guarantee facilities currently with the ANZ Bank and, as at 27 February 2015, are well advanced in transitioning our finance facilities over to the new provider.

We are confident that our market positioning, broad range of services and specialities, and a dynamic market-focussed business development approach will benefit our clients and deliver growth for shareholders into the second half of the financial year and beyond.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

David Morrison
Director and Chief Executive Officer

Ian Rodwell
Chairman

27 February 2015
Sydney

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Auditor's Independence Declaration To The Directors of Adcorp Australia Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Adcorp Australia Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



P J Woodley
Partner - Audit & Assurance

Sydney, 27 February 2015

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General information

The financial statements cover Adcorp Australia Limited as a consolidated entity consisting of Adcorp Australia Limited and its subsidiaries. The financial statements are presented in Australian dollars, which is Adcorp Australia Limited's functional and presentation currency.

Adcorp Australia Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 1
7 Kelly Street
Ultimo NSW 2007

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 February 2015. The directors have the power to amend and reissue the financial statements.

Adcorp Australia Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2014



	Note	Consolidated 31 Dec 2014 \$'000	31 Dec 2013 \$'000
Revenue	3	9,455	9,506
Expenses			
Client service expenses		(6,150)	(7,568)
Administrative expenses		(559)	(617)
Marketing expenses		(470)	(446)
Office and communication expenses		(2,130)	(2,404)
Finance costs	4	(5)	(3)
Profit/(loss) before income tax (expense)/benefit		141	(1,532)
Income tax (expense)/benefit		(63)	72
Profit/(loss) after income tax expense for the half-year		78	(1,460)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		51	170
Other comprehensive income for the half-year, net of tax		51	170
Total comprehensive income for the half-year		129	(1,290)
Profit/(loss) for the half-year is attributable to:			
Non-controlling interest		17	10
Owners of Adcorp Australia Limited		61	(1,470)
		78	(1,460)
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		17	10
Owners of Adcorp Australia Limited		112	(1,300)
		129	(1,290)
		Cents	Cents
Basic earnings per share	11	0.10	(2.42)
Diluted earnings per share	11	0.10	(2.42)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes



		Consolidated	
	Note	31 Dec 2014	30 Jun 2014
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents	5	1,980	7,102
Trade and other receivables	6	6,045	9,441
Income tax refund due		6	19
Prepayments		616	178
Total current assets		<u>8,647</u>	<u>16,740</u>
Non-current assets			
Property, plant and equipment		874	1,203
Intangibles		160	99
Deferred tax		1,008	907
Total non-current assets		<u>2,042</u>	<u>2,209</u>
Total assets		<u>10,689</u>	<u>18,949</u>
Liabilities			
Current liabilities			
Trade and other payables	7	9,885	18,204
Income tax		25	4
Provisions		700	873
Total current liabilities		<u>10,610</u>	<u>19,081</u>
Non-current liabilities			
Deferred tax		141	29
Provisions		672	702
Total non-current liabilities		<u>813</u>	<u>731</u>
Total liabilities		<u>11,423</u>	<u>19,812</u>
Net liabilities		<u>(734)</u>	<u>(863)</u>
Equity			
Issued capital		28,894	28,894
Purchased controlling interest reserve		(113)	(113)
Reserves		(280)	(331)
Accumulated losses		(29,228)	(29,289)
Deficiency in equity attributable to the owners of Adcorp Australia Limited		(727)	(839)
Non-controlling interest		(7)	(24)
Total deficiency in equity		<u>(734)</u>	<u>(863)</u>

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

Adcorp Australia Limited
Statement of changes in equity
For the half-year ended 31 December 2014



Consolidated	Issued capital \$'000	Purchased controlling interest reserve \$'000	Reserves \$'000	Accumulated losses \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2013	28,894	(113)	(530)	(26,681)	(27)	1,543
Profit/(loss) after income tax (expense)/benefit for the half-year	-	-	-	(1,470)	10	(1,460)
Other comprehensive income for the half-year, net of tax	-	-	170	-	-	170
Total comprehensive income for the half-year	-	-	170	(1,470)	10	(1,290)
Balance at 31 December 2013	<u>28,894</u>	<u>(113)</u>	<u>(360)</u>	<u>(28,151)</u>	<u>(17)</u>	<u>253</u>

Consolidated	Issued capital \$'000	Purchased controlling interest reserve \$'000	Reserves \$'000	Accumulated losses \$'000	Non-controlling interest \$'000	Total deficiency \$'000
Balance at 1 July 2014	28,894	(113)	(331)	(29,289)	(24)	(863)
Profit after income tax (expense)/benefit for the half-year	-	-	-	61	17	78
Other comprehensive income for the half-year, net of tax	-	-	51	-	-	51
Total comprehensive income for the half-year	-	-	51	61	17	129
Balance at 31 December 2014	<u>28,894</u>	<u>(113)</u>	<u>(280)</u>	<u>(29,228)</u>	<u>(7)</u>	<u>(734)</u>

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

Adcorp Australia Limited
Statement of cash flows
For the half-year ended 31 December 2014



	Consolidated	
	31 Dec 2014	31 Dec 2013
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	43,003	53,059
Payments to suppliers and employees (inclusive of GST)	(47,898)	(54,898)
	(4,895)	(1,839)
Interest received	32	52
Interest and other finance costs paid	(5)	(3)
Net cash used in operating activities	(4,868)	(1,790)
Cash flows from investing activities		
Payments for property, plant and equipment	(54)	(179)
Payments for intangibles	(204)	(224)
Proceeds from sale of property, plant and equipment	4	6
Net cash used in investing activities	(254)	(397)
Cash flows from financing activities		
Net cash from financing activities	-	-
Net decrease in cash and cash equivalents	(5,122)	(2,187)
Cash and cash equivalents at the beginning of the financial half-year	7,102	5,711
Cash and cash equivalents at the end of the financial half-year	<u>1,980</u>	<u>3,524</u>

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



Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2014 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity during the financial half-year ended 31 December 2014 and are not expected to have any significant impact for the full financial year ending 30 June 2015. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

At 31 December 2014 the company had total deficiency in equity of \$734,000 (30 June 2014: deficiency \$863,000).

Net current liabilities exceeded net current assets (excluding intangibles) by \$1,963,000 (30 June 2014: Net current liabilities exceeded net current assets by \$2,341,000).

The company has continued to reduce costs significantly and restructure its operations in order to meet the changing industry and provide dynamic marketing and advertising solutions for our clients. In the 6 months to December 2014, overheads have been reduced by \$1,724,000 on the prior comparative period and will secure further savings in the coming six months to June 2015 and into FY2016.

Through the recent restructuring we have improved resourcing in our business development teams and positioned Adcorp for growth. As stated in our announcements to the ASX on 10 December 2014, we expect to generate an operating profit of over \$500,000 in the second half to June 2015.

As of 31 December 2014, the company had an overdraft facility of \$2,500,000 with ANZ bank but had not utilised the facility and had consolidated funds of \$1,980,000 on hand.

As at 27 February 2015, we are well advanced in the transition to a trade debtor finance facility which was executed in January 2015 and runs for an initial period of twelve months. Based on our estimated billings and debtor projections, this facility will provide adequate cash flow cover for both the premises guarantees of approximately \$1,300,000 and adequate funding for monthly working capital and overhead payments.

As the company returns to profit and positive cash flows in the second half to June 2015, the reliance on the debtor financing facility is expected to reduce.

Whilst there is material uncertainty, the directors are of the view that the company is a going concern based on the cash flow forecasts and the availability of adequate debtor financing over the coming twelve months. Therefore the consolidated entity will be able to meet its debts as they fall due and accordingly the financial statements have been prepared on a going concern basis.



Note 2. Operating segments

Identification of reportable operating segments

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the Board (the chief operating decision maker ('CODM')) in assessing performance and determining the allocation of resources.

The operating segments are identified based on the comparative geographical products and services, production process, regulatory environment and the separate identification of assets reported to the Board on a monthly basis. The consolidated entity's products and services are the same within both geographical segments.

The information reported to the CODM is on at least a monthly basis.

Types of products and services

A further assessment is conducted based on the revenue and profit contribution by each segment to the consolidated entity's result. Segments identified as meeting any of the 3 thresholds below, have been separately reported:

Reported revenue	Greater than or equal to 10% of total combined revenues of the consolidated entity
Reported profit or loss	Greater than or equal to 10% of the greater of (i) total profitable entities or (ii) total loss-making entities
Assets	Greater than or equal to 10% of combined assets of the consolidated entity

Intersegment transactions

Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

Corporate charges

Corporate charges comprise non-segmental expenses such as Head Office expenses and are allocated to each segment in proportion to the activity and labour cost of that segment.

Inter-entity sales

Inter-entity sales are recognised based on a set standard cost.

Intersegment loans

Loans between Australia and New Zealand operating segments arise through transfer of funds to meet respective working capital payments, are non-interest bearing and do not have any other transaction charges attached.

Income tax expense

Income tax expense is calculated based on the segment operating profit using a notional 30% rate (31 December 2013: 30%).

Major customers

There are no significant customers in any reported segment that comprise greater than 10% of the segments aggregated revenues.



Note 2. Operating segments (continued)

Operating segment information

	Australia \$'000	New Zealand \$'000	Intersegment eliminations/ unallocated \$'000	Total \$'000
Consolidated - 31 Dec 2014				
Revenue				
Sales to external customers	8,033	1,390	-	9,423
Other revenue	18	14	-	32
Total revenue	8,051	1,404	-	9,455
EBITDA *				
Depreciation and amortisation	492	142	-	634
Interest revenue				(520)
Finance costs				32
Profit before income tax expense				(5)
Income tax expense				141
Profit after income tax expense				(63)
				78
Assets				
Segment assets	8,562	2,127	-	10,689
Total assets				10,689
Liabilities				
Segment liabilities	10,532	891	-	11,423
Total liabilities				11,423
Consolidated - 31 Dec 2013				
	Australia \$'000	New Zealand \$'000	Intersegment eliminations/ unallocated \$'000	Total \$'000
Revenue				
Sales to external customers	8,013	1,417	-	9,430
Other revenue	62	14	-	76
Total revenue	8,075	1,431	-	9,506
EBITDA *				
Depreciation and amortisation	(1,124)	146	-	(978)
Interest revenue				(603)
Finance costs				52
Loss before income tax benefit				(3)
Income tax benefit				(1,532)
Loss after income tax benefit				72
				(1,460)
Consolidated - 30 Jun 2014				
Assets				
Segment assets	15,819	3,130	-	18,949
Total assets				18,949
Liabilities				
Segment liabilities	18,308	1,504	-	19,812
Total liabilities				19,812

* Earnings before interest, tax, depreciation, amortisation, impairment and share of losses of associate.



Note 3. Revenue

	Consolidated	
	31 Dec 2014	31 Dec 2013
	\$'000	\$'000
<i>Sales revenue</i>		
Operating revenues	9,423	9,430
<i>Other revenue</i>		
Interest	32	52
Rent	-	24
	<u>32</u>	<u>76</u>
Revenue	<u>9,455</u>	<u>9,506</u>

Note 4. Expenses

	Consolidated	
	31 Dec 2014	31 Dec 2013
	\$'000	\$'000
Profit/(loss) before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Office equipment	142	183
Plant and equipment	234	268
	<u>376</u>	<u>451</u>
<i>Amortisation</i>		
Software licences	144	152
	<u>520</u>	<u>603</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable	5	3
<i>Net foreign exchange loss</i>		
Net foreign exchange loss	4	58
<i>Net loss on disposal</i>		
Net loss on disposal of property, plant and equipment	3	3
<i>Superannuation expense</i>		
Defined contribution superannuation expense	398	496
<i>Employee benefits expense excluding superannuation</i>		
Employee benefits expense excluding superannuation	<u>5,752</u>	<u>7,072</u>



Note 5. Current assets - cash and cash equivalents

	Consolidated	
	31 Dec 2014	30 Jun 2014
	\$'000	\$'000
Cash at bank	1,884	3,308
Cash on deposit	96	3,794
	<u>1,980</u>	<u>7,102</u>

Note 6. Current assets - trade and other receivables

	Consolidated	
	31 Dec 2014	30 Jun 2014
	\$'000	\$'000
Trade receivables	6,075	9,305
Less: Provision for impairment of receivables	(55)	(42)
	<u>6,020</u>	<u>9,263</u>
Other receivables	25	178
	<u>6,045</u>	<u>9,441</u>

Note 7. Current liabilities - trade and other payables

	Consolidated	
	31 Dec 2014	30 Jun 2014
	\$'000	\$'000
Trade payables	8,793	12,707
Other payables	1,092	5,497
	<u>9,885</u>	<u>18,204</u>

Note 8. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 9. Contingent liabilities

The consolidated entity has various guarantees over premises.

	Consolidated	
	31 Dec 2014	30 Jun 2014
	\$'000	\$'000
Premises	<u>1,287</u>	<u>1,311</u>

In November 2014, the liquidator of a company "Streetwise Advertising Pty Ltd (In Liquidation)" lodged a claim alleging preferential payments made to Adcorp, among other creditors. Adcorp is contesting this claim which is in the amount of \$955,000 and has engaged its legal advisers, Gadens Lawyers, to lodge a defence. It is not possible to determine an outcome at this stage.



Note 10. Events after the reporting period

No matter or circumstance has arisen since 31 December 2014 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 11. Earnings per share

	Consolidated	
	31 Dec 2014	31 Dec 2013
	\$'000	\$'000
Profit/(loss) after income tax	78	(1,460)
Non-controlling interest	(17)	(10)
Profit/(loss) after income tax attributable to the owners of Adcorp Australia Limited	<u>61</u>	<u>(1,470)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>60,676,602</u>	<u>60,676,602</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>60,676,602</u>	<u>60,676,602</u>
	Cents	Cents
Basic earnings per share	0.10	(2.42)
Diluted earnings per share	0.10	(2.42)



In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

David Morrison
Director and Chief Executive Officer

Ian Rodwell
Chairman

27 February 2015
Sydney

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Independent Auditor's Review Report To the Members of Adcorp Australia Limited

We have reviewed the accompanying half-year financial report of Adcorp Australia Limited (the "Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of Adcorp Australia Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the

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auditor of Adcorp Australia Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Adcorp Australia Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Emphasis of Matter

We draw attention to Note 1 in the financial report which indicates that Adcorp Australia Limited has a shortfall of net current assets to net current liabilities of \$1,997,000 and has net liabilities of \$717,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt about Adcorp Australia Limited's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our conclusion is not modified in respect of this matter.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



P J Woodley
Partner - Audit & Assurance

Sydney, 27 February 2015