



# adcorp

Wednesday 20 May 2015

## Market Update, Earnings guidance to 30 June 2015

As foreshadowed in our Market Announcement on December 10 2014, first half performance saw Adcorp return to profitability following substantial restructuring of the business. This announcement also indicated the company was expecting to produce a net operating profit before tax for the second half (January 2015 - 30 June 2015) in excess of \$500,000.

Based on trading conditions, it is unlikely that this target will be reached. Despite the substantial reduction in its expense structure, there are three main contributors to the shortfall in projected revenue

- 1) The contraction of Australian Government expenditure and an associated reduction in fee income in the second half, following extended negotiations with the principal contractor which have now been finalised.
- 2) The extended delays in confirmation of series sales/revenue from our Showrunner division
- 3) A more pronounced contraction in existing client expenditure, particularly in commercial property and employment markets in Australia, which has exceeded new business generation

Adcorp anticipates that its full year result for the year ended June 2015 will be a breakeven operating result before tax as compared with prior financial year 2014 loss before tax of \$2,747,000

The company has continued on its program of restructuring and remodelling the business with the aim of achieving sustainable profitability.

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For further information, please contact:

David Morrison  
Chief Executive Officer  
Adcorp Australia Limited  
+ 61 2 8524 8500  
davidmorrison@adcorp.com.au

**Starting conversations**

Adcorp Australia ABN 72 002 208 915

**POSTAL**

PO BOX 601  
Broadway NSW 2007

**SYDNEY**

Level 1, 7 Kelly Street  
Ultimo NSW 2007

**adcorp.com.au**

T: 02 8524 8500  
F: 02 8524 8700