



# adcorp

Thursday 25 February 2016

## **Adcorp Australia Ltd**

### **Half Year Results to December 2015**

Adcorp Australia's continued restructuring activities, together with a weakening economy in the segments that Adcorp operates in and impairment in some television productions has resulted in an operating loss for the first half of the financial year of \$491,000 before tax and non-controlling interests. This compares to the operating profit of \$141,000 in the prior comparative period.

Billings of \$30,184,000 for the six months to December 2015 are down 16.5% on the prior comparative period's \$36,100,000. The current period billings have been adversely impacted by reduced activity in the property, government and recruitment sectors along with continued decline in print media advertising across the board.

This lower level of billings on print media advertising and continued growth in fee income across the Creative, Digital and Client service businesses has resulted in a slight improvement in revenue margin to 26.4% from the prior comparative period 26.0%. Net Operating Revenues are \$7,975,000 compared to \$9,423,000 in the prior comparative period; a reduction of 15.4%.

Operating costs continue to be addressed with a reduction of \$835,000 or 9.0% from \$9,314,000 in the prior year to \$8,479,000 in the current period. Management continue to reduce infrastructure to levels more appropriate for the new type of business being delivered and to gain operational efficiencies. The reduction in expenses are largely a result of reduced labour, Office and Communications costs however these were partially offset by the impairment of some television productions that are experiencing longer contracting and sales negotiation processes than anticipated.

Labour costs are down \$467,000 (8%) from \$6,150,000 to \$5,683,000 on the prior period through closer alignment of resources to business activity and efficiency gains from continued streamlining of processes across all divisions. The usage of our job management and time sheeting systems also improved our utilisation of resources.

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## **Starting conversations**

Adcorp Australia ABN 72 002 208 915

## **POSTAL**

PO BOX 601  
Broadway NSW 2007

## **SYDNEY**

Level 2, 309 George Street  
Sydney NSW 2000

## **adcorp.com.au**

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# adcorp

Reduced depreciation from fully depreciated assets, reduction in office space and sub-leasing of surplus office space delivered substantial savings in Office and Communications overheads of \$528,000 (25%) from \$2,130,000m in the prior year to \$1,602,000.

The cash balance has increased to \$4,058,000 as at 31 December 2015 from \$1,827,000 at 30 June 2015. The increase was primarily the result of a capital raising rights issue and proceeds from the invoicing financing facility, as well as a continued focus on cash management.

While we continue to look for opportunities to further align our infrastructure to the type and volume of future work, our focus is on business development activities that will consolidate our existing market sectors by leveraging our specialist knowledge while also focusing on expanding into new areas. We will also continue to look for strategic investment opportunities in other products and services utilising the funds generated through our capital raising.

Adcorp is confident of delivering an improved performance for shareholders in 2<sup>nd</sup> half of the financial year and will also continue to look for strategic investment opportunities in other products and services utilising the funds generated through our capital raising to grow the business into the future.

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~ends~

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For further information, please contact:  
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davidmorrison@adcorp.com.au

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**Adcorp Australia Limited**  
**Appendix 4D**  
**Half-year report**

**1. Company details**

Name of entity:	Adcorp Australia Limited
ABN:	72 002 208 915
Reporting period:	For the half-year ended 31 December 2015
Previous period:	For the half-year ended 31 December 2014

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**2. Results for announcement to the market**

			<b>\$'000</b>
Revenues from ordinary activities	down	15.5% to	7,988
Loss from ordinary activities after tax attributable to the owners of Adcorp Australia Limited	down	859.0% to	(463)
Loss for the half-year attributable to the owners of Adcorp Australia Limited	down	859.0% to	(463)

*Dividends*

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

*Comments*

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to \$463,000 (31 December 2014: profit of \$61,000).

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**3. Net tangible assets**

	<b>Reporting period Cents</b>	<b>Previous period Cents</b>
Net tangible assets per ordinary security	<u>0.71</u>	<u>(2.90)</u>

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**4. Control gained over entities**

Not applicable.

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**5. Loss of control over entities**

Not applicable.

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**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.

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**7. Dividend reinvestment plans**

Not applicable.

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## 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%	-	-
<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			-	-

Limelight Group Pty. Ltd. entered into a Deed of Company Arrangement on 8 July 2014. A full and final dividend was paid to creditors and the Deed of Company Arrangement was wholly effectuated on 11 December 2015 when an application for the deregistration of Limelight Group Pty. Ltd. was lodged with the ASIC. As at the date of this report, the deregistration has not yet taken effect.

## 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 2015 is attached.

## 12. Signed



Signed \_\_\_\_\_

Date: 25 February 2016

Nicholas Kountouris  
Company Secretary and General Manager, Corporate Services  
Sydney

**Adcorp Australia Limited**

**ABN 72 002 208 915**

**Interim Report - 31 December 2015**

**Adcorp Australia Limited**  
**Contents**  
**31 December 2015**

**Contents**

Directors' report	2
Auditor's independence declaration	4
Statement of profit or loss and other comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9
Directors' declaration	15
Independent auditor's review report to the members of Adcorp Australia Limited	16

**Adcorp Australia Limited**  
**Directors' report**  
**31 December 2015**

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 2015.

**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 loss for the consolidated entity after providing for income tax and non-controlling interest amounted to \$463,000 (31 December 2014: profit of \$61,000).

As indicated in the company's ASX announcement on 5 February 2016, the impact of Adcorp's continued restructuring activities, together with a weakening economy in the segments that Adcorp operates in and an impairment in some television productions has resulted in an operating loss for the first half of the financial year of \$491,000 before tax and non-controlling interests (31 December 2014: Operating profit \$141,000).

Billings of \$30,184,000 for the six months to 31 December 2015 are down on the prior comparative period's \$36,100,000. The current period billings have been adversely impacted by reduced activity in the property and recruitment sectors along with continued decline in print media advertising.

The lower level of billings on print media advertising and continued growth in fee income across the Creative, Digital and Client service businesses has resulted in a slight improvement in revenue margin to 26.4% from the prior comparative period 26.0%. Net Operating Revenues are \$7,975,000 (2014: \$9,423,000).

Operating costs continue to be addressed with a reduction of \$835,000 from \$9,314,000 in the prior period to \$8,479,000 in the current period. The reduction, largely a result of reduced labour, Office and Communications costs was partially offset by the impairment of some television productions.

Labour costs are down \$467,000 (8%) from \$6,150,000 to \$5,683,000 on the prior period through closer alignment of resources to business activity and efficiency gains from continued streamlining of processes across all divisions. The usage of our job management and timesheeting systems also improved our utilisation of resources.

Reduced depreciation from fully depreciated assets, reduction in office space and sub-leasing of surplus office space delivered savings in Office and Communications overheads of \$528,000 (25%) from \$2,130,000 in the prior year to \$1,602,000.

The cash balance has increased to \$4,058,000 as at 31 December 2015 from \$1,827,000 at 30 June 2015. The increase was primarily the result of a capital raising rights issue and proceeds from the invoicing financing facility, as well as a continued focus on cash management.

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.

Adcorp is confident of delivering growth for shareholders in the second half through focused business development in targeted markets using Creative, Digital and Video marketing solutions. This will be supported by further operational efficiencies derived from the roll out of improved systems and processes.

**Adcorp Australia Limited**  
**Directors' report**  
**31 December 2015**

**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



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David Morrison  
Director and Chief Executive Officer

25 February 2016  
Sydney



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Sydney NSW 2000

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QVB Post Office  
Sydney NSW 1230

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F +61 2 9299 4445  
E [info.nsw@au.gt.com](mailto:info.nsw@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

### **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 2015, 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, 25 February 2016

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**Adcorp Australia Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2015**

	Note	Consolidated 31 Dec 2015 \$'000	31 Dec 2014 \$'000
<b>Revenue</b>	4	7,988	9,455
<b>Expenses</b>			
Client service expenses		(5,683)	(6,150)
Administrative expenses		(544)	(559)
Marketing expenses		(429)	(470)
Office and communication expenses		(1,602)	(2,130)
Impairment of assets		(205)	-
Finance costs	5	(16)	(5)
<b>Profit/(loss) before income tax (expense)/benefit</b>		(491)	141
Income tax (expense)/benefit		26	(63)
<b>Profit/(loss) after income tax (expense)/benefit for the half-year</b>		(465)	78
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		52	51
Other comprehensive income for the half-year, net of tax		52	51
<b>Total comprehensive income for the half-year</b>		(413)	129
Profit/(loss) for the half-year is attributable to:			
Non-controlling interest		(2)	17
Owners of Adcorp Australia Limited		(463)	61
		(465)	78
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		(2)	17
Owners of Adcorp Australia Limited		(411)	112
		(413)	129
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	13	(0.60)	0.10
Diluted earnings per share	13	(0.60)	0.10

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

**Adcorp Australia Limited**  
**Statement of financial position**  
**As at 31 December 2015**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2015</b>	<b>30 Jun 2015</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	4,058	1,827
Trade and other receivables	7	5,737	8,200
Income tax refund due		76	60
Other financial assets		275	-
Prepayments		645	477
<b>Total current assets</b>		<u>10,791</u>	<u>10,564</u>
<b>Non-current assets</b>			
Property, plant and equipment		828	683
Intangibles		129	44
Deferred tax		1,044	1,050
<b>Total non-current assets</b>		<u>2,001</u>	<u>1,777</u>
<b>Total assets</b>		<u>12,792</u>	<u>12,341</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	8	9,025	10,983
Borrowings		-	501
Income tax		31	31
Provisions		778	978
<b>Total current liabilities</b>		<u>9,834</u>	<u>12,493</u>
<b>Non-current liabilities</b>			
Other payables		8	-
Deferred tax		206	196
Provisions		482	436
<b>Total non-current liabilities</b>		<u>696</u>	<u>632</u>
<b>Total liabilities</b>		<u>10,530</u>	<u>13,125</u>
<b>Net assets/(liabilities)</b>		<u>2,262</u>	<u>(784)</u>
<b>Equity</b>			
Issued capital	9	32,353	28,894
Purchased controlling interest reserve		(113)	(113)
Foreign currency reserve		(359)	(411)
Accumulated losses		(29,619)	(29,156)
Equity/(deficiency) attributable to the owners of Adcorp Australia Limited		2,262	(786)
Non-controlling interest		-	2
<b>Total equity/(deficiency)</b>		<u>2,262</u>	<u>(784)</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 2015**

<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Purchased controlling interest reserve \$'000</b>	<b>Foreign currency reserve \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Non-controlling interest \$'000</b>	<b>Total deficiency \$'000</b>
Balance at 1 July 2014	28,894	(113)	(331)	(29,289)	(24)	(863)
Profit after income tax expense 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>
<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Purchased controlling interest reserve \$'000</b>	<b>Foreign currency reserve \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Non-controlling interest \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2015	28,894	(113)	(411)	(29,156)	2	(784)
Loss after income tax benefit for the half-year	-	-	-	(463)	(2)	(465)
Other comprehensive income for the half-year, net of tax	-	-	52	-	-	52
Total comprehensive income for the half-year	-	-	52	(463)	(2)	(413)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs (note 9)	3,459	-	-	-	-	3,459
Balance at 31 December 2015	<u>32,353</u>	<u>(113)</u>	<u>(359)</u>	<u>(29,619)</u>	<u>-</u>	<u>2,262</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 2015**

	<b>Note</b>	<b>Consolidated</b>	
		<b>31 Dec 2015</b>	<b>31 Dec 2014</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		36,026	43,003
Payments to suppliers and employees (inclusive of GST)		(36,095)	(47,898)
		(69)	(4,895)
Interest received		13	32
Interest and other finance costs paid		(16)	(5)
Net cash used in operating activities		(72)	(4,868)
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(184)	(54)
Payments for intangibles		(205)	(204)
Proceeds from disposal of property, plant and equipment		9	4
Net cash used in investing activities		(380)	(254)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares, net of transaction costs	9	3,459	-
Payments for invoice financing		(27,704)	-
Proceeds from invoice financing		26,928	-
Net cash from financing activities		2,683	-
Net increase/(decrease) in cash and cash equivalents		2,231	(5,122)
Cash and cash equivalents at the beginning of the financial half-year		1,827	7,102
Cash and cash equivalents at the end of the financial half-year		<u>4,058</u>	<u>1,980</u>

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

### **Note 1. General information**

The financial statements cover Adcorp Australia Limited as a consolidated entity consisting of Adcorp Australia Limited and the entities it controlled at the end of, or during, the half-year. 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 2  
309 George Street  
Sydney NSW 2000

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 25 February 2016. The directors have the power to amend and reissue the financial statements.

### **Note 2. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2015 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 2015 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 2015 and are not expected to have any significant impact for the full financial year ending 30 June 2016. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

#### **Going concern**

The rights issue has improved the statement of financial position significantly with Net assets of \$2,262,000 as at 31 December 2015 compared to a deficiency in Net assets of \$784,000 as at 30 June 2015.

Adcorp does not expect to use its debtor financing facility for working capital funding in the second half of the financial year, however will maintain the facility to help fund investment opportunities considered for growing the operations.

Although a loss was reported for the current period of the financial year, it is expected improved resourcing of the business development teams and focussed effort in targeted markets will result in increased revenue. Together with increased operational efficiency through enhanced systems and processes, Adcorp is confident of a positive operating cashflow for the coming 12 months.

Whilst by its very nature there is uncertainty in future projections, the directors are of a view that the company is a going concern based on the current level of cash reserves, the availability of the debtors financing facility and the forecasted positive cashflow from operations. 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 3. 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.

#### Major customers

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

#### Operating segment information

<b>Consolidated - 31 Dec 2015</b>	Australia \$'000	New Zealand \$'000	Intersegment eliminations/ unallocated \$'000	Total \$'000
<b>Revenue</b>				
Sales to external customers	6,699	1,276	-	7,975
Other revenue	7	6	-	13
<b>Total revenue</b>	<u>6,706</u>	<u>1,282</u>	<u>-</u>	<u>7,988</u>
<b>EBITDA *</b>	<u>170</u>	<u>(88)</u>	<u>-</u>	<u>82</u>
Depreciation and amortisation				(365)
Impairment of assets				(205)
Interest revenue				13
Finance costs				<u>(16)</u>
<b>Loss before income tax benefit</b>				<u>(491)</u>
Income tax benefit				26
<b>Loss after income tax benefit</b>				<u>(465)</u>
<b>Assets</b>				
Segment assets	<u>10,160</u>	<u>1,588</u>	<u>-</u>	<u>11,748</u>
<i>Unallocated assets:</i>				
Deferred tax asset				<u>1,044</u>
<b>Total assets</b>				<u>12,792</u>
<b>Liabilities</b>				
Segment liabilities	<u>9,621</u>	<u>703</u>	<u>-</u>	<u>10,324</u>
<i>Unallocated liabilities:</i>				
Deferred tax liability				<u>206</u>
<b>Total liabilities</b>				<u>10,530</u>

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

Note 3. Operating segments (continued)

	Australia \$'000	New Zealand \$'000	Intersegment eliminations/ unallocated \$'000	Total \$'000
<b>Consolidated - 31 Dec 2014</b>				
<b>Revenue</b>				
Sales to external customers	8,033	1,390	-	9,423
Other revenue	18	14	-	32
<b>Total revenue</b>	<b>8,051</b>	<b>1,404</b>	<b>-</b>	<b>9,455</b>
<b>EBITDA *</b>				
Depreciation and amortisation	492	142	-	634
Interest revenue				(520)
Finance costs				32
<b>Profit before income tax expense</b>				<b>(5)</b>
Income tax expense				141
<b>Profit after income tax expense</b>				<b>(63)</b>
				78
<b>Consolidated - 30 Jun 2015</b>				
<b>Assets</b>				
Segment assets	9,330	1,961	-	11,291
<i>Unallocated assets:</i>				
Deferred tax asset				1,050
<b>Total assets</b>				<b>12,341</b>
<b>Liabilities</b>				
Segment liabilities	11,837	1,092	-	12,929
<i>Unallocated liabilities:</i>				
Deferred tax liability				196
<b>Total liabilities</b>				<b>13,125</b>

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

Note 4. Revenue

	<b>Consolidated</b>	
	<b>31 Dec 2015</b>	<b>31 Dec 2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Sales revenue</i>		
Operating revenues	7,975	9,423
<i>Other revenue</i>		
Interest	13	32
Revenue	<b>7,988</b>	<b>9,455</b>



**Note 5. Expenses**

	<b>Consolidated</b>	
	<b>31 Dec 2015</b>	<b>31 Dec 2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit/(loss) before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Office equipment	50	142
Plant and equipment	195	234
	<hr/>	<hr/>
Total depreciation	245	376
<i>Amortisation</i>		
Software licences	120	144
	<hr/>	<hr/>
Total depreciation and amortisation	365	520
<i>Finance costs</i>		
Interest and finance charges paid/payable	16	5
	<hr/>	<hr/>
<i>Net foreign exchange loss</i>		
Net foreign exchange loss	3	4
	<hr/>	<hr/>
<i>Net loss on disposal</i>		
Net loss/(gain) on disposal of property, plant and equipment	(56)	3
	<hr/>	<hr/>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	346	398
	<hr/>	<hr/>
<i>Employee benefits expense excluding superannuation</i>		
Employee benefits expense excluding superannuation	5,337	5,752
	<hr/>	<hr/>

**Note 6. Current assets - cash and cash equivalents**

	<b>Consolidated</b>	
	<b>31 Dec 2015</b>	<b>30 Jun 2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at bank	3,560	1,474
Cash on deposit	498	353
	<hr/>	<hr/>
	4,058	1,827
	<hr/> <hr/>	<hr/> <hr/>

**Note 7. Current assets - trade and other receivables**

	<b>Consolidated</b>	
	<b>31 Dec 2015</b>	<b>30 Jun 2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade receivables	5,463	8,166
Less: Provision for impairment of receivables	(108)	(54)
	<hr/>	<hr/>
	5,355	8,112
	<hr/>	<hr/>
Other receivables	382	88
	<hr/>	<hr/>
	5,737	8,200
	<hr/> <hr/>	<hr/> <hr/>

**Note 8. Current liabilities - trade and other payables**

	<b>Consolidated</b>	
	<b>31 Dec 2015</b>	<b>30 Jun 2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade payables	5,761	7,928
Other payables	3,264	3,055
	<u>9,025</u>	<u>10,983</u>

**Note 9. Equity - issued capital**

	<b>Consolidated</b>			
	<b>31 Dec 2015</b>	<b>30 Jun 2015</b>	<b>31 Dec 2015</b>	<b>30 Jun 2015</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares - fully paid	<u>182,029,806</u>	<u>60,676,602</u>	<u>32,353</u>	<u>28,894</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>No of shares</b>	<b>Issue price</b>	<b>\$'000</b>
Balance	1 July 2015	60,676,602		28,894
Rights issue	7 December 2015	121,353,204	\$0.031	3,762
Share issue transaction costs				(303)
Balance	31 December 2015	<u>182,029,806</u>		<u>32,353</u>

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Share buy-back*

There is no current on-market share buy-back.

**Note 10. Equity - dividends**

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

**Note 11. Contingent liabilities**

The consolidated entity has various guarantees over premises.

	<b>Consolidated</b>	
	<b>31 Dec 2015</b>	<b>30 Jun 2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Premises	<u>896</u>	<u>1,122</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. The matter was resolved in the period.

**Note 12. Events after the reporting period**

No matter or circumstance has arisen since 31 December 2015 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 13. Earnings per share**

	<b>Consolidated</b>	
	<b>31 Dec 2015</b>	<b>31 Dec 2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit/(loss) after income tax	(465)	78
Non-controlling interest	2	(17)
Profit/(loss) after income tax attributable to the owners of Adcorp Australia Limited	<u>(463)</u>	<u>61</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>77,164,809</u>	<u>60,676,602</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>77,164,809</u>	<u>60,676,602</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(0.60)	0.10
Diluted earnings per share	(0.60)	0.10

**Adcorp Australia Limited**  
**Directors' declaration**  
**31 December 2015**

In the directors' opinion:

- the attached financial statements and notes 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 give a true and fair view of the consolidated entity's financial position as at 31 December 2015 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



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David Morrison  
Director and Chief Executive Officer

25 February 2016  
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 ("Company"), which comprises the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and 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 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 Adcorp Australia Limited financial position as at 31 December 2015 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 auditor of Adcorp Australia Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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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.

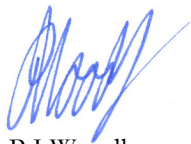
**Conclusion**

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 2015 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.

*Grant Thornton*

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



P J Woodley  
Partner - Audit & Assurance

Sydney, 25 February 2016