



# adcorp

28 February 2013

## Review of operations

The first half of the financial year has seen significant change at Adcorp necessitated by wide scale reductions in advertising spend across most sectors including our Government contracts. Billings have reduced 34% to \$52.1m for the six months to December 2012. The declining trend was even more pronounced in December, with an unprecedented decrease in billings in a number of markets when compared to December 2011.

The reductions in client spend are most pronounced in our traditional print media category, compounded by the Australian Government's policy to restrict recruitment advertising spend in major metropolitan print publications.

Our revenue in the first half has accordingly reduced by 27% to \$10.6m (H1 2012: \$14.6m). As overall advertising volumes decline in traditional print media, we have seen an improvement in operating revenue margin to 20% (prior comparative period 18%) due to a greater proportion of project, creative, digital and consulting work. Our in-house video production facilities have now also been rolled out across the entire agency and are contributing new revenue streams.

During the first quarter we moved to restructure many areas of our business to appropriately align our product and service offering and our underlying cost base to the changing market trends. Accordingly, we have incurred \$455k of restructuring costs in the first half. In addition we have fully impaired goodwill of \$2.9m and associated plant and equipment of \$195k at the 31<sup>st</sup> December, resulting in a \$3.1m charge against the first half result.

In November we announced an expected first half loss in the vicinity of \$1.5m. With a very weak December and these additional restructuring costs, the operating loss before impairment and taxation is \$2.1m. Including the impairment of \$3.1m, we have posted a first half loss of \$5.2m before tax.

We have reduced expenditure across all categories in the first half. Total expenditure excluding \$455k in restructuring costs is down by \$1.1m (9%) on prior comparative period. Total reported labour costs are \$688k below the prior comparative period with headcount reductions in response to reduced advertising volumes and the commencement of restructuring programs. There are annualised labour savings in the region of \$2.1m from these initiatives.

Administrative and Marketing expenses have been cut back by a combined total of \$106k on the prior comparative period, largely through reduced doubtful debts and more efficient pricing of bank facilities, insurances and other services.

In November 2012 we acquired 40% of Limelight Group, a specialist Digital agency, to complement our existing Digital and Social Media capabilities. We have long considered this an area of significant growth and together with our highly specialised Adcorp Digital team, we are now in a position to offer clients a leading range of online marketing solutions.

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**Starting conversations**

Adcorp Australia ABN 72 002 208 915

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PO BOX 601  
Broadway NSW 2007

**SYDNEY**

Level 1, 7 Kelly Street  
Ultimo NSW 2007

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F: 02 8524 8700

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# adcorp

The investment in Limelight Group was acquired for a cash sum of \$175k in early November. During November and December, we concluded the transaction, undertook a transition of the finance and administrative functions of Limelight Group, and established new targets for growth in the second half. As December is traditionally a short month for billings, Limelight Group reported a loss for the 2 months with Adcorp's attributive share being \$49k. With a renewed focus and pickup of new business, we expect positive returns in H2.

Our subsidiary Andrews Advertising, continues to prosecute the case against several parties, having reached settlement with one of the defendants, as reported in the June 2012 results. As part of that settlement, Adcorp has increased its stake to 100% of Andrews Advertising and is resolute in continuing with this case. We have expensed all legal fees as incurred and are prosecuting the remaining defendants for costs as part of our overall claim.

Adcorp's cash balances at the 31<sup>st</sup> December were \$4.2m. Receivables are closely managed and we have benefited from the reductions in overdue accounts, which we will continue to improve into the second half.

As a result of the losses incurred, no dividend is payable for the first half.

We acknowledge the challenges inherent in turning the business around and are mindful of the impact on clients, staff and stakeholders. While difficult to predict the rapidly changing market place, our dedicated staff and our management team are resolute in making the changes needed in order to provide our clients with high quality, innovative marketing solutions.

The Directors believe that the restructuring of the business will result in a more favourable trading performance going forward.

~ends~

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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

Adelaide  
Auckland  
Brisbane  
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## APPENDIX 4D HALF-YEAR REPORT

### 1. Company details

|                                |   |
|--------------------------------|---|
| Name of entity:                | <b>Adcorp Australia Limited</b>         |
| ABN:                           | 72 002 208 915                          |
| Reporting period:              | <b>Half-year ended 31 December 2012</b> |
| Previous corresponding period: | Half-year ended 31 December 2011        |

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### 2. Results for announcement to the market

|  |            |    |               |
|--|------------|----|---------------|
| Revenues from ordinary activities  | down 27.0% | to | \$ 10,646,000 |
| Loss from ordinary activities after tax attributable to the owners of Adcorp Australia Limited | up 724.5%  | to | \$(4,896,000) |
| Loss for the period attributable to the owners of Adcorp Australia Limited                     | up 724.5%  | to | \$(4,896,000) |

#### *Dividends*

Final dividend totalling \$455,000 for the financial year ended 30 June 2012 paid on 28 September 2012 at 0.75 cents per ordinary share fully franked at a tax rate of 30%.

#### *Comments*

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to \$4,896,000 (31 December 2011: profit of \$784,000).

For detailed commentary on results for the period, refer to the half-year results announcement preceding this Appendix 4D.

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### 3. Net tangible assets

|   | Reporting period | Previous corresponding period |
|---|------------------|-------------------------------|
| Net tangible assets backing per ordinary security | 3.64 cents       | 7.21 cents                    |

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### 4. Control gained over entities

Name of entities (or group of entities) Not applicable.

Date control gained

Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period (where material)

\$ -

Profit/(loss) from ordinary activities after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period (where material)

\$ -

**5. Loss of control over entities**

Name of entities (or group of entities) Not applicable.

Date control lost

Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period (where material)

\$ -

Profit/(loss) from ordinary activities after tax of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material)

\$ -

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**6. Dividends**

*Current period*

Final dividend totalling \$455,000 for the financial year ended 30 June 2012 paid on 28 September 2012 at 0.75 cents per ordinary share fully franked at a tax rate of 30%.

*Previous corresponding period*

Final dividend totalling \$607,000 for the financial year ended 30 June 2011 paid on 28 September 2011 at 1 cent per ordinary share fully franked at a tax rate of 30%.

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**7. Dividend reinvestment plans**

*The following dividend or distribution plans are in operation:*

Not applicable.

The last date(s) for receipt of election notices for the dividend or distribution 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) |                               |
|---|---------------------------------------|-------------------------------|--|-------------------------------|
|   | Current period                        | Previous corresponding period | Current period                                 | Previous corresponding period |
| Limelight Group Pty Ltd (Associate)   | 40.00%                                | 0.00%                         | \$(48,632)                                     | \$ -                          |
| <i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i> |                                       |                               |  |                               |
| Profit(loss) from ordinary activities before income tax   |                                       |                               | \$(48,632)                                     | \$ -                          |
| Income tax on operating activities  |                                       |                               | \$ -   | \$ -                          |

**9. Foreign entities**

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

International Financial Reporting Standards have been used in relation to all foreign entities in compiling the financial report.

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**10. Audit qualification or review**

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

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

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**11. Attachments**

*Details of attachments (if any):*

The Interim Report of Adcorp Australia Limited for the half-year ended 31 December 2012 is attached.

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**12. Signed**

Signed: \_\_\_\_\_



Date: 28 February 2013

Craig McMenamin  
Company Secretary  
Sydney

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**Ancorp Australia Limited**

**ABN 72 002 208 915**

**Interim Report - 31 December 2012**

**Adcorp Australia Limited**  
**Directors' report**  
**31 December 2012**

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 for the half-year ended 31 December 2012.

**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:

Bob Campbell  
Ian Rodwell  
David Morrison

**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; and
- Digital marketing services and consulting, including supply of web-based products, and strategic employment solutions.

**Review of operations**

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to \$4,896,000 (31 December 2011: profit of \$784,000).

The first half of the financial year has seen significant change at Adcorp, necessitated by wide-scale reductions in advertising spend across most sectors including our Government contracts. Billings have reduced 34% to \$52.1 million for the six months to December 2012. The declining trend was even more pronounced in December, with an unprecedented decrease in billings in a number of markets, compared to December 2011.

The reductions in client spend are most pronounced in our traditional print media category, compounded by the Australian Government's policy to restrict recruitment advertising spend in major metropolitan print publications.

Our revenue in the first half has accordingly reduced by 27% to \$10.6 million (31 December 2011: \$14.6 million). As overall advertising volumes decline in traditional print media, we see an improvement in operating revenue margin to 20% (prior comparative period 18%) due to a greater proportion of project, creative, digital and consulting work. Our in-house video production facilities have now also been rolled out across the entire agency and are also contributing new revenue streams in the first half.

During the first quarter we moved to restructure many areas of our business to appropriately align our product and service offering and our underlying cost base to the changing market trends. Accordingly, we have incurred \$455,000 of restructuring costs in the first half. In addition we have fully impaired goodwill of \$2.9 million and associated plant and equipment of \$195,000 at 31 December 2012, resulting in a \$3.1 million charge against the first half result.

In November we announced an expected first half loss in the vicinity of \$1.5 million. With a very weak December and these additional restructuring costs, the operating loss before impairment and taxation is \$2.1 million. Including the impairment of \$3.1 million, we have posted a first half loss of \$5.2 million before tax.

We have reduced expenditure across all categories in the first half.

Labour costs are \$688,000 below the prior comparative period with headcount reductions in response to reduced advertising volumes and the commencement of restructuring programmes. We expect annualised labour savings in the region of \$2.1 million from these initiatives.

Administrative expenses and marketing expenses have been cut back by a combined total of \$106,000 on the prior comparative period, largely through reduced doubtful debts expense and more efficient pricing of bank facilities, insurances and other services.

**Adcorp Australia Limited**  
**Directors' report**  
**31 December 2012**

Total office and communication expenses have increased by \$100,000 due to one-off restructuring costs in the first half. The underlying office and communications costs are nominally lower than the prior comparative period and we are reviewing our telecommunications structure and property leases with a view to reducing costs and re-aligning these overheads with our future business needs.

Adcorp will continue with our plans to transform the business and align ourselves with a changing market.

In November 2012 we acquired 40% of Limelight Group, a specialist Digital agency, to complement our existing Digital and Social Media capabilities. We have long considered this an area of significant growth and together with our highly specialised Adcorp Digital team, are now in a position to offer clients a leading range of online marketing solutions.

The investment in Limelight Group Pty Limited ('LLG') was acquired for a cash sum of \$175,000. During November and December, we concluded the transaction, undertook a transition of the finance and administrative functions of LLG, and established new targets for growth in the second half. As December is traditionally a short month for billings, LLG reported a loss for the 2 months with Adcorp's attributive share being \$49,000. With a renewed focus and conversion of new business, we expect positive returns in the second half of the financial year.

Our subsidiary Andrews Advertising, continues to prosecute the case against several parties, having reached settlement with one of the defendants, as reported in the June 2012 Annual Report. As part of that settlement, Adcorp has increased its stake to 100% of Andrews Advertising and is resolute in continuing with this case. We have expensed all legal fees as incurred and are prosecuting the remaining defendants for costs as part of our overall claim.

Adcorp's cash balances at the 31 December 2012 were \$4.2 million. Receivables are closely managed and we have benefited from the reductions in overdue accounts, which we will continue to improve into the second half of the financial year.

As a result of the losses incurred, no dividend is payable for the first half.

We acknowledge the challenges inherent in turning the business around and are mindful of the impact on clients, staff and stakeholders.

While difficult to predict the rapidly changing market place, our dedicated staff and our management team are resolute in making the changes needed in order to provide our clients with high quality, innovative marketing solutions.

**Significant changes in the state of affairs**

On 19 October 2012, the consolidated entity acquired the remaining 25% equity stake in Andrews Advertising Pty Ltd. Andrews Advertising Pty Ltd is a 100% subsidiary at 31 December 2012.

On 9 November 2012, the consolidated entity acquired a 40% equity stake in Limelight Group Pty Ltd. This investment provides additional digital capacity, specialist development services and unique product offerings for Adcorps clients.

There were no other 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.



**Adcorp Australia Limited**  
**Directors' report**  
**31 December 2012**

**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



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Bob Campbell  
Chairman

28 February 2013  
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 2012, 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, 28 February 2013

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**Adcorp Australia Limited**  
**Financial report**  
**31 December 2012**

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**General information**

The financial report covers Adcorp Australia Limited as a consolidated entity consisting of Adcorp Australia Limited and the entities it controlled. The financial report is presented in Australian dollars, which is Adcorp Australia Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

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 report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 28 February 2013. The directors have the power to amend and reissue the financial report.

**Adcorp Australia Limited**  
**Statement of comprehensive income**  
**For the half-year ended 31 December 2012**

|   |             | <b>Consolidated</b> |                    |
|---|-------------|---------------------|--------------------|
|   | <b>Note</b> | <b>31 Dec 2012</b>  | <b>31 Dec 2011</b> |
|   |             | <b>\$'000</b>       | <b>\$'000</b>      |
| <b>Revenue</b>  | 3           | 10,646              | 14,576             |
| <b>Expenses</b>   |             |                     |                    |
| Client service expenses   |             | (8,757)             | (9,445)            |
| Administrative expenses   |             | (578)               | (668)              |
| Marketing expenses  |             | (727)               | (743)              |
| Office and communication expenses   |             | (2,629)             | (2,529)            |
| Share of loss of associate  |             | (49)                | -                  |
| Impairment of goodwill and intangibles                                    |             | (2,934)             | -                  |
| Impairment of property, plant and equipment                               |             | (195)               | -                  |
| Finance costs   | 4           | (7)                 | (3)                |
| <b>Profit/(loss) before income tax (expense)/benefit</b>                  |             | (5,230)             | 1,188              |
| Income tax (expense)/benefit  |             | 355                 | (436)              |
| <b>Profit/(loss) after income tax (expense)/benefit for the half-year</b> |             | (4,875)             | 752                |
| <b>Other comprehensive income</b>   |             |                     |                    |
| <i>Items that may be reclassified subsequently to profit or loss</i>      |             |                     |                    |
| Foreign currency translation  |             | 46                  | 35                 |
| Other comprehensive income for the half-year, net of tax                  |             | 46                  | 35                 |
| <b>Total comprehensive income for the half-year</b>                       |             | <u>(4,829)</u>      | <u>787</u>         |
| Profit/(loss) for the half-year is attributable to:                       |             |                     |                    |
| Non-controlling interest  |             | 21                  | (32)               |
| Owners of Adcorp Australia Limited  |             | (4,896)             | 784                |
|   |             | <u>(4,875)</u>      | <u>752</u>         |
| Total comprehensive income for the half-year is attributable to:          |             |                     |                    |
| Non-controlling interest  |             | 21                  | (32)               |
| Owners of Adcorp Australia Limited  |             | (4,850)             | 819                |
|   |             | <u>(4,829)</u>      | <u>787</u>         |
|   |             | <b>Cents</b>        | <b>Cents</b>       |
| Basic earnings per share  | 16          | (8.07)              | 1.29               |
| Diluted earnings per share  | 16          | (8.07)              | 1.29               |

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

**Adcorp Australia Limited**  
**Statement of financial position**  
**As at 31 December 2012**

|  |             | <b>Consolidated</b> |                    |
|--|-------------|---------------------|--------------------|
|  | <b>Note</b> | <b>31 Dec 2012</b>  | <b>30 Jun 2012</b> |
|  |             | <b>\$'000</b>       | <b>\$'000</b>      |
| <b>Assets</b>  |             |                     |                    |
| <b>Current assets</b>  |             |                     |                    |
| Cash and cash equivalents  | 5           | 4,180               | 9,314              |
| Trade and other receivables  | 6           | 11,759              | 17,308             |
| Income tax refund due  |             | 1,288               | 812                |
| Other  |             | 376                 | 252                |
| <b>Total current assets</b>  |             | <u>17,603</u>       | <u>27,686</u>      |
| <b>Non-current assets</b>  |             |                     |                    |
| Investments accounted for using the equity method                    | 7           | 126                 | -                  |
| Property, plant and equipment  | 8           | 2,083               | 2,399              |
| Intangibles  | 9           | 266                 | 3,229              |
| Deferred tax   |             | 950                 | 583                |
| Other  |             | 18                  | -                  |
| <b>Total non-current assets</b>                                      |             | <u>3,443</u>        | <u>6,211</u>       |
| <b>Total assets</b>  |             | <u>21,046</u>       | <u>33,897</u>      |
| <b>Liabilities</b>   |             |                     |                    |
| <b>Current liabilities</b>   |             |                     |                    |
| Trade and other payables   | 10          | 16,076              | 23,366             |
| Provisions   |             | 1,123               | 1,192              |
| <b>Total current liabilities</b>                                     |             | <u>17,199</u>       | <u>24,558</u>      |
| <b>Non-current liabilities</b>                                       |             |                     |                    |
| Deferred tax   |             | 12                  | 12                 |
| Provisions   |             | 425                 | 633                |
| <b>Total non-current liabilities</b>                                 |             | <u>437</u>          | <u>645</u>         |
| <b>Total liabilities</b>   |             | <u>17,636</u>       | <u>25,203</u>      |
| <b>Net assets</b>  |             | <u>3,410</u>        | <u>8,694</u>       |
| <b>Equity</b>  |             |                     |                    |
| Issued capital   |             | 28,894              | 28,894             |
| Purchased controlling interest reserve                               |             | (113)               | -                  |
| Reserves   |             | (675)               | (721)              |
| Accumulated losses   |             | (24,685)            | (19,334)           |
| <b>Equity attributable to the owners of Adcorp Australia Limited</b> |             | <u>3,421</u>        | <u>8,839</u>       |
| Non-controlling interest   |             | (11)                | (145)              |
| <b>Total equity</b>  |             | <u>3,410</u>        | <u>8,694</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 2012**

|  | <b>Issued capital<br/>\$'000</b> | <b>Purchased controlling interest reserve<br/>\$'000</b> | <b>Reserves<br/>\$'000</b> | <b>Accumulated losses<br/>\$'000</b> | <b>Non-controlling interest<br/>\$'000</b> | <b>Total equity<br/>\$'000</b> |
|--|----------------------------------|--|----------------------------|--------------------------------------|--|--------------------------------|
| <b>Consolidated</b>  |                                  |  |                            |                                      |  |                                |
| Balance at 1 July 2011   | 28,894                           | -  | (468)                      | (19,972)                             | (72)                                       | 8,382                          |
| Profit/(loss) after income tax (expense)/benefit for the half-year | -                                | -  | -                          | 784                                  | (32)                                       | 752                            |
| Other comprehensive income for the half-year, net of tax           | -                                | -  | 35                         | -                                    | -  | 35                             |
| Total comprehensive income for the half-year                       | -                                | -  | 35                         | 784                                  | (32)                                       | 787                            |
| <i>Transactions with owners in their capacity as owners:</i>       |                                  |  |                            |                                      |  |                                |
| Dividends paid (note 11)   | -                                | -  | -                          | (607)                                | -  | (607)                          |
| Balance at 31 December 2011  | <u>28,894</u>                    | <u>-</u>   | <u>(433)</u>               | <u>(19,795)</u>                      | <u>(104)</u>                               | <u>8,562</u>                   |

|  | <b>Issued capital<br/>\$'000</b> | <b>Purchased controlling interest reserve<br/>\$'000</b> | <b>Reserves<br/>\$'000</b> | <b>Accumulated losses<br/>\$'000</b> | <b>Non-controlling interest<br/>\$'000</b> | <b>Total equity<br/>\$'000</b> |
|--|----------------------------------|--|----------------------------|--------------------------------------|--|--------------------------------|
| <b>Consolidated</b>  |                                  |  |                            |                                      |  |                                |
| Balance at 1 July 2012   | 28,894                           | -  | (721)                      | (19,334)                             | (145)                                      | 8,694                          |
| Profit/(loss) after income tax (expense)/benefit for the half-year | -                                | -  | -                          | (4,896)                              | 21   | (4,875)                        |
| Other comprehensive income for the half-year, net of tax           | -                                | -  | 46                         | -                                    | -  | 46                             |
| Total comprehensive income for the half-year                       | -                                | -  | 46                         | (4,896)                              | 21   | (4,829)                        |
| <i>Transactions with owners in their capacity as owners:</i>       |                                  |  |                            |                                      |  |                                |
| Transfers  | -                                | (113)  | -                          | -                                    | 113  | -                              |
| Dividends paid (note 11)   | -                                | -  | -                          | (455)                                | -  | (455)                          |
| Balance at 31 December 2012  | <u>28,894</u>                    | <u>(113)</u>   | <u>(675)</u>               | <u>(24,685)</u>                      | <u>(11)</u>                                | <u>3,410</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 2012**

|   |                 | <b>Consolidated</b> |  |
|---|-----------------|---------------------|--|
| Note  | 31 Dec 2012     | 31 Dec 2011         |  |
|   | \$'000          | \$'000              |  |
| <b>Cash flows from operating activities</b> |                 |                     |  |
|   | 72,988          | 89,484              |  |
|   | <u>(77,013)</u> | <u>(92,042)</u>     |  |
|   | (4,025)         | (2,558)             |  |
|   | 79              | 138                 |  |
|   | (7)             | (3)                 |  |
|   | -               | 839                 |  |
|   | <u>(3,953)</u>  | <u>(1,584)</u>      |  |
| <b>Cash flows from investing activities</b> |                 |                     |  |
|   | (175)           | -                   |  |
| 8   | (361)           | (632)               |  |
| 9   | (196)           | (355)               |  |
|   | 6               | 51                  |  |
|   | -               | 26                  |  |
|   | -               | 7                   |  |
|   | <u>(726)</u>    | <u>(903)</u>        |  |
| <b>Cash flows from financing activities</b> |                 |                     |  |
| 11  | (455)           | (607)               |  |
|   | <u>(455)</u>    | <u>(607)</u>        |  |
|   | (5,134)         | (3,094)             |  |
|   | <u>9,314</u>    | <u>10,273</u>       |  |
| 5   | <u>4,180</u>    | <u>7,179</u>        |  |

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

**Adcorp Australia Limited**  
**Notes to the financial statements**  
**31 December 2012**

**Note 1. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2012 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 2012 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.

**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.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following amending Accounting Standard is most relevant to the consolidated entity:

*AASB 2011-9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income*

The consolidated entity has applied AASB 2011-9 amendments from 1 July 2012. The amendments requires grouping together of items within other comprehensive income on the basis of whether they will eventually be 'recycled' to the profit or loss (reclassification adjustments). The change provides clarity about the nature of items presented as other comprehensive income and the related tax presentation.

**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.

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                                      |



**Note 2. Operating segments (continued)**

*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 (2011: 30%).

*Major customers*

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

**Adcorp Australia Limited**  
**Notes to the financial statements**  
**31 December 2012**

**Note 2. Operating segments (continued)**

*Operating segment information*

| <b>Consolidated - 31 Dec 2012</b>         | Australia<br>\$'000 | New<br>Zealand<br>\$'000 | Intersegment<br>eliminations/<br>unallocated<br>\$'000 | Total<br>\$'000 |
|---|---------------------|--------------------------|--|-----------------|
| <b>Revenue</b>                            |                     |                          |  |                 |
| Sales to external customers               | 9,235               | 1,284                    | -  | 10,519          |
| Total sales revenue                       | 9,235               | 1,284                    | -  | 10,519          |
| Other revenue                             | 103                 | 24                       | -  | 127             |
| <b>Total revenue</b>                      | <b>9,338</b>        | <b>1,308</b>             | <b>-</b>   | <b>10,646</b>   |
| <b>EBITDA *</b>                           | <b>(1,257)</b>      | <b>(143)</b>             | <b>-</b>   | <b>(1,400)</b>  |
| Depreciation and amortisation             |                     |                          |  | (724)           |
| Impairment of assets                      |                     |                          |  | (3,129)         |
| Interest revenue                          |                     |                          |  | 79              |
| Finance costs                             |                     |                          |  | (7)             |
| Share of loss of associate                |                     |                          |  | (49)            |
| <b>Loss before income tax<br/>benefit</b> |                     |                          |  | <b>(5,230)</b>  |
| Income tax benefit                        |                     |                          |  | 355             |
| <b>Loss after income tax<br/>benefit</b>  |                     |                          |  | <b>(4,875)</b>  |
| <b>Assets</b>                             |                     |                          |  |                 |
| Segment assets                            | 16,506              | 3,590                    | -  | 20,096          |
| <i>Unallocated assets:</i>                |                     |                          |  |                 |
| Deferred tax asset                        |                     |                          |  | 950             |
| <b>Total assets</b>                       |                     |                          |  | <b>21,046</b>   |
| <b>Liabilities</b>                        |                     |                          |  |                 |
| Segment liabilities                       | 16,824              | 800                      | -  | 17,624          |
| <i>Unallocated liabilities:</i>           |                     |                          |  |                 |
| Deferred tax liability                    |                     |                          |  | 12              |
| <b>Total liabilities</b>                  |                     |                          |  | <b>17,636</b>   |

**Adcorp Australia Limited**  
**Notes to the financial statements**  
**31 December 2012**

**Note 2. Operating segments (continued)**

|   | Australia<br>\$'000 | New<br>Zealand<br>\$'000 | Intersegment<br>eliminations/<br>unallocated<br>\$'000 | Total<br>\$'000 |
|---|---------------------|--------------------------|--|-----------------|
| <b>Consolidated - 31 Dec 2011</b>           |                     |                          |  |                 |
| <b>Revenue</b>                              |                     |                          |  |                 |
| Sales to external customers                 | 13,016              | 1,357                    | -  | 14,373          |
| Total sales revenue                         | 13,016              | 1,357                    | -  | 14,373          |
| Other revenue                               | 184                 | 19                       | -  | 203             |
| <b>Total revenue</b>                        | <b>13,200</b>       | <b>1,376</b>             | <b>-</b>   | <b>14,576</b>   |
| <b>EBITDA *</b>                             |                     |                          |  |                 |
| Depreciation and amortisation               |                     |                          |  | (461)           |
| Interest revenue                            |                     |                          |  | 157             |
| Finance costs                               |                     |                          |  | (3)             |
| <b>Profit before income tax<br/>expense</b> |                     |                          |  | <b>1,188</b>    |
| Income tax expense                          |                     |                          |  | (436)           |
| <b>Profit after income tax<br/>expense</b>  |                     |                          |  | <b>752</b>      |

**Consolidated - 30 Jun 2012**

|                                 |        |       |   |               |
|---------------------------------|--------|-------|---|---------------|
| <b>Assets</b>                   |        |       |   |               |
| Segment assets                  | 28,562 | 4,752 | - | 33,314        |
| <i>Unallocated assets:</i>      |        |       |   |               |
| Deferred tax asset              |        |       |   | 583           |
| <b>Total assets</b>             |        |       |   | <b>33,897</b> |
| <b>Liabilities</b>              |        |       |   |               |
| Segment liabilities             | 23,825 | 1,366 | - | 25,191        |
| <i>Unallocated liabilities:</i> |        |       |   |               |
| Deferred tax liability          |        |       |   | 12            |
| <b>Total liabilities</b>        |        |       |   | <b>25,203</b> |

\* EBITDA is earnings before interest, tax, depreciation and amortisation.

**Note 3. Revenue**

|                      | <b>Consolidated</b>           |                               |
|----------------------|-------------------------------|-------------------------------|
|                      | <b>31 Dec 2012<br/>\$'000</b> | <b>31 Dec 2011<br/>\$'000</b> |
| <i>Sales revenue</i> |                               |                               |
| Operating revenues   | 10,519                        | 14,373                        |
| <i>Other revenue</i> |                               |                               |
| Interest             | 79                            | 157                           |
| Rent                 | 48                            | 46                            |
|                      | 127                           | 203                           |
| <b>Revenue</b>       | <b>10,646</b>                 | <b>14,576</b>                 |

**Adcorp Australia Limited**  
**Notes to the financial statements**  
**31 December 2012**

**Note 4. Expenses**

|   | <b>Consolidated</b> |                    |
|---|---------------------|--------------------|
|   | <b>31 Dec 2012</b>  | <b>31 Dec 2011</b> |
|   | <b>\$'000</b>       | <b>\$'000</b>      |
| Profit/(loss) before income tax includes the following specific expenses: |                     |                    |
| <i>Depreciation</i>   |                     |                    |
| Office equipment  | 190                 | 111                |
| Plant and equipment   | 289                 | 198                |
| <b>Total depreciation</b>   | <b>479</b>          | <b>309</b>         |
| <i>Amortisation</i>   |                     |                    |
| Software licences   | 245                 | 152                |
| <b>Total depreciation and amortisation</b>                                | <b>724</b>          | <b>461</b>         |
| <i>Impairment</i>   |                     |                    |
| Office equipment  | 159                 | -                  |
| Plant and equipment   | 36                  | -                  |
| Goodwill  | 2,930               | -                  |
| Software licences   | 4                   | -                  |
| <b>Total impairment</b>   | <b>3,129</b>        | <b>-</b>           |
| <i>Finance costs</i>  |                     |                    |
| Interest and finance charges paid/payable                                 | 7                   | 3                  |
| <i>Net foreign exchange loss</i>  |                     |                    |
| Net foreign exchange loss   | 1                   | 57                 |
| <i>Superannuation expense</i>   |                     |                    |
| Defined contribution superannuation expense                               | 566                 | 593                |
| <i>Employee benefits expense excluding superannuation</i>                 |                     |                    |
| Employee benefits expense excluding superannuation                        | 8,191               | 8,852              |

**Note 5. Current assets - cash and cash equivalents**

|              | <b>Consolidated</b> |                    |
|--------------|---------------------|--------------------|
|              | <b>31 Dec 2012</b>  | <b>30 Jun 2012</b> |
|              | <b>\$'000</b>       | <b>\$'000</b>      |
| Cash at bank | 4,180               | 9,314              |

**Adcorp Australia Limited**  
**Notes to the financial statements**  
**31 December 2012**

**Note 6. Current assets - trade and other receivables**

|   | <b>Consolidated</b> |                    |
|---|---------------------|--------------------|
|   | <b>31 Dec 2012</b>  | <b>30 Jun 2012</b> |
|   | <b>\$'000</b>       | <b>\$'000</b>      |
| Trade receivables                             | 11,917              | 17,228             |
| Less: Provision for impairment of receivables | (301)               | (291)              |
|   | <u>11,616</u>       | <u>16,937</u>      |
| Other receivables                             | 143                 | 371                |
|   | <u>11,759</u>       | <u>17,308</u>      |

**Note 7. Non-current assets - investments accounted for using the equity method**

|   | <b>Consolidated</b> |                    |
|---|---------------------|--------------------|
|   | <b>31 Dec 2012</b>  | <b>30 Jun 2012</b> |
|   | <b>\$'000</b>       | <b>\$'000</b>      |
| Investment in associate - Limelight Group Pty Ltd | 126                 | -                  |
|   | <u>126</u>          | <u>-</u>           |

Refer to note 14 for further information on investments in associates.

**Note 8. Non-current assets - property, plant and equipment**

|                                | <b>Consolidated</b> |                    |
|--------------------------------|---------------------|--------------------|
|                                | <b>31 Dec 2012</b>  | <b>30 Jun 2012</b> |
|                                | <b>\$'000</b>       | <b>\$'000</b>      |
| Office equipment - at cost     | 2,720               | 2,502              |
| Less: Accumulated depreciation | (1,629)             | (1,431)            |
| Less: Impairment               | (373)               | (337)              |
|                                | <u>718</u>          | <u>734</u>         |
| Plant and equipment - at cost  | 4,898               | 4,750              |
| Less: Accumulated depreciation | (2,962)             | (2,673)            |
| Less: Impairment               | (571)               | (412)              |
|                                | <u>1,365</u>        | <u>1,665</u>       |
|                                | <u>2,083</u>        | <u>2,399</u>       |

**Adcorp Australia Limited**  
**Notes to the financial statements**  
**31 December 2012**

**Note 8. Non-current assets - property, plant and equipment (continued)**

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out

|                             | Office<br>equipment<br>\$'000 | Plant and<br>equipment<br>\$'000 | Total<br>\$'000 |
|-----------------------------|-------------------------------|----------------------------------|-----------------|
| <b>Consolidated</b>         |                               |                                  |                 |
| Balance at 1 July 2012      | 734                           | 1,665                            | 2,399           |
| Additions                   | 217                           | 144                              | 361             |
| Disposals                   | (1)                           | (5)                              | (6)             |
| Exchange differences        | 2                             | 9                                | 11              |
| Impairment of assets        | (36)                          | (159)                            | (195)           |
| Depreciation expense        | (198)                         | (289)                            | (487)           |
|                             | <u>718</u>                    | <u>1,365</u>                     | <u>2,083</u>    |
| Balance at 31 December 2012 | <u>718</u>                    | <u>1,365</u>                     | <u>2,083</u>    |

**Note 9. Non-current assets - intangibles**

|                                | <b>Consolidated</b> |                    |
|--------------------------------|---------------------|--------------------|
|                                | <b>31 Dec 2012</b>  | <b>30 Jun 2012</b> |
|                                | <b>\$'000</b>       | <b>\$'000</b>      |
| Goodwill - at cost             | 10,485              | 10,465             |
| Less: Impairment               | <u>(10,485)</u>     | <u>(7,555)</u>     |
|                                | -                   | 2,910              |
| Software licences - at cost    | 2,911               | 2,715              |
| Less: Accumulated amortisation | (2,519)             | (2,274)            |
| Less: Impairment               | <u>(126)</u>        | <u>(122)</u>       |
|                                | 266                 | 319                |
| Customer lists - at cost       | 133                 | 133                |
| Less: Accumulated amortisation | <u>(133)</u>        | <u>(133)</u>       |
|                                | -                   | -                  |
|                                | <u>266</u>          | <u>3,229</u>       |

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out

|                             | Goodwill<br>\$'000 | Software<br>licences<br>\$'000 | Customer<br>list<br>\$'000 | Total<br>\$'000 |
|-----------------------------|--------------------|--------------------------------|----------------------------|-----------------|
| <b>Consolidated</b>         |                    |                                |                            |                 |
| Balance at 1 July 2012      | 2,910              | 319                            | -                          | 3,229           |
| Additions                   | -                  | 196                            | -                          | 196             |
| Exchange differences        | 20                 | -                              | -                          | 20              |
| Impairment of assets        | (2,930)            | (4)                            | -                          | (2,934)         |
| Amortisation expense        | -                  | (245)                          | -                          | (245)           |
|                             | <u>-</u>           | <u>266</u>                     | <u>-</u>                   | <u>266</u>      |
| Balance at 31 December 2012 | <u>-</u>           | <u>266</u>                     | <u>-</u>                   | <u>266</u>      |

**Adcorp Australia Limited**  
**Notes to the financial statements**  
**31 December 2012**

**Note 9. Non-current assets - intangibles (continued)**

Goodwill acquired through business combinations is allocated to cash generating units for impairment testing by office location. The recoverable amount is determined based on value-in-use calculations using a discounted cash flow model with an adjusted Weighted Average Cost of Capital ('WACC') discount rate.

The carrying amount of goodwill allocated to each cash generating unit is:

|             | <b>Consolidated</b> |                    |
|-------------|---------------------|--------------------|
|             | <b>31 Dec 2012</b>  | <b>30 Jun 2012</b> |
|             | <b>\$'000</b>       | <b>\$'000</b>      |
| Victoria    | -                   | 358                |
| Queensland  | -                   | 785                |
| New Zealand | -                   | 1,767              |
|             | <u>-</u>            | <u>1,767</u>       |
|             | <u>-</u>            | <u>2,910</u>       |

At 31 December 2012 a review was undertaken and goodwill was fully impaired in all cash generating units.

*Impairment of goodwill and assets at 31 December 2012.*

During the first six months of the financial year, significant decline in business activity across most client sectors has led to a re-assessment of the carrying value of goodwill on the balance sheet.

The goodwill balances arose on acquisition of business divisions in Victoria, Queensland and New Zealand.

At 30 June 2012, the goodwill in each of the Cash Generating Units ('CGU's') was assessed against budgets for the 2013 financial year and appropriate extrapolations.

A range of growth and sensitivity indicators were applied to the future discounted cash flows to determine carrying value, which in all cases exceeded the goodwill carrying value at the 30 June 2012.

The sharp declines in advertising spend in the first half of Fiscal 2013, has led to a significant decline in billings and profitability in all three operations and accordingly, our estimates of future discounted cash flows do not support the carrying value of goodwill at 31 December 2012.

We have commenced restructuring in the first half and continue to review costs in each of these operations and across the business. Given the uncertainty of future cash flows however, and the potential for further restructuring or consolidation of operations, we have determined that all goodwill in these divisions be fully impaired at 31 December 2012.

The impairment charged to profit and loss in relation to goodwill was \$2,930,000 (30 June 2012: \$nil).

**Note 10. Current liabilities - trade and other payables**

|                | <b>Consolidated</b> |                    |
|----------------|---------------------|--------------------|
|                | <b>31 Dec 2012</b>  | <b>30 Jun 2012</b> |
|                | <b>\$'000</b>       | <b>\$'000</b>      |
| Trade payables | 11,928              | 20,174             |
| Other payables | 4,148               | 3,192              |
|                | <u>16,076</u>       | <u>23,366</u>      |

**Adcorp Australia Limited**  
**Notes to the financial statements**  
**31 December 2012**

**Note 11. Equity - dividends**

|  | <b>Consolidated</b> |                    |
|--|---------------------|--------------------|
|  | <b>31 Dec 2012</b>  | <b>31 Dec 2011</b> |
|  | <b>\$'000</b>       | <b>\$'000</b>      |
| Final dividend for the year ended 30 June 2012 (2011: 30 June 2011) of 0.75 cents (2011: 1 cent) per ordinary share fully franked based on a tax rate of 30% | <u>455</u>          | <u>607</u>         |

**Note 12. Contingent assets**

Andrews Advertising Pty Ltd ('AAPL') a wholly owned subsidiary of Adcorp Australia Limited ('Adcorp') continues to prosecute the case against a former executive and related parties. Costs related to this case have been expensed as incurred. We do not anticipate any adverse financial impact on AAPL or Adcorp as a result of this case.

**Note 13. Contingent liabilities**

The consolidated entity has various guarantees over premises.

|                 | <b>Consolidated</b> |                    |
|-----------------|---------------------|--------------------|
|                 | <b>31 Dec 2012</b>  | <b>30 Jun 2012</b> |
|                 | <b>\$'000</b>       | <b>\$'000</b>      |
| Bank guarantees | <u>1,310</u>        | <u>1,310</u>       |

**Note 14. Investments in associates**

Interests in associates are accounted for using the equity method of accounting. Information relating to associates is set out below:

|                         |                               | <b>Consolidated</b>        |                    |
|-------------------------|-------------------------------|----------------------------|--------------------|
|                         |                               | <b>Percentage interest</b> |                    |
| <b>Associate</b>        | <b>Principal activities</b>   | <b>31 Dec 2012</b>         | <b>30 Jun 2012</b> |
|                         |                               | <b>%</b>                   | <b>%</b>           |
| Limelight Group Pty Ltd | Boutique digital media agency | 40.00                      | -                  |

**Note 15. Events after the reporting period**

No matter or circumstance has arisen since 31 December 2012 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.



**Adcorp Australia Limited**  
**Notes to the financial statements**  
**31 December 2012**

**Note 16. Earnings per share**

|   | <b>Consolidated</b> |                    |
|---|---------------------|--------------------|
|   | <b>31 Dec 2012</b>  | <b>31 Dec 2011</b> |
|   | <b>\$'000</b>       | <b>\$'000</b>      |
| Profit/(loss) after income tax  | (4,875)             | 752                |
| Non-controlling interest  | (21)                | 32                 |
| Profit/(loss) after income tax attributable to the owners of Adcorp Australia Limited     | <u>(4,896)</u>      | <u>784</u>         |
|   | <b>Number</b>       | <b>Number</b>      |
| 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>  |
|   | <b>Cents</b>        | <b>Cents</b>       |
| Basic earnings per share  | (8.07)              | 1.29               |
| Diluted earnings per share  | (8.07)              | 1.29               |

**Adcorp Australia Limited**  
**Directors' declaration**

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 2012 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) of the Corporations Act 2001.

On behalf of the directors



David Morrison  
Director and Chief Executive Officer



Bob Campbell  
Chairman

28 February 2013  
Sydney

Grant Thornton Audit Pty Ltd  
ACN 130 913 594

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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 2012, and the statement of 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 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 Adcorp Australia Limited's financial position as at 31 December 2012 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.

For personal use only

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 2012 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, 28 February 2013