



31 July 2008

ASX Announcement

Appendix 4C Quarterly Report and Shareholder Update

Highlights

- **Record final quarter, revenue up 93.6% on the previous record quarter**
- **Integration of Commander WA Enterprise ICT Business on track**
- **Continued positive outlook for FY2009**

Record final quarter, revenue up 93.6% on the previous record quarter

Empired's fourth financial quarter ending June 30 2008 has delivered record revenue and EBITDA contribution for the period with revenue up 93.6% against the previous quarter which was also a record result.

Revenue for the period was approximately \$8.34M representing 44% of annual revenue. Unaudited EBITDA for the final quarter was \$575,314 up 160% against the previous quarter and greater than the entire FY08 first half year result. These results demonstrate strong revenue growth, profit growth and margin growth.

Accordingly growth of this magnitude has placed downward pressure on cash flow. This downward pressure is a function of timing differences between payment of accounts payable and receipt of accounts receivable increasing the general working capital requirements of the business. Accounts receivable at the close of the final quarter was approximately \$7.6M, an increase of \$4M against the close of the previous quarter. Over \$4M was received in July 2008.

As a result operating cash flow for the fourth quarter ending June 30 2008 closed down \$810k against the previous quarter which closed up \$172,908. The year to date operating cash flow for FY2008 is down \$538k.

Cash at the close of the period ending June 30 2008 was \$ (802,658) with additional working capital facilities of \$1,548,725 available.

The increased working capital requirements of the business were expected by management and outlined in the previous quarterly report.

Management cash flow forecasts outline that the first quarter of the 2009 financial year will experience positive operating cash flows.

Integration of Commander WA Enterprise ICT Business on track

On 13 February 2007 Empired successfully completed the acquisition of the WA Enterprise ICT business assets of Commander Communications Limited. The business components purchased included infrastructure systems integration, collaboration solutions and Enterprise ICT Sales.

Empired's quarterly report dated 30 April 2008 outlined two integration issues that were causing short term impact on revenue and expense. These items related to expected sales contribution during March and April 2008 and an underestimate in transition costs.

Empired is pleased to report that direct transition costs relating to the acquisition of the Commander WA Enterprise ICT business are now fully incurred and expensed. Importantly these costs did not exceed the revised additional expense levels outlined in the previous quarterly report.



Expected sales contribution from this acquisition is now also on track with sales forecasts for both May and June 2008 exceeding targeted levels.

The difficulties faced during the early stages of this acquisition have now been overcome and as outlined in the previous quarterly report earnings contribution has improved on a monthly basis since settlement in mid February.

Strong outlook for FY2009

The 2008 financial year has been pivotal in the history of Empired with many new company records set, a number of company changing transactions successfully undertaken, and a platform developed that will provide great opportunity for Empired to aggressively pursue its goal of becoming a leading Australian IT Services provider.

Empired's previous quarter demonstrates the strength and quality of return that our prudent investments have delivered throughout the year. We enter the 2009 financial year with a quarterly revenue run rate some 354% up on that entering the 2008 financial year.

Whilst current world economic conditions are uncertain with a tightening of credit markets and continuing interest rate pressure Empired continues to see strong domestic spending and demand in the IT Services sector and remains bullish on growth prospects.

Empired boasts a strong order book, a focus on its recurring revenue model, low debt levels and strong cash flow all of which place Empired in a strong position to deliver record earnings in the 2009 financial year and to take advantage of organic and acquisitive growth opportunities throughout the coming financial year.

ENDS

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About Empired Limited

Empired Ltd (ASX: EPD) is an ASX listed national IT Services Provider with a broad range of capabilities and experience ranging from business consulting to Infrastructure and Applications systems development and support.

Empired focuses on providing IT Outsourcing Services complemented by Project and Consulting engagements in its areas of specialisation.

They are a nimble, flexible company, driven to delivering innovative services in today's ever changing business environments.

Website: www.empired.com

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

Empired Limited

ABN

81 090 503 843

Quarter ended ("current quarter")

30 June 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter (3 months) \$A	Year to date (12 months) \$A
1.1 Receipts from customers	4,365,826	12,842,533
1.2 Payments for:		
(a) staff costs	(4,019,533)	(10,615,579)
(b) advertising and marketing	-	-
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital	(1,014,580)	(2,752,116)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	5,330	35,261
1.5 Interest and other costs of finance paid	(45,201)	(61,370)
1.6 Income taxes rebates /(paid)	-	-
1.7 Other	116	13,330
Net operating cash flows	(708,042)	(537,941)

+ See chapter 19 for defined terms.

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Quarterly report for entities
admitted on the basis of commitments

	Current quarter (3 months) \$A	Year to date (12 months) \$A
1.8 Net operating cash flows (carried forward)	(708,042)	(537,941)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses net of cash acquired (item 5)	(361,025)	(1,712,691)
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(231,910)	(526,434)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Net investing cash flows	(592,935)	(2,239,124)
1.14 Total operating and investing cash flows	(1,300,977)	(2,777,065)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	3,002,333
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	(39,756)	128,037
1.18 Repayment of borrowings	(69,955)	(590,431)
1.19 Dividends paid	-	-
1.20 Other: Share issue costs	(16,751)	(552,439)
Net financing cash flows	(126,462)	1,987,500
Net increase (decrease) in cash held	(1,427,439)	(789,565)
1.21 Cash at beginning of quarter/year to date	625,282	(12,592)
1.22 Exchange rate adjustments	-	-
1.23 Cash at end of period	(802,157)	(802,157)

1.9(a) The Company completed the acquisition of Quadrant Group on the 1st of November 2007 and the WA IT Services operations from Commander Limited on the 13th of February 2008. The year to date and quarterly results consolidate the operations of Quadrant Group and the WA IT Services operations from Commander Limited into the Company as of the dates above.

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A
1.24	Aggregate amount of payments to the parties included in item 1.2	\$86,250
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Salaries and fees paid to Directors

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Vendor finance on acquisition of Quadrant Group on November 1, 2007. 65% was paid up front in the quarter ending 31/12/2007, 20% was paid in the quarter ending 30/06/08 and the remaining 15% (\$260,700) is to be paid in the quarter ending 31/12/2008.

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available \$A	Amount used \$A
3.1	Loan facilities	\$2,500,000	\$951,274
3.2	Credit standby arrangements	-	-

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Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

Reconciliation of cash

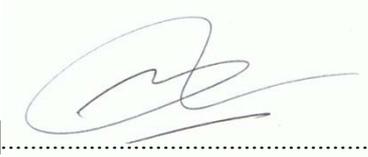
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A	Previous quarter \$A
4.1	Cash on hand and at bank	42,897	625,282
4.2	Deposits at call	106,220	-
4.3	Bank overdraft	(951,274)	-
4.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)		(802,157)	625,282

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	-
5.2	Place of incorporation or registration	-
5.3	Consideration for Acquisition or disposal	-
5.4	Total net assets	-
5.5	Nature of business	-

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: ..31 July 2008.....
 (Company secretary)

Print name: Mark Edward Waller.....

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Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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