

23 February 2011

ASX Announcement

FY2011 Half Year Results and Commentary

HIGHLIGHTS

- Record revenue of \$15.69M up 8.4% from pcp of \$14.47 million
- Record EBITDA of \$523,548 up 19% from pcp of \$439,728
- Expanded sales capacity, sales pipeline and new business opportunities
- An increase in the number of project and consulting staff
- Introduction of Empired's strategic Cloud Services offering "FlexScale"
- Positive outlook for the full year result

Release

Australian listed IT Services Company Empired Limited ("Empired" or "the company") today announced half year earnings before interest, tax, depreciation and amortisation (EBITDA) of \$523,548, an increase of 19% compared with the previous half year period. EBITDA grew as a result of increased revenue which was up 8.4% compared to the previous corresponding period to \$15.69 million.

Empired Managing Director Mr Russell Baskerville said "Empired has emerged from a constrained economic environment in a strong position to take advantage of numerous market opportunities and now has a significant growth agenda in place."

"Revenue grew 8.4% against the half year ending 31 December 2009 and up 17.2% compared with the previous half year period ending 30 June 2010."

"This encouraging increase in revenue growth not only indicates a significant improvement in market conditions and demand for Empired's services but also vindicates Empired's decision to retain its core staff and capabilities through a difficult period."

"The decision to retain a significant proportion of our workforce has provided us the opportunity to undertake projects that we would otherwise have struggled to resource and may have resulted in providing our competitors the opportunity to increase their footprint within our major clients."

"Had Empired reduced staffing levels to preserve short term EBITDA in the previous full year period a significant risk would have been realised in the ability to rebuild the high quality and specialist skills of the

current professional staff, possibly foregoing some of the anticipated demand and dealing with increasing labour costs.”

“Being able to rapidly deploy project resources, particularly in the second quarter, has underpinned a record half year revenue result and will ensure Empired is well placed to deliver significant revenue growth for the full year.”

Empired also delivered EBITDA growth of 19% to \$523,548. Commenting on this Mr Baskerville said “We are very pleased to see EBITDA growth outstrip revenue growth by some 2.3 times expanding our EBITDA margins.”

“With a relatively fixed overhead cost that is already geared toward growth, we expect this trend to continue as our gross profit continues to grow in line with revenue growth.”

“Whilst our EBITDA margins remain tight, this highlights the opportunity to grow EBITDA at a much faster rate than revenue.”

“We are confident that this organic EBITDA growth will translate into strong cash flow and earnings per share growth over the medium term.”

Empired has outlined since listing on ASX a key strategic objective to grow long term contracted recurring revenue. During the half year Empired continued to secure significant increases to a number of its major multi-year contracts with large Government and corporate organisations.

Commenting on contracted recurring revenue, Mr Baskerville stated “I am very pleased that a number of our largest strategic clients have expanded the managed services they receive from Empired. This is a testament to the high quality and value that our clients see in these services and has resulted in yet again an increase in the level of contracted recurring revenue from our major strategic clients.”

“The size and nature of these multi-year recurring revenue contracts will continue to improve Empired's growth prospects whilst reducing revenue volatility and general risks associated with changing economic cycles. This demonstrates our genuine competitive position in the market and our ability to win major contracts against large national and international competitors.”

As a result of improving market conditions Empired has been investing in growing its sales and business development teams. Commenting on this, Mr Baskerville said “With substantially improved market conditions, particularly within our core regions and sectors we are very much moving the business back into growth mode. As part of this we have worked very hard to attract some of the best business development talent in our market.”

“Encouragingly we are seeing these investments greatly improve our sales opportunities across our core regions of Western Australia and Victoria and our core sectors in State Government and Resources.”

“We are pleased to report that this is directly translating into increased new business and a significant increase in the number of current tenders submitted for evaluation by both existing and prospective clients.”

“We expect that this investment will drive continued revenue growth in the second half.”

To service this anticipated increase in demand Empired has been driving a number of recruitment campaigns. Whilst the general labour market is tightening Empired has managed to attract required staff at competitive rates. This can be demonstrated through a net head count increase of 15 full time equivalent staff over the previous half year.

Empired is strategically positioning to take advantage of emerging markets and alternate consumption trends within the IT sector through the introduction of cloud computing services through its proprietary “FlexScale” service offering.

“We are very excited to be announcing our entry into the cloud services race. With development of our FlexScale service offering already well advanced and a formal launch scheduled for early in the fourth quarter we expect to be ahead of many of our competitors and will be recognised as a leader in the space” Mr Baskerville stated.

“Empired’s FlexScale enables a new approach to IT by offering organisations a flexible new range of options for how IT services are designed, delivered and managed. IT services can be packaged into consumable IT ‘products’. These products are offered through Cloud Computing in the form of online service catalogues, in much the same way as using a shopping cart. These services can then be delivered and managed using the technology that underpins FlexScale.”

Commenting on the full year outlook Mr Baskerville said “Empired is well placed to take advantage of the ever improving economic conditions.”

“Empired has seen run rate revenue continue to improve over the previous five straight quarters, we have attracted some highly experienced, committed business development and technology professionals, our clients continue to expand the breadth and depth of services they require from Empired and we have invested early and are now strategically placed to take advantage of the next wave of IT trends.”

“With improving market conditions, no net debt, sound governance and a passionate experienced management team we expect a successful and exciting period ahead.”

“I would like to thank all our committed staff for their significant contribution and loyalty to Empired. Further I extend my thanks to our patient, loyal and supportive shareholders.”

ENDS

For more information please contact:
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Managing Director
Empired Limited
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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 provides ICT Managed Services, complemented by Project and Consulting engagements in its areas of specialisation.

Empired focuses on providing companies with tailored IT service solutions that address their specific needs; delivering a diverse range of innovative services in today's ever-changing business environments. Our flexible service delivery approach and "can do" attitude has enabled Empired to secure clients that range from medium size entities through to large enterprise accounts with services delivered across Australia, and beyond.

Website: www.empired.com



Appendix 4D
Interim Financial Report

31 December 2010



Appendix 4D

Interim Financial Report 31 December 2010

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Results		Change from 31 Dec 2009	31 Dec 2010 \$
Total revenue	Up	8.42%	15,692,755
Profit before Interest, Tax, Depreciation and Amortisation (EBITDA)	Up	19.06%	523,548
Net profit for the period attributable to members (NPAT)	Up	69.6%	250,780

Net tangible asset backing per ordinary share	31 Dec 2010	31 Dec 2009
Net tangible asset backing per ordinary share	4.72c	4.6c

Dividends	Amount per security	Franked amount
Interim dividend FY11	Nil	-
Final dividend FY10	Nil	-

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CORPORATE DIRECTORY

Directors

Mel Ashton (Chairman)
Richard Bevan (Non – Executive Director)
Russell Baskerville (Managing Director & CEO)

Registered Office

469 Murray Street
PERTH WA 6000
Telephone No: +618 9321 9401
Fax No: +618 9321 9402

Company Number

A.C.N: 090 503 843

Country of Incorporation

Australia

Company Domicile and Legal Form

Empired Limited is the parent entity and an Australian Company limited by shares

Principal Place of Business

Perth

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PERTH WA 6000
Telephone No: +618 9223 1234
Fax No: +618 9223 1230

Company Secretary

Mark Waller

Legal Advisers

McKenzie Moncrieff Lawyers
Level 5, 37 St Georges Terrace
PERTH WA 6000

Auditors

Grant Thornton Audit Pty Ltd
Level 1,
10 Kings Park Road
WEST PERTH WA 6005

Share Register

Computershare Investor Services Pty Ltd
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Perth WA 6000

Melbourne

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Fax No: +613 8610 0701

Website www.empired.com

DIRECTORS' REPORT

The directors present their report together with the consolidated half year financial report of Empired Limited ("the Company") and its controlled entity, for the half-year ended 31 December 2010

Directors' Names

The names of the company's directors in office during the year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mel Ashton (Chairman)

Richard Bevan (Non-executive Director)

Russell Baskerville (Managing Director)

Review of Results & Operations

Revenue in the business for the half-year was \$15.69M (2009: \$14.47M) representing an increase of 8.4% on the same period in the preceding year.

Consolidated net profit after tax for the half-year was \$250,780 (2009: \$147,863).

Dividends

The directors of Empired Limited have not recommended the payment of a dividend and no dividend has been paid or declared since the commencement of the year.

Options

During the course of the half year no share options were granted under the Company's Employee and Executive Share Option Plans.

Auditor's independence declaration to the directors of Empired Limited

The directors have received an Independence Declaration from Grant Thornton the auditors of Empired Limited and it is included in this Financial Report.

DIRECTORS' REPORT (continued)

Indemnification of Officers and Directors

The Directors, Secretary and certain former directors of Empired Limited have been indemnified by the company in respect of their potential liability to third parties

Signed in accordance with a resolution of directors.

A handwritten signature in black ink, appearing to read 'R. Baskerville', written in a cursive style.

Russell Baskerville
Managing Director
23rd February 2011

Statement of Comprehensive Income

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	<i>Notes</i>	<i>Consolidated 6 months to 31 December 2010 \$</i>	<i>Consolidated 6 months to 31 December 2009 \$</i>
Revenue	2	15,692,755	14,474,008
Cost of sales		<u>(11,474,212)</u>	<u>(10,670,809)</u>
Gross profit		4,218,543	3,803,199
Other Income	2	6,659	15,122
Legal expenses		(6,860)	(46,514)
Marketing expenses		(27,480)	(67,071)
Occupancy expenses		(327,297)	(333,515)
Employee expenses		(2,322,785)	(2,019,851)
Finance expenses		(58,374)	(57,687)
Depreciation expenses		(182,367)	(145,816)
Other expenses	3	<u>(1,017,232)</u>	<u>(911,640)</u>
Profit before income tax		282,807	236,227
Income tax expense	4	(32,027)	(88,364)
Profit for the period		<u>250,780</u>	<u>147,863</u>
Other comprehensive income		-	-
Other comprehensive income for the period, net of income tax		<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u>250,780</u>	<u>147,863</u>

The accompanying notes form part of this financial report.

Earnings per share (cents per share):

Basic earnings per share	0.54	0.32
Diluted earnings per share	0.45	0.26

Statement of Financial Position

AS AT 31 DECEMBER 2010

		<i>Consolidated</i>	<i>Consolidated</i>
	Notes	<i>31 December</i>	<i>30 June</i>
		<i>2010</i>	<i>2010</i>
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		499,309	250,576
Trade and other receivables		7,589,862	4,316,395
Work in progress		467,266	625,999
Other current assets		224,046	181,977
Total Current Assets		<u>8,780,483</u>	<u>5,374,947</u>
Non-Current Assets			
Property, plant and equipment		1,099,582	974,704
Intangible assets		3,948,764	3,948,764
Deferred tax asset	4	361,701	435,136
Total Non-current assets		<u>5,410,047</u>	<u>5,358,604</u>
TOTAL ASSETS		<u>14,190,530</u>	<u>10,733,551</u>
LIABILITIES			
Current Liabilities			
Bank overdraft		1,775,151	-
Trade and other payables		4,772,961	3,198,696
Financial liabilities		200,453	246,533
Income tax payable		65,724	-
Provisions		698,816	755,138
Unearned revenue		296,405	325,997
Total Current Liabilities		<u>7,809,510</u>	<u>4,526,364</u>
Non-current Liabilities			
Financial liabilities		106,054	104,067
Deferred tax liability	4	146,228	191,146
Total Non-current Liabilities		<u>252,282</u>	<u>295,213</u>
TOTAL LIABILITIES		<u>8,061,792</u>	<u>4,821,577</u>
NET ASSETS		<u>6,128,738</u>	<u>5,911,974</u>
EQUITY			
Issued capital		2,691,901	2,775,982
Employee equity benefits reserve	6	272,966	222,901
Retained profits		3,163,871	2,913,091
TOTAL EQUITY		<u>6,128,738</u>	<u>5,911,974</u>

The accompanying notes form part of this financial report.

Statement of Cash Flows

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	Note	<i>Consolidated 6 months to 31 December 2010</i> \$	<i>Consolidated 6 months to 31 December 2009</i> \$
Cash flows from operating activities			
Receipts from customers		12,385,496	15,737,272
Payments to suppliers and employees		(13,457,825)	(15,514,565)
Borrowing costs		(58,374)	(57,687)
Income tax paid		(21,867)	(111,648)
Interest received		6,659	34,976
Net cash flows (used in) from operating activities		<u>(1,145,911)</u>	<u>88,348</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(313,798)	(135,085)
Net cash flows (used in) investing activities		<u>(313,798)</u>	<u>(135,085)</u>
Cash flows from financing activities			
Repayment of short term loans		(98,606)	(78,655)
Payment of dividends		-	(231,112)
Payment of finance lease liabilities		(115,737)	(117,907)
Proceeds from borrowings		147,635	133,918
Net cash flows (used in) financing activities		<u>(66,708)</u>	<u>(293,756)</u>
Net increase/ (decrease) in cash and cash equivalents		(1,526,417)	(340,493)
Cash and cash equivalents at beginning of period		250,575	345,423
Cash and cash equivalents at end of period	5	<u>(1,275,842)</u>	<u>4,930</u>

The accompanying notes form part of this financial report.

Statement of Changes in Equity

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

Half Year Ended 31 December 2010

	Note	Issued Capital \$	Retained Earnings \$	Option Reserve \$	Total Equity \$
CONSOLIDATED					
Balance at 1 July 2010		2,775,982	2,913,091	222,901	5,911,974
Total comprehensive income for the period		-	250,780	-	250,780
Cost of share-based payments		-	-	50,065	50,065
Income tax expense on capital raising costs		(84,081)	-	-	(84,081)
Dividends paid to equity holders	7	-	-	-	-
Balance at 31 December 2010		2,691,901	3,163,871	272,966	6,128,738

Half Year Ended 31 December 2009

	Note	Issued Capital \$	Retained Earnings \$	Option Reserve \$	Total Equity \$
CONSOLIDATED					
Balance at 1 July 2009		2,775,982	3,212,418	141,618	6,130,018
Total comprehensive income for the period		-	147,863	-	147,863
Cost of share-based payments		-	-	23,147	23,147
Dividends paid to equity holders	7	-	(231,112)	-	(231,112)
Balance at 31 December 2009		2,775,982	3,129,169	164,765	6,069,916

The accompanying notes form part of this financial report.

Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

1 BASIS OF PREPARATION OF HALF-YEAR REPORT

This general purpose financial report for the interim half-year reporting period ended 31 December 2010 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Act 2001*, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010 and any public announcements made by Empired Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting date except for the adoption of the following new and revised Accounting Standards.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Key Assumptions

- Impairment

Goodwill acquired through business combinations has been allocated to the individual cash generating units for impairment testing. The recoverable amount of each of the cash generating units has been determined based on a value in use calculation. To calculate this, cash flow projections are based on financial budgets approved by senior management covering a five-year period.

The discount rate applied to cash flow projections is 11.70% (2010:10.65%) using a 3.10% growth rate (2010: 2.00%) that is the same as the average growth rate for the IT infrastructure Services market sector.

Based on the above the Directors are satisfied that goodwill, intangibles and property, plant and equipment are not impaired.

- Segment Information

The Group adopted the AASB 8 'Operating Segments' with effect from 1 July 2009.

The Group has more than one reportable operating segment identified by and used by the Chief Executive Officer (chief operating decision maker) in assessing the performance and determining the allocation of resources. The Group however has aggregated the segments in accordance with the aggregation criteria of AASB 8. During the half-year the Group had reliance on one customer whose revenues represent 16% of the revenue of the Group

Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

2 REVENUES

	CONSOLIDATED 31 December 2010 \$	CONSOLIDATED 31 December 2009 \$
Sales Revenue		
Services	15,692,755	14,474,008
Other Revenue		
Interest	6,659	1,548
Exchange gain	-	13,574
	6,659	15,122
	15,699,414	14,489,130

3 EXPENSES

Profit before income tax includes the following specific expenses:

Insurance	68,613	67,132
Travel	102,695	149,173
Administration	234,092	270,952
Other	611,832	424,383
	1,017,232	911,640

4 INCOME TAX

	CONSOLIDATED 31 December 2010	CONSOLIDATED 31 December 2009
(a) Income tax expense/(benefit)		
<i>The major components of income tax are:</i>		
Current income tax charge	87,590	68,547
Deferred income tax relating to origination and reversal of temporary differences	16,506	19,817
Overprovision in respect of prior years	(72,069)	-
Income tax expense/ (benefit) reported in income statement	32,027	88,364
(b) Amounts charged or credited directly to equity		
Expenses relating to initial public offering	84,081	-
Income tax expense reporting in equity	84,081	-

Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

4 INCOME TAX (continued)

(c) Reconciliation between aggregate tax expense recognised in the statement of comprehensive income and tax expenses calculated per the statutory income tax rate

	CONSOLIDATED 31 December 2010 \$	CONSOLIDATED 31 December 2009 \$
Profit before income tax	282,807	236,227
Prima facie tax on operating profit calculated at 30%	84,842	70,868
Add tax effect of:		
Non-deductible expenses	12,474	18,238
Prior year adjustment	(68,681)	-
Movement in DTA's recognised in equity	(12,012)	-
Share based payments	15,019	-
Other	385	(742)
Income tax expense / (benefit)	32,027	88,364

(d) Recognised deferred tax assets and liabilities

Deferred income tax balances at 31 December 2010 relate to the following:

	CONSOLIDATED 31 December 2010 \$	CONSOLIDATED 30 June 2010 \$
<i>Deferred Tax Liabilities</i>		
Work in progress	(140,180)	(187,800)
Prepayments	(6,048)	(3,346)
Gross deferred tax liabilities	(146,228)	(191,146)
<i>Deferred Tax Assets</i>		
Accrued superannuation	97,213	88,262
Provision for annual leave	188,231	207,114
Provision for long service leave	21,414	19,426
Provision for doubtful debts	-	12,248
Borrowing costs	3,032	3,116
Other accruals	7,500	-
Tax losses	-	45,887
Equity raising costs	44,311	59,083
Gross deferred tax assets	361,701	435,136

Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

4 INCOME TAX (continued)

(e) Tax consolidation

Effective 1 July 2002, for the purposes of income taxation, Empired Limited and its 100% subsidiaries formed a tax consolidated group. The head entity of the consolidated group is Empired Limited.

The head entity is responsible for tax liabilities of the group. Intra group transactions are ignored for tax purposes and there is a single return lodged on behalf of the group.

Empired Limited formally notified the Australian Taxation Office of its adoption of the tax consolidation regime upon lodgement of its 30 June 2003 consolidated tax return.

There was a tax funding agreement formalised at 30 June 2003. Under this tax funding agreement Empired Limited is responsible for the tax liabilities of the group.

5 CASH AND CASH EQUIVALENTS

Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash includes cash on hand and cash in banks. Cash at the end of the half year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	Note	31 December 2010	31 December 2009
Term Deposit	8	498,429	238,220
Cash Assets		880	694
		<u>499,309</u>	<u>238,914</u>
Bank Overdraft		(1,775,151)	(233,984)
		<u>(1,275,842)</u>	<u>4,930</u>

The term deposits held are restricted by bank guarantees held by the Company in relation to its rental premises (note 8).

Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

6 RESERVES

	CONSOLIDATED	
	31 December 2010	30 June 2010
	\$	\$
Option reserve	272,965	222,901
Share Options	No.	No.
<i>Movement in options on issue</i>		
Balance at beginning of period	11,583,963	9,703,474
Options expired/forfeited		
Purchaser options	(200,000)	-
Executive options	(1,800,000)	(1,700,000)
Employee options	(627,215)	(119,511)
Options granted		
Purchaser options	-	-
Executive options	-	3,700,000
Employee options	-	-
Balance at end of period	8,956,748	11,583,963

No options have been granted during the period. The fair value of options granted are estimated as at the date of grant using the Black Scholes model, taking into account the terms and conditions upon which the options were granted.

Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

7 DIVIDENDS

	CONSOLIDATED 31 December 2010 \$	CONSOLIDATED 30 June 2010 \$
Distributions paid or provided for:		
Final franked dividend for financial year ended 30 June 2010: nil cents (2009:0.5 cents)	-	231,112
Interim franked dividend for the half-year ended 31 December 2010: nil cents (2009:0.25 cents)	-	115,556
	<hr/>	<hr/>
	-	346,668

The franked dividends paid were franked at the tax rate of 30%.

8 CONTINGENT LIABILITIES

The company has in place term deposit backed bank guarantees in relation to rental premises at 256 Adelaide Terrace, Perth and 31 Queens Street, Melbourne.

	CONSOLIDATED 31 December 2010 \$	CONSOLIDATED 31 December 2009 \$
Bank Guarantee	<hr/> 498,428	<hr/> 238,220

9 SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significant affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Empired Limited, I state that:

In the opinion of the directors:

- (a) The financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001* including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of performance for the half year ended on that date; and
 - (ii) complying with the disclosure requirements of Accounting Standard AASB134 Interim Financial Reporting .

- (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Russell Baskerville
Managing Director
23rd of February 2011

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**Auditor's Independence Declaration
To The Directors of Empired Ltd**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Empired Ltd for the half-year ended 31 December 2010, 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 AUDIT PTY LTD
Chartered Accountants



JW Vibert
Director - Audit & Assurance

Perth, 23 February 2011

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Independent Auditor's Review Report To the Members of Empired Ltd

We have reviewed the accompanying half-year financial report of Empired Ltd (“Company”), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes 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 the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity’s financial position as at 31 December 2010 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 Empired Ltd, 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 Empired Ltd 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 2010 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 AUDIT PTY LTD
Chartered Accountants



JW Vibert
Director – Audit and Assurance

Perth, 23 February 2011