



Appendix 4D
Interim Financial Report

31 December 2008

**Appendix 4D**

Interim Financial Report 31 December 2008

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Results		Change from 31 Dec 2007	31 Dec 2008 \$
Total revenue	Up	177%	17,401,950
Profit before Interest, Tax, Depreciation and Amortisation (EBITDA)	Up	74%	798,873
Net profit for the period attributable to members (NPAT)	Down	32%	445,094

Net tangible asset backing per ordinary share	31 Dec 2008	31 Dec 2007
Net tangible asset backing per ordinary share	5c	3c

Dividends	Amount per security	Franked amount
Interim dividend FY09	0.25c	100%
Final dividend FY08	0.50c	100%

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CORPORATE DIRECTORY

Directors

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

Company Secretary

Mark Waller

Registered Office

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

Legal Advisers

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

Company Number

A.C.N: 090 503 843

Auditors

Grant Thornton (WA) Partnership
Level 1,
10 Kings Park Road
WEST PERTH WA 6005

Country of Incorporation

Australia

Company Domicile and Legal Form

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

Share Register

Computershare Investor Services Pty Ltd
Level 2, 45 St Georges Terrace
Perth WA 6000

Principal Place of Business

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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 2008

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)
 David Taylor (Non-executive Director)
 Richard Bevan (Non-executive Director)
 Russell Baskerville (Managing Director)

Review of Results & Operations

Revenue in the business for the half-year was \$17.40M (2007: \$6.28M) representing an increase of 177% on the same period in the preceding year. This was largely driven by current customer account growth, new business and the acquisition of Commander Limited's WA ICT operations in the 2008 financial year. EBITDA for the half year was \$798,873 (2007: \$458,703) an increase of 74%.

Consolidated net profit after tax for the half-year was \$445,094 (2007: \$661,764).

Dividends

After balance date the following dividends were proposed by the directors. The dividends have not been provided for and there are no income tax consequences.

Declared during the year 2009	Total amount
Interim ordinary dividend of 0.25 cents per fully paid share to be paid 7 April 2009. Record Date 17 March 2009.	\$115,556

A final fully franked dividend for the financial year ended 30 June 2008 was paid on the 31 October (note 6).

Options

During the course of the half year share options were granted to Employees and Directors under the Employee and Executive Share Option Plans. Information relating to this grant is at note 5 to the financial statements.

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
24th of February 2009

Condensed Income Statement

FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	<i>Notes</i>	<i>Consolidated 6 months to 31 December 2008 \$</i>	<i>Consolidated 6 months to 31 December 2007 \$</i>
Revenue			
Rendering of services	2	17,401,950	6,280,569
Cost of Sales		<u>(12,558,921)</u>	<u>(4,591,796)</u>
Gross profit		4,843,029	1,688,773
Other Income	2	170,398	201,100
Legal expenses		(1,232)	(2,875)
Marketing expenses		(63,536)	(2,917)
Occupancy expenses		(317,632)	(58,918)
Employee expenses		(2,549,742)	(748,683)
Finance expenses		(64,049)	(13,631)
Depreciation expenses		(114,668)	(64,104)
Other expenses	3	<u>(1,282,412)</u>	<u>(617,777)</u>
Profit before income tax		620,156	380,968
Income tax (expense) / benefit relating to ordinary activities	4	(175,062)	280,796
Profit / (loss) after tax attributable to members of the Company		<u>445,094</u>	<u>661,764</u>

The accompanying notes form part of this financial report.

Earnings per share (cents per share):

Basic earnings per share	0.96	1.6
Diluted earnings per share	0.80	1.4

Condensed Balance Sheet

AS AT 31 DECEMBER 2008

		<i>Consolidated</i>	<i>Consolidated</i>
	Notes	<i>31 December 2008</i>	<i>30 June 2008</i>
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		1,227,360	149,117
Trade and other receivables		5,344,011	8,104,872
Other current assets		132,966	153,323
Total Current Assets		<u>6,704,337</u>	<u>8,407,312</u>
Non-Current Assets			
Property, plant and equipment		897,022	701,610
Intangible assets	7	3,859,114	3,827,164
Deferred tax asset	4	491,199	676,928
Total Non-current assets		<u>5,247,335</u>	<u>5,205,702</u>
TOTAL ASSETS		<u>11,951,672</u>	<u>13,613,014</u>
LIABILITIES			
Current Liabilities			
Trade and other payables		4,192,376	5,173,466
Financial liabilities		243,964	1,433,903
Income tax payable		74,312	144,708
Provisions		447,222	391,014
Unearned revenue		452,019	202,917
Total Current Liabilities		<u>5,409,893</u>	<u>7,346,008</u>
Non-current Liabilities			
Financial liabilities		237,062	254,795
Provisions		25,708	22,221
Deferred tax liability	4	165,337	88,894
Total Non-current Liabilities		<u>428,107</u>	<u>365,910</u>
TOTAL LIABILITIES		<u>5,838,000</u>	<u>7,711,918</u>
NET ASSETS		<u>6,113,672</u>	<u>5,901,096</u>
EQUITY			
Issued capital		2,759,268	2,775,982
Employee equity benefits reserve	5	113,747	98,439
Retained profits		3,240,657	3,026,675
TOTAL EQUITY		<u>6,113,672</u>	<u>5,901,096</u>

The accompanying notes form part of this financial report.

Condensed Cash Flow Statement

FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Note	<i>Consolidated 6 months to 31 December 2008</i> \$	<i>Consolidated 6 months to 31 December 2007</i> \$
Cash flows from operating activities			
Receipts from customers		20,455,499	5,488,491
Payments to suppliers and employees		(17,743,507)	(5,494,724)
Borrowing costs		(64,049)	(13,631)
Interest received		81,216	21,100
Net cash flows from operating activities		<u>2,729,159</u>	<u>1,236</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(310,080)	(115,201)
Proceeds from loan to BRS		-	400,000
Acquisition of business acquisitions (net of cash acquired)	7	(260,700)	(1,136,142)
Net cash flows used in investing activities		<u>(570,780)</u>	<u>(851,343)</u>
Cash flows from financing activities			
Proceeds from issue of shares		-	3,002,333
Payment of capital raising costs		-	(494,400)
Repayment of short term loans		(1,060,153)	(417,527)
Payment of dividends		(231,112)	-
Payment of finance lease liabilities		(81,866)	(51,136)
Proceeds from borrowings		292,995	103,290
Net cash flows from/(used in) financing activities		<u>(1,080,136)</u>	<u>2,142,560</u>
Net increase in cash and cash equivalents		1,078,243	1,292,453
Cash and cash equivalents at beginning of period		149,117	(412,592)
Cash and cash equivalents at end of period		<u><u>1,227,360</u></u>	<u><u>879,861</u></u>

The accompanying notes form part of this financial report.

Condensed Statement of Changes in Equity

FOR THE HALF YEAR ENDED 31 DECEMBER 2008

Note	Issued capital \$	Retained Earnings / (Accumulated losses) \$	Option reserve \$	Total equity \$
CONSOLIDATED				
At 1 July 2007	5,936,265	(3,455,030)	56,602	2,537,837
Return of capital re: discontinued operation	(5,788,331)	5,186,650	(19,810)	(621,491)
Profit for the period	-	1,295,055	-	1,295,055
Issue of share capital	3,000,000	-	-	3,000,000
Cost of capital raising	(374,285)	-	-	(374,285)
Exercise of options	2,333	-	(2,333)	-
Expiry of options	-	-	(4,400)	(4,400)
Cost of share-based payments	-	-	68,380	68,380
At 30 June 2008	2,775,982	3,026,675	98,439	5,901,096
At 1 July 2008	2,775,982	3,026,675	98,439	5,901,096
Profit for the period	-	445,094	-	445,094
Dividends to equity holders	-	(231,112)	-	(231,112)
Cost of capital raising	(16,714)	-	-	(16,714)
Cost of share-based payments	-	-	15,308	15,308
At 31 December 2008	2,759,268	3,240,657	113,747	6,113,672

The accompanying notes form part of this financial report.

Condensed Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2008

1 BASIS OF PREPARATION OF HALF-YEAR REPORT

This general purpose financial report for the interim half-year reporting period ended 31 December 2008 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 2008 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.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

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 12.65% (2008:11.08%) using a 3.60% growth rate (2008: 4.20%) 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 and intangibles are not impaired.

Condensed Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2008

2 REVENUES

	CONSOLIDATED 31 December 2008 \$	CONSOLIDATED 31 December 2007 \$
Sales Revenue		
Services	17,401,950	6,280,569
Other Revenue		
Interest	9,935	21,100
Management Fee	60,467	180,000
Other	10,814	-
Exchange gain	89,182	-
	<u>170,398</u>	<u>201,100</u>
	<u>17,572,348</u>	<u>6,481,669</u>

3 EXPENSES

Profit before income tax includes the following specific expenses:

Insurance	61,175	21,845
Travel	126,826	52,440
Administration	287,226	117,240
Other	807,185	426,252
	<u>1,282,412</u>	<u>617,777</u>

4 INCOME TAX

	CONSOLIDATED 31 December 2008	CONSOLIDATED 31 December 2007
(a) Income tax expense		
<i>The major components of income tax are:</i>		
<i>Income Statement</i>		
Current income tax		
Current income tax charge	(70,396)	47,507
Deferred income tax		
Relating to origination and reversal of temporary Differences	245,458	(328,303)
Income tax expense/ (benefit) reported in income statement	<u>175,062</u>	<u>(280,796)</u>
(b) Amounts charged or credited directly to equity		
Expenses relating to initial public offering	16,715	-
Income tax expense reporting in equity	<u>16,715</u>	<u>-</u>

Condensed Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2008

4 INCOME TAX (continued)

	CONSOLIDATED 31 December 2008 \$	CONSOLIDATED 31 December 2007 \$
Prima facie tax on operating profit calculated at 30%	186,047	114,290
	186,047	114,290
Add tax effect of:		
Non-deductible expenses	5,500	5,820
Entertainment	2,836	2,030
Timing differences not brought to account	(19,321)	(28,144)
Adjustments for prior year losses now brought to account	-	(374,792)
Income tax expense / (benefit)	175,062	(280,796)

Deferred tax assets and liabilities as a result of temporary differences

	CONSOLIDATED 31 December 2008 \$	CONSOLIDATED 30 June 2008 \$
<i>Deferred Tax Liabilities</i>		
Invoices in Dispute	-	658
Work In Progress	158,130	81,896
Prepayments	7,207	6,340
Deferred Tax Liabilities	165,337	88,894
<i>Deferred Tax Assets</i>		
Accrued Superannuation	93,828	80,171
Provision For Annual Leave	134,168	117,304
Provision for Long Service Leave	7,712	6,667
Borrowing Costs	4,911	5,393
Tax Losses	147,178	347,276
Equity Raising Costs (direct to equity)	103,402	120,117
Deferred Tax Assets	491,199	676,928
Net Deferred Tax Assets	325,862	588,034

Condensed Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2008

4 INCOME TAX (continued)

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.

No tax amounts have been recognised as part of the consolidated group.

5 RESERVES

	CONSOLIDATED	
	31 December 2008	30 June 2008
	\$	\$
Option reserve	113,747	98,439
	<u>113,747</u>	<u>98,439</u>
Share Options	No.	No.
<i>Movement in options on issue</i>		
Balance at beginning of period	<u>8,326,476</u>	<u>4,561,476</u>
Options exercised		
Executive options	-	(11,666)
Options expired		
Purchaser options	(100,000)	-
Executive options	(1,600,000)	(123,334)
Employee options	(163,734)	-
Options granted		
Purchaser options	100,000	300,000
Executive options	2,250,000	3,600,000
Employee options	928,556	-
Balance at end of period	<u>9,741,298</u>	<u>8,326,476</u>

On 1 August, 928,556 share options were granted to employees under the Employee Share Option Plan. 1,050,000 share options were granted on shareholder approval at the Annual General Meeting and a further 1,300,000 share options under the Executive Share Option Plan on 1 December 2008. All Share Option Plans are documented in the 2008 Annual Report.

The fair value of the options granted is 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.

Condensed Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2008

5 RESERVES (continued)

Option Pricing Model Assumptions				
	Employee Share Options	Executive Share Options (21/11/2008)	Executive Share Options (1/12/2008)	Purchaser acquisition Options
Option Valuation	Input	Input	Input	Input
Fair value at grant date	\$9,452	\$1,050	\$800	\$100
Share price	\$0.12	\$0.066	\$0.066	\$0.066
Exercise price	\$0.25,\$0.30	\$0.30	\$0.40	\$0.30
Risk Free Rate (based on government bonds)	5.98%	4.62%	4.26%	4.26%
Expected volatility	40%	40%	40%	40%
Time (years) to expiry	3-4	3	3	3
Expected dividends on the shares during the exercise period	\$0.0025	\$0.0025	\$0.0025	\$0.0025

6 DIVIDENDS

	CONSOLIDATED 31 December 2008 \$	CONSOLIDATED 30 June 2008 \$
Dividends declared and paid during the half-year on ordinary shares:		
Final franked dividend for financial year ended 30 June 2008: 0.5 cents, paid 8 October (2007: nil)	231,112	-
Dividends proposed and not yet recognised as a liability:		
Interim franked dividend for the half-year ended 31 December 2008: 0.25 cents, the dividend is to be paid 7 April 2009, record date 17 March 2009 (2007: nil)	115,556	-
	<u>346,668</u>	<u>-</u>

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

Condensed Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2008

7 BUSINESS COMBINATIONS

	CONSOLIDATED 31 December 2008 \$	CONSOLIDATED 30 June 2008 \$
Goodwill at cost	3,859,114	3,827,164
Accumulated impairment loss	-	-
	3,859,114	3,827,164

Reconciliation of carrying amounts at the beginning and end of the financial period:

Carrying amount at the beginning	3,827,164	1,866,958
Additions		
(a) AMCOM	24,000	-
(b) Quadrant Group	-	1,753,140
(c) Commander Australia Limited – WA ICT Business	7,950	207,066
	3,859,114	3,827,164

(a) AMCOM

On the 1 July 2008 Empired acquired from AMCOM IT Services, assigned customer contracts. The purchase price for this acquisition was \$24,000, and has been retained by Empired Limited as a credit of purchase of goods from which AMCOM is to use within twelve months from acquisition date.

Purchase Consideration	\$ 24,000
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During the 2008 financial year, Empired acquired two businesses, Quadrant Group and Commander Australia Limited's WA ICT business. Details of both these acquisitions are documented in the 2008 Annual Report.

(b) Quadrant Group

During the half year, Empired made final payment of \$260,700 as deferred consideration for the acquisition of Quadrant Group.

Total Cash Outlaid

	CONSOLIDATED 31 December 2008 \$	CONSOLIDATED 31 December 2007 \$
Outflow of cash for acquisition	-	1,136,142
Payment of deferred consideration	260,700	-
	260,700	1,136,142

Condensed Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2008

7 BUSINESS COMBINATIONS (continued)

(c) Commander Australia Limited – WA ICT Business

A review of the fair value of the net identifiable assets acquired was made during the half year. It was determined that the customer contract obligations (unearned revenue) were understated by \$7,950. As result the goodwill from the acquisition of Commander Australia –WA ICT Business has been revised to \$215,016 (2008:\$207,066).

Details of the acquisition are as follows:

	\$
Purchase consideration	
Cash paid	30,000
Direct costs relating to acquisition	54,137
Total purchase consideration	<u>84,137</u>
Fair value of net identifiable assets acquired	130,879
Goodwill	<u>215,016</u>

Condensed Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2008

8 CONTINGENT LIABILITIES

The company has in place a bank guarantee in regard to rental premises at 256 Adelaide Terrace.

	CONSOLIDATED 31 December 2008 \$	CONSOLIDATED 31 December 2007 \$
Maximum amount the bank may call	106,220	-

9 SUBSEQUENT EVENTS

The Directors have declared an interim dividend of 0.25 cents per fully paid ordinary share, fully franked and payable 7 April 2009 (note 6).

10 SEGMENT INFORMATION

- (a) Primary segment – Business
The consolidated entity's operations are predominantly in consulting services in the information technology industry.
- (b) Secondary segment – Geographical
The consolidated entity operates predominately within Australia

DIRECTOR'S 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 2008 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
24th of February 2009



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AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF EMPIRED LIMITED

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Empired Limited for the half-year ended 31 December 2008, 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 (WA) Partnership

GRANT THORNTON (WA) PARTNERSHIP

J W VIBERT
Partner

Perth, WA
Date: 24th February 2009



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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF EMPIRED LIMITED AND CONTROLLED ENTITIES

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Empired Limited (the Company) and consolidated entity, which comprises the condensed balance sheet as at 31 December 2008, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration. The consolidated entity comprises both the Company and the entities it controlled at the half-year's end or from time to time during that 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 control 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 Auditing Standard on Review Engagement ASRE 2410: Review of an Interim and Other Financial Reports 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 2008 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 Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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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 Limited is not in accordance with the Corporations Act 2001, including:

- 1 giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- 2 complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Grant Thornton (WA) Partnership

GRANT THORNTON (WA) PARTNERSHIP



J W VIBERT
Partner

Perth, WA
Date: 24th February 2009