

Half Year Report



Jan Feb Mar Apr May Jun Jul Aug S

EMPIRED LIMITED AND ITS CONTROLLED ENTITIES

INTERIM FINANCIAL REPORT FOR THE
HALF YEAR ENDED 31ST DECEMBER 2016

ACN 090 503 843

Empired

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Corporate Directory

Directors

Richard Bevan (Non-Executive Chairman)
John Bardwell (Non-Executive Director)
Chris Ryan (Non-Executive Director)
Thomas Stianos (Non-Executive Director)
Russell Baskerville (Managing Director & CEO)

Registered Office

Level 7
The Quadrant
1 William Street
Perth WA 6000
Telephone No: +618 6333 2200
Fax No: +618 6333 2323

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 Places of Business

Perth

Level 7
The Quadrant
1 William Street
Perth WA 6000

Melbourne

Level 5, 257 Collins Street
Melbourne VIC 3000

Sydney

Level 12, 9 Hunter Street
Sydney NSW 2000

Seattle

Suite 100
2035 158th Court NE
Bellevue, WA, 98008
USA

Company Secretary

David Hinton

Legal Advisers

Jackson McDonald Lawyers
Level 17, 225 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
Level 11, 172 St Georges Terrace
Perth WA 6000

ASX Code

EPD

Adelaide

Level 2, 8 Leigh Street
Adelaide SA 5000

Brisbane

Level 11, 79 Adelaide Street
Brisbane QLD 4000

Wellington

80 Willis Street
Wellington 6011
Telephone No: +64 4 472 2021
Fax No: +64 4 472 2027

Singapore

36 Armenian Street, #05-12
Singapore 179934

Website www.empired.com

Directors' Report

The directors present their interim report together with the consolidated half year financial report of Empired Limited ("the Company") and its controlled entities, for the half-year ended 31 December 2016.

Directors' Names

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

Richard Bevan (Non-Executive Chairman from 29 November 2016)

Mel Ashton (Non-Executive Chairman to 29 November 2016)

John Bardwell (Non-Executive Director)

Chris Ryan (Non-Executive Director)

Thomas Stianos (Non-Executive Director from 29 November 2016)

Russell Baskerville (Managing Director & CEO)

Review of Results & Operations

Revenue for the half-year was \$83.6 million (HY2015: \$77.3 million) representing an increase of 8% on the same period in the preceding half-year.

Consolidated net profit after tax for the half-year was \$1,124,390 (HY2015: loss after tax of \$3,737,151).

Dividends

The directors of Empired Limited have not declared a dividend for the half year ended 31 December 2016. The company did not pay a dividend for the previous financial year.

Auditor's independence declaration to the directors of Empired Limited

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

Signed in accordance with a resolution of directors.



Russell Baskerville
Managing Director
Perth, 23rd February 2017

Statement of Profit or Loss and Other Comprehensive Income

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

		<i>Consolidated 6 months to 31 December 2016</i>	<i>Consolidated 6 months to 31 December 2015</i>
	<i>Notes</i>	\$	\$
Continuing operations			
Revenue	6	83,618,918	77,308,918
Cost of sales		<u>(57,145,729)</u>	<u>(53,716,144)</u>
Gross profit		26,473,189	23,592,774
Other Income	6	120,010	98,310
Administration expenses	7	(21,126,252)	(22,980,083)
Marketing expenses		(270,722)	(407,826)
Occupancy expenses		(2,678,830)	(2,643,379)
Finance expenses		(1,192,253)	(709,466)
Loss on disposal of assets		<u>-</u>	<u>(2,345,253)</u>
Profit / (loss) before income tax		1,325,142	(5,394,923)
Income tax (expense) / benefit		(200,752)	1,657,772
		<u>1,124,390</u>	<u>(3,737,151)</u>
Other comprehensive income for the half-year, net of income tax			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		(16,709)	34,489
		<u>1,107,681</u>	<u>(3,702,662)</u>
Earnings / (loss) per share (cents per share):			
Basic earnings / (loss) per share	8	0.91	(3.19)
Diluted earnings / (loss) per share	8	0.91	(3.19)

This Statement of Profit or Loss and other Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

AS AT 31 DECEMBER 2016

	<i>Notes</i>	<i>Consolidated 31 December 2016</i>	<i>Consolidated 30 June 2016</i>
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	9	3,088,911	2,970,688
Trade and other receivables		18,999,865	22,212,724
Work in progress		10,453,300	10,399,024
Other current assets		2,621,491	2,614,113
Total Current Assets		<u>35,163,567</u>	<u>38,196,549</u>
Non-Current Assets			
Investments in associates		-	192,085
Plant and equipment		20,612,459	21,139,187
Intangible assets	10	56,804,245	55,104,355
Other receivables		81,120	68,161
Deferred tax asset		3,733,699	3,246,657
Total Non-current assets		<u>81,231,523</u>	<u>79,750,445</u>
TOTAL ASSETS		<u>116,395,090</u>	<u>117,946,994</u>
LIABILITIES			
Current Liabilities			
Trade and other payables		19,593,000	26,153,318
Borrowings	11	14,082,336	13,451,719
Provisions		5,236,159	6,027,245
Deferred consideration		7,728,485	2,200,993
Total Current Liabilities		<u>46,639,980</u>	<u>47,833,275</u>
Non-current Liabilities			
Borrowings	11	11,593,822	6,120,877
Provisions		4,454,643	4,834,336
Deferred tax liability		667	694
Deferred consideration		-	6,753,111
Total Non-current Liabilities		<u>16,049,132</u>	<u>17,709,018</u>
TOTAL LIABILITIES		<u>62,689,112</u>	<u>65,542,293</u>
NET ASSETS		<u>53,705,978</u>	<u>52,404,701</u>
EQUITY			
Issued capital	12	38,808,679	38,783,679
Reserves		1,920,355	1,779,017
Retained profits		12,976,944	11,842,005
TOTAL EQUITY		<u>53,705,978</u>	<u>52,404,701</u>

This Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Cash Flows

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	<i>Consolidated 6 months to 31 December 2016</i>	<i>Consolidated 6 months to 31 December 2015</i>
<i>Notes</i>	<i>\$</i>	<i>\$</i>
Cash flows from operating activities		
Receipts from customers	93,250,882	78,859,689
Payments to suppliers and employees	(91,680,804)	(79,398,908)
Income tax paid	(713,222)	(248,198)
Dividends received from associate	75,943	214,887
Net cash flows from / (used) in operating activities	<u>932,799</u>	<u>(572,530)</u>
Cash flows from investing activities		
Payment for intangibles	(2,424,790)	(1,964,368)
Payment for plant and equipment	(1,835,030)	(6,629,477)
Employee share scheme	(47,640)	-
Deferred payment in relation to business acquisitions of prior year	(1,225,618)	(150,000)
Proceeds on sale of associate	231,024	-
Net cash flows used in investing activities	<u>(5,302,054)</u>	<u>(8,743,845)</u>
Cash flows from financing activities		
Finance costs (net)	(1,185,978)	(662,488)
Repayment of borrowings	(1,992,945)	(1,608,861)
Payment of capital raising costs	-	(7,178)
Options exercised	-	200,000
Proceeds from finance leases	1,732,317	-
Repayment of finance lease liabilities	(1,553,492)	(727,333)
Proceeds from borrowings	1,431,188	-
Net cash flows used in financing activities	<u>(1,568,910)</u>	<u>(2,805,860)</u>
Net decrease in cash and cash equivalents	(5,938,165)	(12,122,235)
Effect of exchange rate fluctuations on cash held	35,375	195,177
Cash and cash equivalents at beginning of period	2,970,688	9,604,422
Cash and cash equivalents at end of period	<u>9</u> <u>(2,932,102)</u>	<u>(2,322,636)</u>

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	<i>Issued Capital</i>	<i>Retained Profits</i>	<i>Foreign Currency Translation Reserve</i>	<i>Employee Equity Benefits Reserve</i>	<i>Total Equity</i>
	\$	\$	\$	\$	\$
Balance at 1 July 2016	38,783,679	11,842,005	138,811	1,640,206	52,404,701
Prior period adjustment	-	10,549	-	-	10,549
Profit for the period	-	1,124,390	-	-	1,124,390
Other comprehensive income	-	-	(16,709)	-	(16,709)
Share payment expense	-	-	-	158,047	158,047
Issue of shares	25,000	-	-	-	25,000
Balance at 31 December 2016	38,808,679	12,976,944	122,102	1,798,253	53,705,978
Balance at 1 July 2015	37,779,130	13,566,383	(40,632)	1,410,259	52,715,140
Profit / (loss) for the period	-	(3,737,151)	-	-	(3,737,151)
Other comprehensive income	-	-	34,489	-	34,489
Share payment expense	-	-	-	162,474	162,474
Options exercised	200,000	-	-	-	200,000
Capital raising cost	(7,178)	-	-	-	(7,178)
Balance at 31 December 2015	37,971,952	9,829,232	(6,143)	1,572,733	49,367,774

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

1 GENERAL INFORMATION AND BASIS OF PREPARATION

The condensed interim consolidated financial statements ('the interim financial statements') of the Group are for the six (6) months ended 31 December 2016 and are presented in Australian Dollars, which is the functional currency of the Parent Company. These general purpose interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2016 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The Interim Financial Statements have been approved and authorised for issue by the Board of Directors on 23 February 2017.

2 GOING CONCERN

The interim financial report for the six months ended 31 December 2016 has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business.

For the period ended 31 December 2016 the Group recorded a profit after tax of \$1,124,390, operating cash flows of \$932,799, and a deficiency of current assets to current liabilities of \$11,476,413. Also at period end the Group had available \$2,904,187 of undrawn short term bank overdraft facilities available, \$481,300 of a term loan facility undrawn and \$3,088,911 of cash on hand.

The deficiency of current assets to current liabilities is principally due to current deferred consideration of \$7,728,485, comprising \$975,374 falling due May 2017 and \$6,753,111 falling due on 1 July 2017. The company intends to re-finance these deferred vendor payments and given the profit result for the period and the trading outlook for the Group the directors are confident of obtaining such funding.

Based upon the above, the Directors have reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable and the Directors consider the going concern basis of preparation to be appropriate for this Interim Financial Report.

3 SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2016.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

4 ESTIMATES

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2016.

Notes to the Financial Statements (Continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

5 SEGMENT REPORTING

Management identifies its operating segments based on the Group's geographical presence, which represent the main products and services provided by the Group. The Group's two operating segments are:

- Australia
- New Zealand

The revenues and profit generated by each of the Group's operating segments and segment assets are summarised as follows:

	<i>Australia</i>	<i>New Zealand</i>	<i>Elimination</i>	<i>Total</i>
	\$	\$	\$	\$
Six months to 31 December 2016				
Revenue				
From external customers	51,442,685	32,176,233	-	83,618,918
From other segment	179,939	651,744	(831,683)	-
Total	51,622,624	32,827,977	(831,683)	83,618,918
Segment profit (EBITDA)	3,857,703	2,580,437	-	6,438,140
Segment assets	79,494,356	36,900,734	-	116,395,090

Six months to 31 December 2015

Revenue				
From external customers	47,892,197	29,416,721	-	77,308,918
From other segment	348,850	891,104	(1,239,954)	-
Total	48,241,047	30,307,825	(1,239,954)	77,308,918
Segment profit / (loss) (EBITDA)	(1,821,838)	2,357,529	-	535,691
Segment assets	84,219,485	34,336,720	-	118,556,205

The Group's segment operating EBITDA reconciles to the Group's profit before tax, as presented in its financial statements, as follows:

	<i>6 months to 31 December 2016</i>	<i>6 months to 31 December 2015</i>
	\$	\$
Total reporting segment operating EBITDA	6,438,140	535,691
Other income not allocated	-	337,898
Group EBITDA	6,438,140	873,589
Finance costs	(1,185,978)	(692,389)
Depreciation and amortisation expenses	(3,927,020)	(3,230,870)
Loss on disposal of assets	-	(2,345,253)
Profit /(loss) before income tax	1,325,142	(5,394,923)

Notes to the Financial Statements (Continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

6 REVENUES

	<i>6 months to 31 December 2016</i>	<i>6 months to 31 December 2015</i>
	\$	\$
Sales revenue	83,618,918	77,308,918
Other Income		
Share of associate profit / (loss)	92,259	(20,405)
Profit on sale of associate	21,476	-
Payroll tax rebate	-	88,814
Interest revenue	6,275	29,901
Total Other Income	<u>120,010</u>	<u>98,310</u>
Total Revenue	<u><u>83,738,928</u></u>	<u><u>77,407,228</u></u>

7 ADMINISTRATION EXPENSES

Profit before income tax includes the following specific expenses:

Employee benefits	12,559,878	14,181,276
Depreciation and amortisation expenses	3,927,020	3,230,869
Other administration expenses	4,639,354	5,567,938
	<u>21,126,252</u>	<u>22,980,083</u>

8 EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period. Diluted EPS amounts are calculated by dividing net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. The following represents the share data used in the EPS computations:

	<i>6 months to 31 December 2016</i>	<i>6 months to 31 December 2015</i>
	<i>Thousands</i>	<i>Thousands</i>
Weighted average number of ordinary shares for basic earnings per share	122,201	116,008
<i>Effect of Dilution:</i>		
Share options	-	228
Weighted average number of ordinary shares adjusted for the effect of dilution	<u>122,201</u>	<u>116,236</u>

Notes to the Financial Statements (Continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

9 CASH AND CASH EQUIVALENTS

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash includes cash at bank and in hand net of bank overdrafts. Cash at the end of the half year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Consolidated 31 December 2016	Consolidated 30 June 2016
	\$	\$
Cash at bank and in hand	3,088,911	2,970,688
Bank overdrafts (note 11)	(6,021,013)	-
Net cash and cash equivalents	<u>(2,932,102)</u>	<u>2,970,688</u>

(b) Reconciliation of profit after tax to net cash flows from operating activities

	Consolidated 31 December 2016	Consolidated 31 December 2015
	\$	\$
Profit / (loss) after income tax	1,124,390	(3,737,151)
Net interest paid	1,185,978	662,488
Depreciation and amortisation	3,927,020	3,230,870
Loss on disposal of assets	-	2,345,253
Share payment expense	183,047	162,474
Foreign currency unrealised gain/loss	(153,958)	(74,257)
Equity accounted earnings from associate	(92,258)	20,405
Profit on sale of associate	(21,476)	-
Dividend received from associate	75,943	214,887
<i>Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:</i>		
Decrease in receivables	3,199,900	1,511,769
Decrease / (increase) in other assets	254,481	(1,637,745)
Decrease in creditors	(4,555,136)	(787,700)
Decrease in unearned income	(2,537,311)	(378,591)
Increase in deferred tax asset	(487,042)	(1,657,772)
Decrease in provisions	(1,170,779)	(447,460)
Net cash from operating activities	<u>932,799</u>	<u>(572,530)</u>

(c) Non cash transactions

During the period the Group acquired \$1,025,045 of plant and equipment and intangibles under finance leases not involving cash.

Notes to the Financial Statements (Continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

10 INTANGIBLE ASSETS

	<i>Consolidated 31 December 2016</i>	<i>Consolidated 30 June 2016</i>
	\$	\$
Goodwill		
Cost	46,446,049	46,446,049
Net carrying value	<u>46,446,049</u>	<u>46,446,049</u>
Software		
Cost	17,720,462	14,249,913
Amortisation	<u>(7,558,048)</u>	<u>(5,830,065)</u>
Net carrying value	<u>10,162,414</u>	<u>8,419,848</u>
Other		
Cost	492,636	491,493
Amortisation	<u>(296,854)</u>	<u>(253,035)</u>
Net carrying value	<u>195,782</u>	<u>238,458</u>
Total intangibles	<u><u>56,804,245</u></u>	<u><u>55,104,355</u></u>

	<i>Goodwill</i>	<i>Software</i>	<i>Other</i>	<i>Total</i>
Period ended 31 December 2016				
Balance at the beginning of the year	46,446,049	8,419,848	238,458	55,104,355
Additions	-	3,449,834	-	3,449,834
Amortisation charge	-	(1,727,983)	(43,821)	(1,771,804)
Foreign currency exchange differences	-	20,715	1,145	21,860
Closing value at 31 December 2016	<u>46,446,049</u>	<u>10,162,414</u>	<u>195,782</u>	<u>56,804,245</u>
Year end 30 June 2016				
Balance at the beginning of the year	46,446,049	7,935,235	323,592	54,704,876
Additions	-	4,162,562	-	4,162,562
Disposals	-	(574,199)	-	(574,199)
Amortisation charge	-	(3,102,309)	(84,298)	(3,186,607)
Foreign currency exchange differences	-	(1,441)	(836)	(2,277)
Closing value at 30 June 2016	<u>46,446,049</u>	<u>8,419,848</u>	<u>238,458</u>	<u>55,104,355</u>

Intangible assets, other than goodwill, have finite lives and are required to be amortised over their expected lives. Goodwill has an infinite life.

Notes to the Financial Statements (Continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

11 BORROWINGS

	<i>Consolidated 31 December 2016</i>	<i>Consolidated 30 June 2016</i>
	\$	\$
Current		
<i>Designated at amortised cost:</i>		
Bank overdrafts (a) (b)	6,021,013	-
Obligations under NZ-Dollar bank loan (b)	1,604,333	1,593,184
Obligations under finance leases and hire purchase contracts (c)	3,881,685	2,949,293
Obligations under premium funding contracts	75,305	145,604
Obligations under bank loan (a)	2,500,000	8,763,638
	<u>14,082,336</u>	<u>13,451,719</u>
Non-current		
<i>Designated at amortised cost:</i>		
Obligations under NZ-Dollar bank loan (b)	3,208,667	2,549,092
Obligations under finance leases and hire purchase contracts (c)	2,720,514	3,170,783
Obligations under bank loan (a)	5,664,641	401,002
	<u>11,593,822</u>	<u>6,120,877</u>

Security arrangements

- (a) All Australian entities have provided a General Security Interest as security for bank borrowings in Australia. Additionally, each Australian entity has provided a guarantee and indemnity to the lender.
- (b) A controlled entity has provided a General Security Interest as security for bank borrowings in New Zealand.
- (c) Lease and hire purchase liabilities are secured over particular assets.

Notes to the Financial Statements (Continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

12 ISSUED CAPITAL

	<i>Consolidated 31 December 2016</i>	<i>Consolidated 30 June 2016</i>
	\$	\$
Ordinary Shares fully paid	38,808,679	38,783,679
Movement in ordinary shares on issue	No.	\$
At 1 July 2015	115,183,253	37,779,130
Issue of ordinary shares (net of issue costs)	4,365,285	804,549
Conversion of options	500,000	200,000
At 30 June 2016	120,048,538	38,783,679
Issue of ordinary shares (net of issue costs)	2,169,444	25,000
At 31 December 2016	122,217,982	38,808,679

Ordinary shares entitle the holder to participate in dividends, and carry one vote per share. These shares have no par value.

The following illustrates the number and movement in Performance Rights for the reporting period:

	<i>Consolidated 31 December 2016</i>
	\$
Outstanding at the beginning of the period	5,584,076
Granted during the period	3,411,975
Forfeited during the period	(1,722,392)
Vested during the period	(2,100,000)
Outstanding at the end of the period	5,173,659

13 CAPITAL COMMITMENTS

The Group has capital commitments contracted but not provided for in the financial statements as at 31 December 2016 of \$891,906 (31 December 2015: nil)

14 SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly 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 Empired Limited for the half-year ended 31 December 2016 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 2016 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become payable.

On behalf of the Board



Russell Baskerville
Managing Director & CEO
Perth, 23rd February 2017

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10 Kings Park Road
West Perth WA 6005

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W www.grantthornton.com.au

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 2016, 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



M J Hillgrove
Partner - Audit & Assurance

Perth, 23 February 2017

Grant Thornton Audit Pty Ltd ACN 130 913 594
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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF EMPIRED LIMITED

We have reviewed the accompanying half-year financial report of Empired Limited (the Company), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-year Financial Report

The Directors of Empired 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 the Empired Limited consolidated entity's financial position as at 31 December 2016 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.

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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 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 2016 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



M J Hillgrove
Partner - Audit & Assurance

Perth, 23 February 2017