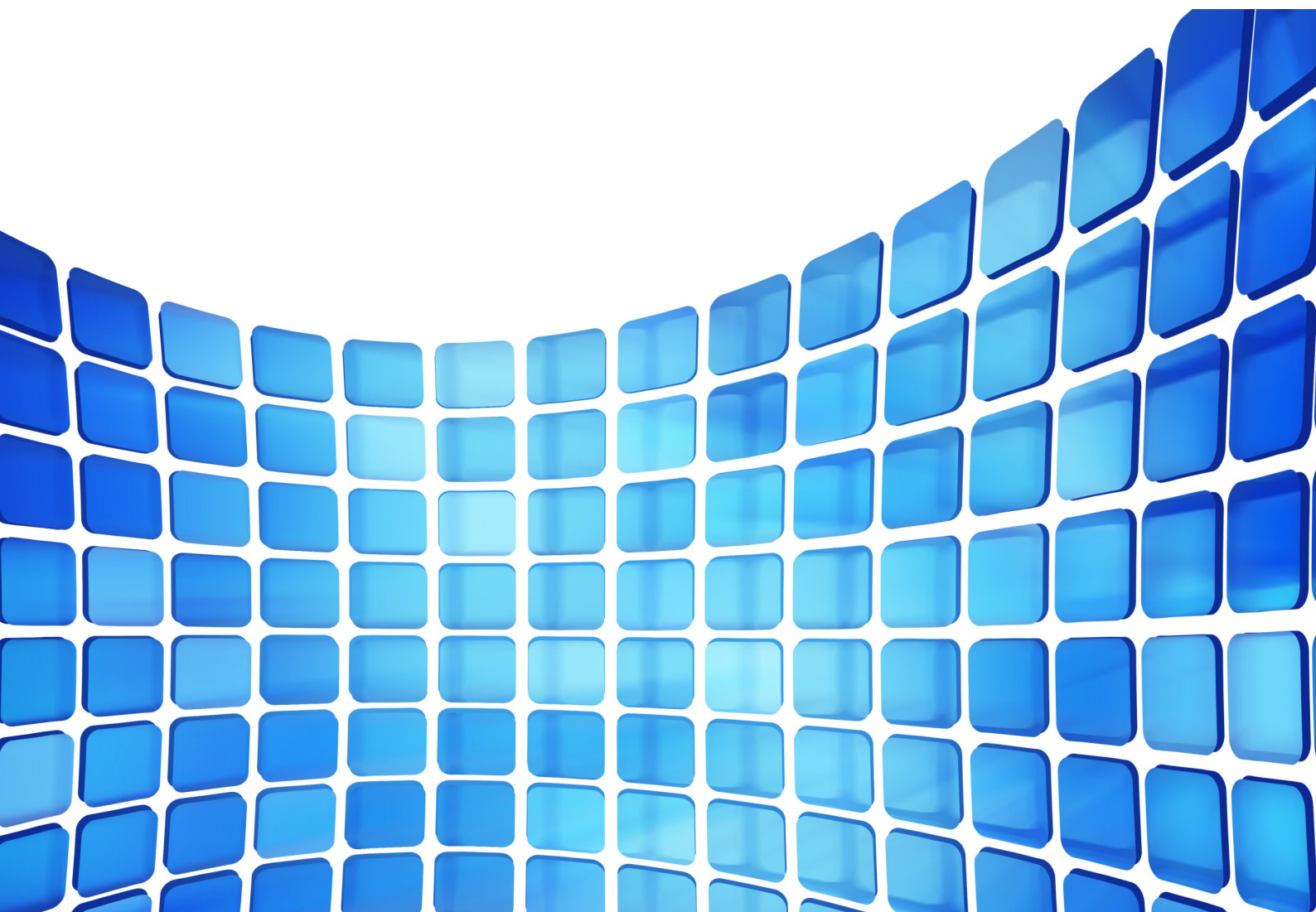




**Empired**  
INFORMATION SERVICES & TECHNOLOGY



Appendix 4D  
Interim Financial Report  
31 December 2011

## Appendix 4D

### Interim Financial Report 31 December 2011

#### RESULTS FOR ANNOUNCEMENT TO THE MARKET

Results		Change from 31 Dec 2010	31 Dec 2011 \$
Total revenue	Up	51.2%	23,732,942
Profit before Interest, Tax, Depreciation and Amortisation (EBITDA)	Up	169.9%	1,413,386
Net profit for the period attributable to members (NPAT)	Up	169.3%	675,470

Net tangible asset backing per ordinary share	31 Dec 2011	31 Dec 2010
Net tangible asset backing per ordinary share	5.38c	4.72c

Dividends	Amount per security	Franked amount
Interim dividend FY12	Nil	-
Final dividend FY11	Nil	-

#### PERTH

Level 13, Septimus Roe Square Phone: +61 8 9223 1234  
256 Adelaide Terrace Fax: +61 8 9223 1230  
PERTH WA 6000

#### MELBOURNE

Level 8, 31 Queen Street Phone: +61 3 8610 0700  
Melbourne VIC 3000 Fax: +61 3 8610 0701

[www.empired.com](http://www.empired.com)

info@empired.com  
ABN 81 090 503 843

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## CORPORATE DIRECTORY

### Directors

Mel Ashton (Chairman)  
Richard Bevan (Non-Executive Director)  
John Bardwell (Non-Executive Director)  
Russell Baskerville (Managing Director & CEO)

### Registered Office

Level 13  
Septimus Roe Square  
256 Adelaide Terrace  
PERTH WA 6000  
Telephone No: +618 9223 1234  
Fax No: +618 9223 1230

### 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

Level 13  
Septimus Roe Square  
256 Adelaide Terrace  
PERTH WA 6000  
Telephone No: +618 9223 1234  
Fax No: +618 9223 1230

### Company Secretary

Mark Waller

### Legal Advisers

Jackson McDonald Lawyers  
140 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 2, 45 St Georges Terrace  
Perth WA 6000

#### Melbourne

Level 8, 31 Queens Street  
MELBOURNE VIC 3000  
Telephone No: +613 8610 0700  
Fax No: +613 8610 0701

**Website** [www.empired.com](http://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 2011

### **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)

John Bardwell (Non-executive Director) start date 26 September 2011

Russell Baskerville (Managing Director)

### **Review of Results & Operations**

Revenue in the business for the half-year was \$23.73M (2010: \$15.69M) representing an increase of 51.2% on the same period in the preceding year.

Consolidated net profit after tax for the half-year was \$675,470 (2010: \$250,780).

### **Dividends**

The directors of Empired Limited do not recommend 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  
27<sup>th</sup> February 2012

## Statement of Comprehensive Income

FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	<i>Notes</i>	<i>Consolidated 6 months to 31 December 2011 \$</i>	<i>Consolidated 6 months to 31 December 2010 \$</i>
<b>Revenue</b>	2	23,732,942	15,692,755
Cost of sales		<u>(17,888,386)</u>	<u>(11,474,212)</u>
<b>Gross profit</b>		5,844,556	4,218,543
Other Income	2	36,604	6,659
Legal expenses		(12,199)	(6,860)
Marketing expenses		(43,148)	(27,480)
Occupancy expenses		(595,179)	(327,297)
Employee expenses		(2,798,353)	(2,322,785)
Finance expenses		(133,718)	(58,374)
Amortisation expenses		(25,051)	-
Depreciation expenses		(268,115)	(182,367)
Other expenses	3	<u>(1,017,589)</u>	<u>(1,017,232)</u>
<b>Profit before income tax</b>		987,808	282,807
Income tax expense	4	(312,338)	(32,027)
<b>Profit for the period</b>		<u>675,470</u>	<u>250,780</u>
<b>Other comprehensive income</b>		-	-
<b>Other comprehensive income for the period, net of income tax</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>		<u>675,470</u>	<u>250,780</u>

The accompanying notes form part of this financial report.

Earnings per share (cents per share):

Basic earnings per share	1.43	0.54
Diluted earnings per share	1.22	0.45

## Statement of Financial Position

AS AT 31 DECEMBER 2011

		<i>Consolidated</i>	<i>Consolidated</i>
	Notes	<i>31 December</i>	<i>30 June</i>
		<i>2011</i>	<i>2011</i>
		\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		534,239	1,385,530
Trade and other receivables		9,263,340	5,959,023
Inventories		1,607,028	919,262
Other current assets		188,230	263,082
<b>Total Current Assets</b>		<u>11,592,837</u>	<u>8,526,897</u>
<b>Non-Current Assets</b>			
Property, plant and equipment		2,608,713	1,576,729
Intangible assets		4,076,723	3,978,449
Deferred tax asset	4	410,198	437,852
<b>Total Non-current assets</b>		<u>7,095,634</u>	<u>5,993,030</u>
<b>TOTAL ASSETS</b>		<u>18,688,471</u>	<u>14,519,927</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		8,278,848	6,508,622
Financial liabilities		1,362,488	256,474
Provisions		836,479	845,963
<b>Total Current Liabilities</b>		<u>10,477,815</u>	<u>7,611,059</u>
<b>Non-current Liabilities</b>			
Financial liabilities		370,497	143,028
Provisions		134,648	108,680
Deferred tax liability	4	557,099	336,355
<b>Total Non-current Liabilities</b>		<u>1,062,244</u>	<u>588,063</u>
<b>TOTAL LIABILITIES</b>		<u>11,540,059</u>	<u>8,199,122</u>
<b>NET ASSETS</b>		<u>7,148,412</u>	<u>6,320,805</u>
<b>EQUITY</b>			
Issued capital		2,983,882	2,849,315
Share option reserves	6	374,097	356,527
Retained profits		3,790,433	3,114,963
<b>TOTAL EQUITY</b>		<u>7,148,412</u>	<u>6,320,805</u>

The accompanying notes form part of this financial report.



## Statement of Cash Flows

FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Note	<i>Consolidated 6 months to 31 December 2011</i> \$	<i>Consolidated 6 months to 31 December 2010</i> \$
<b>Cash flows from operating activities</b>			
Receipts from customers		20,446,727	12,385,496
Payments to suppliers and employees		(21,235,600)	(13,457,825)
Borrowing costs		(118,366)	(58,374)
Income tax paid		(6,758)	(21,867)
Interest received		36,605	6,659
<b>Net cash flows (used in) from operating activities</b>		<u>(877,392)</u>	<u>(1,145,911)</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(1,300,329)	(313,798)
Purchase of other assets		(119,824)	-
<b>Net cash flows (used in) investing activities</b>		<u>(1,420,153)</u>	<u>(313,798)</u>
<b>Cash flows from financing activities</b>			
Repayment of short term loans		(96,153)	(98,606)
Payment of capital raising costs		(6,600)	-
Proceeds from issue of shares		141,166	-
Payment of finance lease liabilities		(108,371)	(115,737)
Proceeds from borrowings		437,287	147,635
<b>Net cash flows (used in) financing activities</b>		<u>367,329</u>	<u>(66,708)</u>
Net increase/ (decrease) in cash and cash equivalents		(1,930,216)	(1,526,417)
Cash and cash equivalents at beginning of period		1,385,530	250,575
<b>Cash and cash equivalents at end of period</b>	5	<u>(544,686)</u>	<u>(1,275,842)</u>

The accompanying notes form part of this financial report.

## Statement of Changes in Equity

FOR THE HALF YEAR ENDED 31 DECEMBER 2011

### Half Year Ended 31 December 2011

Note	Issued Capital \$	Retained Earnings \$	Option Reserve \$	Total Equity \$
<b>CONSOLIDATED</b>				
<b>Balance at 1 July 2011</b>	2,849,315	3,114,963	356,527	6,320,805
Total comprehensive income for the period	-	675,470	-	675,470
Cost of share-based payments	(6,600)	-	17,570	10,970
Options exercised	141,167	-	-	141,167
<b>Balance at 31 December 2011</b>	<b>2,983,882</b>	<b>3,790,433</b>	<b>374,097</b>	<b>7,148,412</b>

### Half Year Ended 31 December 2010

Note	Issued Capital \$	Retained Earnings \$	Option Reserve \$	Total Equity \$
<b>CONSOLIDATED</b>				
<b>Balance at 1 July 2010</b>	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	(84,081)	-	-	(84,081)
<b>Balance at 31 December 2010</b>	<b>2,691,901</b>	<b>3,163,871</b>	<b>272,966</b>	<b>6,128,738</b>

The accompanying notes form part of this financial report.

## Notes to the Financial Statements

### FOR THE HALF YEAR ENDED 31 DECEMBER 2011

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#### 1 BASIS OF PREPARATION OF HALF-YEAR REPORT

This general purpose financial report for the interim half-year reporting period ended 31 December 2011 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 2011 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

Indicators of impairment were not identified and no impairment testing was performed. Key assumptions can be reviewed within June 2011 Annual Report.

- 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 14% of the revenue of the Group

## Notes to the Financial Statements (continued)

### FOR THE HALF YEAR ENDED 31 DECEMBER 2011

#### 2 REVENUES

	CONSOLIDATED 31 December 2011 \$	CONSOLIDATED 31 December 2010 \$
Sales Revenue		
Services	23,732,942	15,692,755
Other Revenue		
Interest	35,679	6,659
Other	925	-
	<u>36,604</u>	<u>6,659</u>
	<u>23,769,546</u>	<u>15,699,414</u>

#### 3 EXPENSES

Profit before income tax includes the following specific expenses:

Insurance	78,592	68,613
Travel	196,220	102,695
Administration	417,354	234,092
Other	325,423	611,832
	<u>1,017,589</u>	<u>1,017,232</u>

#### 4 INCOME TAX

	CONSOLIDATED 31 December 2011	CONSOLIDATED 31 December 2010
<b>(a) Income tax expense/(benefit)</b>		
<i>The major components of income tax are:</i>		
Current income tax charge	72,954	87,590
Deferred income tax relating to origination and reversal of temporary differences	248,398	16,506
Overprovision in respect of prior years	(9,014)	(72,069)
Income tax expense/ (benefit) reported in income statement	<u>312,338</u>	<u>32,027</u>
<b>(b) Amounts charged or credited directly to equity</b>		
Expenses relating to initial public offering	-	84,081
Income tax expense reporting in equity	<u>-</u>	<u>84,081</u>

**Notes to the Financial Statements (continued)**

FOR THE HALF YEAR ENDED 31 DECEMBER 2011

**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 2011 \$	CONSOLIDATED 31 December 2010 \$
Profit before income tax	987,808	282,807
Prima facie tax on operating profit calculated at 30%	296,342	84,842
Add tax effect of:		
Non-deductible expenses	25,010	12,474
Prior year adjustment	(9,014)	(68,681)
Movement in DTA's recognised in equity	-	(12,012)
Share based payments	-	15,019
Other	-	385
Income tax expense / (benefit)	312,338	32,027

**(d) Recognised deferred tax assets and liabilities**

Deferred income tax balances at 31 December 2011 relate to the following:

	CONSOLIDATED 31 December 2011 \$	CONSOLIDATED 30 June 2011 \$
<i>Deferred Tax Liabilities</i>		
Work in progress	(482,108)	(275,994)
Depreciation	(19,890)	-
Fixed assets	(49,599)	(49,599)
Prepayments	(5,502)	(10,762)
Gross deferred tax liabilities	(557,099)	(336,355)
<i>Deferred Tax Assets</i>		
Provisions	277,326	406,453
Borrowing costs	1,222	1,855
Accruals	116,878	-
Equity raising costs	14,772	29,544
Gross deferred tax assets	410,198	437,852

## Notes to the Financial Statements (continued)

### FOR THE HALF YEAR ENDED 31 DECEMBER 2011

---

#### 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 2011	31 December 2010
Term Deposit	8	533,603	498,429
Cash Assets		636	880
		534,239	499,309
Bank Overdraft		(1,078,927)	(1,775,151)
Net cash and cash equivalents		(544,688)	(1,275,842)

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 2011

#### 6 RESERVES

	<b>CONSOLIDATED</b>	
	31 December 2011	30 June 2011
	\$	\$
Option reserve	374,097	356,527
Share Options	No.	No.
<i>Movement in options on issue</i>		
Balance at beginning of period	11,806,748	11,583,963
Options expired/forfeited		
Purchaser options	(100,000)	(200,000)
Executive options	(1,660,000)	(3,250,000)
Employee options	(645,646)	(277,215)
Sales executive options	(2,050,000)	-
Options exercised		
Executive options	(589,999)	-
Options granted		
Executive options	-	1,500,000
Sales executive options	-	2,450,000
Balance at end of period	6,761,103	11,806,748

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 2011

#### 7 INTANGIBLE ASSETS

	31 December 2011	30 June 2011
	\$	\$
<i>Goodwill</i>		
Cost	3,948,764	3,948,764
Accumulated impaired losses	-	-
Net carrying value	3,948,764	3,948,764
<i>Software</i>		
Cost	149,510	29,685
Amortisation	(25,051)	-
Accumulated impaired losses	-	-
Net carrying value	124,459	29,685
<i>IP</i>		
Cost	3,500	-
Accumulated impaired losses	-	-
Net carrying value	3,500	-
Total intangibles	4,076,723	3,978,449

	Goodwill	Software	IP	Total
Year end 31 December 2011				
Balance at the beginning of the year	3,948,764	29,685	-	3,978,449
Additions	-	119,825	3,500	123,325
Disposals	-	-	-	-
Amortisation charge	-	(25,051)	-	(25,051)
Impairment losses	-	-	-	-
	3,948,764	124,459	3,500	4,076,723
Year end 30 June 2011				
Balance at the beginning of the year	3,948,764	-	-	3,948,764
Additions	-	29,685	-	29,685
Disposals	-	-	-	-
Amortisation charge	-	-	-	-
Impairment losses	-	-	-	-
Closing value at 30 June 2011	3,948,764	29,685	-	3,978,449



## Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2011

---

### 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.

	<b>CONSOLIDATED</b> <b>31 December 2011</b> <b>\$</b>	<b>CONSOLIDATED</b> <b>31 December 2010</b> <b>\$</b>
Bank Guarantee	533,603	498,428

### 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 2011 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

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

Russell Baskerville  
Managing Director  
27<sup>th</sup> of February 2012