

27 August 2014

# ASX Announcement

## FY2014 Full Year Results

**Empired confirms the following reported results and fully franked dividend payment for the 2014 financial year.**

- **Record Revenue of \$67M up 44%**
- **Record EBITDA of \$7.1M up 98%**
- **Record Net Profit Before Tax of \$4.3M up 119%**
- **Record Net Profit After Tax of \$3.8M up 145%**
- **Record Earnings Per Share (fully diluted) of 4.26 cents up 95%**
- Underlying<sup>(1)</sup> EBITDA of \$5.7M
- Positive Operating Cash Flow of \$5.3M
- Cash at June 30, 2014 of \$8M
- Net Interest Bearing Debt of \$5.2M

The Empired Board is pleased to declare a \$0.01 fully franked dividend with a record date of 7 October 2014 and a payment date of 21 October 2014.

The Empired Board and management team are pleased with the financial and strategic results achieved during the 2014 financial year and look forward to another transformational year ahead.

Empired is pleased to advise that following its announcement on 4<sup>th</sup> August 2014 relating to 2014 full year unaudited headline results, no audit adjustments have been made.

#### 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](mailto:info@empired.com)  
ABN 81 090 503 843

For more information please contact:  
Russell Baskerville  
Managing Director  
Empired Limited  
Ph +61 8 9223 1234  
Em: [russell.baskerville@empired.com](mailto:russell.baskerville@empired.com)

## About Empired Limited

Empired Ltd is a national IT Services Provider with a broad range of capabilities and experience. First established in 1999, Empired is a publicly listed company (ASX: EPD) that is proud to have its foundations in Western Australia, with a strong national presence. With approximately 450 staff, Empired has built a reputation for service excellence and is a leading provider of business technology solutions in the Corporate and Government sector.

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, South East Asia and beyond.

Empired focuses on providing companies with tailored IT service solutions that address their specific needs. We have established long-term client relationships and are continually invited to help enhance their business processes.

Empired offers a range of services complemented by hardware and software products that enable it to provide comprehensive and professional ICT solutions.

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

<sup>(1)</sup> Underlying EBITDA excludes a one off \$2M credit to the P&L as a result of a negotiation that reduced deferred payments to the vendors of OBS Pty Ltd by \$2M in cash and \$0.6M of transaction costs associated with the acquisition of OBS Pty Ltd and eSavvy Pty Ltd.

# Annual Financial Report and Appendix 4E for the year ended 30 June 2014

## Empired Limited and its Controlled Entities

ABN 81 090 503 843

Lodged with the ASX under Listing Rule 4.3A

The previous corresponding period is 30 June 2013.

<b>Results for Announcement to Market</b>				<b>Year Ended 30 June 2014 \$</b>	<b>Year Ended 30 June 2013 \$</b>
<b>Revenue</b> from ordinary activities	Up	44%	to	66,798,695	46,498,244
<b>Profit</b> before Interest, Tax, Depreciation and Amortisation ( <b>EBITDA</b> )	Up	98%	to	7,067,250	3,574,726
<b>Profit</b> before Interest and Tax ( <b>EBIT</b> )	Up	114%	to	5,066,232	2,370,252
<b>Net profit</b> for the period attributable to members ( <b>NPAT</b> )	Up	145%	to	3,793,491	1,549,840

<b>Dividends</b>	<b>Amount per security (cents)</b>	<b>Franked amount per security</b>	<b>Record date for determining entitlements to the final dividend</b>	<b>Payment date of the final dividend</b>
Final dividend FY 14	1.00	1.00	7 October 14	21 October 14
Interim dividend FY 14	-	-	-	
All dividends proposed are on ordinary shares and are fully franked at 30% tax rate				

<b>Net tangible assets per security</b>	<b>Year Ended 30 June 2014</b>	<b>Year Ended 30 June 2013</b>
Net tangible asset backing per ordinary share	\$ 0.07	\$ 0.05

<b>Statement of comprehensive Income</b>	Refer to attached annual report
<b>Statement of financial position</b>	Refer to attached annual report
<b>Statement of Changes in Equity</b>	Refer to attached annual report
<b>Statement of Cash Flows</b>	Refer to attached annual report
<b>Details of entities over which control has been gained during the period</b>	OBS Pty Limited eSavvy Pty Limited
<b>Details of associates and joint venture entities</b>	None

#### **Commentary on the results for the period**

Refer attached press release and Chairman & CEO's review included in the attached report

#### **Audit**

This Appendix 4E is based on the financial report (attached for the year ended 30 June 2014) which has been prepared in accordance with Australian Accounting Standards and which has been audited. The financial report is not subject to audit dispute or qualification.

The audit has been completed.





Empired

Initiative.  
Innovation.  
Growth.

EMPIRED LIMITED & ITS CONTROLLED ENTITIES  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2014  
ABN 81 090 503 843



# Contents

---

CORPORATE DIRECTORY	5
HIGHLIGHTS & RESULTS	6
CHAIRMAN & CEO REVIEW	9
DIRECTORS' REPORT	17
REMUNERATION REPORT	23
CASE STUDIES	30
CORPORATE GOVERNANCE STATEMENT	34
CHECKLIST OF CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS	40
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	42
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	43
CONSOLIDATED STATEMENT OF CASH FLOWS	44
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	45
NOTES TO THE FINANCIAL STATEMENTS	46
1. CORPORATE INFORMATION	46
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	46
3. REVENUES	62
4. ADMINISTRATION EXPENSES	62
5. INCOME TAX	63
6. EARNINGS PER SHARE	65
7. CASH AND CASH EQUIVALENTS	66
8. TRADE AND OTHER RECEIVABLES (CURRENT)	68
9. WORK IN PROGRESS	68
10. OTHER CURRENT ASSETS	68
11. PROPERTY, PLANT AND EQUIPMENT	69
12. INTANGIBLE ASSETS	71
13. EMPLOYEE BENEFITS	73
14. TRADE AND OTHER PAYABLES (CURRENT)	77
15. BORROWINGS	78
16. PROVISIONS	79
17. RESERVES	79
18. ISSUED CAPITAL	80
19. FINANCIAL RISK MANAGEMENT OBJECTIVES	82
20. FINANCIAL INSTRUMENTS	84
21. COMMITMENTS AND CONTINGENCIES	86
22. IMPAIRMENT TESTING OF GOODWILL	89
23. INVESTMENT IN CONTROLLED ENTITY	90
24. EVENTS AFTER THE REPORTING DATE	90
25. ACQUISITIONS	91
26. AUDITORS REMUNERATION	94
27. DIVIDENDS	95
28. PARENT ENTITY INFORMATION	95
DIRECTORS DECLARATION	97
AUDITORS INDEPENDENT DECLARATION	98
INDEPENDENT AUDIT REPORT	99
SHAREHOLDER ANALYSIS	102
OTHER INFORMATION FOR SHAREHOLDERS	106







# Corporate Directory

## Directors

Mel Ashton (Non-Executive 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

## Company Secretary

Mark Waller

## Legal Advisers

Jackson MacDonald  
 L25, 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

## ASX Code

EPD

## Principal Places of Business

### Perth

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

Level 4, 110 William Street  
 PERTH, WA 6000

Level 2, 1292 Hay Street  
 WEST PERTH, WA 6005

### Melbourne

Level 5, 257 Collins Street  
 MELBOURNE, VIC 3000  
 Telephone No: +613 8610 0700  
 Fax No: +613 8610 0701

Level 9, Little Bourke Street  
 MELBOURNE, VIC 3000

### Adelaide

Level 2, 8 Leigh Street  
 ADELAIDE, SA 5000

### Brisbane

Level 11, 79 Adelaide Street  
 BRISBANE, QLD 4000

### Sydney

Level 9, 37 York Street  
 SYDNEY, NSW 2000

**Empired**

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

# Highlights & Results

---

- Record Revenue of \$67M up 44%
- Record EBITDA of \$7.1M up 98%
- Record Net Profit Before Tax of \$4.3M up 119%
- Record Net Profit After Tax of \$3.8M up 145%
- Positive Operating Cash Flow of \$5.3M
- Cash at June 30, 2014 of \$8M
- Net Interest Bearing Debt of \$5.1M
- Final fully franked dividend of \$0.01

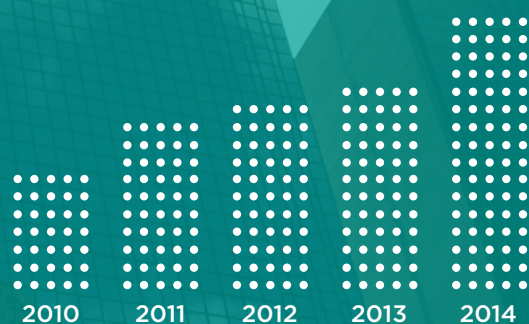
## Strategic Highlights

- Acquired OBS Pty Ltd in October 2013, adding \$32M of annualised Revenue in high growth services across the East Coast, cementing Empired as the largest Microsoft SharePoint partner in Australia. All 2014 financial targets met.
- Acquired eSavvy Pty Ltd in May 2014, doubling the Sydney office and cementing Empired as the largest Microsoft CRM partner in Australia.
- Secured \$46M contract with Main Roads WA, underpinning contracted Revenue for the next 5 years.
- Secured \$50M contract with a major resources Company, mobilisation and ramp up costs expensed in FY14 and on track to provide contribution in FY15 with potential for considerable upside with the customer.
- Raised \$15M of equity capital through a strongly oversubscribed institutional placement. This provided material improvements to trading liquidity and provides a strong balance sheet for growth.



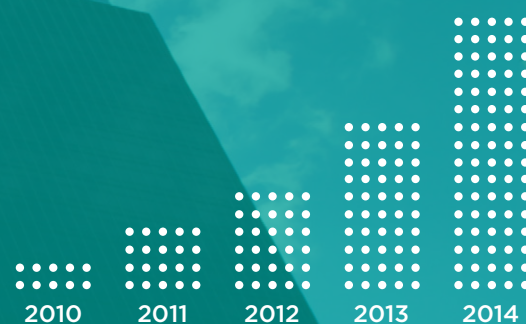
## Revenue

\$67M



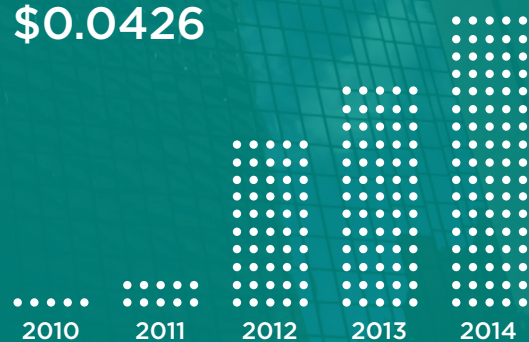
## EBITDA

\$7.1M



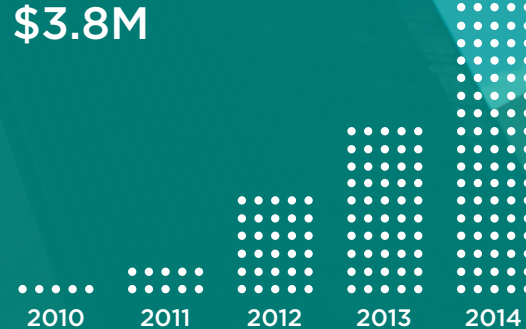
## EPS

\$0.0426



## NPAT

\$3.8M



*FY 13 results above are based on underlying financial performance (adjusted for the acquisition of Conducive Pty Limited) as disclosed in the FY 13 financial report.*

“We evolved our operational maturity, enhanced the quality and extended the range of services offered by Empired.”

- RUSSELL BASKERVILLE



## Chairman & CEO Review

---

### Dear Shareholders,

On behalf of your Board of Directors we are proud to report that FY14 has been a transformational year for the Company. During FY13 we evolved our operational maturity, enhanced the quality and extended the range of services offered by Empired. Today we report that we have capitalised on these investments during FY14 securing a \$50m contract with a global resources Company, a \$46m contract with Main Roads WA and developed a sales pipeline of strategic deals with a combined value of approximately \$100m to be contested during FY15.

Material in their own right, these successes were just the beginning of our transformational year. We also made \$17m in acquisitions with combined annual revenues of 70% of our FY13 Revenue and positioning Empired as the largest Microsoft SharePoint and Microsoft Customer Relationship Management (CRM) provider in Australia. These services align with global industry mega trends and now the Company is poised to grow strongly in coming years.

During the year the Company strengthened its balance sheet with a \$15m strongly oversubscribed institutional equity capital raising. This has not only mitigated risk and provided capital for growth, it has increased the liquidity of Empired's shares.

All this was achieved whilst delivering record financial results against a stark backdrop of difficult economic conditions.

FY14 delivered record financial results with revenue up 44% to \$67M, with services Revenue representing 85% of this result. Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA) grew 98% to \$7.1m and net profit after tax was up 145% to \$3.8m. Earnings per share continued its consistent year on year growth performance, delivering \$0.04 per share (diluted) up 93% on the prior year.

Operating cash conversation was strong with \$5.3m positive operating cash for the year and a closing cash balance of \$8m. This year, on the back of a successful performance we are very pleased to declare a \$0.01 fully franked dividend.

During turbulent and uncertain economic conditions Empired's business model has continued to prove its resilience through the defensive nature of its revenue streams. We have continued to diversify our reliance on any one particular sector or geography. We have retained adequate exposure to sectors where we have unique advantage through experience and know how. We operate in regions where we are confident of securing a tangible and sustainable growth profile.

The strategic, financial and operational success delivered in FY14 has positioned Empired to prosper. Our results again build on our reputation of delivering strong growth reliably year on year. With approximately 45% of our FY15 revenue targets locked in and a number of key growth initiatives underway, we look forward to another exciting and value enhancing year ahead.

#### **A Sharp Focus On Initiative, Innovation And Growth**

Initiative, innovation and growth are the strategic themes that underpin our vision and are embodied throughout our organisation. They may mean different things to different audiences and in different contexts. To Empired and all our stakeholders the message is very clear.

**“Initiative, innovation and growth are the strategic themes that underpin our vision and are embodied throughout our organisation.”**

Initiative describes the way our people think. It underpins our approach, the tone of our engagement and ultimately our people's passion for delivering remarkable experiences and solutions to our clients.

To develop initiative throughout our workforce we start by attracting great talent - the highest performing graduates, ambitious young staff that meet our strict attitude and aptitude tests and targeting exceptional performers in their areas of expertise. We take this great talent, our core asset base, and enhance them with targeted real world training and experience, support them with proven processes and best in class tools and systems. Finally we engrain them in our culture, our values and empower them to make real, accountable and action oriented decisions with our clients. It is this combination that leads to the Empired initiative which drives our people to deliver creative, results oriented business solutions for our clients.

During the year, Empired introduced a paid employee share purchase plan. In a two week offer window, 52% of staff elected to participate. This tells us over half our national workforce is electing to sacrifice part of their monthly salary to purchase shares on market and at market price in the Company they work for, a clear sign of a strongly engaged, passionate workforce that believes in the future of Empired.

Innovation to Empired is about thought leadership, industry knowledge and business intimacy. It is not traditional research and development.

To develop innovative solutions for our clients we must diligently apply all the following aspects. Our thought leadership needs to be clear and consistent and supported by real world trends, experiences and results. Our industry knowledge must be relevant. We need to be keenly aware of the changes in the technology landscape and how new industry solutions are being deployed in local and international markets. Finally we must understand our customer's business challenges and aspirations intimately, ultimately translating these into real solutions.

The combination of these three aspects allows Empired to bring innovative, local and targeted solutions to our customers that meets their business requirements, assisting them to stay ahead of their competition and supporting them in achieving their strategic objectives.

Growth is critical to our relevance with all our key stakeholders. With growth we seek to continually develop and mature, extend our value proposition to customers, broaden opportunities for our people and partners and improve returns to our shareholders.

Our customers benefit from this growth through leveraging the initiative and innovation we bring to them across a broader range of services. As we mature and extend our capacity we are able to deliver larger packages of work for them, reducing their need to source either through multiple partners or simply other partners for those larger engagements. A great example is the growth we have experienced with Main Roads WA. Five years ago, as a much smaller business, we entered a \$12m contract to provide Infrastructure Managed Services over five years. This year we signed a new and broader contract with them with a value of \$46m over five years, an achievement we are very proud of.

Our people benefit from being a key part of a great, local success story through the myriad of opportunities it presents to them, offering them the chance to mature and participate in interesting projects with some of the world's leading companies to deliver outcomes they are proud of. These real career opportunities continue to foster their passion and development within our exciting sector and for the Company in which they work, Empired.

**Russell Baskerville**

Managing Director & CEO





Importantly, our growth provides Empired with the opportunity to continue to invest in our organisation, ensuring we remain competitive in the market, leading to improved capital returns, cash flow and dividends.

### Aligning To The Global Growth Mega Trends

Our business solutions focus is tied to a very clear and simple value proposition. We aim to improve our client's organisational efficiency, productivity and growth through the provision of consulting and technology services.

We seek to provide these business outcomes to our customers through a broad range of services. We continually evolve these services based on current trends and technologies available. We are actively developing new services and aligning ourselves with five global mega trends in the technology sector – Cloud, Big Data & Business Analytics, Mobility, Social Applications and Security.

Large enterprises are rapidly adopting these new technologies and we are partnering with some of the world's largest technology power houses, Microsoft as an example, to capture growth in these disruptive trends.

These trends play to many of Empired's strengths. We are a Company with a young, passionate, vibrant and professional culture. We are nimble and can quickly adopt disruptive change and we boast strong credibility, expertise and reference-ability in the delivery of Infrastructure and Application services to deliver tangible business outcomes to our customers.

Our success in capturing market share ahead of our competition over the past few years has been driven by three simple overarching themes; be disruptive through challenging the norm, ensure our differentiation is clear and simple and execute our strategies at pace.

Our acquisitions have also aligned to the development of services around these mega trends and positioned Empired to accelerate its growth in these areas. The acquisitions of OBS and eSavvy delivered an additional 170 staff nationally, focussed on portals, content management, business intelligence (BI) and customer relationship management (CRM). These capabilities are all important service elements to align our delivery with key industry mega trends. Microsoft too has recognised the important role these technologies will play, signaling their commitment to winning market share in these high growth areas.

Our strategic investments, combined with a simple market approach and our competitive strengths, will ensure that Empired continues to evolve its services to not only compete but secure market share over its competitors in these high growth areas.

This underpins our value proposition to customers, drives our growth and ensures all our stakeholders benefit from the huge opportunities that are presented as part of these disruptive changes in our market.

### Strategic Achievements

Throughout the year there were many successes that contributed to achieving our strategic objectives. Of these there were a number of highlights that we believe have materially advanced our organisation and positioned Empired to not only achieve outstanding results in the coming year but capitalise on the growth trends in our dynamic sector for years to come.

**"The acquisition of OBS Pty Ltd positioned Empired as the largest Microsoft SharePoint partner in Australia."**

Empired secured a \$50m contract with a global resources Company followed quickly by a \$46m contract with Main Roads WA. This continues to develop Empired's reputation in securing large multi-million dollar contracts with some of the world's largest companies. These contracts have accelerated our profile and credibility in the Australian market, secured us a high degree of certainty over future revenue, and provided Empired with an exceptional base to leverage growth in the coming years.

During the year Empired undertook two key strategic acquisitions leveraged to high growth services that align with the global mega trends mentioned earlier. The acquisition of OBS Pty Ltd positioned Empired as the largest Microsoft SharePoint partner in Australia, boasting over 150 highly credentialed professional consultants across the East Coast. It expanded Empired's geographic presence to every state in Australia with an enviable client list that includes many of Australia's most well recognised enterprises and large state government departments. The combination of our strengthened brand on the East Coast with our increased capacity and extended East Coast client base will provide great growth opportunities for many of Empired's other key service offerings.



## OUR VISION:

To be a high performance  
IT Services company  
delivering value through  
initiative, innovation and growth.



**INITIATIVE**



**INNOVATION**



**GROWTH**

Following the acquisition of OBS Pty Ltd, Empired acquired eSavvy Pty Ltd, arguably Australia's leading Microsoft Dynamics CRM partner being awarded Australian CRM Partner of the year in 2012 and 2013, and global Microsoft Dynamics Cloud partner of the year in 2013. This doubled our presence in Sydney, positioned Empired as the largest Microsoft Dynamics CRM partner in Australia and introduces another service offering in a high growth market that will be leveraged to provide extended value to Empired's national client base.

Importantly a strong focus has been placed on the cultural alignment of these organisations with a clear, well communicated integration plan implemented. Both organisations have exceptional cultures with OBS recognised as last year's winner of BRW Magazine's "Best Places to Work" and placing in the Top 10 for the last four consecutive years. We are pleased to report that during a year of change and growth we have recorded an all-time low in staff attrition. Another statistic we are very proud of.

To ensure our growth was well funded, provide our largest clients with confidence and mitigate risk, we raised \$15m in equity capital during FY14. We were overwhelmed with the strong support provided to the Company both from existing and new shareholders. We reiterate our appreciation

**"Through this process we have also expanded our shareholder base, improved the liquidity of our shares and introduced a range of new institutional shareholders."**

to you for this support and are confident that we have applied this capital in areas that will continue to develop and enhance the strategic positioning of the Company and lead to pleasing shareholder returns. Through this process we have also expanded our shareholder base, improved the liquidity of our shares and introduced a range of new institutional shareholders.

# Mel Ashton

Chairman



Further to the highlights, we have continued a range of other strategic investments that enhance our competitive edge. We have further matured our National Operations Centre and the systems and tools we employ to deliver our services, we have continued to develop our “near shoring” or “extended delivery” model to ensure cost competitiveness and driven programs around quality management and certification.

These strategic achievements throughout the year have been fundamental in developing a platform that we are confident will provide an exciting spring board into the years ahead.

### An Exciting Year Ahead

We are building momentum and are confident we will continue the track record of growth we have established over many years. Whilst we are conscious of the current market challenges, we expect the year ahead to be no different.

**“Our proven leadership and passionate workforce have delivered an excellent result and experienced a taste of success.”**

Our proven leadership and passionate workforce have delivered an excellent result and experienced a taste of success. They are hungry for more and driven to exceed our expectations. I am confident that Empired has laid the foundations to provide them that opportunity.

We have positioned Empired with a clear business solutions based value proposition for our customers. These solutions are focused on delivering efficiency, productivity and growth for our clients, to enable them to be successful in an economic environment that is challenging traditional business models to deliver more for less whilst capitalising on new growth opportunities.

Our strategic investments have accelerated the evolution of our services to take advantage of the global growth mega trends in Cloud, Big Data & Business Analytics, Mobility, Social Applications and Security. We will continue to develop services that address these key growth areas to capture market share and continue to fuel our growth.

Through our acquisitions we have enhanced our capability, extended our capacity and substantially expanded the size of the market in which we operate. In particular, our broader presence nationally will open up new opportunities for us in the east coast markets.

Collectively this all adds up to provide your Board with confidence that we will once again build on our reputation of delivering market leading performance reliably year on year.

We would like to thank all of our key stakeholders for their support throughout the year. Of particular note our clients demonstrating their trust in Empired through awarding us a number of very large contracts, our shareholders for their continued loyalty and support during our capital raising and to our partners who work with us every day to support Empired in providing valuable solutions and remarkable experiences to our customers.

Finally to our staff, our success is a product of your commitment, dedication and passion and we thank you for your loyalty.

Your Board and management team look forward to another challenging, exciting and transformational year ahead!

*Yours Sincerely,*



**Russell Baskerville**  
Managing Director & CEO



**Mel Ashton**  
Non-Executive Chairman



 Boardroom





# Directors' Report

The Directors present their report on the consolidated entity comprising Empired Limited ("the Company") and its controlled entities ("the Group") for the year ended 30 June 2014.

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

## Directors

Name	Age	Experience and special responsibilities
Mel Ashton <b>Non-Executive Chairman</b>	56	<p>Mel is a Fellow of the Australian Institute of Company Directors and a Fellow of the Institute of Chartered Accountants in Australia and has over 30 years corporate experience in a wide range of industries.</p> <p>Other current Directorships:</p> <ul style="list-style-type: none"> <li>• Gryphon Minerals Ltd</li> <li>• Venture Minerals Limited</li> <li>• Resource Development Group Limited</li> <li>• The Hawaiian Group of Companies</li> <li>• The Institute of Chartered Accountants in Australia</li> </ul> <p>Previous Directorships (last 3 years):</p> <ul style="list-style-type: none"> <li>• Renaissance Minerals Limited</li> </ul>
Russell Baskerville <b>Managing Director &amp; CEO</b>	36	<p>Russell is an experienced business professional and has worked in the IT industry for over 15 years. He has extensive knowledge in both the strategic growth and development of technology businesses balanced by strong commercial and corporate skills including strategy development and execution, IPO's, capital raisings, divestments, mergers and acquisitions.</p> <p>Russell has been the Managing Director and CEO of Empired for nine years and has successfully listed the Company on the ASX and made a number of successful acquisitions.</p> <p>Russell was previously a Non-Executive Director of BigRedSky Limited successfully developing and commercialising a SaaS delivered eRecruitment tool prior to the Company being acquired by Thomson Reuters.</p> <p>Previous Directorships (last 3 years):</p> <ul style="list-style-type: none"> <li>• None</li> </ul>

## Directors

Name	Age	Experience and special responsibilities
Richard Bevan <b>Non-Executive Director</b>	48	<p>Richard joined the board as a Non-Executive Director on 31 January 2008 with corporate and senior management experience including various Directorship's and CEO/MD roles in ASX listed and private companies. Richard brings experience in the execution and integration of mergers, acquisitions and other major corporate transactions.</p> <p>Richard has been involved in a number of businesses in areas as diverse as healthcare, construction and engineering, resources and information services. Richard's roles within these businesses have included strategic operational management, implementing organic growth strategies, business integration and raising capital in both public and private markets.</p> <p>Other current Directorships:</p> <ul style="list-style-type: none"> <li>Cassini Resources Limited</li> </ul> <p>Previous Directorships (last 3 years):</p> <ul style="list-style-type: none"> <li>Metals of Africa Limited</li> </ul>
John Bardwell <b>Non-Executive Director</b>	54	<p>Mr Bardwell has had a long career in the financial services and IT sectors through a variety of senior leadership positions. Previous executive experience includes Head of IT Services at Bankwest, Managed Services Director at Unisys West and more recently as the General Manager of Delivery Services at Empired Ltd prior to his appointment to the Board as a Non-Executive Director.</p> <p>Through his own consulting practice, Mr Bardwell also provides management consulting expertise to a broad range of organisations in the financial services, IT and utilities sectors.</p> <p>Mr Bardwell holds a Bachelor of Business and a Graduate Diploma in Applied Finance and Investment. He is a Graduate Member of the Australian Institute of Company Directors and a Fellow of the Financial Services Institute of Australasia.</p> <p>Other current Directorships:</p> <ul style="list-style-type: none"> <li>Community West</li> <li>SwanCare Group</li> </ul> <p>Previous Directorships (last 3 years):</p> <ul style="list-style-type: none"> <li>None</li> </ul>

## Company Secretary

Name	Age	Experience and special responsibilities
Mark Waller <b>CFO &amp; Company Secretary</b>	35	<p>Mark has responsibility for ensuring the necessary operational and financial processes and infrastructure are in place to support the strategic direction and continued growth of Empired. Mark holds a degree in business from Curtin University majoring in Accounting and Business Law and is a Certified Practicing Accountant.</p> <p>Mark has worked in the Professional Services sector for over 15 years and also brings experience from Directorships with IT companies involved in early stage development and commercialisation to eventual sale to working for Ernst &amp; Young.</p> <p>Mark was previously a Non-Executive Director of BigRedSky Limited successfully developing and commercialising a SaaS delivered eRecruitment tool prior to the company being acquired by Thomson Reuters.</p>

## Director's Meetings

The number of Directors meetings and the number of meetings attended by each Director during the year are:

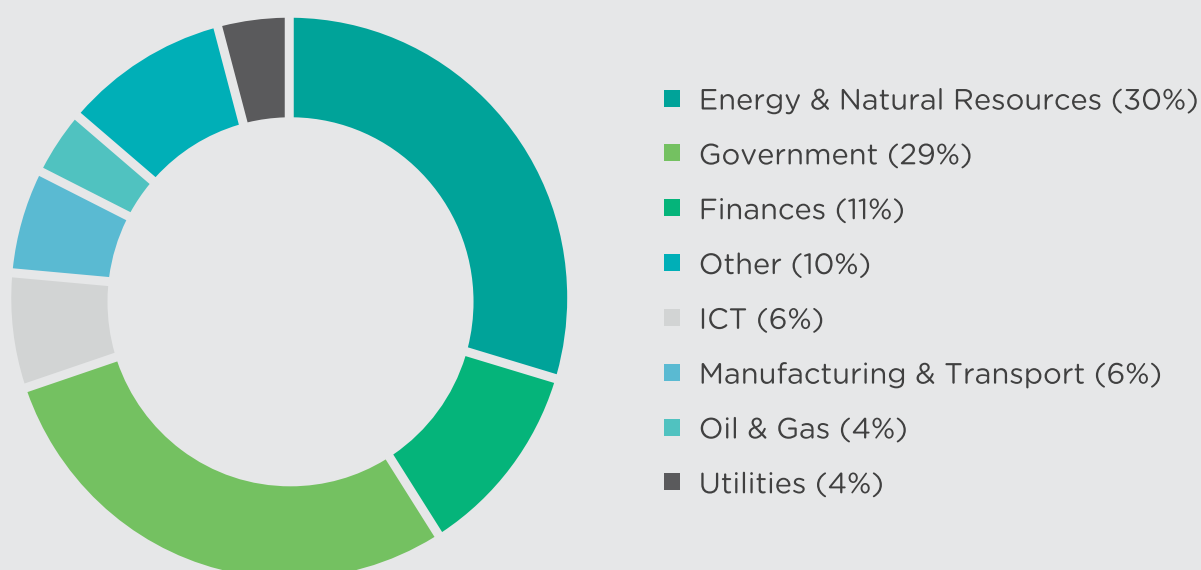
Name of Director	No. of meetings held while a Director	No. of meetings attended as a Director during the year ended 30 June 2014	No. of audit or remuneration committee meetings attended during the year ended 30 June 2014
Russell Baskerville	10	10	2
Mel Ashton	10	10	2
Richard Bevan	10	10	2
John Bardwell	10	10	2



# Principal Activities

The principal activity of the consolidated entity during the year is the continued operation of its IT services business resulting in the provision of services covering software systems, consulting and infrastructure design and deployment.

## Revenue by Industry In the 2014 Financial Year



*There were no significant changes in the nature of the activities carried out during the year.*

### Significant Changes In The State Of Affairs

- On 30th September, 2013 Empired Limited acquired 100% of shares in OBS Pty Ltd for 17,984,332.
- On 16th May, 2014 Empired Limited acquired 100% of shares in eSavvy Pty Ltd for \$2,243,650.
- 25,000,000 shares were issued during the year as part of the purchase price to acquire OBS Pty Limited.
- 2,150,000 employee options were exercised during the year.

### Events Subsequent To Reporting Date

There are no events to report subsequent to reporting date.

### Environmental Regulation

The consolidated entity's operations are not subject to any significant environmental regulations under a law of the Commonwealth or State or Territory in Australia.



### Financial Position

The net assets of the consolidated group have increased by \$19,200,634 from 30 June 2013 to \$34,466,316. This is largely due to the following factors:

- The acquisition of OBS Pty Ltd and eSavvy Pty Ltd
- Improved operating performance of the group
- Proceeds from the exercise of options
- Issue of shares

During the past three financial years, the group has invested in infrastructure to secure its long-term success. In particular, strategic investments have been made in growth by acquisition as well as expanding investment in key business segments. The Company's holdings in associated companies and joint venture entities have increased by \$20,227,984 to \$30,267,072.

### Dividends

The Directors recommend that a final fully franked dividend of 1 cents per share (2013: 0.50), amounting to \$959,180 be recorded on 7 October, 2014 and paid to shareholders on 21 October 2014.

### Operating Results for the Year

The net profit after tax from continuing operations for the year for the consolidated entity is \$3,793,491 (2013: \$1,549,840). To refer to the operational results within the Chairman and CEO report.

### Likely Developments

Except as detailed in the Chairman and Managing Director's Review on pages 9 to 15, likely developments, future prospects and business strategies of the operations of the consolidated entity and the expected results of those operations have not been included in this report, as the Directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the consolidated entity.

### Share Options and Performance Rights

#### Share Options and Performance Rights Granted to Directors and Officers

Performance Rights were granted to the Managing Director under the Long Term Incentive Plan approved by shareholders at the AGM held on the 31st of October 2013. Performance Rights were also granted to Executive Officers under the Long Term Incentive Plan. Information relating to this grant is at note 13 to the financial statements.

### Unissued Shares

At the date of this report, there were 900,000 unissued ordinary shares under options. Refer to note 13 of the financial statements for more detail. Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate or in the interest issue of any other registered scheme.

### Shares Issued As A Result Of The Exercise Of Options

2,150,000 share options were exercised during the financial year, refer to note 18 for details.

### Share Issues During The Year

25,000,000 shares were issued during the year to raise capital for the acquisition of OBS Pty Ltd, refer to note 18 for details.

### Auditor's Independence Declaration

The lead auditor's Independence Declaration for the year ended 30 June 2014 has been received and can be found on page 98 of the financial report.

### Non-Audit Services

Grant Thornton Audit Pty Ltd was engaged to perform the due diligence of OBS Pty Ltd and eSavvy Limited prior to acquisition and appointed to provide tax compliance services (2013: nil).

The directors in accordance with the advice from the audit committee are satisfied that non-audit services provided during the year did not compromise the external auditors independence in accordance with APES 110:Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

### Indemnities Given And Insurance Premiums Paid To Auditors And Officers

During the year, Empired Limited paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all Directors.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.



## Contracted Revenue In the 2014 Financial Year



Details of the amount of the premium paid in respect of the insurance policies is not disclosed as such disclosure is prohibited under the terms of the contract.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the Group against a liability incurred as such by an officer or auditor.

### Proceedings On Behalf Of The Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

### Remuneration Report (Audited)

This report outlines the remuneration arrangements in place for Non-Executive Directors, the Executive Director and other Key Management Personnel of Empired Limited (the Company), prepared in accordance with the Corporation Act 2001 and Corporations Regulations 2001.

### Remuneration Philosophy

The performance of the Company depends upon the quality of its Directors and executives.

To prosper, the Company must attract, motivate and retain highly skilled Directors and executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value;
- Have a portion of certain executive's remuneration 'at risk', dependent upon meeting pre-determined performance benchmarks; and
- Establish appropriate, demanding performance hurdles for variable executive remuneration.

### Remuneration Committee

Due to the structure of the Board, a separate remuneration committee is not considered to add any efficiencies to the process of determining the levels of remuneration for the Directors and key executives. The Board considers that it is more appropriate that it set aside time at Board meetings to address matters that would normally fall to the remuneration committee.

### Remuneration Structure

In accordance with the best practice corporate governance, the structure of non-executive Director and executive remuneration is separate and distinct.

### A. NON-EXECUTIVE DIRECTOR REMUNERATION Objective

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Directors of the highest

calibre, whilst incurring a cost that is acceptable to shareholders.

#### Structure

The constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination was at the Annual General Meeting held on the 26th of November 2009 when shareholders approved an aggregated remuneration of \$300,000 per year.

The amount of aggregated remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed from time to time. The Board considers advice from external consultants as well as the fees paid to non-executive Directors of comparable companies when undertaking the annual review process.

The remuneration of Non-Executive Directors, the Executive Director and other Key Management Personnel for the period ended 30 June 2014 is detailed in Table E.

## B. EXECUTIVE REMUNERATION

### Objective

The Company aims to reward executives with

a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- Reward executives for Company, business unit and individual performances against targets set by reference to appropriate benchmarks;
- Align the interests of executives with those of shareholders;
- Link rewards with the strategic goals and performance of the Company; and
- Ensure total remuneration is competitive by market standards.

### Structure

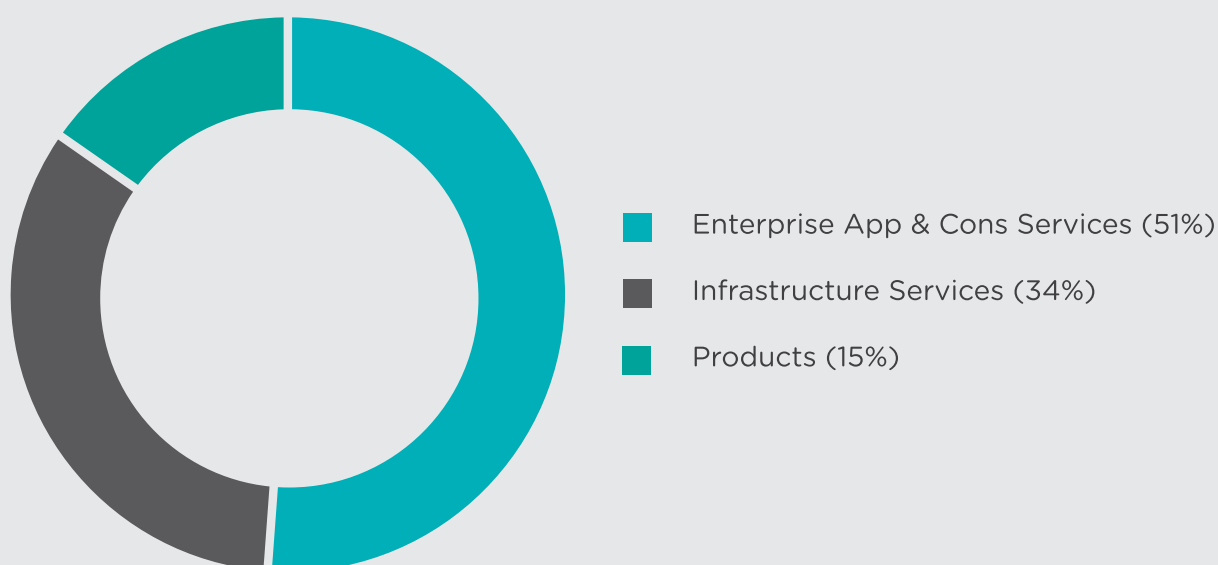
In determining the level of remuneration paid to senior executives of the Company, the Board took into account available benchmarks and prior performance.

Remuneration consists of the following key elements:

- Fixed Remuneration
- Variable Remuneration
  - Short Term Incentive (STI); and
  - Long Term Incentive (LTI).

The proportion of fixed remuneration and variable remuneration (potential short term and long term incentives) is established for each senior executive by the Board. Table 1 below details the fixed and variable components (%) of the executives of the Company.

## Revenue by Segment In the 2014 Financial Year



## Fixed Remuneration

### Objective

Fixed remuneration is reviewed annually by the Board. The process consists of a review of Company wide, business unit and individual performance, relevant comparative remuneration in the market and internally, and where appropriate, external advice on policies and practices. As noted above, the Board has access to external advice independent of management.

### Structure

Senior executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the group.

The fixed remuneration component for Company executives is detailed in Table 1.

## Variable Remuneration - Short Term Incentive (STI)

### Objective

The objective of the STI program is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets.

### Structure

Actual STI payments granted to the Company executives depend on the extent to which specific operating targets set at the beginning of the financial year are met. The operational targets consist of a number of Key Performance Indicators (KPIs) covering both financial and non-financial measures of performance. Typically included are measures such as contribution to net profit after tax, customer service, risk management and leadership/team contribution.

Any STI payments are subject to the approval of the Board. Payments made are delivered as a cash bonus in the following financial year. For the 2014 financial year 96% of the STI cash bonus has been paid to executives (2013: 11%).

## Variable Pay - Long Term Incentive (LTI)

### Objective

The objective of the LTI plan is to reward senior executives in a manner that aligns this element of remuneration with the creation of shareholder wealth.

As such, LTI grants are only made to executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the Group's performance against the relevant long term performance hurdle.

### Structure

LTI grants to executives are delivered in the form of performance rights (2013: performance rights).

Table F below provides details of performance rights and options granted and the value of equity instruments granted, exercised and lapsed during the year. The performance rights were issued free of charge. Each performance right entitles the holder to subscribe for one fully paid ordinary share in the entity based on achieving vesting conditions at a nil exercise price. For further details of the terms and conditions including the service and performance criteria that must be met refer to note 13.

## Consequence of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous four financial years:

Item	2014	2013	2012	2011	2010
EPS (cents)	4.3266	2.3640	2.5876	0.4358	0.1000
Dividends (cents per share)	1.00	0.50	-	-	0.75
Net profit/(loss) (\$000)	3,793	2,137	1,273	202	47
Share price (\$)	0.60	0.62	0.22	0.28	0.08



**C. KEY MANAGEMENT PERSONNEL****(i) Directors**

The following persons were directors of Empired Limited during the financial year:

- M Ashton
- R Bevan
- J Bardwell
- R Baskerville

**(ii) Other Key Management Personnel**

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group during the financial year:

- M Waller (Chief Financial Officer and Company Secretary)
- R McCready (Chief Operating Officer)

**(iii) Remuneration Of Key Management Personnel**

Information regarding key management personnel compensation for the year ended 30 June 2014 is provided in the remuneration section of the directors' report on pages 23 to 29.

**(iv) Option Holdings Of Directors And Executives**

The movement during the reporting period in the number of options over ordinary shares in Empired Limited held, directly, indirectly or beneficially, by each of the key management person, including their related parties, is as follows:

30 June 2014	Balance at beg of period 01-Jul-13	Granted as Remuneration	Options Exercised/ disposed	Net Change Other	Balance at end of period 30-Jun-14	Not Vested & Not Exercisable	Vested & Exercisable
<b>Directors</b>							
R. Baskerville	-	-	-	-	-	-	-
M. Ashton	-	-	-	-	-	-	-
R. Bevan	-	-	-	-	-	-	-
J. Bardwell	500,000	-	(500,000)	-	-	-	-
<b>Executives</b>							
M. Waller	1,150,000	-	(1,150,000)	-	-	-	-
R McCready	750,000	-	(250,000)	-	500,000	-	250,000
<b>Total</b>	<b>2,400,000</b>	<b>-</b>	<b>(1,900,000)</b>	<b>-</b>	<b>500,000</b>	<b>-</b>	<b>250,000</b>

**(v) Shareholdings of Directors and Executives**

*Shares held in Empired Limited*

All equity transactions with directors and other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

30 June 2014	Balance 01-Jul-13		Granted as Remuneration		On Exercise of Options		Net Change Other		Balance 30-June-14	
	Ord	Pref	Ord	Pref	Ord	Pref	Ord	Pref	Ord	Pref
<b>Directors</b>										
R. Baskerville	9,097,233	-	-	-	-	-	-	-	9,097,233	-
M. Ashton	-	-	-	-	-	-	-	-	-	-
R. Bevan	-	-	-	-	-	-	-	-	-	-
J. Bardwell	4,099,904	-	-	-	-	-	-	-	4,099,904	-
<b>Total</b>	<b>13,197,137</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,197,137</b>	<b>-</b>
<b>Executives</b>										
M. Waller	1,343,070	-	-	-	-	-	-	-	1,343,070	-
R. McCready	200,000	-	-	-	-	-	-	-	200,000	-
<b>Total</b>	<b>1,543,070</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,543,070</b>	<b>-</b>

**D. SERVICE AGREEMENTS****Russell Baskerville – Managing Director**

*Terms of Agreement* – commenced 1 July 2005, until terminated by either party.

Salary – base \$360,000 per annum with an additional STI cash bonus capped at \$180,188 based on achievement of targets set by the Board of Directors and LTI bonus capped at \$108,133.

Termination – three months written notice or three months remuneration in lieu.

**Mel Ashton – Chairman**

*Terms of Agreement* – appointed 21 December 2005, until terminated by either party.

Fee – fixed \$75,000 per annum.

**Richard Bevan – Non Executive Director**

*Terms of Agreement* – appointed 31 January 2008, until terminated by either party.

Fee – fixed \$50,115 per annum.

**John Bardwell – Non Executive Director**

*Terms of Agreement* – appointed 26 September 2011, until terminated by either party.

Fee – fixed \$50,000 per annum.

**Mark Waller – Company Secretary and Chief Financial Officer**

*Terms of Agreement* – commenced 18 April 2005, until terminated by either party.

Salary – base \$307,237 per annum with an additional STI cash bonus capped at \$92,171 and LTI bonus capped at \$ 76,809.

Termination – one month's written notice or one month's remuneration in lieu.

**Rob McCready – Chief Operating Officer**

*Terms of Agreement* – commenced 3 October 2011, until terminated by either party.

Salary – base \$305,205 per annum with an additional STI cash bonus capped at \$92,171 and LTI bonus capped at \$ 76,809.

Termination – one month's written notice or one month's remuneration in lieu.

**E. DETAILS OF REMUNERATION**

Details of the nature and amount of each element of the remuneration of each Key Management Personnel ('KMP') of Empired Limited are shown in the table below:

Name of Employee	Year	Short Term Benefits		Post Employment	Long Term Benefits (LTI)	Total	Performance Related %
		Salary & Fees	Cash STI	Superannuation	Equity Options		
Non-executive Directors							
M. Ashton	2014	75,000	-	-	-	75,000	-
Non-Executive Chairman	2013	75,000	-	-	-	75,000	-
R. Bevan	2014	45,872	-	4,243	-	50,115	-
Non-Exectuive Director	2013	45,872	-	4,128	-	50,000	-
J. Bardwell	2014	50,000	-	-	-	50,000	-
Non-Executive Director	2013	50,000	-	-	-	50,000	-
Executive Directors							
R. Baskerville	2014	360,000	180,188	-	106,650	646,838	44.35%
Chief Executive	2013	360,000	-	-	37,612	397,612	9.46%
Key Management							
M. Waller	2014	306,987	92,171	28,419	48,600	476,177	29.57%
Company Secretary and Chief Financial Officer	2013	269,045	20,000	24,455	28,406	341,906	14.16%
R. McCready	2014	298,341	78,345	27,596	48,600	452,882	28.03%
Chief Operating Officer	2013	260,753	20,000	23,468	28,406	332,627	14.55%

**F. OTHER INFORMATION**

Options and Performance Rights granted as part of remuneration

2014		Grant Date	Grant Number	Average Value per option at grant date	Value of options granted during the year	Total value of options granted during year	% Remuneration consisting of options for the year
Non-Executive Directors	M. Ashton	-	-	-	-	-	-
	R. Bevan	-	-	-	-	-	-
	J. Bardwell	-	-	-	-	-	-
Executive Directors	R. Baskerville	31/10/2013	900,000	\$0.78	106,650	106,650	16.49%
Key Management	M. Waller	24/03/2014	600,000	\$0.53	48,600	48,600	10.21%
	R. McCready	24/03/2014	600,000	\$0.53	48,600	48,600	10.74%



2013		Grant Date	Grant Number	Average Value per option at grant date	Value of options granted during the year	Total value of options granted during year	% Remuneration consisting of options for the year
Non-Executive Directors	M. Ashton	-	-	-	-	-	-
	R. Bevan	-	-	-	-	-	-
	J. Bardwell	-	-	-	-	-	-
Executive Directors	R. Baskerville	29/11/2012	600,000	\$0.40	37,612	37,612	9.46%
Key Management	M. Waller	10/04/2013	375,000	\$0.505	28,406	28,406	8.82%
	R. McCready	10/04/2013	375,000	\$0.505	28,406	28,406	9.09%

### Directors' and Key Management Personnel Equity Holdings

The following table sets out each Directors (including their related parties) interest in shares and options of the Company as at the end of the financial year:

Director	Ordinary Shares	Options	Performance Rights
Russell Baskerville	9,097,233	-	1,500,000
Mel Ashton	-	-	-
Richard Bevan	-	-	-
John Bardwell	4,099,904	-	-
Key Management	Ordinary Shares	Options	Performance Rights
Mark Waller	1,343,070	-	975,000
Rob McCready	200,000	500,000	975,000

### G. VOTING AND COMMENTS MADE AT THE COMPANY'S 2013 ANNUAL GENERAL MEETING

Empired Limited received 100% of "yes" votes on its remuneration report for the 2013 financial year. The Company did not receive any specific feedback at the AGM on its remuneration report

*Signed in accordance with a resolution of Directors.*



**Russell Baskerville**  
Managing Director & CEO  
27th August 2014

# Case Study: Infrastructure Services

---

**"Empired is providing demonstrable returns in the way of efficiency of operations and reduced risks."**

---

*"Empired is providing demonstrable returns in the way of efficiency of operations and reduced risks."*

Our client, the organisation responsible for Western Australia's highways and roads, required a provider of services to operate and maintain their core IT infrastructure. This infrastructure included a fibre optic network, a range of real time SCADA systems and two high availability data centres with over 750 servers.

To ensure high performance of the WA road network and safe and efficient transport and logistics across the entire state, a seamless IT infrastructure operation is critical. Our client requires a partner that is reliable as well as innovative and able to support the operation of one of the state's most critical assets.

Empired's Infrastructure Services team is responsible for managing the core IT Infrastructure covering Service Management, Desktop, Server, Communications/Networking and a 24/7 Service Desk. Based on a detailed understanding of the client's requirements, Empired provides architectural guidance and project roadmaps to the organisation.

Working with the client, Empired is progressively implementing key ITIL processes which are providing demonstrable returns in the way of efficiency of operations and reduced risks.

Over the next five years our client will work with Empired as a critical partner to deliver, implement and support their systems for both their corporate network and rapidly growing traffic control systems network.

## Case Study: Applications & Consulting

---

**“The solution is now in use across multiple sites and has transformed what was languishing, inconsistent data into a critical data asset within the organisation.”**

---

*“The solution is now in use across multiple sites and has transformed what was languishing, inconsistent data into a critical data asset within the organisation.”*

Our client, a large integrated resources business, managed water, extraction and used information in an ad-hoc manner, with the information being stored in a number of systems as well as in hard copy. Multiple systems meant that the data was often difficult to access and inconsistent, which made analysis and reporting both time consuming and costly.

Our client required a platform for managing bore and water information across the entire business, as well as a strategy and process for migrating their existing information and driving the adoption of the new system across the business.

Empired's Applications & Consulting team worked intimately with the client to gain a full understanding of the operational context in which the solution needed to be deployed. This provided valuable insights into the challenges the client was facing, the challenges that change may bring and most importantly, the criticality of the information being managed.

The solution was deployed using Empired's proven agile development methodology which allowed for client use and review at specified milestones throughout the project. This meant regular feedback could be provided from the client and quickly incorporated into the next phase, reducing issues with the production environment and the need for rework. Interactive communication between the client and Empired's team ensured a collaborative approach and an acceptance of the project within the business as it was felt that the project was being driven internally.

The solution is now in use across multiple sites and has transformed what was languishing, inconsistent data into a critical asset within the organisation. The benefits to the business have been enormous with field and office workers able to enter, validate and analyse data in real time through a rich web interface incorporating business intelligence dashboards. Reporting is now a simple process with a focus on providing highly valuable and well thought out information to the business, where previously most of the time and effort was used collating and validating the data.

# Case Study:

## Microsoft Business Solutions

---

**"The solution exceeded expectations by saving time and money as well as providing a more accurate and consistent view of critical information."**

---

*"The solution exceeded expectations by saving time and money as well as providing a more accurate and consistent view of critical information."*

Our client, a world leading global food service retailer and property management Company, identified the need to consolidate all information relating to various stages of their property development. Their existing systems made accessing specific data challenging as individual store information was held on manual databases and spreadsheets.

Our client required a single management solution to replace paper based processes and satellite software applications. The main objective was to implement a solution based in SharePoint which provided a secure and effective system with a single point of reference.

Empired's Microsoft Business Solutions team implemented a solution based on Dynamics CRM, SharePoint and SQL Server which provides operational and executive reporting management and budgeting functionality. The system is a single information hub for time critical activities and communication as well as a data and documentation repository for stakeholders across a variety of business units.

Our client now has the capability to locate information across the life-cycle of a property and having a centralised source of truth allows them to make more effective decisions across multiple projects. The entire property process from end to end is managed in one system ensuring that everything is done in compliance with council regulations, and all activities are monitored and recorded.

The solution exceeded the clients expectations by saving time and money as well as providing a more accurate and consistent view of critical information. There is improved visibility for projects, improved reporting, and all project information is centrally stored and managed.

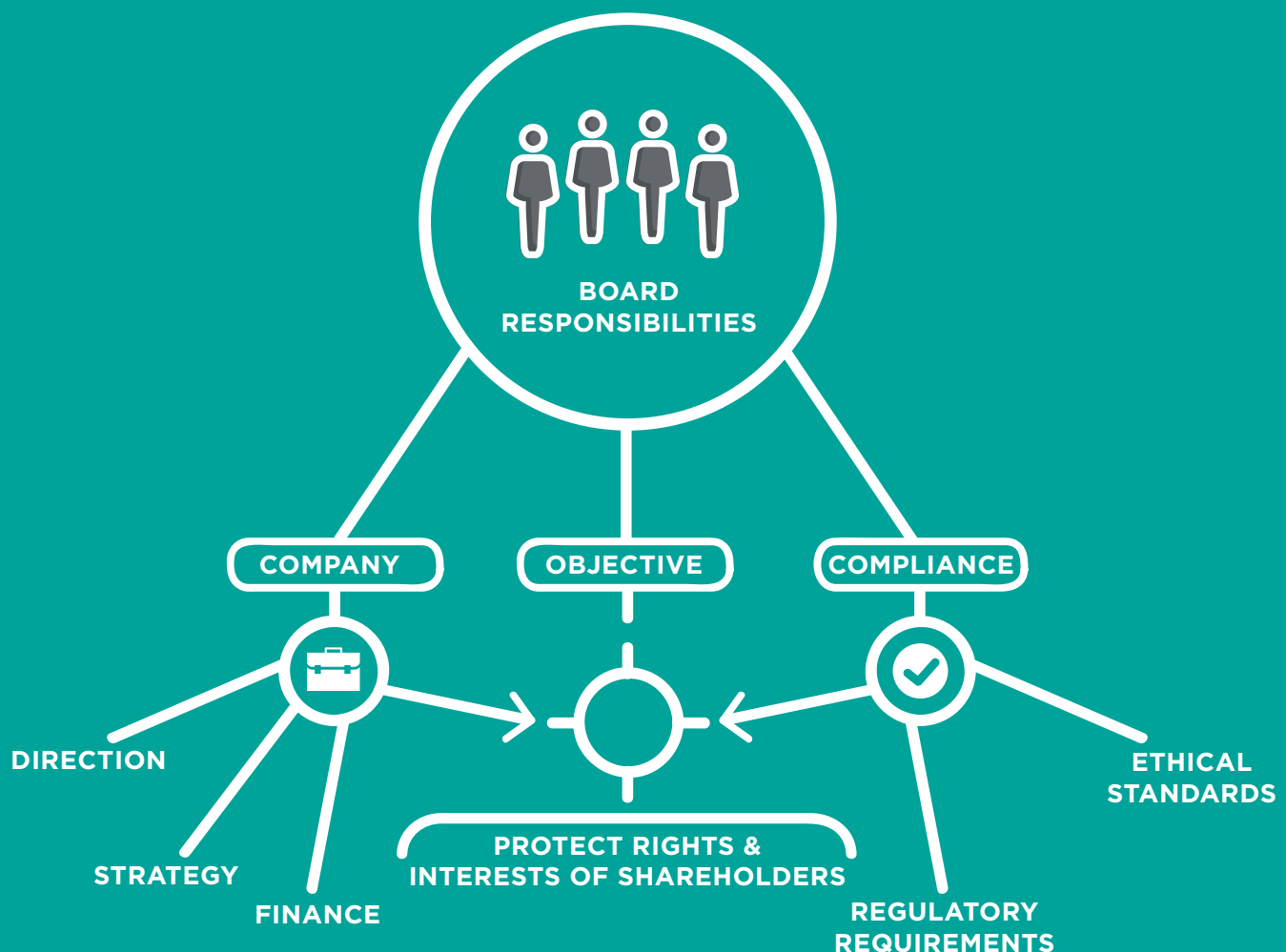




# Corporate Governance Statement

This statement outlines the main corporate governance practices in place throughout the financial year, which comply with the ASX Corporate Governance Council's "Principals of Good Corporate Governance and Best Practice Recommendations", unless otherwise stated. The Company has followed each of the Recommendations where the Board has considered the practices appropriate, taking into account factors such as size of the Company and Board, the resources available, and the activities of the Company. The corporate governance practices are reviewed regularly and will continue to be developed and refined to meet the needs of the Company and appropriate practices.

The Company includes information about its corporate governance practices on the Company's website at [www.empired.com](http://www.empired.com) including the Board charter, the group's code of conduct and other policies and procedures relating to the Board and its responsibilities.



## PRINCIPLE 1 – Lay Solid Foundations For Management And Oversight.

### Recommendation 1.1 – Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

The Board has the responsibility for charting the direction, strategies and financial objectives for the Company and monitoring the compliance with regulatory requirements and ethical standards of those policies. In performing their responsibilities the Board are guided by the objective of protecting the rights and interest of shareholders.

The roles and responsibilities of the Board are set out in the Board charter and this is available on the Company website. The Board regularly reviews the charter to ensure that it is appropriate to meet the needs of the Company and the Board and to comply with developing best practice standards.

### Recommendation 1.2 – Companies should disclose the process for evaluating the performance of senior executives.

During the reporting year, executives including executive directors were evaluated against Board approved budgets and key performance indicators which were approved by the Board as part of the annual planning process.

## PRINCIPLE 2 – Structure Of The Board To Add Value.

The names of the members of the Board as at the date of this report are as follows:

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

### Recommendation 2.1 – A majority of the Board should be independent Directors.

The Board comprises of four directors who are appointed to ensure that the Company is run in the best interest of the shareholders. Of those four directors, two are independent. Russell Baskerville is an executive Director and is not classified as independent. John Bardwell previously worked in the executive management team of the Company and has a substantial shareholding in the Company and is not classified as independent. The Company has not complied

with this recommendation during the 2014 financial year. The names, skills, experience and expertise of the directors of the Company in office at the date of this report are located in the Directors' report on pages 15-17.

In considering whether a Director is independent the Board considers:

- The criteria for assessing the independence of a Director in the ASX Corporate Governance Council's "Principles of Good Corporate Governance and Best Proactive recommendations";
- Any information, facts or circumstances that the Board considers relevant; and
- Any materiality thresholds, standards or guidelines that the Board may adopt from time to time.

### Recommendation 2.2 – The chair should be an independent Director.

During 2014 the chairman of the Board of Directors was Mel Ashton. Mel Ashton meets the independence criteria.

### Recommendation 2.3 – The roles of chair and Chief Executive Officer should not be exercised by the same individual.

The role of chairperson of the Board and the Managing Director (CEO role) are not exercised by the same person. Russell Baskerville is Managing Director and Mel Ashton is Chairman of the Board.

### Recommendation 2.4 – The Board should establish a nomination committee.

Currently no formal committee to the Board has been established. The Board considers that given its size and that only one member of the Board holds an executive position in the Company, no efficiencies or other benefits would be gained by establishing separate committees.

The Board intends to reconsider the requirement for and benefits of a separate committee as the Company's operations grow and evolve.

### Recommendation 2.5 – Companies should disclose the process for evaluating the performance of the Board, its committees and individual Directors.

There is currently no formal process in place to evaluate the performance of the Board, its committees and individual Directors. A review of the performance of the Board and its Directors is

The Board strongly believes in the importance of effective communication with shareholders to ensure their access to timely and relevant information.



undertaken by each Director with respect to each other and the performance of the Board itself.

The Board will reconsider the requirement for appropriate measures of performance as the Company's operations grow and evolve.

### PRINCIPLE 3 – Promote Ethical And Responsible Decision Making.

#### Recommendation 3.1 – Companies should establish a code of conduct and disclose the code or a summary of the code as to:

- The practices necessary to maintain confidence in the Company's integrity,
- The practices necessary to take into account their legal obligations and the reasonable expectations of stakeholders, and
- The responsibility and accountability of individuals for reporting and investigation reports of unethical practices.

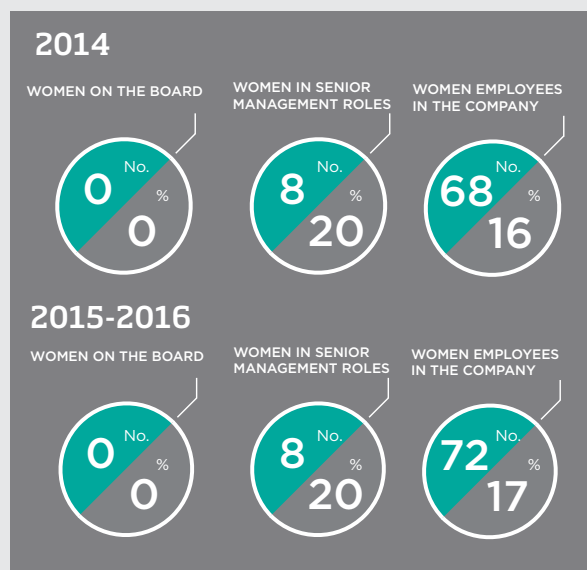
All Directors, managers and employees are expected to act with integrity and objectivity in their dealings with people that they come in contact with during their association with Empired Ltd. Such conduct is considered integral to the primary objective of working to enhance the Company's reputation and shareholder value. The Company human resources policies ensure that Company assets are used appropriately for business purposes, confidential information is maintained as confidential and parties act so as to no conflict with the Company's interests. The code of conduct adopted is available on the Company's website [www.empired.com](http://www.empired.com).

#### Recommendation 3.2 – Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.

The Company has a policy in place to:

- Ensure all employees are treated fairly and with respect;
- Attract, develop and retain the right employees;
- Build an environment where all employees can be successful without bias by race, gender, religion, age, culture or lifestyle choices;
- Ensure all employees are treated and evaluated according to their ability, qualifications and aptitude.

The Company's policy is reviewed, measured and reported to the Board annually.



As at June 30 16% of the Company's workforce was female. There are no females on the Board of Empired and 20% of the Senior Management team are female. The Board are committed to driving diversity through the Company's workforce. The Board's goal is to increase these figures annually taking into account the adopted policy summarised above.

### PRINCIPLE 4 – Safeguard Integrity Of Financial Reporting.

#### Recommendation 4.1 – The Board should establish an Audit Committee.

The Board has an established Audit Committee. The role of the Audit Committee is to ensure independent oversight of the accounting functions and internal controls of Empired and ensure the objectivity of Empired's financial statements.

#### Recommendation 4.2 – The audit committee should be structured so that it:

- Consists only of non executive Directors,
- Consists of a majority of independent Directors,
- Is chaired by an independent chair, who is not chair of the Board, and
- Has at least three members.

The Audit Committee consists of the full Board of Directors including Russell Baskerville who is an executive Director. The Chair of the Audit Committee is also the Chair of the Board. The Committee consists of four members. The Company has not complied with this recommendation.

#### Recommendation 4.3 – The Audit Committee should have a formal charter.

An Audit Committee charter has been established setting out the role and responsibilities, composition

structure, membership requirements and the manner in which the committee is to operate. This charter is available on the Company website.

#### **PRINCIPLE 5 – Make Timely And Balanced Disclosure.**

**Recommendation 5.1 – Companies should establish written policies and procedures designed to ensure compliance with ASX listing rule disclosure requirements and to ensure accountability at senior management level for that compliance and disclose of those policies or a summary of those policies.**

The responsibility for the overall communication has been appointed to the Managing Director and Company Secretary.

Empired Ltd is committed to:

- Ensuring that shareholders and the market are provided with timely and balanced information about its activities;
- Complying with the general and continuous disclosure principals contained in ASX Listing Rules and the Corporations Act 2001; and
- Ensuring that all market participants have equal opportunities to receive externally available information issued by Empired.

The Company's continuous disclosure policy is available on the Company website.

#### **PRINCIPLE 6 – Respect The Rights Of Shareholders.**

**Recommendation 6.1 – Companies should design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings and disclose their policy or a summary of that policy.**

The Board strongly believes in the importance of effective communication with shareholders to ensure their access to timely and relevant information.

The Company's website is regularly updated and provides details of recent announcements to the ASX, annual reports, and other significant information on the Company. Procedures are in place to review all information and to ensure all relevant information is immediately released to the market.

Shareholders are encouraged to attend the annual general meeting, providing them with an opportunity to question the Board and senior executives.

Empired has in place a written communications with shareholders policy which is available on the Company website.

#### **PRINCIPLE 7 – Recognise And Manage Risk.**

**Recommendation 7.1 – Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.**

The Board acknowledges that it is responsible for the overall internal control framework, but recognises there is no effective internal control system that will prevent all errors and irregularities

The Company's risk management program is available on the Company's website.

The effectiveness of the risk management program is reviewed annually and updated accordingly.

**Recommendation 7.2 – The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed to the effectiveness of the Company's management of its material business risks.**

A risk may be initiated by any employee to a member of the Empired management team. Senior management are responsible for reviewing risks that have been escalated to them from an operational level. These risks are reviewed monthly by the Board.

The Board also reviews recommendations made by the external auditors, and where appropriate ensures that the Company puts in place controls and systems to manage these identified risks.

**Recommendation 7.3 – The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management, and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.**

This recommendation was complied with for 2014.

**PRINCIPLE 8 – Remunerate Fairly And Responsibly.****Recommendation 8.1 – The Board should establish a remuneration committee.**

Due to the structure of the Board, a separate remuneration committee is not considered to add any efficiency to the process of determining the levels of remuneration of the Directors and key executives. The Board considers that it is more appropriate that it set aside time at Board meetings to address such matters that would normally fall to the remuneration committee.

**Recommendation 8.2 – The remuneration committee should be structured such that it:**

- Consists of a majority independent Directors
- Is chaired by an independent chair
- Has at least three members

Due to the structure of the Board, a separate remuneration committee is not considered to add any efficiency to the process of determining the levels of remuneration of the Directors and key executives. The Board considers that it is more appropriate that it set aside time at Board meetings to address such matters that would normally fall to the remuneration committee.

**Recommendation 8.3 – Companies should clearly distinguish the structure of non-executive Directors' remuneration from that of executive Directors and senior executives.**

Detailed information regarding the remuneration paid to Directors and senior executives is set out in the remuneration report.

## EMPIRED, AS A WHOLE, ARE SUPPORTED BY VALUES AND BEHAVIOURS.

Having this support allows us to be a high performance IT Services company. We deliver value through initiative, innovation and growth.

### Values

- Dedication to excellence
- People are the foundation of our success
- Integrity in all our dealings
- Achievement through collaboration

### Behaviours

- Understanding our customer business
- Disciplined, pragmatic delivery leading to remarkable customer experiences
- Beneficial relationships with industry and partners
- Sense of empowerment, demonstrated initiative
- Passionate about self development, learning and growth
- Sense of urgency, ownership and accountability
- Demonstrated flexibility and agility
- Ethical, value-driven business dealings

## Checklist of Corporate Governance Principles and Recommendations

Principles & Recommendations		Compliance
<i>Principle 1: Lay solid foundations for management and oversight</i>		
1.1	Establish the functions reserved to the Board and those delegated to Senior Executives and disclose those functions.	YES
1.2	Disclose the process for evaluating the performance of Senior Executives.	YES
<i>Principle 2: Structure the Board to add value</i>		
2.1	A majority of the Board should be Independent Directors.	YES
2.2	The chair should be an Independent Director.	YES
2.3	The roles of the Chair and Chief Executive Officer should not be exercised by the same individual.	YES
2.4	The Board should establish a Nomination Committee.	YES
2.5	Disclose the process for evaluating the performance of the Board, its Committees, and individual Directors.	YES
<i>Principle 3: Promote ethical and responsible decision-making</i>		
3.1	Establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> <li>The practices necessary to maintain confidence in Company's integrity.</li> <li>The practice necessary to take into account their legal obligations and the reasonable expectations of stakeholders; and</li> <li>The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</li> </ul>	YES
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and the progress in achieving them.	YES
3.3	Companies should disclose in each Annual Report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.	YES
3.4	Companies should disclose in each Annual Report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.	YES
<i>Principle 4: Safeguard integrity in financial reporting</i>		
4.1	The Board should establish an Audit Committee.	YES
4.2	Structure the Audit Committee so that it: <ul style="list-style-type: none"> <li>Consists only of Non-Executive Directors.</li> <li>Consists of a majority of Independent Directors.</li> <li>Is chaired by an Independent Chair, who is not the Chair of the Board; and</li> <li>Has at least three (3) members.</li> </ul>	NO
4.3	The Audit Committee should have a formal charter.	YES
<i>Principle 5: Make timely and balanced disclosure</i>		
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a Senior Executive level for that compliance and disclose those policies or a summary of those policies.	YES
<i>Principle 6: Respect the rights of shareholders</i>		
6.1	Design a Communications Policy for promoting effective communication with shareholders and encouraging their participation at General Meetings and disclose the policy or a summary of the policy.	YES
<i>Principle 7: Recognise and manage risk</i>		
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	YES
7.2	The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	YES
7.3	The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	YES
<i>Principle 8: Remunerate fairly and responsibly</i>		
8.1	The Board should establish a remuneration committee.	NO
8.2	The remuneration committee should be structured so that it: <ul style="list-style-type: none"> <li>consists of a majority of Independent Directors.</li> <li>is chaired by an Independent Chair.</li> <li>has at least three (3) members.</li> </ul>	NO
8.3	Clearly distinguish the structure of Non-Executive Directors' remuneration from that of Executive Directors and Senior Executives.	YES





# Consolidated Statement of Profit or Loss and other Comprehensive Income

For The Year Ended 30 June 2014

	Notes	2014	2013
		\$	\$
<b>Revenue</b>	3	66,798,695	46,498,244
Cost of Sales		(45,805,277)	(33,565,921)
<b>Gross Profit</b>		20,993,418	12,932,323
Other Income	3	2,125,562	54,089
Administration expenses	4	(14,816,092)	(8,700,955)
Marketing expenses		(170,028)	(73,370)
Occupancy expenses		(2,474,585)	(1,076,390)
Finance costs		(802,190)	(473,289)
Other expenses		(530,955)	(683,647)
<b>Profit before income tax</b>		4,325,130	1,978,761
Income tax expense	5	(531,639)	(428,921)
<b>Profit for the year</b>		3,793,491	1,549,840
<b>Other comprehensive income</b>		-	-
<b>Other comprehensive income for the period, net of income tax</b>		-	-
<b>Total comprehensive income for the period</b>		3,793,491	1,549,840

	Notes	2014	2013
<b>Earnings per share (cents per share)</b>			
Basic earnings per share	6	4.3266	2.3640
Diluted earnings per share	6	4.2574	2.2069

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

# Consolidated Statement of Financial Position

As At 30 June 2014

	Notes	2014	2013 (Restated)	1-Jul-12 (Restated)
		\$	\$	\$
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	7	8,062,006	2,085,913	1,393,716
Trade and other receivables	8	11,134,232	5,841,882	9,765,075
Work in progress	9	3,254,637	1,601,992	1,419,211
Other current assets	10	784,062	1,199,811	270,675
<b>Total Current Assets</b>		<b>23,234,937</b>	<b>10,729,598</b>	<b>12,848,677</b>
<b>Non-Current Assets</b>				
Property, plant and equipment	11	12,785,700	7,999,000	4,088,348
Intangible assets	12	27,801,166	11,661,706	4,170,958
Deferred tax asset	2 (b) (iii), 5	2,226,705	828,230	452,109
<b>Total Non-Current assets</b>		<b>42,813,571</b>	<b>20,488,936</b>	<b>8,711,415</b>
<b>TOTAL ASSETS</b>		<b>66,048,508</b>	<b>31,218,534</b>	<b>21,560,092</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade and other payables	14	12,389,120	7,182,271	7,596,850
Borrowings	15	3,464,781	1,874,360	511,416
Provisions	16	1,999,040	1,090,922	991,500
<b>Total Current Liabilities</b>		<b>17,852,941</b>	<b>10,147,553</b>	<b>9,099,766</b>
<b>Non-Current Liabilities</b>				
Borrowings	15	10,579,829	4,010,807	554,095
Provisions	16	358,426	172,374	95,346
Deferred tax liability	5	2,790,996	1,622,118	514,928
<b>Total Non-Current Liabilities</b>		<b>13,729,251</b>	<b>5,805,299</b>	<b>1,164,369</b>
<b>TOTAL LIABILITIES</b>		<b>31,582,192</b>	<b>15,952,852</b>	<b>10,264,135</b>
<b>NET ASSETS</b>		<b>34,466,316</b>	<b>15,265,682</b>	<b>11,295,957</b>
<b>EQUITY</b>				
Issued capital	18	24,362,663	8,779,678	6,456,310
Reserves	17	711,604	461,126	407,336
Retained profits	2 (b) (iii)	9,392,049	6,024,878	4,432,311
<b>TOTAL EQUITY</b>		<b>34,466,316</b>	<b>15,265,682</b>	<b>11,295,957</b>

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

# Consolidated Statement of Cash Flows

For The Year Ended 30 June 2014

	Notes	2014	2013
		\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers		65,004,969	50,144,238
Payments to suppliers and employees		(59,879,767)	(43,308,824)
Borrowing costs		(735,276)	(383,126)
Income tax paid		756,057	(919,919)
Interest received		125,562	54,762
<b>Net cash flows from operating activities</b>	7	5,271,545	5,587,131
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(6,254,678)	(4,985,338)
Acquisition of subsidiaries net of cash		(14,555,814)	(3,361,823)
Deferred payment in relation to business acquisition of prior year		(1,743,000)	-
<b>Net cash flows (used in) investing activities</b>		(22,553,492)	(8,347,161)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		15,329,643	1,073,368
Repayment of borrowings		(3,086,147)	(1,127,824)
Repayment of finance lease liabilities		(849,464)	(762,875)
Dividends Paid		(339,591)	-
Proceeds from borrowings		12,203,599	4,269,558
<b>Net cash flows from financing activities</b>		23,258,040	3,452,227
Net increase in cash and cash equivalents		5,976,093	692,197
Cash and cash equivalents at beginning of period		2,085,913	1,393,716
<b>Cash and cash equivalents at end of period</b>	7	8,062,006	2,085,913

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



# Consolidated Statement of Changes in Equity

For The Year Ended 30 June 2014

	Issued Capital	Retained Earnings	Employee Equity Benefits Reserve	Total Equity
	\$	\$	\$	\$
<b>Balance at 30 June 2012 (restated)</b>	6,456,310	4,432,311	407,336	11,295,957
Total comprehensive income for the period	-	1,549,840	-	1,549,840
Exercise of options	1,080,000	-	-	1,080,000
Cost of share-based payments	-	-	53,790	53,790
Shares Issued during the year	1,250,000	-	-	1,250,000
Effect of change in accounting policy	-	42,727	-	42,727
Transaction Cost	(6,632)	-	-	(6,632)
<b>Balance at 30 June 2013 (restated)</b>	8,779,678	6,024,878	461,126	15,265,682
Prior period adjustment	-	(86,729)	-	(86,729)
Total comprehensive income for the period	-	3,793,491	-	3,793,491
Dividends	-	(339,591)	-	(339,591)
Exercise of options	670,000	-	-	670,000
Cost of share-based payments	-	-	250,478	250,478
Shares Issued during the year	15,500,000	-	-	15,500,000
Transaction cost	(587,015)	-	-	(587,015)
<b>Balance at 30 June 2014</b>	24,362,663	9,392,049	711,604	34,466,316

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

# Notes to the Financial Statements

For The Year Ended 30 June 2014

---

## 1. Corporate Information

The financial report of Empired Ltd for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the Directors on 25 August 2014.

Empired Limited is a Company limited by shares incorporated in Australia. The financial report includes the consolidated financial statements and notes of Empired Limited and controlled entities.

## 2. Summary of significant accounting policies

### (a) General information and statement of compliance

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board (IASB). Empired Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial report has been prepared on an accruals basis, and is based on historical costs modified where applicable, by measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial report is presented in Australian dollars.

### (b) New and revised standards that are effective for these financial statements

A number of new and revised standards are effective for annual periods beginning on or after 1 July 2013.

Information on these new standards is presented below.

#### (i) AASB 10 Consolidated Financial Statements

AASB 10 supersedes AASB 127 Consolidated and Separate Financial Statements (AASB 127) and AASB Interpretation 112 Consolidation - Special Purpose Entities. AASB 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore to change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged.

Management has reviewed its control assessments in accordance with AASB 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

#### (ii) AASB 11 Joint Arrangements

AASB 11 supersedes AASB 131 Interests in Joint Ventures (AAS 131) and AASB Interpretation 113 Jointly Controlled Entities- Non-Monetary-Contributions by Venturers. AASB 11 revises the categories of joint arrangement, and the criteria for classification into the categories, with the objective of more closely aligning the accounting with the investor's rights and obligations relating to the arrangement. In addition, AASB 131's option of using proportionate consolidation for arrangements classified as jointly controlled entities under that Standard has been eliminated. AASB 11 now requires the use of the equity method for arrangements classified as joint ventures (as for investments in associates).

The Group's does not maintain any joint arrangement within the scope of AASB 11. The application of AASB 11 did not have a material impact on the Company.

### I. AASB 12 Disclosure of interests in Other Entities

AASB 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

### II. Consequential amendments to AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures

AASB 127 now only addresses separate financial statements. AASB 128 brings investments in joint ventures into its scope. However, AASB 128's equity accounting methodology remains unchanged.

### III. AASB 13 Fair Value Measurement

AASB 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. The scope of AASB 13 is broad and it applies for both financial and non-financial items for which other Australian Accounting Standards require or permit fair value measurements or disclosures about fair value measurements, except in certain circumstances.

AASB 13 applies prospectively for annual periods beginning on or after 1 January 2013. Its disclosure requirements need not be applied to comparative information in the first year of application. The Group has however included as comparative information the AASB 13 disclosures that were required previously by AASB 7 Financial Instruments: Disclosures.

The Group has applied AASB 13 for the first time in the current year.

### (iii) Amendments to AASB 119 Employee Benefits

The 2011 amendments to AASB 119 made a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans. The amendments:

- Eliminate the 'corridor method' and requires the recognition of re-measurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income;

- Change the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest expense or income based on the net defined benefit asset or liability; and
- Enhance disclosures, including more information about the characteristics of defined benefit plans and related risks.

Under the amendments, employee benefits 'expected to be settled wholly' (as opposed to 'due to be settled' under the superseded version of AASB 119) within 12 months after the end of the reporting period are short-term benefits, and are therefore not discounted when calculating leave liabilities. As the Group does not expect all annual leave for all employees to be used wholly within 12 months of the end of reporting period, annual leave is included in 'other long-term benefit' and discounted when calculating the leave liability. This change has had no impact on the presentation of annual leave as a current liability in accordance with AASB 101 *Presentation of Financial Statements*.

AASB 119 has been applied retrospectively in accordance with its transitional provisions. Consequently, the Group has restated its reported results in the comparative period presented and reported the cumulative effect as at 1 July 2012 as an adjustment to opening equity.

# Notes to the Financial Statements

For The Year Ended 30 June 2014

## 2. Summary of Significant Accounting Policies (Continued)

The effects of the application of AASB 119 on the statements of financial position at 1 July 2012 and 30 June 2013 are:

	Pension & Other Employee Obligations	Deferred Tax Assets	Other Components of Equity	Retained Earnings
	\$	\$	\$	\$
Balance as reported at 1 July 2012	(2,318,923)	470,968	6,863,646	4,388,307
Effect of AASB 119	62,863	(18,859)	-	44,004
Restated balance at 1 July 2012	(2,256,060)	452,109	6,863,646	4,432,311

	Pension & Other Employee Obligations	Deferred Tax Assets	Other Components of Equity	Retained Earnings
	\$	\$	\$	\$
Balance as reported at 30 June 2013	(2,835,361)	865,400	9,240,804	5,938,147
Effect of AASB 119				
Brought forward	62,863	(18,859)	-	44,004
Total comprehensive income for the year	61,038	(18,311)	-	42,727
Restated balance at 30 June 2013	(2,711,460)	828,230	9,240,804	6,024,878

The effects of the application of AASB 119 on the statement of financial position at 30 June 2014 are:

	30 June 2014
	\$
Decrease in pension and other employee obligations	106,567
Increase in deferred tax liability	-
<b>Increase in equity</b>	<b>106,567</b>

The effects of the application of AASB 119 on the statement of comprehensive income for the year ended 30 June 2013 and 30 June 2014 are:

Statement of Profit or Loss and Other Comprehensive Income	Year to 30-Jun-14	Year to 30-Jun-13
	\$	\$
Decrease in employee benefits expense	17,334	61,038
Decrease in finance costs	-	-
Decrease in other financial items	-	-
Decrease in tax expense	-	(18,311)
<b>Increase in profit for the year</b>	<b>17,334</b>	<b>42,727</b>
<i>Decrease in profit for the year attributable to:</i>		-
Non-controlling interest	-	-
Owners of the parent	17,334	42,727
<b>Increase in profit for the year</b>	<b>17,334</b>	<b>42,727</b>
<i>Other Comprehensive Income:</i>		
Increase / (decrease) in gain on re-measurement of net defined benefit liability	-	-
Decrease / (increase) in income tax relating to items not reclassified	-	-
<b>Increase / (decrease) in other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Increase / (decrease) in total comprehensive income</b>	<b>-</b>	<b>-</b>
<i>Increase / (decrease) in total comprehensive income for the year attributable to:</i>		
Non-controlling interest	17,334	42,727
Owners of the Parent	17,334	42,727
	17,334	42,727

The application of AASB 119 did not have a material impact on the statement of cash flows and on the earnings per share for the year ended 30 June 2013 and 30 June 2014.



# Notes to the Financial Statements

For The Year Ended 30 June 2014

---

## 2. Summary of Significant Accounting Policies (Continued)

### Accounting standards issued but not yet effective and not been adopted early by the group

#### AASB 9 Financial Instruments

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.

Effective date (annual reporting periods beginning on or after 1 January 2018).

The entity has not yet assessed the full impact of AASB 9 as this standard does not apply mandatorily before 1 January 2018 and the IASB is yet to finalise the remaining phases of its project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 in Australia).

#### AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities

AASB 2012-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.

Effective date (annual reporting periods beginning on or after 1 January 2014).

When AASB 2012-3 is first adopted for the year ending 30 June 2015, there will be no impact on the entity as this standard merely clarifies existing requirements in AASB 132.

#### AASB 2013-3 Recoverable Amount Disclosures for Non-Financial Assets

These narrow-scope amendments address disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. When developing IFRS 13 Fair Value Measurement, the IASB decided to amend IAS

36 Impairment of Assets to require disclosures about the recoverable amount of impaired assets. The IASB noticed however that some of the amendments made in introducing those requirements resulted in the requirement being more broadly applicable than

the IASB had intended. These amendments to IAS 36 therefore clarify the IASB’s original intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal. AASB 2013-3 makes the equivalent amendments to AASB 136 Impairment of Assets.

Effective date (annual reporting periods beginning on or after 1 January 2014).

When these amendments are first adopted for the year ending 30 June 2015, they are unlikely to have any significant impact on the entity given that they are largely of the nature of clarification of existing requirements.

#### AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting

The amendments in AASB 2013-5 provide an exception to consolidation to investment entities and require them to measure unconsolidated subsidiaries at fair value through profit or loss in accordance with AASB 9 Financial Instruments (or AASB 139 Financial Instruments: Recognition and Measurement where AASB 9 has not yet been adopted). The amendments also introduce new disclosure requirements for investment entities that have subsidiaries.

These amendments apply to investment entities, whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both.

Effective date (annual reporting periods beginning on or after 1 January 2014).

When these amendments are first adopted for the year ending 30 June 2015, they are unlikely to have any significant impact on the entity.

### **AASB 2013-7 Amendments to AASB 1038 arising from AASB 10 in relation to Consolidation and Interests of Policyholders**

AASB 2013-7 removes the specific requirements in relation to consolidation from AASB 1038 Life Insurance Contracts, which leaves AASB 10 Consolidated Financial Statements as the sole source for consolidation requirements applicable to life insurer entities.

Effective date (annual reporting periods beginning on or after 1 January 2014).

When this standard is first adopted for the year ending 30 June 2015, there will be no impact on the entity because the parent entity does not meet the definition of 'investment entity'.

### **AASB 1031 Materiality (December 2013)**

The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework for the Preparation and Presentation of Financial Statements (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations, and once all these references have been removed, AASB 1031 will be withdrawn.

Effective date (annual reporting periods beginning on or after 1 January 2014).

When these amendments are first adopted for the year ending 30 June 2015, they are unlikely to have any significant impact on the entity.

### **AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part B: Materiality)**

Part B of AASB 2013-9 deletes references to AASB 1031 in various Australian Accounting Standards (including Interpretations).

Effective date (annual reporting periods beginning on or after 1 January 2014).

When the revised AASB 1031 is first adopted for the year ending 30 June 2015, it is unlikely to have any significant impact on the entity.

### **AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part C: Financial Instruments)**

These amendments:

- add a new chapter on hedge accounting to AASB 9 Financial Instruments, substantially overhauling previous accounting requirements in this area;
- allow the changes to address the so-called 'own credit' issue that were already included in AASB 9 to be applied in isolation without the need to change any other accounting for financial instruments; and
- defer the mandatory effective date of AASB 9 from '1 January 2015' to '1 January 2017'.

Effective date (annual reporting periods beginning on or after 1 January 2015).

The entity has not yet assessed the full impact of these amendments.

### **AASB 14 Regulatory Deferral Accounts**

AASB 14 permits first-time adopters of Australian Accounting Standards who conduct rate-regulated activities to continue to account for amounts related to rate regulation in accordance with their previous GAAP. Accordingly, an entity that applies AASB 14 may continue to apply its previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of its regulatory deferral account balances. This exemption is not available to entities who already apply Australian Accounting Standards.

Effective date (annual reporting periods beginning on or after 1 January 2016).

When AASB 14 becomes effective for the first time for the year ending 30 June 2017, it will not have any impact on the entity.

### **AASB 2014-1 Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010–2012 and 2011–2013 Cycles)**

Part A of AASB 2014-1 makes amendments to various Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle.

# Notes to the Financial Statements

For The Year Ended 30 June 2014

## 2. Summary of Significant Accounting Policies (Continued)

### Among other improvements, the amendments arising from Annual Improvements to IFRSs 2010-2012 Cycle:

(a) clarify that the definition of a 'related party' includes a management entity that provides key management personnel services to the reporting entity (either directly or through a group entity); and

(b) amend AASB 8 Operating Segments to explicitly require the disclosure of judgments made by management in applying the aggregation criteria.

Among other improvements, the amendments arising from Annual Improvements to IFRSs 2011-2013 Cycle clarify that an entity should assess whether an acquired property is an investment property under AASB 140 Investment Property and perform a separate assessment under AASB 3 Business Combinations to determine whether the acquisition of the investment property constitutes a business combination.

When these amendments are first adopted for the year ending 30 June 2015, there will be no material impact on the entity.

### AASB 2014-1 Amendments to Australian Accounting Standards (Part B: Defined Benefit Plans: Employee Contributions (Amendments to AASB 119))

Part B of AASB 2014-1 makes amendments to AASB 119 Employee Benefits to incorporate the IASB's practical expedient amendments finalised in International Financial Reporting Standard Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) in relation to the requirements for contributions from employees or third parties that are linked to service.

The amendments clarify that if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service. In contrast, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of

service using the same attribution method required by paragraph 70 of AASB 119 for the gross benefit.

Effective date (annual reporting periods beginning on or after 1 July 2014).

When these amendments are first adopted for the year ending 30 June 2015, there will be no material impact on the entity.

### AASB 2014-1 Amendments to Australian Accounting Standards (Part C: Materiality)

Part C of AASB 2014-1 makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031 Materiality, which historically has been referenced in each Australian Accounting Standard.

Effective date (annual reporting periods beginning on or after 1 July 2014).

When these amendments are first adopted for the year ending 30 June 2015, there will be no material impact on the entity.

### AASB 2014-1 Amendments to Australian Accounting Standards (Part D: Consequential Amendments arising from AASB 14)

Part D of AASB 2014-1 makes consequential amendments arising from the issuance of AASB 14.

Effective date (annual reporting periods beginning on or after 1 January 2016).

When these amendments become effective for the first time for the year ending 30 June 2017, they will not have any impact on the entity.

### AASB 2014-1 Amendments to Australian Accounting Standards (Part E: Financial Instruments)

Part E of AASB 2014-1 makes amendments to Australian Accounting Standards to reflect the AASB's decision to defer the mandatory application date of AASB 9 Financial Instruments to annual reporting periods beginning on or after 1 January 2018. Part E also makes amendments to numerous Australian Accounting

Standards as a consequence of the introduction of Chapter 6 Hedge Accounting into AASB 9 and to amend reduced disclosure requirements for AASB 7 Financial Instruments: Disclosures and AASB 101 Presentation of Financial Statements.

Effective date (annual reporting periods beginning on or after 1 January 2015).

The entity has not yet assessed the full impact of these amendments.

#### **IFRS 15 Revenue from Contracts with Customers** IFRS 15:

- replaces IAS 18 Revenue, IAS 11 Construction Contracts and some revenue-related Interpretations;
- establishes a new control-based revenue recognition model;
- changes the basis for deciding whether revenue is to be recognised over time or at a point in time;
- provides new and more detailed guidance on specific topics (e.g., multiple element arrangements, variable pricing, rights of return, warranties and licensing);
- expands and improves disclosures about revenue.

In the Australian context, the Australian Accounting Standards Board (AASB) is expected to issue the equivalent Australian Standard (AASB 15 Revenue from Contracts with Customers), along with a new Exposure Draft (ED) on income from transactions of Not-for-Profit (NFP) entities by September 2014.

Effective date (annual reporting periods beginning on or after 1 January 2017).

When this standard is first adopted for the year ending 30 June 2018, there will be no material impact on the transactions and balances recognised in the financial statements.

#### **Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)**

The amendments to IAS 16 prohibit the use of a revenue-based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment.

The amendments to IAS 38 present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate. This rebuttable presumption can be overcome (i.e. a revenue-based amortisation method might be appropriate) only in two limited circumstances:

- the intangible asset is expressed as a measure of revenue, for example when the predominant limiting factor inherent in an intangible asset is the achievement of a revenue threshold (for instance, the right to operate a toll road could be based on a fixed total amount of revenue to be generated from cumulative tolls charged); or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

The Australian Accounting Standards Board (AASB) is expected to issue the equivalent Australian amendment shortly.

Effective date (annual reporting periods beginning on or after 1 January 2016).

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.

#### **Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)**

The amendments to IFRS 11 state that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a 'business', as defined

# Notes to the Financial Statements

For The Year Ended 30 June 2014

## 2. Summary of Significant Accounting Policies (Continued)

in IFRS 3 Business Combinations, should:

- apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs except principles that conflict with the guidance of IFRS 11. This requirement also applies to the acquisition of additional interests in an existing joint operation that results in the acquirer retaining joint control of the joint operation (note that this requirement applies to the additional interest only, i.e. the existing interest is not remeasured) and to the formation of a joint operation when an existing business is contributed to the joint operation by one of the parties that participate in the joint operation; and
- provide disclosures for business combinations as required by IFRS 3 and other IFRSs.

The Australian Accounting Standards Board (AASB) is expected to issue the equivalent Australian amendment shortly.

Effective date (annual reporting periods beginning on or after 1 January 2016).

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.

### (c) Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2014. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where

necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

### Business Combinations

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquire, and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.



#### (d) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a diminishing value, except computer software which is on a straight-line basis, over the estimated useful life of the asset as follows:

Buildings & Improvements	DV	7.5 – 20 yrs
Leasehold Improvements	DV	5 – 20 yrs
Furniture & Fittings	DV	3 – 20 yrs
Computer Hardware	DV	3 – 5 yrs
Computer Software	SL	1 – 5 yrs

#### Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal

proceeds and the carrying amount of the item) is included in profit or loss in the period the item is derecognised.

#### (e) Borrowing costs

Borrowing costs are recognised as an expense when incurred except where incurred in relation to qualifying assets where borrowing costs are capitalised

#### (f) Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortised. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates.

Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

#### (g) Intangible Assets

Acquired both separately and from a business

# Notes to the Financial Statements

For The Year Ended 30 June 2014

## 2. Summary of Significant Accounting Policies (Continued)

combination. Intangible assets acquired separately are capitalised at cost. Following initial recognition, the cost model is applied to the class of intangible assets.

Where amortisation is charged on assets with finite lives, this expense is taken to profit or loss through the 'amortisation expenses' line item.

Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against in the period in which the expenditure is incurred.

Intangible assets are tested for impairment where an indicator of impairment exists and in the case of indefinite lived intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

### Research and Development Costs

Research costs are expensed as incurred.

Development expenditure incurred on an individual project is carried forward when its future recoverability can be reasonably assured.

Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

### Software

Costs incurred in developing software are capitalised where future financial benefits can be reasonably be assured. These costs include employee costs incurred on development along with appropriate portion of relevant overheads.

Amortisation is calculated on a straight-line basis depending on the useful life of the asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised on profit or loss when the asset is derecognised.

### (h) Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

### (i) Operating Segments

The Group adopted 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 year the Group had reliance on one customer whose revenues represent 10.02% or \$6,902,971 of the total revenue reported by the Group.

### (j) Financial Instruments

#### Reconciliation and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trading date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

### Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

### Amortised cost is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

### (i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through

profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

### (ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost,

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets).

### (iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets.)

If during the period the Group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

### (iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity

# Notes to the Financial Statements

For The Year Ended 30 June 2014

---

## 2. Summary of Significant Accounting Policies (Continued)

of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except those which are expected to mature within 12 months after the end of the reporting period. (All other financial assets are classified as current assets).

### (v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

### Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

### (k) Trade and other receivables

Trade receivables, which generally have 30-45 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Bad debts are written off when identified.

### (l) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

### (m) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised and as well as through the amortisation process.

### (n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### (o) Employee benefits

#### (i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

**(ii) Long service leave**

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

**(p) Share-based payment transactions**

The Group provides to employees (including Directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

There are currently two plans in place to provide these benefits:

- (i) The Empired Employee Share Option Plan (ESOP2), which provides to all employees excluding Directors,
- (ii) The Executive Share Option Plan (ESOP1), which provides benefits to directors and senior executives.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a Black Scholes model. Further details are given in note 13.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Group, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for

the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see note 6).

**(q) Leases**

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income.



# Notes to the Financial Statements

For The Year Ended 30 June 2014

## 2. Summary of Significant Accounting Policies (Continued)

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

### (r) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

#### 1. Rendering of services

Revenue from the provision of services is recognised when the service has been provided.

#### 2. Maintenance, Hosting and Support fees

Revenue from maintenance, hosting and support is recognised and brought to account over the time it is earned. Unexpired revenue is recorded as unearned income.

#### 3. Interest received

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

### (s) Foreign currency transactions

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction.

Foreign Exchange differences arising on the translation of monetary items are recognised in other comprehensive income.

### (t) Income tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for the financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability

in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

#### (u) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

#### (v) Significant accounting judgements, estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

#### Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policies.

#### i. Impairment of goodwill and intangibles with indefinite useful lives

The group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating unit to which the goodwill and intangibles with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and carrying amount of goodwill and intangibles with indefinite useful lives are discussed in note 22.

#### ii. Share based payments

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

#### iii. Long service leave provision

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

#### iv. Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down

# Notes to the Financial Statements

For The Year Ended 30 June 2014

## 3. Revenues

	2014	2013
	\$	\$
<b>Sales Revenue</b>		
Sales	66,798,695	46,498,244
<b>Other Revenue</b>		
Forgiveness of business acquisition consideration	2,000,000	-
Interest	122,957	53,618
Foreign exchange gain	2,605	-
Insurance claim	-	278
Gain on interest swap	-	193
	2,125,562	54,089
<b>Total Revenue</b>	<b>68,924,257</b>	<b>46,552,333</b>

## 4. Administration Expenses

Profit before income tax includes the following specific expenses:

	2014	2013
	\$	\$
Employee benefits	10,013,990	6,315,657
Legal expenses	290,759	98,241
Depreciation expenses	2,001,018	1,203,607
Insurance	208,185	138,459
Travel	532,230	426,577
Corporate costs	1,769,910	518,414
<b>Total Administration Expenses</b>	<b>14,816,092</b>	<b>8,700,955</b>

## 5. Income Tax

### (a) Income tax expense

The major components of income tax expense are:

	2014	2013
	\$	\$
Current income tax payable	-	-
Deferred income tax relating to origination and reversal of temporary differences	559,626	785,105
Deferred tax asset not previously brought to account	(95,415)	(356,184)
Under provision in respect of prior years	67,428	-
Income tax expense reported in statement of comprehensive income	531,639	428,921

### (b) Amounts charged (credited) directly to equity

	2014	2013
	\$	\$
Capital Raising transaction costs	(253,342)	(2,843)
Deferred tax assets recognised on acquisition	391,824	77,860
Deferred tax liabilities recognised on acquisition	-	8,354
	138,482	(72,349)

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

	2014	2013
	\$	\$
Prima facie tax on operating profit calculated at 30% (2013: 30%)	1,297,539	593,629
	-	593,629
<b>Add tax effect of:</b>		
Non-deductible Expenses	224,490	-
Other non-deductible expenses	-	111,567
R&D offset income tax variance	(362,403)	(272,907)
Over/Under provision of tax prior years	67,428	(3,368)
Income not assessable	(600,000)	-
Deferred tax asset not previously brought to account	(95,415)	-
Aggregate income tax expense	531,639	428,921

# Notes to the Financial Statements

For The Year Ended 30 June 2014

## 5. Income Tax (Continued)

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

Deferred income tax balances at 30 June relate to the following:

	2014	2013
	\$	\$
<i>(i) Deferred tax liabilities</i>		
Fixed assets	1,814,605	1,141,076
Work in progress	976,391	480,598
Accrued Interest	-	444
Gross deferred tax liabilities	2,790,996	1,622,118
<i>(ii) Deferred tax assets</i>		
Provisions	12,000	10,950
Equity raising costs	229,390	39,789
Borrowing costs	-	20,662
s40-880 costs	24,285	5,334
R&D Tax Offsets carried forward	924,684	216,476
Trade and other receivables	34,597	-
Pensions and other employee obligations	1,001,749	535,019
Gross deferred tax assets	2,226,705	828,230

### (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.

Empired Limited is forming a tax sharing agreement post reporting date with its group entities



## 6. Earnings Per Share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share 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 income and share data used in the basic and diluted earnings per share computations:

	2014	2013
	\$	\$
Net profit attributable to ordinary equity holders of the parent	3,793,493	1,549,840

	2014	2013
	<i>Thousands</i>	<i>Thousands</i>
Weighted average number of ordinary shares for basic earnings per share	87,679	65,561
<i>Effect of dilution:</i>		
Share options	1,425	4,665
Weighted average number of ordinary shares adjusted for the effect of dilution	89,104	70,226

# Notes to the Financial Statements

For The Year Ended 30 June 2014

## 7. Cash and Cash Equivalents

### (i) Reconciliation of Cash

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

	Notes	2014	2013
		\$	\$
Cash at bank and in hand		7,486,798	1,650,890
Term deposit	(a)	575,208	435,023
		8,062,006	2,085,913

(a) - The effective interest rate on the short term deposits was 2.85% (2013: 4.57%).

### (ii) Financing facilities available

At reporting date the following facilities were available and unused:

Bank overdraft facility		-	2,963,029
Loan Facility	(b)	1,909,000	3,652,000
		1,909,000	6,615,029

(b) - A floating charge over the assets of the consolidated group has been provided for certain debts. Refer to note 15 for further details.

## 7. Cash and Cash Equivalents (Continued)

### (iii) Reconciliation of net cash flows from operating activities to operating profit after income tax

	2014	2013
	\$	\$
Operating profit after income tax	3,793,491	1,549,840
Depreciation	2,001,018	1,203,607
Option Plan Expense	105,248	53,790
<b>Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:</b>		
(Increase)/Decrease in receivables	(925,651)	3,923,097
(Increase)/Decrease in other assets	(956,657)	(182,781)
(Increase)/decrease in prepayments	(57,779)	(88,648)
Increase/(decrease) in creditors	1,036,833	(1,390,640)
Increase/(decrease) in other creditors	(166,778)	135,188
Increase/(decrease) in accrued liabilities	705,602	(847,954)
Increase/(decrease) in unearned income	88,582	(94,419)
(Decrease)/Increase in income tax payable	(156,469)	919,919
(Decrease)/Increase in provision for employee entitlements	(195,896)	406,132
<b>Net cash from operating activities</b>	<b>5,271,544</b>	<b>5,587,131</b>

### (iv) Non-cash investing and financing activities

Share Issue – Refer note 18

Acquisition of plant and equipment by means of finance lease	292,281	4,158,765
--	---------	-----------

### (v) Acquisition of Entities

Refer note 25

### (vi) Credit Standby Arrangements with Banks

Refer note 15

# Notes to the Financial Statements

For The Year Ended 30 June 2014

## 8. Trade and Other Receivables

	2014	2013
	\$	\$
Trade receivables	11,134,232	5,841,882

Trade receivables are non-interest bearing and are generally on 30-day terms. (For further details on credit risk, refer to note 19). A provision for impairment is recognised when there is objective evidence that an individual trade is impaired. These amounts have been included in the other expenses item. There are no balances within trade and other receivables that contain assets that are impaired and are past due. It is expected these balances will be received when due. Impaired assets are provided for in full.

## 9. Work in Progress

Work in progress at cost	3,254,637	1,601,992
--------------------------	-----------	-----------

## 10. Other Current Assets

Prepayments	602,184	357,209
Other Receivables	181,878	842,602
	784,062	1,199,811

## 11. Property, Plant and Equipment

	2014	2013
	\$	\$
<b>Lease Improvements</b>		
At cost	1,406,521	567,742
Accumulated depreciation	(557,436)	(129,495)
<b>Total Lease Improvements</b>	<b>849,085</b>	<b>438,247</b>
<b>Computer Hardware</b>		
At cost	11,010,720	6,675,152
Accumulated depreciation	(3,286,027)	(1,474,198)
<b>Total Computer Hardware</b>	<b>7,724,693</b>	<b>5,200,954</b>
<b>Computer Software</b>		
At cost	5,665,647	3,422,648
Accumulated depreciation	(1,768,485)	(1,254,119)
<b>Total Computer Software</b>	<b>3,897,162</b>	<b>2,168,529</b>
<b>Equipment &amp; Fittings</b>		
At cost	556,778	332,298
Accumulated depreciation	(242,017)	(141,028)
<b>Total Equipment &amp; Fittings</b>	<b>314,761</b>	<b>191,270</b>
<b>Total Plant and Equipment</b>	<b>12,785,700</b>	<b>7,999,000</b>



# Notes to the Financial Statements

For The Year Ended 30 June 2014

## 11. Property, Plant and Equipment (Continued)

2014	Lease Improvement	Computer Hardware	Computer Software	Furniture, Equipment & Fittings	Total
	\$	\$	\$	\$	\$
<b>Gross carrying amount</b>					
Balance 1 July 2013	567,742	6,675,151	3,422,649	332,298	10,997,840
Additions	275,418	3,316,846	2,242,998	28,931	5,864,193
Acquisition through business combination	563,361	1,025,552	-	196,278	1,785,191
Disposals	-	(6,829)	-	(729)	(7,558)
Balance 30 June 2014	1,406,521	11,010,720	5,665,647	556,778	18,639,666
<b>Depreciation and impairment</b>					
Balance 1 July 2013	(129,495)	(1,474,198)	(1,254,119)	(141,028)	(2,998,840)
Disposals	-	5,537	-	-	5,537
Acquisition through business combination	(282,362)	(681,815)	-	(34,988)	(999,165)
Depreciation	(145,579)	(1,135,551)	(514,366)	(66,002)	(1,861,498)
Balance 30 June 2014	(557,436)	(3,286,027)	(1,768,485)	(242,018)	(5,853,966)
<b>Carrying amount 30 June 2014</b>	<b>849,085</b>	<b>7,724,691</b>	<b>3,897,162</b>	<b>314,760</b>	<b>12,785,700</b>

2013	Lease Improvement	Computer Hardware	Computer Software	Furniture, Equipment & Fittings	Total
	\$	\$	\$	\$	\$
<b>Gross carrying amount</b>					
Balance 1 July 2012	247,315	3,757,899	1,838,844	169,938	6,013,996
Additions	320,427	2,871,742	1,364,589	131,799	4,688,557
Acquisition through business combination	-	45,511	219,215	32,055	296,781
Disposals	-	-	-	(1,494)	(1,494)
Balance 30 June 2013	567,742	6,675,152	3,422,648	332,298	10,997,840
<b>Depreciation and impairment</b>					
Balance 1 July 2012	(72,712)	(903,104)	(840,350)	(109,481)	(1,925,647)
Disposals	-	-	-	627	627
Depreciation	(56,783)	(571,093)	(413,770)	(32,174)	(1,073,820)
Balance 30 June 2013	(129,495)	(1,474,197)	(1,254,120)	(141,028)	(2,998,840)
<b>Carrying amount 30 June 2013</b>	<b>438,247</b>	<b>5,200,955</b>	<b>2,168,528</b>	<b>191,270</b>	<b>7,999,000</b>

## 12. Intangible Assets

	2014	2013
	\$	\$
<b>Goodwill</b>		
Cost	27,105,898	11,296,386
Accumulated impaired losses	-	-
<b>Net carrying value</b>	27,105,898	11,296,386
<b>Software</b>		
Cost	700,484	310,096
Accumulated impaired losses	-	-
Amortisation charge	(255,236)	(158,503)
<b>Net carrying value</b>	445,248	151,593
<b>Other</b>		
Cost	328,286	249,303
Accumulated impaired losses	-	-
Amortisation charge	(78,266)	(35,576)
<b>Net carrying value</b>	250,020	213,727
<b>Total intangibles</b>	27,801,166	11,661,706

Goodwill assumptions have been detailed within note 22. No impairment was recorded.

# Notes to the Financial Statements

For The Year Ended 30 June 2014

## 12. Intangible Assets (Continued)

During the financial year intangibles allocated as 'other' were recognised as part of the acquisition of OBS Pty Ltd and eSavvy Pty Ltd. Refer to note 25 Business Combinations for more information.

	Goodwill	Software	Other	Total
	\$	\$	\$	\$
<b>Year end 30 June 2013</b>				
Balance at the beginning of the year	3,948,764	222,194	-	4,170,958
Additions from business combinations	7,347,622	-	-	7,347,622
Additions	-	23,611	249,303	272,914
Disposals	-	-	-	-
Amortisation charge	-	(94,212)	(35,576)	(129,788)
Impairment losses	-	-	-	-
Closing value at 30 June 2013	11,296,386	151,593	213,727	11,661,706
<b>Year end 30 June 2014</b>				
Balance at the beginning of the year	11,296,386	151,593	213,727	11,661,706
Additions from business combinations	15,809,512	-	-	15,809,512
Additions	-	390,389	78,983	469,372
Disposals	-	-	-	-
Amortisation charge	-	(96,734)	(42,690)	(139,424)
Impairment losses	-	-	-	-
Closing value at 30 June 2014	27,105,898	445,248	250,020	27,801,166

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

## 13. Employee Benefits

### (a) Empired employee share option plan

The Group has an employee share options plan (ESOP2) for the granting of non-transferable options to employees and senior executives to assist in motivating and retaining employees.

Options issued under the ESOP2 will vest on the sooner of one of the following conditions being satisfied:

- on the second anniversary, one third of the grant of options;
- on the third anniversary, two thirds of the grant of options;
- on the fourth anniversary, all of the grant of options; or
- a takeover offer or bid in respect of Empired shares is made in accordance with the Corporations Act and the Board recommends that shareholders accept the offer.

Other relevant terms and conditions applicable to options granted under the ESOP2 include:

- any vested options that are unexercised on the fifth anniversary of their grant date will expire; and
- upon exercise, options will be settled in ordinary shares of Empired Limited on the basis of one share for each option exercised.

No options were granted to employees during the financial year.

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of share options issued under the ESOP2.

	2014	2014	2013	2013
	No.	WAEP	No.	WAEP
<b>Outstanding at the beginning of the year</b>	-	-	374,671	\$0.272
Granted during the year	-	-	-	-
Forfeited during the year	-	-	(74,671)	\$0.30
Exercised during the year	-	-	(300,000)	\$0.20
Expired during the year	-	-	-	-
	-	-	-	-

The weighted average contractual life for the share options outstanding as at 30 June 2014 is nil years (2011: nil years).

# Notes to the Financial Statements

For The Year Ended 30 June 2014

## 13. Employee Benefits (Continued)

### (b) Empired executive share option plan

The Group has an executive share option plan (ESOP1) for the granting of options to certain Directors and senior executives to assist in motivating and retaining executives.

Options issued under the ESOP1 will vest on the sooner of one of the following conditions being satisfied:

- on the second anniversary of the grant of the options;
- a takeover offer or bid in respect of Empired shares is made in accordance with the Corporations Act and the Board recommends that shareholders accept the offer.

Other relevant terms and conditions applicable to options granted under the ESOP1 include:

- any vested options that are unexercised on the third anniversary of their grant date will expire; and
- upon exercise, options will be settled in ordinary shares of Empired Limited;

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of share options issued under the ESOP1.

As at 30 June 2014 there were 900,000 options over ordinary shares with an average exercise price of \$ 0.40 each, exercisable upon meeting the conditions outlined above and until their expiry dates as set out in the table below.

	2014	2014	2013	2013
	No.	WAEP	No.	WAEP
Outstanding at the beginning of the year	3,050,000	\$0.35	6,450,000	\$0.319
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	(2,150,000)	\$0.30	(3,400,000)	\$0.30
Expired during the year	-	-	-	-
Outstanding at the end of the year	900,000	\$0.40	3,050,000	\$0.351
Exercisable at the end of the year	250,000	\$0.40	2,550,000	\$0.341

The weighted average contractual life for the share options outstanding as at 30 June 2014 is 1.38 years (2013: 1.29 years).



## 13. Employee Benefits (Continued)

Share options issued under the ESOP1 and outstanding at the end of the year have the following average exercise prices:

Expiry Date	Exercise price	2014	2013
		No.	No.
01 December 2014	\$0.40	400,000	800,000
26 November 2012	\$0.30	-	-
12 January 2014	\$0.30	-	1,500,000
20 February 2015	\$0.40	-	250,000
20 February 2016	\$0.40	250,000	250,000
20 February 2017	\$0.40	250,000	250,000
Total		900,000	3,050,000

### (c) Empired sales executive share option plan

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of share options issued under the ESOP3.

	2014	2014	2013	2013
	No.	WAEP	No.	WAEP
Outstanding at the beginning of the year	-	-	200,000	\$0.30
Forfeited during the year	-	-	(200,000)	\$0.30
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

As at 30 June 2014 there were nil options under this plan.

### (d) The total expense relating to ESOP in 2014 was \$ 105,248 (2013: \$ 53,790)

### (e) Empired Performance Rights Plan

During 2014 certain employees were eligible to participate in the Company's Performance Rights Plan. Each performance right granted under this plan is subject to both performance criteria based on absolute EPS and a vesting period. Unvested performance rights lapse on the employee's termination, subject to Board discretion. Each performance right has nil consideration, with each performance right converting to one ordinary share subject to the satisfaction of the performance criteria. The performance rights are unquoted and non-transferrable. There are voting and dividend rights attached to the shares once converted, but not the performance rights.

# Notes to the Financial Statements

For The Year Ended 30 June 2014

## 13. Employee Benefits (Continued)

Performance rights and weighted average exercise prices are as follows for the reporting periods presented:

	2014	2014	2013	2013
	No.	WAEP	No.	WAEP
<b>Outstanding at the beginning of the year</b>	1,350,000	-	-	-
Granted during the year	2,740,000	-	1,350,000	-
Forfeited during the year	(320,000)	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	3,770,000	-	1,350,000	-

The weighted average share price at the date of exercise was \$0.00 (no exercises in 2014).

The fair values of the performance rights plan granted were determined using a variation of the binomial option pricing model that takes into account factors specific to the share incentive plans, such as the vesting period. The performance condition related to the performance rights plan, being a market condition, has been incorporated into the measurement by means of actuarial modelling. The following principal assumptions were used in the valuation:

	Issue 1	Issue 2	Issue 3	Issue 4	Issue 5
Grant date	29/11/2012	10/04/2013	1/10/2013	31/10/2013	24/03/2014
Vesting period ends	1/07/2012	1/07/2016	30/09/2017	1/07/2017	1/07/2017
Share price at date of grant	\$0.40	\$0.50	\$0.69	\$0.78	\$0.53
Volatility	40%	40%	40%	40%	40%
Option life	2-4 yrs	2-4 yrs	2-4 yrs	2-4 yrs	2-4 yrs
Dividend yield	-	-	-	-	-
Risk free investment rate	3.15	3.28	3.85	3.94	4.17
Fair value at grant date	\$46,808	\$74,969	\$145,230	\$114,077	\$97,200
Exercise price at date of grant	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Exercisable from / to	-	-	-	-	-
<b>Weighted average remaining contractual life</b>	1.67 years				

The underlying expected volatility was determined by reference to historical data of the Company's shares over a period of time. No special features inherent to the options granted were incorporated into measurement of fair value.

## 14. Trade and Other Payables

	2014	2013
	\$	\$
Trade payables	3,590,267	2,049,658
Superannuation payable	981,696	520,101
GST payable	1,434,039	711,125
PAYG payable	109,042	800,897
Accrued liabilities	1,968,725	774,987
Credit cards payable	55,439	38,572
Other	468,744	135,817
Fringe Benefits Tax payable	2,987	-
Unearned Revenue	1,226,331	408,114
Deferred vendor payments (note 25)	2,551,850	1,743,000
	12,389,120	7,182,271

Included in the above are aggregate amounts payable to the following related parties:

Owing to Directors and Director related entities	44,458	44,458
--	--------	--------

Trade payables are non-interest bearing and are normally settled on 30-day terms.

The net of GST payable and GST receivable and Superannuation payable and is remitted to the appropriate body on a quarterly basis. PAYG payable is remitted to the appropriate body on a weekly basis.

# Notes to the Financial Statements

For The Year Ended 30 June 2014

## 15. Borrowings

	2014	2013
	\$	\$
<b>Current</b>		
Obligations under finance leases and hire purchase contracts	741,769	749,494
Obligations under premium funding contracts	134,605	88,586
Obligations under bank loan	2,588,407	1,036,280
	3,464,781	1,874,360
<b>Non-current</b>		
Obligations under finance leases and hire purchase contracts	353,888	802,675
Obligations under bank loan	9,368,792	1,299,132
Obligations under vendor payments	857,150	1,909,000
	10,579,830	4,010,807

### *Hire Purchase Contracts*

Hire purchase contract maturity ranges from July 2013 to June 2017. Leased assets are held as security.

A new facility was established in September 2013. The total limit of this facility is \$15,700,000. This facility shall be reviewed on an annual basis with the existing financial covenants of EBITDA and current ratio being tested quarterly. In addition the Debt to EBITDA and EBITDA to total debt service are also tested quarterly effective 31 December 2013 and 30 June 2014 respectively.

The Bank of Western Australia holds a fixed floating charge over Company assets. Maximum prospective liability set out in the charge is ten million dollars.

At reporting date, the following financing facilities had been negotiated and were available:

	2014	2013
	\$	\$
<b>Finance facilities available</b>		
Total facilities:	13,866,198	9,987,412
Facilities used at reporting date - Bank loan	(11,957,198)	(2,335,412)
Facilities unused at reporting date	1,909,000	7,652,000

## 16. Provisions

	Annual Leave	Long Service Leave	Total
<b>Year end 30 June 2013</b>			
Balance at the beginning of the year	1,003,289	260,007	1,263,296
Additional provisions	3,150,388	310,627	3,461,015
Amounts used	(2,307,136)	(59,709)	(2,366,845)
<b>Closing value at 30 June 2014</b>	<b>1,846,541</b>	<b>510,925</b>	<b>2,357,466</b>

Analysis of total provisions	2014	2013
	\$	\$
<b>Current</b>		
Provision for Annual Leave	1,846,541	1,003,289
Provision for Long Service Leave	152,499	87,633
	1,999,040	1,090,922
<b>Non-current</b>		
Provision for Long Service Leave	358,426	172,374
	358,426	172,374

## 17. Reserves

### *Options reserve*

The Company has two share option schemes under which options to subscribe for the Company's shares have been granted to certain executives and employees (refer note 13). The employee equity benefits reserve is used to record the value of equity benefits provided to employees and Directors as part of their remuneration

# Notes to the Financial Statements

For The Year Ended 30 June 2014

## 18. Issued Capital

	2014	2013
	\$	\$
Ordinary Shares fully paid	24,362,663	8,779,678

Movement in ordinary shares on issue	No.	Value (\$)
At 1 July 2012	59,218,049	6,456,310
Issue of shares	5,000,000	1,248,018
Conversion of options	3,700,000	1,075,350
At 30 June 2013	67,918,049	8,779,678
Issue of shares	25,000,000	14,912,985
Conversion of options	2,150,000	670,000
At 30 June 2014	95,068,049	24,362,663

Movement in ordinary shares on issue	2014	2013
	No.	No.
At beginning of the reporting period	67,918,049	59,218,049
31 August 2012	-	5,000,000
27 September 2013	16,979,511	-
1 November 2013	8,020,489	-
<b>Conversion of options</b>		
21 November 2012	-	100,000
23 November 2012	-	200,000
26 November 2012	-	3,400,000
24 September 2013	2,050,000	-
28 November 2013	50,000	-
29 November 2013	50,000	-
<b>At end of the reporting period</b>	<b>95,068,049</b>	<b>67,918,049</b>



## 18. Issued Capital (Continued)

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

On 27th September, 2013, the Company issued 16,979,511 shares at \$ 0.62 to raise capital for the acquisition of OBS Pty Limited.

On 1st November, 2013, the Company issued 8,020,489 shares at \$ 0.62 to raise capital for the acquisition of OBS Pty Limited.

### **Capital Management**

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital, convertible performance rights and employee options, supported by financial assets.

There are no externally imposed capital requirements, except for the covenant on the bank overdraft referred to in note 15.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. The gearing ratios for the years ended 30 June 2014 and 30 June 2013 are as follows:

	Note	Consolidated Group 2014	Consolidated Group 2013
		\$	\$
Total Borrowings	15	13,187,462	3,976,167
Less cash and cash equivalents	7(i)	(8,062,006)	(2,085,913)
Net Debt		5,125,456	1,890,254
Total Equity		24,362,663	8,779,678
Total Capital		29,488,119	10,669,932
Gearing ratio		17.39%	17.72%

# Notes to the Financial Statements

For The Year Ended 30 June 2014

---

## 19. Financial Risk Management Objectives and Policies

The Group's principal financial instruments consist of bank loans and hire purchase contracts, cash, short-term deposits, trade receivables, trade payables, loans and hire purchases.

The main purpose of the financial liabilities is to raise finance for the Group's operations.

The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

### Market risk

- **Interest rate risk**

Exposure to market interest rates is limited to the Company's cash balances. Cash balances are disclosed at note 7.

Cash at bank accounts attract a variable average interest rate of 1.07% (2013: 1.13%) based on the cash balance at year end. Cash on deposit attracts a variable average interest rate of 3.07% (2013: 4.40%) at the end of the year.

At 30 June 2014, if interest rates had changed by +/- 1% from the year end rates above, after tax profits would have been \$55,596 (2013: \$9,119) lower/higher.

The company entered into a loan to acquire Conducive Pty Limited on 20 August 2012. To protect against the risk of adverse interest rate movements the company entered into a swap contract to fix interest at 6.65% per annum.

Finance leases and hire purchase agreements entered into are purchased at fixed interest rates.

The Company constantly monitors its interest rate exposure.

- **Foreign currency risk**

The Group's exposure to foreign currency risk is minimal. Trade debtor and trade creditor transactions may be entered into in foreign currency and fluctuations in these currencies may have a minor impact on the Company's financial results

The exchange rates are closely monitored within the Company.

- **Commodity price risk**

The Group's exposure to price risk is minimal.

## 19. Financial Risk Management Objectives and Policies (Continued)

### Credit Risk

The Group trades only with recognised, creditworthy third parties.

It is the Group policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Customers that fail to meet the Group's creditworthiness may transact with the group only on a prepayment basis.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

For transactions that are not denominated in the measurement currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, available-for-sale financial assets and certain derivative instruments, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

- **Exposure to credit risk**

The Group's maximum exposure to credit risk at the report date was:

	2014	2013
	\$	\$
Cash and cash equivalents (note 7)	8,062,006	2,085,913
Trade and other receivables (note 8)	11,134,232	5,841,882
	19,196,238	7,927,795

The ageing of the Group's non-impaired trade receivables at reporting date was:

	2014	2013
	\$	\$
Not past due	8,802,645	3,700,799
Past due 0-30 days	909,504	1,081,865
Past due 31-60 days	930,532	475,043
Past due 60 days	491,551	584,175
	11,134,232	5,841,882

The group expects to be able to recover all outstanding debts that have not been provided for impairment.

### Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and hire purchase contracts.

The Group manages liquidity risk by forecasting and monitoring cash flows on a continuing basis.

# Notes to the Financial Statements

For The Year Ended 30 June 2014

## 20. Financial Instruments

The fair value of financial assets and liabilities is considered to approximate their carrying values.

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the statement of financial position.

### Interest Rate Risk

Exposure to interest rate risks on financial assets and liabilities are summarised as follows:

2014	Floating interest rate	Fixed Interest Rate 1 year or less	Fixed Interest Rate Over 1 to 5 years	Non-interest bearing	Carrying amount as per balance sheet	Weighted average effective interest rate
<b>i) Financial Assets</b>						
Term deposit	223,070	-	-	-	223,070	1.97%
Term deposit	-	43,570	-	-	43,570	4.67%
Term deposit	308,567	-	-	-	308,567	3.68%
Cash	7,486,549	-	-	250	7,486,799	-
Loans and receivables	-	-	-	11,134,232	11,134,232	-
<b>Total financial assets</b>	<b>8,018,186</b>	<b>43,570</b>	<b>-</b>	<b>11,134,482</b>	<b>19,196,238</b>	
<b>ii) Financial liabilities – at amortised cost</b>						
Overdraft Facility	-	-	-	-	-	-
Accounts payable	-	-	-	3,590,267	3,590,267	-
Hire purchase	-	741,769	353,887	-	1,095,656	8.40%
Short term loans	-	134,606	-	-	134,606	6.00%
Bank Loan	11,957,198	2,588,407	9,368,791	-	11,957,198	5.04%
<b>Total financial liabilities</b>	<b>11,957,198</b>	<b>3,464,782</b>	<b>9,722,678</b>	<b>3,590,267</b>	<b>16,777,727</b>	

iii) The aging of the Group's trade payables at reporting date was:

	2014
	\$
Not past due	2,521,134
Past due 0-30 days	493,383
Past due 31-60 days	392,225
Past due 60 days	183,525
	<b>3,590,267</b>

## 20. Financial Instruments (Continued)

2013	Floating interest rate	Fixed Interest Rate 1 year or less	Fixed Interest Rate Over 1 to 5 years	Non-interest bearing	Carrying amount as per balance sheet	Weighted average effective interest rate
<b>i) Financial Assets</b>						
Term deposit	-	-	-	-	-	-
Term deposit	-	43,570	-	-	43,570	4.95%
Term deposit	-	391,453	-	-	391,453	4.56%
Cash	1,650,640	-	-	250	1,650,890	-
Loans and receivables	-	-	-	5,841,882	5,841,882	-
<b>Total financial assets</b>	1,650,640	435,023	-	5,842,132	7,927,795	-
<b>ii) Financial liabilities – at amortised cost</b>						
Overdraft Facility	-	-	-	-	-	-
Accounts payable	-	-	-	2,049,658	2,049,658	-
Hire purchase	-	749,494	802,675	-	1,552,169	8.45%
Short term loans	-	88,586	-	-	88,586	5.94%
Bank Loan	2,335,412	-	-	-	2,335,412	7.65%
<b>Total financial liabilities</b>	2,335,412	838,080	802,675	2,049,658	6,025,825	-

iii) The aging of the Group's trade payables at 30 June 2013:

	2013
	\$
Not past due	1,878,495
Past due 0-30 days	178,252
Past due 31-60 days	-
Past due 60 days	(7,089)
	2,049,658

# Notes to the Financial Statements

For The Year Ended 30 June 2014

## 21. Commitments And Contingencies

No contingent assets or liabilities as at 30 June 2014.

Commitments for Expenditure

	2014	2013
	\$	\$
<b>A. Hire Purchase</b>		
The consolidated entity has various computer equipment on hire purchase arrangements.		
The lease is for a period of 35 months.		
Not later than one year	795,023	849,463
Later than one year but not later than five years	370,896	843,852
Less: unexpired charges	(70,263)	(141,146)
	1,095,656	1,552,169
<b>Hire Purchase</b>		
Current	741,769	749,494
Non Current	353,888	802,675
Total Hire Purchase	1,095,657	1,552,169
<b>B. Loan Repayments</b>		
The consolidated entity has borrowed the necessary funds from CGU to finance insurance.		
The terms of the loans are for 10 months each.		
Not later than one year	142,678	93,845
Later than one year but not later than five years	-	-
Less: unexpired charges	(8,073)	(5,259)
	134,605	88,586
<b>Loan Repayments</b>		
Current	134,605	88,586
Non Current	-	-
Total Loan Repayments	134,605	88,586



## 21. Commitments and Contingencies (Continued)

### C. Operating leases

Office premises are leased under non-cancellable operating leases for periods as follows:

Location	State	Terms
Level 13, 256 Adelaide Terrace, Perth	WA	Expires on 31 October 2015
Level 4, 110 William Street, Perth	WA	Expires on 31 October 2015
Level 2, 1292 Hay Street, West Perth	WA	Expires 30 June 2016
Level 5 & 10, 257 Collins Street, Melbourne	VIC	Expires 31 August 2020
Level 9, 451 Little Bourke Street, Melbourne	VIC	Expires 1 October 2014
Level 9, 37 York Street, Sydney	NSW	Expires 15 February 2015
103/66 Berry Street, North Sydney	NSW	Expires 31 May 2015
Level 2, 8 Leigh Street, Adelaide	SA	Expires 14 March 2015
Suite 11A, Level 11, 79 Adelaide Street, Brisbane	QLD	Expires 1 June 2017

Their commitment can be seen below:

	2014	2013
	\$	\$
Minimum lease payments under non-cancellable operating leases according to the time expected to elapse to the expected date of payment:		
Not later than one year	2,256,357	987,424
Later than one year but not later than five years	3,521,244	2,312,621
	5,777,601	3,300,045

# Notes to the Financial Statements

For The Year Ended 30 June 2014

## 21. Commitments And Contingencies (Continued)

The Company has in place term deposit backed or facility backed bank guarantees in relation to rental premises listed below:

	2014	2013
	\$	\$
Level 13, 256 Adelaide Terrace, Perth	366,428	366,428
Level 4, 110 William Street, Perth	40,000	40,000
Level 4, 110 William Street, Perth	40,000	-
Level 5, 257 Collins Street, Melbourne, VIC 3000	76,175	-
Suite 11A, Level 11, 79 Adelaide Street, Brisbane, QLD 4000	119,246	-
Suite 11A, Level 11, 79 Adelaide Street, Brisbane, QLD 4000	129,777	-
Level 2, 8 Leigh Street, Adelaide, SA 5000	78,672	-
Level 2, 8 Leigh Street, Adelaide, SA 5000	78,672	-
Level 9, 37 York Street, Sydney, NSW 2000	114,000	-
Level 9, 37 York Street, Sydney, NSW 2000	114,000	-
Level 2, 1292 Hay Street, West Perth, WA 6005	24,509	-
Level 2, 1292 Hay Street, West Perth, WA 6005	24,509	-
Level 9, 451 Little Bourke Street, Melbourne, VIC 3000	184,000	-
Maximum amount the bank may call	1,389,988	406,428

Bank guarantees that were duplicates of the existing ones at reporting period were in the process of being cancelled by the various banks.

## 22. Impairment Testing Of Goodwill

Goodwill acquired through business combinations (refer note 12) has been allocated to the 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. Value in use is calculated based on the present value of cash flow projections covering a five-year period.

The discount rate applied to cash flow projections is 14.75% (2013: 10.70%) using a 3% growth rate (2013: 3%) that is the same as the average growth rate for the IT Infrastructure Services market sector.

The recoverable amounts of the cash-generating units were determined based on value-in-use calculations, covering a detailed three-year forecast, followed by an extrapolation of expected cash flows for the units' remaining useful lives using the growth rates determined by management. The present value of the expected cash flows of each segment is determined by applying a suitable discount rate.

The growth rates reflect the long-term average growth rates for the product lines and industries of the segments (all publicly available) and growth in EBITDA expectations. The growth rate for online retailing exceeds the overall long-term average growth rates for Australia because this sector is expected to continue to grow at above-average rates for the foreseeable future.

Management's key assumptions include stable profit margins, based on past experience in this market. The Group's management believes that this is the best available input for forecasting this mature market. Cash flow projections reflect stable profit margins achieved immediately before the budget period. No expected efficiency improvements have been taken into account and prices and wages reflect publicly available forecasts of inflation for the industry.

Based on sensitivity analysis calculated on changes in assumptions, apart from the considerations described in determining the value-in-use of the cash-generating units described above, management is not currently aware of any other probable changes that would necessitate changes in its key estimates. However, the estimate of EBITDA recorded within any of the service divisions is particularly sensitive to the growth and discount rate. If growth rates decrease and discount rates increased by 4%, the company commence to recognise impairment losses that would have to be recognised against goodwill.

### Carrying amount of goodwill

	2014	2013
	\$	\$
Carrying amount of goodwill	27,105,898	11,296,386

There is no impairment loss in the current or prior period.

# Notes to the Financial Statements

For The Year Ended 30 June 2014

## 23. Investment in controlled entity

Other Financial Assets	Country of Incorporation	% Equity Interest		Investment (\$)	
		2014 %	2013 %	2014 \$	2013 \$
Tusk Technologies Pty Ltd	Australia	100	100	359,661	359,661
Conductive Pty Ltd	Australia	100	100	9,679,427	9,679,427
OBS Pty Ltd	Australia	100	-	17,984,334	-
eSavvy Pty Ltd	Australia	100	-	2,243,650	-
i5 Software Pty Ltd	Australia	100	-	10	-
Piexo Pty Ltd	Australia	100	-	10	-
		-	-	30,267,092	10,039,088

- The balance of the Tusk Technologies Pty Ltd loan as at 30 June 2014 is \$ 351,651. This loan is unsecured does not bear interest and is not repayable in the next 12 months.
- The balance of the Conductive Pty Ltd loan as at 30 June 2014 is \$ 4,023,326. This loan is unsecured does not bear interest and is not repayable in the next 12 months.
- The balance of the OBS Pty Ltd loan as at 30 June 2014 is \$ 166,057. This loan is unsecured does not bear interest and is not repayable in the next 12 months.
- The balance of the Piexo Pty Ltd loan as at 30 June 2014 is \$ 502. This loan is unsecured does not bear interest and is not repayable in the next 12 months.

Other than this related party loan there are no other related party transactions requiring disclosure.

## 24. Events after the reporting date

On the 31st of July 2014 the Company issued 450,000 shares on the vesting of the 2013 Executive Performance Rights plan. On the 31st of July 2014 the Company issued 400,000 shares on exercising of 400,000 options at \$0.30 per option.

## 25. Acquisitions

### 25.1 Acquisition of eSavvy Pty Ltd

On the 16th of May 2014 Empired Limited ("Empired") acquired 100% of the shares in Sydney based IT consulting services provider eSavvy Pty Ltd ("eSavvy") for \$2,243,650. The purchase price was satisfied in cash with an initial payment of \$743,650 on completion and the balance of \$1,500,000 to be paid over a three year period, subject to performance criteria being met.

The acquisition of eSavvy has impacted the consolidated accounts and was effective from 16 May 2014.

The acquisition had the following effect on the consolidated entity's assets and liabilities:

	Fair Value
	\$
<b>Net tangible assets acquired</b>	
Cash	447,962
Receivables	207,075
Other assets	13,439
Property, plant and equipment	1,937
Deferred tax assets	11,027
Trade and other payables	(438,573)
Employee liabilities	(29,310)
Deferred Revenue	(118,700)
Provisions	(64,976)
	29,881
<b>Other identifiable assets acquired</b>	
Non-compete clause	3,962
Customer relationship	-
	3,962
<b>Goodwill</b>	2,209,807
<b>Total consideration</b>	2,243,650
Deferred payments	(1,500,000)
Cash and cash equivalents acquired	(447,962)
Net cash outflow on acquisition	295,688
Acquisition costs charged to expenses	83,977
<b>Net cash paid relating to acquisition</b>	379,665

# Notes to the Financial Statements

For The Year Ended 30 June 2014

---

## 25. Acquisitions (continued)

### 25.2 Acquisition of OBS Pty Ltd

On the 1st of October 2013 Empired acquired 100% of the shares in national IT consulting services provider OBS Pty Ltd ("OBS") for \$17,984,332. OBS which is one of the most highly regarded Microsoft partners in Australia is a major provider of Microsoft Enterprise Content Management ("ECM") services to the Australian market.

In addition, OBS, which employs 148 staff, provide a broad range of Microsoft application consulting services that will significantly enhance Empired's existing Microsoft application services capability. These services are complementary to the range of application and consulting related services acquired through the acquisition of Conducive Pty Ltd last year. Empired intended to leverage the enhanced capability to target large multi-million dollar application managed services contracts.

OBS operates in 5 major capital cities across Australia (VIC, NSW, QLD, SA & WA) and provide strong relationships and access to a significant number of large corporate and government clients across Australia.

Under the terms of the transaction, Empired has paid a purchase price of \$15,984,332 with a deferred payment of \$2,000,000 to the vendor of OBS. The purchase price was satisfied through a one off cash payment funded through a combination of debt and equity. Empired had mitigated trading risks through a performance guarantee whereby Empired may be entitled to be repaid up to \$2,250,000 depending upon OBS's FY14 EBITDA performance.

640,000 performance rights valued at \$145,230 were issued as part of the purchase price.

## 25. Acquisitions (continued)

The acquisition had the following effect on the consolidated entity's assets and liabilities:

	Fair Value
	\$
<b>Net tangible assets acquired</b>	
Cash	1,578,978
Receivables	4,159,624
Work in progress	695,989
Other assets	174,099
Property, plant and equipment	784,088
Deferred tax assets	391,824
Trade and other payables	(1,360,089)
Deferred revenue	(610,936)
Employee liabilities	(1,381,049)
Provisions	(122,922)
Net tangible assets acquired	4,309,606
<b>Other identifiable assets acquired</b>	
Customer relationship	75,021
	75,021
<b>Goodwill</b>	13,599,705
<b>Total consideration</b>	17,984,332
Cash and cash equivalents acquired	(1,578,978)
Deferred payments	(2,000,000)
Performance rights issued as consideration	(145,230)
Net Cash outflow charged to expenses	14,260,124
Acquisition costs charged to expenses	481,409
Net cash paid relating to acquisition	14,741,533

During the year the Company negotiated the forfeiture of the deferred payments with the vendors of OBS Pty Limited in favour of removing the performance guarantee. This has been reflected through the income statement of the group.

The conditions surrounding the acquisition of Conducive Pty Limited were met for the 2014 financial year and therefore the second and final deferred payment will be made by the Company's bankers on the 31st of July 2014.

Also included below are deferred vendor payments for the acquisition of eSavvy Pty Limited of \$642,850, \$500,000, and \$357,150 payable in FY2015, FY2016 and FY 2017 respectively. Cash payments will be funded from existing cash reserves and operating cash flow.



# Notes to the Financial Statements

For The Year Ended 30 June 2014

## 25. Acquisitions (continued)

	2014	2013
	\$	\$
<b>Deffered vendor payments (current)</b>		
Deferred vendor payment	2,551,850	1,743,000
	2,551,850	1,743,000
<b>Deffered vendor payments (non current)</b>		
Deferred vendor payment	857,150	1,909,000
	857,150	1,909,000

## 26. Auditors' remuneration

	2014	2013
	\$	\$
Amounts received or due and receivable by auditors of the parent entity:		
• an audit or review of the financial report of the entity and any other entity in the consolidated entity	121,805	113,647
Remuneration for audit and review of financial statements	121,805	113,647
<b>Other Services</b>		
Taxation Compliance	9,000	-
Due diligence services	107,169	-
Total other services remuneration	116,169	-
Total auditor's remuneration	237,974	-

## 27. Dividends

	2014	2013
	\$	\$
(a) Distributions Paid		
2014 final franked dividend of 1 cents (2013: 0.50 cents)	959,180	339,590
Interim franked dividend of nil cents (2013: 0 cents)	-	-
	959,180	339,590
(b) Franking Credit Balance		
Balance of franking account at year end at 30% available to the shareholders of Empired Limited for subsequent financial years	758,950	1,256,192

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

## 28. Parent entity information

As at, and throughout, the financial year ended 30 June 2014 the parent entity of the Group was Empired Limited.

	2014	2013
	\$	\$
<i>Statement of financial position</i>		
Current assets	10,264,401	7,858,330
Total assets	52,638,513	26,434,228
Current liabilities	11,327,961	9,142,255
Total liabilities	24,631,237	14,898,524
Issued capital	24,362,663	8,779,678
Employee equity benefits reserve	711,604	461,126
Retained profits	2,933,009	2,679,932
Total equity	28,007,276	11,920,736

	2014	2013
	\$	\$
<i>Statement of comprehensive income</i>		
Profit for year	977,701	158,582
Other comprehensive income	-	-
Total comprehensive income	977,701	158,582

Parent entity contingent liability disclosure has been referenced at note 21.



# Directors' Declaration

## The Directors of the Company declare that:

1. The financial statements and notes, are in accordance with the Corporations Act 2001 and:
  - comply with Accounting Standards; and
  - give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the consolidated group;
2. The Chief Executive Officer and Chief Financial Officer have each declared that:
  - the financial records of the Company for the financial year have been properly maintained in accordance with s286 of the Corporations Act 2001;
  - the financial statements and notes for the financial year comply with the Accounting Standards; and
  - the financial statements and notes for the financial year give a true and fair view;
3. The Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

**This declaration is made in accordance with a resolution of the Board of Directors.**

*On behalf of the Board,*



**Russell Baskerville**

Managing Director & CEO

27th August 2014



# Grant Thornton

Level 1  
10 Kings Park Road  
West Perth WA 6005

Correspondence to:  
PO Box 570  
West Perth WA 6872

T +61 8 9480 2000  
F +61 8 9322 7787  
E [info.wa@au.gt.com](mailto:info.wa@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

## **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 audit of Empired Limited for the year ended 30 June 2014, 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 audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

C A Becker  
Partner - Audit & Assurance

Perth, 27 August 2014

Grant Thornton Audit Pty Ltd ACN 130 913 594  
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

Level 1  
10 Kings Park Road  
West Perth WA 6005

Correspondence to:  
PO Box 570  
West Perth WA 6872

T +61 8 9480 2000  
F +61 8 9322 7787  
E [info.wa@au.gt.com](mailto:info.wa@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

## **Independent Auditor's Report To the Members of Empired Limited**

### **Report on the financial report**

We have audited the accompanying financial report of Empired Limited (the 'Company'), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

### **Directors' responsibility for the financial report**

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

Grant Thornton Audit Pty Ltd ACN 130 913 594  
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Electronic presentation of audited financial report**

This auditor's report relates to the financial report of Empired Limited and its controlled entities for the year ended 30 June 2014 included on the Company's web site. The Company's directors are responsible for the integrity of its web site. We have not been engaged to report on the integrity of the Company's web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

#### **Independence**

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

#### **Auditor's opinion**

In our opinion:

- a the financial report of Empired Limited is in accordance with the Corporations Act 2001, including:
  - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.





### **Report on the remuneration report**

We have audited the remuneration report included in pages 23 to 29 of the directors' report for the year ended 30 June 2014. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

### **Auditor's opinion on the remuneration report**

In our opinion, the remuneration report of Empired Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.

*Grant Thornton*

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

*C A Becker*

C A Becker  
Partner - Audit & Assurance

Perth, 27 August 2014

# Shareholder Analysis

In accordance with Listing Rule 4.10 of the Australia Stock Exchange Limited, the Directors provide the following shareholding information which was applicable as at 30th June 2014.

## a. Distribution of Shareholding

Size of Shareholding	Number of Shareholders	%
1 - 1,000	46	0.03
1,001 - 5,000	132	0.43
5,001 - 10,000	113	0.98
10,001 - 100,000	318	11.88
100,001 - MAX	90	86.68
<b>Total</b>	<b>699</b>	<b>100.00</b>

## b. Substantial Shareholders

The following are registered by the Company as substantial shareholders, having declared a relevant interest in the number of voting shares shown adjacent as at the date of giving the notice.

Shareholder	Number of Shares held	%
Baskerville Investments Pty Ltd	7,450,059	7.84
Australian Ethical Smaller Companies Trust	6,113,331	6.43
Pie Funds Management Limited	5,030,908	5.29
Kinetic Investment Partners Pty Limited	4,953,885	5.22

### c. Twenty Largest Shareholders

The names of the twenty largest shareholders are:

Name	Number of Shares held	%
National Nominees Limited	11,102,658	11.68
Baskerville Investments Pty Ltd <Baskerville Family Account>	7,430,059	7.82
Zero Nominees Pty Ltd	7,025,000	7.39
Citicorp Nominees Pty Limited	6,250,037	6.57
Navigator Australia Limited <MLC Investment Sett A/c>	3,669,056	3.86
Mr. Gregory David Leach	3,471,225	3.65
<b>Mr. John Alexander Bardwell</b>	<b>3,000,000</b>	<b>3.16</b>
UBS Nominees Pty Ltd	1,825,000	1.92
J P Morgan Nominees Australia Limited	1,718,189	1.81
Mr. David John Cawthorn	1,500,000	1.58
HSBC Custody Nominees (Australia) Limited	1,400,000	1.47
Mirrabooka Investments Limited	1,385,000	1.46
TT Nicholas Pty Ltd <Superannuation A/c>	1,300,000	1.37
Mrs. Kym Garreffa	1,185,167	1.25
Uniplex Constructions Pty Ltd <Wesville Super Fund A/c>	1,166,707	1.23
Wyllie Funds Management Pty Ltd	1,105,000	1.16
Pershing Australia Nominees Pty Ltd <Argonaut Account>	1,100,000	1.16
Bardwell Superannuation Fund Pty Ltd <Bardwell Super Fund A/c>	1,099,904	1.16
Three Zerbras Pty Ltd <Judd Family A/c>	1,000,000	1.05
Mr Branden Wayne Dekenah <Dekenah Family A/c>	900,000	0.95
<b>Total</b>	<b>58,633,002</b>	<b>61.67</b>

*The twenty members holding the largest number of shares together held a total of 61.67% of issued capital.*

The image shows a modern office interior. On the right, a glass-walled room is visible, containing a white sofa, a small potted plant, and a vertical light fixture. The left side of the image is covered by a large teal gradient overlay. The word "Empired" is printed in a bold, dark teal font across the middle of this gradient.

# Empired



## Shareholding Analysis

---

### d. Issued Capital

#### (i) Ordinary Shares

The fully paid issued capital of the Company consisted of 95,068,049 shares held by 699 shareholders.

Each share entitles the holder to one vote.

The number of shareholdings held in less than marketable parcels is 21.

#### (ii) Unquoted Equity

- No options were issued in the year under the Company share options plan
- 2,420,000 performance rights were issued under the company's LTI plan
- Options do not have any voting rights.

### e. On-Market Buy-Back

There is no current on-market buy-back.

### f. Company Secretary

The Company Secretary is Mr Mark Waller.

### g. Registered Office

The registered office of Empired Ltd is:

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

### h. Other Offices

The other offices are:

Level 5  
257 Collins Street  
MELBOURNE VIC 3000  
Telephone: +61 3 8610 0700

Level 11, 79 Adelaide Street  
BRISBANE QLD 4000

Level 4, 110 William Street  
PERTH WA 6000  
Telephone: +61 8 9223 1234

Level 2, 1292 Hay Street  
WEST PERTH WA 6005

Level 2, 8 Leigh Street  
ADELAIDE, SA 5000

Level 9, Little Bourke Street  
MELBOURNE VIC 3000

Level 9, 37 York Street  
SYDNEY NSW 2000

## Other Information for Shareholders

---

In accordance with Listing Rule 4.10 of the Australian Stock Exchange Limited, the Directors provide the following information not elsewhere disclosed in this report.

### SHAREHOLDER COMMUNICATIONS

The Board of Directors aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to shareholders as follows:

- The annual report is distributed to shareholders who elect to receive the document. A copy of the full annual report is available free of charge, upon request, from the Company. The Board ensures that the annual report includes relevant information about the operation of the Company during the year, changes in the state of affairs of the Company and details of future developments, in addition to the other disclosures required by the Corporations Act;
- The half-year report contains summarised financial information and a review of the operations of the Company during the period. The half-year financial report is prepared in accordance with the requirements of Accounting Standards and the Corporations Act, and is lodged with the Australian Securities and Investments Commission and the Australian Stock Exchange; and
- The Company's internet website at [www.empired.com](http://www.empired.com) is regularly updated and provides details of recent material announcements by the Company to the stock exchange, annual reports and general information on the Company and its business. The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as single resolutions.

### INTERNET ACCESS TO INFORMATION

Empired maintains a comprehensive Investor Relations section on its website at:  
[www.empired.com/Investors/](http://www.empired.com/Investors/)

You can also access comprehensive information about security holdings at the Computershare Investor Centre at:  
[www-au.computershare.com/investor/](http://www-au.computershare.com/investor/)

By registering with Computershare's free Investor Centre service you can enjoy direct access to a range of functions to manage your personal investment details. You can create and manage your own portfolio of investments, check your security holding details, display the current value of your holdings and amend your details online.

Changes to your shareholder details, such as a change of name or address, or notification of your tax file number or direct credit of dividend advice can be made by printing out the forms you need, filling them in and sending the changes back to the Computershare Investor Centre.

### SHARE REGISTRY ENQUIRIES

Shareholders who wish to approach the Company on any matter related to their shareholding should contact the Computershare Investor Centre in Melbourne:

#### The Registrar

Computershare Investor Services Pty Ltd  
Level 2, 45 St Georges Terrace  
Perth, WA 6000  
Telephone: +61 8 9323 2000  
Facsimile: +61 8 9323 2033  
Website: [www-au.computershare.com/investor](http://www-au.computershare.com/investor)

### ANNUAL GENERAL MEETING

The 2014 Annual General Meeting of Empired Limited will be held at:

#### The Melbourne Hotel

942 Hay Street,  
Perth, WA 6000  
at 2pm on Thursday, 27 November 2014.

Formal notice of the meeting will be circulated to shareholders separate to this report.

### STOCK EXCHANGE LISTING

Empired Limited shares are listed on the Australian Stock Exchange (ASX:EPD). The home exchange is Perth.

All shares are recorded on the principal share register of Empired Limited, held by Computershare Investor Services Pty Limited at the following street address:

#### Computershare Investor Services Pty Ltd

Level 2, 45 St Georges Terrace  
Perth, WA 6000





# Empired

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

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