



EMPIRED LIMITED & ITS CONTROLLED ENTITIES

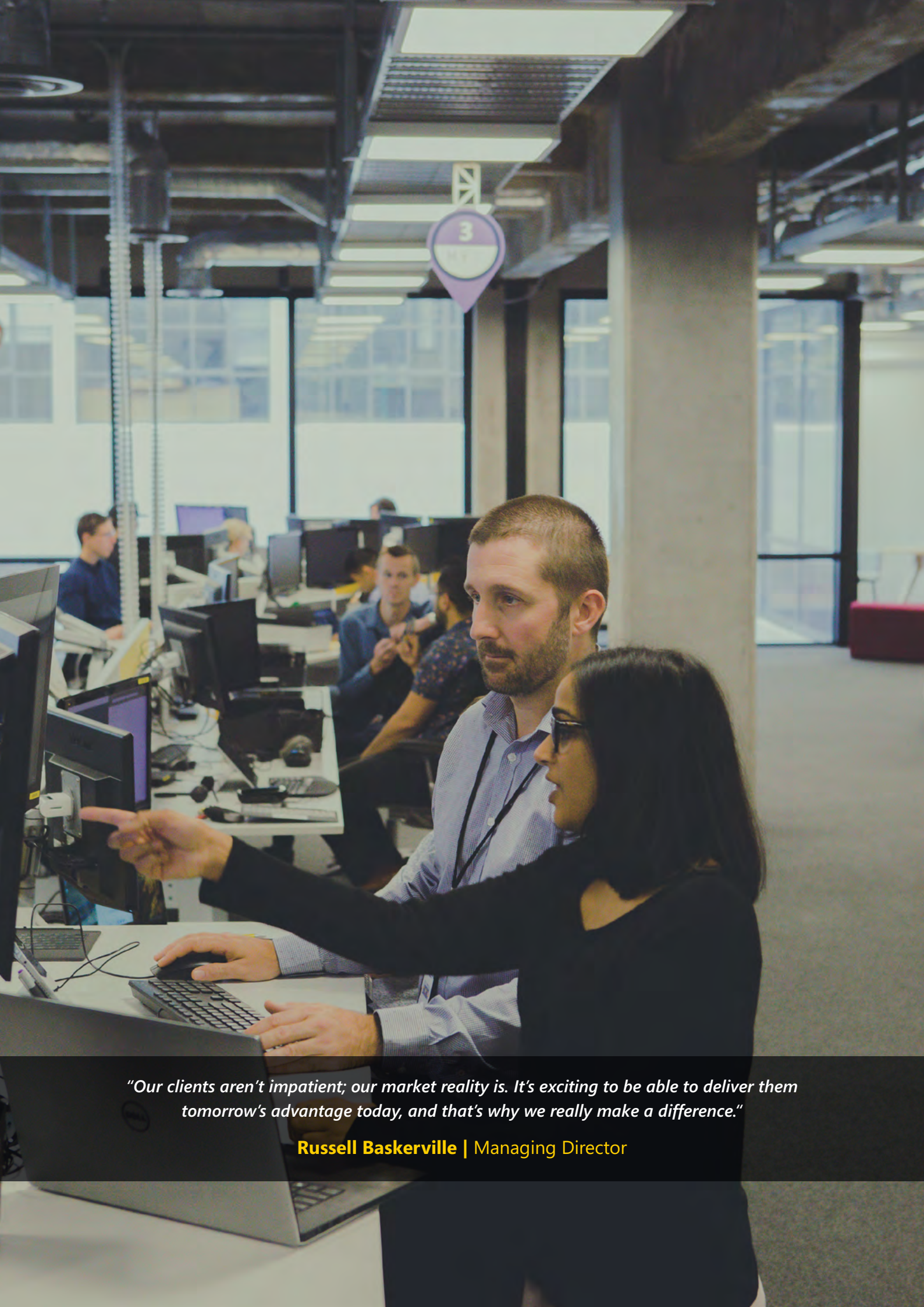
Annual Report

FOR THE YEAR ENDED 30 JUNE 2017

ABN 81 090 503 843

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"Our clients aren't impatient; our market reality is. It's exciting to be able to deliver them tomorrow's advantage today, and that's why we really make a difference."

Russell Baskerville | Managing Director

Corporate Directory

Directors

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

Company Secretary

David Hinton

Registered Office

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

Legal Advisers

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

Auditors

Grant Thornton Audit Pty Ltd
Level 1, 10 Kings Park Road
West Perth WA 6005

Share Register

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth WA 6000

Country of Incorporation

Australia

Company Domicile & Legal Form

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

Company Number

A.C.N: 090 503 843

Principal Places of Business

Perth

Level 7, The Quadrant
1 William Street
Perth WA 6000

Melbourne

Level 5
257 Collins Street
Melbourne VIC 3000

Sydney

Level 12
9 Hunter Street
Sydney NSW 2000

Adelaide

Level 2
8 Leigh Street
Adelaide SA 5000

Brisbane

Level 11
79 Adelaide Street
Brisbane QLD 4000

Wellington

Level 4, Press Hall
80 Willis Street
Wellington 6011

Seattle

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

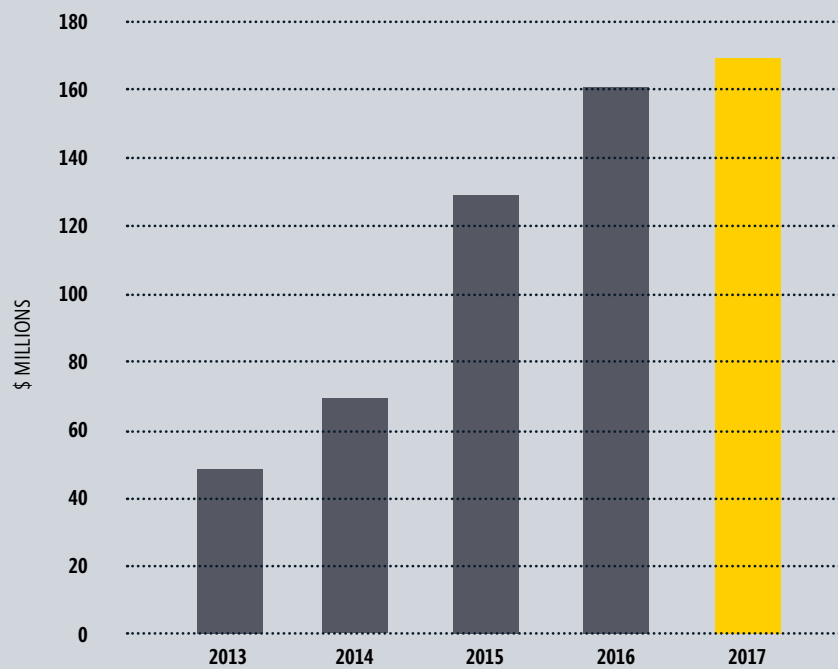
Website

www.empired.com

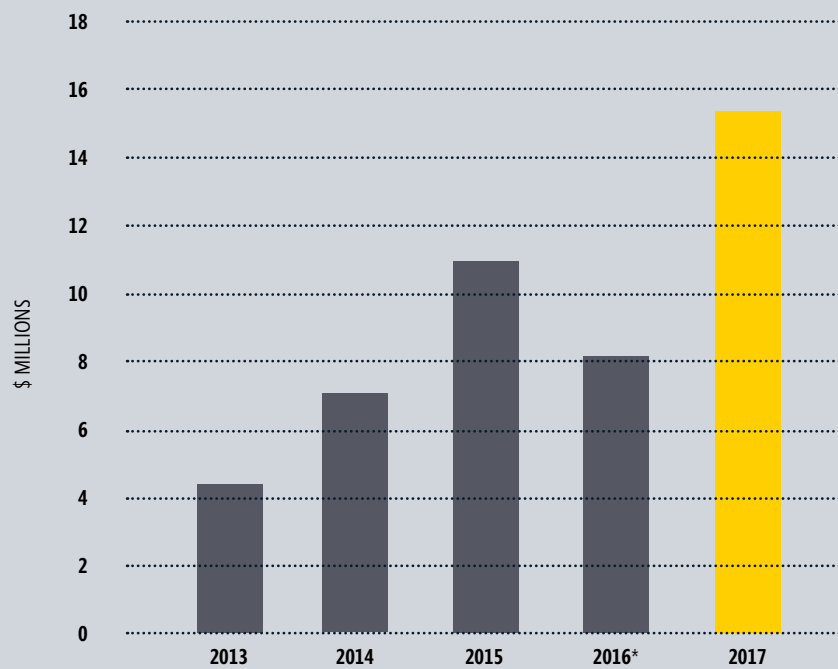
ASX Code

EPD

REVENUE



EBITDA



*FY16 EBITDA adjusted to exclude the write off of \$0.7m for doubtful debtors relating to prior financial periods.

Highlights & Results

FY17 FINANCIAL RESULTS

- Revenue \$168m, up 5%
- EBITDA \$15.4m, up 105%
- FY17 H2 EBITDA \$9m, up 36% from \$6.6m pcp
- Operating cash flow \$9.8m, with H2 Operating cash flow \$8.9m
- Net debt reduced to \$13.8m (includes the repayment of all deferred consideration by year end)

FY17 HIGHLIGHTS

- Revenue from multi-year contracts grew to 66% of total revenue
- Underlying services Revenue up c10% – WA up 14%, East Coast up 6%, NZ up 11%
- Key growth regions ramping up with NSW sales growth of 32% and Auckland 67%
- Contracted Cohesion users up 56%
- Established an extended delivery centre in Bengaluru, India
- Expanding EBITDA margin from 5% to 9% with further operational leverage expected

FY18 OUTLOOK

- Expect continued market consolidation
- Positive growth thematic impacting broad array of industries and businesses
- Well placed to capture market share in circa \$30+ Billion market
- Expect pleasing revenue growth in FY18
- Converting to accelerated earnings growth with strong cash conversion
- Net debt to reduce across the year



"I'd like to thank our dedicated team who have delivered a strong performance this year and positioned EmpiRed to capitalise on a number of exciting opportunities going forward."

Richard Bevan | Non-Executive Chairman

Chairman & CEO Review

To our fellow Shareholders,

On behalf of your Board of Directors, we are delighted to present the 2017 annual report. This time last year we communicated that our focus in 2017, following a period of rapid expansion and integration, focussed on rebuilding value for shareholders through improvements in our profitability, the strengthening of our balance sheet and leveraging off our foundations for future sustainable growth. We are pleased to report that we have delivered on this strategy, providing sound improvements to profitability and with shareholder support a materially enhanced financial position. This has led to improved shareholder value reflected through a material increase in our share price across the year.

The headline results for the year included revenue of \$168m up 5%, EBITDA \$15.4m up 105%, NPAT \$3.2m (including \$1m in non-cash asset impairments) and operating cash flow of \$9.8m. Net debt was reduced from \$30.3m at the December half to \$13.8m at June 30 representing a material reduction in the company's borrowings and improvements to its working capital liquidity.

During 2017, Empired also delivered outstanding sales growth, with overall sales up 10%. Importantly, the key growth markets for Empired delivered exceptional results with New South Wales up 32% and Auckland up 67%. In contrast, the company experienced contraction in hardware sales and overall performance of its US operations. Today, hardware sales represent a minor contribution to profit and we are pleased to report that following a number of changes to the US operation, we are expecting improved results from this region in 2018.

We continued to build upon the success of our investments in our intellectual property in managed services, mobile and cloud applications. In New Zealand, our Cohesion platform grew from approximately 4,500 to 7,000 contracted users across the year. We have continued to position Cohesion for launch into Australia, with an anticipated 'go-live' date in the second half of 2018. Our mobile field services solution has delivered on-going project work throughout the year and also led to Empired securing a multi-year managed services agreement for application support. Early stage adoption of another Empired software tool which provides a low cost, rapidly deployable collaboration portal, has been encouraging



Richard Bevan
NON-EXECUTIVE CHAIRMAN



Russell Baskerville
MANAGING DIRECTOR & CEO

with a number of implementations for our clients as a standalone, or as part of a broader solution. We undertook a range of investments in our managed services business to enhance our service offering capability by establishing a delivery centre in Bengaluru, India, to support our domestic operations.

We are seeing a strengthening Australian economic climate, however, we remain cautious with heightened levels of volatility globally which in recent years appears to be becoming somewhat the norm rather than an exception. Despite this, our view is that Empired is well positioned in the IT service market and continues to experience global growth with organisations turning to data and technology in order to transform their businesses and gain a competitive advantage in a modern digital world.

In recent years, we have seen a rapid consolidation of the Australian IT Services landscape, with a number of our direct local competition being acquired by large international companies. Empired has clearly demonstrated that we possess the capability, balance sheet strength and depth of resources required to compete and win against these larger players. Our combination of local management knowledge, resources and regional knowledge make Empired the IT provider of choice.

We are confident in our market offerings, the investments we have made and our market position. We believe we have a clear competitive advantage in an exciting growth sector and are looking forward to delivering a solid performance in the year ahead.

One team, a clear focus

Following a number of years of significant organic and acquisitive growth, we have more recently focused on ensuring we optimise our assets. This has centred on our culture and people that underpin our services portfolio and operating model.

This year we matured our 'thinking forward' framework. This framework connects our purpose, our values and our brand promise to our clients. In 2016, we implemented the framework in New Zealand and following positive results, we formally rolled-out the framework in Australia in 2017. Thinking forward engages and motivates all stakeholders involved in the delivery of services to produce outstanding outcomes collaboratively. We believe it will continue to take our staff engagement and client experience to a completely new level. This is already being evidenced through strengthening client satisfaction results.

We also introduced the Business Leadership Group (BLG), which incorporates all our key operational management. This group of leaders are at the face of our organisation, dealing directly with our clients and people every day. The formalisation of this group has allowed a strong sense of collaboration across multiple business units, introduced consistent messaging on company priorities versus business unit priorities and fosters operational alignment. Members of the BLG undertake a range of training programs to enhance their leadership and commercial skills to underpin excellent operational performance and ensuring the leaders of Empired tomorrow are well trained and prepared for their transition to senior management and leadership roles.

As part of the introduction of the BLG we also undertook a review of our management structures and operating model. We refined these structures and as part of this process recruited a number of key people into new roles. These roles ensure that we have adequate management coverage on the ground in each of our locations. We are confident that these changes will support our ability to deliver outstanding quality as we continue to grow, building our business in all of the regions we operate.

During the year we implemented a Net Promoter Score based employee and client engagement framework. We are confident that the initiatives above have been key to driving the outstanding improvements that we have seen in these measures during the year.

A platform for operational leverage and growth

Building upon the enhancements in our operating model, we have further refined our delivery frameworks, improved the rigour of our project management and contract management processes, and engrained a high level of operational discipline. These changes were key to the improvements in gross margins across the business this year.

The investments made over a number of years in our core business platform have ensured that we are well positioned for future growth. As our focus moves from consolidation of the business over the past two years to future growth, these investments will be key to the seamless and rapid integration of any future acquisitions and manage organic growth to deliver predictable growth in earnings.

Our physical platform is geared for growth. Over the past two years we have invested heavily in our physical infrastructure with quality office environments in most of our operations. Whilst this has been capital intensive, we are now nearing completion of this cycle and expect that our facilities will support increased staff numbers and higher revenues in all our major locations. This will lead to improved margins and greatly reduced infrastructure based capital spend for years to come.

Our sales capability is geared for growth to capitalise in the areas where we see the largest market opportunities. Sales costs per revenue dollar across the east coast and Auckland are far higher than that of our more mature regions such as Western Australia. As we grow in these regions, we expect sales costs per revenue dollar to reduce providing margin leverage over time.

Our management structure has been built to support higher levels of revenue in our targeted growth markets. This investment ensures that our quality remains high in our growth markets and that we are well placed to identify and secure opportunities in the market as they arise. Again, as these regions develop we expect our management costs per revenue dollar to reduce leading to margin improvement over time.

Our board and senior management believe that our operational platform will underpin a very exciting period of sustainable and profitable growth for Empired, where we leverage off it to deliver predictable profit margin expansion and earnings growth.

Investing in the future

In addition to our investments in operational platforms and physical infrastructure, we have made careful and purposeful investment in evolving our service offerings and developing IP. In the second half of the year we expanded our delivery centre in India to meet the demands of our Managed Services clients.

Digital technologies are having a profound impact on commerce and the way in which we conduct our day-to-day lives. We continue to shape our services portfolio around Mobility, Digital, Cloud, Data & Analytics and Security trends that we have broadly spoken to over the past two years. As these trends move toward wide scale adoption, we are seeing the evolution of Artificial Intelligence and Machine Learning as the next frontier.

Our services align well to these trends with standout expertise in cloud infrastructure, business systems, modern applications and data. We believe our skills are well versed in industry and technology trends and we are well placed to continue to capture market share as these trends evolve.

To improve our competitive differentiation, accelerate our solutions time to value and grow our recurring revenue we have invested in a range of software solutions and accelerators. The most prominent and successful of these to date has been Cohesion. Cohesion is an Enterprise Content Management System that has been widely adopted by New Zealand Public Sector agencies where we boast approximately 7,000 contracted users and growing. During the year we made a number of investments in extending the functionality of Cohesion and preparing it for launch in the Australian market.

We have also invested in a collaboration portal called SNAP and a mobile field services solution where we have had pleasing early stage commercial success. As these solutions move into production we expect a declining capital investment profile associated with solution development combined with growing recurring revenue.

Our investments in our cloud platform FlexScale reduced this year with the platform supporting several customers and internal systems. Our clients and the market generally continue the trend to low cost public cloud offerings as confidence in public cloud infrastructure grows.

During the year, we opened a delivery centre in Bengaluru, India. The pace at which we have been able to implement the facility and ramp up our productive staff numbers has delighted us. The facility is now operational and delivering services to some of our largest clients at similar levels of productivity to our onshore operations.

This facility will ensure that we are highly competitive when bidding on new contracts and will provide opportunities for margin leverage in our managed services business as we scale the size of the facility in 2018.

Looking to 2018!

We cannot recall a time we have been more excited about our company and the prospects that lie ahead.

The Australian and New Zealand economic climate is robust and provides a solid foundation for a growth business. The digital era is very much upon us, with technology fundamentally changing the way in which business is conducted, transforming some of the world's oldest industries and largest companies and having a profound impact on our day to day lives.

We are seeing a rapid consolidation of our sector in the local market, disrupting the competitive environment and opening many new opportunities to Empired.

We are confident that the investments Empired has made across a broad range of areas and our strategic market position will ensure that Empired is uniquely positioned to secure its place in this exciting transformation.

Together with our Board of Directors, we would like to thank all of our loyal staff for their exceptional effort throughout the year and extend our appreciation to the support of our clients and partners.

To our fellow shareholders, we thank you for your support through what has been a transformational period for Empired and we look forward to delivering on an exciting year ahead.

Yours faithfully,



Richard Bevan
NON-EXECUTIVE CHAIRMAN



Russell Baskerville
MANAGING DIRECTOR & CEO



"Our values reflect what we believe in and are at the heart of who we are and why we do what we do, and we love to work with clients who share them."

Simon Bright | Chief Operating Officer

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 2017.

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 otherwise.

DIRECTORS

NAME	AGE	EXPERIENCE & SPECIAL RESPONSIBILITIES
Richard Bevan Non-Executive Chairman	51	<p>Mr Bevan 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, and was appointed Chairman on 29 November 2016. Mr Bevan brings experience in the execution and integration of mergers, acquisitions and other major corporate transactions.</p> <p>Mr Bevan has been involved in a number of businesses in areas as diverse as healthcare, construction and engineering, resources and information services. Mr Bevan'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> <p>» Cassini Resources Limited</p>
Russell Baskerville Managing Director & CEO	39	<p>Mr Baskerville is an experienced business professional and has worked in the IT industry for in excess of 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, IPOs, capital raisings, divestments, mergers and acquisitions.</p> <p>Mr Baskerville has been the Managing Director of Empired for ten years and has successfully listed the company on ASX and made a number of successful acquisitions. Mr Baskerville was previously a Non Executive Director of BigRedSky Limited, successfully developed and commercialised a SaaS delivered eRecruitment tool prior to the company being acquired by Thomson Reuters.</p> <p>Previous directorships (last 3 years):</p> <p>» None</p>

DIRECTORS

NAME	AGE	EXPERIENCE & SPECIAL RESPONSIBILITIES
Thomas Stianos Non-Executive Director	63	<p>Mr Stianos joined the board as a Non-Executive Director on 29 November 2016. He is widely recognised as one of the most successful and experienced leaders in the IT industry. Mr Stianos was previously the Managing Director of SMS Management & Technology Limited.</p> <p>He has also previously held senior positions with the Department of Premier and Cabinet, Department of Justice, and Department of Treasury & Finance. Mr Stianos holds a Bachelor of Applied Science from the University of Melbourne.</p> <p>Other current directorships:</p> <ul style="list-style-type: none"> » Inabox Group Limited » Escient Limited <p>Previous directorships (last three years):</p> <ul style="list-style-type: none"> » SMS Management & Technology Limited
John Bardwell Non-Executive Director	57	<p>Mr Bardwell has had a long career in the financial services and IT sectors through a variety of senior leadership positions. Mr Bardwell's previous executive experience includes Head of IT Services at Bankwest, Managed Services Director at Unisys West and as the General Manager of Delivery Services at Empired Ltd prior to his appointment to the Board as a Non-Executive Director on 26 November 2011.</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>Mr Bardwell is a Board Member of Swancare Group, a specialist provider of retirement living and aged-care services, where he is also Chair of the Business Development Committee.</p> <p>Previous directorships (last three years):</p> <ul style="list-style-type: none"> » None
Chris Ryan Non-Executive Director	54	<p>Mr Ryan joined the Board on 1 May 2015. He has had extensive executive and corporate advisory experience in Human Resources across a broad range of industries. This includes 10 years leading the Group HR function for diversified industrial business Wesfarmers, where he led the people aspects of major acquisitions and integrations, including the Coles Group transaction.</p> <p>Through his advisory practice Mr Ryan advises Boards and CEOs on HR strategy, executive remuneration and executive talent management. Previously he has been an independent director of ASX listed Resource Development Group.</p> <p>Mr Ryan holds a Bachelor of Business, is a graduate member of the Australian Institute of Company Directors, a Fellow of the Australian Institute of Management and a Fellow of the Australian Human Resources Institute. He holds the honorary title of Adjunct Professor with Curtin University Business School where he pursues the connection of industry with education, and is a member of the Advisory Board of the University's School of Management.</p> <p>Previous directorships (last three years):</p> <ul style="list-style-type: none"> » Resource Development Group Limited

NAME	AGE	EXPERIENCE & SPECIAL RESPONSIBILITIES
Mel Ashton Former Non-Executive Chairman	59	<p>Mr Ashton retired on 29 November 2016 after 11 years as Chairman of the Company.</p> <p>Mr Ashton 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"> » Venture Minerals Limited <p>Previous directorships (last three years):</p> <ul style="list-style-type: none"> » Gryphon Minerals Limited » Renaissance Minerals Limited » Resource Development Group Limited » Barra Resources Limited

COMPANY SECRETARY

NAME	AGE	EXPERIENCE & SPECIAL RESPONSIBILITIES
David Hinton CFO & Company Secretary	54	<p>Mr Hinton joined Empired in May 2016. He has had over 10 years experience in the technology sector having previously held the position of CFO and Company Secretary of ASX listed Amcom Telecommunications. Prior to Amcom he held a senior executive role in a large diversified listed company and also worked at Ernst & Young.</p> <p>Mr Hinton holds a Bachelor of Business degree, is a Fellow of the Institute of Chartered Accountants and is a graduate of the Australian Institute of Company Directors and is a member of the Governance Institute of Australia.</p>

DIRECTORS' MEETINGS

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

NAME OF DIRECTOR	No. of Directors Meetings held while a Director	No. of Meetings Directors attended as a Director during the year ended 30 June 2017	No. of Audit Committee Meetings held while a Director	No. of Audit Committee meetings attended during the year ended 30 June 2017
Russell Baskerville	10	10	2	2
Richard Bevan	10	10	2	2
John Bardwell	10	10	2	2
Chris Ryan	10	10	2	2
Thomas Stianos	6	6	1	1
Mel Ashton	3	2	1	1

OPERATING & FINANCIAL REVIEW

Review of operations

Empired Limited is an international IT Services Provider with a broad range of capabilities and a reputation for delivering enterprise class IT services and solutions. Established in 1999, Empired is a publicly listed company (ASX: EPD) formed in Western Australia.

With a team of over 900 people located across Australia, New Zealand and USA, Empired has built a reputation for service excellence and is a leading provider of business technology solutions to both government and private sectors. We work with clients to deliver high quality solutions to meet their business requirements.

Our flexible service delivery approach has enabled Empired to secure clients that range from medium size entities through to large enterprise and Government agencies.

The business operates as two segments:

Australia – which includes Singapore

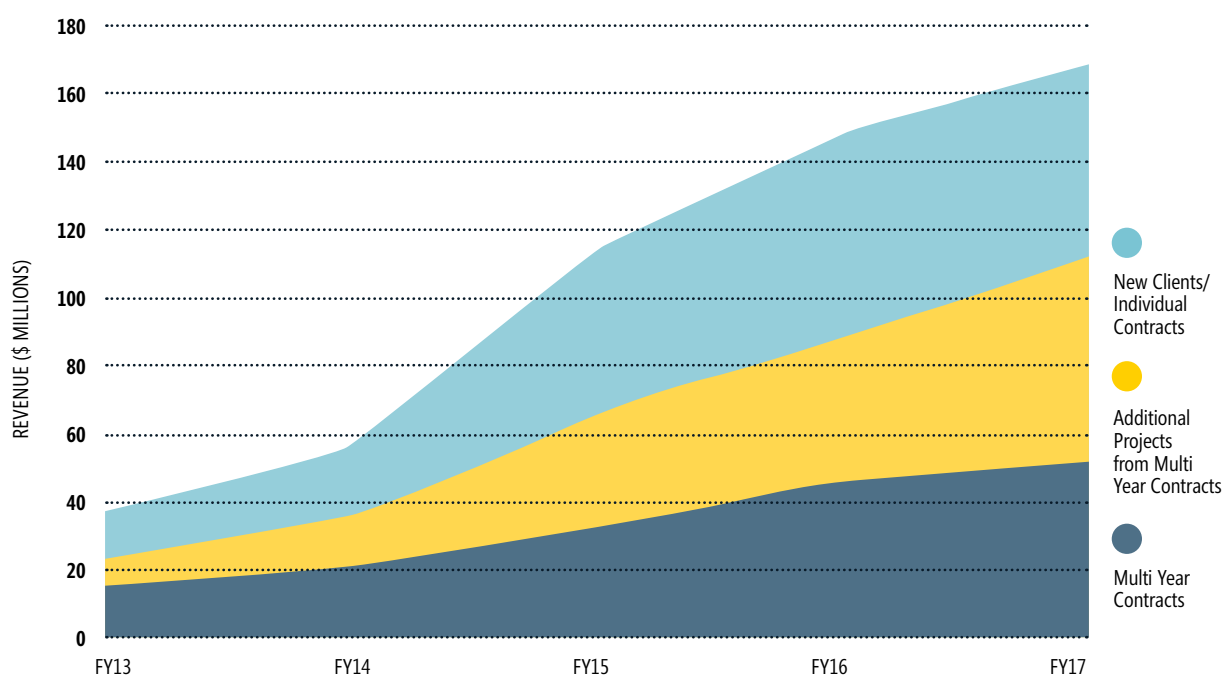
New Zealand – which includes North America

Review of financial results

Revenue overall increased by 5% to \$167m.

Earnings before interest, tax depreciation and amortisation (EBITDA) for the financial year increased by 106% to \$15.4m.

The profit after tax for the year was \$3.2m compared to a loss after tax in the previous year of \$1.7m. Included in the current year result is a non-cash loss on disposal of assets of \$1.0m resulting from a re-location of the Wellington operations and the write-off of legacy assets.



Review of financial results (continued)

The financial results are summarised in the following table:

\$M	1H 17	2H 17	2017	2016
Revenue	83.6	83.8	167.4	160.0
Other income	0.1	0.6	0.7	0.4
EBITDA	6.4	8.9	15.4	7.5
Depreciation & amortisation	(3.9)	(4.3)	(8.2)	(7.0)
Loss on disposal of assets	-	(1.0)	(1.0)	(2.3)
EBIT	2.5	3.6	6.2	(1.8)
Interest (net)	(1.2)	(1.1)	(2.3)	(1.6)
Net profit / (loss) before tax	1.3	2.5	3.9	(3.4)
Income tax	(0.2)	(0.5)	(0.7)	1.0
Net profit / (loss) after tax	1.1	2.0	3.2	(2.4)
EBITDA / Revenue %	8%	11%	9%	5%
Basic EPS (cents)			2.4	(1.5)

Operating results by Segment

\$M	1H 17	2H 17	2017	2016
Revenue Australia	51.6	52.8	104.4	101.0
Revenue New Zealand	32.8	32.0	64.9	62.1
Inter-segment	(0.8)	(1.0)	(1.9)	(3.1)
Segment Revenue	83.6	83.8	167.4	160.0
EBITDA Australia	3.9	6.8	10.6	3.0
EBITDA New Zealand	2.6	2.2	4.7	4.5
Segment EBITDA	6.4	8.9	15.4	7.5

For the financial year ended 30 June 2017 the Australian segment increased its revenue by 3% to \$104m and recorded a Segment EBITDA of \$10.6m. The New Zealand segment increased revenue by 4% to \$65m and reported a Segment EBITDA of \$4.7m. The New Zealand segment results were impacted during the year by adverse trading conditions on US based contracts estimated to have impacted revenue and EBITDA by approximately \$1m.

Cash flow

The following table summarises the cash flow for the financial year ended 30 June 2017:

\$M	1H 17	2H 17	2017	2016
EBITDA	6.4	8.9	15.4	7.5
Non cash items	-	0.2	0.2	0.2
Tax paid	(0.7)	-	(0.7)	(0.3)
Dividends – associate	0.1	-	0.1	0.2
Working capital	(4.9)	(0.3)	(5.2)	1.9
Lease incentive	-	-	-	3.8
Operating cash flow	0.9	8.8	9.8	13.3
Interest paid (net)	(1.2)	(0.9)	(2.0)	(1.6)
Purchases of P&E and intangibles	(4.3)	(6.6)	(10.9)	(14.6)
Acquisitions (inc deferred consideration)	(1.0)	(7.7)	(8.7)	(1.2)
Equity raising	-	15.1	15.1	0.2
Repayment of borrowings	(3.5)	(7.7)	(11.3)	(7.1)
Proceeds from borrowings	3.2	0.8	4.0	4.4
Change in cash	(5.9)	1.8	(4.0)	(6.6)

Operating cash flow for the financial year ended 30 June 2017 was \$9.8m compared to \$13.3m the previous financial year. The previous financial year included a cash lease incentive of \$3.8m and after allowing for this the Operating cash flow increased by 4% year on year.

Financial position and capital structure

The balance sheet as at 30 June 2017 is summarised below:

\$M	June 2017	Dec 2016	Pro Forma June 2016
Cash	2.0	3.1	3.0
Receivables & WIP	32.5	29.5	32.6
Other	2.4	2.6	2.6
Current Assets	36.8	35.2	38.2
Plant & Equipment	21.0	20.6	21.1
Intangibles and other	61.3	60.6	58.7
Non Current Assets	82.2	81.2	79.8
Trade & other payables	22.1	19.6	26.1
Borrowings*	6.7	21.8	8.9
Provisions & other	5.9	5.2	6.0
Current Liabilities	34.7	46.6	41.1
Borrowings*	9.1	11.6	19.6
Provisions & other	4.0	4.5	4.8
Non Current Liabilities	13.1	16.0	24.5
Net Assets/Equity	71.3	53.7	52.4
Net debt (Nd)	13.8	30.3	25.6
Gearing (Nd/Nd+Equity)	16%	36%	33%

*Proforma in FY2016 reflects the re-classification of \$6.8m of borrowings from current to non-current liabilities for bank borrowings renegotiated after 30 June 2016.

Net debt reduced during the financial year from \$25.6m to \$13.8m with gearing reducing from 33% to 16%.

The reduction in net debt and improvement in gearing is attributable to the equity raising of \$15.1m (net of costs) when 36.4m shares were issued at 44 cents per share.

Borrowings* in previous periods included deferred consideration payable on acquisitions completed in previous years. These amounts due have been paid by 30 June 2017.

Risk

As part of the planning process the Company has identified the risks that could potentially have an adverse impact on the performance of the Company. The Company has in place policies and procedures to monitor and manage these risks which can be broadly categorised as:

- General macro economic risks
- Business risks
- Operational risks
- Financial risks

Commentary on strategy and prospects is included in the Chairman and CEO Review.

Dividends

The directors do not recommend payment of a dividend (2016: nil).

Likely Developments

Any likely developments are disclosed in the Chairman and CEO Review.

Performance Rights Granted to Directors and Officers

Executive Officers were granted 3,411,975 Performance Rights under the Long Term Incentive Plan. Information relating to the grants is detailed in the notes to the financial statements.

Significant changes in the state of affairs

During the financial year the Company raised \$15,137,239, net of costs, with the placement of 36,363,636 ordinary shares at 44 cents per share. A total of 38,558,080 ordinary shares were issued during the financial year.

Auditor

The lead auditor's Independence Declaration for the year ended 30 June 2017 has been received and can be found on page 84 of the financial report.

Non-Audit Services

The directors, as per 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 the general standard of independence for auditors imposed by the Corporations Act 2001.

Indemnification and insurance of directors and officers

During the year, Empired Limited paid a premium to insure directors and officers of the Group.

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.

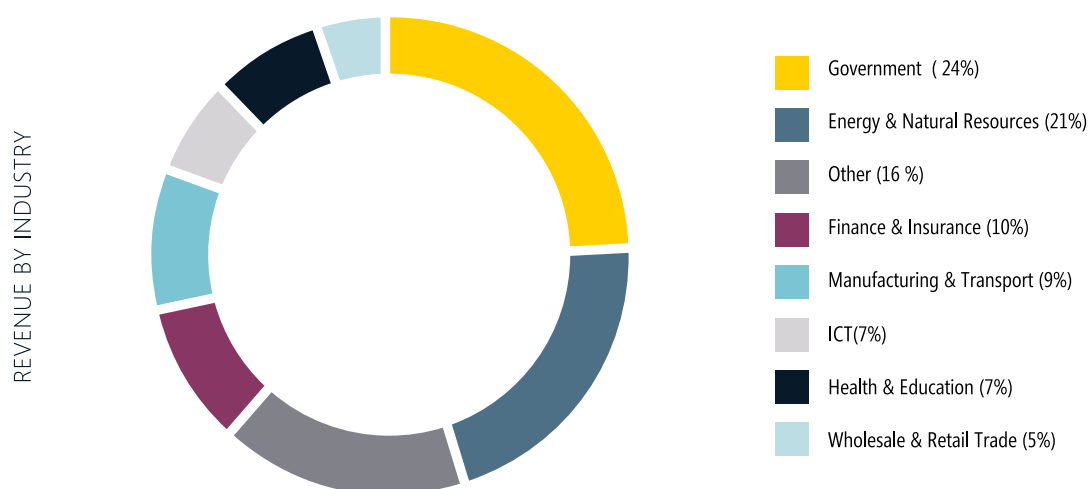
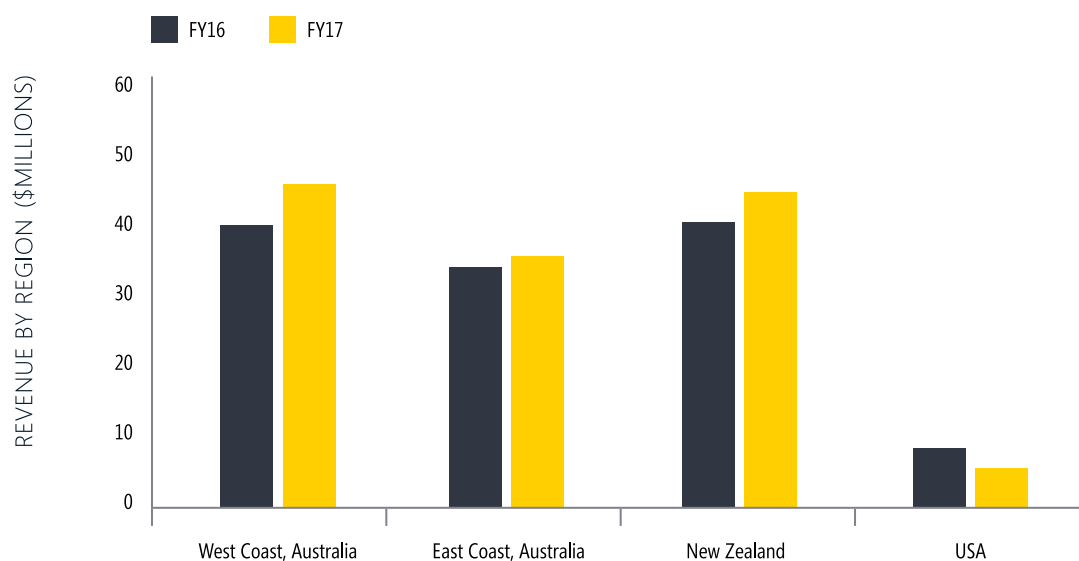
Details of the amount of the premium paid in respect of the insurance policies is not disclosed as such disclosure is prohibited under the terms of the contract.

The Company has agreed, to the extent permitted by law, to indemnify each Director and Company Secretary of the Company against any and all reasonable liabilities incurred in respect of or arising out of any act in the course of their role as an officer of the Company.

The Company has not agreed to indemnify the auditor of the Company, however a controlled entity has provided an indemnity to the auditor of that controlled entity for losses arising from false or misleading information provided or third party claims except to the extent such amounts are determined to have been caused by the auditor's fraud.

Significant events after the reporting date

There have been no events to report subsequent to reporting date.



REMUNERATION REPORT (AUDITED)

The Directors of Empired Limited present the Remuneration Report ("the Report") for the Company and its controlled entities for the year ended 30 June 2017 ("FY17"). This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the Corporations Act 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.

Linking remuneration 'at risk' to Company performance

The Group recorded a profit after tax of \$3.2m for the year ended 30 June 2017 compared to a net loss after tax of \$1.7m in the previous financial year. As a result, no Short Term Incentive will be paid to Key Management Personnel in respect to the 2017 financial year as the key performance indicators were not achieved.

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 27 November 2014 when shareholders approved an aggregate remuneration of \$500,000 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 2017 is detailed in the table in Section 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. The table in Section E below details the fixed and variable components of the executives of the company.

Fixed Remuneration

Objective

Fixed remuneration is reviewed annually by the board. The process consists of a review of companywide, 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 remuneration in a variety of forms including cash and fringe benefits such as motor vehicles. 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 of the company executives is detailed in the table in Section E.

Variable Remuneration – Short Term Incentive (STI)

Objective

The objective of the STI program is to link the achievement of the Group's performance and 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 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 revenue, profitability, 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 2017 financial year no STI will be paid to Key Management Personnel (2016: nil).

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.

The table in Sections F and G provide 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 for nil consideration. 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.

During the financial year 3,411,975 Performance Rights were issued under the Long Term Incentive Plan on terms and conditions determined and approved by the Board of Directors. The number of Performance Rights offered is based upon the share price of the company at the time of Board approval.

The vesting conditions selected are designed to align remuneration with the creation of shareholder value over the long- term. The performance measures that have been chosen are:

- Basic Earnings per Share (EPS) (adjusted for any abnormal items) with a target set as a growth percentage of current year budget. Due to their sensitive nature, EPS targets are disclosed retrospectively should the Performance Rights vest.
- Relative Total Shareholder Return this compares the Total Shareholder Return (TSR) of the company measured from 1 July 2016 to 30 June 2019 and ranks it on a percentile basis with the constituents of the S&P/ASX 200 Industrial Index.
- Sustainability measure to be determined and assessed by the Board.

NUMBER	Performance Measures	% Vesting	Vesting Dates
617,576	FY 2018 EPS		30 August 2019
	Below minimum target	0%	
	At minimum target	50%	
	Within target range	50%-100% pro-rata	
	At maximum of target range and above	100%	
617,576	FY 2019 EPS		30 August 2019
	Below minimum target	0%	
	At minimum target	50%	
	Within target range	50%-100% pro-rata	
	At maximum of target range and above	100%	
1,235,150	Relative TSR		30 August 2019
	Below 60th percentile	0%	
	At 60th percentile	50%	
	Between 60th & 75th percentile	50%-100% pro-rata	
	At or above 75th percentile	100%	
617,576	Sustainability	100%	30 August 2019
90,452	FY 2017 EPS		1 July 2017
	Below minimum target	0%	
	At minimum target	50%	
	Within target range	50%-100% pro-rata	
	At maximum of target range and above	100%	
39,183	FY 2018 EPS		1 July 2018
	Below minimum target	0%	
	At minimum target	50%	
	Within target range	50%-100% pro-rata	
	At maximum of target range and above	100%	
90,452	Relative TSR ⁽¹⁾		1 July 2017
	Below 50th percentile	0%	
	Between 50th and 75th percentile	50%-100% pro-rata	
	At or above 75th percentile	100%	
39,183	Relative TSR ⁽²⁾		1 July 2018
	Below 50th percentile	0%	
	Between 50th and 75th percentile	50%-100% pro-rata	
	At or above 75th percentile	100%	
45,210	Sustainability	100%	1 July 2017
19,617	Sustainability	100%	1 July 2018

(1) Empired TSR measured over period 1 July 2015 to 30 June 2017 as compared to TSR of the constituents of the ASX Industrials Index.

(2) Empired TSR measured over period 1 July 2015 to 30 June 2018 as compared to TSR of the constituents of the ASX Industrials Index.

Should an employee leave Empired then Performance Rights are retained on a pro-rata basis for the duration of employment completed during the term of the Performance Right, except where continuing employment is a vesting condition or where employment is summarily terminated.

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 three financial years:

ITEM	2017	2016	2015	2014
EPS (cents)	2.42	(1.47)	4.82	4.33
Dividends (cents per share)	-	-	-	1.00
Total Comprehensive Income (\$000)	3,122	(1,545)	5,233	3,793
Share price (\$)	0.54	0.34	0.77	0.60

C. Key management personnel

(i) Directors

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

R Bevan – Non-Executive Director (Chairman from 29 November 2016)

M Ashton – Non-Executive Chairman to 29 November 2016

J Bardwell – Non-Executive Director

C Ryan – Non-Executive Director

T Stianos – Non-Executive Director from 29 November 2016

R Baskerville – Managing Director and CEO

(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:

S Bright – Chief Operating Officer

D Hinton – Chief Financial Officer and Company Secretary

(iii) Remuneration of Key Management Personnel

Information regarding key management personnel compensation for the year ended 30 June 2017 is provided in table in Section E of this remuneration report.

D. Service Agreements

Russell Baskerville – Managing Director

- Terms of Agreement – commenced 1 July 2005, until terminated by either party.
- Salary – fixed remuneration \$525,000 per annum with an STI cash bonus of 50% of base fees and LTI bonus of 75% of base fees.
- Termination – three months' notice.

Richard Bevan – Chairman

- Terms of Agreement – appointed 29 November 2016.
- Fee – fixed \$90,000 per annum.

Thomas Stianos – Non Executive Director

- Terms of Agreement – appointed 29 November 2016.
- Fee – fixed \$60,000 per annum.

John Bardwell – Non-Executive Director

- Terms of Agreement – appointed 26 September 2011.
- Fee – fixed \$60,000 per annum.

Chris Ryan – Non-Executive Director

- Terms of Agreement – appointed 1 May 2015.
- Fee – fixed \$60,000 per annum.

David Hinton – Chief Financial Officer & Company Secretary

- Terms of Agreement – commenced 12 April 2016, until terminated by either party.
- Salary – fixed remuneration \$400,000 per annum with an additional STI cash bonus target of 25% of base fees and LTI bonus target of 40% of base fees.
- Termination – three months' notice.

Simon Bright – Chief Operating Officer

- Terms of Agreement – commenced 1 July 2016, until terminated by either party.
- Salary – fixed remuneration NZ\$435,000 per annum with an STI cash bonus target of 30% of base fees and LTI bonus target of 40% of base fees, plus an additional once off stretch STI of 25%.
- Termination – three months' notice.

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:

\$	Year	SHORT TERM BENEFITS			POST EMPLOYMENT	Share-based Payments	Total	% Performance Related	% of STI achieved
		Salary & Fees	Non-cash benefits	Cash STI	Superannuation				
NON-EXECUTIVE DIRECTORS									
M. Ashton (to 29 November 2016)	2017	37,500	-	-	-	-	37,500	-	-
	2016	90,000	-	-	-	-	90,000	-	-
R. Bevan	2017	70,984	-	-	6,743	-	77,727	-	-
	2016	54,795	-	-	5,205	-	60,000	-	-
T. Stianos (from 29 November 2016)	2017	32,379	-	-	3,076	-	35,455	-	-
	2016	-	-	-	-	-	-	-	-
C. Ryan	2017	60,000	-	-	-	-	60,000	-	-
	2016	60,000	-	-	-	-	60,000	-	-
J. Bardwell	2017	54,795	-	-	5,205	-	60,000	-	-
	2016	54,795	-	-	5,205	-	60,000	-	-
EXECUTIVE DIRECTORS									
R. Baskerville	2017	525,000	15,076	-	-	139,016	679,092	20.5%	-
	2016	525,000	-	-	-	260,094	785,094	33.1%	-
KEY MANAGEMENT									
D. Hinton (from 1 May 2016)	2017	365,297	15,076	-	34,703	23,335	438,411	5.3%	-
	2016	81,176	-	-	7,712	-	88,888	-	-
S. Bright (from 1 July 2016)	2017	408,073	3,716	-	30,318	48,335	490,442	9.9%	-
	2016	-	-	-	-	-	-	-	-

Share-based payments for S. Bright include a once-off share issue to the value of \$25,000 for nil consideration.

F. Directors' and Key Management Personnel Equity Holdings

Shares held in Empired Limited

All equity transactions with directors and executives, other than those arising from the vesting of performance rights and as part of remuneration, have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

	Balance 01 Jul 16	Vesting of Performance Rights	Remuneration	Net Change Other	Balance 30 June 17
DIRECTORS					
R. Baskerville	7,836,300	850,000	-	-	8,686,300
M. Ashton	-	-	-	-	-
R. Bevan	-	-	-	79,800	79,800
C. Ryan	17,000	-	-	-	17,000
T. Stianos	-	-	-	143,200	143,200
J. Bardwell	4,099,904	-	-	-	4,099,904
Total	11,953,204	850,000	-	223,000	13,026,204
KEY MANAGEMENT					
D. Hinton	25,000	-	-	27,093	52,093
S. Bright	80,074	-	69,444	-	149,518
Total	105,074	-	69,444	27,093	201,611

Performance Rights held in Empired Limited

Performance rights are issued for nil consideration and do not have an exercise price. The movements and balances of performance rights for the financial year are summarised in the below table.

	Balance 01 Jul 16	Granted	Forfeited	Vested	Balance 30 June 17
DIRECTORS					
R. Baskerville	2,294,915	1,193,182	(650,000)	(850,000)	1,988,097
Total	2,294,915	1,193,182	(650,000)	(850,000)	1,988,097
KEY MANAGEMENT					
D. Hinton	-	484,848	-	-	484,848
S. Bright	100,000	484,848	(25,000)	-	559,848
Total	100,000	969,696	(25,000)	-	1,044,696

Directors' and Key Management Personnel Equity Holdings (continued)

Performance Rights granted to the Executive Team are under the Company's Long Term Incentive Plan.

Refer to the notes to the financial statements for more detail regarding the plan.

Performance Rights granted as part of remuneration:

2017	Grant date	Number granted	Average Value per right at grant date	Value of rights granted during the year
NON-EXECUTIVE DIRECTORS				
M. Ashton	-	-	-	-
R. Bevan	-	-	-	-
T. Stianos	-	-	-	-
C. Ryan	-	-	-	-
J. Bardwell	-	-	-	-
EXECUTIVE DIRECTORS				
R. Baskerville	9/12/2016	1,193,182	\$0.48	\$275,482
KEY MANAGEMENT				
D. Hinton	1/11/2016	484,848	\$0.42	\$106,026
S. Bright	1/11/2016	484,848	\$0.42	\$106,026
2016	Grant date	Number granted	Average Value per right at grant date	Value of rights granted during the year
NON-EXECUTIVE DIRECTORS				
M. Ashton	-	-	-	-
R. Bevan	-	-	-	-
T. Stianos	-	-	-	-
C. Ryan	-	-	-	-
J. Bardwell	-	-	-	-
EXECUTIVE DIRECTORS				
R. Baskerville	16/11/2015	444,915	\$0.86	\$260,094
KEY MANAGEMENT				
D. Hinton	-	-	-	-
S. Bright	-	-	-	-

G. Performance Hurdles for Performance Rights vested during the financial year

The Company from time to time grants Performance Rights to executives under the Empired Executive Long Term Incentive Plan. In the case of grants to the Managing Director, shareholder approval is sought at the Annual General Meeting prior to Performance Rights being granted. As stated in the applicable Notice of Meeting, to convene the members meeting to approve the grant of Performance Rights, the details of the performance hurdles are not disclosed unless the performance hurdle is satisfied and then the Company will disclose the details in the subsequent Remuneration Report.

During the financial year 2,125,000 Performance Rights vested and a corresponding number of ordinary shares were issued as a result of achieving the relevant performance hurdle as follows:

PERFORMANCE HURDLE	ACHIEVED	NO. OF PERFORMANCE RIGHTS
Applicable to Russell Baskerville		
- FY15 Basic EPS 4.2 cents	4.82 cents	200,000
- FY15 Basic EPS 2.0 cents	4.82 cents	300,000
- FY15 Basic EPS 2.1 cents	4.82 cents	350,000
Applicable to other Executives		1,275,000
Total		2,125,000

H. Employee Share Schemes

During the financial year, 451,323 ordinary shares were purchased on behalf of employees under the Exempt Employee Share Plan at a cost of \$215,560, and 233,554 ordinary shares were purchased on behalf of employees under the Employee Share Ownership Loan Plan at a cost of \$89,771.

I. Voting and comments made at the company's 2016 Annual General Meeting

The company did not receive any specific feedback at the AGM on its remuneration report.

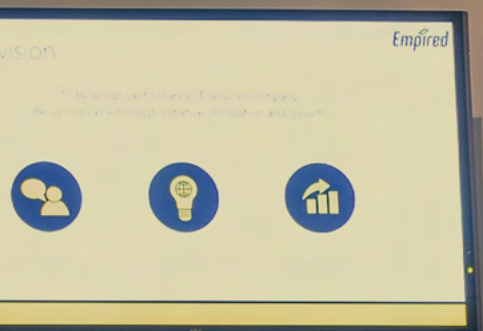
Signed in accordance with a resolution of directors.

23rd August 2017



Russell Baskerville

MANAGING DIRECTOR & CEO



"By delivering holistic managed business services, we're allowing our clients to focus on the high value strategic activities that will allow them to make a real difference."

Brett Gresele | Executive General Manager, Lifecycle Services

Case Study

AIRWAYS



Transport

Airways provides air traffic control and infrastructure to keep New Zealand's skies safe.

Responsible for controlling all air movements across 30 million square kilometres of airspace in New Zealand and over the Pacific, the company handles over one million air traffic movements a year.

Airways had tried and trusted business systems in place. But changes in the way necessary IT services can be delivered were increasingly coming to the company's attention and they looked to modernise.

Sean Kennedy, Manager Enterprise Business Systems at Airways, says that pre-cloud, keeping track of licensing agreements and costs across employees was proving onerous. Additionally, the Christchurch, Seddon and, more recently, Kaikoura earthquakes "highlighted the potential disadvantages of our Christchurch and Wellington data centres."

Kennedy says the key implementation aspects were the establishment of secure cloud identity management and the implementation of Microsoft Office 365 itself. "The big one was moving Exchange to the cloud and introducing Mobile Device Management.

We saw a need to introduce that to improve security and further delineate between personal and work data on personal devices."

The most obvious benefit of the shift into the cloud is simply that Airways now has an optimised environment, where licensing costs are accurately matched to business requirements. Another important benefit is that the successful move of common, but mission-critical, business services is reinforcing the value and benefit of a 'cloud first' approach.

"With the cloud, the reliability is up there. Availability from anywhere is another key factor which our people appreciate. As a company with people all around the world, being able to connect straight into the data centre in Australia is great," says Kennedy.

Expenditure on IT services has improved not only on the bottom line, but in terms of visibility of costs against licensing. "That means we can budget better, know what the costs are and what we're getting for the money," Kennedy says.

"The more we put in the cloud, the better it will be."

Sean Kennedy

MANAGER ENTERPRISE BUSINESS SYSTEMS, AIRWAYS

Case Study

PEREGRINE



Retail

Peregrine owns and operates approximately 140 On the Run convenience outlets across South Australia.

These outlets are multi-purpose, with many containing a combination of petrol stations and fast food franchises, such as Subway and Oporto.

Each of these stores has a varying number of fridges and warmers to keep food at a safe and appropriate temperature. On the Run staff were required to regularly check and record the temperature of these fridges and warmers, and complete a site manual which was then later sent back to the site support office. This process resulted in a delay in the data being presented and analysed by the maintenance division; sometimes up to weeks or months. By the time the data reached the maintenance team, the asset may have already suffered a breakdown, diminishing the value of the effort involved in recording the temperature. This manual process not only consumed significant staff time and effort, but also presented the opportunity for human error to occur, causing potentially disastrous breaches to the Food Standard Code.

Peregrine wanted to reduce manual activities by implementing automation tools. Based on the Azure IoT Suite, Empired's solution facilitates the automated

monitoring and reporting of temperature data, along with predictive analytics to determine the risk of an asset breakdown. The monitoring and reporting is designed to put real-time data in the hands of the maintenance team for immediate follow-up.

The contrast between the before and after scenario is substantial. With a state-wide rollout of the automation solution, the financial losses from spoilage and equipment breakdowns could largely be a thing of the past, as would the frustrations and inefficiencies experienced by employees undertaking the essentially futile task of manual data logging.

The new solution also allows for a systematic and simple approach to adherence to compliance regulations, which facilitates a more accurate and simple process and removes capacity for potentially catastrophic breaches of the Food Standard Code.

With more time to spend on the higher value tasks on the job, this enables staff to deliver better levels of service to customers, translating to increased customer satisfaction and loyalty, sales and ultimately profits.

"The South Australian convenience sector is extremely competitive, so we are making a commitment to investment in technology to increase efficiency in our site operations and ultimately, improve the customer experience."

Brendon Hore
CIO, PEREGRINE

Case Study

WOODS BAGOT



Architecture

Woods Bagot place users at the center of every design.

As a global design and consulting studio with a team of over 1100 experts across 17 studios in Australia, Asia, Europe, the Middle East and North America, effective communication and collaboration is a key business driver for Woods Bagot. With continual growth and a need to operate as one connected organisation, moving to a Modern Workplace became an even more integral part of their strategy.

Whilst Woods Bagot's legacy intranet had been a successful platform to store and share information and knowledge, it was accepted that it was hosted on ageing technology which needed a refresh. With the advent of Microsoft Office 365 (O365), Woods Bagot saw a golden opportunity to remove some of the maintenance costs they were incurring and look at the threshold changes that can be achieved through the introduction of improved and more modern collaboration.

Empired architected a solution using their Snap 365 offering which gives organisations the ability to deploy a templated portal to O365 rapidly using Empired's existing

IP and knowledge of how organisations collaborate effectively. Snap brings together O365's collaboration tools creating an integrated, targeted and relevant experience for the user.

Woods Bagot now have an advanced engagement portal for employees. They have a visually improved front page with a focus on news, essential information and feeds from their design platform and trusted sector pages to consolidate key sector information such as exemplar bids and templates.

Woods Bagot is utilising most of the O365 suite of features, predominantly Delve and Search, OneDrive for business and Skype, all of which complete one of their main goals of making employee communication easy. The Snap portal allows the creation of virtual communities to share ideas and information and connect with one another across the globe. The portal provides a complete, end-to-end user experience with the greatest gain being end to end collaboration, having one place for everything.

"Overall we were after an intranet that could underpin our stance as a leading global design firm – showcasing our work, inspiring our designers while providing trusted and useful reference data."

Tom Leydon
CIO, WOODS BAGOT

Corporate Governance Statement

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, Empired Limited and its Controlled Entities ("the Group") have adopted the third edition of the Corporate Governance Principles and Recommendations which was released by the ASX Corporate Governance Council on 27 March 2014 and became effective for financial years beginning on or after 1 July 2014.

The Group's Corporate Governance Statement for the financial year ending 30 June 2017 was approved by the Board on 23 August 2017. The Corporate Governance Statement is available on Empired's website at: www.empired.com/Investor-Centre/Corporate-Governance/.

Consolidated Statement of Profit or Loss & Other Comprehensive Income

For the year ended 30 June 2017

	Notes	2017	2016
		\$	\$
Continuing operations			
Revenue	4	167,391,710	159,982,870
Cost of Sales		(111,866,357)	(108,943,410)
Gross profit		55,525,353	51,039,460
Other Income	4	663,721	390,198
Administration expenses	5	(41,327,154)	(42,929,170)
Marketing expenses		(452,917)	(722,924)
Occupancy expenses		(5,679,393)	(5,518,820)
Finance expenses	6	(2,269,575)	(1,660,336)
Loss on disposal of assets		(982,904)	(2,393,742)
Other expenses		(1,583,551)	(1,632,472)
Profit/(loss) before income tax from continuing operations		3,893,580	(3,427,806)
Income tax expense	7	(732,450)	1,703,428
Profit/(loss) from continuing operations for the year		3,161,130	(1,724,378)
Other comprehensive income, net of income tax			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		(38,674)	179,443
Total comprehensive income/(loss) for the year		3,122,456	(1,544,935)
Earnings/(loss) per share (cents per share):			
Basic earnings/(loss) per share	8	2.42	(1.47)
Diluted earnings/(loss) per share	8	2.42	(1.47)

Consolidated Statement of Financial Position

As at 30 June 2017

	Notes	2017	2016
ASSETS		\$	\$
Current assets			
Cash and cash equivalents	9	2,004,385	2,970,688
Trade and other receivables	10	23,027,144	22,212,724
Work in progress	11	9,452,907	10,399,024
Other current assets	12	2,352,211	2,614,113
Total Current Assets		36,836,647	38,196,549
Non-current assets			
Investments in associate	13	-	192,085
Plant and equipment	14	20,965,878	21,139,187
Intangible assets	15	58,052,451	55,104,355
Other receivables	10	33,424	68,161
Deferred tax asset	7	3,191,630	3,246,657
Total Non-Current assets		82,243,383	79,750,445
TOTAL ASSETS		119,080,030	117,946,994
LIABILITIES			
Current liabilities			
Trade and other payables	17	22,138,984	26,153,318
Borrowings	18	6,720,722	13,451,719
Provisions	19	5,854,399	6,027,245
Deferred consideration	20	-	2,200,993
Total Current Liabilities		34,714,105	47,833,275
Non-current liabilities			
Borrowings	18	9,057,872	6,120,877
Provisions	19	4,028,337	4,834,336
Deferred tax liability	7	-	694
Deferred consideration	20	-	6,753,111
Total Non-Current Liabilities		13,086,209	17,709,018
TOTAL LIABILITIES		47,800,314	65,542,293
NET ASSETS		71,279,716	52,404,701
EQUITY			
Issued capital	21	54,204,746	38,783,679
Reserves		2,071,835	1,779,017
Retained profits		15,003,135	11,842,005
TOTAL EQUITY		71,279,716	52,404,701

Consolidated Statement of Cash Flows

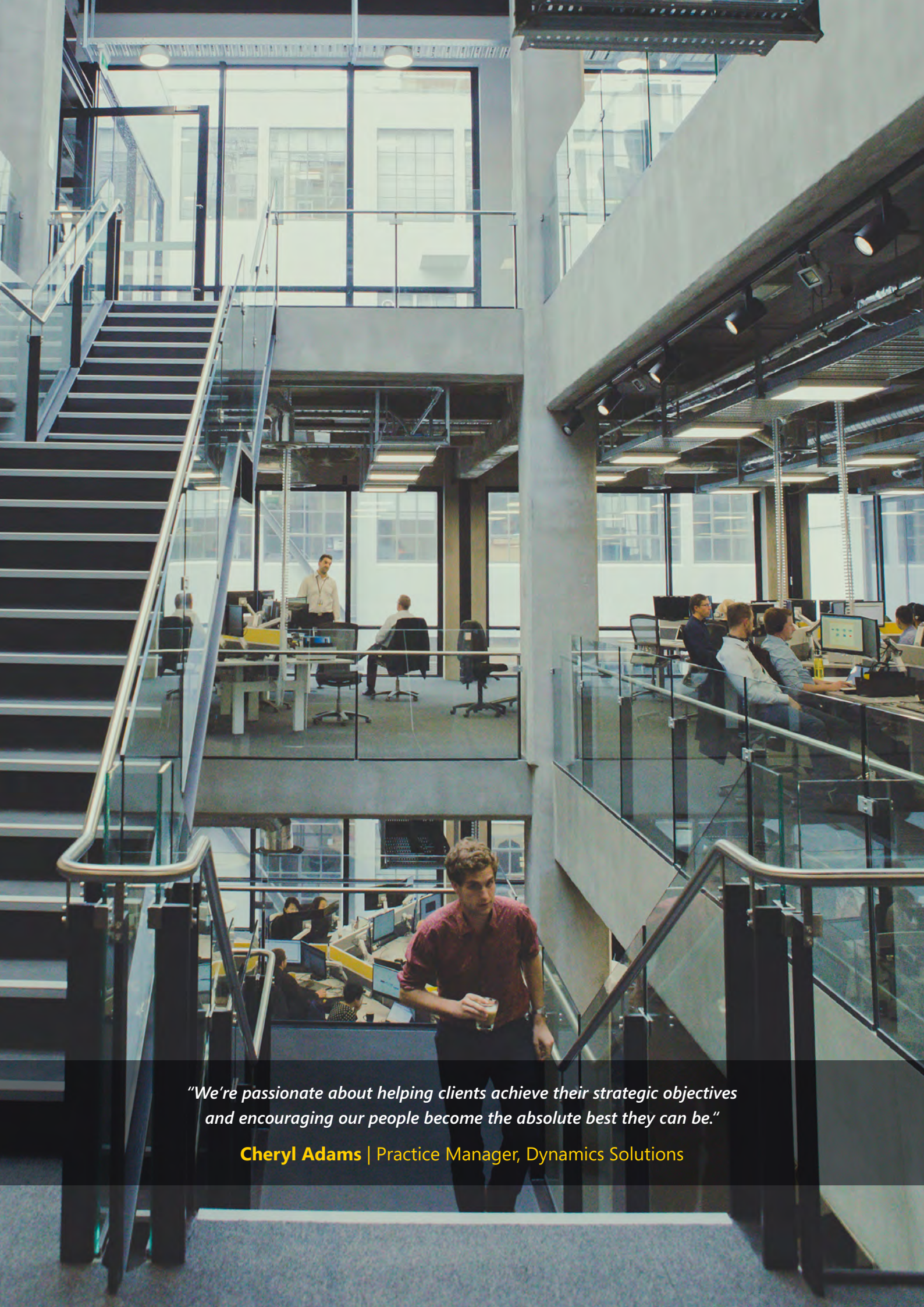
For the year ended 30 June 2017

	Notes	2017	2016
		\$	\$
Cash flows from operating activities			
Receipts from customers		185,368,794	165,496,214
Payments to suppliers and employees		(174,888,578)	(152,262,610)
Other receipts		-	88,621
Income tax paid		(713,221)	(336,657)
Dividends received from associate	13	75,943	214,887
Net cash flows from operating activities	9 (ii)	9,842,938	13,200,455
Cash flows from investing activities			
Purchase of intangibles		(7,269,413)	(4,162,562)
Purchase of plant and equipment		(3,681,756)	(10,446,871)
Deferred payment in relation to business acquisition of prior years		(8,954,103)	(1,175,375)
Proceeds from sale of associate		231,024	-
Net cash flows used in investing activities		(19,674,248)	(15,784,808)
Cash flows from financing activities			
Finance costs (net)		(2,048,298)	(1,624,424)
Proceeds from issue of shares		16,000,000	-
Payment of capital raising costs		(862,761)	(11,927)
Repayment of bank borrowings		(3,344,633)	(4,144,627)
Options exercised		-	200,000
Repayment of finance lease liabilities		(7,910,326)	(2,753,809)
Proceeds from finance leases		2,194,991	3,243,845
Proceeds from borrowings		1,900,605	932,055
Net cash flows (used in)/from financing activities		5,929,578	(4,158,887)
Net (decrease)/increase in cash and cash equivalents		(3,901,732)	(6,743,240)
Effect of exchange rate fluctuations on cash held		86,131	109,506
Cash and cash equivalents at beginning of period		2,970,688	9,604,422
Cash and cash equivalents at end of period	9 (i)	(844,913)	2,970,688

Consolidated Statement of Changes in Equity

For the year ended 30 June 2017

	Issued Capital	Retained Profits	Foreign Currency Translation Reserve	Employee Equity Benefits Reserve	Total Equity
	\$	\$	\$	\$	\$
Balance at 30 June 2015	37,779,130	13,566,383	(40,632)	1,410,259	52,715,140
Loss for the year	-	(1,724,378)	-	-	(1,724,378)
Other comprehensive income	-	-	179,443	-	179,443
Share-based payments	-	-	-	229,947	229,947
Options exercised	200,000	-	-	-	200,000
Issue of shares	816,475	-	-	-	816,475
Capital raising costs	(11,926)	-	-	-	(11,926)
Balance at 30 June 2016	38,783,679	11,842,005	138,811	1,640,206	52,404,701
Profit for the year	-	3,161,130	-	-	3,161,130
Other comprehensive income/(loss)	-	-	(38,674)	-	(38,674)
Share-based payments	-	-	-	331,492	331,492
Issue of shares	16,025,000	-	-	-	16,025,000
Capital raising costs	(603,933)	-	-	-	(603,933)
Balance at 30 June 2017	54,204,746	15,003,135	100,137	1,971,698	71,279,716



"We're passionate about helping clients achieve their strategic objectives and encouraging our people become the absolute best they can be."

Cheryl Adams | Practice Manager, Dynamics Solutions

Notes to the Financial Statements

For the year ended 30 June 2017

1. CORPORATE INFORMATION

The financial report of Empired Ltd for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the directors on 23 August 2017.

Empired Limited, whose shares are publicly traded on the Australian Securities Exchange, is a company 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 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 the current reporting period, however there was no need to change accounting policies or make retrospective adjustments as a result of adopting these standards. Information on these new standards is presented below.

AASB 2014-4 *Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments to AASB 116 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 AASB 138 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 (2) 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.

AASB 2014-4 is applicable to annual reporting periods beginning on or after 1 January 2016.

AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101*

The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project.

The amendments:

- clarify the materiality requirements in AASB 101, including an emphasis on the potentially detrimental effect of obscuring useful information with immaterial information
- clarify that AASB 101's specified line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position can be disaggregated
- add requirements for how an entity should present subtotals in the statement(s) of profit and loss and other comprehensive income and the statement of financial position
- clarify that entities have flexibility as to the order in which they present the notes, but also emphasise that understandability and comparability should be considered by an entity when deciding that order
- remove potentially unhelpful guidance in AASB 101 for identifying a significant accounting policy.

AASB 2015-2 is applicable to annual reporting periods beginning on or after 1 January 2016.

AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*

AASB 2016-2 amends AASB 107 *Statement of Cash Flows* to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

AASB 2016-2 is applicable to annual reporting periods beginning on or after 1 January 2017.

AASB 2016-1 *Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses*

AASB 2016-1 amends AASB 112 *Income Taxes* to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost.

AASB 2016-1 is applicable to annual reporting periods beginning on or after 1 January 2017.

(c) Impact of standards issued but not yet applied

New and revised accounting standards and amendments that are currently issued for future reporting periods that are relevant to the Company include:

AASB 9 *Financial Instruments (December 2014)*

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

- Financial assets that are debt instruments will be classified based on: (i) the objective of the entity's business model for managing the financial assets; and (ii) the characteristics of the contractual cash flows.
- Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on

investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

- Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.
- Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
- Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
 - » the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI)
 - » the remaining change is presented in profit or loss.

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

- » classification and measurement of financial liabilities; and
- » derecognition requirements for financial assets and liabilities.

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.

The effective date is for annual reporting periods beginning on or after 1 January 2018.

The Company is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the Company's preliminary assessment, the

Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

AASB 15 *Revenue from Contracts with Customers*

AASB 15 replaces AASB 118: *Revenue*, AASB 111 *Construction Contracts* and some revenue-related Interpretations. In summary, AASB 15:

- establishes a new revenue recognition model;
- changes the basis for deciding whether revenue is to be recognised over time at a point in time;
- provides a new and more detailed guidance on specific topics (eg multiple element arrangements, variable pricing, rights of return and warranties); and
- expands disclosures about revenue.

The estimated potential impact of the impending change, based upon current Group business operations, would be to defer the recognition of revenue and costs on isolated revenue streams of the Group and recognise that revenue as performance obligations are satisfied taking into consideration the core principles of AASB 15.

The estimated potential financial impact on revenue and after tax profit for the year ended 30 June 2017, based upon current Group business operations, is a reduction of \$1,347,000 and \$302,000 respectively.

The effective date is for annual reporting periods beginning on or after 1 July 2018.

AASB 16 *Leases*

AASB 16 replaces AASB 117 *Leases* and some lease-related Interpretations. In summary, AASB 16:

- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases;
- provides new guidance on the application of the definition of lease and on sale and lease back accounting;

- largely retains the existing lessor accounting requirements in AASB 117; and
- requires new and different disclosures about leases.

The estimated impact of the impending change as at 30 June 2017 can be summarised as follows: introduction of a right-of-use asset of \$21.7m, an increase in other financial liabilities of \$24.6m, a reduction in provisions of \$4.1m and a derecognition of deferred tax assets of \$1.2m. The financial impact on overall profit and cash flow is not considered material.

This preliminary assessment is indicative and has not taken fully into consideration the transitional arrangements or practical expedients available under AASB 16. The assessment is also based upon current information that may by its nature change between this reporting date and the application date of AASB 16.

The effective date is for annual reporting periods beginning on or after 1 July 2019.

(d) Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2016. 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.

Business Combinations

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.

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.

(f) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

Leased Equipment	3 yrs
Leasehold Improvements	5–20 yrs
Furniture & Fittings	1–15 yrs
Computer Hardware	1–8 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 the statement of profit or loss in the period the item is derecognised.

(g) Borrowing costs

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

(h) 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 reviewed for impairment, annually or more frequently if events or changes in circumstances

indicate that the carrying value may be impaired. Goodwill is not amortised.

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.

(i) Intangible Assets Other Than Goodwill

Amortisation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Software	1–7 yrs
Other	3–7 yrs

Acquired both separately and from a business 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 the statement of 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 profits 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 the statement of profit or loss when the asset is derecognised.

(j) 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.

(k) Operating segments

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.

(l) Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables
- financial assets at Fair Value Through Profit or Loss ('FVTPL')

- Held-To-Maturity ('HTM') investments; or
- Available-For-Sale ('AFS') financial assets

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below. All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

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

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

(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. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's trade and most other receivables fall into this category of financial instruments.

(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 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).

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings and trade and other payables. Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in profit or loss.

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 profit or loss and other comprehensive income.

(m) 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.

(n) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank, 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.

(o) 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 profit or loss and other comprehensive income when the liabilities are derecognised and as well as through the amortisation process.

(p) 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.

(q) Employee benefits**(i) Short-term employee benefits**

Liabilities for wages and salaries, including non-monetary benefits, 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) Other long-term employee benefits

The Group's liabilities for annual leave and long service leave are included in other long term benefits as they are not expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds published by Milliman Australia/ G100 that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur. The Group presents employee benefit obligations as

current liabilities in the statement of financial position if the Group does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting period, irrespective of when the actual settlement is expected to take place.

(r) Share-based payment transactions

The Group provides remuneration to certain 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').

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 measured using a variation of the binomial option pricing model that takes into account the terms and conditions on which the instruments were granted and the current likelihood of achieving the specified target. Further, the cost of equity-settled transactions is recognised, together with a corresponding increase in the Employee Equity Benefits Reserve, 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 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.

(s) Employee share schemes

In New Zealand, an Employee Share Ownership Plan operates. The scheme offers shares at a discount to the market price of Empired shares and provides the balance of the purchase as an interest free full recourse loan. The shares are being held in Trust for three years by which time the loan will be repaid and the shares will vest to the employees.

In Australia, the Employee Share Plan is available which involves a salary sacrifice on a monthly basis and a contribution from Empired to purchase shares in Empired up to a maximum of \$1,000 per employee per annum. The \$1,000 maximum is based on a tax exemption allowable under the Australian taxation legislation. Shares purchased are subject to a three year trading restriction whilst an employee of Empired.

(t) 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.

Operating lease payments are recognised as an expense in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

(u) 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:

Rendering of services

Revenue from the provision of services is recognised when the service has been provided. Stage completion or percentage completion method is used to determine earned revenue for services that have fixed revenue.

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.

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.

(v) Foreign currency transactions

The consolidated financial statements are presented in Australian Dollars ('\$AUD'), which is also the functional currency of the Parent Company.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss. Non-monetary items are not retranslated at year-end and

are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the \$AUD are translated into \$AUD upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into \$AUD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into \$AUD at the closing rate. Income and expenses have been translated into \$AUD at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

(w) 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 profit or loss.

(x) 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.

(y) Investments in associates

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries. Investments in associates are accounted for using the equity method.

Any goodwill or fair value adjustment attributable to the Group's share in the associate is not recognised separately and is included in the amount recognised as investment.

The carrying amount of the investment in associates is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

(z) 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 15.

(ii) Share based payments

The Group 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 measured by using a variation of the binomial option pricing model that takes into account the terms and conditions on which the instruments were granted and the current likelihood of achieving the specified target. 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.

The Group uses the high quality corporate bond rate as the discount rate when measuring its Australian dollar dominated long term employee benefits.

(iv) Estimation of useful lives of assets

The Group 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.

3. SEGMENT REPORTING

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

- Australia
- New Zealand

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

2017	Australia	New Zealand	Elimination	Total
Revenue	\$	\$		\$
From external customers	104,020,398	63,371,312	-	167,391,710
From other segment	379,730	1,499,691	(1,879,421)	-
Total	104,400,128	64,871,003	(1,879,421)	167,391,710
Segment profit (EBITDA)	10,625,304	4,744,459	-	15,369,763
Segment assets	81,592,798	37,487,232	-	119,080,030
2016	Australia	New Zealand	Elimination	Total
Revenue	\$	\$		\$
From external customers	100,319,331	59,663,539	-	159,982,870
From other segment	634,588	2,437,142	(3,071,730)	-
Total	100,953,919	62,100,681	(3,071,730)	159,982,870
Segment profit (EBITDA)	2,953,986	4,515,340	-	7,469,326
Segment assets	81,154,966	36,792,028	-	117,946,994

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

	2017	2016
	\$	\$
Total reporting segment operating EBITDA	15,369,763	7,469,326
Less:		
Finance costs (net)	(2,251,636)	(1,624,425)
Depreciation and amortisation expenses	(8,241,643)	(6,878,965)
Loss on disposal of assets	(982,904)	(2,393,742)
Group profit/(loss) before tax	3,893,580	(3,427,806)

4. REVENUE

	2017	2016
Sales Revenue	\$	\$
Services revenue	152,586,167	141,791,257
Product and license revenue	14,805,543	18,191,613
Total sales revenue	167,391,710	159,982,870
Other Income		
Gain from derecognition of consideration payable	-	125,611
Payroll tax rebate	-	136,000
Share of associate profit (see note 13)	92,259	66,304
Profit on sale of associate	21,476	-
Interest	17,939	35,912
Vendor warranty claim	532,047	-
Other	-	26,371
Total other income	663,721	390,198
Total revenue and other income	168,055,431	160,373,068

5. ADMINISTRATION EXPENSES

	2017	2016
Employee benefits (not included in cost of sales)	25,202,104	26,847,135
Depreciation expenses	4,360,445	3,692,359
Amortisation expenses	3,881,198	3,186,607
Doubtful debts	-	710,460
Other administration expenses	7,883,407	8,492,609
Total	41,327,154	42,929,170

6. FINANCE EXPENSES

	2017	2016
Interest expenses – bank borrowings	1,526,645	1,192,291
Interest expenses – finance leases and hire purchase	208,891	239,201
Interest expenses – other	534,039	228,844
Total	2,269,575	1,660,336

7. INCOME TAX

(a) Income tax expense

	2017	2016
	\$	\$
The major components of income tax expense are:		
Current income tax payable	541,217	1,385,997
Current income tax payable – prior year adjustment	(114,885)	(50,352)
Deferred income tax relating to origination and reversal of temporary differences	469,981	(2,893,274)
Under provision in respect of prior years	(163,863)	(145,799)
Income tax expense reported in profit or loss	732,450	(1,703,428)

(b) Amounts charged (credited) directly to equity

	2017	2016
	\$	\$
Capital raising costs	258,828	-
Total	258,828	-

(c) Reconciliation of tax expense to accounting profit

	2017	2016
	\$	\$
Accounting profit / (loss) before income tax	3,893,580	(3,427,806)
At Australia's statutory income tax rate of 30%	1,178,240	(1,021,205)
Adjust for tax effect of:		
Tax rate differential	(88,456)	(230,853)
Non-deductible expenses	133,344	248,595
Other non-deductible expenses	102,475	53,444
Change in fair value consideration	-	(37,683)
Foreign exchange differences	(6,716)	(28,026)
R&D offset income tax variance	(196,801)	(522,222)
Under provision in respect of prior years	(278,747)	(196,151)
Other income for income tax purposes	(89,338)	30,673
Equity accounted earnings	(21,551)	-
Income tax expense	732,450	(1,703,428)

(d) Recognised deferred tax assets and liabilities

Deferred income tax balances relate to the following:

	Opening Balance	Recognised in Profit and Loss	Recognised in Other Comprehensive Income	Exchange Differences	Closing Balance
30 JUNE 2017	\$	\$	\$	\$	\$
Deferred tax liabilities					
Work in Progress	2,771,901	(165,108)	-	-	2,606,793
Fixed Assets	3,350,180	16,286	-	2,886	3,369,352
Other	17,477	33,393	-	(1,400)	49,470
Gross deferred tax liabilities	6,139,558	(115,429)	-	1,486	6,025,615
Deferred tax assets					
Provisions	3,527,140	(258,070)	-	40	3,269,110
Equity raising costs	201,917	(129,384)	258,828	-	331,361
Borrowing costs	8,466	(1,069)	-	-	7,397
R&D Tax Offsets carried forward	3,949,233	891,392	-	-	4,840,625
Trade and other receivables	41,596	(22,262)	-	(489)	18,845
Other	16,615	(13,840)	-	(173)	2,602
Tax losses	1,640,554	(888,315)	-	(4,934)	747,305
Gross deferred tax assets	9,385,521	(421,548)	258,828	(5,556)	9,217,245
	3,245,963	(306,119)	258,828	(7,042)	3,191,630
Recognised in statement of financial position as:					
Deferred tax assets (net)	3,246,657				3,191,630
Deferred tax liabilities (net)	(694)				-
	3,245,963				3,191,630

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

	Opening Balance	Recognised in Profit and Loss	Recognised in Other Comprehensive Income	Exchange Differences	Closing Balance
30 JUNE 2016	\$	\$	\$	\$	\$
Deferred tax liabilities					
Work in Progress	1,871,734	901,382	-	(1,215)	2,771,901
Fixed Assets	2,617,463	739,668	-	(6,951)	3,350,180
Other	-	17,477	-	-	17,477
Gross deferred tax liabilities	4,489,197	1,658,527	-	(8,166)	6,139,558
Deferred tax assets					
Provisions	2,028,104	1,489,250	-	9,786	3,527,140
Equity raising costs	301,182	(99,265)	-	-	201,917
Borrowing costs	13,196	(4,730)	-	-	8,466
R&D Tax Offsets carried forward	1,860,346	2,088,887	-	-	3,949,233
Trade and other receivables	55,651	(15,752)	-	1,697	41,596
Other	-	16,615	-	-	16,615
Tax losses	421,328	1,222,595	-	(3,369)	1,640,554
Gross deferred tax assets	4,679,807	4,697,600	-	8,114	9,385,521

(e) Tax consolidation

Effective 1 July 2002, for the purposes of income taxation, Empired Limited and its 100% Australian owned 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.

8. 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 company by the weighted average number of ordinary shares on issue during the year.

Diluted earnings per share amounts are calculated by dividing net profit attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares on issue 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:

	2017	2016
	\$	\$
Net profit/(loss) attributable to ordinary equity holders of the parent	3,161,130	(1,724,378)

	Thousands	Thousands
Weighted average number of ordinary shares for basic earnings per share	130,498	117,655
Effect of Dilution:		
Share options	-	114
Weighted average number of ordinary shares adjusted for the effect of dilution	130,498	117,769

9. CASH & CASH EQUIVALENTS

(a) Reconciliation of Cash

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

	2017	2016
	\$	\$
Cash at bank and in hand	2,004,385	2,970,688
Bank overdraft (note 18)	(2,849,298)	-
	(844,913)	2,970,688

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

	2017	2016
	\$	\$
Profit / (loss) after income tax	3,161,130	(1,724,378)
Gain from derecognition of contingent consideration payable	-	(125,611)
Finance expenses (net)	2,251,637	1,624,424
Depreciation and amortisation	8,241,643	6,878,965
Loss on disposal of assets	982,904	2,393,742
Share payment expense	356,492	229,947
Foreign currency unrealised (gain)/loss	(40,711)	67,152
Equity accounted earnings from associate	(92,259)	(66,304)
Dividend received from associate	75,943	214,887
Profit on sale of associate	(21,476)	-
Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:		
(Increase) / decrease in receivables	(814,420)	4,723,413
Decrease / (increase) in work in progress	946,117	(3,637,860)
Increase in prepayments and other receivables	(217,747)	(671,004)
(Decrease) / increase in trade creditors and other payables	(3,186,459)	324,058
(Decrease) / increase in lease incentives	(808,505)	4,043,362
(Decrease) / increase in unearned revenue	(875,345)	1,247,963
Decrease / (increase) in deferred tax asset	54,333	(3,055,353)
(Decrease) / increase in provision for employee entitlements	(170,339)	733,052
Net cash from operating activities	9,842,938	13,200,455

(c) Non cash transactions

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

10. TRADE & OTHER RECEIVABLES

	2017	2016
Current	\$	\$
Gross trade receivables	22,911,739	22,238,728
Provision for doubtful debts	(50,213)	(187,947)
Other receivables	165,618	161,943
	23,027,144	22,212,724
Non-current		
Other receivables	33,424	68,161

Trade receivables are non-interest bearing and are generally on 30-day terms. (For further details on credit risk, refer to note 23). A provision for impairment is recognised when there is objective evidence that an amount is considered not collectible.

11. WORK IN PROGRESS

	2017	2016
	\$	\$
Work in progress	9,452,907	10,399,024

12. OTHER CURRENT ASSETS

	2017	2016
	\$	\$
Prepayments	2,352,211	2,614,113

13. INVESTMENT IN ASSOCIATE

During the financial year the Group disposed of its 50% holding of X4 Consulting Limited.

	2017	2016
	\$	\$
Share of profit	92,259	66,304
Dividend received	75,943	214,887
Carrying amount of the Group's interests in associate	-	192,085

14. PROPERTY, PLANT & EQUIPMENT

	2017	2016
Leasehold improvements	\$	\$
At cost	6,062,054	6,350,867
Accumulated depreciation	(1,518,972)	(1,565,323)
Total lease improvements	4,543,082	4,785,544
Computer hardware		
At cost	20,505,974	17,315,644
Accumulated depreciation	(5,877,590)	(3,795,739)
Total computer hardware	14,628,384	13,519,905
Furniture, Equipment & Fittings		
At cost	2,627,798	1,926,526
Accumulated depreciation	(840,105)	(898,363)
Total Furniture, Equipment & Fittings	1,787,693	1,028,163
Leased equipment		
At cost	39,506	3,022,624
Accumulated depreciation	(32,787)	(1,217,049)
Total leased equipment	6,719	1,805,575
Total property, plant & equipment	20,965,878	21,139,187

14. PROPERTY, PLANT & EQUIPMENT (CONTINUED)

2017	Leased equipment	Leasehold improvements	Computer hardware	Furniture, Equipment & Fittings	Total
Gross carrying amount	\$	\$	\$	\$	\$
Balance 1 July 2016	3,022,624	6,350,867	17,315,643	1,926,525	28,615,659
Additions	-	578,994	2,990,574	1,036,688	4,606,256
Transfers	(1,095,169)	-	1,095,169	-	-
Disposals	(1,868,756)	(861,395)	(887,864)	(325,118)	(3,943,133)
Exchange differences	(19,193)	(6,412)	(7,548)	(76)	(33,229)
Balance 30 June 2017	39,506	6,062,054	20,505,974	2,638,019	29,245,553
Depreciation & impairment					
Balance 1 July 2016	(1,217,049)	(1,565,323)	(3,795,738)	(898,362)	(7,476,472)
Disposals	1,768,190	543,694	999,412	233,537	3,544,833
Transfers	(542,127)	-	542,127	-	-
Depreciation	(49,441)	(501,286)	(3,629,230)	(180,488)	(4,360,445)
Exchange differences	7,640	3,943	5,839	(5,013)	12,409
Balance 30 June 2017	(32,787)	(1,518,972)	(5,877,590)	(850,326)	(8,279,675)
Carrying amount 30 June 2017	6,719	4,543,082	14,628,384	1,787,693	20,965,878
2016	Leased equipment	Leasehold improvements	Computer hardware	Furniture, Equipment & Fittings	Total
Gross carrying amount	\$	\$	\$	\$	\$
Balance 1 July 2015	1,940,450	3,711,524	17,013,890	1,947,783	24,613,647
Additions	1,495,587	3,593,547	4,951,306	423,289	10,463,729
Disposals	(438,746)	(967,935)	(4,657,904)	(463,076)	(6,527,661)
Exchange differences	25,333	13,731	8,351	18,529	65,944
Balance 30 June 2016	3,022,624	6,350,867	17,315,643	1,926,525	28,615,659
Depreciation & impairment					
Balance 1 July 2015	(958,905)	(1,392,556)	(5,064,252)	(995,994)	(8,411,707)
Disposals	437,800	571,855	3,417,930	279,205	4,706,790
Depreciation	(683,745)	(737,340)	(2,098,590)	(172,684)	(3,692,359)
Exchange differences	(12,199)	(7,282)	(50,826)	(8,889)	(79,196)
Balance 30 June 2016	(1,217,049)	(1,565,323)	(3,795,738)	(898,362)	(7,476,472)
Carrying amount 30 June 2016	1,805,575	4,785,544	13,519,905	1,028,163	21,139,187

15. INTANGIBLE ASSETS

	2017	2016
Goodwill	\$	\$
Cost	46,446,049	46,446,049
Net carrying value	46,446,049	46,446,049
Software		
Cost	16,280,368	14,249,913
Amortisation	(4,825,446)	(5,830,065)
Net carrying value	11,454,922	8,419,848
Other		
Cost	486,483	491,493
Amortisation	(335,003)	(253,035)
Net carrying value	151,480	238,458
Total intangibles	58,052,451	55,104,355

	Goodwill	Software	Other	Total
Year end 30 June 2017	\$	\$	\$	\$
Balance at the beginning of the year	46,446,049	8,419,848	238,458	55,104,355
Additions	-	7,369,267	-	7,369,267
Disposals	-	(531,793)	-	(531,793)
Amortisation charge	-	(3,795,268)	(85,930)	(3,881,198)
Exchange differences	-	(7,132)	(1,048)	(8,180)
Closing value at 30 June 2017	46,446,049	11,454,922	151,480	58,052,451
Year end 30 June 2016				
Balance at the beginning of the year	46,446,049	7,935,235	323,592	54,704,876
Additions	-	4,162,562	-	4,162,562
Disposals	-	(574,199)	-	(574,199)
Amortisation charge	-	(3,102,309)	(84,298)	(3,186,607)
Exchange differences	-	(1,441)	(836)	(2,277)
Closing value at 30 June 2016	46,446,049	8,419,848	238,458	55,104,355

Intangible assets, other than goodwill, have finite lives and are required to be amortised over their expected lives. Goodwill has an infinite life. Goodwill assumptions have been detailed below. No impairment was recorded.

15. INTANGIBLE ASSETS (CONTINUED)

Goodwill

Goodwill acquired through business combinations with indefinite lives are allocated to the Australian and New Zealand cash generating units (CGUs), which are also the operating and reportable segments for impairment testing. The carrying amount of goodwill allocated to each CGU is as follows:

	2017	2016
	\$	\$
Australia	27,105,898	27,105,898
New Zealand	19,340,151	19,340,151
Total carrying amount of goodwill	46,446,049	46,446,049

The Group performed the annual impairment test in May 2017. The Group considers the relationship between its equity market capitalisation and the net assets as shown on the balance sheet, among other factors, when reviewing for indicators of impairment. No indicators of impairment are noted. In considering the carrying value of goodwill, the Directors have adopted a value in use methodology to determine the recoverable amounts of each CGU which confirms that no impairment charge is necessary.

The recoverable amount of each CGU has been determined based on a value in use calculation that uses the cash flow budgets over a one year period, followed by an extrapolation of expected cash flows for the CGUs over a four year period using the growth rates determined by management and the assumptions outlined below. The present value of the expected cash flows and a terminal value for each segment is determined by applying a suitable discount rate.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use for each CGU is most sensitive to the following assumptions:

- Gross profit margins – are based upon FY18 budgets and margins achieved in the current year. Gross profit margins are the most sensitive variable to the value in use calculation.
- Cost price inflation – has been based upon publicly available inflationary data.
- Growth rate estimates – consistent with published industry research have been adopted. It is acknowledged that technological change, macro-economic factors and action of competitors can have an impact on growth rate assumptions. Growth rates for revenue and cost of sales have been held consistent post year 3 at 4%.
- Discount rates – represent the current market risks, taking into consideration the time value of money and specific risks not incorporated in the cash flow forecasts. The discount rate is based upon the weighted average cost of capital (WACC). WACC is assessed taking into account the expected return on investment by investors, the cost of debt servicing plus beta factors for industry risk. The Directors have adopted a WACC of 10.2% which is applied to the pre-tax cash flows after replacement capital expenditure. Management have considered the appropriateness of using the same discount rate for both CGUs noting that it would not materially impact the results.

16. SHARE BASED PAYMENTS

The total expense relating to equity-settled share-based payment transactions in 2017 was \$331,492 (2016: \$229,947).

During 2017 certain employees were eligible to participate in the Company's Performance Rights Plan. Each performance right granted under this plan is subject to both a performance criteria and a vesting period. At termination of a performance rights holder's employment, unvested performance rights are retained on a pro-rata basis with the balance forfeited. Each performance right is issued for nil consideration, with each performance right converting to one fully paid ordinary share upon vesting. The performance rights are unquoted. There are no voting or dividend rights attaching to the performance rights. Performance rights vest upon a change of control in the Company.

The following summarises the number and movement in performance rights for the reporting periods:

	2017	2016
	No.	EP
Outstanding at the beginning of the year	5,584,076	6,770,000
Granted during the year	3,411,975	444,915
Forfeited during the year	(1,847,392)	(405,839)
Vested during the year	(2,125,000)	(1,225,000)
Outstanding at the end of the year	5,023,659	5,584,076

A summary of the performance criteria and vesting dates is as follows:

Number of Performance Rights	Vesting Date	Hurdle Description
125,000	31 October 2017	FY16 EBITDA contribution of acquisition and retention
250,000	31 October 2017	Retention
866,769	1 July 2018	FY17 Basic EPS and retention
209,096	1 July 2017	FY17 Basic EPS
209,096	1 July 2017	Relative Total Shareholder Return
104,532	1 July 2017	Sustainability measure
98,505	1 July 2018	FY18 Basic EPS
98,505	1 July 2018	Relative Total Shareholder Return
49,278	1 July 2018	Sustainability measure
602,576	31 August 2019	FY18 Basic EPS
602,576	31 August 2019	FY19 Basic EPS
1,205,150	31 August 2019	Relative Total Shareholder Return
602,576	31 August 2019	Sustainability measure
5,023,659		

16. SHARE BASED PAYMENTS (CONTINUED)

The fair values of the performance rights is measured using a variation of the binomial option pricing model that takes into account the terms and conditions on which the instruments were granted and the current likelihood of achieving the specified target. The following principal assumptions were used in the valuation of performance rights issued in the financial year:

TRANCHE	1	2	3	4
Grant date	12/07/2016	1/07/2016	9/12/2016	1/11/2016
Vesting period ends	1/07/2018	1/07/2018	30/09/2019	30/09/2019
Share price at date of grant	\$0.36	\$0.33	\$0.50	\$0.47
Volatility	40%	40%	40%	40%
Term	2-4 yrs	2-4 yrs	2-4 yrs	2-4 yrs
Dividend yield	-	-	-	-
Risk free investment rate	1.56%	1.55%	1.88%	1.70%
Fair value at grant date	\$26,426	\$14,667	\$275,482	\$397,931
Performance rights granted	203,390	120,707	1,193,182	1,894,696

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.

17. TRADE & OTHER PAYABLES

	2017	2016
	\$	\$
Trade payables	8,671,125	9,728,185
Other payables	10,189,796	12,271,727
Unearned revenue	3,278,063	4,153,406
Total	22,138,984	26,153,318

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

	2017	2016
	\$	\$
Owing to directors and director related entities	60,740	56,375

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

18. BORROWINGS

	2017	2016
Current – designated at amortised cost:	\$	\$
Obligations under bank loan	1,941,201	8,763,638
Obligations under NZ-Dollar bank loan	1,110,329	1,593,184
Obligations under NZ-Dollar bank overdraft	2,849,298	-
Obligations under finance leases and hire purchase contracts	622,999	2,949,293
Obligations under premium funding contracts	196,895	145,604
Total	6,720,722	13,451,719

	2017	2016
Non-current – Designated at amortised cost:	\$	\$
Obligations under bank loan	5,723,440	401,002
Obligations under NZ-Dollar bank loan	3,321,913	2,549,092
Obligations under finance leases and hire purchase contracts	12,519	3,170,783
Total	9,057,872	6,120,877

Summary of facilities

At reporting date, the following financing facilities were available:

	2017	2016
	\$	\$
Bank overdraft	12,000,000	8,911,814
Facility used at reporting date	(2,849,298)	-
Facility unused at reporting date	9,150,702	8,911,814
Term loans	12,174,664	15,351,384
Facility used at reporting date	(12,096,883)	(13,306,805)
Facility unused at reporting date	77,781	2,044,579
Bank guarantees	3,500,000	4,073,122
Facility used at reporting date	(1,784,047)	(3,512,002)
Facility unused at reporting date	1,715,953	561,120
Bank finance leases	5,000,000	5,411,814
Facility used at reporting date	-	(4,956,172)
Facility unused at reporting date	5,000,000	455,642
Total bank facilities	32,674,664	33,748,134
Facility used at reporting date	(16,730,228)	(21,774,979)
Facility unused at reporting date	15,944,436	11,973,155

18. BORROWINGS (CONTINUED)

Summary of covenants

During the financial year the company re-financed its bank debt facilities. The bank debt facilities comprise:

- non-revolving term debt of \$12,174,664 maturing on 31 July 2020 with quarterly principle re-payments;
- multi option facility of \$15,500,000 for working capital and bank guarantee purposes. This facility is subject to annual review; and
- lease facility of \$5,000,000.

The term debt and multi option facility can be drawn in Australian or New Zealand dollars.

The bank facilities are subject to the customary borrowing terms and conditions of a bank facility of this kind. The financial covenants that apply include debt service coverage ratio, leverage ratio and maximum overdraft utilisation as a percentage of certain trade debtors and work in progress.

Security arrangements

Security for the above bank facilities has been provided as follows:

- Registered General Security Interest provided by Empired Limited and Intergen Limited;
- Specific Security deed over the shares in the subsidiaries of Empired Limited; and
- Cross guarantee and indemnity provided by each group entity.

19. PROVISIONS

	Lease Incentives	Annual Leave	Long Service Leave	Total
Year end 30 June 2017	\$	\$	\$	\$
Balance at the beginning of the year	5,143,673	4,520,039	1,197,869	10,861,581
Decrease in discounting	-	(14,835)	-	(14,835)
Additional provisions	107,900	5,959,596	371,241	6,438,737
Amounts used	(916,405)	(6,143,275)	(343,067)	(7,402,747)
Closing value at 30 June 2017	4,335,168	4,321,525	1,226,043	9,882,736

	2017	2016
Analysis of total provisions: Current	\$	\$
Provision for Annual Leave	4,321,525	4,520,039
Provision for Long Service Leave	566,319	561,997
Provision for Lease Incentives	966,555	945,209
Total	5,854,399	6,027,245
Analysis of total provisions: Non-current		
Provision for Long Service Leave	659,724	635,872
Provision for Lease Incentives	3,368,613	4,198,464
Total	4,028,337	4,834,336

20. DEFERRED CONSIDERATION

	2017	2016
Amounts due to vendors for prior year acquisitions of controlled entities:	\$	\$
Current	-	2,200,993
Non-current	-	6,753,111
Total	-	8,954,104

Amounts above comprise consideration payable to the vendors of controlled entities acquired in prior financial years.

21. ISSUED CAPITAL

	2017	2016
	\$	\$
Ordinary Shares fully paid	54,204,746	38,783,679

	No.	Value (\$)
Movement in ordinary shares on issue		
At 1 July 2015	115,183,253	37,779,130
Issue of shares	4,365,285	804,549
Conversion of options	500,000	200,000
At 30 June 2016	120,048,538	38,783,679
Issue of ordinary shares (net of issue costs)	38,558,080	15,421,067
At 30 June 2017	158,606,618	54,204,746

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

On 1 July 2016, the company issued 2,100,000 ordinary shares for the vesting of Performance Rights.

On 14 July 2016, the company issued 69,444 ordinary shares at \$0.36 per share to an executive as part of a remuneration adjustment on promotion to Chief Operations Officer.

On 14 March 2017, the company issued 25,000 ordinary shares for the vesting of Performance Rights.

On 30 March 2017 and 19 May 2017, the company issued 30,450,000 and 5,913,636 ordinary shares respectively at \$0.44 per share. The purpose of the issue was to reduce net debt, provide certainty of funding for deferred vendor payments and provide working capital for organic growth.

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 and convertible performance rights, supported by financial assets. There are no externally imposed capital requirements, except for the covenants on the bank facilities.

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.

21. ISSUED CAPITAL (CONTINUED)

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 2017 and 30 June 2016 are as follows:

	Note	Consolidated Group 2017	Consolidated Group 2016
		\$	\$
Total Borrowings	18	15,778,594	19,572,596
Deferred consideration	20	-	8,954,104
Less cash and cash equivalents	9(i)	(2,004,385)	(2,970,688)
Net Debt		13,774,209	25,556,012
Issued Capital		54,204,746	38,783,679
TOTAL CAPITAL		67,978,955	64,339,691
Gearing ratio		16%	33%

22. DIVIDENDS

	2017	2016
(a) Distributions Paid	\$	\$
Final franked dividend of nil cents (2016: 0 cents)	-	-
Interim franked dividend of nil cents (2016: 0 cents)	-	-
(b) Franking Credit Balance	\$	\$
Balance of franking account at year end at 30% available to the shareholders of Empired Limited for subsequent financial years	24,841	24,841

23. FINANCIAL RISK MANAGEMENT OBJECTIVES & 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.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES & POLICIES (CONTINUED)

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 Group's cash balances and bank borrowings at variable interest rates. Finance leases and hire purchase agreements entered into are purchased at fixed interest rates. Cash balances are disclosed at note 9. Refer to note 25 for detail of the Group's exposure to interest rate risks on financial assets and liabilities.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% (2016: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Profit for the year \$		Equity \$	
	+1%	-1%	+1%	+1%
30 June 2017	(96,419)	96,419	-	-
30 June 2016	(116,213)	116,213	-	-

Foreign currency risk

The Group has exposure to foreign currency risk as a result of its New Zealand, USA and Singapore based subsidiaries having trade debtors and trade creditors denominated in a currency other than the functional currencies. Trade creditor transactions for Australian subsidiaries 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 Group.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those reported to key management translated into \$AUD at the closing rate:

	NZD \$		USD \$		SGD \$	
	2017	2016	2017	2016	2017	2016
Financial Assets	14,652,546	12,594,975	645,772	2,429,418	898,240	694,001
Financial Liabilities	(9,497,896)	(8,993,181)	(23,111)	(97,609)	(14,305)	(22,190)
Net exposure	5,154,650	3,601,794	622,661	2,331,809	883,935	671,811

23. FINANCIAL RISK MANAGEMENT OBJECTIVES & POLICIES (CONTINUED)

The following table illustrates the sensitivity of profit in regards to the Group's financial assets and financial liabilities and the \$NZD/\$AUD exchange rate, \$USD/\$AUD exchange rate and \$SGD/\$AUD exchange rate 'all other things being equal'. It assumes a +/- 10% change of the \$AUD/\$NZD exchange rate, a +/- 10% change of the \$AUD/\$USD exchange rate, and a +/- 10% change of the \$AUD/\$SGD exchange rate (2016: 10%). These percentages have been determined based on the average market volatility in exchange rates in the previous twelve (12) months.

The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date. There is no effect on equity.

If the \$AUD had strengthened against the respective currencies by 10% (2016: 10%) then this would have had the following impact:

	NZD	USD	SGD
	\$	\$	\$
30 June 2017	515,465	62,266	88,394
30 June 2016	360,179	233,181	67,181

If the \$AUD had weakened against the respective currencies by 10% (2016: 10%) then this would have had the following impact:

	NZD	USD	SGD
	\$	\$	\$
30 June 2017	(515,465)	(62,266)	(88,394)
30 June 2016	(360,179)	(233,181)	(67,181)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

Commodity price risk

The Group's exposure to price risk is minimal.

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.

There are no material 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 Chief Financial Officer.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and available-for-sale financial assets, 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.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES & POLICIES (CONTINUED)

Exposure to credit risk

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

	2017	2016
	\$	\$
Cash and cash equivalents (note 9)	2,004,385	2,970,688
Trade and other receivables (note 10)	23,027,144	22,212,724
Total	25,031,529	25,183,412

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

	2017	2016
	\$	\$
Not past due	18,085,187	15,707,407
Past due 0-30 days	2,189,813	4,609,381
Past due 31-60 days	1,427,883	253,921
Past due 60 days	1,158,643	1,480,072
Total	22,861,526	22,050,781

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

As at 30 June 2017, the Group's financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	0-12 Months	1-5 years	5+ years
30 June 2017	\$	\$	\$
Insurance premium funding loan	205,213	-	-
Bank borrowings and overdraft	5,900,828	9,045,353	-
Finance leases and hire purchase obligations	636,504	12,519	-
Trade and other payables	18,860,921	-	-
Total	25,603,466	9,057,872	-

23. FINANCIAL RISK MANAGEMENT OBJECTIVES & POLICIES (CONTINUED)

Liquidity risk (continued)

This compares to the maturity of the Group's financial liabilities in the previous reporting periods as follows:

	0–12 Months	1–5 years	5+ years
30 June 2016	\$	\$	\$
Insurance premium funding loan	151,813	-	-
Bank borrowings and overdraft	10,356,822	2,950,094	-
Finance leases and hire purchase obligations	3,130,419	3,265,127	-
Deferred consideration	2,200,993	6,753,111	-
Trade and other payables	21,999,912	-	-
Total	37,839,959	12,968,332	-

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

24. 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:

2017	Floating interest rate	Fixed interest rate	Non-interest bearing	Carrying amount as per balance sheet	Weighted average effective interest rate
i) Financial Assets	\$	\$	\$	\$	
Cash and cash equivalents	2,004,385	-	-	2,004,385	1.00%
Trade and other receivables	-	-	23,027,144	23,027,144	
Total financial assets	2,004,385	-	23,027,144	25,031,529	
ii) Financial liabilities – at amortised cost					
Trade and other payables	-	-	18,860,921	18,860,921	
Finance leases and hire purchase obligations	-	635,518	-	635,518	5.35%
Insurance premium funding loan	-	205,213	-	205,213	5.80%
Bank Loans	14,946,181	-	-	14,946,181	5.36%
Total financial liabilities	14,946,181	840,731	18,860,921	34,647,833	

23. FINANCIAL INSTRUMENTS (CONTINUED)

2016	Floating interest rate	Fixed interest rate	Non-interest bearing	Carrying amount as per balance sheet	Weighted average effective interest rate
i) Financial Assets	\$	\$	\$	\$	
Cash and cash equivalents	2,970,688	-	-	2,970,688	0.20%
Trade and other receivables	-	-	22,212,724	22,212,724	
Total financial assets	2,970,688	-	22,212,724	25,183,412	
ii) Financial liabilities – at amortised cost					
Trade and other payables	-	-	21,999,912	21,999,912	
Finance leases and hire purchase obligations	-	6,120,075	-	6,120,075	4.61%
Insurance premium funding loan	-	151,813	-	151,813	6.30%
Deferred consideration	-	7,978,729	975,375	8,954,104	6.63%
Bank Loans	13,306,916	-	-	13,306,916	5.51%
Total financial liabilities	13,306,916	14,250,617	22,975,287	50,532,820	

25. COMMITMENTS & CONTINGENCIES

No contingent assets as at 30 June 2017.

Commitments for expenditure

A. Leases & Hire Purchase

The consolidated entity has various computer equipment on hire purchase arrangements.

	2017	2016
	\$	\$
Not later than one year	636,504	3,130,419
Later than one year but not later than five years	12,519	3,265,127
Less: unexpired charges	(13,505)	(275,471)
	635,518	6,120,075
Current	622,999	2,949,293
Non Current	12,519	3,170,782
Total hire purchase	635,518	6,120,075

B. Operating leases

Office premises are leased under non-cancellable operating leases. Their commitment can be seen below:

	2017	2016
Minimum lease payments under non-cancellable operating leases according to the time expected to elapse to the date of payment:	\$	\$
Not later than one year	5,158,496	4,484,493
Later than one year but not later than five years	17,348,386	13,238,790
Later than five years	5,872,384	6,306,973
Total	28,379,266	24,030,256

Contingent Liabilities

Office premises are leased under non-cancellable operating leases. Their commitment can be seen below:

A. Bank guarantees

	2017	2016
	\$	\$
Bank guarantees outstanding at year end	1,784,047	3,512,002

B. Parent company guarantee

A parent company guarantee has been provided to a third party in respect of a lease obligation of a wholly owned subsidiary.

26. INVESTMENT IN CONTROLLED ENTITY

	Country of Incorporation	% Equity Interest	
		2017	2016
		%	%
Tusk Technologies Pty Ltd	Australia	100	100
Conductive Pty Ltd	Australia	100	100
OBS Pty Ltd	Australia	100	100
eSavvy Pty Ltd	Australia	100	100
i5 Software Pty Ltd	Australia	100	100
Intergen Business Solutions Pty Ltd	Australia	100	100
Intergen Limited	New Zealand	100	100
Intergen X4 Holdings Limited	New Zealand	100	100
Intergen USA Limited	New Zealand	100	100
Intergen ESS Limited ^(a)	New Zealand	100	100
Empired Singapore Pte Ltd	Singapore	100	100
Intergen North America Limited	USA	100	100

(a) acts as trustee for the Intergen Limited Employee Share Scheme Trust

27. AUDITORS' REMUNERATION

	2017	2016
Amounts received or due and receivable by auditors of the parent entity:	\$	\$
Audit and review of financial statements		
Grant Thornton Australia	152,817	150,900
Overseas Grant Thornton network firms	30,853	48,270
Remuneration for audit and review of financial statements	183,670	199,170
Other Services		
Grant Thornton Australia:		
Taxation compliance	38,350	29,708
Overseas Grant Thornton network firms:		
Taxation compliance	3,901	2,959
Total other services remuneration	42,251	32,667
Total auditor's remuneration	225,921	231,837

28. PARENT ENTITY

As at, and throughout, the financial year ended 30 June 2017 the parent entity of the Group was Empired Limited.

	2017	2016
Statement of financial position	\$	\$
Current assets	21,404,989	20,931,412
Total assets	72,269,788	71,863,458
Current liabilities	22,102,122	33,754,060
Total liabilities	35,909,230	50,254,001
Issued capital	54,204,744	38,783,679
Employee equity benefits reserve	1,971,697	1,640,205
(Accumulated losses) / retained profits	(19,815,883)	(18,814,427)
Total equity	36,360,558	21,609,457
Statement of profit or loss and other comprehensive income		
Loss for year	(990,901)	(18,818,841)
Other comprehensive income	-	-
Total comprehensive loss	(990,901)	(18,818,841)

The Parent Entity has issued the following guarantees in relation to the debts of its subsidiaries:

1. Pursuant to Class Order 98/1418, Empired Limited and OBS Pty Ltd have entered into a deed of cross guarantee on or about 14 November 2013. The effect of the deed is that Empired Limited has guaranteed to pay any deficiency in the event of winding up of OBS Pty Ltd. OBS Pty Ltd has also given a similar guarantee in the event that Empired Limited is wound up. The Closed Group financial information is not disclosed as it is not materially different to the above information for Empired Limited, the Parent Entity.
2. Empired Limited, eSavvy Pty Ltd, Conducive Pty Ltd, OBS Pty Ltd, i5 Software Pty Ltd, Tusk Technologies Pty Ltd, InterGen Business Solutions Pty Ltd and InterGen Limited have entered into a cross guarantee and indemnity in favour of the senior lender to the Group in respect to bank facilities provided to the Group by the senior lender.
3. Empired Limited has provided a third party lessor a guarantee to meet the obligations of a wholly owned subsidiary under the terms of a property rental agreement.

29. RELATED PARTY TRANSACTIONS

The Group's related parties includes its associate, subsidiaries and key management. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

Transactions with associates

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

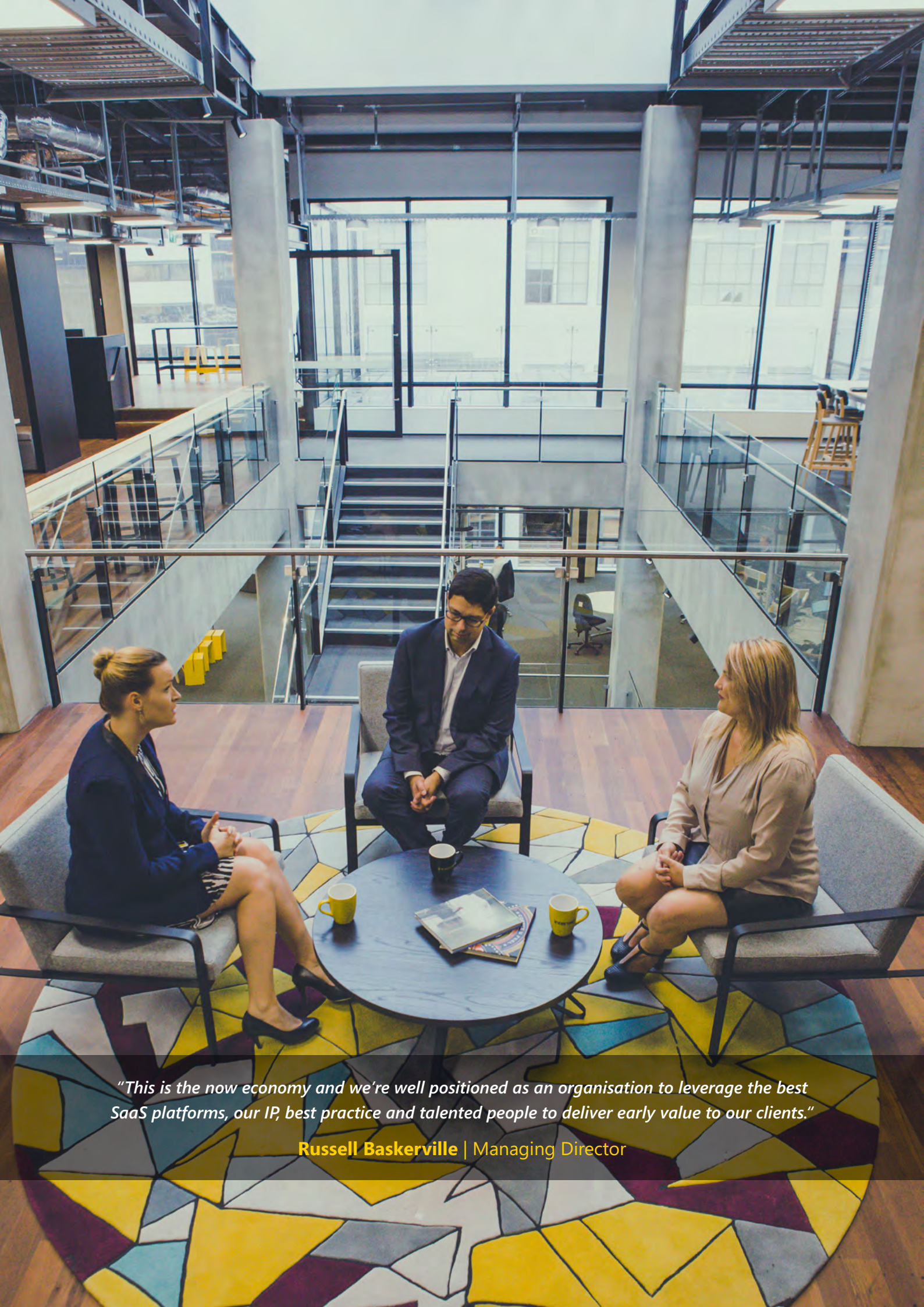
During the financial year, the Group received \$92,259 in revenue from its associate, X4 Consulting Limited.

Transactions with key management personnel

Key management of the Group are the executive members of Empired's Board of Directors and members of the Executive Team. Refer to the Remuneration Report for compensation made to executive directors and other members of key management personnel.

30. EVENTS AFTER THE REPORTING DATE

No significant non-adjusting events have occurred between the reporting date and the date of authorisation.



"This is the now economy and we're well positioned as an organisation to leverage the best SaaS platforms, our IP, best practice and talented people to deliver early value to our clients."

Russell Baskerville | Managing Director

Directors' Declaration

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

1. In the opinion of the directors,

- (a) the financial statements and notes of Empired Limited for the financial year ended 30 June 2017 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001;
 - (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(a); and
 - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the directors by the Chief Executive Officer and Chief Financial Officer in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2017.

On behalf of the Board



Russell Baskerville
MANAGING DIRECTOR

23rd of August 2017



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**Auditor's Independent 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 2017, I declare:

During the current audit period, Grant Thornton's quality control systems identified a contravention of the auditor's rotation requirements, which has since been rectified. The previous lead auditor for Empired Limited had participated in the review of the financial statements for the half year ended 31 December 2016 and was not eligible to do so.

All reasonable steps have now been taken to ensure compliance with the auditor rotation requirements and the individual has played no further part in the audit. Accordingly I consider this matter has not compromised my or Grant Thornton's objectivity with respect to the audit of the financial statements of Empired Limited for the year ended 30 June 2017.

A stylized, handwritten signature in purple ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in purple ink, appearing to be "M Hingeley".

M Hingeley
Partner - Audit & Assurance

Perth, 23 August 2017

Grant Thornton Audit Pty Ltd ACN 130 913 594
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Independent Auditor's Report to the Members of Empired Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Empired Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, 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, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- a Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
- b Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition - Note 2(u) and Note 4.</p> <p>The Group recognised \$167,391,710 (2016: \$159,982,870) in revenue in the year ended 30 June 2017.</p> <p>The Group's revenue is derived from both the delivery of services and the sale of products and licences. Revenue is recognised in accordance with AASB 118 "Revenue" or AASB 111 "Construction Projects" depending on the nature of the transaction.</p> <p>Revenue recognition is complex due to the significant related balances such as work in progress and deferred revenue, high volume of transactions, and complexity involved in certain revenue streams. Management utilises the percentage of completion method for fixed price contracts, to measure the stage of completion and determine revenue recognition. This method involves significant management judgement.</p> <p>This is a key audit matter due to the complexity associated with fixed price contracts and service contract revenue.</p>	<p>For each significant revenue stream our procedures included, amongst others:</p> <ul style="list-style-type: none"> • documenting the design of internal controls and performing testing of key controls identified within each material revenue stream to source documentation; • testing fixed price contracts to source documentation and management estimates that affect the transfer of risks and rewards over a period of time, assessing that revenue, work-in-progress and deferred revenue was accurately recorded in accordance with the percentage of completion method and recorded in the correct period; • testing a sample of services revenue billed to source documentation to determine whether services have occurred in the financial year to support revenue recognised; and • assessing the adequacy of the Group's disclosures in the financial statements.
<p>Carrying value of intangible assets - Note 2(i) and Note 15.</p> <p>The Group has recorded goodwill totalling \$46,446,049 (2016: \$46,446,049) at 30 June 2017.</p> <p>AASB 136 <i>Impairment of Assets</i> requires that, for the purpose of impairment testing, goodwill acquired in a business combination be allocated to each of the Group's cash-generating units ("CGUs"). Each CGU to which goodwill has been allocated must be tested for impairment annually.</p> <p>Management has tested the CGU's for impairment by comparing their carrying amounts with their recoverable amounts. The recoverable amount of a CGU is the higher of its fair value less costs to sell and its value in use.</p> <p>Determining the recoverable amount involves significant judgement and estimation in assessing key inputs such as forecasts of financial performance, estimates on growth rates, and discount rates to be applied to future cash flows.</p> <p>This area is a key audit matter due to the significant judgements and estimates required in determining the appropriate CGUs and calculating the recoverable amount.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Enquiring with management to obtain and document an understanding of management's process and controls related to the assessment of impairment, including management's identification of CGUs and the calculation of the recoverable amount for the CGU; • Evaluating the value in use models against the requirements of AASB 136: <i>Impairment of Assets</i>, including consultation with our valuations experts; • Reviewing management's value-in-use calculations to: <ul style="list-style-type: none"> – Test the mathematical accuracy of the calculations; – Evaluate management's ability to perform accurate estimates; – Test forecast cash inflows and outflows to be derived by the CGUs assets; and – Agree discount rates applied to forecast future cash flows; and • Performing sensitivity analysis on the significant inputs and assumptions made by management in preparing its calculation; and • Assessing the adequacy of financial report disclosures.



Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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* and for 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.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in page 22 to 31 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Empired Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.



Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in purple ink, appearing to read 'M P Hingeley'.

M P Hingeley
Partner - Audit & Assurance

Perth, 23 August 2017

Shareholding Analysis

In accordance with Listing Rule 4.10 of ASX Limited, the Directors provide the following shareholding information which was applicable as at 30th June 2017.

a. Distribution of Shareholding

SIZE OF SHAREHOLDING	Number of shareholders	%
1 – 1,000	134	0.05
1001 – 5,000	513	1.01
5001 – 10,000	350	1.67
10001 – 100,000	616	13.21
100,001 – max	136	84.06
Total	1,749	100.00

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	%
National Nominees Ltd ACF Australian Ethical Investment Limited	25,258,447	16.54
Tiga Trading Pty Ltd	15,809,144	10.35
Wilson Asset Management Group	11,606,170	7.32
Baskerville Investments Pty Ltd	7,450,059	6.21

c. Twenty Largest Shareholders

	Number of shares held	%
The names of the twenty largest shareholders as at 6 July 2017 are:		
NATIONAL NOMINEES LIMITED	25,258,447	15.93
UBS NOMINEES PTY LTD	15,809,144	9.97
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LTD <VFA A/C>	11,684,184	7.37
J P MORGAN NOMINEES AUSTRALIA LIMITED	9,024,628	5.69
BASKERVILLE INVESTMENTS PTY LTD	8,686,300	5.48
BNP PARIBAS NOMS PTY LTD <DRP>	5,174,491	3.26
ZERO NOMINEES PTY LTD	5,000,000	3.15
MR TONY JOHN ALAN STEWART	4,323,111	2.73
MR JOHN ALEXANDER BARDWELL	4,099,904	2.58
CITICORP NOMINEES PTY LIMITED	2,416,562	1.52
MR MARK EDWARD WALLER	2,272,260	1.43
MR DENNIS RONALD PAYNE	1,770,517	1.12
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	1,719,820	1.08
PJTR PTY LTD	1,487,809	0.94
GABRIELLA NOMINEES PTY LTD <ERROL WILFRED LEVITT A/C>	1,450,000	0.91
UNIPLEX CONSTRUCTIONS PTY LTD <WESVILLE SUPER FUND A/C>	1,220,500	0.77
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	1,052,299	0.66
DEFENDER EQUITIES PTY LTD <DEFENDER AUS OPPORTUN FD A/C>	1,036,458	0.65
ICE COLD INVESTMENTS PTY LTD	1,000,000	0.63
MS SARAH LOUISE MCCREADY	975,000	0.61
Total	105,461,434	66.48

The twenty members holding the largest number of shares together held a total of 66.48% of issued capital.

d. Issued Capital

(i) Ordinary Shares

The fully paid issued capital of the company consisted of 158,606,618 shares held by 1,749 shareholders.

Each share entitles the holder to one vote.

The number of shareholdings held in less than marketable parcels is 194.

(ii) Unquoted Equity

No options were issued in the year under the company share options plan

3,411,975 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 David Hinton

g. Registered Office

The registered office of Empired Ltd is:

Level 7, The Quadrant

1 William Street

Perth WA 6000

Telephone +61 8 6333 2200

Other Information for Shareholders

In accordance with Listing Rule 4.10 of the ASX 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 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/

You can also access comprehensive information about security holdings at the Computershare Investor Centre at 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 11, 172 St Georges Terrace
Perth WA 6000
Telephone +61 8 9323 2000
Facsimile +61 8 9323 2033
Website www-au.computershare.com/investor

ANNUAL GENERAL MEETING

To be confirmed.

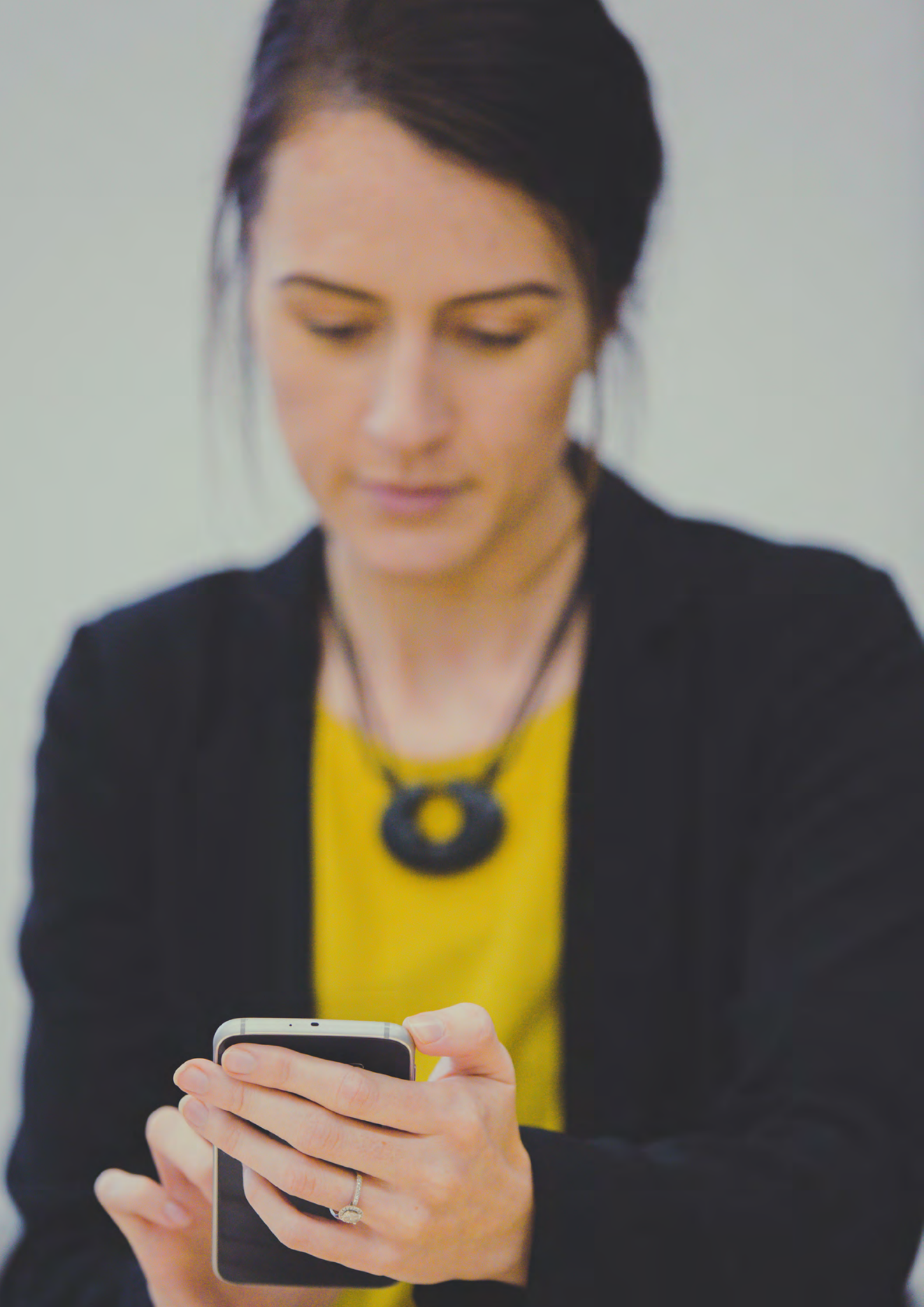
STOCK EXCHANGE LISTING

Empired Limited shares are listed on the Australian Securities 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 11, 172 St Georges Terrace
Perth, WA 6000





www.empired.com

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