Appendix 4D

Half-Year Report

Mitchell Communication Group Limited

ABN 59 088 110 141

Current period ended: 31 December 2008
Previous corresponding period: 31 December 2007

This half-year report on results (including the results for the previous corresponding period) is provided to the Australian Securities Exchange (ASX) under Listing Rule 4.2A.

The listed issuer (Mitchell Communication Group Limited) has a formally constituted Audit Committee, Remuneration Committee and Board of Directors.

Results for announcement to the market

Financial results				$A'000
Total revenues	up	27%	to	111,580
Profit before interest, income tax expense, depreciation and amortisation	up	13%	to	15,067
Net profit for the period attributable to members	up	12%	to	8,137

Dividends (distributions)	Amount per security	Franked amount per security
Current period - Interim dividend for period ended 31 December 2008	1.9¢	1.9¢
Previous period - Final dividend for period ended 30 June 2008	2.1¢	2.1¢
Previous corresponding period - Interim dividend for period ended 31 December 2007	1.8 ¢	1.8 ¢
Record date for determining entitlements to the dividend	20 March 2009	
Date the dividend is payable	17 April 2009	

Details:
- Operating revenues of $110.8 million, up $24.7 million or 29% on the previous corresponding period ('pcp')
- EBITDA of $15.1 million, up $1.7 million or 13% on the pcp
- Profit after tax of $8.1 million, up $0.9 million or 12% on the pcp
- Operating cash flow of $12.7 million, up $9.2 million or 259% on the pcp

For the details regarding the operations and financial performance for the Mitchell Communication Group Limited for the period ended 31 December 2008 please refer to the attached Half-Year Financial Report.

Half-Year Financial Report

Mitchell Communication Group Limited

ABN 59 088 110 141

Current period ended: 31 December 2008
Previous corresponding period: 31 December 2007

Directors' Report

The directors of Mitchell Communication Group Limited ('MCG' or the 'Company') submit herewith the financial report for the half-year ended 31 December 2008, in order to comply with the provisions of the Corporations Act 2001 and announce the following results for the period then ended:

Principal activities

During the period the principal activities of the Group consisted of:

- The provision of services to clients for communications strategy and the planning and buying of traditional media;
- The provision of services to clients for interactive marketing and communications strategy and planning and buying of interactive media, and digital creative services;
- The development and implementation of communications campaigns across a broad range of disciplines including public relations, experiential marketing, brand experience, sponsorship, sports-ground marketing (including digital printing and signage), direct marketing, corporate social responsibility, video and event production services;
- The provision of branding, digital media, application development and automated ad templating; and
- The provision of qualitative and quantitative research, marketing analytics, communication planning tools and processes.

Financial Highlights

In comparison to the pcp, the financial results for the half-year ended 31 December 2008 demonstrate:

- Group gross Billings of $626.0 million, up $32.5 million or 5.5% on the pcp;
- A $24.7 million or 29% increase in operating revenues, benefiting from organic growth in all divisions and the contributions associated with the recent acquisition of: Vivid Holdings Australia Pty Ltd; Agile Automated Advertising Pty Ltd; and Picture This! Productions Pty Ltd.
- EBITDA of $15.1 million, up $1.7 million or 13% over the pcp;
- A profit after tax attributable to members of $8.1 million, up $0.9 million or 12% on pcp; and
- Operating cash flow in the ordinary course of business (pre income taxes and net interest) of $20.9 million, up $12.8 million or 160% on pcp.

Operational Highlights

- Gross Australian traditional media billings up 5.2% for the half as compared to the pcp, versus industry contraction of 3.8%[2];
- In the six months to 31 December 2008 the gross billings of the Group's Australian online advertising businesses increased by 42%. In comparison, online advertising in Australia increased by 25.7%[1];
- The announcement post period end that the Group had been successful in tendering for the media account of Fairfax Media Limited;
- The acquisition of Vivid Holdings Australia Pty Ltd, Agile Automated Advertising Pty Ltd and Picture this! Productions Pty Ltd, extending the Group's strategic footprint in branding and digital media capabilities, application development and automated ad agency templating and video and event production services and performed to expectations;
- The successful acquisition of the remaining 49% of the issued capital in Mitchell & Partners Western Australia not already owned by the Group;
- During the period the Group commenced the operations of Symphony Analytics & Research, specialising qualitative and quantitative research, marketing analytics, communication planning tools and processes.

1- PricewaterhouseCoopers – IAB Online Advertising Expenditure Report - December 2008
2- Nielson Adex excluding Online and Pay TV for the period ended July to December 2007 and 2008

Directors' Report continued

Capital Management

- A fully franked final dividend of 2.1¢ per share fully franked was paid to shareholders on 26 September 2008 totalling $6.0 million.
- 1,012,590 fully paid ordinary shares were issued during the period as part consideration of earn-out payments on the acquisition of Visual Jazz.
- 781,281 fully paid ordinary shares were issued during the period as part consideration of earn-out payments on the acquisition of the Coleman Group.

Subsequent events

On 19 February 2009, the Group announced the introduction of a Dividend Reinvestment Plan ("DRP"). For eligible shareholders, participation in the DRP will commence with the 2009 interim dividend. For the 2009 interim dividend only, the Directors have resolved to apply a 5% discount to the offer price. Eligible shareholders may participate for up to all their shares held as at the record date, being 20 March 2009.

There have been no other subsequent events that would have a material impact on the financial report for the half-year ended 31 December 2008.

Board of Directors

The names and particulars of the directors of the Company who held office during or since the end of the half-year are:

Name
Harold C Mitchell AO (Executive Chairman)
Stuart J Mitchell (Chief Executive Officer)
Stephen A Cameron
Garry A Hounsell
Rodney J Lamplugh
Peter G Nankervis
Naseema Sparks
Robert J Stewart

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The Auditor's Independence Declaration is found on page 6 and forms part of the Directors Report for the half-year ended 31 December 2008.

Rounding

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998. In accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Dated in Melbourne this 25th day of February 2009.

Signed in accordance with a resolution of the Directors:

Harold C Mitchell AO
Chairman

PRICEWATERHOUSECOOPERS

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INDEPENDENT AUDITORS REVIEW REPORT

to the members of Mitchell Communication Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Mitchell Communication Group Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Mitchell Communication Group (the consolidated entity). The consolidated entity comprises both Mitchell Communication Group Limited (the company) and the entities it controlled during that half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Mitchell Communication Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

PRICEWATERHOUSECOOPERS

INDEPENDENT AUDITORS REVIEW REPORT

to the members of Mitchell Communication Group Limited (continued)

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

For further explanation of a review, visit our website http:/www.pwc.com/au/financialstatementaudit.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Mitchell Communication Group Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

PricewaterhouseCoopers

Nadia Carlin
Partner

Melbourne
25 February 2009

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Auditor's Independence Declaration

As lead auditor for the review of Mitchell Communication Group Limited for the half-year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Mitchell Communication Group Limited and the entities it controlled during the period.

Nadia Carlin

Nadia Carlin
Partner
PricewaterhouseCoopers

Melbourne
25 February 2009

Directors' Declaration

In accordance with a resolution of the directors of the Mitchell Communication Group Limited, I state that:

In opinion of the directors:

(a) the financial statements and notes of the consolidated entity:

- (i) give a true and fair view of the financial position as at 31 December 2008 and the performance for the half-year ended on that date of the consolidated entity; and
- (ii) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated in Melbourne this 25th day of February 2009.

Signed in accordance with a resolution of the Directors:

Harold C Mitchell AO
Chairman

Consolidated income statement for the half-year ended 31 December 2008

	Note	Consolidated December 2008 $A'000	Consolidated December 2007 $A'000
Revenues from the rendering of services	3	110,807	86,072
Other revenue	3	773	1,880
Total revenue		111,580	87,952
Cost of revenue			
- Media delivery expenses		59,826	44,409
Total cost of revenue		59,826	44,409
Gross profit before expenses		51,754	43,543
Expenses			
- Employee, director and contractor expenses		26,464	20,164
- Occupancy expense		2,495	1,678
- Travel and accommodation expense		1,776	1,411
- Finance expenses		1,575	1,961
- Media research expense		1,328	1,332
- Accounting, legal and consultant's expenses		835	942
- Software and infrastructure maintenance expense		593	523
- Communication expenses		519	386
- Insurance expenses		408	395
- Other operating expenses		1,496	1,503
Total expenses		37,489	30,295
Share of net losses of joint venture entity accounted for using the equity method		-	(13)
Profit before income tax expense, depreciation and amortisation		14,265	13,235
Depreciation and amortisation expense	4	2,540	2,289
Profit before income tax expense		11,725	10,946
Income tax expense	5	3,588	3,349
Profit after income tax attributable to members of the Company before minority interest		8,137	7,597
Minority interest		-	364
Profit after income tax attributable to members of the Company after minority interest		8,137	7,233
Basic earnings per share (cents)	6	2.8	2.7
Diluted earnings per share (cents)	6	2.8	2.7

The consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated balance sheet as at 31 December 2008

	Note	Consolidated December 2008 $A'000	Consolidated June 2008 $A'000
ASSETS			
Current assets			
Cash and cash equivalents		68,197	73,318
Trade and other receivables	7	134,498	146,368
Other assets		10,127	9,471
Current tax assets		2,811	1,705
Total current assets		215,633	230,862
Non-current assets			
Plant, plant and equipment		8,667	5,993
Deferred tax assets		-	77
Intangible assets	8	216,260	204,741
Total non-current assets		224,927	210,811
Total assets		440,560	441,673
LIABILITIES			
Current liabilities			
Trade and other payables	9	211,638	218,255
Provisions	11	2,748	2,268
Other financial liabilities	12	-	6,101
Current tax liabilities		1,233	3,902
Total current liabilities		215,619	230,526
Non-current liabilities			
Borrowings	10	78,000	60,000
Deferred tax liabilities		2,616	2,501
Provisions	11	1,252	989
Other financial liabilities	12	279	279
Total non-current liabilities		82,147	63,769
Total liabilities		297,766	294,295
Net assets		142,794	147,378
EQUITY			
Contributed equity	13	133,057	133,071
Reserves		(72)	(220)
Retained earnings	14	9,809	7,695
Parent entity interest		142,794	140,546
Minority interest		-	6,832
Total equity		142,794	147,378

The consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated cash flow statement for the half-year ended 31 December 2008

	Consolidated	
	December 2008 $A'000	December 2007 $A'000
Cash flows from operating activities		
Cash receipts in the course of operations	744,319	673,094
Cash payments in the course of operations	(723,458)	(665,069)
Income taxes paid	(7,617)	(4,586)
Borrowing costs paid	(1,299)	(1,961)
Interest received	773	1,879
Distributions received from joint venture	-	187
Net cash inflow from operating activities	12,718	3,544
Cash flows from investing activities		
Payments for purchase of subsidiaries	(18,795)	(33,749)
Payments for plant and equipment	(3,790)	(1,695)
Repayment of loans to related parties	(845)	(14)
Proceeds from sale of joint venture	206	223
Payments for intangible software assets	(143)	(141)
Repayment of loans by related parties	5	-
Repayment of other loans	2	-
Proceeds from disposal of plant and equipment	-	2
Net cash outflow from investing activities	(23,360)	(35,374)
Cash flows from financing activities		
Proceeds from borrowings	18,000	25,193
Dividends paid	(6,681)	(3,329)
Payment of deferred consideration	(5,792)	(27,703)
Share issue costs	(6)	-
Proceeds from issue of shares	-	40,292
Repayment of borrowings	-	(10,285)
Repayment of lease liabilities	-	(1,033)
Finance facility interest paid	-	(872)
Net cash inflow from financing activities	5,521	22,263
Net increase / (decrease) in cash held	(5,121)	(9,567)
Cash at beginning of period	73,318	62,100
Cash at end of period	68,197	52,533

The consolidated cash flow statement should be read in conjunction with the accompanying notes.

Statement of changes in equity
for the half-year ended 31 December 2008

	Consolidated December 2008					
	Issued Capital $A'000	Retained Earnings $A'000	Equity Plan Reserve $A'000	Foreign Currency Reserve $A'000	Minority Interest $A'000	Total $A'000
At 1 July 2008	133,071	7,695	163	(383)	6,832	147,378
Total recognised income and expense for the period	-	8,137	-	-	-	8,137
Changes in minority interest	-	25	-	-	(6,832)	(6,807)
Dividends declared and paid	-	(6,048)	-	-	-	(6,048)
Share consideration on acquisitions	44	-	-	-	-	44
Transaction costs arising on share issues (net of tax)	(58)	-	-	-	-	(58)
Foreign currency translation	-	-	-	123	-	123
Share-based payments	-	-	25	-	-	25
At 31 December 2008	133,057	9,809	188	(260)	-	142,794

	Consolidated December 2007					
	Issued Capital $A'000	Retained Earnings $A'000	Equity Plan Reserve $A'000	Foreign Currency Reserve $A'000	Minority Interest $A'000	Total $A'000
At 1 July 2007	86,944	(872)	238	97	25	86,432
Total recognised income and expense for the period	-	7,233	-	-	364	7,597
Dividends declared and paid	-	(3,329)	-	-	-	(3,329)
Share consideration on acquisitions	6,077	-	-	-	6,174	12,251
Share placement and share purchase plan	39,904	-	-	-	-	39,904
Transaction costs arising on share issues (net of tax)	(950)	-	-	-	-	(950)
Foreign currency translation	-	-	-	(90)	-	(90)
Share-based payments	-	-	239	-	-	239
At 31 December 2007	131,975	3,032	477	7	6,563	142,054

Notes to and forming part of the financial statements for the half-year ended 31 December 2008

1. Statement of significant accounting policies

The significant accounting policies which have been adopted by the consolidated entity in preparation of this half-year financial report are:

(a) Basis of preparation

The half-year financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting'. The financial statements have been prepared on the basis of historical costs and are presented in Australian dollars.

These accounting policies have been consistently applied by each entity in the consolidated entity and, except where there is a change in accounting policy resulting from the adoption of applicable amending or new accounting standards are consistent with those of the previous year.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore, cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual financial report of the Mitchell Communication Group Limited as at 30 June 2008. It is also recommended that the half-year report be considered together with any public announcements made by the Mitchell Communication Group Limited during the half-year ended 31 December 2008 in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

(b) Statement of compliance

The half-year financial report complies with Australian Accounting Standard AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures that the financial report, comprising the financial statements and notes thereto, complies with International Accounting Standard IAS 134 'Interim Financial Reporting'.

(c) 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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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.

Notes to and forming part of the financial statements for the half-year ended 31 December 2008

1. Statement of significant accounting policies continued

Critical accounting estimates continued

(i) Estimated impairment of goodwill and other indefinite life intangible assets

The Group tests annually whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1(p) of the 2008 Annual Report of the Mitchell Communication Group Limited. The recoverable amounts of cash-generating units ('CGU') have been determined based on value-in-use calculations. These calculations require the use of assumptions. Management does not consider a change in any key assumptions will have a significant risk of causing a material adjustment to the carrying amount of the goodwill due to the excess of value-in-use over the carrying amount of the CGU.

Critical accounting judgements

(i) Revenue recognition

The Group has made the judgement to recognise revenue from the Media division on an agency basis, while revenue from the digital and diversified segments is recognised as principal. Refer to note 1(d) of the 2008 Annual Report of the Mitchell Communication Group Limited for further details regarding the revenue recognition policy of the Group.

2. Segment information

Business segments

The Group is organised on a global basis into the following divisions by product and service type:

- Media: The provision of services to clients for communications strategies and the planning and buying of traditional media.
- Digital: The provision of services to clients for interactive marketing and communications strategies and the planning and buying of interactive media and digital creative production.
- Diversified: The development and implementation of communications campaigns across a broad range of disciplines including public relations, experimental marketing, brand experience, sponsorship, sports ground marketing, direct marketing, corporate social responsibility, video and event production services, application development and automated ad templating, qualitative and quantitative research, marketing analytics, communication planning tools and processes.
- Corporate Central Services: The corporate and financial control functions of running the Group, including group management, finance, human resources, information technology and administration activities.

Geographical segments

Although the Group is managed on a global basis, it operates in two geographical areas:

- Australia: The home country of the parent entity, which is also the main operating entity. The areas of operation are principally Media, Digital, Diversified and Corporate Central Services.
- New Zealand: Includes operations in the Media and Digital.

Notes to and forming part of the financial statements for the half-year ended 31 December 2008

2. Segment information continued

Primary reporting segment – business segments	Media		Digital		Diversified		Corporate Central Services		Consolidated	
	Dec 2008 $A'000	Dec 2007 $A'000	Dec 2008 $A'000	Dec 2007 $A'000	Dec 2008 $A'000	Dec 2007 $A'000	Dec 2008 $A'000	Dec 2007 $A'000	Dec 2008 $A'000	Dec 2007 $A'000
Revenue										
Revenue from the rendering of services	19,797	17,913	64,435	50,443	26,575	17,716	-	-	110,807	86,072
Segment result										
Profit/(loss) before interest, income tax, depreciation and amortisation	3,848	3,467	8,960	7,827	4,153	3,924	(1,894)	(1,902)	15,067	13,316
Depreciation of plant and equipment	(389)	(334)	(300)	(198)	(367)	(182)	(216)	(3)	(1,272)	(717)
Amortisation of intangible assets	(331)	(328)	(542)	(665)	(287)	(564)	(108)	(15)	(1,268)	(1,572)
Profit/(loss) before interest and income tax	3,128	2,805	8,118	6,964	3,499	3,178	(2,218)	(1,920)	12,527	11,027
Interest revenue									773	1,880
Interest expense									(1,575)	(1,961)
Profit before income tax									11,725	10,946
Income tax expense									(3,588)	(3,349)
Net profit after income tax attributable to members of the Company before minority interest									8,137	7,597
Minority interest									-	364
Net profit after income tax attributable to members of the Company after minority interest									8,137	7,233

Balance sheet	Dec 2008 $A'000	Jun 2008 $A'000	Dec 2008 $A'000	Jun 2008 $A'000	Dec 2008 $A'000	Jun 2008 $A'000	Dec 2008 $A'000	Jun 2008 $A'000	Dec 2008 $A'000	Jun 2008 $A'000
Assets										
Segment assets	289,691	296,420	39,911	43,273	107,429	88,877	3,529	13,103	440,560	441,673
Liabilities										
Segment liabilities	180,281	185,441	24,646	29,073	8,789	11,571	84,050	68,210	297,766	294,295
Consolidated net assets/(liabilities)	109,410	110,979	15,265	14,200	98,640	77,306	(80,521)	(55,107)	142,794	147,378

Notes to and forming part of the financial statements for the half-year ended 31 December 2008

2. Segment information continued

Secondary reporting segment – geographical segments	Australia		New Zealand		Consolidated	
	Dec 2008 $A'000	Dec 2007 $A'000	Dec 2008 $A'000	Dec 2007 $A'000	Dec 2008 $A'000	Dec 2007 $A'000
Revenue						
Revenue from the rendering of services	104,247	77,106	6,560	8,966	110,807	86,072
Segment result						
Profit/(loss) before interest, income tax, depreciation and amortisation	15,094	12,627	(27)	689	15,067	13,316
Depreciation of plant and equipment	(1,234)	(705)	(38)	(12)	(1,272)	(717)
Amortisation of intangible assets	(1,231)	(1,535)	(37)	(37)	(1,268)	(1,572)
Profit/(loss) before interest and income tax	12,629	10,387	(102)	640	12,527	11,027
Interest revenue					773	1,880
Interest expense					(1,575)	(1,961)
Profit before income tax					11,725	10,946
Income tax expense					(3,588)	(3,349)
Net profit after income tax attributable to members of the Company before minority interest					8,137	7,597
Minority interest					-	364
Net profit after income tax attributable to members of the Company after minority interest					8,137	7,233

Balance sheet	Dec 2008 $A'000	Jun 2008 $A'000	Dec 2008 $A'000	Jun 2008 $A'000	Dec 2008 $A'000	Jun 2008 $A'000
Assets						
Segment assets	423,851	422,105	16,709	19,568	440,560	441,673
Liabilities						
Segment liabilities	293,096	287,312	4,670	6,983	297,766	294,295
Consolidated net assets	130,755	134,793	12,039	12,585	142,794	147,378

Notes to and forming part of the financial statements for the half-year ended 31 December 2008

	Consolidated	
	December 2008 $A'000	December 2007 $A'000
3. Revenues		
Revenues		
Revenues from the rendering of services	110,807	86,072
Other revenues		
Interest revenue	773	1,880
4. Expenses		
Depreciation and amortisation		
Depreciation of plant and equipment	1,272	717
Amortisation of intangible assets	1,268	1,572
Total depreciation and amortisation expense	2,540	2,289
5. Taxation		
(a) Income tax expense		
Current tax – relating to current year	4,542	3,795
Current tax – over provision in prior year	(18)	(9)
Deferred tax – origination and reversal of temporary differences	(936)	(437)
Aggregate income tax expense	3,588	3,349
Deferred income tax (benefit)/expense included in income tax expense comprises:		
Increase in deferred tax assets	(1,020)	(213)
(Decrease)/increase in deferred tax liabilities	84	(224)
	(936)	(437)
(b) Reconciliation of prima facie income tax expense calculated at 30% (2008: 30%) on profit	3,518	3,284
Increase in income tax expense due to:		
- Expenditure non deductible for tax purposes	157	84
- Non deductible amortisation of intangible assets	48	143
- Tax losses not recognised in deferred tax asset	26	3
- Difference in overseas tax rates	-	29
Decrease in income tax expense due to:		
- Over provision in prior year	(18)	(9)
- Other	(143)	(185)
Income tax expense for the period	3,588	3,349

Notes to and forming part of the financial statements for the half-year ended 31 December 2008

5. Taxation continued

	Consolidated		
	Balance sheet December 2008 $A'000	Balance sheet June 2008 $A'000	Income statement December 2008 $A'000
(c) Deferred income tax			
Deferred income tax assets and liabilities			
Employee provisions	1,160	990	170
Accrued expenses	1,212	578	634
Share issue expenses[1]	260	311	-
Doubtful debts	170	127	43
Tax losses	8	7	1
Intangible assets	(2,239)	(1,696)	(543)
Work in progress	(155)	(94)	(61)
Depreciation	(117)	(100)	(17)
Leased assets	(24)	(37)	13
Other	(81)	-	(81)
	194	86	159
Deferred tax balances acquired during the period			777
Deferred income tax expense included in the calculation of income tax expense			936

[1] – Movement in deferred tax asset relating to the issue of equity, recognised directly in equity.

6. Earnings per share

	Consolidated	
	December 2008 $A'000	December 2007 $A'000
Basic earnings per share (cents)	2.8	2.7
Diluted earnings per share (cents)	2.8	2.7
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Earnings used in calculating basic and diluted earnings per share	8,137	7,233
	Number of shares	Number of shares
Weighted average number of ordinary shares used in the calculating basic earnings per share	288,806,850	269,594,244
Effect of dilutive securities:		
Weighted average number of share options	-	439,999
Weighted average number of ordinary shares and options used in calculating diluted earnings per share	288,806,850	270,034,243

7. Trade and other receivables

	Consolidated	
	December 2008 $A'000	June 2008 $A'000
Trade receivables	134,971	146,694
Less: provision for impaired receivables	(473)	(326)
	134,498	146,368

Notes to and forming part of the financial statements for the half-year ended 31 December 2008

8. Intangible assets

Consolidated	Software $A'000	Brand name $A'000	Customer-related $A'000	Stadia rights $A'000	Goodwill $A'000	Total $A'000
At 1 July 2007						
Cost	1,323	5,750	6,400	1,600	145,928	161,001
Less: accumulated amortisation	(150)	-	(164)	(483)	-	(797)
Net book value	1,173	5,750	6,236	1,117	145,928	160,204
Year ended 30 June 2008:						
Additions	443	-	-	-	-	443
Disposals	(25)	-	-	-	-	(25)
Acquisition of subsidiary	34	-	3,570	-	43,638	47,242
Amortisation charge	(620)	-	(1,544)	(959)	-	(3,123)
Closing net book value	1,005	5,750	8,262	158	189,566	204,741
At 1 July 2008						
Cost	1,775	5,750	9,970	1,600	189,566	208,661
Less: accumulated amortisation	(770)	-	(1,708)	(1,442)	-	(3,920)
Net book value	1,005	5,750	8,262	158	189,566	204,741
Half-year ended 31 December 2008:						
Additions	145	-	-	-	-	145
Acquisition of subsidiary	-	-	-	-	12,642	12,642
Amortisation charge	(309)	-	(801)	(158)	-	(1,268)
Closing net book value	841	5,750	7,461	-	202,208	216,260
At 31 December 2008						
Cost	1,920	5,750	9,970	1,600	202,208	221,448
Less: accumulated amortisation	(1,079)	-	(2,509)	(1,600)	-	(5,188)
Net book value	841	5,750	7,461	-	202,208	216,260

The Company is in the process of appraising the fair value of the identifiable intangible assets resulting from acquisitions in the half-year period ended 31 December 2008. The Company will determine and disclose the allocation to intangible assets and its associated tax effect within 12 months of acquisition date in accordance with AASB 3 – Business Combinations.

	Consolidated December 2008 $A'000	Consolidated June 2008 $A'000
9. Trade and other payables		
Trade payables	187,098	193,066
Other creditors	19,889	16,564
Deferred revenue	4,152	8,277
Accrued interest	499	348
	211,638	218,255
10. Borrowings – non-current		
Bank loans	78,000	60,000

Notes to and forming part of the financial statements for the half-year ended 31 December 2008

	Consolidated	
	December 2008 $A'000	June 2008 $A'000
11. Provisions		
Current		
Employee entitlements	2,748	2,268
Non-current		
Employee entitlements	1,252	989

12. Other financial liabilities

	December 2008 $A'000	June 2008 $A'000
Current		
Deferred consideration – acquisitions	-	6,101
Non-current		
Deferred consideration - acquisitions	279	279

Deferred consideration is payable pursuant to the Sale and Purchase Agreement to acquire the businesses of the Mitchell & Partners Group. An amount of $0.279 million is payable as deferred earn-outs to the vendors of Mitchell & Partners (QLD) Pty Ltd.

13. Contributed equity

	December 2008 $A'000	June 2008 $A'000
Share capital		
289,812,452 (2008: 288,018,581) ordinary shares, fully paid	133,057	133,071
Movements during the period		
Balance at beginning of period	133,071	86,944
- 781,281 (2008: nil) issued as part consideration of earn-out payments on the purchase of Coleman Group Pty Ltd[1]	112	409
- 1,012,590 (2008: 1,513,773) issued as part consideration on the purchase of Visual Jazz Pty Ltd[1]	(68)	1,692
Less: transaction costs arising on share issue, including the tax benefit from previous share issues.	(58)	(928)
- nil (2008: 30,000,000) for share placement to institutions	-	33,000
- nil (2008: 6,334,532) for share purchase plan	-	6,904
- nil (2008: 4,166,667) issued pursuant to earn-out on purchase of Mitchell & Partners Group	-	4,792
- nil (2008: 1,028,160) for the exercise of options under the Employee Option Plan	-	1,285
- nil (2008: 1,382,025) for share buy-back, net of transaction costs	-	(923)
Deferred tax credit recognised directly in equity	-	(104)
Balance at end of period	133,057	133,071

[1] Estimate value taken up in contributed equity at 30 June 2008. Current period figure represents the variance between the estimated and actual value issued.

Notes to and forming part of the financial statements for the half-year ended 31 December 2008

	Consolidated	
	December 2008 $A'000	June 2008 $A'000

14. Retained earnings

Retained earnings/(accumulated losses) at beginning of period	7,695	(1,331)
Net profit attributable to members of Mitchell Communication Group Limited	8,137	17,561
Dividends declared and paid during the period	(6,048)	(8,535)
Changes in minority interest	25	-
Retained earnings at end of period	9,809	7,695

15. Business combinations

(a) Acquisition of Mitchell & Partners (WA) Pty Ltd

(i) Summary of the acquisition

On 16 August 2007, the Mitchell Communication Group Limited announced it had acquired 51% of the issued capital of Mitchell & Partners (WA) Pty Ltd, a media planner and buyer, for consideration of $6,426,000, consisting of $5,140,800 in cash and $1,285,200 in equity. The fair value of shares issued was $1.25 based on the weighted average price of the shares during the period 25 June to 30 June 2007. In addition, on 3 September 2007, the Mitchell Communication Group Limited announced that Mitchell & Partners (WA) Pty Ltd had acquired the media buying assets of The Media Shop for consideration of $1,001,000 in cash.

Effective 1 July 2008, the Mitchell Communication Group Limited acquired from Workhouse Advertising Pty Ltd the remaining 49% of the issued capital in Mitchell & Partners (WA), for consideration of $6,330,000 in cash. Details of the fair value of the assets and liabilities acquired, intangible assets and goodwill are as follows:

(ii) Purchase consideration	$A'000
Cash paid	11,471
Equity issued	1,285
Direct costs relating to the acquisition	682
Total purchase consideration	13,438
Fair value of net identifiable liabilities acquired (refer below)	(55)
Goodwill	13,493

(iii) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount $A'000	Fair value $A'000
Plant and equipment	20	-
Deferred tax asset	-	24
Provision for employee entitlements	(79)	(79)
Net identifiable assets acquired	(59)	(55)

The fair values of assets and liabilities acquired are based on discounted cash flow models. The goodwill is attributable to the profitable nature of the business, which is generated via customer relationships, the ability of the business to attract high performing personnel, buying power and market dominance. Since the acquisition, the Company has performed a detailed value-in-use calculation that supports the carrying value of all intangible assets arising from the acquisition.

Notes to and forming part of the financial statements for the half-year ended 31 December 2008

15. Business combinations continued

(b) Acquisition of The Coleman Group Pty Ltd

(i) Summary of the acquisition

On 3 September 2007, the Mitchell Communication Group Limited announced the acquisition of 100% of the issued capital of the Coleman Group Pty Ltd, one of the largest suppliers of sign production services to major stadia and sporting events in Australia, for initial consideration of $5,764,781 in cash. Additional consideration of $1,737,047 was paid to the vendors for the year ended 30 June 2008. Further consideration is payable to the vendors subject to achievement of profit before tax targets for the two years ending 30 June 2010. The payment of additional consideration for financial years ending 30 June 2009 and 2010 is not probable at 31 December 2008 and has not been included in the cost of acquisition. A reassessment of the contingent consideration will be made at 30 June 2009.

Details of the fair value of the assets and liabilities acquired, intangible assets and goodwill are as follows:

(ii) Purchase consideration	$A'000
Cash paid	5,765
Direct costs relating to the acquisition	143
Additional consideration – 30 June 2008	1,737
Total purchase consideration	7,645
Fair value of net identifiable assets acquired (refer below)	266
Intangible assets	125
Goodwill	7,254

(iii) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount $A'000	Fair value $'A000
Inventories	389	385
Work in progress	11	11
Prepayments	3	3
Fixed assets	778	778
Deferred tax asset	-	41
Accrued liabilities	(29)	(29)
Provision for employee entitlements	-	(135)
Deferred tax liabilities	-	(37)
Lease liabilities	(763)	(751)
Net identifiable assets acquired	389	266

The fair value of assets and liabilities acquired are based on discounted cash flow models.

The goodwill is attributable to the profitable nature of the business, which is generated via customer relationships, the ability of the business to attract high performing personnel, buying power and market dominance. The intangible assets are customer-related intangible assets, which have a useful life of three years.

Since the acquisition, the Company has performed a detailed value-in-use calculation that supports the carrying value of all intangible assets arising from the acquisition.

Notes to and forming part of the financial statements for the half-year ended 31 December 2008

15. Business combinations continued

(c) Acquisition of Visual Jazz Pty Ltd

(i) Summary of the acquisition

On 7 September 2007, the Mitchell Communication Group Limited announced it had acquired the business and assets of Visual Jazz Pty Ltd, a digital advertising agency, for initial consideration of $10,722,582 in cash and $999,090 in equity. Additional consideration of $4,165,119 was paid to the vendors for the year ended 30 June 2008. Further consideration is payable to the vendors subject to achievement of profit before tax targets for the years ending 30 June 2009 and 2010. The payment of additional consideration for financial years ending 30 June 2009 and 2010 is not probable at 31 December 2008 and has not been included in the cost of acquisition. A reassessment of the contingent consideration will be made at 30 June 2009.

Details of the fair value of the assets and liabilities acquired, intangible assets and goodwill are as follows:

(ii) Purchase consideration	$A'000
Cash paid	10,722
Equity issued	999
Additional consideration – 30 June 2008	4,165
Direct costs relating to the acquisition	10
Total purchase consideration	15,896
Fair value of net identifiable assets acquired (refer below)	452
Intangible assets	2,920
Goodwill	12,524

(iii) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount $A'000	Fair value $'A000
Receivables	3,259	3,259
Plant and equipment	351	351
Deferred tax asset	-	59
Trade and other payables	(1,822)	(1,822)
Provision for employee entitlements	(176)	(176)
Lease liabilities	(282)	(282)
Loan	-	(61)
Deferred tax liabilities	-	(876)
Net identifiable assets acquired	1,330	452

The fair value of assets and liabilities acquired are based on discounted cash flow models.

The goodwill is attributable to the profitable nature of the business, future growth prospects, the ability of the business to attract high performing personnel, and the current workforce in use. The intangible assets are customer-related intangible assets, which have a useful life of four years.

Since the acquisition, the Company has performed a detailed value-in-use calculation, which supports the carrying value of all intangible assets arising from the acquisition.

Notes to and forming part of the financial statements for the half-year ended 31 December 2008

15. Business Combinations continued

(d) Acquisition of Haystac Public Affairs Pty Ltd

(i) Summary of the acquisition

On 17 October 2007, the Mitchell Communication Group Limited announced the acquisition of 100% of the issued capital of the public relations, marketing communications and brand activation business Haystac Public Affairs Pty Ltd, for consideration of $9,000,000 in cash.

Details of the fair value of the assets and liabilities acquired, intangible assets and goodwill are as follows:

(ii) Purchase consideration	$A'000
Cash paid	9,000
Direct costs relating to the acquisition	61
Total purchase consideration	9,061
Fair value of net identifiable assets acquired (refer below)	571
Intangible assets	525
Goodwill	7,965

(iii) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount $A'000	Fair value $'A000
Receivables	1,668	1,668
Fixed assets	100	100
Deferred tax asset	36	36
Bank overdraft	(78)	(78)
Trade and other payables	(786)	(786)
Tax liabilities	(88)	(246)
Provision for employee entitlements	(123)	(123)
Net identifiable assets acquired	729	571

The fair value of assets and liabilities acquired are based on discounted cash flow models.

The goodwill is attributable to the profitable nature of the business, future growth prospects, the ability of the business to attract high performing personnel, and the current workforce in use. The intangible assets are customer-related intangible assets, which have a useful life of three years.

Since the acquisition, the Company has performed a detailed value-in-use calculation, which supports the carrying value of all intangible assets arising from the acquisition.

Notes to and forming part of the financial statements for the half-year ended 31 December 2008

15. Business Combinations continued

(e) Acquisition of Vivid Holdings Australia Pty Ltd

(i) Summary of the acquisition

On 27 August 2008, with effect from 1 July 2008, the Mitchell Communication Group acquired 100% of the issued capital in Vivid Holdings Australia Pty Ltd ('Vivid Group'), a communications and technology services company which delivers innovation in branding, digital media and application development, for consideration of $13,000,000 in cash. Further consideration is payable on the achievement of certain profit hurdles to 30 June 2010. An assessment of the contingent consideration will be made at 30 June 2009.

Details of the fair value of the assets and liabilities acquired, intangible assets and goodwill are as follows:

(ii) Purchase consideration	$A'000
Cash paid	13,000
Direct costs relating to the acquisition	45
Total purchase consideration	13,045
Fair value of net identifiable assets acquired (refer below)	658
Goodwill – provisional (refer below)	12,387

Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount $A'000	Fair value $'A000
Cash and cash equivalents	988	988
Receivables	1,249	1,022
Investments	1,875	-
Fixed assets	188	188
Deferred tax asset	58	58
Other assets	46	46
Trade and other payables	(680)	(980)
Tax liabilities	(452)	(452)
Provision for employee entitlements	(212)	(212)
Net identifiable assets acquired	3,060	658

The Company is in the process of appraising the fair value of the identifiable intangible assets. The Company will determine and disclose the allocation to intangible assets and its associated tax effect within 12 months of the acquisition date in accordance with AASB 3 - Business Combinations.

Notes to and forming part of the financial statements for the half-year ended 31 December 2008

15. Business Combinations continued

(f) Acquisition of Agile Automated Advertising Pty Ltd

(i) Summary of the acquisition

On 1 July 2008, the Mitchell Communication Group acquired a licence, software and customers from the Adcast Group Pty Ltd, for consideration of $1,200,000 in cash. The main driver of the business combination was to acquire Adcast's Automated Ad Templating Technology.

Details of the fair value of the assets and liabilities acquired, intangible assets and goodwill are as follows:

(ii) Purchase consideration	$A'000
Cash paid	1,200
Total purchase consideration	1,200
Goodwill – provisional (refer below)	1,200

The fair value of identifiable assets and liabilities acquired has been assessed provisionally. The Company is in the process of appraising the value of the identifiable intangible assets, if any. The Company will determine and disclose the allocation to intangible assets and its associated tax effect within 12 months of the acquisition date in accordance with AASB 3 Business Combinations.

(g) Acquisition of Picture This! Productions Pty Ltd

(i) Summary of the acquisition

On 11 November 2008, the Mitchell Communication Group announced it has acquired the business and assets of Picture This! Productions Pty Ltd, for consideration of $70,000 in cash. Picture This! Productions Pty Ltd provides video and event production services to clients. Further consideration is payable on the achievement of certain profit hurdles to 10 November 2009. An assessment of the contingent consideration will be made at 30 June 2009.

Details of the fair value of the assets and liabilities acquired, intangible assets and goodwill are as follows:

(ii) Purchase consideration	$A'000
Cash paid	70
Total purchase consideration	70
Goodwill – provisional (refer below)	70

The fair value of identifiable assets and liabilities acquired has been assessed provisionally. The Company is in the process of appraising the value of the identifiable intangible assets, if any. The Company will determine and disclose the allocation to intangible assets and its associated tax effect within 12 months of the acquisition date in accordance with AASB 3 Business Combinations.

Notes to and forming part of the financial statements for the half-year ended 31 December 2008

16. Dividends

	Cents per share	Total Amount $A'000	Franked / unfranked	Date of payment
2009				
Final 2008 ordinary	2.1	6,048	100% franked	26 September 2008
Dividend paid by subsidiary to minority interest		633	100% franked	2 September 2008
		6,681		
2008				
Interim 2008 ordinary	1.8	5,182	100% franked	28 March 2008
Final 2007 ordinary	1.2	3,329	100% franked	12 October 2007
Dividend paid by subsidiary to minority interest		24	not applicable	30 June 2008
Total amount		8,535		

Subsequent events
Since the end of the half-year, the directors declared the following dividends:

Interim 2009 ordinary	1.9	5,506	100% franked	17 April 2009

The financial effect of the interim dividend has not been brought to account in the financial statements for the half-year ended 31 December 2008 and will be recognised in the subsequent financial period.

16. Events subsequent to balance date

On 19 February 2009, the Group announced the introduction of a Dividend Reinvestment Plan ("DRP"). For eligible shareholders, participation in the DRP will commence with the 2009 interim dividend. For the 2009 interim dividend only, the Directors have resolved to apply a 5% discount to the offer price. Eligible shareholders may participate for up to all their shares held as at the record date, being 20 March 2009.

There have been no other subsequent events that would have a material impact on the financial report for the half-year ended 31 December 2008.

17. Audit status of the half-year financial statements

The report is based on accounts which have been reviewed. A copy of the review report is enclosed on pages 4 and 5.