

Adcorp Australia Limited

Half Year Results: FY11

28 February 2011

Sales Turnover	<b>\$86.959M</b>
Operating Revenue	<b>\$14.941M</b>
Revenue Margin	<b>17 %</b>
Net Profit After Tax attributable to the owners of Adcorp Australia Ltd	<b>\$0.771M</b>
Dividend per share fully franked	<b>1cent</b>

Adcorp Australia Limited  
ABN 72 002 208 915

**SYDNEY**

Level 1, 7 Kelly Street  
Ultimo NSW 2007

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Advertising and Communications Group Adcorp Australia Limited today announced a half year net profit after tax of \$771,000. A dividend of 1c per share, fully franked, will be paid, the first since 2009's interim payment.

The first half result under Adcorp's new leader and CEO, Matthew Mellor, was achieved during ongoing conditions of recovery in the advertising and communications sector.

The operational and strategic efficiencies achieved following Adcorp's recent restructure, coupled with a refreshed brand which launches to market today, provide significant opportunity for Adcorp to capitalize on new business activity with refreshed brand assets, new talent and a revitalized operation.

Speaking of Adcorp's H1 result, Mellor was encouraged.... 'Our results continue to improve. The refreshed brand better represents Adcorp today and reflects our evolution over the past 28 years. Along with the honing of our skills across key areas such as creative, digital, strategy and media insights, we are positioned to secure our growth and future success.'

Trading conditions remain challenging though there are signs of improvement. The second half has started with a spate of significant natural disasters with floods in Queensland and Victoria and the Christchurch earthquake. In response, Adcorp successfully deployed business continuity strategies to mitigate the worst effects of these events for clients and staff via rerouting of services, supply of additional resources, disaster recovery project planning, and intense client and staff care. Trading in the second half however, may be affected.

Adcorp's energy remains focused on new business opportunities, whilst delivering outstanding work to clients, fulfilling careers to staff, and ongoing value to shareholders.

- ends -

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For further information concerning this release, please contact Matthew Mellor, Chief Executive Officer, Adcorp Australia Limited on +61 2 8524 8500.

## APPENDIX 4D HALF-YEAR REPORT

### 1. Company details

Name of entity:	<b>Adcorp Australia Limited</b>
ABN:	72 002 208 915
Reporting period:	<b>Half-year ended 31 December 2010</b>
Previous corresponding period:	Half-year ended 31 December 2009

### 2. Results for announcement to the market

Revenues from ordinary activities	down 2.6%	to	\$ 14,941,000
Profit from ordinary activities after tax attributable to the owners of Adcorp Australia Limited	up 1527.8%	to	\$ 771,000
Profit for the period attributable to the owners of Adcorp Australia Limited	up 1527.8%	to	\$ 771,000

#### *Dividends*

There were no dividends paid during the current financial period.

#### *Comments*

The profit for the consolidated entity after providing for income tax and non-controlling interest amounted to \$771,000 (31 December 2009: loss of \$54,000).

For detailed commentary on results for the year, refer to the half-year results announcement preceeding this Appendix 4D.

### 3. NTA backing

	Reporting period	Previous corresponding period
Net tangible asset backing per ordinary security	8.47 cents	7.51 cents

### 4. Control gained over entities

Name of entities (or group of entities) Not applicable.

Date control gained

Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period (where material)

\$ -

Profit/(loss) from ordinary activities after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period (where material)

\$ -

**5. Loss of control over entities**

Name of entities (or group of entities)	Not applicable.	
Date control lost		
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period (where material)		\$ -
Profit/(loss) from ordinary activities after tax of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material)		\$ -

**6. Dividends**

*Current period*

There were no dividends paid during the current financial period.

*Previous corresponding period*

There were no dividends paid during the previous financial period.

**7. Dividend reinvestment plans**

*The following dividend or distribution plans are in operation:*

Not applicable.

The last date(s) for receipt of election notices for the dividend or distribution plans: Not applicable.

**8. Details of associates and joint venture entities**

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Current period	Previous corresponding period	Current period	Previous corresponding period
Not applicable.	0.00%	0.00%	\$ -	\$ -
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Profit(loss) from ordinary activities before income tax			\$ -	\$ -
Income tax on operating activities			\$ -	\$ -

**9. Foreign entities**

*Details of origin of accounting standards used in compiling the report:*

Adcorp New Zealand Limited and Cutriss Dye Limited - Prepared under the New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS').

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**10. Audit qualification or review**

*Details of audit/review dispute or qualification (if any):*

The accounts were subject to a review by the auditors and the review report is attached as part of the Interim Report.

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**11. Attachments**

*Details of attachments (if any):*

The Interim Report of Adcorp Australia Limited for the half-year ended 31 December 2010 is attached.

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**12. Signed**



Signed: \_\_\_\_\_

Date: 28 February 2011

Craig McMenamin  
Company Secretary  
Sydney

**Ancorp Australia Limited**

**ABN 72 002 208 915**

**Interim Report - 31 December 2010**

**Adcorp Australia Limited**  
**Directors' report**  
**31 December 2010**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Adcorp Australia Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the half-year ended 31 December 2010.

**Directors**

The following persons were directors of Adcorp Australia Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Bob Campbell  
Ian Rodwell  
Matthew Mellor

**Principal activities**

During the financial half-year the principal continuing activities of the consolidated entity consisted of:

- Advertising agency services specialising in human resources, real estate government, motor vehicle, education and retail;
- Website design, development and database support services; and
- Digital marketing services and consulting, including supply of web-based products, and strategic employment solutions.

**Review of operations**

The profit for the consolidated entity after providing for income tax and non-controlling interest amounted to \$771,000 (31 December 2009: loss of \$54,000).

Our revenues of \$14.941m are down 2.6% on the prior comparative period, impacted by the reduction in Commonwealth Government spending and the loss of two major clients in the Andrews Advertising subsidiary. Revenue margins during the period have remained at a constant at 17% (31 December 2009: 17%).

Expenses have been reduced by \$1.456m from \$15.299m in the prior period, to \$13.843m in the 6 months to December 2010. This is primarily due to labour savings as a result of the restructure which took effect on 1 July.

Client and marketing expenses have increased and include doubtful debt provisions for the Andrews Advertising subsidiary while office and communications costs have decreased as a result of asset impairments made at 30 June 2010, renewal of head office premises lease on more favourable terms and rationalised technology spend.

Cash at 31 December 2010 of \$5.428m is down on the \$10.875m at the end of June 2010 as we settled trade and taxation liabilities during the period. We have a vigilant focus on debtors and adherence to our credit policies and have renewed our Trade Credit Insurance policy for a further 12 months. There has been no change in the ANZ Commercial Bill facility of \$6m which is used for working capital purposes and there were no commercial bill borrowings outstanding on this facility at 31 December 2010.

Resultant net profit after tax and non-controlling interest for the 6 months to December 2010 has increased by 1,527.8% from a loss in the prior comparative period of \$54,000 to a profit of \$771,000.

The management and Board of Adcorp remain resolute in returning the company to a sustainable profit position and reinstating dividend payments to shareholders. Accordingly, the Board has declared an interim dividend of 1 cent per share fully franked as stated in note 7, events occurring after the reporting date (31 December 2009: Nil).

Although challenges in this market sector continue, sentiment particularly in the employment category, has improved.

Our targeted client approach has seen us engage with several new and prospective high-profile clients in commercial and government sectors (winning ANZ Bank's Asia Pacific employment marketing business in October 2010 and the Northern Territory Government Advertising account in November 2010), and we are being invited to pitch more often.

**Adcorp Australia Limited**  
**Directors' report**  
**31 December 2010**

We remain focussed on engaging clients and new business prospects with additional insight, strategic consulting and increasingly broader advertising solutions for their business.

We offer sector-based advertising services in government and public service; residential and commercial property; retail; and employment and HR. So we have touched a diversity of major industries and environments. This breadth of expertise provides a depth of insight not often found in Australian-owned agencies.

**Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

**Rounding of amounts**

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



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Matthew Mellor  
Director and Chief Executive Officer



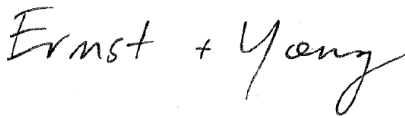
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Bob Campbell  
Chairman

28 February 2011  
Sydney

## Auditor's Independence Declaration to the Directors of Adcorp Australia Limited

In relation to our review of the financial report of Adcorp Australia Limited for the half-year ended 31 December 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in cursive script that reads 'Ernst + Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'JLR'.

John Robinson  
Partner  
28 February 2011



**Adcorp Australia Limited**  
**Financial report**  
**For the half-year ended 31 December 2010**

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**General information**

The financial report covers Adcorp Australia Limited as a consolidated entity consisting of Adcorp Australia Limited and the entities it controlled. The financial report is presented in Australian dollars, which is Adcorp Australia Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Adcorp Australia Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 1  
7 Kelly Street  
Ultimo NSW 2007

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 28 February 2011. The directors have the power to amend and reissue the financial report.

**Adcorp Australia Limited**  
**Statement of comprehensive income**  
**For the half-year ended 31 December 2010**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31/12/2010</b>	<b>31/12/2009</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>	3	14,941	15,332
<b>Expenses</b>			
Client service expenses		(9,249)	(10,956)
Administrative expenses		(711)	(725)
Marketing expenses		(1,249)	(722)
Office and communication expenses		(2,551)	(2,887)
Finance costs	4	(78)	(9)
Impairment of fixed assets		(5)	-
<b>Profit before income tax (expense)/benefit</b>		<u>1,098</u>	<u>33</u>
Income tax (expense)/benefit		(356)	3
<b>Profit after income tax (expense)/benefit for the half-year</b>		<u>742</u>	<u>36</u>
<b>Other comprehensive income</b>			
Foreign currency translation		(216)	49
Other comprehensive income for the half-year, net of tax		(216)	49
<b>Total comprehensive income for the half-year</b>		<u><u>526</u></u>	<u><u>85</u></u>
Profit for the half-year is attributable to:			
Non-controlling interest		(29)	90
Owners of Adcorp Australia Limited		771	(54)
		<u>742</u>	<u>36</u>
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		(29)	90
Owners of Adcorp Australia Limited		555	(5)
		<u>526</u>	<u>85</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	8	1.27	(0.09)
Diluted earnings per share	8	1.27	(0.09)

*The above statement of comprehensive income should be read in conjunction with the accompanying notes*

**Adcorp Australia Limited**  
**Statement of financial position**  
**As at 31 December 2010**

	<b>Consolidated</b>	
	<b>31/12/2010</b>	<b>30/06/2010</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	5,428	10,875
Trade and other receivables	24,410	29,101
Income tax refund due	-	145
Other	356	150
Total current assets	<u>30,194</u>	<u>40,271</u>
<b>Non-current assets</b>		
Property, plant and equipment	1,187	957
Intangibles	3,273	3,330
Deferred tax	1,412	1,264
Total non-current assets	<u>5,872</u>	<u>5,551</u>
<b>Total assets</b>	<u>36,066</u>	<u>45,822</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	26,148	35,974
Income tax	257	471
Provisions	645	1,061
Total current liabilities	<u>27,050</u>	<u>37,506</u>
<b>Non-current liabilities</b>		
Deferred tax	53	33
Provisions	548	394
Total non-current liabilities	<u>601</u>	<u>427</u>
<b>Total liabilities</b>	<u>27,651</u>	<u>37,933</u>
<b>Net assets</b>	<u>8,415</u>	<u>7,889</u>
<b>Equity</b>		
Contributed equity	28,894	28,894
Reserves	(514)	(298)
Accumulated losses	(19,986)	(20,757)
Equity attributable to the owners of Adcorp Australia Limited	<u>8,394</u>	<u>7,839</u>
Non-controlling interest	21	50
<b>Total equity</b>	<u>8,415</u>	<u>7,889</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Adcorp Australia Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2010**

	<b>Contributed equity \$'000</b>	<b>Reserves \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Non- controlling interest \$'000</b>	<b>Total equity \$'000</b>
<b>Consolidated</b>					
Balance at 1 July 2009	28,894	(388)	(13,619)	274	15,161
Other comprehensive income for the half-year, net of tax	-	49	-	-	49
Profit after income tax (expense)/benefit for the half- year	-	-	(54)	90	36
Total comprehensive income for the half-year	-	49	(54)	90	85
<i>Transactions with owners in their capacity as owners:</i>					
Dividends paid	-	-	-	(261)	(261)
Balance at 31 December 2009	<u>28,894</u>	<u>(339)</u>	<u>(13,673)</u>	<u>103</u>	<u>14,985</u>
<b>Consolidated</b>					
Balance at 1 July 2010	28,894	(298)	(20,757)	50	7,889
Other comprehensive income for the half-year, net of tax	-	(216)	-	-	(216)
Profit after income tax (expense)/benefit for the half- year	-	-	771	(29)	742
Total comprehensive income for the half-year	-	(216)	771	(29)	526
Balance at 31 December 2010	<u>28,894</u>	<u>(514)</u>	<u>(19,986)</u>	<u>21</u>	<u>8,415</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Adcorp Australia Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2010**

Note	Consolidated	
	31/12/2010 \$'000	31/12/2009 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	103,388	92,659
Payments to suppliers and employees (inclusive of GST)	(108,013)	(93,250)
	(4,625)	(591)
Interest received	157	96
Interest and other finance costs paid	(78)	-
Income taxes paid	(283)	(13)
Net cash used in operating activities	(4,829)	(508)
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(405)	(29)
Payments for intangibles	(210)	(203)
Payments for security deposits	(11)	-
Proceeds from sale of property, plant and equipment	8	-
Net cash used in investing activities	(618)	(232)
<b>Cash flows from financing activities</b>		
Minority dividends paid	-	(120)
Net cash used in financing activities	-	(120)
Net decrease in cash and cash equivalents	(5,447)	(860)
Cash and cash equivalents at the beginning of the financial half-year	10,875	5,768
Effects of exchange rate changes on cash	-	27
Cash and cash equivalents at the end of the financial half-year	5,428	4,935

*The above statement of cash flows should be read in conjunction with the accompanying notes*

**Note 1. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2010 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2010 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

**New, revised or amending Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy.

The adoption of these Accounting Standards and Interpretations did not have any impact on the financial performance or position of the consolidated entity. The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

*AASB 2009-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project*

The consolidated entity has applied AASB 2009-5 amendments from 1 July 2010. The amendments result in some accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes had no or minimal effect on accounting. The main changes were:

AASB 101 'Presentation of Financial Statements' - classification is not affected by the terms of a liability that could be settled by the issuance of equity instruments at the option of the counterparty;

AASB 107 'Statement of Cash Flows' - only expenditure that results in a recognised asset can be classified as a cash flow from investing activities;

AASB 117 'Leases' - removal of specific guidance on classifying land as a lease;

AASB 118 'Revenue' - provides additional guidance to determine whether an entity is acting as a principal or agent;

and AASB 136 'Impairment of Assets' - clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in AASB 8 'Operating Segments' before aggregation for reporting purposes.

*AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project*

The consolidated entity has applied AASB 2010-3 amendments from 1 July 2010. The amendments result in some accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes had no or minimal effect on accounting. The main changes were:

AASB 127 'Consolidated and Separate Financial Statements' ('AASB 127') and AASB 3 Business Combinations ('AASB 3') - clarifies that contingent consideration from a business combination that occurred before the effective date of revised AASB 3 is not restated; the scope of the measurement choices of non-controlling interest is limited at proportionate share of net assets in the event of liquidation; requires an entity in a business combination to account for the replacement of acquiree's share-based payment transactions, unreplaced and voluntarily replaced, by splitting between consideration and post combination expenses.

**Adcorp Australia Limited**  
**Notes to the financial statements**  
**31 December 2010**

**Note 2. Operating segments**

*Identification of reportable operating segments*

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the Board (the chief operating decision maker ('CODM')) in assessing performance and determining the allocation of resources.

The operating segments are identified based on the comparative geographical products and services, production process, regulatory environment and the separate identification of assets reported to the Board on a monthly basis.

*Types of products and services*

A further assessment is conducted based on the revenue and profit contribution by each segment to the consolidated entity's result. Segments identified as meeting any of the 3 thresholds below, have been separately reported:

Reported revenue	Greater than or equal to 10% of total combined revenues of the consolidated entity
Reported profit or loss	Greater than or equal to 10% of the greater of (i) total profitable entities or (ii) total loss-making entities
Assets	Greater than or equal to 10% of combined assets of the consolidated entity

*Intersegment transactions*

Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

*Corporate charges*

Corporate charges comprise non-segmental expenses such as Head Office expenses and are allocated to each segment in proportion to the labour and billings of that segment.

*Inter-entity sales*

Inter-entity sales are recognised based on a set standard cost.

*Intersegment loans*

Loans between Australia and New Zealand operating segments arise through transfer of funds to meet respective working capital payments, are non-interest bearing and do not have any other transaction charges attached.

*Income tax expense*

Income tax expense is calculated based on the segment operating profit using a notional 30% rate (2009: 30%).

*Major customers*

There are no significant customers in any reported segment that comprise greater than 10% of the segments aggregated revenues.

**Adcorp Australia Limited**  
**Notes to the financial statements**  
**31 December 2010**

**Note 2. Operating segments (continued)**

*Operating segment information*

<b>31/12/2010</b>	Australia \$'000	New Zealand \$'000	Intersegment eliminations/ unallocated \$'000	Consolidated \$'000
<b>Revenue</b>				
Sales to external customers	13,254	1,486	-	14,740
Total sales revenue	13,254	1,486	-	14,740
Other income	158	43	-	201
<b>Total revenue</b>	<b>13,412</b>	<b>1,529</b>	<b>-</b>	<b>14,941</b>
<b>Segment result</b>	1,118	257	-	1,375
Depreciation and amortisation	(266)	(85)	-	(351)
Impairment of assets	(5)	-	-	(5)
Interest revenue	136	21	-	157
Finance costs	(78)	-	-	(78)
<b>Profit before income tax expense</b>	<b>905</b>	<b>193</b>	<b>-</b>	<b>1,098</b>
Income tax expense				(356)
<b>Profit after income tax expense</b>				<b>742</b>
<b>Assets</b>				
Segment assets	30,744	3,910	-	34,654
<i>Unallocated assets:</i>				
Deferred tax asset				1,412
<b>Total assets</b>				<b>36,066</b>
<i>Total assets includes:</i>				
Acquisition of non-current assets	620	-	-	620
<b>Liabilities</b>				
Segment liabilities	26,705	893	-	27,598
<i>Unallocated liabilities:</i>				
Deferred tax liability				53
<b>Total liabilities</b>				<b>27,651</b>



**Adcorp Australia Limited**  
**Notes to the financial statements**  
**31 December 2010**

**Note 2. Operating segments (continued)**

	Australia \$'000	New Zealand \$'000	Intersegment eliminations/ unallocated \$'000	Consolidated \$'000
<b>31/12/2009</b>				
<b>Revenue</b>				
Sales to external customers	13,591	1,645	-	15,236
Total sales revenue	13,591	1,645	-	15,236
Other income	78	18	-	96
<b>Total revenue</b>	<b>13,669</b>	<b>1,663</b>	<b>-</b>	<b>15,332</b>
<b>Segment result</b>	471	107	(86)	492
Depreciation and amortisation	(447)	(99)	-	(546)
Interest revenue	78	18	-	96
Finance costs	(9)	-	-	(9)
<b>Profit/(loss) before income tax benefit</b>	<b>93</b>	<b>26</b>	<b>(86)</b>	<b>33</b>
Income tax benefit				3
<b>Profit after income tax benefit</b>				<b>36</b>
<b>30/06/2010</b>				
<b>Assets</b>				
Segment assets	40,003	4,555	-	44,558
<i>Unallocated assets:</i>				
Deferred tax asset				1,264
<b>Total assets</b>				<b>45,822</b>
<b>Liabilities</b>				
Segment liabilities	36,441	1,459	-	37,900
<i>Unallocated liabilities:</i>				
Deferred tax liability				33
<b>Total liabilities</b>				<b>37,933</b>

**Note 3. Revenue**

	<b>Consolidated</b>	
	<b>31/12/2010</b>	<b>31/12/2009</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Sales revenue</i>		
Operating revenues	14,740	15,236
<i>Other revenue</i>		
Interest	157	96
Rent	44	-
	201	96
Revenue	14,941	15,332

**Adcorp Australia Limited**  
**Notes to the financial statements**  
**31 December 2010**

**Note 4. Expenses**

	<b>Consolidated</b>	
	<b>31/12/2010</b>	<b>31/12/2009</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	85	291
Office equipment	76	-
	<u>161</u>	<u>291</u>
Total depreciation		
<i>Amortisation</i>		
Software licences	141	216
Customer list	49	39
	<u>190</u>	<u>255</u>
Total amortisation		
Total depreciation and amortisation	<u>351</u>	<u>546</u>
<i>Impairment</i>		
Office equipment	5	-
	<u>5</u>	<u>-</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable	78	9
	<u>78</u>	<u>9</u>
<i>Net foreign exchange loss</i>		
Net foreign exchange loss	8	3
	<u>8</u>	<u>3</u>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	611	815
	<u>611</u>	<u>815</u>
<i>Employee benefits expense</i>		
Employee benefits expense	8,641	10,250
	<u>8,641</u>	<u>10,250</u>

**Note 5. Equity - dividends**

There were no dividends paid during the current or previous financial half-year.

**Note 6. Contingent liabilities**

The consolidated entity has given bank guarantees in relation to leased premises and accreditation.

	<b>Consolidated</b>	
	<b>31/12/2010</b>	<b>30/06/2010</b>
	<b>\$'000</b>	<b>\$'000</b>
Bank guarantees	<u>1,218</u>	<u>1,101</u>

**Adcorp Australia Limited**  
**Notes to the financial statements**  
**31 December 2010**

**Note 7. Events occurring after the reporting date**

Subsequent to the Balance Sheet date, the Board has declared a fully franked interim dividend of 1 cent per share.

No other matter or circumstance has arisen since 31 December 2010 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Note 8. Earnings per share**

	<b>Consolidated</b>	
	<b>31/12/2010</b>	<b>31/12/2009</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit after income tax	742	36
Non-controlling interest	29	(90)
	<u>771</u>	<u>(54)</u>
Profit after income tax attributable to the owners of Adcorp Australia Limited	<u>771</u>	<u>(54)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>60,676,602</u>	<u>60,676,602</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>60,676,602</u>	<u>60,676,602</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	1.27	(0.09)
Diluted earnings per share	1.27	(0.09)

**Note 9. Comparative information**

Comparatives have been restated in the statement of comprehensive income and statement of cash flows to agree to the full year financial statements format.

**Adcorp Australia Limited**  
**Directors' declaration**

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors



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Matthew Mellor  
Director and Chief Executive Officer



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Bob Campbell  
Chairman

28 February 2011  
Sydney

## Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Adcorp Australia Limited, which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

## Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the 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 2010 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 Adcorp Australia Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

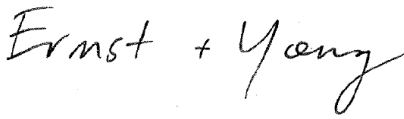
## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is referred to in the Directors' Report. We confirm that the Auditor's Independence Declaration would be in the same terms if given to the directors as at the time of this auditor's report.

## 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 Adcorp Australia 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 2010 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in cursive script that reads 'Ernst + Young'.

Ernst & Young

A handwritten signature in cursive script that appears to read 'JLR'.

John Robinson  
Partner  
Sydney  
28 February 2011