Enero Group Limited
ABN 97 091 524 515
Appendix 4D
Preliminary final report
Half year ended 31 December 2012

Results for Announcement to the Market

Rule 4.2A.3

The current reporting period is 1 July 2012 to 31 December 2012.
The previous corresponding reporting period is 1 July 2011 to 31 December 2011.

Key information

In thousands of AUD

	31 December 2012	31 December 2011	% Change	Amount Change
Revenues from ordinary activities	135,497	230,709	(41.27%)	(95,212)
Loss after tax attributable to members	(77,675)	(159,212)	51.21%	81,537
Net loss for the period attributable to members	(77,675)	(159,212)	51.21%	81,537

Dividends	Amount per security	Franked amount per security
-	-	-

At the date of this report, there are no dividend reinvestment plans in operation.

The remainder of the information requiring disclosure to comply with listing rule 4.2A.3 is contained in the attached 31 December 2012 half year financial report and the additional information set out below.

Additional Information

NTA backing	Current period	Previous corresponding period
Net tangible asset backing per ordinary share	0.36	0.00

Explanation of results
Please refer to the attached 31 December 2012 half year financial report and Market Presentation for commentary and further information with respect to the results.

Enero Group Limited

and its controlled entities

31 December 2012 half-year financial report

ABN 97 091 524 515

Contents

Enero Group Limited and its controlled entities
Directors' report

The directors of Enero Group Limited (the "Company") present their report together with the consolidated financial statements for the half year ended 31 December 2012 and the review report thereon.

Directors

The directors of the Company at any time during or since the end of the financial half year are:

John Porter – Independent Non-Executive Chairman

John was appointed as Chairman and Non-Executive Director of the Company on 24 April 2012. Prior to joining Enero Group, John Porter was Executive Director and Chief Executive Officer of Austar United Communications Limited from June 1999 to April 2012. John was Managing Director of Austar Entertainment Pty Limited from July 1997 to December 1999. From January 1997 to August 1999, he also served as the Chief Operating Officer of United Asia Pacific, Inc. ("UAP"). He led the establishment of Austar Entertainment Pty Limited in 1995, and by doing so played an integral role in the development of Australia's subscription television industry. Prior to joining Austar, John spent ten years in various senior management capacities for Time Warner Cable, a subsidiary of Time Warner, Inc. He has more than 30 years of management experience in the US and Australian subscription television industries. John is also currently Non-Executive Director and Chairman on the board of oOh!media and a Councillor on the Cranbrook School Council. John is a member of the Audit Committee and Chairman of the Remuneration and Nomination Committee.

Matthew Melhuish – Chief Executive Officer and Executive Director

Matthew was appointed Chief Executive Officer and Executive Director of the Company on 16 January 2012. Matthew has over 25 years' experience in the advertising and marketing industry across a range of roles in Australia and the UK. Prior to being appointed CEO, Matthew had been the key executive overseeing the Company's Australian Agencies business. Matthew is a founding partner of leading creative agency, BMF and was CEO for 15 years from its inception through to BMF being named as Agency of the Decade. Matthew is a respected leadership figure within the Australian advertising industry. He is currently Chairman of the EFFIE's Advertising Effectiveness Awards and he has played a key role for over 15 years as a National Board member of the peak industry body, The Communications Council and as a National Board member and National Chairman of its predecessor organisation the Advertising Federation of Australia (AFA). Matthew is a current Board member of the Sydney Festival and was a Board member of the international aid organisation Medecins Sans Frontiers/Doctors without Borders (MSF) for 10 years.

Susan McIntosh – Non-Executive Director

Susan was appointed as a Non-Executive Director of the Company on 2 June 2000. Susan has more than 25 years' business experience in media (international television production and distribution and radio) and asset management, and is the Managing Director of RG Capital Holdings (Australia) Pty Ltd. Prior to joining RG Capital, Susan was Chief Financial Officer of Grundy Worldwide Ltd and played an integral role in the establishment of its international television operations and in the eventual sale of the company in 1995. Susan was previously a Director of RG Capital Radio Ltd and E*TRADE Aust Ltd. Susan is a member of the Institute of Chartered Accountants. Susan is a member of the Audit Committee and Remuneration and Nomination Committee.

Roger Amos – Independent Non-Executive Director

Roger was appointed as a Non-Executive Director of the Company on 23 November 2010. Roger is Chairman of Tyrian Diagnostics Limited and a member of its audit committee. He is a Director of REA Group Limited, Chairman of its audit committee and a member of its remuneration committee. He was a Director of Austar United Communications Limited, the Chairman of its audit and risk committee and a member of its remuneration committee until April 2012. All are publicly listed Australian companies. He is the Chairman of Opera Foundation Australia and a Governor of the Cerebral Palsy Alliance Research Foundation. Roger retired in 2006 after 25 years as a Partner of KPMG, where he focused on the information, communication and entertainment sector and held a number of global roles. Roger is a Fellow of the Institute of Chartered Accountants and a member of the Australian Institute of Company Directors. Roger is the Chairman of the Audit Committee and a member of the Remuneration and Nomination Committee.

Max Johnston – Independent Non-Executive Director

Max was appointed as a Non-Executive Director of the Company on 28 April 2011. Max is a Non-Executive Director of Probiotec Limited. For 11 years he was President and Chief Executive Officer of Johnson & Johnson, Pacific and an Executive Director of Johnson & Johnson. Max has also held several prominent industry roles, including as a past President of ACCORD Australasia Limited, a former Vice Chairman of the Australian Food and Grocery Council and a former member of the Board of ASMI. He has had extensive overseas experience during his career in leading businesses in both Western and Central-Eastern Europe and Africa. Max is a member of the Remuneration and Nomination Committee.

Brian Bickmore – Independent Non-Executive Director

Brian was appointed as a Non-Executive Director of the company on 25 March 2004 and was Non-Executive Chairman from 1 July 2010 to 24 April 2012. Brian resigned as Director on 25 October 2012.

Stephen Gatfield – Independent Non-Executive Director

Stephen was appointed as a Non-Executive Director of the company on 24 April 2012 and he resigned as Director on 11 September 2012.

Enero Group Limited and its controlled entities
Directors' report (continued)

Principal activities

The principal activities of the Consolidated Entity during the course of the financial year were integrated marketing and communication services, including strategy, market research, advertising, public relations, communications planning, graphic design, events management, direct marketing, and corporate communications.

During the current financial year the Consolidated Entity completed sale of its 51% interest in Belgiovane Williams Mackay Pty Ltd (BWM). Other than this sale, there were no significant changes in the nature of the activities of the Consolidated Entity during the half year ended on 31 December 2012.

Review and result of operations for the six months ended 31 December 2012

Reconciliation of loss after tax to Operating EBITDA:

In thousands of AUD	**6 months to 31/12/2012**	**6 months to 31/12/2011**
Loss after tax (including discontinued operations)	**(77,256)**	(158,901)
Income tax expense / (benefit)	**1,228**	(938)
Loss before tax	**(76,028)**	(159,839)
Add/(deduct):		
Impairment of intangible assets (i)	**75,931**	128,165
Depreciation and amortisation expenses	**2,337**	4,706
Fair value gain on deferred consideration	**(693)**	(20,126)
Loss on sale of subsidiaries (ii)	**–**	49,171
Net finance expenses/(income)	**(42)**	4,422
Present value interest expenses	**110**	2,700
Restructuring costs	**673**	4,788
Operating EBITDA (including discontinued operations)	**2,288**	13,987
Operating EBITDA of discontinued operation (ii)	**–**	(6,634)
Operating EBITDA of continuing operations	**2,288**	7,353

(i) For further details on the impairment of intangible assets please refer to Note 8 Impairment.
(ii) During the half year ended 31 December 2011, the Consolidated Entity completed sale of the Field Marketing Division, which was classified as a discontinued operation. Further detail in relation to this sale and the contribution to the loss after taxation for the discontinued operation is provided in Note 6 Discontinued operation.

Basis of preparation

This report includes Operating EBITDA, a measure used by the directors and management in assessing the ongoing performance and position of the Consolidated Entity. Operating EBITDA is a non-IFRS measure and has not been audited or reviewed.

Operating EBITDA is calculated as net profit excluding net finance costs, income taxes, depreciation, amortisation, loss on sale of subsidiaries, fair value adjustments to deferred consideration, impairment, and restructuring costs. Operating EBITDA, which is reconciled above is the primary measure used by management and the directors in assessing the performance of the Consolidated Entity. It provides information on the Consolidated Entity's cash flow generation excluding significant transactions and non-cash items which are not representative of the Consolidated

Entity's ongoing operations.

Review and result of operations (continued)

Disposal

2012

On 10 August 2012, the Consolidated Entity disposed its 51% interest in Belgiovane Williams Mackay (BWM) business for $7,500,000. The asset group was classified as held for sale at 30 June 2012. The financial impacts of this disposal were recognised in the 30 June 2012 Annual Financial Report.

2011

On 2 September 2011, the Consolidated entity entered into a sale agreement to dispose of the Retail Insight point of sale data business for a consideration of USD$11,000,000. The sale was completed with proceeds received on the same day. The Consolidated Entity recognised a loss on sale of $9,164,929 in the income statement for the half year ended 31 December 2011. The loss net of tax in the income statement was $11,460,175 after tax expense of $2,295,246 was recognised.

On 2 November 2011, the Consolidated Entity entered into a sale agreement to dispose of Field Marketing segment businesses for a consideration of $146,500,000. This sale was completed with proceeds received from the disposal of these businesses and control passing to the acquirer on 30 November 2011. The Consolidated Entity recognised a loss on sale of $40,006,539 in the income statement for the half year ended 31 December 2011. The loss net of tax in the income statement was $33,063,687 after a benefit of $6,942,852 to income tax was recognised.

Issue of shares and share options

During the half year ended 31 December 2012, a total of 222,848 shares (31 December 2011: 6,255,005 shares) were released from escrow conditions and recognised as share capital as individual earn out periods have been completed. These shares were originally issued to deferred consideration beneficiaries on 29 September 2010.

During the half year ended 31 December 2012, a total of 129,652 shares (31 December 2011: Nil) were released from escrow conditions and transferred into a trust held by the Company as the escrow conditions were not met when individual earn out periods were completed.

As at 31 December 2012, a total of 20,834 shares remain in escrow conditions awaiting completion of individual earn out periods.

As at 31 December 2012, Company has 787,510 shares in a trust account held by the Company for future use against long-term incentive equity schemes where required.

Dividend

No dividend was declared during the half year ended on 31 December 2012 or after the interim reporting date but the date of this report.

Subsequent Events

For events subsequent to the interim reporting date, refer to Note 15 Subsequent events.

Enero Group Limited and its controlled entities
Directors' report (continued)

Lead auditor's independence declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 29 and forms part of the directors' report for the half year ended 31 December 2012.

Rounding off

The company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and 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.

This report is made in accordance with a resolution of the directors.

Dated at Sydney this 14th day of February 2013.

John Porter
Chairman

Enero Group Limited and its controlled entities
Consolidated interim income statement

For the six months ended 31 December

In thousands of AUD	**Note**	**2012**	**2011**
Continuing operations			
Gross revenue		**135,497**	174,824
Directly attributable cost of sales		**(67,677)**	(86,521)
Net revenue		**67,820**	88,303
Other income		**51**	62
Employee expenses		**(49,588)**	(66,858)
Occupancy costs		**(4,774)**	(5,135)
Depreciation and amortisation expense		**(2,337)**	(3,866)
Insurance expense		**(412)**	(369)
Consultancy fees		**(4,331)**	(5,021)
Equipment hire charges		**(154)**	(282)
Travel expenses		**(1,725)**	(1,824)
Communication expenses		**(1,416)**	(1,632)
Other operating expenses		**(3,856)**	(4,679)
Fair value adjustment to deferred consideration liability		**693**	20,126
Impairment of intangible assets	8	**(75,931)**	(128,165)
Present value interest expenses		**(110)**	(2,700)
Other finance costs/(income)		**42**	(4,401)
Total finance costs		**(68)**	(7,101)
Loss before income tax		**(76,028)**	(116,441)
Income tax expense	10	**(1,228)**	(1,988)
Loss for the period from continuing operations		**(77,256)**	(118,429)
Discontinued operations			
Loss before tax	6	**–**	(43,398)
Income tax expense	10	**–**	(1,722)
Income tax benefit on sale of discontinued operations	10	**–**	4,648
Loss for the period from discontinued operations		**–**	(40,472)
Loss for the period		**(77,256)**	(158,901)
Profit/(loss) for the period attributable to:			
Equity holders of the parent		**(77,675)**	(159,212)
Non-controlling interest		**419**	311
		(77,256)	(158,901)
Earnings per share			
Basic earnings per share (AUD cents)	9	**(96.33)**	(205.16)
Diluted earnings per share (AUD cents)	9	**(96.41)**	(205.16)
Earnings per share – continuing operations			
Basic earnings per share (AUD cents)	9	**(96.33)**	(153.01)
Diluted earnings per share (AUD cents)	9	**(96.41)**	(153.01)

The condensed notes on pages 13 to 25 are an integral part of these consolidated interim financial statements.

Enero Group Limited and its controlled entities
Consolidated interim statement of comprehensive income

For the six months ended 31 December *In thousands of AUD*	2012	2011
Net loss for the period	**(77,256)**	(158,901)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Cash flow hedge gain	**–**	866
Foreign currency translation differences for foreign operations	**1,965**	181
Income tax on items of other comprehensive income	**–**	(260)
Other comprehensive income for the period net of tax	**1,965**	787
Total comprehensive income for the period	**(75,291)**	(158,114)
Total comprehensive income for the period attributable to:		
Equity holders of the parent	**(75,692)**	(158,447)
Non-controlling interest	**401**	333
	(75,291)	(158,114)

The condensed notes on pages 13 to 25 are an integral part of these consolidated interim financial statements.

Enero Group Limited and its controlled entities

Consolidated interim statement of changes in equity

In thousands of AUD	Share capital	Accumulated losses	Option reserve	Reserve change in ownership interest in subsidiary	Cash flow hedge reserve	Foreign currency translation reserve	Total	Non controlling interest	Total equity
At 1 July 2011	**477,284**	**(151,558)**	**11,039**	-	**(606)**	**(38,236)**	**297,923**	**509**	**298,432**
Profit/(Loss) for the period	-	(159,212)	-	-	-	-	**(159,212)**	311	**(158,901)**
Other comprehensive income for the period net of tax	-	-	-	-	606	159	**765**	22	**787**
Total comprehensive income for the period	**-**	**(159,212)**	**-**	-	**606**	**159**	**(158,447)**	**333**	**(158,114)**
Transactions with owners recorded directly in equity:									
Shares issued	19	-	-	-	-	-	**19**	-	**19**
Shares issued as part of business combination	11,214	-	-	-	-	-	**11,214**	-	**11,214**
Share issue costs	(104)	-	-	-	-	-	**(104)**	-	**(104)**
Tax effect of share issue costs	31	-	-	-	-	-	**31**		**31**
Dividends paid to equity holders	-	-	-	-	-	-	**-**	(102)	**(102)**
Share based payment expense	-	-	1,060	-	-	-	**1,060**	-	**1,060**
At 31 December 2011	**488,444**	**(310,770)**	**12,099**	**-**	**-**	**(38,077)**	**151,696**	**740**	**152,436**
At 1 July 2012	**489,391**	**(294,898)**	**12,880**	**-**	**-**	**(36,518)**	**170,855**	**886**	**171,741**
Profit/(Loss) for the period	-	(77,675)	-	-	-	-	**(77,675)**	419	**(77,256)**
Other comprehensive income for the period net of tax	-	-	-	-	-	1,983	**1,983**	(18)	**1,965**
Total comprehensive income for the period	**-**	**(77,675)**	**-**	**-**	**-**	**1,983**	**(75,692)**	**401**	**(75,291)**
Transactions with owners recorded directly in equity:									
Contributions by and distributions to owners of the Company									
Shares issued	-	-	-	-	-	-	**-**	-	**-**
Shares issued as part of business combination	401	-	-	-	-	-	**401**	-	**401**
Dividends paid to equity holders	-	-	-	-	-	-	**-**	(1,040)	**(1,040)**
Share based payment expense	-	-	829	-	-	-	**829**	-	**829**
Changes in ownership interests in subsidiaries									
Disposal of non-controlling interests without a change in control	-	-	-	(776)	-		**(776)**	776	**-**
Share issued to non-controlling interest in controlled entities	-	-	(81)	-			**(81)**	81	**-**
At 31 December 2012	**489,792**	**(372,573)**	**13,628**	**(776)**	**-**	**(34,535)**	**95,536**	**1,104**	**96,640**

The condensed notes on pages 13 to 25 are an integral part of these consolidated interim financial statements.

Enero Group Limited and its controlled entities

Consolidated interim statement of financial position

In thousands of AUD	Note	31-Dec-12	30-Jun-12
Assets			
Cash and cash equivalents		**18,978**	21,514
Trade and other receivables		**34,133**	39,300
Other assets		**9,751**	10,351
Income tax receivable		**7**	803
Assets classified as held for sale		**–**	18,235
Total current assets		**62,869**	90,203
Receivables		**476**	457
Deferred tax assets		**2,950**	3,373
Plant and equipment		**6,860**	6,037
Other assets		**782**	905
Intangible assets		**67,246**	141,973
Total non-current assets		**78,314**	152,745
Total assets		**141,183**	242,948
Liabilities			
Trade and other payables		**35,291**	37,612
Deferred consideration payable	11	**464**	12,989
Interest-bearing loans and borrowings	12	**668**	811
Employee benefits		**3,785**	3,907
Income tax payable		**711**	786
Provisions		**749**	1,507
Liabilities classified as held for sale		**–**	10,438
Total current liabilities		**41,668**	68,050
Trade and other payables		**97**	42
Deferred consideration payable	11	**–**	548
Interest-bearing loans and borrowings	12	**1,235**	643
Employee benefits		**594**	844
Provisions		**949**	1,080
Total non-current liabilities		**2,875**	3,157
Total liabilities		**44,543**	71,207
Net assets		**96,640**	171,741
Equity			
Issued capital		**489,792**	489,391
Reserves		**(21,683)**	(23,638)
Accumulated losses		**(372,573)**	(294,898)
Total equity attributable to equity holders of the parent		**95,536**	170,855
Non-controlling interest		**1,104**	886
Total equity		**96,640**	171,741

The condensed notes on pages 13 to 25 are an integral part of these consolidated interim financial statements.

Enero Group Limited and its controlled entities
Consolidated interim statement of cash flows

For the six months ended 31 December

In thousands of AUD	Note	2012	2011
Cash flows from operating activities			
Cash receipts from customers		**169,021**	306,115
Cash paid to suppliers and employees		**(164,430)**	(295,758)
Cash generated from operations		**4,591**	10,357
Interest received		**361**	281
Income taxes received/(paid)		**(77)**	616
Interest paid		**(318)**	(4,020)
Net cash from operating activities		**4,557**	7,234
Cash flows from investing activities			
Proceeds from disposal of non-current assets		**44**	56
Payments of deferred consideration		**(12,099)**	(16,610)
Disposal of discontinued operation, net of cash	6	**–**	150,142
Disposal of controlled entities, net of cash	7	**5,955**	–
Acquisition of plant and equipment		**(1,383)**	(2,328)
Development expenditure		**–**	(667)
Net cash used in investing activities		**(7,483)**	130,593
Cash flows from financing activities			
Transaction costs for the issue of share capital		**–**	(104)
Proceeds from borrowings		**–**	15,145
Repayment of borrowings		**–**	(138,678)
Finance lease payments		**(504)**	(1,073)
Dividends paid to non-controlling interest in controlled entities		**(1,040)**	(102)
Net cash from financing activities		**(1,544)**	(124,812)
Net increase/(decrease) in cash and cash equivalents		**(4,470)**	13,015
Effect of exchange rate fluctuation on cash held		**39**	(19)
Cash classified as held for sale at beginning of the period		**1,895**	–
Cash and cash equivalents at beginning of the period		**21,514**	18,564
Cash and cash equivalents at end of period		**18,978**	31,560

For the purposes of the statement of cash flows, cash and cash equivalent includes cash on hand and at bank, short term deposits at call and outstanding bank overdrafts.

Enero Group Limited and its controlled entities
Condensed notes to the consolidated interim financial statements

1. Reporting entity

Enero Group Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company for the six months ended 31 December 2012 comprises the Company and its subsidiaries (together referred to as the "Consolidated Entity").

The consolidated annual financial report of the Consolidated Entity as at and for the year ended 30 June 2012 is available at www.enero.com.

2. Statement of compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the Corporations Act 2001.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Consolidated Entity as at and for the year ended 30 June 2012.

The consolidated interim financial report was approved by the Board of Directors on 14th February 2013.

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

3. Significant accounting policies

Except as described below, the accounting policies applied by the Consolidated Entity in this consolidated interim financial report are the same as those applied by the Consolidated Entity in its consolidated annual financial report as at and for the year ended 30 June 2012.

Changes in accounting policies

Presentation of transactions recognised in other comprehensive income

From 1 July 2012 the Consolidated Entity applied amendments to AASB 134 *Interim Financial Reporting* outlined in AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income*. The change in accounting policy only relates to disclosures and has had no impact on consolidated earnings per share or net income. The changes have been applied retrospectively and require the Consolidated Entity to separately present those items of other comprehensive income that may be reclassified to profit or loss in the future from those that will never be reclassified to profit or loss.

4. Estimates

The preparation of the interim financial report in conformity with AASBs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Consolidated Entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated annual financial report as at and for the year ended 30 June 2012.

5. Operating segments

In the current financial period, the Consolidated Entity had one operating segment based on regularly reviewed internal reporting and management by the Chief Executive Officer and the management team (the chief operating decision makers (CODM)).

The operating segment is defined by management, based on the manner in which the services are provided and the geographies which the group operates in, and reported to the Chief Executive Officer and the management team on a monthly basis. The operating segment is a reportable segment, and is the source of the Consolidated Entity's risks and returns.

The Consolidated Entity's operating segment (Operating Brands) includes International and Australian specialised marketing services including public relations, communications planning, strategy, research and data analytics, advertising, direct marketing and stakeholder communications.

In the prior reporting period, the Consolidated Entity disposed the Field Marketing segment (outsourced merchandising and point of sale marketing) in November 2011.

Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis.

Unallocated items comprise of:

- Corporate overheads: costs associated with the centralised management and governance of Enero Group Limited, such as interest bearing loans, costs of borrowings and related expenses, and corporate head office assets and expenses.
- Amounts relating to divested and closed businesses which are no longer connected to a segment (Yield Media closed in March 2011, Image Box sold in May 2012, ISS Marketing sold in June 2012 and BWM sold in August 2012).

The measure of reporting to the chief operating decision maker is on an operating EBITDA basis (defined below), which excludes significant and non-operating items which are separately presented because of their nature, size and expected infrequent occurrence and do not reflect the underlying trading of the operations.

In relation to segment reporting the following definitions apply to operating segments:

Operating EBITDA – earnings before interest, taxes, depreciation, amortisation, loss on sale of subsidiaries, fair value adjustments to deferred consideration, impairment charges and restructure costs.

The 31 December 2011 comparative amounts have been restated to reflect the current business segment presentation.

Enero Group Limited and its controlled entities
Condensed notes to the consolidated interim financial statements

5. Operating segments (continued)

Operating segments

For the six months ended 31 December

In thousands of AUD

2012	**Operating Brands**	**Total Segment**	**Unallocated**	**Elimination**	**Consolidated**
Gross revenue	144,283	144,283	2,064	(10,850)	135,497
Directly attributable cost of sales	(78,175)	(78,175)	(352)	10,850	(67,677)
Net revenue	**66,108**	**66,108**	**1,712**	**-**	**67,820**
Other income	51	51	-	-	51
Operating expenses	(60,163)	(60,163)	(5,420)	-	(65,583)
Operating EBITDA	**5,996**	**5,996**	**(3,708)**	**-**	**2,288**
Restructure costs	(634)	(634)	(39)	-	(673)
Depreciation and amortisation expense					(2,337)
Impairment of intangibles	(75,931)	(75,931)			(75,931)
Fair value adjustment					693
Net finance expenses					(68)
Income tax expense					(1,228)
Loss for the period					**(77,256)**
Goodwill	64,430	64,430	-	-	64,430
Other intangibles	2,816	2,816	-	-	2,816
Assets excluding intangibles	79,585	79,585	190,902	(196,550)	73,937
Total assets	**146,831**	**146,831**	**190,902**	**(196,550)**	**141,183**
Liabilities	44,522	44,522	196,571	(196,550)	44,543
Total liabilities	**44,522**	**44,522**	**196,571**	**(196,550)**	**44,543**

Enero Group Limited and its controlled entities
Condensed notes to the consolidated interim financial statements

5. Operating segments (continued)

Operating segments
For the six months ended 31 December
In thousands of AUD

2011	**Operating Brands**	**Field Marketing (Discontinued)**	**Total Segment**	**Unallocated**	**Elimination**	**Consolidated**
Gross revenue	162,631	55,885	218,516	21,024	(8,831)	230,709
Directly attributable cost of sales	(87,562)	(4,726)	(92,288)	(7,790)	8,831	(91,247)
Net revenue	**75,069**	**51,159**	**126,228**	**13,234**	**-**	**139,462**
Other income	10	-	10	52	-	62
Operating expenses	(61,916)	(44,525)	(106,441)	(19,096)	-	(125,537)
Operating EBITDA	**13,163**	**6,634**	**19,797**	**(5,810)**	**-**	**13,987**
Restructure costs	(794)	-	(794)	(3,994)	-	(4,788)
Depreciation and amortisation expense						(4,706)
Impairment of intangibles	(128,165)		(128,165)			(128,165)
Loss on sale of subsidiaries		(49,171)	(49,171)			(49,171)
Fair value adjustment						20,126
Net finance expenses						(7,122)
Income tax benefit						938
Loss for the period						**(158,901)**
Goodwill	138,371	-	138,371	-	-	138,371
Other intangibles	3,602	-	3,602	-	-	3,602
Assets excluding intangibles	79,898	-	79,898	214,648	(193,571)	100,975
Total assets	**221,871**	**-**	**221,871**	**214,648**	**(193,571)**	**242,948**
Liabilities	49,139	-	49,139	215,639	(193,571)	71,207
Total liabilities	**49,139**	**-**	**49,139**	**215,639**	**(193,571)**	**71,207**

6. Discontinued operations

2012

There were no discontinued operations in the current reporting period.

2011

During the half year ended 31 December 2011, the Consolidated Entity entered into two sale transactions to dispose of the Field Marketing division. The comparative consolidated interim income statement for the half year ended 31 December 2011 has been presented to show the discontinued operation separately from continuing operations.

On 2 September 2011, the Consolidated entity entered into a sale agreement to dispose of the Retail Insight point of sale data business for a consideration of USD$11,000,000. The sale was completed with proceeds received on the same day. The Consolidated Entity recognised a loss on sale of $9,164,929 in the income statement for the half year ended 31 December 2011. The loss net of tax in the income statement was $11,460,175 after tax expense of $2,295,246 was recognised.

On 2 November 2011, the Consolidated Entity entered into a sale agreement to dispose of Field Marketing segment businesses for a consideration of $146,500,000. This sale was completed with proceeds received from the disposal of these businesses and control passing to the acquirer on 30 November 2011. The Consolidated Entity recognised a loss on sale of $40,006,539 in the income statement for the half year ended 31 December 2011. The loss net of tax in the income statement was $33,063,687 after a benefit of $6,942,852 to income tax was recognised.

In thousands of AUD	**Note**	**2011**
Results of discontinued operations		
Revenue	5	55,885
Expenses		(50,112)
Results from operating activities		5,773
Income tax expense	10	(1,722)
Results from operating activities, net of tax		4,051
Loss on sale of discontinued operation		(49,171)
Income tax benefit on sale of discontinued operation	10	4,648
Loss for the period		**(40,472)**
Earnings per share		
Basic (AUD cents)	9	**(52.15)**
Diluted (AUD cents)	9	**(52.15)**

The loss from discontinued operation of $40,471,720 is attributable entirely to the owners of the Company.

In thousands of AUD	**2011**
Cash flows from/(used in) discontinued operations	
Net cash from operating activities	(1,603)
Net cash from investing activities	148,658
Net cash used in financing activities	(6,985)
Net cash flows for the period	**140,070**

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6. Discontinued operation (continued)

In thousands of AUD	**2011**
Effect of disposal on the financial position of the Group	
Assets	
Cash and cash equivalents	3,135
Trade and other receivables	22,443
Other assets	5,574
Plant and equipment	3,244
Intangible assets	178,185
Deferred tax assets	990
Total assets of discontinued operation	**213,571**
Liabilities	
Trade and other payables	14,527
Interest bearing loans and borrowings	62
Provisions	2,199
Deferred tax liabilities	556
Income tax payable	2,636
Total liabilities of discontinued operation	**19,980**
Net assets attributable to discontinued operation	**193,591**
Loss on disposal	
Consideration received or receivable	148,243
Less net assets disposed of	(193,591)
Less foreign currency translation reserve recognised in income statement	(3,823)
Loss on disposal before income tax	**(49,171)**
Income tax benefit	4,648
Loss on disposal after income tax	**(44,523)**
Net cash inflow on disposal	
Total consideration	153,277
Less cash and cash equivalents balance disposed of	(3,135)
Reflected in the consolidated statement of cash flows	**150,142**

7. Disposal of subsidiaries

2012

On 10 August 2012, the Consolidated Entity disposed of its 51% interest in subsidiary Belgiovane Williams Mackay (BWM) for $7,500,000 in cash consideration. The transaction was carried out on an arm's length basis and consideration was considered to be at fair value.

As at 30 June 2012 this business was classified as a disposal group held for sale. For details, refer to the consolidated annual financial report as at and for the year ended 30 June 2012.

Assets and liabilities and cash flow of disposed entities:
The major classes of assets and liabilities of the disposed group are as follows:

In thousands of AUD	**2012**
Assets	
Cash and cash equivalents	2,370
Trade and other receivables	6,284
Other assets	171
Plant and equipment	1,210
Intangible assets	5,707
Income tax receivable	93
Deferred tax assets	556
Total held for sale assets disposed	**16,391**
Liabilities	
Trade and other payables	2,717
Unearned revenue	4,133
Provisions	1,974
Deferred tax liabilities	137
Total held for sale liabilities disposed	**8,961**
Net held for sale assets disposed	**7,430**
Profit/(loss) on disposal	
Consideration received (net of disposal costs)	7,430
Less: net assets disposed of	(7,430)
Profit/(loss) on disposal	**–**
Net cash inflow on disposal	
Total consideration	7,430
Add: Amount receivable from disposed entity at disposal date	895
Less: cash and cash equivalents balance disposed of	(2,370)
Reflected in the consolidated statement of cash flows	**5,955**

2011

In the prior financial period, there were no disposals of subsidiaries other than the discontinued operation disclosed in Note 6.

8. Impairment

For the six months ended 31 December

Impairment charge

In thousands of AUD	**2012**	**2011**
Impairment of intangibles	**75,931**	128,165
	75,931	128,165

Goodwill CGU allocation:

In thousands of AUD	**31 December 2012**	**30 June 2012**
Operating Brands	**64,430**	138,371
	64,430	138,371

The Search Marketing CGU does not have any carrying value, as goodwill relating to these businesses was fully impaired during the year ended 30 June 2011.

Impairment tests for cash generating unit groups containing goodwill

Goodwill is tested for impairment on a business unit basis, reflecting the synergies obtained by the business unit. The Consolidated Entity is managed as one collective group, which reflects the lowest level of management of the groups of assets and the synergies of the business groupings. The aggregation of assets in the CGU group continues to be determined using a service offering. The CGU groups are consistent with the operating segments of the Consolidated Entity. The remaining Search Marketing businesses do not form part of the Operating Brand CGU as they do not obtain synergies with the businesses in that CGU. However they have no carrying value.

The recoverable amount of a CGU group is assessed using calculation methodologies based on a value-in-use calculation. The recoverable amount methodologies and assumptions for all of the CGU groups have remained materially consistent with those applied as at 30 June 2012, as disclosed in the 30 June 2012 annual financial report.

Key assumptions used in the value-in-use approach to test for impairment relate to the discount rate and the medium-term and long-term growth rates applied to the projected cash flows.

Projected cash flows:

The projected first year cash flows are derived from forecasted current financial year results adjusted in some cases for expectations of future trading performance to reflect the best estimate of the CGU group's cash flows at the time of this report. Projected cash flows can differ from future actual results of cash flows and operations.

Discount rate:

The discount rate is based on the Consolidated Entity's pre-tax weighted average cost of capital (WACC) adjusted if necessary to reflect the specific characteristics of each CGU group and to obtain a post-tax discount rate. The discount rate has been adjusted to reflect the current view on the appropriate debt equity ratio and risks inherent in assessing future cash flows, at the assumed growth rates in the model.

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8. Impairment (continued)

Impairment tests for cash generating unit groups containing goodwill (continued)

Growth rate:

A growth rate of 3% (30 June 2012: 3%) has been applied to the cash flows of the first financial year to determine cash flows for the next four years. The five years of cash flows are discounted to present value. The growth rate is based on analysis of organic growth expectations and industry growth rates. Given the substantial change in the business over the prior two years, historical growth rates do not represent a reasonable basis to estimate future growth.

Long-term growth rate into perpetuity:

Long-term growth rates of 3% (30 June 2012: 3%) are used into perpetuity, based on expected long-range growth rates for the industry.

Impairment testing assumptions for CGU groups

	31 December 2012			30 June 2012		
	Post-tax discount rate	**Pre-tax discount rate**	**Forecast growth rate**	**Post-tax discount rate**	**Pre-tax discount rate**	**Forecast growth rate**
Operating Brands	12.50%	16.52%	3%	11.23%	14.71%	3%

Impairment of intangible assets in the half year ended 31 December 2012:

During the half year ended 31 December 2012, the Operating Brands CGU, which provides a range of specialised marketing services including public relations, communications strategy and research and data analytics, advertising, direct marketing and stakeholder communications experienced a decline in earnings due to under-performance across a number of agencies stemming from a reduction in client spending. The Consolidated Entity reviewed the future cash flows of the CGU and adjusted for the estimated cash flow impact of the current performance levels. As the carrying value of the CGU is higher than its recoverable amount based on its value in use, the Consolidated Entity has recognised an impairment charge against the goodwill of the CGU in the income statement of $75,931,000.

Impairment of intangible assets in the half year ended 31 December 2011:

The below impairment charges are to previous CGUs which were determined before the Consolidated Entity reorganised its CGUs into one Operating Brand CGU on 30 April 2012.

Australian Agency CGU group impairment:

During the half year ended 31 December 2011, the Australian Agency CGU, which provided a range of integrated marketing and advertising services in Australia, experienced a decline in earnings due to under-performance across a number of small agencies leading to their restructure, the impact of certain client contract losses and reductions in client spending in the CGU. The Consolidated Entity reviewed the future cash flows of the Australian Agency CGU and adjusted for the estimated cash flow impact of the current performance levels. As the carrying value of the Australian Agency CGU was higher than its recoverable amount based on its value in use, the Consolidated Entity recognised an impairment charge against the goodwill of the Australian Agency CGU in the income statement of $72,163,000.

8. Impairment (continued)

Impairment of intangible assets in the half year ended 31 December 2011 (continued):

International Agency CGU group impairment:

During the half year ended 31 December 2011, the International Agency CGU, which excludes search marketing businesses reported in the International Agency segment, experienced a decline in earnings due to losses in non-core offices which were subsequently closed and a reduction in client spending. The Consolidated Entity reviewed the future cash flows of the International Agency CGU and adjusted for the estimated cash flow impact of the current performance levels. As the carrying value of the International Agency CGU was higher than its recoverable amount based on its value in use, the Consolidated Entity has recognised an impairment charge against the goodwill of the International Agency CGU in the income statement of $56,002,000.

Sensitivity range assumptions for impairment testing assumptions

The CGU has been impaired to its recoverable amount and therefore any downward changes to the assumptions described above or cash flows would result in further impairment charges.

9. Earnings per share

Profit attributable to ordinary shareholders

In thousands of AUD	2012			2011		
	Continuing Operations	**Discontinued Operations**	**Total**	**Continuing Operations**	**Discontinued Operations**	**Total**
Net loss for the year	**(77,256)**	**–**	**(77,256)**	(118,429)	(40,472)	(158,901)
Non-controlling interest	**(419)**	**–**	**(419)**	(311)	–	(311)
Net loss for the year attributable to equity owners	**(77,675)**	**–**	**(77,675)**	(118,740)	(40,472)	(159,212)
Participative rights that have dilutive effect	**(67)**	**–**	**(67)**	–	–	
Diluted net loss attributable to equity owners	**(77,742)**	**–**	**(77,742)**	(118,740)	(40,472)	(159,212)

Weighted average number of ordinary shares

In thousands of shares	**2012**	**2011**
Weighted average number of ordinary shares – basic (i)	**80,633**	77,604
Shares issuable under equity based compensation plans (ii)	**–**	834
Weighted average number of ordinary shares – diluted	**80,633**	78,438

Earnings per share

In AUD Cents	**2012**	**2011**
Basic (AUD cents)	**(96.33)**	(205.16)
Diluted (AUD cents)	**(96.41)**	(205.16)
Basic – continuing operations (AUD cents)	**(96.33)**	(153.01)
Diluted – continuing operations (AUD cents)	**(96.41)**	(153.01)
Basic – discontinued operations (AUD cents)	**–**	(52.15)
Diluted – discontinued operations (AUD cents)	**–**	(52.15)

(i) The weighted average number of shares outstanding includes an adjustment for the share consolidation completed on 29 June 2012 after receiving shareholder approval at a general meeting on 8 June 2012. The prior year earnings per share has been restated for this share consolidation.

(ii) The weighted number of share outstanding includes the incremental shares that would be issued upon the assumed exercise of stock options if the effect is dilutive. As the company has a loss from continuing operations in the half year ended 31 December 2011, no potentially dilutive shares were included in the denominator computing diluted earnings per share since the impact on earnings per share would be anti-dilutive.

Enero Group Limited and its controlled entities
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10. Income tax expense

In thousands of AUD	2012	2011
Current tax expense		
Current year	**739**	4,079
Adjustments for prior year	**53**	(134)
	792	3,945
Deferred tax expense		
Origination and reversal of temporary differences	**436**	(4,883)
Income tax expense/(benefit) in income statement	**1,228**	(938)
Income tax expense from continuing operations	**1,228**	1,988
Income tax expense from discontinued operations (excluding on loss on sale)	**–**	1,722
	1,228	3,710
Tax benefit on loss on sale of discontinued operation	**–**	(4,648)
Income tax expense/(benefit)	**1,228**	(938)
Numerical reconciliation between tax expense and pre-tax accounting loss		
Loss for the period	**(77,256)**	(158,901)
Income tax expense/(benefit)	**1,228**	(938)
Loss excluding income tax	**(76,028)**	(159,839)
Income tax benefit using the Company's domestic tax rate of 30% (2011:30%)	**(22,808)**	(47,952)
Increase in income tax expense due to:		
Present value interest charge	**33**	808
Share based payment expense	**149**	318
Other non-deductible/(subtraction) items	**221**	713
Tax losses not brought to account	**1,590**	854
Effect of losses on sale of subsidiaries	**–**	9,780
Impairment charge	**22,779**	38,449
Decrease in income tax expense due to:		
Under/(over) provision for tax in previous years	**53**	(134)
Effect of higher/(lower) tax rate on overseas income	**(93)**	(178)
Non assessable fair value gain	**(208)**	(2,474)
Unwinding of deferred tax liabilities established in business combinations	**(488)**	(1,122)
Income tax expense/(benefit) on a pre-tax net loss	**1,228**	(938)

11. Deferred Consideration

Deferred consideration liabilities at the reporting date are the present value of expected future payments.

The consolidated entity has estimated the liability for future deferred consideration liabilities based on the probability of the achievement of forecast targets by the Consolidated Entity. There is uncertainty around the actual payments that will be made subject to the performance of the Consolidated Entity after the reporting date versus the forecast targets. Actual future payments may be below the capped amounts; however they may exceed the estimated liability. In relation to the restructured conditional consideration, an amount of $49,498,000 is not recognised as at 31 December 2012.

12. Loans and borrowing

As at 31 December 2012 the Consolidated Entity has an undrawn cash advance facility of $10,000,000 with a term to 31 March 2013 available for general corporate purposes. For details on financing arrangements, refer to the consolidated annual financial report as at and for the year ended 30 June 2012.

13. Contingencies

Contingent liabilities

Indemnities

Indemnities have been provided to directors and certain executive officers of the Company in respect of third parties arising from their positions, except where the liability arises out of conduct involving lack of good faith. No monetary limit applied to these agreements and there are no known obligations outstanding at 31 December 2012.

14. Related parties

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the consolidated annual financial report as at and for the year ended 30 June 2012.

15. Subsequent events

There has not arisen, in the interval between the end of the interim period and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in the future financial period.

Enero Group Limited and its controlled entities
Directors Declaration

In the opinion of the directors of Enero Group Limited (“the Company”):

1. the financial statements and notes of the Consolidated Entity are in accordance with the Corporations Act 2001 including:
   (a) giving a true and fair view of the financial position as at 31 December 2012 and the performance for the half-year ended on that date of the Consolidated Entity; and

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

2. 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 at Sydney this 14th day of February 2013.

Signed in accordance with a resolution of the directors:

John Porter
Chairman

Independent auditor's review report to the members of Enero Group Limited

We have reviewed the accompanying half-year financial report of Enero Group Limited, which comprises the consolidated interim statement of financial position as at 31 December 2012, consolidated interim income statement, consolidated interim statement of comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cash flows for the half-year ended on that date, notes 1 to 15 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year period.

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 control as the directors determine is 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2012 and its performance for the half-year period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Enero Group Limited, 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*.

KPMG

Independent auditor's review report to the members of Enero Group Limited (continued)

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 Enero Group Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

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

KPMG

KPMG

Kevin Leighton
Partner

Sydney

14 February 2013

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

To: the directors of Enero Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2012 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Kevin Leighton
Partner

Sydney

14 February 2013