Mitchell Communication Group Limited

Annual Report 2009

ABN 59 088 110 141

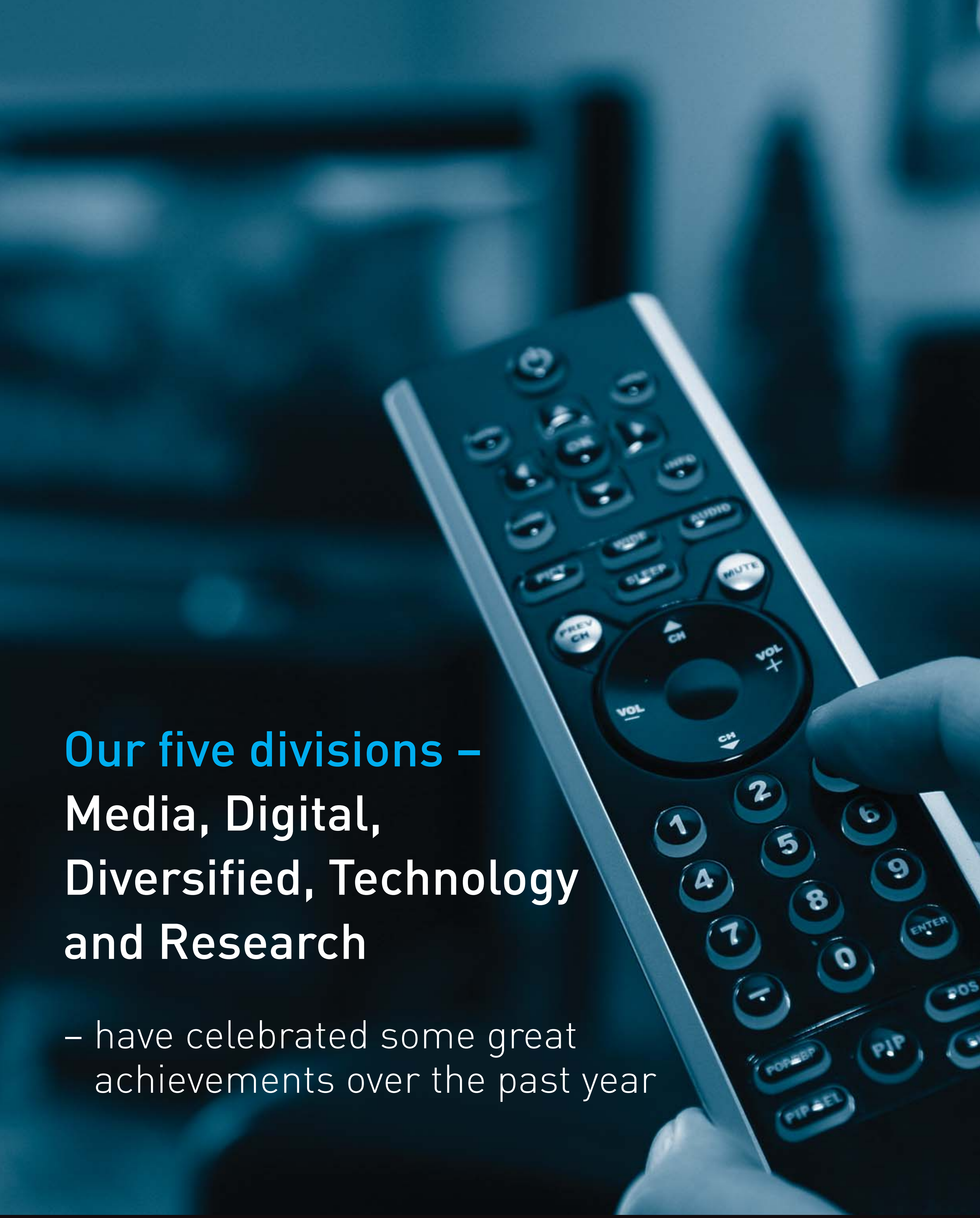
...nothing is beyond our reach.

mitchell
COMMUNICATION GROUP

...nothing is beyond our reach.

Contents

mitchell COMMUNICATION GROUP



Our five divisions – Media, Digital, Diversified, Technology and Research

– have celebrated some great achievements over the past year

...nothing is beyond our reach.

Chairman's Report

Harold Mitchell AO

During the past 12 months there was enough talk and economic data regarding the global economic downturn for companies to become selfish, concede an honourable loss and start over again next year. Particularly those companies in the communications industry.

During this period, the Mitchell Communication Group has leveraged from its years of strategic planning, supplier and client relationships and conservative financial management. Our business model and people were tested but I'm pleased to report that not only did we succeed, I believe we have become a stronger company as a result.

We had to work exceptionally hard, nothing unfamiliar to our people, and as a result our shareholders have been rewarded.

With such a wide representation of clients and companies, our Group was able to read the signs of change early on and prepare. As a result, we were well-positioned when times became tough.

This year has been a significant challenge to industry and to the Australian people, but we know that Australia has been well-prepared with minimum debt and a resilient economy. Our company is similar.

In establishing the overall Group several years ago, we were always well prepared for a changing world.

Our five divisions – Media, Digital, Diversified, Technology and Research – have celebrated some great achievements over the past year.

We've concentrated as always on three important elements – our staff, our clients and our long-standing supplier relationships – and they've held us in good stead.

Our strategy of diversification has enabled us to maintain growth. Our offer of integrated marketing and communication services positions us to create new opportunities and extend existing relationships with our clients.

Our local focus has been another major strength as geography has become more important for both our industry and industry generally.

Our position as the industry leader in full service Digital communication solutions positions us exceptionally well for what we see will be a 50% growth in this industry over the next four to five years.

Our team has never been stronger, with our staff combining maturity and experience with fresh and innovative thinking to consistently deliver outstanding results.

We continue to be a company that serves the interest of shareholders. I thank our Board for the strength that they've shown during a challenging year, and our Board joins me in thanking an executive team who, whilst they have youth on their side, have shown wisdom to so successfully come through this difficult time.

Harold Mitchell AO, Chairman

Billings and cash flow
in excess of $1.15 billion

10% earnings growth
year-on-year

...nothing is beyond our reach.

Stuart Mitchell

CEO's Report

Following a successful first year, our second full year of operation as the Mitchell Communication Group cemented our position as a leading integrated and diversified media services and communications group.

We have continued to outperform the market operationally and financially, and finished the year in the number one position in many of our business pursuits, including digital, media, search and public relations.

Our unwavering focus on achieving our business objectives enabled us to deliver a strong result despite challenging economic and market conditions. The targets set before the market downturn remained our priority and this ensured we continued to grow.

Our operating revenue increased by 20% and profit was up 10% — a notable result driven by organic growth across all divisions and contributions associated with recent acquisitions.

Our Media, Digital and Diversified divisions remain strong. Where the traditional media market contracted 7%, our Media division reported revenue growth of 3.7%. Our Digital offering is extremely strong and we are well positioned to maintain the number one position in the years ahead.

The public relations and brand activation businesses in our Diversified division performed strongly, underpinning the market appetite for social media and experiential marketing services.

Our company has further diversified with a focus on two key areas – Technology and Research.

The acquisition of Vivid has extended our strategic footprint in application development with many opportunities ahead for us in this area.

In August 2008 we commenced operations of Symphony Analytics & Research, specialising in quantitative research, marketing analytics, communication planning tools and processes.

The strength of this diversification is reinforced by innovation. New systems and processes now enable our companies to better work together and to develop opportunities for cross-divisional growth. The introduction of company-wide accounting and payroll systems has allowed us to control and monitor all growth from one central point.

We continue to work across diverse sectors through our large pool of clients, allowing us to withstand the ebbs and flows of various industries. I would like to take this opportunity to thank our clients, many of whom we have long-standing relationships with, for having faith in us to represent them.

Throughout our history, we have cultivated good relationships with our suppliers. This continued in FY09, enabling us to be first-to-market with innovative and unprecedented solutions for our clients.

Our results reflect the high calibre of people within our business and the quality of the services we offer, which has not faltered under market pressures. Thank you to our staff who worked with energy, passion and enthusiasm to make our company the success it is today.

Experience builds capability, and it is through the knowledge and stamina of our Board that we have achieved such success. I would like to thank the Directors for their invaluable input and ongoing dedication to our company.

With another strong year behind us, it is clear that when times are tough, we need to be resilient and show strength and leadership. This year has shown us that if we have determination, confidence in our ability and stick with our plan, we will achieve our goals. We look forward to the opportunities ahead as we continue to lead our industry.

Stuart Mitchell, CEO

Board of Directors

Harold Mitchell AO
EXECUTIVE CHAIRMAN

Stuart Mitchell
CHIEF EXECUTIVE OFFICER

Garry Hounsell
DEPUTY CHAIRMAN

Rob Stewart

Harold Mitchell is the founder of Mitchell & Partners and Executive Chairman of the Mitchell Communication Group. Since he started Mitchell & Partners in 1976, the company has evolved to become the largest media and communications group in Australia today, with a growing presence in New Zealand and across the Asia-Pacific region.

In December 2000, he launched the Harold Mitchell Foundation which distributes funds between health and the arts. He has been Chairman of the National Gallery Australia, President of the Melbourne International Festival of Arts, President of the Museums Board of Victoria and a Board Member of the Opera Australia Council.

Mr Mitchell holds a large number of community roles including Vice-Chairman CARE Australia; Chairman of the Melbourne Symphony Orchestra; Chairman of ThoroughVision; Director of Tennis Australia; Director of Art Exhibitions Australia; Director of Television Sydney; and Director of Deakin Foundation.

Stuart Mitchell is the Chief Executive Officer of Mitchell Communication Group. Under his leadership, Mitchells has grown to incorporate more than 20 separate but integrated businesses across a broad range of media and communication services.

Stuart has more than 17 years experience with the company across all aspects of media, from planning to negotiating annual buying deals with major media organisations.

Stuart has led the diversification of the Mitchell Communication Group from a traditional and digital focus to cover all communication channels. Under Stuart's leadership, the Group has expanded geographically into Western Australia and secured a market-leading position for a number of businesses within the group.

Mr Hounsell is a former Senior Partner of Ernst & Young and Chief Executive Officer and Country Managing Partner of Arthur Andersen. He is also a Fellow of The Institute of Chartered Accountants in Australia, and a Fellow of the Australian Institute of Company Directors. He holds a Bachelor of Business (Accounting) degree from Swinburne Institute of Technology and is a Certified Practicing Accountant.

Mr Hounsell is currently Chairman of PanAust Limited, and a director of Qantas Airways Limited, Orica Limited and Nufarm Limited. He is also Chairman of Investec Global Aircraft Fund and a director of Ingeus Limited and Freehills.

Mr Stewart is a company director and management consultant with broad general management experience and a legal background. He has been a director of a number of public and private companies in a diverse range of industries covering information technology, biotechnology, high technology filtration, manufacturing, packaging, telecommunications and forestry. For 11 years, he was National Managing Partner of Minter Ellison, one of Australia's leading law firms, before retiring in June 1999. Mr Stewart spent five years with Pacific Dunlop from 1976 to 1981 in a variety of general management positions. He has also served on the boards of a number of not for profit organisations.

Mr Stewart is Chairman of Melbourne IT Limited and Chairman of the Baker IDI Heart & Diabetes Institute Ltd.

...nothing is beyond our reach.

Stephen Cameron

Mr Cameron has over 35 years of experience in the advertising and marketing industry. Since 1970, he has worked primarily in the advertising industry with a variety of global marketers in Australia and Asia, and on world-leading brands such as Coca-Cola, McDonalds, Mars, Nestlé, Levi's and Goodyear.

Mr Cameron has held a number of senior management positions in advertising agencies and was a partner with advertising agency George Patterson Bates for eight years.

For seven years to December 2005, Mr Cameron was Director of Corporate Marketing for Optus. Mr Cameron presently owns and runs eight Yes Optus retail stores in metropolitan Sydney.

Naseema Sparks

Ms Sparks has a background in pharmaceutical marketing, strategic consulting and over 20 years experience in the advertising industry. She has held senior positions in leading agencies in Australia and UK, her most recent being Managing Director of M&C Saatchi. She is currently a professional non-executive director and brand/corporate reputation consultant.

Ms Sparks is currently director of Blackmores Ltd, Vice Chairman of Osteoporosis Australia, Director of Sydney Dance Company and National President of Chief Executive Women.

Peter Nankervis

Mr Nankervis has spent more than 30 years in various accounting, financial and commercial roles with BHP and Cadbury Schweppes. He has been Finance Director of Cadbury Schweppes Australia Limited and Chief Financial Officer for Cadbury Schweppes Asia Pacific. He has also been a member of the Cadbury Schweppes Global Senior Finance Committee and a member of the Asia Pacific Audit Committee. Mr Nankervis also served as a Trustee, Director and Chairman of the Superannuation Fund.

Mr Nankervis is currently a director of Onesteel Limited and Dairy Australia Limited.

Rod Lamplugh

Mr Lamplugh has over 20 years experience as a commercial lawyer assisting with the acquisition of businesses and major business transactions in the media sector.

Mr Lamplugh has been a director of Mitchell Communication Group since its inception. Mr Lamplugh is also a director of all the Group's subsidiary companies.

mitchell
COMMUNICATION GROUP

Digital

- digital communications strategy
- digital media planning and buying
- ROI planning and tracking
- search engine marketing
- search strategy
- e-marketing
- digital creative services

emitch Online planning & buying
NeoDigital Online planning & buying
Media Contacts Online planning & buying
The Internet Bureau Online planning & buying (NZ)
Columbus Search engine marketing
Brand Tube Digital video distribution platform
Visual Jazz Digital creative agency
Catch! Digital direct response media agency

Media

- media communications strategy
- media planning and buying
- consumer insights research
- specialist strategic advice
- branded content solutions

Mitchell & Partners Offline planning & buying
MPG Offline planning & buying

mitchell MPG

emitch NEO.DIGITAL media contacts
columbus brandtube DIGITAL TV VISUAL JAZZ
THE INTERNET BUREAU CATCH!

...nothing is beyond our reach.

Mitchell Communication Group

Business Divisions

Diversified

- public relations
- corporate social responsibility
- brand experience
- sponsorships
- mobile marketing
- printing and signage
- sports ground marketing
- video and event production services

Stadia Media Sports ground signage
Haystac Public relations
Spark Public relations
Impact Brand activation
Coleman Group Signage & production
Picture This! Video and event production services
Mocom Mobile loyalty programs
Positive Outcomes Corporate social responsibility
Rodeo Creative design services

Technology

- branding, digital media and application development
- automated ad agency templating

Vivid Group Branding, digital media & application development
Agile Automated ad template system

Research

- qualitative and quantitative research
- marketing analytics
- communication planning tools and process

Symphony Analytics & research

mitchell COMMUNICATION GROUP

FY'09 Financial Results...

Key Financial Highlights:

Operating Revenues

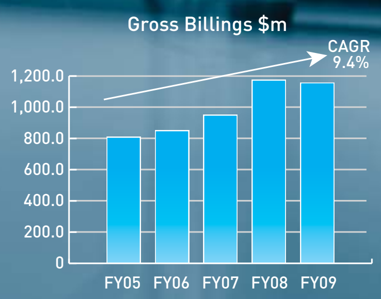
▲ **20%** to $225.2 million

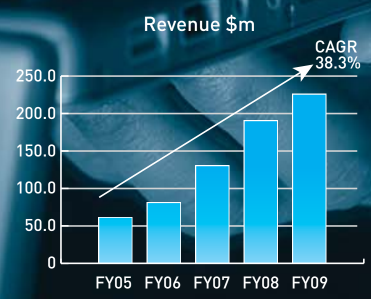
Operating EBITDA

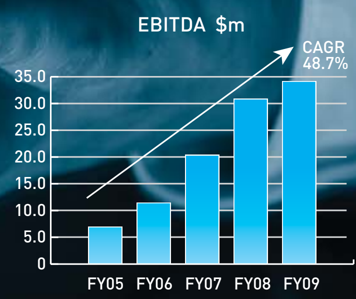
▲ **11%** to $34.2 million

Gross Billings

Steady at $1,158.5 million







...nothing is beyond our reach.

Review of Operations

Introduction

The principal activities of the economic entity constituted by Mitchell Communication Group Limited and the entities it controls (the Group) are the provision of communication services, including:

- traditional and online media strategy, planning and buying
- interactive marketing, digital creative and technology services
- search engine marketing
- public relations, experiential marketing and brand experience
- direct marketing
- sponsorship, rights management and outdoor advertising
- corporate social responsibility consulting services
- video and event production services
- quantitative and qualitative research, market analytics, communication planning tools and processes.

Year in Review

The financial year ended 30 June 2009 was an outstanding year for the Group, with double digit growth in revenue, profits and cash flow. The excellent result was driven by strong organic revenue growth by existing Group entities and the acquisition of exciting new companies in the past year.

We maintain our leadership position in the market and are number 1 in many of our business pursuits. Our long held client and supplier relationships have held us in good stead to deliver despite challenging conditions.

We are driven by client service and continue to focus on delivering outstanding results for clients – consistently exceeding expectations. The strength of our relationships and our focus on innovation puts us in an enviable position to perform well again in FY10.

Gross billings topped the billion dollar mark at $1,158.5 million, in line with the previous corresponding period (pcp).

Total revenues were $225.2 million, an increase of 20% on pcp.

"Cash earnings" or EBITDA grew 11% to $34.2 million. Similarly net profit after tax also grew 10% over the pcp to $19.3 million.

As a Group, we continued to outperform the market. Our Australian based Digital division experienced exceptional growth, with gross billings up by 26% compared with the market rate of 19%. We have the number one full service digital agency and search marketing company in the country, and maintained consistent operating margins year on year despite more challenging conditions in New Zealand.

Our Media division recorded revenue growth of 3.7%, despite the overall market ad spend contracting by 7% (source: Nielsen Adex excluding online and pay TV), We were Australia's largest Media Agency for the fifth consecutive year (source: Nielsen Media Research 2009).

It was also a strong year for our Diversified division, encompassing the Technology and Research business segments, with revenue up by 35.8% whilst investing in the future.

A final dividend of 2.1 cents per share, fully franked, has been declared, resulting in a full year dividend of 4.0 cents per share. Earning per share also increased from 6.3 cents per share to 6.6 cents per share, an increase of 5%.

Operating cash flow was $29.4 million, up $3.5 million or 13%, demonstrating the strong cash flow nature of the business.

Market conditions

FY09 presented challenging conditions, which our diversified model, market leadership position and strong client and supplier relationships placed us in a position to withstand. With the strong performance of our Digital division and emerging new areas of our Diversified division, the Group is ideally positioned to capitalise on emerging media opportunities.

Outlook

We are conscious that the current challenging market conditions are likely to be with us for another 12 months however we are confident that the company and our business model positions us well.

We will continue to leverage from our long standing reputation, strong customer and client relationships and number 1 position in many of our fields of pursuit.

We are driven by innovation and an ethic of hard work, which we believe will result in us increasing our market share.

We believe that we'll see a further convergence of traditional to digital media. With a number one position in the Digital communications industry and as an integrated business we are well placed to capitalise on this structural change.

AUSTRALIA'S

LARGEST

media agency

for 5th consecutive year

...nothing is beyond our reach.

Review of Operations
Media Division

Media Division

The principal activities of the Media division are the provision of media communications strategy, media planning and buying, consumer insights research, specialist strategic advice and branded content solutions.

Year in Review

The financial year to 30 June 2009 ended very strongly. The performance of this division underscored its reputation, strength of supplier and client relationships and business model.

Although the established traditional media market in Australia declined by 7% during the financial year (source: Nielsen Adex excluding online and pay TV), the Media Division's revenues grew to $39.7 million and EBITDA increased to $9.3 million. Both these results were well ahead of industry competitors. Billings exceeded $970 million.

Mitchell & Partners was ranked number one as the largest media buyer in the country for the fifth consecutive year.

Both MPG and Mitchell & Partners achieved for the first time an A+ rating by the international media agencies benchmark organisation RECMA, two of only four A+ results awarded in Australia.

Our Sydney operation ended the year with a very pleasing result adding to previous year's growth. Billings increased to $350 million with a total of 12 new client wins. Our Sydney media operation continues to deliver impressive results in a very competitive market.

Our foundation office in Melbourne also had a very strong year with billings of $400 million and more than 60 new clients won. It is extremely pleasing to report contract extensions for several major clients including the Victorian State Government Master Media, ANZ Bank and The Good Guys.

Our Brisbane office celebrated its ninth birthday by continuing to dominate the Queensland market. A string of new business wins has pushed billings to $170 million.

Our successful purchase of the remaining 49% of Mitchell & Partners WA not previously owned allowed us to bring on line a full service Mitchell & Partners offering. Subsequent to year end we also announced the acquisition of the business of a Western Australian media buying agency, headed by Mr Alan Matthews. The acquisition instantly elevated the Group to the position of Western Australia's largest media buyer.

The acquisition, strong management and new business wins have positioned us for continued growth and success in Perth.

A restructure of the New Zealand Media operation comprising full service offerings from Mitchell & Partners and MPG and the appointment of a new Managing Director has been completed. We believe that this new structure will position us well for growth and positive results in the new financial year.

Billings for the Media division were driven by a mixture of organic growth and new business wins. Notable successes were: Fairfax Media; WA Government - Department of Education and Training and Edith Cowen University; Super Amart; Betta Electrical; RMIT; Nylex; Mt Buller; and Melbourne Aquarium.

We were also successful in defending competitive pitches for incumbent clients including Hoyts; Tourism Queensland; Flight Centre; Terry White Chemists and Members Equity.

Companies within Media Division

Mitchell & Partners

Mitchell & Partners is Australia's leading media agency with offices in Melbourne, Sydney, Brisbane, Perth and Auckland. Mitchell & Partners represents over 2000 clients across many different categories, aiming to deliver communications to the right people – at the right time, in the right place with the right message at the best possible price. Services include media strategy, media planning, media buying, competitive analysis, research and post campaign reporting.

MPG

MPG is an international media service group with more than three decades of experience, dedicated to establishing relevant points of contact between brands and consumers in order to obtain optimal business results. In Australia and New Zealand, MPG is a joint venture between the Mitchell Communication Group and Havas, one of the world's leading groups in communications consulting. As media specialists, MPG offer a full range of services including strategic communications development, media planning and buying, market research and efficiency measurement, and interactive and online advertising for a range of clients.

A+ RECMA rating

for pitch competitiveness & buying

...nothing is beyond our reach.

Review of Operations

Media Division (continued)

Market Conditions

FY09 has been a challenging year for the industry where total ad-spend declined for the first time since the post-Olympics advertising recession in 2001.

Established traditional media were the most affected; with spend levels declining 7% (source: Nielsen Adex). Digital media continued to grow with Online up by 19% (source: IAB June 2008) and Subscription TV achieving uplift of 6% (source: CEASA).

Ad-spending began slowing in the last quarter of 2008 and accelerated its decline in the New Year. January to June 2009 saw traditional media spend decline by 12% year-on-year. During this period the major losers were Newspapers, down 15% and Metropolitan TV down 12%.

On the brighter side the market appeared to bottom out during this period and the economic indicators now point to improvement and growth for the coming financial year. The worst is over for Australia at least. This division has minimal exposure to foreign domiciled clients.

On the media consumption front we have a much more positive story, with time spent by consumers with media continuing to grow. Predictably this growth is being led by digital media, particularly internet which is benefiting from growth in the uptake of broadband and mobile communications technologies. These technologies are enabling consumers to access more media, more of the time, from more places. Consumers are also experimenting with new media consumption behaviours such as multitasking, where more than one medium is consumed at any one time. Free TV has also benefitted from a more frugal outlook by consumers who have been spending more time entertaining themselves at home.

These changes in media consumption are making the task of planning and buying media for communications increasingly complex. There is a growing need to measure and understand these new behaviours more thoroughly and completely. This is a high priority for our business. Knowledge is power, and to this end, Mitchell Communication Group is increasing our investment in research and analytics.

The digital revolution is opening new frontiers of access to consumers where we can interact with them and understand them much better than ever before. The metrics we are able to assemble from this interaction significantly improve our capability to measure return on advertising investment. At Mitchell's, we are committed to pushing the boundaries of understanding and exploring these new frontiers so that we can continue to provide our clients with market leading solutions to their communications challenges.

Outlook

We believe that the Australia market is now past the bottom of a two year down swing, with growth expected from the mid point of CY10.

Out performed market growth by 37%

...nothing is beyond our reach.

Review of Operations
Digital Division

Digital Division

The principal activities of the Digital division are the provision of digital media strategy, planning and buying, search engine marketing and creative services.

Year in review

This has been a very strong year for the Digital division. Successive years of investment in our people and in the development of technologies and processes have enabled us to deliver a market leading performance. In a year that has seen the Australian digital media market grow by 19% (source: IAB June 2008), our turnover from Australian digital media operations (excluding Visual Jazz) has grown by 26%, out performing the market by 37%.

Our singular belief in innovation as a critical factor in delivering first class solutions and as a driver in protecting and enhancing our margins has seen Mitchell Communication Group Digital in the financial year 2009:

- Become the number one search business in Australia;
- Invest in best of breed technology;
- Launch a Social Media Unit in Melbourne and Sydney;
- Develop our first iPhone games;
- Launch Catch! In New Zealand;
- Secure a new business win every week; and
- Out perform the Australian digital media market by 37%

Companies within Digital Division

emitch

Australia's longest established and only truly national digital offering with offices in Sydney, Melbourne, Brisbane and Perth, emitch had a strong year in 2009.

Our most established offices, Sydney and Melbourne, generated over 25 new business wins over the course of the year. Our newest offices in Brisbane and Perth enjoyed stellar growth which saw their gross billings grow by over 50% in each territory.

The year has seen emitch compete for and win full service digital pitches by utilising the assets and intellectual property that exist within the Digital division.

We finished the year launching e-channel, our own video player and analysis tool that enables clients to take advantage of the explosion of video content online.

Media Contacts

This was a great year for Media Contacts. The team grew from ten people to 21, we launched the Social Media Unit in Sydney and became the first country in APAC to implement Artemis (Havas' proprietary data analytics platform). We won new business from Ssangyong, AHM, Hamilton Island, Suntory, 1300 Flowers and Voyages. Media Contacts ended the year by winning an ICON award and were shortlisted in the Cannes, IAB Australia and Valencia advertising awards.

Columbus

Columbus has gone from strength to strength in FY09 becoming Google's number one search agency in Australia, and achieving 40% growth year on year. Our new business efforts have been particularly successful with direct clients growing by 60% on the previous year.

With a key focus on staff and our rigorous process to recruit 'best in market', the team now comprises 25 specialists in Sydney and Melbourne.

Columbus continues to develop and acquire best of breed solutions witnessed by our investment in bid management technology with Omniture.

Visual Jazz

Visual Jazz enjoyed a successful and profitable year retaining all key clients and staff, backed up by an impressive list of new business wins including Icon Films, Prime Life, RAC, Reflex paper, Medibank and Visy Industries.

We continued to reinforce our position as one of Australia's leading Digital Creative Agencies with a highlight being a finalist at the prestigious 2008 MIXX awards in New York. We embraced the opportunities offered by social media and developed a range of entertainment applications, including our first iPhone games.

#1 integrated, full service digital and search company in Australia

...nothing is beyond our reach.

New Zealand operations

The Internet Bureau

Despite experiencing the difficult trading conditions that the New Zealand media industry faced in the last financial year, a clear strategy enabled us to meet our target. We took the next step in the evolution of the Bureau's business by reaching an exclusive sales representation agreement with global media network Adconion.

CATCH!

CATCH! launched in September 2008 and has enjoyed a successful first nine months of operations, reaching all targets and growing our capabilities to operate as a full service digital direct response agency.

Client wins include Universal Music, Total Interactive and New Zealand Tourism's i-Site Network, as well as search advertising for the Accor Hotel Group and Go Rentals.

Market Conditions

Online advertising expenditure in Australia for the 12 months ended 30 June 2009 totaled $1.806 billion, an increase of $282 million or 19% year on year (source: IAB June 2009).

Growth was led by search and directories and general display at 20% (source: IAB).

The highest spending Advertiser Industry category in general advertising and search was finance with recruitment leading the way within classifieds (source: IAB).

Outlook

The general advertising internet market has not been able to avoid the downturn in economic conditions but has fared significantly better than its traditional media cousins.

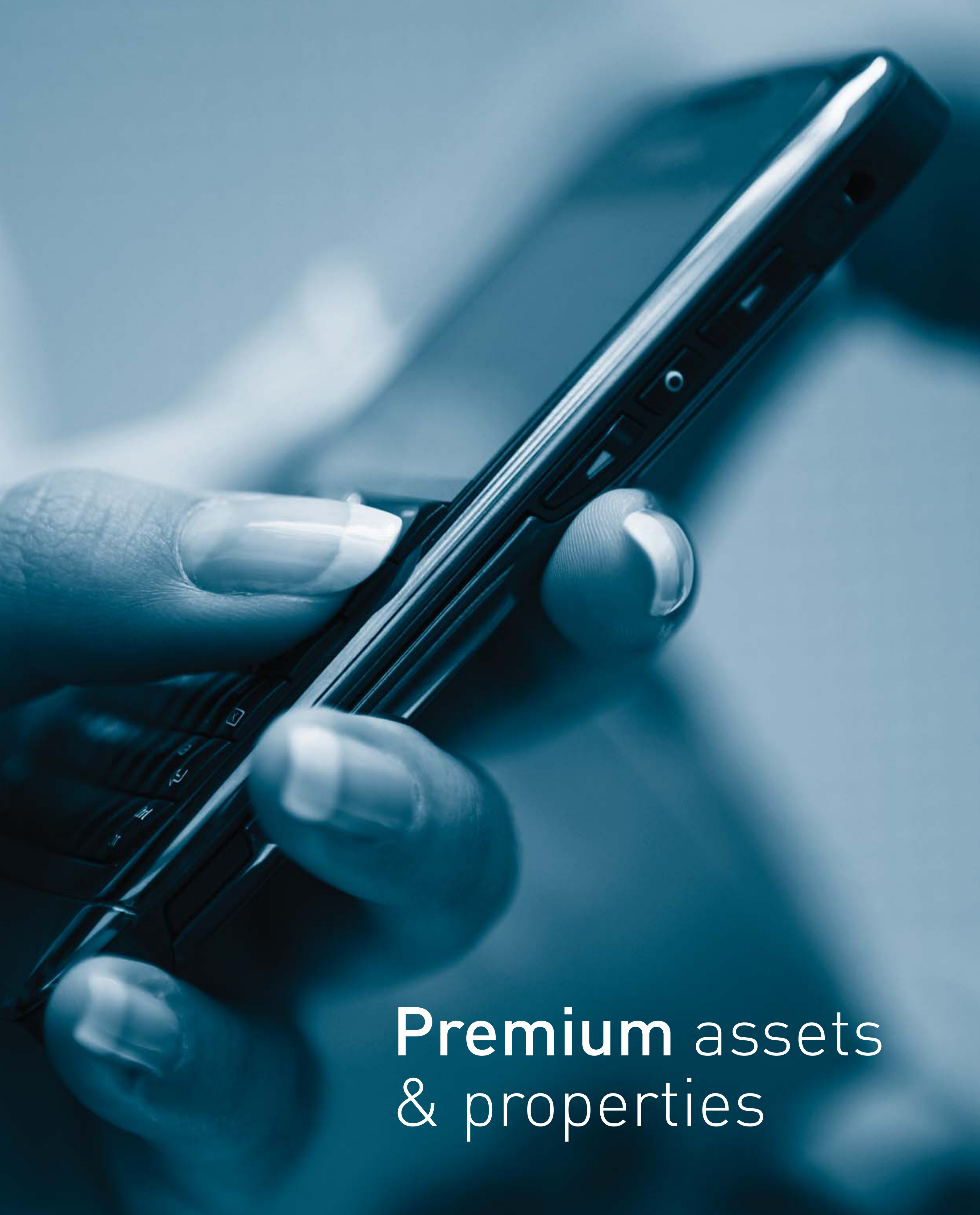
We expect to see double digit growth in the coming financial year.

This growth will be driven in the first part by increased spend from the finance, automotive, telecommunications and travel sectors as the communications industry becomes better at understanding how integrated media can drive success for our clients, and the role digital plays in those combinations.

We also anticipate significant growth from the retail sector as it becomes ever more obvious that digital has changed the consumer purchasing process, creating new and significant opportunities for clients.

As a Group we will be at the forefront of these changes whilst continuing to invest in new technologies and processes that give all of our businesses a distinct competitive advantage.

We confidently expect to continue to out-perform the market.



Premium assets & properties

...nothing is beyond our reach.

Review of Operations
Diversified Division

Diversified Division

The principal activities of the Diversified division are the provision of marketing services and brand communication.

Year in Review

Divisional performance over FY09 has been positive within a year that presented a series of economic challenges.

Underlying our positive results was very strong performance within the division's PR and Marketing Services businesses; all of which delivered results in excess of expectation.

Digital creative has developed as a core element of our PR offer with the ongoing and rapid growth of Rodeo within Haystac.

Haystac successfully established a Social Media practice within the Melbourne office to meet client demands to monitor and credibly respond to online consumer discussion relative to their businesses and brands. The demand for and success of this practice area further reinforces the need to deliver creative and strong on-line capability within our PR offer. To this extent the business is well positioned for FY10.

The establishment of Haystac in Auckland presents this company as a true regional player.

Within the year we launched Haystac Positive Outcomes (HPO) which represents the integration of Haystac's social marketing with the division's corporate social responsibility practice.

The PR and marketing services businesses ability to coordinate and integrate their offer both within the division and across the Group has continued to develop strongly. The experience for Mitchell Communication Group clients has been positive as they are delivered both efficient and truly integrated campaigns. FY10 will see a continued focus on multi-company and multi-divisional presentation and sales.

Our Rights Management business achieved a solid performance notwithstanding a very difficult advertising market across the second half of FY09.

The division's production services capability was enhanced early in the year with the acquisition of video and event production services business Picture This! Productions Pty Ltd.

This acquisition paid immediate dividends with Picture This! and Stadia Media being jointly appointed to manage all Cricket Australia's at-venue event presentations.

Consolidating the Group's video and event production capability to the Picture This! entity is an ongoing process that will allow the Group to benefit from economies of scale and continue to invest in and develop strong content creation capabilities.

The division's digital printing company Coleman Group has had a difficult year due to economic conditions significantly affecting the exhibition industry, a key sector for this business.

Companies within Diversified Division

Rights Management – Stadia Media and Mocom

Stadia Media offers a comprehensive range of stadium advertising and signage solutions at some of the most prestigious sports environments in Australia.

Stadia delivered a strong start to FY09 posting another record AFL revenue result for the 2008 AFL Season, up 10% against the 2007 AFL Season.

2008/09 Cricket revenues were similarly strong, growing 7% season on season.

In conjunction with Picture This! Productions, Stadia Media further consolidated its relationship with Cricket Australia with the award of a multi-year event presentation contract. A retainer based relationship for this agreement appoints the company to deliver event presentation activity across all International Cricket matches played in Australia; building our Group's content creation reputation and providing the basis to build new advertising and sponsorship opportunities under the Cricket rights agreement.

The strong performance of Stadia Media's rights demonstrates that sport continues to provide a resilient media offering.

Stadia Media successfully completed the upgrade of its signage infrastructure at the MCG, sold its proprietary scoring application to ANZ Stadium in Homebush and continues to be successful in building consulting revenues to media rights owners.

Specialist mobile marketing agency Mocom established a strategic relationship with ACP Magazines which will see the Mocom image recognition technology become a key feature of major advertising campaigns across all ACP magazines across FY10.

PR and Marketing Services - Haystac, Haystac Positive Outcomes, Rodeo, Spark and Impact

Haystac / Haystac Positive Outcomes / Rodeo Agency

Haystac is the premier marketing and communications agency in Australia and New Zealand. It is a strategy driven agency delivering a diverse range of marketing communications services to a strong portfolio of leading-brand clients.

The Haystac business comprises three key operating entities:

- Haystac PR
- Haystac Positive Outcomes (CSR / Social marketing)
- Rodeo (Studio and Digital Creative)

FY09 turnover was up 18% as compared to FY08.

Highlights over the year were:

- Significant growth in size of Haystac, Rodeo and Haystac Positive Outcomes (HPO);
- Expansion of office network to include international presence in Auckland and Singapore, adding to Melbourne and Sydney;
- Increased profitability of business in a difficult economic environment;
- Significant growth in digital creative business ;
- Established HPO, a business dedicated to providing positive social change through communications and CSR consulting services;
- HPO's CSR benchmarking tool, LBG, reached 44 memberships, including the addition of Australia Post, Village, Wesfarmers and Woodside Energy;
- Haystac client wins including: eBay, 7-Eleven, Tourism Australia, Quest, Australia Post and SEEK;
- Significant growth in major long term clients including: Jetstar, Toyota Australia, ANZ, Walt Disney Studio Home Entertainment and GlaxoSmithKline

Spark and Impact

Spark and Impact are professional public relations and marketing communications consultancies with an enviable track record in delivering results for clients. The agencies provide public relations, experiential and brand activation services.

FY09 was a strong year for Spark and Impact with turnover up 15%. The agencies have continued to build on their unique integrated public relations and experiential marketing offer.

Key account wins over the year were: John West; Kraft - Captain's Table; Department of Sustainability & Environment; Ansell; Federation Square; and Pretty Girl Fashion Group.

In addition the company strengthened and grew its relationship with Nintendo, Boost and 3Mobile and in FY09 developed campaigns for clients such as the Australian Grand Prix Corporation, Boost Juice Bars and John West that generated results beyond expectation.

Impact continues to cement itself as one of the pre-eminent experiential marketing agencies in Australia delivering highly engaging and memorable consumer experiences for clients.

Production Services - Coleman and Picture This!

Coleman Group

Coleman Group specialises in the design, manufacture and installation of signage to large corporate clients in the sporting and exhibition industries.

Reductions in demand have created some surplus capacity within the short run large format print sector, which has had a flow on effect to price and margin.

Business efficiency and production capacity has been improved with the commissioning of a new printing plant which positions this company well to take advantage of renewed opportunity as economic conditions improve and demand grows.

Picture this! Productions

Picture this! Productions is a leading media, event and broadcast solutions company. The business was acquired in November 2008.

The Group's video and event production capability is to be consolidated within this operating entity. From a strategic

...nothing is beyond our reach.

perspective this provides the Group with the ability to grow, develop and leverage strong production credentials in both the commissioned programming and brand funded markets.

In conjunction with Stadia Media, the business has obtained the event presentation rights to all International Cricket in Australia. Stadia Media has also transferred its video scoreboard operating capability to this business.

FY09 results have exceeded expectations.

Market Conditions

FY09 presented significant challenges to the division. The economic correction experienced in Q2 had the impact of reducing budgets and delaying some key initiatives of our client base, particularly those within the consumer marketing sector. A number of the business units have experienced conditions where an excess of supply exists over demand. We have migrated through this period successfully and been able to replace this work through aggressive business development, a concerted effort on intra-group cross-sell and a clear focus on yield management.

Outlook

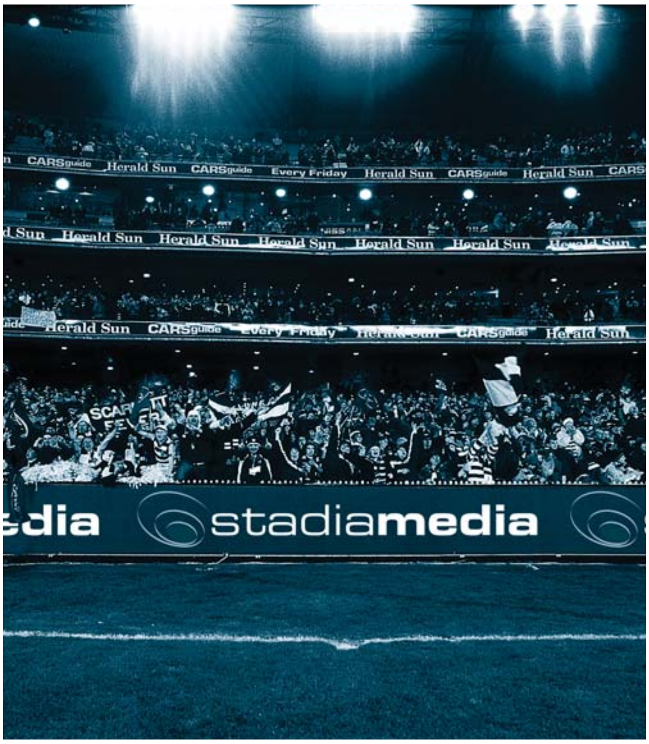
From a perspective of capability, structure and resource, the division is well positioned to re-enter a strong growth phase as economic conditions improve.

FY09 provided the opportunity for the business to build capability and efficiency. Successes in cross-company and cross-division approach to client procurement and client management has set the template for greater successes from the broader business's cross-selling initiatives.

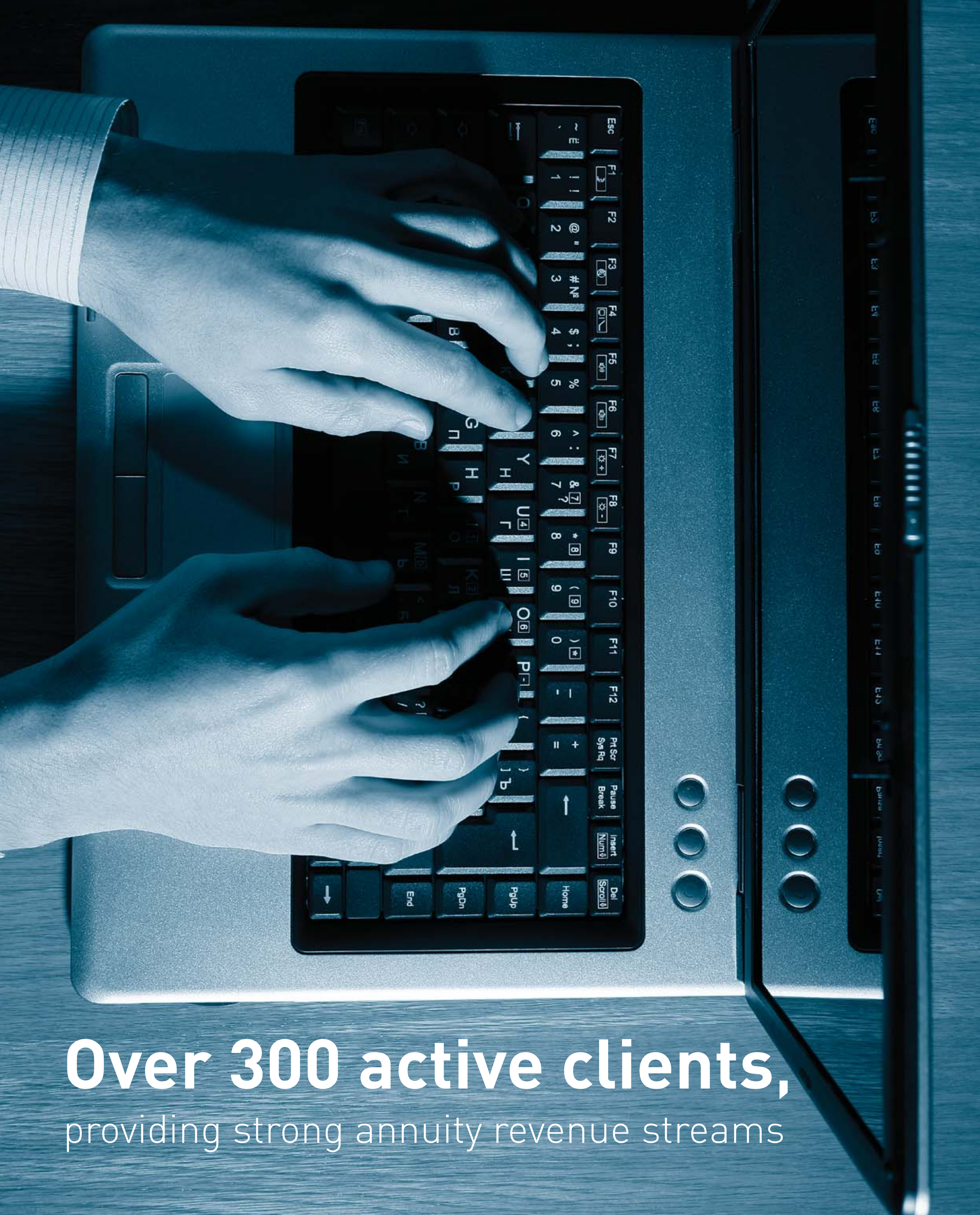
We have combined the technology and development capability of Vivid with the creative capability and footprint of Rodeo; a symbiotic relationship that will deliver enhanced capability to both businesses along with business efficiencies and synergies.

Key focus over the next financial period will be:

- Extending the footprint of Haystac and Rodeo (along with Vivid) across the Mitchell network, with a primary focus on Auckland, Brisbane and Perth;
- Investment in our content creation capability;
- Acquisition of new rights with Stadia Media;
- Development of new rights; and
- Expansion of Mocom's mobile image recognition offer into new media formats.



Recent capital investment provides **significant position of leverage**



Over 300 active clients,

providing strong annuity revenue streams

...nothing is beyond our reach.

Review of Operations
Technology Division

Technology Division

The principle activities of the Technology division are the provision of Web development, Microsoft Business software and Web hosting solutions for advertisers and other commercial purposes.

Year in Review

The financial year ended 30 June 2009 produced a strong result for the Technology division, delivering a positive contribution in its first year within the Group.

The Technology division brings a new and complimentary range of products and services to the Group that assist clients of the Group to take advantage of Technology solutions that deliver competitive advantage in the areas of:

1. New revenue generation opportunities taking advantage of eCommerce for "bricks and mortar" advertisers;
2. Cost management through operational efficiencies in the areas of collaboration and workflow; and
3. Improved customer engagement utilising Customer Relationship Management tools.

The Web development and hosting arm of the company continues to perform strongly, leveraging the growth in the trend to digital advertising media investment. The business unit services over 300 active clients, providing strong annuity revenue streams.

In 2009 the Technology division successfully completed a three year, $2 million Research and Development program, supported by the Federal Government, which resulted in the development of a range of Microsoft based Enterprise Content Management Technology products. The R&D program resulted in immediate Microsoft Business Solution account wins including Coote Industrial, Chevron, CSR, QR group of companies, Newmont Mining, Rio Tinto, WA State Government and WesTrac Caterpillar.

Company within Technology Division

Vivid Group

Vivid Group is a Microsoft Gold partner, specialising in Portals and Collaboration, Custom Application Development and Web Hosting Solutions. Vivid has offices in Perth and Melbourne.

Vivid Group delivered a strong financial outcome in a competitive market place that saw many competitors post significant declines.

Market Conditions

Technology investment in Australia is being impacted by the current economic conditions, with organisations pursuing Web based Technology solutions that will enable them to provide better service to customers whilst reducing operating costs.

Key strategic imperatives for the Technology division can be segmented into three core growth opportunities;

1. New revenue generation opportunities for advertisers through eCommerce

   With Mitchell Communication Group's strong portfolio of retail brands, the Group is well positioned to deliver eCommerce Technology solutions that will open new online trading markets to advertisers.

   A recent report by Hitwise demonstrates that visits to Bricks and Mortar Retailers by Australian internet users attracted year-on-year growth of 19.2% in December 2008. There are several reasons for this movement: the 'flight to quality' or attractiveness of brands that consumers know and trust during an economic downturn; the drop in the Australian dollar; and the improved online marketing performance by some traditional brands.

   Market research firm IBISWorld writes that in Australia, "The entire retail sector is highly mature and saturated, with every business trying to find a competitive edge." Online is being revisited as a key channel for brands to differentiate themselves against competitors (source: Hitwise February 2009).

Well positioned to capitalise on this INDUSTRY GROWTH

...nothing is beyond our reach.

Review of Operations
Technology Division (continued)

2. Cost management through operational efficiencies

   IDC predicts the Enterprise Content Management software licensing market will total $3.7 billion in 2010. Microsoft reports that for every $1 in licensing revenue, Microsoft partner's such as Vivid Group generate $3 in services revenue, providing a conservative market size of $11 billion globally.

   The exponential growth in the amount of data organisations are producing, which is growing at 36% per annum (source: Doculabs, Inc.) is fuelling demand for Technology solutions in content management, workflow, enterprise search, collaboration and business intelligence.

   The Technology division is well positioned to capitalise on this industry growth due to the $2 million we have invested in Enterprise Content Management Research and Development over the last three years.

3. Improved customer engagement utilising Customer Relationship Management

   A key challenge for many organisations in the current economic environment is how to do more with less. Customer Relationship Management (CRM) is proving to be a high growth area for the Technology division, with many organisations looking to provide "online self service" tools to clients that decreases operational costs, whilst delivering improved 24/7 customer service.

   This is a strong growth area for larger retailers in the pursuit of membership loyalty initiatives that can deliver;

   1. Seamless integration across all customer touch points
   2. Easy analysis of customer transactions and loyalty trends
   3. Access to up-to-date customer details at all times for proactive marketing campaigns

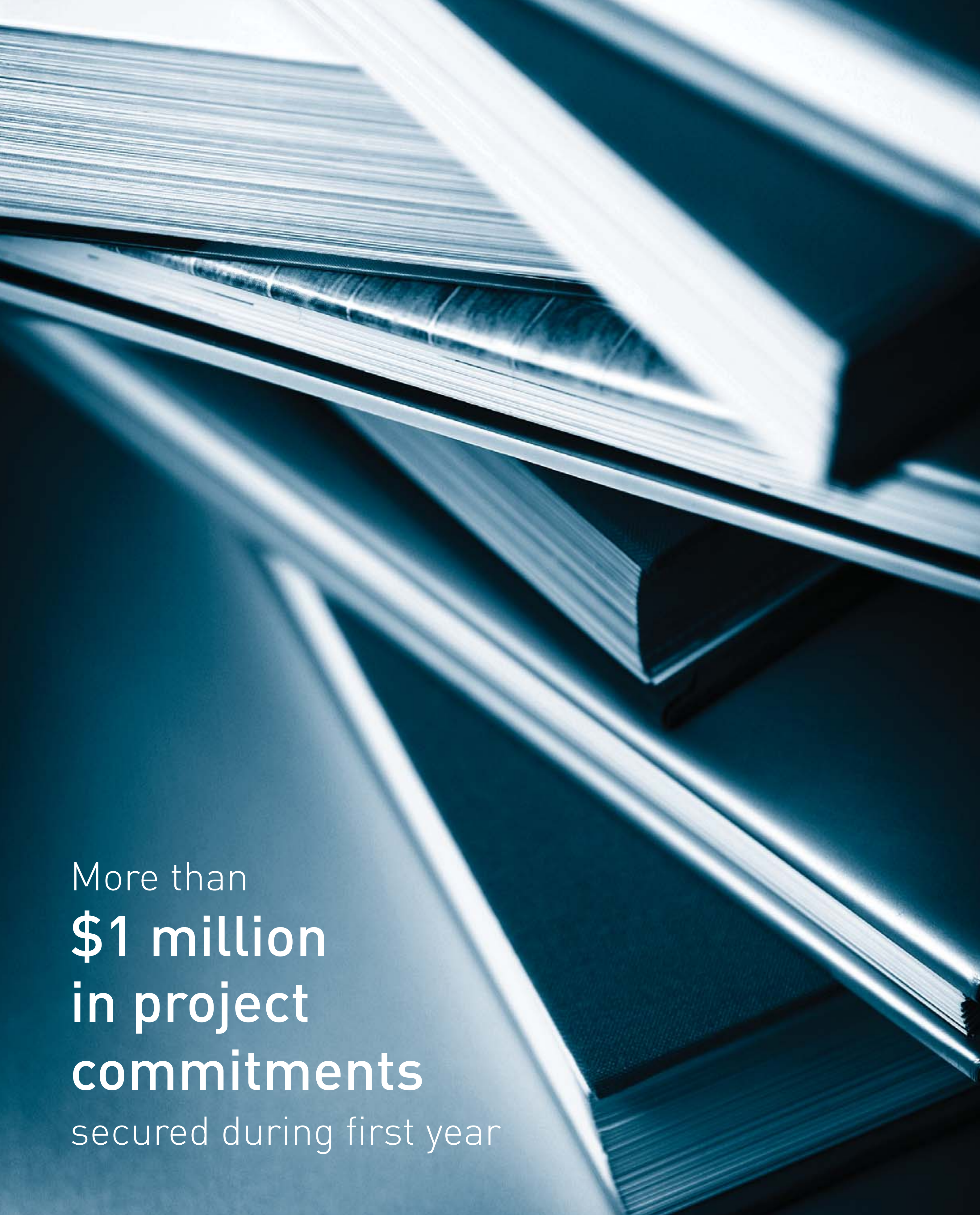
The softening demand from the corporate sector due to tough trading conditions has decreased discretionary capital expenditure on Technology solutions in 2009, however the Technology division has moved quickly to open new markets, achieving strong demand from the federal, state and local public sector. In the year ahead, we expect revenue from the public sector to increase by 300% to offset the expected continued depressed corporate market.

Outlook

Mitchell Communication Group's acquisition of Vivid Group and its Technology Intellectual Property puts the Group in a strong position to capitalise on the growth of eCommerce through their current and prospective clients in Australia and the larger Enterprise Content Management sector.

Forrester forecasts that 72% of organisations plan to purchase new or upgrade existing Web content management solutions over the next twelve months. The two key business drivers for Technology investment are; 63% pursuing improved Website customer experiences, and 53% wanting to reduce operations and IT costs (source: Forrester: January 2009).

As part of the Group's offering, we are confident that the Technology division is well placed to capitalise on these market trends.



More than
$1 million in project commitments
secured during first year

...nothing is beyond our reach.

Review of Operations
Research Division

Research Division

The principal activities of the Research division are to conduct consumer research and marketing analytics.

Year in Review

Mitchell Communication Group has a strong track record in the field of consumer research, offering insight from established consumer surveys to drive planning and buying across our client portfolio. We saw a need to extend this capability driven by our clients.

Marketers are becoming even more demanding in seeking to understand the contribution their activities make to sales and profits. Our clients are looking to measure intermediate performance, through metrics such as brand awareness, perception and preference. They also seek to analyse the effect of different investment strategies on sales and profits.

In August 2008 we established a Research division and a new business called Symphony Analytics & Research to help address these challenges.

Symphony offers customised research and marketing analytics. Our research capability allows us to deliver both qualitative and quantitative research across Australia. The marketing analytics service helps marketers understand which parts of their investments best contribute to sales and profits, facilitating optimisation of future spending.

Our first year performance has significantly exceeded expectations, securing in excess of $1 million of project commitments during the fiscal year.

We have delivered consumer insight projects using conventional focus groups, and through adopting new on line research methodologies. We have also delivered brand health analysis projects, and are measuring brand performance across a number of our clients.

Our most outstanding success has been in the area of econometrics. We are focused on Marketing Return on Investment (MROI). Our capability in this area allows us to help clients invest optimally by product, brand, channel, area and time to deliver best results. We are working with clients on a continuous basis to deliver improved profitability from their marketing budgets.

Company within Research Division

Symphony

Symphony conducts research and analytics into consumer markets, helping clients determine how to achieve the best results for their brand.

Symphony's services cover all forms of consumer research, including online consumer panel, telephone, secondary analysis and access to an online panel of over 25,000 Australians.

In the analytic field, Symphony has recently developed customised tools to manage budget allocation and channel planning. The channel planning tool is the only one of its kind specifically tailored for the Australian media and market. They are also able to offer econometric analysis helping clients optimise marketing investments.

Market Conditions

The Australian market is highly competitive in Research. It is dominated by several big players, with the top nine companies representing over 70% of billings in a market estimated to be worth $US 532 million (source: ESOMAR).

Quantitative research forms the largest part of this (in excess of 65%), the nature of this research means that clients tend to rely on data comparisons over time and are somewhat conservative in adopting new suppliers.

Whilst this presents a challenge, the new approaches to research that embrace online surveys and forums and mobile telephony create new opportunities. We see the opportunity is to provide higher frequency of insight, more rapidly and at lower entry costs. This increased agility in consumer insight can be used to create competitive advantage for our clients who are looking forward, rather than backward.

The substantial growth area is likely to be in analytics. As we can see from the inexorable rise of digital, driven by the ability to link spend to sales, so too will marketing analytics continue to grow. We believe that marketers will continue to invest in this area to aid better marketing decision making.

We are focused on

motivating, developing & empowering staff

at all levels of our business

...nothing is beyond our reach.

Review of Operations

Research Division (continued)

Our consumer insights and analytics will not only allow Mitchell's clients to identify how to make better investment decisions but the link with other Group companies will allow us to execute recommendations seamlessly. This integration is a key strength that has already delivered substantial benefits to clients.

Outlook

We see the main engine of growth being in analytics over the next 12 months.

Clients have experienced a period of relative caution in their marketing spending over the last 12 months. However their aim remains to stimulate profitable demand. Given that, the implementation of programmes that create incremental insights and show how best to spend on communications will allow budgets to go further.

Human Resources

One of the strengths of the Mitchell Communication Group is the quality, diversity, skill and experience of our people. We are focused on motivating, developing and empowering staff at all levels of our business.

The foundation of our Human Resources strategy is based on the consideration of five key areas:

- The working environment which is designed to develop a dynamic and positive organisational culture that embraces quality values;
- Performance management which maximises the contribution of employees to the fulfilment of business priorities and goals;
- Learning and development to foster continual learning at the individual, team and organisational level;
- Policy and procedures to establish clear and consistent guidelines that are in line with current legislative requirements and best practice; and
- Strategic and risk management for ongoing review and alignment of resources to the Group's strategic plan.

In the last 12 months we have undertaken a number of activities designed to:

- Attract, secure and retain the most talented people in the market to work with us; and
- Train, develop and provide staff with the resources in order to do their job to the best of their ability now and into the future.

Some of the initiatives undertaken during the year have included:

- Centralised systems, policies and procedures including the introduction of an online payroll information workflow, with employee and management self service;
- The appointment of a new Group Learning & Development Manager who has reviewed our approach to learning and development and is developing a new group competency framework;
- Staff wellbeing and benefits such as the provision of a confidential and professional counselling service for our staff and their immediate families, subsidised flu vaccinations, access to discount private health insurance and discounted gym memberships for staff. Fresh fruit is also delivered to our offices several times a week for all staff to enjoy.

Recruitment has also been a strong focus and our employee referral policy has proved successful.

Our continued aim is to ensure that Mitchell's is an outstanding place to work, leading us to attract the best available people in every city in which we operate and provide those members of staff with an enjoyable and rewarding workplace.

Full time equivalent staff within the Group as at 30 June 2009 was 577.

Delivering Integrated Solutions

Virgin Blue soars to new heights with the Mitchell Communication Group

Virgin Blue Group is recognised as a leader of innovation in the global aviation industry. The airline group includes the Virgin Blue, Pacific Blue, Polynesian Blue and V Australia brands.

Virgin Blue engaged several Mitchell Communication Group companies from different divisions throughout the year. The result was a diverse program which supported Virgin Blue's marketing goals and helped cement the prominent presence of the Virgin Blue brands.

- Mitchell & Partners worked with APN Outdoor to develop the largest billboard site in Australia for Virgin Blue's newest international carrier V Australia. The idea for the landmark 200m long billboard at Sydney Airport was developed by Mitchell's to make a bold statement for V Australia, with maximum visual impact close to the airport.
- With a high proportion of Virgin Blue passengers researching and booking flights online, digital is a key communication channel for Virgin Blue. emitch and Mitchell & Partners collaborated with Yahoo7 and ninemsn to develop purpose built 'ticker' placements, which enable Virgin Blue to communicate live updates on their fare prices at any time. The ticker strategy has delivered exceptional results for Virgin Blue, with direct-from-click revenue consistently exceeding the benchmark ROI target by up to five times.
- emitch is working with the Group's Social Media Unit to support Virgin Blue's social media strategy which includes Twitter, Facebook and YouTube.
- Columbus Search successfully launched tactical campaigns around major retail marketing events and developed agile online marketing strategies for Virgin Blue to allow constant refreshing of creative and fare changes.
- Visual Jazz provided digital creative for the launch of V Australia's direct to L.A. services from Sydney and Brisbane. Based on the extensive offline campaign, this work consisted of display ads and an over the page banner spread.

Michelle Lee, General Manager, Marketing for Virgin Blue, says, "As an airline Group, we have a modest advertising budget so our mission is to come up with new and fresh ways to showcase our brands and maximise impact and dollar spend."

"Mitchell Communication Group has delivered, and continues to deliver, innovative campaigns that maximise our return on investment and compliment the pioneering nature and entrepreneurial spirit of our company."

Purpose built 'ticker' placement advert on Yahoo7

V Australia 200m long billboard at Sydney Airport

Corporate Social Responsibility

Working in partnership with our clients, staff and suppliers to contribute to the wider community

At the Mitchell Communication Group, we're serious about leveraging our networks, resources and reputation to help the community. We increased our efforts in FY09 to deliver our biggest ever contribution.

We support the community in a number of ways, including:

- Supporting our people to help school-aged children learn to read as part of the children's charity, Learning Links' Reading for Life program.
- Using our strong media and publishing relationships to negotiate valuable pro bono advertising value for more than 65 charities. In FY09, we secured free air time value for our community partners valued at $14.3 million (up from $8 million in FY08).
- Supporting staff volunteering activities. In FY09, 152 of our people volunteered, with the Group contributing more than 2,412 hours in company time worth $298,540. This involved staff providing their time free of charge to help our community-partner clients to get their messages out to the Australian and New Zealand public.
- Mitchells and the Harold Mitchell Foundation contributed over $34,000 to the Red Cross Bushfire Appeal after the devastating Black Saturday fires in Victoria in February. Our staff contributed thousands of items - clothing, bedding and toys - for those affected by the fires and we held a fundraising barbeque at our Melbourne office in which the staff raised a further $9,236 in cash.
- When the Homeless World Cup arrived in Melbourne in December, the Melbourne branches of Mitchell & Partners, emitch and Visual Jazz offered their support to ensure prominent media exposure of the event.
- Mitchell & Partners worked with Kidney Health Australia, negotiating 500 signs valued at over $415,000 to appear nationally at no cost to Kidney Health.
- Our Brisbane office team leveraged their skills, expertise and industry networks to make a real difference for the Leukaemia Foundation's Shave for a Cure campaign. Mitchell & Partners Brisbane were named the number one fundraiser in Queensland and number five fundraiser in the country for the Leukaemia Foundation's 2009 World's Greatest Shave after raising nearly $68,000.
- Stadia Media and Haystac supported Drawtism, Australia's first ever national campaign to increase awareness, empathy and understanding of autism. Haystac managed an extensive media relations campaign while Stadia promoted the campaign at the MCG.
- On ANZAC Day, Stadia Media organised a live cross from the MCG to soldiers in Afghanistan, encouraging the crowd to recognise our troops serving overseas. The team were presented with the only ever commemorative coin given to an individual or company in Australia by the Mentoring and Reconstruction Task Force as a thank you for their efforts.

We are always looking for ways to reduce our impact on the environment. Construction has commenced on a building which will become our new eco-friendly head office in York St, South Melbourne, which is due for completion in late 2010.

Our priority, in conjunction with the building owner, when developing plans for this new building was to lead the way for media agencies with our environmental policies and practices.

The building will have a 5-star environmental certification from the Green Building Council of Australia. The main environmental features of the building include:

- Grey water harvesting: collection of waste water to be used in flushing of toilets
- Chilled beams: using chilled water passing through piping embedded in the concrete slabs to keep the building cool
- Solar energy: two banks of solar arrays on the roof
- High performance glass: allows excellent lighting but reduced heat gain
- Bicycle racks and showers for staff, to encourage riding to work

MEMBER LBG AUSTRALIA NEW ZEALAND

We are a founding member of the London Benchmarking Group (LBG), a group of international businesses seeking to manage, measure and report on their involvement in the community. LBG has increased its membership to 44 in FY09, up from 37 in the previous year.

We worked with LBG in FY09 to enable better data collection from all our businesses, which is reflected in the significant growth in our CSR program.

Directors' Report

Your directors present their report on the Group consisting of Mitchell Communication Group Limited and the entities (referred to hereafter as the 'Group') it controlled at the end of, or during, the year ended 30 June 2009.

Directors

The following persons were directors of Mitchell Communication Group Limited ('the company') during the whole of the financial year and up to the date of this report:

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

Principal activities

During the year the principal continuing 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, direct marketing and corporate social responsibility.

The following significant changes in the nature of activities of the Group occurred during the period:

- new activity resulting from the acquisition of a subsidiary:
  - advertising templating systems
  - video production services

Dividends

Dividends paid to members during the financial year were as follows:

	2009 $'000	2008 $'000
Final dividend for the year ended 30 June 2008 of 2.1 cents (2007: 1.2 cents) per fully paid share paid on 26 September 2008 (2007: 12 October 2007). Fully franked (2007: fully franked) based on tax paid at 30%	6,048	3,329
Interim Dividend for the year ended 30 June 2009 of 1.9 cents (2008: 1.8 cents) per fully paid share paid on 17 April 2009 (2008: 28 March 2008). Fully franked (2008: fully franked) based on tax paid at 30%	5,516	5,182
Total	**11,564**	**8,511**

Since the end of the financial year, the directors have approved the payment of a fully franked final dividend, inclusive of the Dividend Reinvestment Plan, of $6,246,393 (2008: $6,048,390) to be paid on 2 October 2009 out of profits earned for the financial year ended 30 June 2009.

Review of operations

The directors' review of operations is contained on pages 12 to 33.

Significant changes in the state of affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

(a) Acquisitions and new business operations:

During the financial year, Mitchell Communication Group completed the purchase of the following companies and businesses:

- **Mitchell & Partners (WA) Pty Ltd** (100%)
- **Vivid Holdings Australia Pty Ltd and its subsidiaries** (100%)
- **Agile Automated Advertising Pty Ltd** (100%)
- **Picture This! Productions** (100%)

Also during the financial year, the Group commenced the operations of Symphony Analytics & Research, specialising in qualitative and quantitative research, marketing analytics, communication planning tools and processes.

	2009 $'000
(b) An increase in contributed equity of $3,270,000 (2008: $46,127,000) as a result of:	
Issue of 7,134,839 (2008: nil) shares under the Dividend Reinvestment Plan	3,139
Issue of 500,000 shares under employment contract (2008: nil)	213
Issue of 1,793,871 fully paid ordinary shares as part consideration of earn-out payments on the acquisitions of Visual Jazz and the Coleman Group	44
Transaction costs, net of tax	(126)
Net increase in share capital	**3,270**

Earnings per share

	2009 Cents	2008 Cents
Basic earnings per share	6.6	6.3
Diluted earnings per share	6.6	6.3

Matters subsequent to the end of the financial year

The directors declared a 2.1 cent a share, fully franked dividend on 26 August 2009 payable on 2 October 2009 with a record date of 11 September 2009.

On 4 September 2009, with effect from 1 July 2009 the Mitchell Communication Group Limited acquired 100% of the business of a Western Australian media buying agency, which instantly elevated the Group to the position of Western Australia's largest media buyer.

Except for the dividend and acquisitions discussed above, the directors' are not aware of any matter or circumstance that has occurred since the end of the financial year that has significantly affected, or may significantly affect the operations of the Group, the results of those operations or state of affairs of the Group in subsequent financial years.

Likely developments and expected results of operations

Additional comments on expected results of the operations of the Group are included in this report under the review of operations and activities on pages 12 to 33.

Further information on likely developments in the operations of the Group and the expected results of operations has not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental regulation

The Group is not subject to any significant environmental regulations.

Directors' Report (continued)

Information on directors

Harold Mitchell AO Executive Chairman. Age 67.

Experience and expertise

Non-executive director for 9 years. Executive Chairman since 25 May 2007. Founder and principal of Mitchell & Partners, Australia's largest media and communications group, with a growing presence in New Zealand and across the Asia-Pacific region. Active involvement in arts and charitable organisations.

Other current directorships

Vice-Chairman of the Care Australia Corporate Council (from 2005), Chairman of the Melbourne Symphony Orchestra (from 2009), Chairman of ThoroughVision (from 2009), non-executive director of Tennis Australia (from 2009), non-executive director of Art Exhibitions Australia (from 2009), non-executive director of Television Sydney (from 2009) and non-executive director of Deakin Foundation (from 2009).

Former directorships in last 3 years

President of the Museums Board of Victoria (from 2001 – 2007), non-executive director of Copperart Holdings Limited (from 2006 – 2007), non-executive director of Opera Australian (from 1997 – 2009), non-executive director of CARE Australia (from 2006 – 2009).

Special responsibilities

Executive Chairman of the Board.

Interests in shares and options

108,008,504 ordinary shares in Mitchell Communication Group Limited. As at the date of this report the Mitchell & Partners Executive Share Plan Trust holds 1,877,727 shares in the company, which are included above. Mr H.C. Mitchell is the trustee of the Mitchell & Partners Executive Share Plan Trust but not a beneficiary thereof.

Stuart Mitchell Chief Executive Officer. Age 39.

Experience and expertise

Non-executive director for 9 years. Executive director since 25 May 2007. Involvement in media planning and buying operations since 1992.

Other current directorships

None.

Former directorships in last 3 years

None.

Special responsibilities

Chief Executive Officer.

Interests in shares and options

13,414,063 ordinary shares in Mitchell Communication Group Limited.

Garry Hounsell B.Bus (Acctg) FCA CPA FAICD. Deputy Chairman – Independent non-executive. Age 54.

Experience and expertise
Director for 3 years. Former CEO and Country Managing Partner of Arthur Andersen and Senior Partner of Ernst & Young.

Other current directorships
Non-executive director of four other publicly listed companies: Chairman of PanAust Limited (director since July 2008), Qantas Airways Limited (director since 2005), Orica Limited (director since 2004), and Nufarm Limited (director since 2004). Also chairman of Investec Global Aircraft Fund and a non-executive director of Ingeus Limited and Freehills.

Former directorships in last 3 years
Was formerly a chairman of Prudentia Investments and The Macfarlane Burnet Institute for Medical Research and Public Health Ltd.

Special responsibilities
Deputy Chairman of the Board.
Member of Human Resources, Remuneration and Nomination Committee from 16 October 2006.

Interests in shares and options
1,758,282 ordinary shares in Mitchell Communication Group Limited.

Robert Stewart LL.B (Hons), BCom, MBA (Harvard). Independent non-executive. Age 60.

Experience and expertise
Director for 9 years. Former national managing partner of major legal firm.

Other current directorships
Non-executive Chairman of Melbourne IT Ltd (director since 1999) and Chairman of Baker IDI Heart & Diabetes Institute.

Former directorships in last 3 years
Non-executive director of an unlisted public company, Plantic Technologies Limited, from 2004 to 2006, non-executive director of Meditech Research Limited from 2005 to 2006 and non-executive director of Metabolic Pharmaceuticals Limited from 2007 to 2009.

Special responsibilities
Lead independent director.
Chairman of Human Resources, Remuneration and Nomination Committee.

Interests in shares and options
347,222 ordinary shares in Mitchell Communication Group Limited.

Rodney Lamplugh LL.B, B.Juris Non-executive director. Age 46.

Experience and expertise
Director for 9 years. Legal practitioner specialising in commercial, media and intellectual property law.

Other current directorships
None.

Former directorships in last 3 years
None.

Special responsibilities
Member of the Audit and Corporate Governance Committee.

Interests in shares and options
1,084,908 ordinary shares in Mitchell Communication Group Limited.

Information on directors (continued)

Stephen Cameron Independent non-executive director. Age 57.

Experience and expertise
Director for 3 years. Senior advertising and marketing executive with over 35 years industry experience.

Other current directorships
None.

Former directorships in last 3 years
None.

Special responsibilities
Member of the Audit and Corporate Governance Committee.

Interests in shares and options
74,376 ordinary shares in Mitchell Communication Group Limited.

Peter Nankervis B Ec. (Hons), FCPA, GAICD Independent non-executive director. Age 59.

Experience and expertise
Director for 2 years. Senior financial executive with more than 30 years experience. Formerly Finance Director of Cadbury Schweppes Australia and CFO of Cadbury Schweppes Asia Pacific.

Other current directorships
Non-executive director of Onesteel Ltd (director since 2004) and Dairy Australia Limited (director since 2005).

Former directorships in last 3 years
None.

Special responsibilities
Chairman of the Audit and Corporate Governance Committee.

Interests in shares and options
67,806 ordinary shares in Mitchell Communication Group Limited.

Naseema Sparks B Pharm, M Pharm (Pharmacol), MBA, GAICD Independent Non-executive director. Age 56.

Experience and expertise
Director for 2 years. Background in pharmacology and strategic consulting. Senior Advertising Agency executive for 12 years. Formerly Managing Director and Partner of M&C Saatchi.

Other current directorships
Non-executive director of Blackmores Ltd (director since 2005); Deputy Chair of Osteoporosis Australia, Director of Sydney Dance Company and National President of Chief Executive Women.

Former directorships in last 3 years
Non-executive director of Racing Victoria Limited from 2007 to December 2008 and Vice President of the Melbourne International Arts Festival (until December 2008).

Special responsibilities
Member Human Resources, Remuneration and Nomination Committee.

Interests in shares and options
None.

Company Secretaries

Mr Andrew Seaburgh FCPA.

Mr Seaburgh was appointed on 4 October 2005. Mr Seaburgh has many years experience as a senior finance executive and company secretary in various industries for over 30 years.

Mr Dion Cust B.Bus CA

Mr Cust was appointed to the position of company secretary on 23 August 2005. Mr Cust has been the CFO of Mitchell Communication Group Limited for the past 9 years, and prior to that he worked as a chartered accountant for a major chartered accounting firm.

Meetings of directors

The numbers of meetings of the company's Board of directors and of each Board Committee held during the year ended 30 June 2009, and the numbers of meetings attended by each director were:

			Meetings of Committees			
	Full meeting of Directors		Audit and Corporate Governance		HR/Remuneration Nomination	
	A	B	A	B	A	B
H C Mitchell	10	10	*	*	*	*
S J Mitchell†	10	10	*	*	2	2
G A Hounsell ^	9	10	1	3	2	2
R J Stewart	9	10	*	*	2	2
R J Lamplugh	10	10	3	3	*	*
S A Cameron	9	10	3	3	*	*
P G Nankervis	9	10	3	3	*	*
N Sparks	9	10	*	*	2	2

A = Number of meetings attended
B = Number of meetings held during the time the director held office or was a member of the Committee during the year
* = Not a member of the relevant Committee
† = S J Mitchell attends the Human Resources, Remuneration and Nomination Committee meetings as an observer
^ = G A Hounsell attends the Audit and Corporate Governance Committee meetings as an observer

Retirement, election and continuation in office of directors

There were no changes to directors during the year ended 30 June 2009. Mr Stuart Mitchell, Mr Stephen Cameron and Mr Robert Stewart are directors retiring by rotation who, being eligible, offer themselves for re-election at the Annual General Meeting.

Directors' Report (continued)

Remuneration Report

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Service agreements
D Share-based compensation
E Additional information

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001.

A Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure that reward for performance is competitive with the market and appropriate for the results delivered. The framework aligns executive reward with the achievement of company goals, and therefore, the creation of value for shareholders. The Board, through the Human Resources, Remuneration and Nomination Committee, ensures that executive rewards satisfy the following criteria:

- Competitiveness in the marketplace;
- Acceptability to shareholders; and
- Alignment to performance.

The framework is aligned to shareholders' interests in that it:

- has revenue and profit growth as a core component of the framework, and
- assists in attracting and retaining high calibre executives.

The framework is aligned to the executives' interests in that it:

- rewards capability and performance;
- reflects competitive reward for contribution to profit and shareholder growth; and
- provides a clear structure for earning rewards.

The Human Resources, Remuneration and Nomination Committee provides advice on remuneration and incentive policies and practices and specific recommendations on remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors. The Corporate Governance Statement provides further information on the role of this committee.

The framework consists of a mix of fixed pay, short and long term incentives.

Non-Executive directors

Fees and payments to non-executive directors reflect the demands, which are made on, and the increasing responsibility of, the directors. Non-executive directors' fees are reviewed annually by Human Resources and the Remuneration and Nomination Committee, on behalf of the Board. The Chairman does not receive remuneration for his role.

Directors' fees

The current global limit on directors' remuneration is $1,500,000 and was set on 28 November 2007. Directors who chair Committees receive additional fees.

No retirement allowances are payable to directors.

The following fees have applied:

Base fee	2009	2008
Chairman	Nil	Nil
Deputy Chairman ^	$120,000	$120,000
Other non-executive directors	$80,000	$80,000
Additional Fees		
Audit and Corporate Governance Committee chairman	$15,000	$15,000
Human Resources, Remuneration and Nomination Committee chairman	$15,000	$15,000

^ During the year ended 30 June 2008, the Deputy Chairman also received a consultancy fee of $300,000 for additional services provided to the Group for mergers and acquisition activity. This agreement ended on 30 June 2008.

Executive Pay

The executive pay and reward framework has three components:

- base pay and benefits
- short and long term performance incentives
- other remuneration such as superannuation

The combination of these comprises the executive's total remuneration.

Base Pay

Structured as a total employment cost, which may be delivered as a mix of cash and non-financial benefits within approved guidelines at the discretion of the executive.

Executives are offered a competitive base pay, which is reviewed annually on 1 July to ensure it remains competitive with the market for a comparative role. There are no guaranteed base pay increases for executives.

Benefits

Executives can receive car fringe benefits as part of their total remuneration package

Short-term Incentives

Should the company reach pre-determined gross revenue and profit targets set by the Board, and achieve personal performance based indicators, senior executives are entitled to short-term incentives. The short-term incentives are payable by 30 September each year. The targets are set so as to ensure shareholder value is increased and the maximum available incentive is only available for out-performance.

Each executive has a profit target, along with individual non-financial performance objectives aligned to their key performance indicators and linked to the drivers of performance in future reporting periods including staff management, systems improvement, and strategy development.

Long-term Incentives

Performance rights are granted to certain executives as part of their total remuneration package. The value of a performance right attributed to the total remuneration package is independently valued using the Monte Carlo approach. All grants of performance rights vest to shares over a 3 year period, subject to vesting conditions and performance conditions. The performance conditions comprise Total Shareholder Return ('TSR') and Earnings Per Share ('EPS').

The Human Resources, Remuneration and Nomination Committee are responsible for assessing whether targets and KPI's have been met. To help make this assessment, the Committee receives detailed reports on performance from management.

Mitchell Communication Group Limited Performance Rights Plan and Employee Option Plan

Information on the Mitchell Communication Group Limited Performance Rights Plan and Employee Option Plan is set out in note 33 to the financial statements. Option grants under the scheme are not subject to performance conditions apart from the exercise price. Exercise prices of option grants are determined by the Human Resources, Remuneration and Nomination Committee having regard to the share price at grant date to ensure robust growth in share value is required for the exercise price to be reached. The plan is now closed to all employees and directors.

B Details of remuneration

Amounts of remuneration

Details of the remuneration of the directors and key management personnel (as defined in AASB 124 Related Party Disclosures) of Mitchell Communication Group Limited and the Group are set out in the following tables. The key management personnel of Mitchell Communication Group Limited and the Group includes the directors as per pages 8 to 9 above and the following five executive officers, who have authority and responsibility for planning, directing and controlling the activities of the entity:

- Luke Littlefield – Chief Operating Officer
- John Murray – Managing Director – Digital
- Jonathon White – Managing Director – Corporate
- Anthony Charles – Managing Director – Diversified
- Dion Cust – Chief Financial Officer

In addition the following employees must be disclosed under the Corporations Act 2001 as they are among the five highest remunerated Group executives:

- Teena Jameson – Managing Director – Mitchell & Partners (QLD) Pty Ltd
- Allen Scash – Managing Director – Mitchell & Partners Pty Ltd

The cash bonuses are dependent on the satisfaction of performance conditions as set out in the section headed Short-term incentive above.

Directors' Report (continued)

Remuneration Report (continued)

B Details of remuneration (continued)

Key management personnel of the Group and other executives of the company and the Group

2009	Short-term employee benefits			Post-employment benefits	Long-term benefits	Equity	
Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Super-annuation $	Long service leave $	Shares and options $	Total $
Non-executive directors							
G A Hounsell	120,000	-	-	10,800	-	-	130,800
R J Stewart	95,000	-	-	8,550	-	-	103,550
R J Lamplugh	60,000	-	-	27,200	-	-	87,200
S A Cameron	80,000	-	-	7,200	-	-	87,200
P G Nankervis	28,945	-	-	74,605	-	-	103,550
N Sparks	80,000	-	-	7,200	-	-	87,200
Sub-total non-executive directors	**463,945**	-	-	**135,555**	-	-	**599,500**
Executive directors							
H C Mitchell AO	-	-	-	-	-	-	-
S J Mitchell^	343,750	-	-	30,937	1,932	-	376,619
Other key management personnel							
L Littlefield^	265,000	-	-	50,000	610	212,500	528,110
J N Murray^	343,693	-	23,280	33,027	2,037	11,928	413,965
J White*	275,229	-	-	24,771	2,976	-	302,976
A Charles	275,229	-	-	24,771	8,670	-	308,670
D G Cust	189,925	-	21,084	18,991	1,765	4,470	236,235
Total key management personnel compensation	**1,692,826**	**-**	**44,364**	**182,497**	**17,990**	**228,898**	**2,166,575**
Other Group executives							
T Jameson^	340,855	-	-	100,002	13,796	-	454,653
A Scash^	266,602	25,000	-	63,398	6,574	-	361,574

^ Denotes one of the five highest paid executives of the Group, as required to be disclosed under the Corporations Act 2001.

* Ceased employment with Mitchell Communication Group on 31 July 2009.

Key management personnel of the Group and other executives of the Company and the Group

2008	Short-term employee benefits			Post-employment benefits	Long-term benefits	Equity	
Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Super-annuation $	Long service leave $	Options * $	Total $
Non-executive directors							
G A Hounsell	420,000	-	-	10,800	-	-	430,800
R J Stewart	95,000	-	-	8,550	-	-	103,550
R J Lamplugh	60,000	-	-	27,200	-	-	87,200
S A Cameron	80,000	-	-	7,200	-	-	87,200
P G Nankervis	28,945	-	-	74,605	-	-	103,550
N Sparks	80,000	-	-	7,200	-	-	87,200
Sub-total non-executive directors	**763,945**	-	-	**135,555**	-	-	**899,500**
Executive directors							
H C Mitchell AO	-	-	-	-	-	-	-
S J Mitchell^	375,000	375,000	-	33,750	675	-	784,425
Other key management personnel							
L Littlefield (from 3 Dec 2007)	138,141	166,000	-	25,038	100	-	329,279
J N Murray^	251,720	75,000	23,280	24,750	317	46,942	422,009
J White^	256,881	76,000	-	23,119	1,696	-	357,696
A Charles^	255,019	76,000	1,984	22,952	8,200	-	364,155
D G Cust	189,925	-	21,084	18,991	3,670	10,763	244,433
Total key management personnel compensation	**1,466,686**	**768,000**	**46,348**	**148,600**	**14,658**	**57,705**	**2,501,997**
Other Group executives							
T Jameson^	391,200	-	4,452	28,800	7,500	-	431,952

* On the 25th June 2008 directors forfeited their rights to options issued to them. The company subsequently cancelled the options. The remuneration in the form of options disclosure does not include the negative value of options forfeited by the directors. The negative values of the options were as follows: HC Mitchell - ($35,447), GA Hounsell - ($68,824), RJ Stewart - ($35,608), SA Cameron - ($35,608), PG Nankervis - Nil, and N Sparks – Nil.

^ Denotes one of the five highest paid executives of the Group, as required to be disclosed under the Corporations Act 2001.

Remuneration Report (continued)

B Details of remuneration (continued)

The relative proportions of contracted full-year remuneration that are linked to performance and those that are fixed are as follows:

	Fixed remuneration		At risk - STI	
	2009	2008	2009	2008
Other key management personnel				
S J Mitchell	62.7%	67.1%	37.3%	32.9%
L Littlefield	67.7%	66.7%	32.3%	33.3%
J N Murray	79.2%	80.0%	20.8%	20.0%
J White	66.7%	87.0%	33.3%	13.0%
A Charles	74.1%	87.0%	25.9%	13.0%
D Cust	100.0%	100.0%	0%	0%

C Service Agreements

On appointment to the Board, all non-executive directors enter into a service agreement with the company in the form of a letter of appointment, which summarises the Board policies and terms, including compensation, relevant to the director.

Mr G Hounsell had entered into a consultancy agreement with the Board, which outlined additional services to be provided to the Group in relation to mergers and acquisition activity. This agreement ran for one year from 1 July 2007 to 30 June 2008 and was not renewed.

Remuneration and other terms of employment for the Chief Executive Officer, Chief Financial Officer and other key management personnel are also formalised in service agreements. Some of these agreements provide for the provision of performance-related cash bonuses and participation, when eligible, in the Mitchell Communication Group Limited Performance Rights Plan and Employee Option Plan. Other major provisions of the agreements relating to remuneration are set out below.

S J Mitchell, Chief Executive Officer

- Term of agreement - 3 years commencing 25 May 2007
- Short-term incentive bonus based on achievement of agreed performance indicators, both financial and non-financial to a maximum of $250,000. Additional incentive payable for internal budget out-performance.
- Agreement may be terminated by either party giving six months notice.
- Annual remuneration package, inclusive of superannuation, for the year ending 30 June 2010 of $420,000, reviewed annually by the Board.
- Payment in lieu of notice capped at six months salary.

L Littlefield, Chief Operating Officer

- Agreement, dated 3 December 2007, may be terminated by either party giving 90 days notice.
- Short-term incentive bonus based on achievement of agreed performance indicators, both financial and non-financial to a maximum of $150,000. Additional incentive payable for internal budget out-performance.
- Base salary, inclusive of superannuation, for the year ending 30 June 2010 of $315,000, to be reviewed annually by the Human Resources, Remuneration and Nomination Committee.
- Payment of termination benefit is capped at three months salary.

A Charles, Managing Director – Diversified

- Agreement, dated 27 May 2002, may be terminated by either party giving 90 days notice.
- Short-term incentive bonus based on achievement of agreed performance indicators, both financial and non-financial to a maximum of $105,000. Additional incentive payable for internal budget out-performance.
- Base salary, inclusive of superannuation, for the year ending 30 June 2010 of $300,000, to be reviewed annually by the Human Resources, Remuneration and Nomination Committee.
- Payment of termination benefit is capped at three months salary.

J Murray, Managing Director – Digital

- Agreement, dated 9 January 2007, may be terminated by either party giving 90 days notice.
- Short-term incentive bonus based on achievement of agreed performance indicators, both financial and non-financial to a maximum of $105,000.
- Base salary, inclusive of superannuation, for the year ending 30 June 2010 of $400,000, to be reviewed annually by the Human Resources, Remuneration and Nomination Committee.
- Payment of termination benefit is capped at three months salary.

D Cust, Chief Financial Officer

- Agreement, dated 19 February 2001, may be terminated by either party giving 30 days notice.
- Base salary, inclusive of superannuation, for the year ending 30 June 2010 of $230,000, to be reviewed annually by the Human Resources, Remuneration and Nomination Committee.
- Payment of termination benefit is capped at one month salary.

D Share-based compensation

Options are granted under the Mitchell Communication Group Limited Employee Option Plan (Option Plan). The plan is now closed to all employees and directors. Options were granted under the Option Plan, which was created prior to the listing of the company but included in the prospectus dated 9 February 2000. All staff were eligible to participate in the plan (including directors). Options were granted under the plan for no consideration. Options granted under the plan carry no dividend or voting rights, and were granted at the discretion of the Human Resources, Remuneration and Nomination Committee.

There were no perfomance rights issued to the directors or key management personnel of the company under the Mitchell Communication Group Limited Perfomance Rights Plan during the financial year.

On 25 June 2008 the directors elected to forfeit all options outstanding to them and the company subsequently cancelled these options. The options were not replaced and the directors were not compensated for the forfeiture.

Directors' Report (continued)

Remuneration Report (continued)

D Share-based compensation (continued)

The terms and conditions of each grant of options affecting remuneration in this and previous reporting periods are as follows:

Grant date	Expiry date	Exercise price	Value per option at grant date	Date exercisable
29 November 2005	28 November 2010	$0.60	$0.203	29 November 2007
29 November 2005	28 November 2010	$0.70	$0.182	29 November 2007
29 November 2005	28 November 2010	$0.80	$0.164	29 November 2007
2 October 2006	2 October 2011	$0.55 *	$0.290	2 October 2008
2 October 2006	2 October 2011	$0.65 *	$0.258	2 October 2008
2 October 2006	2 October 2011	$0.75 *	$0.290	2 October 2008
23 November 2006	28 November 2011	$0.75 *	$0.599	29 November 2008
23 November 2006	28 November 2011	$1.05 *	$0.463	29 November 2008
2 April 2007	2 April 2012	$1.42 *	$0.288	2 April 2009
2 April 2007	30 September 2011	$1.55 *	$0.234	1 October 2008
29 November 2007	29 November 2012	$1.50	$0.168	29 November 2009

* The dilution to existing shareholders caused by the rights issue has led to a reduction in the exercise price of options on issue at the date of the rights issue. The reduction was 4.7 cents per option.

When exercisable, each option is convertible into one ordinary share. Options may only be exercised in accordance with the company policy on trading in securities. The exercise price of options is determined by the Human Resources, Remuneration and Nomination Committee at the date of grant.

Details of options over ordinary shares in the company provided as remuneration to each director of Mitchell Communication Group Limited and each of the key management personnel of the Group are set out below. When exercisable, each option is convertible into one ordinary share of Mitchell Communication Group Limited. Further information on the options is set out in note 23 and 33 to the financial statements.

	Number of options granted during the year		Number of options vested during the year	
	2009	2008	2009	2008
Directors of Mitchell Communication Group Limited				
P G Nankervis	-	200,000^	-	-
N Sparks	-	200,000^	-	-

^ Options granted during the year were later forfeited in full on 25 June 2008

mitchell
COMMUNICATION GROUP

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are determined using an enhanced Hull-White Trinomial Lattice option pricing model that takes into account the exercise price, the term of the option, the vesting criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Whilst no options were granted during the year ended 30 June 2009, the model inputs for options granted during the year ended 30 June 2008 included:

(a) 2008: options are granted for no consideration, and vest two years after grant date

(b) 2008: exercise price of $1.50

(c) 2008: grant date of 29 November 2007

(d) 2008: vesting date of 29 November 2009

(e) 2008: expiry date of 29 November 2012

(f) 2008: share price at grant date of $1.17

(g) 2008: expected price volatility of the company's shares between 21% and 42%

(h) 2008: expected dividend yield between 3.9% and 5.5%

(i) 2008: risk-free interest rate of 6.25%

Shares provided on exercise of remuneration options

During the financial year, there were no remuneration options exercised, as such no ordinary shares in the company were provided as a result of the exercise of remuneration options to key management personnel of the Group (2008: nil).

E Additional information

Principles used to determine the nature and amount of remuneration: relationship between remuneration and company performance

The overall level of executive reward takes into account the performance of the Group over a number of years, with greater emphasis given to the current year. Over the past five years, the Group's profit from ordinary activities after income tax has grown at an average rate of 95% per annum, and total shareholder return has grown at an average rate of 78% per annum. During the same period, average executive remuneration has grown at an average of 25% per annum.

Remuneration Report (continued)

E Additional information (continued)

Details of remuneration: Options

For each grant of options included in the tables on pages 44 to 49, the percentage of the available grant that was vested, in the financial year, and the percentage that was forfeited is set out below. No part of the grant of options is payable in future years.

	Options		
	Year Granted	Vested	Forfeited
		%	%
H C Mitchell	2007	-	100%
G A Hounsell	2007	-	100%
R J Stewart	2007	-	100%
S A Cameron	2007	-	100%
P G Nankervis	2008	-	100%
N Sparks	2008	-	100%
J Murray	2007	100%	-
D G Cust	2007	100%	-

Share-based compensation: options and shares

Further details relating to options and shares are set out below.

	A	B	C
	Remuneration consisting of options and shares	Value at grant date	Total
	%	$	$
L Littlefield	40%	212,500	212,500
J Murray	3%	11,928	11,928
D G Cust	2%	4,470	4,470

A = The percentage of the value of remuneration consisting of options and shares, based on the value at grant date set out in column B.

B = The value at grant date calculated in accordance with AASB 2 Share-based payments of options and shares granted during the year as part of remuneration.

Loans to directors

There were no loans to directors at 30 June 2009 (2008: nil) as set out in note 23 to the financial statements.

Shares under option

Unissued ordinary shares of Mitchell Communication Group Limited under option at the date of this report are as follows:

Mitchell Communication Group Limited Employee Option Plan options

Number	Issue price of shares	Grant date	First exercise date	Expiry date
137,233	$0.55	2 Oct 2006	2 Oct 2008	2 Oct 2011
137,233	$0.65	2 Oct 2006	2 Oct 2008	2 Oct 2011
137,233	$0.75	2 Oct 2006	2 Oct 2008	2 Oct 2011
300,000	$1.55	2 April 2007	1 Oct 2008	30 Sept 2011
711,699				

No option holder has any right under the options to participate in any other share issue of the company or of any other entity.

Shares issued on the exercise of options

There were no ordinary shares of Mitchell Communication Group Limited issued during the year ended 30 June 2009 and subsequent to the end of the financial year on the exercise of options granted under the Mitchell Communication Group Limited Employee Option Plan.

Insurance of officers

During the period, Mitchell Communication Group Limited paid a premium of $81,778 to insure the directors and officers of the company and its controlled entities.

The liabilities insured are costs and any damages, judgments or settlements that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group.

Proceedings on behalf of company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

Non-audit services

During the year ended 30 June 2009, the company did not use the auditor (PricewaterhouseCoopers) for any non-audit related services.

Details of the amounts paid or payable to the auditor for audit services provided during the year are set out below.

	Consolidated	
During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:	2009	2008
Audit services	**$**	**$**
PricewaterhouseCoopers – Australian firm:		
Audit and review of financial reports and other audit work under the Corporations Act 2001	317,212	338,550
Agreed upon procedures	10,000	5,000
Related practices of PricewaterhouseCoopers Australian firm	31,288	44,950
Total audit and other assurance services	**358,500**	**388,500**

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 53.

Rounding of amounts

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

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

Harold C Mitchell AO
Executive Chairman

Melbourne, 23 September 2009

PricewaterhouseCoopers
ABN 52 780 433 757

Freshwater Place
2 Southbank Boulevard
SOUTHBANK VIC 3006
GPO Box 1331
MELBOURNE VIC 3001
DX 77
Telephone 61 3 8603 1000
Facsimile 61 3 8603 1999

Auditor’s Independence Declaration

As lead auditor for the audit of Mitchell Communication Group Limited for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

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

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
23 September 2009

Corporate governance statement

Mitchell Communication Group Limited ('the company') and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The corporate governance framework is continually reviewed to ensure best practice developments are incorporated. Changes to the company's governance arrangements made in the course of the last year are highlighted in this statement.

The company acknowledges the requirement to report against the Revised Principles released on 2 August 2007 in the annual report for the financial year ended 30 June 2009.

A description of the company's main corporate governance practices are set out below. All these practices, unless otherwise stated, were in place for the entire year. In order to assist shareholders understand the approach taken by the company to corporate governance, the report has been set out using the same headings as used by the ASX Corporate Governance Council's "Principals of Good Corporate Governance".

Principle 1

Lay Solid Foundations for Management and Oversight

The Board of directors is responsible for guiding and monitoring the company on behalf of the shareholders by whom it is elected and to whom it is accountable. In discharging its stewardship it makes use of sub-Committees which are able to focus in greater detail on relevant issues in their areas of responsibility. The current sub-Committees are the Human Resources, Remuneration and Nomination Committee and the Audit and Corporate Governance Committee.

The key functions of the Board of directors are:

- to set strategic direction and to manage and monitor strategy against key objectives and targets;
- adopting the annual budget and monitoring performance on a regular basis;
- appointment and removal of the CEO and setting appropriate remuneration and performance targets;
- appointment and removal of the company secretary;
- approval of the appointment and removal of the Chief Financial Officer;
- monitoring and reviewing the performance of management;
- set in place effective audit, compliance and control mechanisms;
- ensuring the company has effective risk management processes;
- approving and monitoring financial and other reporting;
- approving and monitoring the progress of major capital expenditure, acquisitions and divestitures;
- reviewing Board performance and remuneration and ensuring a formal and transparent Board nomination process;
- ensuring that the company complies with the law and has a high standard of ethical behaviour; and
- monitoring and managing potential conflicts of interest of management, Board members and shareholders.

Management's responsibilities are:

- to be responsible to the Board for the overall performance of the company;
- establishing the strategic direction of the company in conjunction with, and for approval by the Board;
- implementing decisions in accordance with the strategic direction of the company as approved by the Board;
- providing leadership and direction for all staff;
- maintaining an effective risk management and internal control system;
- ensuring integrity and timeliness of reporting to the Board and shareholders; and
- ensuring that all management and staff comply with company policies.

The Chairman's role is to ensure that the relationship between the Board, management, shareholders, other stakeholders and the individual directors is effective, efficient and furthers the best interests of the company, shareholders, the Board and other stakeholders.

The Board meets on a regular basis, with special meetings called if required between scheduled meetings. Agendas are established to ensure proper coverage of strategic, financial and major risk areas throughout the year.

Principle 2

Structure the Board to Add Value

The Constitution of Mitchell Communication Group Limited allows for the appointment of up to twelve directors. There are currently eight directors. Six directors are non-executive, five of whom are considered independent by the Board. The directors have been chosen so as to provide an appropriate mix of experience and qualifications for the governance of the company.

The Board of Mitchell Communication Group appreciates the need for corporate transparency and accountability whilst also balancing the need for skills, commitment, effective knowledge management and workable Board size. The current level of skill and experience is appropriate to ensure the highest level of scrutiny.

Mr Robert Stewart, lead independent director, Mr Garry Hounsell, Deputy Chairman, Mr Stephen Cameron, Mr Peter Nankervis and Ms Naseema Sparks are independent under ASX guidelines.

The Deputy Chairman, Mr Garry Hounsell, became independent on 1 July 2008 when a consultancy agreement lapsed.

Mr Rodney Lamplugh is not independent under ASX guidelines (being associated directly with a substantial shareholder); however he brings formal legal qualifications, which are highly regarded by the Board and management.

Mr Harold Mitchell, whilst not an independent director (because he is Executive Chairman), has extensive industry experience and knowledge and, as the founder of Mitchell & Partners, a company now owned by Mitchell Communication Group Limited, he adds significant knowledge and strategic vision at Board level as Executive Chairman. This is a departure from ASX corporate governance recommendations, however the Board believes the Chairman is able to and does, bring quality and independent judgement to all relevant issues falling within the scope of the role of the Chairman.

Mr Stuart Mitchell (Chief Executive Officer), whilst also not independent under ASX Guidelines, brings a combination of professional expertise and industry knowledge (media placement) to the Board. These skills are highly regarded by the company's Board.

In summary, the company's Board has a majority of independent directors, and the Board believes the current structure is appropriate for the company and its current state of development. The company's Code of Conduct also ensures that directors are aware of their responsibilities in areas such as conflicts of interest and related party transactions.

The Board is committed to developing an ongoing dialogue with its key stakeholders over any matters of concern with Board structure and/or independence.

The company recognises the need for a clear division of responsibility at the head of the company and as such, the roles of Chairman and CEO roles have been separated.

Materiality is assessed on a case-by-case basis by reference to each director's individual circumstances rather than applying materiality thresholds.

One third of directors must retire from office at the time of the Annual General Meeting each year. Directors are eligible for re-election. The directors who retire by rotation are those with the longest period in office since their appointment or last election. At the time when any director is coming up for re-election, the Board considers that question and makes a conscious decision as to whether to recommend the re-election to shareholders.

Directors and Board Committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the company's expense. Prior written approval of the Chairman is required, but this will not be unreasonably withheld.

The Board has established a Human Resources, Remuneration and Nominations Committee. This Committee has the responsibility for ensuring that proper human resource management and remuneration policies are developed and followed by the company and for assisting the Board in reviewing the performance of the Board, its committees and individual directors and in selecting any new directors. The committee follows the policy set down by the Board for appointment of new directors.

The Committee is chaired by Mr Robert Stewart.

Details of directors' attendance at Human Resources, Remuneration and Nominations Committee meetings are set out in the Directors' Report.

Corporate governance statement (continued)

The Committee's responsibilities include:

- assisting in the annual performance review of the CEO;
- recommending to the Board the compensation and key performance targets for the CEO;
- assisting in the performance review of the Board;
- identifying, evaluating and recommending suitable candidates for appointment as directors;
- recommending to the Board appropriate remuneration policies for non-executive directors;
- approving compensation packages and performance targets for senior executives;
- succession planning for the Board, CEO and key executives;
- review of human resource and remuneration policies and practices for the company as brought forward by the CEO and where appropriate, recommend adoption by the Board; and
- review and approve recommendations from the CEO on appointments and terminations to senior executive positions reporting to the CEO with the exception of the CFO and company secretary whose appointment or termination must be approved by the Board.

The Charter of the Human Resources, Remuneration and Nominations Committee can be viewed on the company's website.

Principle 3

Promote Ethical and Responsible Decision-making

The company has a Code of Conduct applicable to all directors and staff. The Code is based on the premise that, in all conduct, the company directors and staff are to act honestly, diligently, lawfully and fairly. The Code is regularly reviewed and updated to ensure it reflects the highest standards of behaviour and professionalism. A copy of the Code is available on the company's website.

The company has also developed a Securities Trading Policy. This applies to all directors, senior executives and staff and sets out the approach to be followed should any of them wish to buy or sell Mitchell Communication Group Limited securities. A copy of this policy can also be viewed on the company's website.

Principle 4

Safeguard Integrity in Financial Reporting

The Board has established an Audit and Corporate Governance Committee with responsibility for ensuring that proper accounting and auditing practices are maintained; that business risks are identified and managed effectively; that assets are protected against financial loss; and that legal and regulatory obligations are met.

The Audit and Corporate Governance Committee is chaired by Mr Peter Nankervis. The committee has three members and is comprised of a majority of independent, non-executive directors. Details of directors' attendance at Audit and Corporate Governance Committee meetings are set out in the Directors' Report.

The Committee also receives regular reports from the external auditors concerning any matters which arise in connection with the performance of their role, including adequacy of internal controls. The Committee reports to the Board on its activities after each meeting, and copies of the minutes of the Committee's meetings are provided to all directors.

Its role includes:

- reviewing reports submitted by external auditors;
- reviewing and recommending to the Board for approval half-yearly and annual financial statements;
- reviewing the performance of the auditors and recommending to the Board any change in the company's auditors;
- monitoring and confirming to the Board the continuing independence of the external auditors and the level of assurance given by the auditors;
- monitoring regulatory compliance;
- evaluating the appropriateness of the company's administrative, operating and accounting policies; and
- risk management generally (including such issues as insurances, management of information systems and internal controls).

.

The removal and nomination of auditors will be determined in accordance with the Corporations Act 2001. The Charter of the Audit and Corporate Governance Committee can be viewed on the company's website.

The CEO and the CFO are required to state to the Board in writing, at the time of submitting the half-year and full year accounts for Board approval, that the company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the company and Group and are in accordance with relevant accounting standards and that the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Principle 5

Make Timely and Balanced Disclosure

The Board has adopted a Disclosure Protocol to ensure the timely and appropriate release of disclosable information to the market in accordance with the ASX Listing Rules. Details of the Protocol are available on the company's website.

Mr Dion Cust, company secretary, has been appointed as the Continuous Disclosure Officer. The Chairman or CEO approve the final form of announcements, subject to any comments from directors, who are given the opportunity to comment on proposed material announcements prior to their release.

Principle 6

Respect the Rights of Shareholders

It is a fundamental tenet that the Board must act in the interests of all shareholders and, when Board decisions may affect different shareholder groups differently, the Board must treat all shareholders fairly.

The company is committed to ensuring that shareholder's are fully informed of the company's affairs. Effective communications with shareholders is, therefore, very important. The ways in which the company does this include:

- Regular reports to shareholders, including the company's Annual Report;
- The Annual General Meeting, where the external auditor is in attendance to answer any shareholder questions about the audit and the auditor's report; and
- Disclosure of all announcements made to the ASX on the company website, located at www.mitchells.com.au, as soon as they have been lodged.

Principle 7

Recognise and Manage Risk

It is a key part of the role of the Audit and Corporate Governance Committee to oversee the establishment and implementation of the risk management system. During the year ended 30 June 2008, a risk management framework and register was formally developed and adopted.

Management has reported to the Board as to the effectiveness of the company's management of material business risks during the year ended 30 June 2009. The company has, taking into account its current size and structure, a relatively strong system of risk management and internal controls in place. As such, the system is operating effectively in all material respects in relation to financial reporting risks.

Principle 8

Remunerate Fairly and Responsibly

The expected performance of the CEO and the senior executive staff reporting directly to him is specified each year using key performance indicators ('KPI's'). These KPI's include, where appropriate, financial targets for the company overall, as well as personal objectives and targets, appropriate for each individual's role.

The Human Resources, Remuneration and Nominations Committee assists the Board to address the various issues in this area (see Principle 2 above). The CEO reviews the performance of staff reporting directly to him and makes recommendations to the Committee for approval. The CEO's own performance is reviewed by the Board, facilitated by the Human Resources, Remuneration and Nominations Committee and the Chairman.

Enhanced performance by executives and senior staff is encouraged by structuring their remuneration with fixed and variable elements.

It is vital that directors are provided with and have access to all relevant information to enable them to properly discharge their duties. Management is responsible for ensuring that reporting to the Board is comprehensive and timely.

Principle 8

Remunerate Fairly and Responsibly (continued)

Directors can request from management (through the CEO, CFO or the company secretary) whatever information they require to enable the Board to make informed decisions. As mentioned previously, if necessary, directors may also access independent professional advice at the company's expense.

The company secretary is appointed, and can only be removed, by the Board and is accountable to the Board on all governance matters.

The company's remuneration policy has been set to ensure that remuneration of all directors and all staff properly reflects each person's accountabilities, duties and their level of performance, and to ensure that remuneration is competitive in attracting, motivating and retaining staff of the highest quality.

All remuneration packages are reviewed at least annually, taking into account individual and company performance, market movements and expert advice.

The remuneration of non-executive directors consists of a fixed fee, with the total payable not exceeding a global limit (currently $1,500,000) set by shareholders at a General Meeting from time to time. Directors do not receive a fee for their membership of Committees of the Board.

Directors are not entitled to retirement benefits.

The remuneration of the CEO and senior executives comprises the following four elements:

- Fixed salary;
- Short term incentives;
- Long term incentives; and
- Superannuation.

Short term incentives are payable based on a formula based on achievement of budget as approved by the Board, achievement of a defined level of out-performance and the assessment of qualitative criteria.

Long term incentives consist of membership of the Mitchell Communication Group Limited Employee Option Plan (now closed) and membership of the new Mitchell Communication Group Executive Performance Rights Plan.

Details of remuneration paid to directors and senior executives are set out in full in the Directors Report on pages 42 to 51.

Financial report – 30 June 2009

Contents	Page

This financial report covers both Mitchell Communication Group Limited as an individual entity and the consolidated entity consisting of Mitchell Communication Group Limited and its controlled entities. The financial report is presented in Australian currency.

Mitchell Communication Group Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Mitchell Communication Group Limited
Level 4, 111 Cecil Street
South Melbourne Vic 3205

A description of the nature of the Group's operations and its principal activities is included in the review of operations and activities on pages 12 to 33 and in the Directors' Report on pages 36 to 52, both of which are not part of this financial report.

The financial report was authorised for release by the directors on 23 September 2009. The company has the power to amend and reissue the financial report.

Press releases and other information are available on our website: **www.mitchells.com.au**

For queries in relation to our reporting please call **(03) 9690 5544** or e-mail **investor@mitchells.com.au**

Income statements

For the year-ended 30 June 2009

		Consolidated		Parent entity	
		2009	2008	2009	2008
	Note	$'000	$'000	$'000	$'000
Revenues from the rendering of services	5	225,183	187,796	-	-
Other revenue	5	963	3,023	28,590	11,473
Total revenues		**226,146**	**190,819**	**28,590**	**11,473**
Cost of revenue					
- Media delivery expenses		120,670	95,869	-	-
Total cost of revenue		**120,670**	**95,869**	**-**	**-**
Gross profit before expenses		**105,476**	**94,950**	**28,590**	**11,473**
Expenses					
- Employee, director and contractor expenses		52,641	44,409	6,521	5,177
- Occupancy expense		5,070	3,585	531	84
- Media research expense		2,735	2,744	-	-
- Finance expense	6	2,527	3,655	2,525	3,627
- Travel and accommodation expense		2,254	2,803	362	574
- Accounting, legal and consultant's expenses		1,563	1,822	1,060	1,236
- Software and infrastructure maintenance expenses		1,168	1,009	187	47
- Communication expense		1,097	943	300	60
- Insurance expense		831	820	120	63
- Other operating expenses		2,971	2,899	482	576
Total expenses		**72,857**	**64,689**	**12,088**	**11,444**
Share of net losses of joint venture entity accounted for using the equity method	30	-	(13)	-	-
Profit before income tax expense, depreciation and amortisation		**32,619**	**30,248**	**16,502**	**29**
Depreciation and amortisation expenses	6	5,220	4,600	652	128
Profit before income tax expense		**27,399**	**25,648**	**15,850**	**(99)**
Income tax expense/(benefit)	7	8,081	7,454	(2,375)	(2,830)
Profit after income tax attributable to members of the company before minority interest		**19,318**	**18,194**	**18,225**	**2,731**
Minority interest		-	633	-	-
Profit after income tax attributable to members of the company after minority interest		**19,318**	**17,561**	**18,225**	**2,731**
Basic earnings per share (cents)	32	6.6	6.3		
Diluted earnings per share (cents)	32	6.6	6.3		

The above income statements should be read in conjunction with the accompanying notes.

Balance sheets

As at 30 June 2009

		Consolidated		Parent entity	
		2009	2008	2009	2008
	Note	$'000	$'000	$'000	$'000
ASSETS					
Current assets					
Cash and cash equivalents	8	76,112	73,318	47,242	10,146
Trade and other receivables	9	127,458	146,368	41,688	39,415
Other assets	10	9,139	9,471	533	2,389
Deferred tax assets	13	2,395	1,705	541	424
Total current assets		**215,104**	**230,862**	**90,004**	**52,374**
Non-current assets					
Property and equipment	12	9,999	5,993	1,051	623
Intangible assets	14	215,904	204,741	346	207
Other financial assets	11	-	-	207,495	188,127
Deferred tax assets	13	-	77	-	77
Total non-current assets		**225,903**	**210,811**	**208,892**	**189,034**
Total assets		**441,007**	**441,673**	**298,896**	**241,408**
LIABILITIES					
Current liabilities					
Trade and other payables	15	205,408	218,255	2,394	2,275
Provisions	17	3,299	2,268	302	199
Other financial liabilities	16	1,630	6,101	87,814	52,178
Current tax liabilities		2,475	3,902	3,223	4,466
Total current liabilities		**212,812**	**230,526**	**93,733**	**59,118**
Non-current liabilities					
Borrowings	18	73,000	60,000	73,000	60,000
Provisions	17	1,191	989	195	84
Other financial liabilities	16	-	279	-	279
Deferred tax liabilities	19	2,260	2,501	-	-
Total non-current liabilities		**76,451**	**63,769**	**73,195**	**60,363**
Total liabilities		**289,263**	**294,295**	**166,928**	**119,481**
Net assets		**151,744**	**147,378**	**131,968**	**121,927**
EQUITY					
Contributed equity	20	136,341	133,071	136,341	133,071
Reserves	21(a)	(71)	(220)	273	163
Retained earnings/(accumulated losses)	21(b)	15,474	7,695	(4,646)	(11,307)
Parent entity interest		**151,744**	**140,546**	**131,968**	**121,927**
Minority interest		-	6,832	-	-
Total equity		**151,744**	**147,378**	**131,968**	**121,927**

The above balance sheets should be read in conjunction with the accompanying notes.

Statements of changes in equity

For the year ended 30 June 2009

	Consolidated June 2009					
	Issued capital	Retained earnings	Equity plan reserve	Foreign currency reserve	Minority interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2008	133,071	7,695	163	(383)	6,832	147,378
Total recognised income and expense for the year	-	**19,318**	-	-	-	**19,318**
Dividends declared and paid	-	(11,564)	-	-	-	(11,564)
Changes in minority interest	-	25	-	-	(6,832)	(6,807)
Share placement and purchase plan	3,139	-	-	-	-	3,139
Share consideration on acquisitions	44	-	-	-	-	44
Transaction costs arising on share issues (net of tax)	(126)	-	-	-	-	(126)
Foreign currency translation	-	-	-	39	-	39
Share-based payments	213	-	110	-	-	323
At 30 June 2009	**136,341**	**15,474**	**273**	**(344)**	**-**	**151,744**

	Consolidated June 2008					
	Issued capital	Retained earnings	Equity plan reserve	Foreign currency reserve	Minority interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2007	86,944	(1,331)	238	97	25	85,973
Total recognised income and expense for the period	-	**17,561**	-	-	**633**	**18,194**
Dividends declared and paid	-	(8,535)	-	-	-	(8,535)
Share consideration on acquisitions	8,178	-	-	-	-	8,178
Share placement and share purchase plan	39,904	-	-	-	-	39,904
Share buy back	(923)	-	-	-	-	(923)
Transaction costs arising on share issues (net of tax)	(1,032)	-	-	-	-	(1,032)
Minority interest 49% of M&P WA	-	-	-	-	6,174	6,174
Foreign currency translation	-	-	-	(480)	-	(480)
Share-based payments	-	-	(75)	-	-	(75)
At 30 June 2008	**133,071**	**7,695**	**163**	**(383)**	**6,832**	**147,378**

The above statements of changes in equity should be read in conjunction with the accompanying notes.

Statements of changes in equity (continued)

For the year ended 30 June 2009

	Parent entity June 2009			
	Issued capital	Retained earnings	Equity plan reserve	Total
	$'000	$'000	$'000	$'000
At 1 July 2008	133,071	(11,307)	163	121,927
Total recognised income and expense for the year	-	**18,225**	-	**18,225**
Dividends declared and paid	-	(11,564)	-	(11,564)
Share placement and purchase plan	3,139	-	-	3,139
Share consideration on acquisitions	44	-	-	44
Transaction costs arising on share issues (net of tax)	(126)	-	-	(126)
Share-based payments	213	-	110	323
At 30 June 2009	**136,341**	**(4,646)**	**273**	**131,968**

	Parent entity June 2008			
	Issued capital	Retained earnings	Equity plan reserve	Total
	$'000	$'000	$'000	$'000
At 1 July 2007	86,944	(5,527)	238	81,655
Total recognised income and expense for the period	-	**2,731**	-	**2,731**
Dividends declared and paid	-	(8,511)	-	(8,511)
Share placement and purchase plan	39,904	-	-	39,904
Share consideration on acquisitions	8,178	-	-	8,178
Transaction costs arising on share issues (net of tax)	(1,032)	-	-	(1,032)
Share buy back	(923)	-	-	(923)
Share-based payments	-	-	(75)	(75)
At 30 June 2008	**133,071**	**(11,307)**	**163**	**121,927**

The above statements of changes in equity should be read in conjunction with the accompanying notes.

Cash flow statements

For the year ended 30 June 2009

	Note	Consolidated		Parent entity	
		2009	2008	2009	2008
		$'000	$'000	$'000	$'000
Cash flows from operating activities					
Cash receipts in the course of operations		1,315,895	1,280,457	6,965	3,197
Cash payments in the course of operations		(1,273,532)	(1,246,346)	(10,902)	(6,898)
Income taxes paid		(11,399)	(7,825)	(10,757)	(4,688)
Borrowing costs paid		(2,508)	(3,331)	(2,506)	(3,302)
Interest received		940	2,976	51	232
Net cash inflow/(outflow) from operating activities	**31**	**29,396**	**25,931**	**(17,149)**	**(11,459)**
Cash flows from investing activities					
Payment for investments in controlled entities, net of cash acquired	28	(24,264)	(34,739)	(18,208)	(15,602)
Payments for property and equipment		(5,564)	(3,443)	(976)	(691)
Loans (to)/from related parties		(838)	829	66,998	4,835
Proceeds from sale of joint venture		137	274	137	274
Repayment of other loans		6	6	-	-
Payments for intangible software assets		-	(430)	(244)	(236)
Dividends received		-	187	1,984	187
Proceeds from disposal of property and equipment		-	35	-	-
Investment in joint venture		-	(13)	-	(13)
Net cash inflow/(outflow) from investing activities		**(30,523)**	**(37,294)**	**49,691**	**(11,246)**
Cash flows from financing activities					
Proceeds from borrowings		13,000	33,829	13,000	33,829
Dividends paid	22	(9,057)	(8,535)	(8,424)	(8,511)
Share issue costs		(22)	(928)	(22)	(928)
Proceeds of issue of shares		-	41,189	-	41,189
Share buy back		-	(923)	-	(923)
Repayment of borrowings		-	(61)	-	-
Repayment of lease liabilities		-	(1,055)	-	-
Payment of deferred consideration		-	(40,414)	-	(40,414)
Net cash inflow from financing activities		**3,921**	**23,102**	**4,554**	**24,242**
Net increase in cash held		2,794	11,739	37,096	1,537
Cash at the beginning of the financial year		73,318	62,100	10,146	8,609
Effects of exchange rate changes on cash and cash equivalents		-	(521)	-	-
Cash at the end of the financial year	**8**	**76,112**	**73,318**	**47,242**	**10,146**

The above statements of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

30 June 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial report includes separate financial statements for Mitchell Communication Group Limited as an individual entity and the consolidated entity consisting of Mitchell Communication Group Limited and its subsidiaries.

(a) Basis of preparation

This general purpose financial report for the financial year ended 30 June 2009 has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group and the Corporations Act 2001.

Compliance with IFRSs

Australian Accounting Standards include AIFRSs. Compliance with AIFRSs ensures that the consolidated financial statements and notes of Mitchell Communication Group Limited comply with International Financial Reporting Standards (IFRSs).

Historical cost convention

These financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Mitchell Communication Group Limited ('company' or 'parent entity') as at 30 June 2009 and the results of all subsidiaries for the financial year then ended. Mitchell Communication Group Limited and its subsidiaries together are referred to in this financial report as the Group.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1(h)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

(ii) Joint ventures

The interest in a joint venture entity is accounted for in the consolidated financial statements using the equity method and is carried at cost by the parent entity. Under the equity method, the share of the profits or losses of the entity is recognised in the income statement, and the share of movements in reserves is recognised in reserves in the balance sheet. Details relating to the joint venture entity are set out in note 30.

Profits or losses on transactions establishing the joint venture entity and transactions with the joint venture are eliminated to the extent of the Group's ownership interest until such time as they are realised by the joint venture entity on consumption or sale, unless they relate to an unrealised loss that provides evidence of the impairment of an asset transferred.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Mitchell Communication Group Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(iii) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Intercompany revenue is eliminated based on commissions earned by the mainstream media segment from sales by the Digital and Diversified segments. Revenue is recognised for the major business activities as follows:

(i) Media

The Media division acts as agent for its clients. Amounts disclosed as revenue represent the amount earned for planning, buying and delivering media and is recognised in the period that the media is delivered and it is probable that the revenue will be received, and are net of payments to media suppliers and rebates of commission to clients and to advertising agencies that transact with the Group on behalf of their clients.

(ii) Digital

The Digital division acts as a principal and not as an agent in its transactions with clients and suppliers. Amounts disclosed as revenue and gross billings represent the amount earned for planning, buying and delivering media impressions and performance activity on third party websites and is recognised in the period that the impression or performance activity is delivered and it is probable that the revenue will be received. This amount includes the value of the media impressions that are purchased from third party websites and sold to clients. The Group is liable for the payment to third party websites for the cost of media impressions and performance activity acquired from those websites.

Gross billings are shown before the deduction of commissions allowed to advertising agencies that transact with the Group on behalf of their clients. Amounts disclosed as revenue are shown net of these commissions.

(iii) Diversified

Revenue from the delivery of services is recognised upon the delivery of the service. Revenue relating to a specific contract is recognised based over the contract and service period. Income received in advance of the service or contract period is recorded as unearned revenue. Amounts disclosed as revenue are net of commissions paid to advertising agencies that transact with the Group on behalf of their clients.

(iv) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

(e) Deferred revenue

Deferred revenue represents gross billings received in advance for which the media has not yet been delivered. These amounts are recognised as revenue in accordance with the revenue recognition policy in note 1(d).

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation

Mitchell Communication Group Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2006.

The head entity, Mitchell Communication Group Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

Mitchell Communication Group Limited has finalised a Tax Funding and Sharing Agreement. Under the Agreement the wholly-owned entities fully compensate Mitchell Communication Group Limited for any current tax payable assumed and are compensated by Mitchell Communication Group Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Mitchell Communication Group Limited under tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial accounts.

In addition to its own current and deferred tax amounts, Mitchell Communication Group Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

(g) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

(h) Business combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer to note 1(p)). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(i) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(j) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, and other short term, highly liquid investments with original maturities of three months or less that are instantly convertible to known amounts of cash and which are subject to no risk of changes in value.

(k) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 45 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability the debtor will enter bankruptcy or financial reorganisation, and defaults on payment arrangements are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the income statement within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(l) Investments and other financial assets

The Group classifies its investments as loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re evaluates this designation at each reporting date.

(i) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non current assets. Loans and receivables are included in receivables in the balance sheet.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement, or for disclosure purposes.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(n) Property and equipment

Property and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Plant and equipment	3-10 years
Furniture and fittings	5-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(o) Leasehold improvements

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvements to the Group, whichever is the shorter. Leasehold improvements held at the reporting date are being amortised over between 3 and 5 years.

(p) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on the acquisition of subsidiaries would be included in intangible assets. Goodwill on acquisitions of associates would be included in investments in associates. Goodwill acquired in business combinations will not be amortised. Instead, goodwill will be tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing.

(ii) Software

Software has a finite useful life and is carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the software over its estimated useful life, which is currently between 3 and 4 years.

(iii) Brand names

Brand names recognised by the company have an indefinite useful life and are not amortised. Each period, the useful life of the asset is reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset.

(iv) Customer related

Customer contracts acquired as part of a business combination are recognised separately from goodwill. The customer relationships are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of projected cash flows of the contracts over their estimated useful lives, which currently vary from 3 to 10 years.

(v) Stadia rights

Stadia rights acquired as part of a business combination had a finite useful life and were carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation was calculated based on the timing of projected cash flows of the rights over their estimated useful lives, which varied between 6 to 18 months. Stadia rights were fully amortised at 30 June 2009.

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 45 days of recognition.

(r) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not incremental costs relating to the actual draw down of the facility, are recognised as prepayments and amortised on a straight line basis over the term of the facility.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including and non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(s) Employee benefits

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

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

(ii) Long service leave

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

(iii) Share-based payments

Equity based compensation benefits have been provided to employees via the Mitchell Communication Group Limited Employee Option Plan ('option plan') and the Mitchell Communication Group Performance Rights Plan ('performance rights plan'). The option plan has been closed and no new grants will be made in future.

Performance rights plan

The performance rights are structured as zero exercise price options. Specifically, in the event that the performance conditions associated with the performance rights are satisfied, the recipient is entitled to convert the performance rights to shares at no cost. All grants of performance rights vest to shares over a 3 year period, subject to vesting conditions and performance hurdles. The performance conditions comprise Total Shareholder Return ('TSR') and Earnings Per Share ('EPS').

The fair value of performance rights granted under the rights plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the performance rights vest.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Employee benefits (continued)

Performance rights plan (continued)

The fair value at grant date is independently determined using the Monte Carlo approach. The Monte Carlo approach simulates many time-series paths of the underlying asset assuming that share price evolves according to the geometric Brownian motion model, a model that assumes that continuously-compounded returns are normally distributed.

Option plan

The fair value of options granted under the option plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using an enhanced Hull-White Trinomial Lattice option pricing model that takes into account the exercise price, the term of the option, the vesting, the impact of dilution, the non tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. Upon the exercise of options, the balance of the share based payments reserve relating to those options is transferred to share capital.

(iv) Bonus plans

The Group recognises a liability and an expense for bonuses based on certain bonus criteria. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation and a reliable estimation of the obligation can be made.

(t) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options are not included in the cost of the acquisition as part of the purchase consideration.

If the entity re-acquires its own equity instruments, for example as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(u) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(v) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(w) Segment reporting

A business segment is a group of assets and operations engaged in providing services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those segments operating in other economic environments.

(x) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(y) Rounding of amounts

The company is of a kind referred to in Class order 98/0100, issued by the Australian Securities and Investments Commission, relating to the ''rounding off'' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(z) New accounting standards and UIG interpretations

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2009, however have not been applied in preparing this financial report.

(i) AASB 3 Business Combinations

The revised AASB 3 incorporates the following changes that are likely to be relevant to the Group's operations: transaction costs, other than share and debt issue costs will be expensed as incurred; and contingent consideration will be measured at fair value, with subsequent changes therein recognised in profit and loss. The revised AASB 3, which becomes mandatory for the Group's 30 June 2010 financial statements, will be applied prospectively and therefore there will be no impact on prior periods in the Group's 2010 consolidated financial statement.

(ii) AASB 8 Operating Segments

The revised AASB 8 becomes mandatory for the Group's 30 June 2010 financial statements and introduces the 'management approach' to segment reporting. Application of the standard will not affect any of the amounts recognised in the financial statements, but may impact the nature of information disclosed in relation to the Group's operating segments.

(iii) AASB 101 Presentation of Financial Statements

The revised AASB 101 introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Revised AASB 101, which becomes mandatory for the Group's 30 June 2010 financial statements, will not have any impact on the amounts recognised in the financial statements, but is expected to have an impact on the presentation of the consolidated financial statements.

(iv) AASB 123 Borrowing Costs

The revised AASB 123 removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to acquisitions. The revised AASB 123 will become mandatory for the Group's 30 June 2010 financial statements and in accordance with the transitional provisions the Group will apply the revised standard on or after the effective date. Therefore, there will be no impact on prior periods in the Group's 30 June 2010 financial statements.

NOTE 2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks; market risk (including currency risk and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis for interest rate and currency risk, and aging analysis for credit risk.

Risk management is carried out by the Chief Financial Officer under direction of the Board of directors.

NOTE 2. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures to the New Zealand dollar.

The international operations act as a natural hedge, with the only risk arising on translation to functional currency. No hedges are in place for this translation risk on the basis of materiality. The carrying amounts of the parent entities financial assets and liabilities are wholly denominated in Australian dollars.

(ii) Cash flow and fair value interest rate risk

The Group holds its funds in cash and term deposits. Term deposit maturity dates are based on future operating cash flow requirements. The value and term of the cash and deposits are such that the Group's income and operating cash flows are not materially exposed to changes in market interest rates.

The Group's interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. There is currently no Group policy to fix interest-rates. As at the reporting date, the Group had the following variable rate borrowings denominated wholly in Australian Dollars:

	30 June 2009		30 June 2008	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	$'000	%	$'000
Bank loans	3.73	73,000	8.13	60,000

(iii) Cash flow and fair value interest rate

The Group manages its interest rate exposure by actively managing excess cash balances to reduce the outstanding debt balances. Interest rates on cash balances and borrowings are based on short-term money markets and act as a natural hedge against interest rate movements. Cash on hand at 30 June 2009 held as a natural hedge was $76.1 million.

Group sensitivity

At 30 June 2009, if interest rates had changed by +/- 100 basis points from the year end rates with all other variables held constant, post tax profit for the year would have been $33,000 lower/higher (2008: change of +/- 100 bps: $19,000 higher/lower), mainly as a result of higher interest expense on borrowing offset by higher interest revenue on bank deposits.

(b) Credit risk

Credit risk is managed on a segment basis. Credit risk arises from cash and cash equivalents as well as credit exposures on clients, including outstanding receivables and commitments. The Group holds a mercantile insurance policy over the trade receivable debts with the exception of related parties and government-related customers in the Media and Digital segments. The Group is responsible for a deductible amount under the policy, which ranges from nil to $250,000 in aggregate. The insurance policy has minimum coverage levels and where the client spend is expected to fall beneath this level, the Group has policies in place to ensure that appropriate checks are made to customer's credit history, including checking trade references and obtaining a clear adverse credit report. Client insurance limits are regularly checked against outstanding commitments with adjustments made to credit limits as necessary.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets. Refer to note 8 and 9 for further details. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to the level of insurance coverage held:

	Consolidated		Parent entity	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Trade receivables				
- Covered by credit insurance policy	87,059	106,518	-	292
- Uninsurable trade receivables	15,563	13,748	-	-
- Not covered by credit insurance policy – Media and Digital	6,007	9,528	-	-
- Not covered by credit insurance policy – Diversified and Corporate	10,268	9,386	124	-
Total	**118,897**	**139,180**	**124**	**292**

The majority of the Media and Digital receivables not covered by insurance relate to clients where coverage is pending, or where increased limits are being sought. Uninsurable trade receivables relate to government clients which are not able to be covered by insurance.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash balances to cover working capital needs, with excess funds used to pay down debt or invested. These invested funds have varying maturity dates set with regards to potential cash flow needs, with the ability to access the funds at any time. The Group has the availability of funding through an adequate amount of undrawn credit facilities – refer note 18. For details of the maturity profile of financial liabilities refer note 18.

(d) Cash flow and fair value interest rate risk

The Group holds its funds in cash, term deposits and 11am deposits. The value and term of the cash and deposits are such that the Group's income and operating cash flows are not materially exposed to changes in market interest rates. The Group's interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. There is currently no Group policy to fix interest rates.

NOTE 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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.

(a) 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.

(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). The recoverable amounts of cash generating units (CGU's) have been determined based on value in use calculations. These calculations require the use of assumptions. Refer to note 14 for details of these 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 large excess of value-in-use over the carrying amount of the CGU's.

(b) 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) for further details regarding the revenue recognition policy of the Group.

NOTE 4. 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.

Primary reporting segment – Business segments	Media		Digital		Diversified		Corporate central services		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
INCOME STATEMENT	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue										
Revenue from the rendering of services	39,712	38,251	131,261	109,581	54,210	39,964	-	-	225,183	187,796
Segment result										
Profit/(loss) before interest, income tax, depreciation and amortisation	9,322	9,045	20,083	16,797	9,637	9,602	(4,836)	(4,517)	34,206	30,927
Depreciation of property and equipment	(765)	(556)	(562)	(377)	(915)	(445)	(489)	(99)	(2,731)	(1,477)
Amortisation of intangible assets	(663)	(655)	(1,245)	(1,257)	(418)	(1,182)	(163)	(29)	(2,489)	(3,123)
Profit/(loss) before interest and income tax	**7,894**	**7,834**	**18,276**	**15,163**	**8,304**	**7,975**	**(5,488)**	**(4,645)**	**28,986**	**26,327**
Interest revenue									940	2,976
Interest expense									(2,527)	(3,655)
Profit before income tax									**27,399**	**25,648**
Income tax expense									(8,081)	(7,454)
Net profit after income tax attributable to members of the company before minority interest									**19,318**	**18,194**
Minority interest									-	633
Net profit after income tax attributable to members of the company after minority interest									**19,318**	**17,561**
Non-cash expenses other than depreciation and amortisation	588	(124)	(3)	72	181	44	110	75	876	67

BALANCE SHEET	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets										
Segment assets	249,127	296,420	38,976	43,273	104,278	88,877	48,626	13,103	441,007	441,673
Liabilities										
Segment liabilities	171,256	185,441	28,066	29,073	8,957	11,571	80,984	68,210	289,263	294,295
Consolidated net assets	**77,871**	**110,979**	**10,910**	**14,200**	**95,321**	**77,306**	**(32,358)**	**(55,107)**	**151,744**	**147,378**

NOTE 4. SEGMENT INFORMATION (continued)

Secondary reporting segment – Geographical segments	Australia		New Zealand		Consolidated	
	2009	2008	2009	2008	2009	2008
INCOME STATEMENT	$'000	$'000	$'000	$'000	$'000	$'000
Revenue						
Revenue from the rendering of services	214,901	171,074	10,282	16,722	225,183	187,796
Segment result						
Profit/(loss) before interest, income tax, depreciation and amortisation	34,474	29,571	(268)	1,356	34,206	30,927
Depreciation of property and equipment	(2,657)	(1,453)	(74)	(24)	(2,731)	(1,477)
Amortisation of intangible assets	(2,414)	(3,048)	(75)	(75)	(2,489)	(3,123)
Profit/(loss) before interest and income tax	**29,403**	**25,070**	**(417)**	**1,257**	**28,986**	**26,327**
Interest revenue					940	2,976
Interest expense					(2,527)	(3,655)
Profit before tax					**27,399**	**25,648**
Income tax expense					(8,081)	(7,454)
Net profit after income tax attributable to members of the company before minority interest					**19,318**	**18,194**
Minority interest					-	633
Net profit after income tax attributable to members of the company after minority interest					**19,318**	**17,561**

	2009	2008	2009	2008	2009	2008
BALANCE SHEET	$'000	$'000	$'000	$'000	$'000	$'000
Assets						
Segment assets	425,159	422,105	15,848	19,568	441,007	441,673
Liabilities						
Segment liabilities	285,471	287,312	3,792	6,983	289,263	294,295
Consolidated net assets	**139,688**	**134,793**	**12,056**	**12,585**	**151,744**	**147,378**

NOTE 5. REVENUE

	Consolidated		Parent entity	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Revenues				
Revenue from the rendering of services	**225,183**	**187,796**	-	-
Other revenue				
Interest received	940	2,976	149	232
Dividends received	-	-	23,443	8,250
Management fees	-	-	4,998	2,991
Foreign exchange gains (net)	23	47	-	-
	963	**3,023**	**28,950**	**11,473**
Revenue from continuing operations	**226,146**	**190,819**	**28,950**	**11,473**

NOTE 6. EXPENSES

Profit before income tax expense includes the following specific expenses:	Consolidated		Parent entity	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Expenses				
Depreciation				
Property and equipment	1,884	955	470	98
Furniture and fittings	193	191	6	1
Leasehold improvements	517	187	13	-
Plant and equipment under finance leases	124	133	-	-
Motor vehicles	13	11	-	-
Total depreciation	**2,731**	**1,477**	**489**	**99**
Amortisation				
Customer related	1,602	1,544	-	-
Software	729	620	163	29
Stadia rights	158	959	-	-
Total amortisation	**2,489**	**3,123**	**163**	**29**
Total depreciation and amortisation	**5,220**	**4,600**	**652**	**128**
Finance costs				
Interest and finance charges paid/payable	2,527	3,655	2,525	3,627
Finance costs expensed	**2,527**	**3,655**	**2,525**	**3,627**
Net loss on disposal of property, plant and equipment	65	115	-	-
Rental expense relating to operating leases				
Minimum lease payments	**4,305**	**2,953**	**429**	**43**
Defined contribution superannuanuation expense	**3,887**	**3,411**	**401**	**294**

Notes to the financial statements (continued)

30 June 2009

NOTE 7. INCOME TAX

	Consolidated		Parent entity	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
(a) Income tax expense				
Current tax – relating to current year	9,555	7,855	(2,482)	(2,770)
Current tax - under/(over) provision in prior year	42	114	79	(70)
Deferred tax – origination and reversal of timing differences	(1,516)	(515)	28	10
Aggregate income tax expense/(benefit)	**8,081**	**7,454**	**(2,375)**	**(2,830)**
Deferred income tax expense/(benefit) included in income tax expense comprises:				
- (Increase)/decrease in deferred tax assets	(704)	(341)	28	10
- (Decrease) in deferred tax liabilities	(812)	(174)	-	-
	(1,516)	**(515)**	**28**	**10**
(b) Reconciliation of prima facie income tax expense calculated at 30% (2008: 30%)				
Profit from continuing operations before income tax expense	**27,399**	**25,648**	**15,850**	**(99)**
Income tax expense calculated at 30% (2008: 30%)	8,220	7,695	4,755	(30)
Increase in income tax expense due to:				
- Expenditure not deductible for tax purposes	107	142	110	25
- Difference in overseas tax rates	-	45	-	-
- Under/(over) provision in prior year	42	114	79	(70)
Decrease in income tax due to:				
- Deductible acquisition costs	(286)	(280)	(286)	(280)
- Non-taxable dividends	-	-	(7,033)	(2,475)
- Tax losses not recognised in deferred tax assets	(2)	24	-	-
- Other	-	(286)	-	-
Income tax expense for the year	**8,081**	**7,454**	**(2,375)**	**(2,830)**
(c) Amounts recognised directly in equity				
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly credited or debited to equity. Net deferred tax debited directly to equity	**104**	**104**	**104**	**104**
(d) Tax losses				
Unused tax losses for which no deferred tax asset has been recognised	**121**	**277**	-	-
Potential tax benefit @ 30%	36	83	-	-
Differences in overseas tax rates	-	3	-	-
Total potential tax benefit	**36**	**86**	-	-
(e) Unrecognised deductible temporary differences				
Unrealised foreign exchange loss – New Zealand subsidiary	-	**24**	-	-

(f) Tax consolidation legislation

Mitchell Communication Group Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2006. The wholly owned Australian controlled entities in the Mitchell & Partners acquisition joined the Group on 1 April 2007. Other acquired entities join the Group on the date of their acquisition. The accounting policy in relation to this legislation is set out in note 1(f).

The entities in the tax consolidated group have entered into tax sharing agreements which, in the opinion of the directors, limits the joint and several liability of the wholly owned entities in the case of a default by the head entity, Mitchell Communication Group Limited.

The entities have also entered into a tax funding agreement under which the wholly owned entities fully compensate Mitchell Communication Group Limited for any current tax payable assumed and are compensated by Mitchell Communication Group Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Mitchell Communication Group Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables.

NOTE 8. CASH AND CASH EQUIVALENTS

	Consolidated		Parent entity	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Cash at bank and on hand	74,090	71,176	47,242	10,146
Deposits at call	2,022	2,142	-	-
Total	**76,112**	**73,318**	**47,242**	**10,146**

(a) Cash at bank and on hand

The cash at bank and on hand is bearing a floating interest rate from 2.25% to 3.0% (2008: 0% to 7.0%).

(b) Deposits at call

The deposits are bearing floating interest rates of 3.70% (2008: 4.55% to 7.40%). Deposits at call in New Zealand of $1.956 million (2008: $2.072 million) are bearing floating interest rates of between 3.15% to 8.50% (2008: 8.0% to 8.9%)

NOTE 9. TRADE AND OTHER RECEIVABLES

		Consolidated		Parent entity	
		2009	2008	2009	2008
	Note	$'000	$'000	$'000	$'000
Trade receivables	(a)	128,153	146,694	670	292
Less: Provision for impaired receivables	(b)	(695)	(326)	-	-
		127,458	**146,368**	**670**	**292**
Loans to related parties *		-	-	45,877	43,982
Less: Provision for impairment of related party receivable		-	-	(4,859)	(4,859)
		-	-	**41,018**	**39,123**
Total		**127,458**	**146,368**	**41,688**	**39,415**

* Further information relating to loans to related parties is set out in note 27.

30 June 2009

NOTE 9. TRADE AND OTHER RECEIVABLES (continued)

(a) Trade receivables

The average credit period on sale of services is 45 days. Material credit risk on trade receivables is covered by a comprehensive mercantile insurance policy, refer note 2(b) for further detail.

Before accepting new media customers, the Group applies for mercantile insurance against the potential debt. Where the debtor falls below the insurable limit, or does not receive coverage, the Group performs a background credit check to determine the potential customers' credit quality and then defines the credit limits for that customer. Limits attributed to customers are reviewed regularly.

(b) Impaired trade receivables

Included in the Group's trade receivable balance are debtors with a carrying amount of $8.6m (2008: $7.2m) which are past due at the reporting date and for which the Group has not provided for, as the amounts are considered recoverable.

	Consolidated		Parent entity	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Ageing past due but not impaired:				
60 – 90 days	4,016	5,000	9	-
90 – 120 days	1,514	1,877	73	-
120+ days	3,031	311	-	-
Total	**8,561**	**7,188**	**82**	**-**
Movement in the provision for impaired receivables:				
Opening balance	326	517	-	34
Acquired balance	40	15	-	-
Impairment losses recognised on receivables	765	162	-	-
Amounts written off as not collectible	(436)	(15)	-	-
Amounts recovered during the year	-	5	-	-
Transfer to Group entity	-	-	-	(34)
Impairment losses reversed	-	(358)	-	-
Balance at the end of the year	**695**	**326**	**-**	**-**
Ageing of impaired trade receivables:				
60 – 90 days	27	4	-	-
90 – 120 days	49	12	-	-
120+ days	619	310	-	-
Total	**695**	**326**	**-**	**-**

NOTE 10. OTHER ASSETS

	Consolidated		Parent entity	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Prepayments	4,319	6,234	220	146
Accrued revenue	1,034	342	-	-
Inventory	571	456	-	-
Loans to joint venture entities	8	16	8	1
Other assets	3,207	2,423	305	2,242
Total	**9,139**	**9,471**	**533**	**2,389**

NOTE 11. OTHER FINANCIAL ASSETS

	Consolidated		Parent entity	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Shares in subsidiaries	-	-	207,495	188,127
Total	**-**	**-**	**207,495**	**188,127**

The financial assets are carried at cost.

NOTE 12. PROPERTY AND EQUIPMENT

	Plant & equipment	Furniture & fittings	Leasehold improve-ments	Leased plant & equipment	Motor vehicles	Total
Consolidated	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 1 July 2007						
Cost	6,419	1,527	614	128	52	8,740
Less: accumulated depreciation	(4,259)	(987)	(301)	(118)	(52)	(5,717)
Net book amount	**2,160**	**540**	**313**	**10**	**-**	**3,023**
Year ended 30 June 2008:						
Additions	1,860	620	903	-	11	3,394
Acquisition of subsidiary	552	75	77	451	52	1,207
Disposals	(87)	(42)	(5)	-	-	(134)
Foreign exchange movement	(12)	(8)	-	-	-	(20)
Depreciation/amortisation charge	(955)	(191)	(187)	(133)	(11)	(1,477)
Closing net book amount	**3,518**	**994**	**1,101**	**328**	**52**	**5,993**
At 1 July 2008						
Cost	9,992	2,134	1,577	1,082	132	14,917
Less: accumulated depreciation	(6,474)	(1,140)	(476)	(754)	(80)	(8,924)
Net book amount	**3,518**	**994**	**1,101**	**328**	**52**	**5,993**
Year ended 30 June 2009:						
Additions	4,974	372	1,283	6	12	6,647
Acquisition of subsidiary	149	-	39	-	-	188
Disposals	(17)	(34)	(31)	-	(16)	(98)
Depreciation/amortisation charge	(1,884)	(193)	(517)	(124)	(13)	(2,731)
Closing net book amount	**6,740**	**1,139**	**1,875**	**210**	**35**	**9,999**
At 30 June 2009						
Cost	15,111	2,472	2,868	1,088	128	21,667
Less: accumulated depreciation	(8,371)	(1,333)	(993)	(878)	(93)	(11,668)
Net book amount	**6,740**	**1,139**	**1,875**	**210**	**35**	**9,999**

Notes to the financial statements (continued)

30 June 2009

NOTE 12. PROPERTY AND EQUIPMENT (continued)

	Plant & equipment	Furniture & fittings	Leasehold improvements	Leased plant & equipment	Total
Parent entity	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 1 July 2007					
Cost	402	352	166	118	1,038
Less: accumulated depreciation	(265)	(175)	(75)	(108)	(623)
Net book amount	**137**	**177**	**91**	**10**	**415**
Year ended 30 June 2008:					
Additions	712	9	-	-	721
Transfer to subsidiary	(136)	(177)	(91)	(10)	(414)
Depreciation/amortisation charge	(98)	(1)	-	-	(99)
Closing net book amount	**615**	**8**	-	-	**623**
At 1 July 2008					
Cost	713	9	-	-	722
Less: accumulated depreciation	(98)	(1)	-	-	(99)
Net book amount	**615**	**8**	**-**	**-**	**623**
Year ended 30 June 2009:					
Additions	806	52	59	-	917
Depreciation/amortisation charge	(470)	(6)	(13)	-	(489)
Closing net book amount	**951**	**54**	46	-	**1,051**
At 30 June 2009					
Cost	1,519	61	59	-	1,639
Less: accumulated depreciation	(568)	(7)	(13)	-	(588)
Net book amount	**951**	**54**	**46**	-	**1,051**

NOTE 13. DEFERRED TAX ASSETS

	Consolidated		Parent entity	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
The balance comprises temporary differences attributable to:				
Doubtful debts	314	127	-	-
Employee benefits	1,285	990	148	85
Accrued expenses	523	578	185	105
Depreciation	(7)	(100)	-	-
Leased assets	-	(37)	-	-
Work in progress	-	(94)	-	-
Tax losses*	72	7	-	-
Share issue expenses	208	311	208	311
Net deferred tax assets	**2,395**	**1,782**	**541**	**501**
Deferred tax assets to be recovered within 12 months	2,395	1,705	541	424
Deferred tax assets to be recovered after more than 12 months	-	77	-	77
Total	**2,395**	**1,782**	**541**	**501**

* The deferred tax asset attributable to tax losses does not exceed taxable amounts arising from the reversal of existing assessable temporary differences.

	Tax losses	Employee benefits	Share issue expenses	Other	Total
Movements – Consolidated	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 1 July 2007	4	669	414	299	1,386
Charged to the income statement	3	168	-	170	341
Charged directly to equity	-	-	(103)	-	(103)
Acquisition of subsidiary	-	153	-	5	158
At 30 June 2008	**7**	**990**	**311**	**474**	**1,782**
Charged to the income statement	65	231	-	362	658
Charged directly to equity	-	-	(103)	-	(103)
Acquisition of subsidiary	-	64	-	(6)	58
At 30 June 2009	**72**	**1,285**	**208**	**830**	**2,395**
Movements – Parent entity	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 1 July 2007	-	63	414	(30)	447
Charged to the income statement	-	22	-	135	157
Charged directly to equity	-	-	(103)	-	(103)
At 30 June 2008	-	**85**	**311**	**105**	**501**
Charged to the income statement	-	63	-	80	143
Charged directly to equity	-	-	(103)	-	(103)
At 30 June 2009	-	**148**	**208**	**185**	**541**

Notes to the financial statements (continued)

30 June 2009

NOTE 14. INTANGIBLE ASSETS

Consolidated	Software $'000	Brand name $'000	Customer related $'000	Stadia rights $'000	Goodwill $'000	Total $'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 amount	**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 amount	**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 amount	**1,005**	**5,750**	**8,262**	**158**	**189,566**	**204,741**
Year ended 30 June 2009:						
Additions	322	-	-	-	-	322
Acquisition of subsidiary	59	-	-	-	13,271	13,330
Amortisation charge	(729)	-	(1,602)	(158)	-	(2,489)
Closing net book amount	**657**	**5,750**	**6,660**	-	**202,837**	**215,904**
At 30 June 2009						
Cost	2,156	5,750	9,970	1,600	202,837	222,313
Less: accumulated amortisation	(1,499)	-	(3,310)	(1,600)	-	(6,409)
Net book amount	**657**	**5,750**	**6,660**	-	**202,837**	**215,904**

Parent	Software $'000	Total $'000
At 1 July 2007		
Cost	1,022	1,022
Less: accumulated amortisation	(109)	(109)
Net book amount	**913**	**913**
Year ended 30 June 2008:		
Additions	236	236
Transfer to subsidiary	(913)	(913)
Amortisation charge	(29)	(29)
Closing net book amount	**207**	**207**
At 1 July 2008		
Cost	236	236
Less: accumulated amortisation	(29)	(29)
Net book amount	**207**	**207**
Year ended 30 June 2009:		
Additions	244	244
Acquisition of subsidiary	58	58
Amortisation charge	(163)	(163)
Closing net book amount	**346**	**346**
At 30 June 2009		
Cost	480	480
Less: accumulated amortisation	(134)	(134)
Net book amount	**346**	**346**

(a) Software

The software has a useful life of between 3 and 4 years (refer note 1(p))

(b) Determination of intangibles relating to prior year acquisition

The goodwill that was provisionally assessed, relating to the acquisitions of the Visual Jazz Pty Ltd, Haystac Public Affairs and the Coleman Group Pty Ltd during the year ended 30 June 2008, has been finalised during the period. The Group has identified and independently valued intangibles of the acquired businesses, which has resulted in a reduction of the goodwill provisionally booked in 2008 of $2.7 million and a corresponding increase in customer-related and software intangible assets, with no change to total intangible assets. The intangibles identified are specified in the note above.

(c) Impairment tests for goodwill

Goodwill is allocated to the Group's cash generating units (CGU's) at the lowest level for which there are separate identifiable cash flows. The recoverable amount of a CGU is determined based on value-in-use calculations. At 30 June 2009, the Group has determined that there is no impairment to intangible asset values based on the calculations performed.

Since 1 July 2008, the Group's CGU's have been consolidated into business segments, due to the centralised management and reporting structure of those segments.

30 June 2009

NOTE 14. INTANGIBLE ASSETS (continued)

(d) Key assumptions used for value-in-use calculations

CGU	Carrying value of goodwill *	Carrying value of brand name	Gross margin **		Growth rate ^		Discount rate †	
	2009	2009	2009	2008	2009	2008	2009	2008
	$'000	$'000	%	%	%	%	%	%
Media	106,176	5,750	n/a	n/a	4.0	3.5-4.5	11.4	10.0
Diversified	57,368	-	30	33	5.0	4.5	11.4	10.0
Public Relations	14,475	-	n/a	n/a	4.0	4.5	11.4	10.0
Digital Advertising & Technology	24,817	-	n/a	n/a	6.0	4.5	11.4	10.0

* No comparative figures due to change in determination of CGU's in current financial year.

** Budgeted gross margin. Revenue from Mitchell & Partners Group is recognised on an agency principle. Refer note 1(d).

^ Weighted average growth rate used to extrapolate cash flows beyond the budget period

† In performing the value in use calculations for each CGU, the company has applied post tax discount rates to discount the forecast future attributable post tax cash flows.

Management determined budgeted gross margin based on past performance, economic and industry data and its future expectations.

(e) Impact of possible changes in key assumptions

There are no reasonably possible changes in the key assumptions that would cause the CGU's carrying amount to exceed its recoverable amount.

NOTE 15. TRADE AND OTHER PAYABLES

	Consolidated		Parent entity	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Trade payables	182,184	193,066	1,615	678
Other payables	16,355	16,564	663	1,249
Deferred revenue	6,753	8,277	-	-
Accrued interest	116	348	116	348
Total	**205,408**	**218,255**	**2,394**	**2,275**

Risk exposure

Information about the Group's and parent entities exposure to foreign exchange risk is provided in note 2.

NOTE 16 OTHER FINANCIAL LIABILITIES

		Consolidated		Parent entity	
		2009	2008	2009	2008
	Note	$'000	$'000	$'000	$'000
Current					
Deferred consideration – acquisitions		1,630	6,101	1,630	1,036
Other – related party loans	27	-	-	86,184	51,142
Total		**1,630**	**6,101**	**87,814**	**52,178**
Non-current					
Deferred consideration - acquisitions		-	**279**	-	**279**

Deferred consideration is payable to the vendors of acquired entities pursuant to Sale and Purchase Agreements.

NOTE 17. PROVISIONS

	Consolidated		Parent entity	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Current				
Employee entitlements	3,049	2,268	302	199
Provision for insurance excess	250	-	-	-
Total	**3,299**	**2,268**	**302**	**199**
Non-current				
Employee entitlements	**1,191**	**989**	**195**	**84**

NOTE 18 BORROWINGS

	Consolidated		Parent entity	
	2009	2008	2009	2008
Total secured liabilities	$'000	$'000	$'000	$'000
Bank loans	**73,000**	**60,000**	**73,000**	**60,000**

(a) Assets pledged as security

The bank loans of the parent entity are secured by registered mortgage debentures over the assets of the parent entity, Neodigital Pty Ltd, Digital Artists Pty Ltd, Digital Advertising New Zealand Limited, Mitchell & Partners Pty Ltd, Mitchell & Partners (NSW) Pty Ltd, Mitchell & Partners (Qld) Pty Ltd, Mitchell & Partners Australia Pty Ltd, Stadia Media Pty Ltd, Positive Outcomes Pty Ltd, Spark PR Pty Ltd, Drive Communications Pty Ltd, Mitchell & Partners (NZ) Limited, emitch Pty Ltd, Vivid Holdings Australia Pty Ltd, Vivid Group Pty Ltd and Web Data Group Pty Ltd. (2008: the parent entity, Neodigital Pty Ltd, Digital Artists Pty Ltd, The Internet Bureau Limited, Mitchell & Partners Pty Ltd, Mitchell & Partners (NSW) Pty Ltd, Mitchell & Partners (Qld) Pty Ltd, Mitchell & Partners Australia Pty Ltd, Stadia Media Pty Ltd, Positive Outcomes Pty Ltd, Spark PR Pty Ltd, Drive Communications Pty Ltd and Mitchell & Partners (NZ) Limited).

The carrying amount of assets pledged as security for the non-current borrowings are:

	Consolidated		Parent entity	
	2009	2008	2009	2008
Current	$'000	$'000	$'000	$'000
Floating charge				
Cash and cash equivalents	76,049	68,361	47,242	10,146
Trade and other receivables	108,402	139,778	41,688	39,415
Other assets	7,481	6,825	533	2,389
Total current assets pledged as security	**191,932**	**214,964**	**89,463**	**51,950**
Non-current				
Floating charge				
Property and equipment	9,999	3,483	1,051	623
Total non-current assets pledged as security	**9,999**	**3,483**	**1,051**	**623**
Total assets pledged as security	**201,931**	**218,447**	**90,514**	**52,573**

(b) Cash advance facility (Bank loans)

The facility consists of two pools, $50 million for working capital purposes and $30 million for merger and acquisition activity. The facility is repayable in full by 31 August 2010. The working capital pool is drawn down as required as a bank overdraft. The mergers and acquisition pool is drawn down as required as a separate fully drawn advance. Each drawn advance has a variable interest rate based on the bank bill swap rate for the period of the advance. The overdraft has a variable interest rate based on the 30-day bank bill swap rate.

The current interest rate on the bank overdraft is 3.73% and 3.71% on the cash advance facility (2008: 8.05% to 8.20%).

30 June 2009

NOTE 18 BORROWINGS (continued)

(c) Financing arrangements

Unrestricted access was available at balance date to the following lines of credit:

	Consolidated		Parent entity	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Bank loan facilities – Pool "A"				
Total facilities	50,000	50,000	50,000	50,000
Used at balance date	44,300	46,558	44,300	46,558
Unused at balance date	**5,700**	**3,442**	**5,700**	**3,442**
Bank loan facilities – Pool "B"				
Total facilities	30,000	30,000	30,000	30,000
Used at balance date	28,700	13,442	28,700	13,442
Unused at balance date	**1,300**	**16,558**	**1,300**	**16,558**

The cash advance facility may be drawn at any time up to the facility limit.

(d) Interest rate risk exposures

The following table sets out the Group's exposure to interest rate risk, including the contractual re-pricing dates and weighted average interest rate by maturity periods.

Exposures arise from liabilities bearing variable interest rates.

		Fixed interest rate						
	Floating interest rate	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total
2009	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Bank loans	**73,000**	-	-	-	-	-	-	**73,000**
Weighted average interest rate	3.73%	-	-	-	-	-	-	3.73%

		Fixed interest rate						
	Floating interest rate	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total
2008	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Bank loans	**60,000**	-	-	-	-	-	-	**60,000**
Weighted average interest rate	8.13%	-	-	-	-	-	-	8.13%

(e) Fair value

The carrying amounts and fair values of borrowings at balance date are for the Group and Parent:

	2009		2008	
	Carrying amount	Fair value	Carrying amount	Fair value
	$'000	$'000	$'000	$'000
On balance sheet				
Non-traded financial liabilities				
Bank loans	**73,000**	**73,000**	**60,000**	**60,000**

None of the classes of borrowings are readily traded on organised markets in standardised form. Fair value is inclusive of costs, which would be incurred on settlement of a liability.

On balance sheet

The fair value of borrowings is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for liabilities with similar risk profiles.

(f) Risk exposures

Information about the Group's and parent entities exposure to interest rate and foreign exchange changes is provided in note 2.

NOTE 19. DEFERRED TAX LIABILITIES

	Consolidated	
	2009	2008
The balance comprises temporary differences attributable to:	$'000	$'000
Amounts recognised in profit or loss		
Intangibles	2,031	2,501
Work in progress	128	-
Depreciation	60	-
Grants receivable	41	-
Net deferred tax liabilities	**2,260**	**2,501**
Deferred tax liabilities to be recovered after more than 12 months	1,598	2,327
Deferred tax liabilities to be recovered within 12 months	662	174
Total	**2,260**	**2,501**

	Intangibles	Other	Total
Movements – Consolidated	$'000	$'000	$'000
At 1 July 2007	2,675	-	2,675
Credited to the income statement	(174)	-	(174)
At 30 June 2008	**2,501**	-	**2,501**
Charged/(credited) to the income statement	(470)	229	(241)
At 30 June 2009	**2,031**	**229**	**2,260**

NOTE 20. CONTRIBUTED EQUITY

	Note	Parent entity 2009 Shares '000	Parent entity 2008 Shares '000	Parent entity 2009 $'000	Parent entity 2008 $'000
(a) Share capital					
Ordinary shares, fully paid	(b)(c)	**297,447**	**288,019**	**136,341**	**133,071**

(b) Movements in ordinary share capital:

Date	Details		Number of shares	Average issue price	$'000
2008					
30 Jun 2007	**Opening balance**		**246,357,454**		**86,944**
16 Aug 2007	Issued as part consideration on the purchase of Mitchell & Partners (WA) Pty Ltd	(d)	1,028,160	$1.25	1,285
4 Sep 2007	Share placement to institutions	(e)	30,000,000	$1.10	33,000
19 Oct 2007	Issued under share purchase plan	(f)	6,334,532	$1.09	6,904
29 Nov 2007	Issued pursuant to earn-out on purchase of Mitchell & Partners Group	(g)	4,166,667	$1.15	4,792
7 May 2008	Issued as part consideration of the purchase of Visual Jazz Pty Ltd	(h)	1,513,773	$0.66	999
	Share buy-back, net of transaction costs	(i)	(1,382,025)	$0.67	(923)
	Shares issued as part consideration of earn-out payments on the purchase of Visual Jazz Pty Ltd and Coleman Group Pty Ltd	(j)			1,102
	Less: Transaction costs arising on share issue				(928)
	Deferred tax credit recognised directly in equity				(104)
30 Jun 2008	**Closing balance**		**288,018,581**		**133,071**
2009					
3 Oct 2008	Issued as part consideration on the purchase of Visual Jazz Pty Ltd	(j)	1,012,590	$0.62	(68)
24 Oct 2008	Issued as part consideration of earn-out payments on the purchase of Coleman Group Pty Ltd	(j)	781,281	$0.67	112
13 Mar 2009	Shares issued under employment contract		500,000	$0.43	213
17 Apr 2009	Shares issued under the Dividend Reinvestment Plan	(k)	7,134,839	$0.44	3,139
	Less: Transaction costs arising on share issue, including the tax benefit from previous share issues				(126)
30 Jun 2009	**Closing balance**		**297,447,291**		**136,341**

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(d) Issued relating to purchase of Mitchell & Partners (WA) Pty Ltd

The company purchased 51% of the issued capital of Workhouse Advertising Pty Ltd, details of which can be found in note 28, effective 16 August 2007 for consideration including 1,028,160 fully paid ordinary shares in the capital of Mitchell Communication Group Limited. The fair value of ordinary shares issued was calculated by taking the average price of the five trading during the period 25 June to 30 June 2007.

(e) Share placement to institutional investors

On 4 September 2007, the company announced the placement of 30,000,000 shares at $1.10 per share to institutional investors. The equity raised will be used in part to fund future acquisitions.

(f) Share purchase plan

On 4 September 2007, the company announced a "Shareholder Purchase Plan" whereby shareholders were offered the opportunity to buy shares in the company at $1.09 for a maximum value of $5,000 per shareholder. Under the plan the company issued 6,334,532 shares.

(g) Purchase of business' of the Mitchell & Partners group

At 30 June 2007, the company owed the Mitchell family $45.415m in deferred consideration for the sale of the Mitchell & Partners group. During the year ended 30 June 2008, the Mitchell family elected to take part of the payment due in the form of 4,166,667 ordinary shares. The fair value of ordinary shares issued was calculated by taking the average price of five trading days prior to the date of exchange.

(h) Purchase of the Visual Jazz Pty Ltd

Effective 7 September 2007, the company purchased 100% of the issued capital of Visual Jazz Pty Ltd, details of which can be found in note 28, for consideration including 1,513,773 fully paid ordinary shares in the capital of Mitchell Communication Group Limited. The fair value of ordinary shares issued was calculated by taking the average price of the five trading days prior to the date of exchange.

(i) Share buy-back program

On 22 January 2008, the company executed a publicly announced share buy-back program. The company made the decision to buy back up to 10% of the company's shares, with the strategy of efficient capital management and maximising shareholder value. All the shares purchased on market were cancelled. The company bought back 1,382,025, which were cancelled.

(j) Shares issued as deferred consideration

The company issued shares to the vendors of Visual Jazz Pty Ltd and Coleman Group Pty Ltd as part payment of deferred consideration under the Sale and Purchase agreements. The shares were issued before 30 September 2008. An estimate value was taken up in contributed equity at 30 June 2008. The current year figure represents the variance between the estimated and actual value issued.

(k) Shares issued under the Dividend Reinvestment Plan

On 19 February 2009, the company announced a Dividend Reinvestment Plan (DRP), whereby shares would be issued based upon the daily volume weighted average market price of MCU shares during the five trading days ended 30 March 2009, less a 5% discount, which equated to a value of $0.44 per share. A total of 7,134,839 were issued under the DRP on 17 April 2009 to those shareholders who elected to take part in the Plan.

(l) Capital risk management

The Group's and parent entity's objectives when managing capital is to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group and parent monitor capital by analysing the net cash / debt position and gearing ratio. The gearing ratio is calculated as net debt divided by total capital. The business is currently in a net cash position, which is consistent with the fact that the parent is running a share buy-back program to optimise the return to shareholders.

30 June 2009

NOTE 21. RESERVES AND RETAINED EARNINGS/(ACCUMULATED LOSSES)

	Consolidated		Parent entity	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
(a) Reserves				
Share-based payments reserve	273	163	273	163
Foreign currency translation reserve	(344)	(383)	-	-
	(71)	**(220)**	**273**	**163**
Movements:				
Share-based payments reserve				
Balance 1 July	163	238	163	238
Option and performance rights expense	110	(75)	110	(75)
Balance 30 June	**273**	**163**	**273**	**163**
Foreign currency translation reserve				
Balance 1 July	(383)	97	-	-
Currency translation differences arising during the year	39	(480)	-	-
Balance 30 June	**(344)**	**(383)**	**-**	**-**
(b) Retained earnings/(accumulated losses)				
Retained earnings/(accumulated losses) at the beginning of the financial year	7,695	(1,331)	(11,307)	(5,527)
Net profit attributable to members of Mitchell Communication Group Limited	19,318	17,561	18,225	2,731
Dividends declared and paid during the year	(11,564)	(8,535)	(11,564)	(8,511)
Changes in minority interest	25	-	-	-
Retained earnings/(accumulated losses) at the end of the financial year	**15,474**	**7,695**	**(4,646)**	**(11,307)**

(c) Nature and purpose of reserves

(i) Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options and performance rights issued but not exercised.

(ii) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve, as described in note 1(c). The reserve is recognised in profit and loss when the net investment is disposed of.

NOTE 22. DIVIDENDS

	Consolidated		Parent entity	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
(a) Ordinary shares				
Final dividend for the year ended 30 June 2008 of 2.1 cents (2007: 1.2 cents) per fully paid share paid on 26 September 2008 (2007: 12 October 2007). 100% franked (2007: 100% franked) based on tax paid at 30%	6,048	3,329	6,048	3,329
Interim dividend for the year ended 30 June 2009 of 1.9 cents (2008: 1.8 cents) per fully paid share paid on 17 April 2009 (2008: 28 March 2008). 100% franked (2008: 100% franked) based on tax paid at 30%	5,516	5,182	5,516	5,182
Dividend paid by subsidiary to minority interest	-	24	-	-
Total dividends provided for or paid	**11,564**	**8,535**	**11,564**	**8,511**

b) Dividends not recognised at year end

Details of dividends declared subsequent to the year ended 30 June 2009 are as follows:

Record date	Payment date	Type	Amount per security	Total dividend	Franked amount per security	Foreign sourced dividend amount per security
11 September 2009	2 October 2009	Final	2.1 cents	6,246,393	2.1 cents	Nil

	Consolidated		Parent entity	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
(c) Franked dividends				
Franking credits available for subsequent financial years based on a tax rate of 30% (2008: 30%)	19,811	14,734	19,811	14,734

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

(a) franking credits that will arise from the payment of the current tax liability;
(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of controlled entities were paid as dividends.

The impact on the franking account of the dividend recommended by the directors since year-end, but not recognised as a liability at year-end, will be a reduction in the franking account of $2,677,026 (2008: $2,592,000).

30 June 2009

NOTE 23. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors

The following persons were directors of Mitchell Communication Group Limited during the financial year:

Chairman	H C Mitchell AO (Executive Chairman)
Executive directors	S J Mitchell (Chief Executive Officer)
Non-executive directors	G A Hounsell R J Stewart R J Lamplugh S A Cameron P G Nankervis N Sparks

(b) Other key management personnel

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

Name	Position	Employer
L Littlefield	Chief Operating Officer	Mitchell Communication Group Management Services Pty Ltd
J Murray	Managing Director – Digital	Mitchell Communication Group Management Services Pty Ltd
J White	Managing Director – Corporate	Mitchell Communication Group Management Services Pty Ltd
A Charles	Managing Director – Diversified	Mitchell Communication Group Management Services Pty Ltd
D G Cust	Chief Financial Officer	Mitchell Communication Group Management Services Pty Ltd

(c) Key management personnel compensation

	Consolidated		Parent entity	
	2009	2008	2009	2008
	$	$	$	$
Short-term employee benefits	2,201,135	3,044,979	2,201,135	3,044,979
Post-employment benefits	318,052	284,155	318,052	284,155
Long-term benefits	17,990	14,658	17,990	14,658
Share-based payments	228,898	57,705	228,898	57,705
Total	**2,766,075**	**3,401,497**	**2,766,075**	**3,401,497**

The company has taken advantage of the relief provided by Corporations Regulation 2M.3.03 and has transferred the detailed remuneration disclosures to the Directors' Report. The relevant information can be found in sections A-C of the remuneration report on pages 42 to 47.

(d) Equity instrument disclosures relating to key management personnel

(i) Options and performance rights provided as remuneration and shares issued on exercise of such options and performance rights

Details of options and performance rights over ordinary shares in the company provided as remuneration and shares issued on the exercise of such options and performance rights, together with terms and conditions of the options can be found in Section D of the remuneration report on pages 47 to 49.

(ii) Option and performance rights holdings

The numbers of options over ordinary shares in the company held during the financial year by each director of Mitchell Communication Group Limited and other key management personnel of the Group, including their personally-related entities, are set out below. There are no performance rights held by any director or key management personnel.

Options

2009 Name	Balance at the start of the year	Granted during the year as remuneration	Forfeited during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Specified executives of the Group					
D G Cust	81,204	-	-	81,204	81,204
J Murray	300,000	-	-	300,000	300,000

Options

2008 Name	Balance at the start of the year	Granted during the year as remuneration	Forfeited during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors of Mitchell Communication Group Limited					
H C Mitchell	1,000,000	-	(1,000,000)	-	-
G A Hounsell	500,000	-	(500,000)	-	-
R J Stewart	200,000	-	(200,000)	-	-
S A Cameron	200,000	-	(200,000)	-	-
P G Nankervis	-	200,000	(200,000)	-	-
N Sparks	-	200,000	(200,000)	-	-
Specified executives of the Group					
D G Cust	81,204	-	-	81,204	-
J Murray	300,000	-	-	300,000	-

NOTE 23. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(d) Equity instrument disclosures relating to key management personnel (continued)

(iii) Share holdings

The numbers of shares in the company held during the financial year by each director of Mitchell Communication Group Limited and other key management personnel of the Group, including their personally-related entities, are set out below.

2009 Name	Balance at the start of the year	Shares issued under employment contract	Other changes during the year	Balance at the end of the year
Directors of Mitchell Communication Group Limited - Ordinary shares				
H C Mitchell	102,408,827	-	5,599,677	108,008,504
S J Mitchell	12,858,797	-	555,266	13,414,063
G A Hounsell	1,660,500	-	97,782	1,758,282
R J Stewart	307,849	-	39,373	347,222
R J Lamplugh	1,040,000	-	44,908	1,084,908
S A Cameron	71,298	-	3,078	74,376
P G Nankervis	-	-	67,806	67,806
Other key management personnel of the Group - Ordinary shares				
L Littlefield	-	500,000	21,590	521,590
J White	20,510	-	-	20,510
D G Cust	371,254	-	-	371,254

2008 Name	Balance at the start of the year	Shares issued under employment contract	Other changes during the year	Balance at the end of the year
Directors of Mitchell Communication Group Limited - Ordinary shares				
H C Mitchell	100,242,160	-	2,166,667	102,408,827
S J Mitchell	12,858,797	-	-	12,858,797
G A Hounsell	72,000	-	1,588,500	1,660,500
R J Stewart	305,556	-	2,293	307,849
R J Lamplugh	1,040,000	-	-	1,040,000
S A Cameron	71,298	-	-	71,298
Other key management personnel of the Group - Ordinary shares				
J White	-	-	20,510	20,510
D G Cust	366,667	-	4,587	371,254

(e) Loans to key management personnel

There were no loans made to directors of Mitchell Communication Group Limited and other key management personnel of the Group, including their personally related parties during the years ended 30 June 2009 (2008: nil).

(f) Other transactions with directors and specified executives

Directors of Mitchell Communication Group Limited

Two directors, H C Mitchell and S J Mitchell were directors and shareholders of the Mitchell & Partners Group, which was purchased by the company on 1 April 2007. Part of the proceeds payable to the vendors was deferred, which was funded by way of a share placement on 4 September 2007. Refer to note 20 for further information. All deferred consideration was paid during the financial year ended 30 June 2008 as follows. No payments were made during the year ended 30 June 2009.

	2009	2008
	$	$
Cash paid	-	39,893,226
Equity issued	-	5,000,000
Total deferred consideration	**-**	**44,893,226**

From 21 May 2007 until 8 September 2008, a private entity related to Mr H C Mitchell and Mr S J Mitchell leased office space to an entity in the Group. The rental was based on arms length terms.

Two directors, H C Mitchell and S J Mitchell are directors and shareholders of the Mitchell Family Office Pty Ltd. The Mitchell Family Office sub-leased space from an entity within the Group from 21 May 2007 until 8 September 2008. The rental was based on arms length terms.

A director, H C Mitchell is founder of the Harold Mitchell Foundation. The Harold Mitchell Foundation sub-let space from an entity within the Group from 21 May 2007 until 8 September 2008. The rental was based on arms length terms.

A director, R J Lamplugh is a partner in the law firm Lamplugh McIntosh. This firm provided legal services to the company on normal terms and conditions. Lamplugh McIntosh sub-leased office space from an entity within the Group from 21 May 2007. The rental was based on arms length terms.

A director, G A Hounsell provided mergers and acquisitions consultancy services to the Group until 30 June 2008.

Aggregate amounts of each of the above types of other transactions with key management personnel of Mitchell Communication Group Limited:

	2009	2008
	$	$
Amounts recognised as revenue		
Rent	256,133	43,125
Total	**256,133**	**43,125**
Amounts recognised as expense		
Consultancy services	-	300,000
Legal fees	156,056	138,025
Rent of office building	-	45,100
Total	**156,056**	**483,125**
Aggregate amounts of assets at balance date relating to the above types of other transactions with key management personnel of the Group:		
Current assets	**2,892**	**470**
Aggregate amounts payable to key management personnel of the Group at balance date relating to the above types of other transactions:		
Current liabilities – other related parties	**28,508**	**12,620**

30 June 2009

NOTE 24. REMUNERATION OF AUDITORS

Audit Services

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, and non-related audit firms:

	Consolidated		Parent entity	
	2009	2008	2009	2008
	$	$	$	$
PricewaterhouseCoopers – Australian firm				
Audit and review of financial reports and other audit work under the Corporations Act 2001	317,212	338,550	309,500	338,550
Agreed upon procedures	10,000	5,000	-	-
Related practices of PricewaterhouseCoopers Australian firm	31,288	44,950	-	-
Total audit and other assurance services	**358,500**	**388,500**	**309,500**	**338,550**

NOTE 25. CONTINGENCIES

The Group had no contingent liabilities at balance date.

NOTE 26. COMMITMENTS

	Consolidated		Parent entity	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Operating leases				
The Group leases various offices under non cancellable operating leases expiring within two to six years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.				
Commitments for minimum lease payments in relation to non cancellable operating leases are payable as follows:				
Within one year	2,751	3,079	119	268
Later than one year but not later than five years	3,363	4,464	-	164
Later than five years	-	89	-	-
Total	**6,114**	**7,632**	**119**	**432**

NOTE 27. RELATED PARTIES

(a) Key management personnel

Disclosures relating to key management personnel are set out in note 23.

(b) Subsidiaries

Interests in subsidiaries are set out in note 29.

(c) Transactions with related parties

The following transactions occurred with related parties:

	Consolidated		Parent entity	
	2009	2008	2009	2008
	$	$	$	$
Purchases of goods and services				
Purchase of mobile marketing services from joint venture entity	56,554	60,350	-	-
Tax consolidation legislation				
Current tax payable assumed from wholly owned tax consolidated entities	-	-	11,745,772	10,317,257
Dividend revenue				
Subsidiaries	-	-	23,442,792	8,250,000
Other transactions				
Management fees paid to the parent entity by controlled entity	-	-	4,998,338	2,991,738

(d) Outstanding balances arising from sales/purchases of good and services

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated 2009 $	Consolidated 2008 $	Parent entity 2009 $	Parent entity 2008 $
Current receivables (management fees)				
Subsidiaries	-	-	575,847	292,124
Joint venture entity	14,689	-	-	-
Current receivables (tax funding agreements)				
Wholly owned tax consolidated entities	-	-	22,983,856	11,238,084
Current payables (purchases of services)				
Subsidiaries	-	-	1,212,102	109,775
Joint venture entity	157,635	-	-	-

No provision for impaired receivables has been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

Notes to the financial statements (continued)

30 June 2009

NOTE 27. RELATED PARTIES (continued)

(e) Loans to / (from) related parties

	Consolidated		Parent entity	
	2009	2008	2009	2008
	$	$	$	$
Loans to subsidiaries				
Beginning of the year	-	-	39,123,454	463,749
Loans advanced by parent	-	-	72,641,663	74,783,789
Loan repayments received from subsidiaries	-	-	(70,844,785)	(36,192,360)
Interest charged	-	-	97,879	68,276
End of the year	-	-	**41,018,211**	**39,123,454**
Loans from subsidiaries				
Beginning of the year	-	-	(51,142,063)	(28,711,250)
Loans transferred by parent	-	-	(62,088,388)	(36,482,229)
Loan transfer made by subsidiaries	-	-	27,046,279	14,051,416
End of the year	-	-	**(86,184,172)**	**(51,142,063)**
Loans to/(from) joint venture entities				
Beginning of the year	559	-	559	-
Loans advanced by parent	38,695	559	38,695	559
Loan payments advanced by joint venture entity	(30,825)	-	(30,825)	-
End of the year	**8,429**	559	**8,429**	559

A provision for impaired receivables of $4.6 million has been raised in relation to outstanding balances in the financial year (2008: nil) and no expense has been recognised in respect of bad or doubtful debts due from related parties.

NOTE 28. BUSINESS COMBINATIONS

	Note	Principal activity	Date of acquisition	Proportion of shares / business acquired %	Cost of acquisition $'000
2009					
Mitchell & Partners (WA) Pty Ltd	(a)	Offline planning & buying	1/7/08	49	6,330
Vivid Holdings Australia Pty Ltd	(d)	Branding, digital media & application development	1/7/08	100	11,745
Agile Automated Advertising Pty Ltd	(e)	Automated ad agency templating	1/7/08	100	1,200
Picture This! Productions Pty Ltd	(f)	Video & event production	1/11/08	100	70
2008					
Mitchell & Partners (WA) Pty Ltd	(a)	Offline planning & buying	1/7/07	51	7,108
Coleman Group Pty Ltd	(b)	Sign production	1/11/07	100	7,645
Visual Jazz Pty Ltd	(c)	Digital Creative	1/9/07	100	15,896

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

(i) Summary of 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 $6,174,000 in cash.

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

(ii) Purchase consideration

	$'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	Fair value
	$'000	$'000
Property 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.

(b) Acquisition of Coleman Group Pty Ltd

(i) Summary of 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 year ending 30 June 2010. The payment of additional consideration for the financial year ending 30 June 2010 is not probable at 30 June 2009 and has not been included in the cost of acquisition. A reassessment of the contingent consideration will be made at 31 December 2009.

NOTE 28. BUSINESS COMBINATIONS (continued)

(b) Acquisition of Coleman Group Pty Ltd (continued)

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

(ii) Purchase consideration

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

The fair value of assets and liabilities acquired was 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.

(c) Acquisition of Visual Jazz Pty Ltd

(i) Summary of 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. No further consideration is payable.

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

(ii) Purchase consideration

	$'000
Cash paid	10,722
Equity issued	999
Additional consideration	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**

The fair value of assets and liabilities acquired was 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.

(d) Acquisition of Vivid Holdings Australia Pty Ltd

(i) Summary of 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 $11,700,000 in cash. Further consideration is payable on the achievement of certain profit hurdles for the year ending 30 June 2010. An assessment of the contingent consideration will be made at 31 December 2009.

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

(ii) Purchase consideration

	$'000
Cash paid	11,700
Direct costs relating to the acquisition	45
Total purchase consideration	**11,745**
Fair value of net identifiable assets acquired (refer below)	652
Goodwill - provisional (refer below)	**11,093**

Assets and liabilities acquired

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

	Acquiree's carrying amount $'000	Fair value $'000
Cash and cash equivalents	988	988
Receivables	1,249	1,016
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**	**652**

The fair value of identifiable assets and liabilities acquired has been assessed provisionally. 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 associated tax effect within 12 months of the acquisition date in accordance with AASB 3 Business Combinations.

Since the acquisition, the company has performed a detailed value-in-use calculation that supports the carrying value of intangibles arising out of the acquisition.

NOTE 28. BUSINESS COMBINATIONS (continued)

(e) Acquisition of Agile Automated Advertising Pty Ltd

(i) Summary of acquisition

On 21 July 2008, with effect from 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

	$'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.

Since the acquisition, the company has performed a detailed value-in-use calculation that supports the carrying value of intangibles arising out of the acquisition.

(f) Acquisition of Picture This! Productions

(i) Summary of acquisition

On 11 November 2008, with effect from 1 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 in the 12 months to 10 November 2009. The payment of additional consideration is not probable at 30 June 2009 and has not been included in the cost of acquisition. A reassessment of the contingent consideration will be made at 31 October 2009.

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

(ii) Purchase consideration

	$'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.

Since the acquisition, the company has performed a detailed value-in-use calculation, which supports the carrying value of the goodwill arising from the acquisition.

(g) Impact on income statement

The contribution to net profit after tax of the consolidated entity by the acquired entities listed above from the date of their acquisition or 1 July 2008, whichever is the latter, to 30 June 2009 was $3,617,408. It is not practical to disclose the full year impact of the acquisitions due to the owner-related transactions that occurred in the period up until their purchase.

NOTE 29. INVESTMENTS IN CONTROLLED ENTITIES

Name of entity	Note	Country of incorporation	Class of shares	Equity Holding 2009 %	Equity Holding 2008 %
Agile Automated Advertising Pty Ltd		Australia	Ordinary	100	-
Coleman Group Pty Ltd		Australia	Ordinary	100	100
Digital Artists Pty Ltd		Australia	Ordinary	100	100
dmitch Pty Ltd		Australia	Ordinary	100	100
Drive Communications Pty Ltd		Australia	Ordinary	100	100
emitch New Zealand Limited		New Zealand	Ordinary	100	100
emitch Pty Ltd		Australia	Ordinary	100	100
Haystac Public Affairs Pty Ltd		Australia	Ordinary	100	100
Kiwispace Limited	(vi)	New Zealand	Ordinary	-	67
Mitchell & Partners Pty Ltd		Australia	Ordinary	100	100
Mitchell & Partners (NSW) Pty Ltd		Australia	Ordinary	100	100
Mitchell & Partners (NZ) Limited		New Zealand	Ordinary	100	100
Mitchell & Partners (Qld) Pty Ltd		Australia	Ordinary	100	100
Mitchell & Partners (WA) Pty Ltd	(ii)	Australia	Ordinary	100	51
Mitchell & Partners Australia Pty Ltd		Australia	Ordinary	100	100
Mitchell Communication Group Management Services Pty Ltd		Australia	Ordinary	100	100
MPG New Zealand Limited		New Zealand	Ordinary	100	100
Neo digital Pty Ltd		Australia	Ordinary	100	100
Positive Outcomes Pty Ltd		Australia	Ordinary	100	100
Picture This! Productions Pty Ltd	(iii)	Australia	Ordinary	100	-
Spark PR Pty Ltd		Australia	Ordinary	100	100
Stadia Media Pty Ltd		Australia	Ordinary	100	100
Symphony Analytics & Research Pty Ltd	(iv)	Australia	Ordinary	100	-
Digital Advertising New Zealand Limited	(v)	New Zealand	Ordinary	100	100
Visual Jazz Pty Ltd		Australia	Ordinary	100	100
Vivid Group Pty Ltd	(i)	Australia	Ordinary	100	-
Vivid Holdings Australia Pty Ltd	(i)	Australia	Ordinary	100	-
Web Data Group Pty Ltd	(i)	Australia	Ordinary	100	-
WSA Media Buying Pty Ltd		Australia	Ordinary	100	100

Note:

(i) Acquired during the financial year, as detailed in note 28.

(ii) Effective 1 July 2008, the Mitchell Communication Group Limited acquired the remaining 49% of the issued capital in Mitchell & Partners (WA) Pty Ltd.

(iii) First Purchaso Pty Ltd was incorporated on 11 November 2008. On the 16 December 2008, the company changed its name to Picture This! Productions Pty Ltd.

(iv) Symphony Analytics & Research Pty Ltd was incorporated on 7 October 2008.

(v) Name changed from The Internet Bureau on 1 July 2008 to Digital Advertising New Zealand Limited.

(vi) Deregistered on 3 November 2008.

The proportion of ownership interest is equal to the proportion of voting power held.

30 June 2009

NOTE 30. INTERESTS IN JOINT VENTURES

On 3 July 2007 the Group entered into a Joint Venture to establish Mocom Pty Ltd, a company that operates a Mobile Advertising business.

The interest in the joint venture entity is accounted for in the financial statements using the equity method of accounting and is carried at cost by the parent entity. Information relating to the joint venture entity is set out below.

	Consolidated	
	2009	2008
	$'000	$'000
Carrying amount of investment		
At cost	-	13
Equity accounted profits/(losses)	-	(13)
Profit on sale	-	-
Share of entities revenue expenses and results		
Revenues	109	102
Expenses	(127)	(136)
Profit/(loss) before income tax	**(18)**	**(34)**
Income tax	-	-
Profit/(loss) after income tax	**(18)**	**(34)**

NOTE 31. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	Consolidated		Parent entity	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Profit from ordinary activities after income tax	**19,318**	**17,561**	**18,225**	**2,731**
Depreciation and amortisation	5,220	4,600	652	128
Share-based payments	323	(75)	323	(75)
Net loss on sale of non-current assets	98	122	-	-
Net exchange differences	39	128	-	-
Accrued interest on deferred consideration	-	381	250	-
Dividends received	-	-	(1,984)	-
Dividends receivable	-	-	(21,459)	(8,250)
Share of losses of joint venture not received as distributions or dividend	-	13	-	-
Change in operating assets and liabilities				
Decrease/(increase) in receivables	20,942	(13,258)	(377)	(292)
(Increase)/decrease other assets	(1,122)	(8,755)	21	446
(Increase) in deferred tax assets	(1,198)	(334)	(40)	-
(Decrease)/increase in payables	(12,893)	24,453	118	1,374
(Decrease)/increase in provision for tax payable	(1,848)	404	(13,092)	(7,521)
(Decrease)/increase in deferred tax liability	(272)	193	-	-
Increase in provisions	789	498	214	-
Net cash inflow/(outflow) from operating activities	**29,396**	**25,931**	**(17,149)**	**(11,459)**

NOTE 32. EARNINGS PER SHARE

	Consolidated 2009 Cents	Consolidated 2008 Cents
Basic earnings per share	6.6	6.3
Diluted earnings per share	6.6	6.3

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

	$'000	$'000
Earnings used in calculating basic and diluted earnings per share	19,318	17,561

	2009 Number of shares	2008 Number of shares
Weighted average number of shares used in calculating basic earnings per share	291,553,335	278,839,852
Effect of dilutive securities:		
Weighted average number of share options	-	190,739
Weighted average number of ordinary shares and options used in calculating diluted earnings per share	**291,553,335**	**279,030,591**

The earnings as stated in the income statement have been used to calculate basic and diluted earnings per share.

Information concerning the classification of securities

Equity securities granted to non-executive directors and to executive directors and employees under the Mitchell Communication Group Limited Performance Rights Plan and Employee Option Plan are considered potential ordinary shares to the extent the exercise price is lower than the average market price for the year ended 30 June 2009. The equity instruments have not been included in the determination of basic earnings per share. Details relating to the options are set out in note 33.

NOTE 33. SHARE-BASED PAYMENTS

(a) Mitchell Communication Group Limited Employee Options Plan

All full time employees of Mitchell Communication Group Limited and its controlled entities were eligible to participate in the plan.

Options were granted under the plan for no consideration. The options vest as soon as they become exercisable. Employee's entitlements to the options cease upon the termination of their employment. The options granted carry no dividend or voting rights. Each option is convertible into one ordinary share.

The option plan is now closed.

Notes to the financial statements (continued)

30 June 2009

NOTE 33. SHARE-BASED PAYMENTS (continued)

(a) Mitchell Communication Group Limited Employee Options Plan (continued)

Set out below are summaries of options granted under the plan.

Exercise price	Grant date	First exercise date	Expiry date	On issue at start of the year	Granted during the year	Exercised during the year	Lapsed during the year	Forfeited during the year	On issue at end of the year	Vested and exercisable at end of the year
$	Date	Date	Date	Number	Number	Number	Number	Number	Number	Number
Consolidated and parent entity – 2009										
$0.55	2-Oct-06	2-Oct-08	2-Oct-11	150,767	-	-	-	(13,534)	137,233	137,233
$0.65	2-Oct-06	2-Oct-08	2-Oct-11	150,767	-	-	-	(13,534)	137,233	137,233
$0.75	2-Oct-06	2-Oct-08	2-Oct-11	150,767	-	-	-	(13,534)	137,233	137,233
$1.55	2-Apr-07	1-Oct-08	30-Sep-11	300,000	-	-	-	-	300,000	300,000
				752,301	-	-	-	**(40,602)**	**711,699**	711,699
Weighted average exercise price				**$1.01**	-	-	-	**$0.65**	**$1.03**	
Consolidated and parent entity – 2008										
$0.55	2-Oct-06	2-Oct-08	2-Oct-11	180,000	-	-	(29,233)	-	150,767	-
$0.65	2-Oct-06	2-Oct-08	2-Oct-11	180,000	-	-	(29,233)	-	150,767	-
$0.75	2-Oct-06	2-Oct-08	2-Oct-11	180,000	-	-	(29,233)	-	150,767	-
$0.75	23-Nov-06	29-Nov-08	28-Nov-11	400,000	-	-	-	(400,000)	-	-
$1.05	23-Nov-06	29-Nov-09	29-Nov-11	500,000	-	-	-	(500,000)	-	-
$1.42	2-Apr-07	2-Apr-09	2-Apr-11	1,000,000	-	-	-	(1,000,000)	-	-
$1.55	2-Apr-07	1-Oct-08	30-Sep-11	300,000	-	-	-	-	300,000	-
$1.50	29-Nov-07	29-Nov-09	29-Nov-12	-	400,000	-	-	(400,000)	-	-
				2,740,000	**400,000**	-	**(87,699)**	**(2,300,000)**	**752,301**	-
Weighted average exercise price				**$1.12**	**$1.50**	-	**$0.65**	**$1.28**	**$1.01**	

The dilution to existing shareholders caused by the rights issue has led to a reduction in the exercise price of options on issue at the date of the rights issue. The reduction was 4.7 cents per option.

The weighted average remaining contractual life of share options outstanding at the end of the period was 2.26 years (2008: 3.26 years).

NOTE 33. SHARE-BASED PAYMENTS (continued)

(a) Mitchell Communication Group Limited Employee Options Plan (continued)

Fair value of options granted

No options were granted during the year ended 30 June 2009 however, the assessed fair value at grant date of options granted in the year ended 30 June 2008 was 17 cents. Fair value at grant date was determined using an enhanced Hull-White Trinomial Lattice option pricing model that takes into account the exercise price, the term of the option, the vesting criteria, the impact of dilution, the non-tradable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2008 included:

(a) Options are granted for no consideration, and vest two years after grant date

(b) Exercise price of $1.50

(c) Grant date of 29 November 2007

(d) Vesting date of 29 November 2009

(e) Expiry date of 29 November 2012

(f) Share price at grant date of $1.17

(g) Expected price volatility* of the company's shares between 21% and 42%

(h) Expected dividend yield between 3.9% and 5.5%

(i) Risk-free interest rate of 6.25%

* The expected price volatility is based on historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

(b) Mitchell Communication Group Limited Performance Rights Plan

The Mitchell Communication Group Limited Performance Rights Plan ('performance rights plan') has been established to reward certain employees on the basis of the level of long-term performance achieved by the Mitchell Communication Group Limited.

Performance rights are granted to certain individuals as part of their total remuneration package. The value of a performance right attributed to the total remuneration package is independently valued using the Monte Carlo approach. All grants of performance rights vest to shares over a 3 year period, subject to vesting conditions and performance conditions. The performance conditions comprise Total Shareholder Return ('TSR') and Earnings Per Share ('EPS').

Performance rights can be exercised if and when the performance rights vest. Employee's entitlements to the performance rights cease upon their termination of their employment. A performance right expires five years after the grant date should it not vest or be exercised. Performance Rights granted carry no dividend or voting rights.

Each performance right is convertible into one ordinary share. The performance rights are structured as zero exercise price options. Specifically, in the event that the performance conditions associated with the performance rights are satisfied, the recipient is entitled to convert the performance rights to shares at no cost.

Set out below is a summary of performance rights granted under the performance rights plan.

Grant date	First exercise date	Expiry date	On issue at start of the year	Granted during the year	On issue at end of the year	Vested and exercisable at end of the year
Date	**Date**	**Date**	**Number**	**Number**	**Number**	**Number**
Consolidated and parent entity – 2009						
1-Jan-09	1-Jan-10	1-Jan-14	-	1,770,172	1,770,172	-

Notes to the financial statements (continued)

30 June 2009

NOTE 33. SHARE-BASED PAYMENTS (continued)

(b) Mitchell Communication Group Limited Performance Rights Plan (continued)

Fair value of performance rights granted

The independently assessed fair value at grant date of performance rights granted in the year ended 30 June 2009 was 18.84 cents. Fair value at grant date was determined using the Monte Carlo approach. The Monte Carlo approach simulates many time-series paths of the underlying asset assuming that share price evolves according to the geometric Brownian motion model, a model that assumes that continuously-compounded returns are normally distributed.

The model inputs for performance rights granted during the year ended 30 June 2009 included:

(a) Zero exercise price options

(b) Grant date of 1 January 2009

(c) Vesting dates of: 1 January 2010 (20%); 1 January 2011 (30%); and 1 January 2012 (50%)

(d) Expiry date of 1 January 2014

(e) Vesting is subject to testing (on an annual basis) of Total Shareholder Return ('TSR') and Earnings Per Share ('EPS') performance conditions. These tests occur on the first, second and third anniversary of the grant date. In the event that less than the maximum performance rights vest at these dates, re-testing can occur on the fourth anniversary of the grant date

(f) Share price at grant date of $0.45

(g) Expected price volatility of company's shares of 34%

(h) Expected dividend yield of 8.31%

(i) Risk-free interest rate of 3.51%

(j) Comparator group of 20 stocks for the purpose of testing TSR

(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Consolidated		Parent entity	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Share-based payment expense/(gain)	323	(75)	323	(75)

NOTE 34. EVENTS OCCURRING AFTER REPORTING DATE

(a) Dividend

The directors declared a 2.1 cent a share fully franked dividend on 26 August 2009 payable on 2 October 2009 with a record date of 11 September 2009.

(b) Acquisition of Western Australian media buying agency

On 4 September 2009, with effect from 1 July 2009 the Mitchell Communication Group Limited acquired 100% of the business of a Western Australian media buying agency, which instantly elevated the Group to the position of Western Australia's largest media buyer. The acquisition of the business will not involve any borrowings. The impact of this aquisition is not disclosed as it is not practical given the proximity of the acquistion to the issue date of these financial statements.

NOTE 35. DEED OF CROSS GUARANTEE

Mitchell Communication Group Limited, Mitchell & Partners Pty Ltd and emitch Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved of the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission. The year ended 30 June 2009, represents the first year that the deed has been in place.

(a) Financial statements

The above companies represent a 'Closed Group' for the purpose of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by Mitchell Communication Group Limited, they also represent the 'Extended Closed Group'. Set out below is a consolidated income statement, a summary of movements in the consolidated retained profits for the year ended 30 June 2009 and a consolidated balance sheet as at 30 June 2009 of the Closed Group consisting of Mitchell Communication Group Limited, Mitchell & Partners Pty Ltd and emitch Pty Ltd.

	Consolidated
	2009
	$'000
Consolidated income statement	
Profit before income tax expense	21,077
Income tax expense	(2,852)
Profit after income tax expense	**18,225**
Accumulated losses at beginning of year	(1,654)
Dividends declared and paid during the year	(11,564)
Retained earnings at end of year	**5,007**
Consolidated balance sheet	
Current assets	
Cash and cash equivalents	47,733
Trade and other receivables	40,768
Other assets	21,551
Deferred tax assets	449
Total current assets	**110,501**
Non-current assets	
Property and equipment	2,565
Intangible assets	10,514
Investments in subsidiaries not subject to the Deed of Cross Guarantee	189,081
Total non-current assets	**202,160**
Total assets	**312,661**
Current liabilities	
Trade and other payables	27,423
Provisions	1,205
Other financial liabilities	65,433
Current tax liabilities	3,120
Total current liabilities	**97,181**
Non-current liabilities	
Borrowings	73,000
Provisions	483
Deferred tax liabilities	376
Total non-current liabilities	**73,859**
Total liabilities	**171,040**
Net assets	**141,621**
Contributed equity	136,341
Reserves	273
Retained earnings	5,007
Total equity	**141,621**

In the directors' opinion:

(a) the financial statements and notes set out on pages 60 to 113 are in accordance with the Corporations Act 2001, including:

(i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the company's and Group's financial position as at 30 June 2009 and of their performance, for the financial year ended on that date; 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, and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 35 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 35.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

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

Harold C Mitchell AO
Executive Chairman

Melbourne

23 September 2009

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

Freshwater Place
2 Southbank Boulevard
SOUTHBANK VIC 3006
GPO Box 1331
MELBOURNE VIC 3001
DX 77
Telephone 61 3 8603 1000
Facsimile 61 3 8603 1999

Independent auditor's report to the members of Mitchell Communication Group Limited

Report on the financial report

We have audited the accompanying financial report of Mitchell Communication Group Limited (the company), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Mitchell Communication Group Limited and the Mitchell Communication Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the 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 controls relevant to the preparation and fair presentation of the 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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

PRICEWATERHOUSECOOPERS

Independent auditor's report to the members of Mitchell Communication Group Limited (continued)

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

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Mitchell Communication Group Limited is in accordance with the *Corporations Act 2001*, including:

    (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

    (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001;* and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in sections A to E of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of Mitchell Communication Group Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Nadia Carlin

Nadia Carlin
Partner

Melbourne
23 September 2009

Shareholder information

The shareholder information set out below was applicable as at 31 August 2009.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	Ordinary shares		
	Shares	Options	Performance rights
1 - 1,000	838	-	-
1,001 – 5,000	1,744	-	-
5,001 – 10,000	894	-	-
10,001 – 100,000	1,437	9	18
100,001 and over	158	1	3
Total	**5,071**	**10**	**21**

There were 632 holders of less than a marketable parcel of ordinary shares.

B. Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

	Ordinary shares	
Name	Number held	Percentage of issued shares %
Harold Mitchell	52,740,248	17.73%
Tora Bran Nominees Pty Ltd	32,936,517	11.07%
HSBC Custody Nominees (Australia) Limited	14,734,634	4.95%
Stuart Mitchell	13,414,063	4.51%
Amanda Mitchell	13,414,062	4.51%
National Nominees Pty Ltd	10,639,817	3.58%
Cogent Nominees Pty Ltd	9,412,114	3.16%
J P Morgan Nominees Australia Limited	8,495,024	2.86%
I7 Pty Ltd	8,442,508	2.84%
Citicorp Nominees Pty Ltd	7,534,485	2.53%
J T Campbell & Co Private Equity Pty Ltd	6,346,068	2.13%
M F Custodians Limited	5,963,025	2.00%
Beverly Mitchell	5,862,470	1.97%
UBS Wealth Management Australia Nominees Pty Ltd	4,053,637	1.36%
RBC Dexia Investor Services Australia Nominees Pty Ltd	3,849,709	1.29%
Amcil Limited	3,390,628	1.14%
John, Meghann and Ian Stewart	2,638,099	0.89%
Citicorp Nominees Pty Ltd	2,283,661	0.77%
Mitchell & Partners Executive Share Plan Trust	1,877,727	0.63%
Lafite Pty Ltd	1,564,772	0.53%
Total	**209,593,268**	**70.45%**

Unquoted equity securities

The names of the largest holders of unquoted equity securities are listed below:

Name	Number on issue	Number of holders
Options issued under the emitch Limited Employee Option Plan to take up ordinary shares	711,699	10
Performance rights issued under the Mitchell Communication Group Executive Performance Rights Plan to take up ordinary shares	1,770,172	21

Shareholder information (continued)

C. Substantial holders

Substantial holders of ordinary shares in the company are set out below:

Name	Number held	Percentage of issued shares %
Harold Mitchell	52,740,248	17.73%
Tora Bran Nominees Pty Ltd	32,936,517	11.07%

D. Voting rights

The voting rights attaching to each class of equity security are set out below:

(a) Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Options and performance rights

No voting rights.

Mitchell Communication Group Limited
Company particulars

Directors	
	Harold C Mitchell AO Chairman
	Garry A Hounsell Deputy Chairman
	Stephen A Cameron
	Rodney J Lamplugh
	Stuart J Mitchell
	Peter G Nankervis
	Naseema Sparks
	Robert J Stewart
Secretaries	
	Andrew J Seaburgh
	Dion G Cust
Principal registered office in Australia	
	Level 4, 111 Cecil Street South Melbourne Victoria 3205 Ph: 03 9690 5544
Country of incorporation	
	Australia
Share registry	
	Computershare Investor Services Pty Ltd 452 Johnson Street Abbotsford Victoria 3067 Ph: 1300 85 05 05
Auditor	
	PricewaterhouseCoopers Freshwater Place 2 Southbank Boulevard Melbourne Victoria 3006
Solicitors	
	Mallesons Stephen Jacques Level 50, 600 Bourke Street Melbourne Victoria 3000
Bankers	
	Australia and New Zealand Banking Group Limited 287 Collins Street Melbourne Victoria 3000
Stock exchange listings	
	Shares are listed on the Australian Stock Exchange and trade under the code MCU.
Website address	
	www.mitchells.com.au

The Mitchell Communication Group Annual Report has been printed by an ISO 14001 EMS & ISO 9001 QMS certified printer, which holds Sustainability Victoria Wastewise Gold accreditation and is printed on an ecologically rated printing press using a chemical recirculation system and 100% vegetable based inks. The paper is an environmentally responsible product manufactured under the environmental management system ISO 14001 using elemental chlorine free pulp sourced from certified, well managed forests. It is Forest Stewardship Council Chain of Custody (COC) certified. **www.completecolour.com.au**

MEDIA PLANNING AND BUYING (OFFLINE AND ONLINE)

SEARCH ENGINE MARKETING

PR AND BRAND EXPERIENCE

DIGITAL CREATIVE AND TECHNOLOGY

VIDEO PRODUCTION

SPORTS GROUND MEDIA

CORPORATE SOCIAL RESPONSIBILITY

RESEARCH AND ANALYTICS

mitchell
COMMUNICATION GROUP

SYDNEY MELBOURNE BRISBANE CANBERRA PERTH AUCKLAND