

# Appendix 4E

## Preliminary final report

### Mitchell Communication Group Limited

ABN 59 088 110 141

Current year ended: 30 June 2009  
Previous corresponding period: 30 June 2008

This preliminary final report on results (including the results for the previous corresponding period) is provided to the Australian Securities Exchange (ASX) under Listing Rule 4.3A.

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

#### Results for announcement to the market

##### Financial results

\$A'000

Total revenues	up	19%	to	226,146
Profit before interest, income tax expense, depreciation and amortisation	up	11%	to	34,206
Net profit for the period attributable to members	up	10%	to	19,318

##### Dividends (distributions)

Amount  
per security

Franked amount  
per security

##### Current period

- Final dividend for the period ended 30 June 2009	2.1 ¢	2.1 ¢
- Interim dividend for the period ended 31 December 2008	1.9 ¢	1.9 ¢

##### Previous corresponding period

- Final dividend for the period ended 30 June 2008	2.1 ¢	2.1 ¢
- Interim dividend for the period ended 31 December 2007	1.8 ¢	1.8 ¢

Record date for determining entitlements to the dividend

11 September 2009

Date the dividend is payable

2 October 2009

##### Details:

- Operating revenues of \$225.2 million, up \$37.4 million or 20% on the previous corresponding period ('pcp');
- EBITDA of \$34.2 million, up \$3.3 million or 11% on the pcp;
- Profit after tax of \$19.3 million, up \$1.8 million or 10% on the pcp;
- Operating cash flow of \$29.4 million, up \$3.5 million or 13% on the pcp;
- FY'09 full year dividend (interim and final) of 4.0 cents per share fully franked, up 0.1 cents per share; and
- Basic earnings per share of 6.6 cents, up 0.3 cents or 5% on pcp.

For the details regarding the operations and financial performance for the Mitchell Communication Group Limited for the year ended 30 June 2009, please refer to the attached commentary contained within this Preliminary Final Report.

## Commentary

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### Preliminary final results for the year ended 30 June 2009

The directors of Mitchell Communication Group Limited ('MCG' or the 'Company') announce the following preliminary final results for the year ended 30 June 2009.

### Financial Highlights

In comparison to the pcip, the financial results for the year ended 30 June 2009 demonstrate:

- Group gross billings of \$1,158.5 million, in line with the pcip;
- A \$37.4 million or 20% increase in operating revenues, benefiting from organic growth in all divisions and the contributions associated with the recent acquisition of: Vivid Holdings Australia Pty Ltd; Agile Automated Advertising Pty Ltd; and Picture This! Productions Pty Ltd.
- Group EBITDA of \$34.2 million, up \$3.3 million or 11% over the pcip. EBITDA of Australian operations up \$4.9 million or 17%;
- A profit after tax attributable to members of \$19.3 million, up \$1.8 million or 10% on pcip;
- Operating cash flow in the ordinary course of business (pre income taxes and net interest) of \$42.4 million, up \$8.3 million or 24% on pcip; and
- Cash surplus at period end (net of debt) of \$3.1 million.

### Operational Highlights

- The Group's Australian online advertising business out performed the market by 37% with gross billings increasing by 26%, as compared to online advertising in Australia which increased by 19%<sup>1</sup>;
- The Group's traditional media revenues in Australia grew 6%, while the market as a whole for traditional media in Australia, contracted by 7%<sup>2</sup>;
- Awarded Australia's largest Media Agency by Nielson Media Research for 5th consecutive year;
- Media Agencies Mitchell & Partners and MPG awarded an A+ rating for competitiveness in pitches and industry buying share<sup>3</sup>;
- Australia's number 1 full service digital agency and search company;
- The acquisitions of Vivid Holdings Australia Pty Ltd, Agile Automated Advertising Pty Ltd and Picture this! Productions Pty Ltd, extending the Group's strategic footprint in branding and digital media capabilities, application development and automated ad agency templating and video and event production services and performed to expectations and made a positive contribution to earnings;
- The successful acquisition of the remaining 49% of the issued capital in Mitchell & Partners Western Australia not already owned by the Group; and
- During the period the Group commenced the operations of Symphony Analytics & Research, specialising qualitative and quantitative research, marketing analytics, communication planning tools and processes.

### Capital Management

- Fully franked dividends totalling 4.0 cents per share or \$11.6 million were distributed to shareholders by way of cash and through the Dividend Reinvestment Plan (resulting in 7,134,839 shares issued) during the financial year;
- 1,793,871 fully paid ordinary shares were issued during the period as part consideration of earn-out payments on the acquisitions of Visual Jazz and the Coleman Group; and
- 1,770,172 performance rights issued during the financial year.

<sup>1</sup>- PricewaterhouseCoopers – IAB Online Advertising Expenditure Report - June 2009

<sup>2</sup>- Nielson Adex excluding Online and Pay TV for the year ended July 2008 to June 2009

<sup>3</sup>- Australia RECMA report 2009 – *The Competition*

## Consolidated income statement for the year ended 30 June 2009

	Note	Consolidated	
		June 2009 \$A'000	June 2008 \$A'000
Revenues from the rendering of services	3	225,183	187,796
Other revenues	3	963	3,023
<b>Total revenues</b>		<b>226,146</b>	<b>190,819</b>
Cost of revenue			
- Media delivery expenses		120,670	95,869
<b>Total cost of revenue</b>		<b>120,670</b>	<b>95,869</b>
<b>Gross profit before expenses</b>		<b>105,476</b>	<b>94,950</b>
Expenses			
- Employee, director and contractor expenses		52,641	44,409
- Occupancy expense		5,070	3,585
- Media research expense		2,735	2,744
- Finance expenses		2,527	3,655
- Travel and accommodation expense		2,254	2,803
- Accounting, legal and consultant's expenses		1,563	1,822
- Software and infrastructure maintenance expense		1,168	1,009
- Communication expenses		1,097	943
- Insurance expenses		831	820
- Other operating expenses		2,971	2,899
<b>Total expenses</b>		<b>72,857</b>	<b>64,689</b>
Share of net profits/(losses) of joint venture entity accounted for using the equity method		-	(13)
<b>Profit before income tax expense, depreciation and amortisation</b>		<b>32,619</b>	<b>30,248</b>
Depreciation and amortisation expenses	4	5,220	4,600
<b>Profit before income tax expense</b>		<b>27,399</b>	<b>25,648</b>
Income tax expense	5	8,081	7,454
<b>Profit after income tax attributable to members of the Company before minority interest</b>		<b>19,318</b>	<b>18,194</b>
Minority interest		-	633
<b>Profit after income tax attributable to members of the Company after minority interest</b>		<b>19,318</b>	<b>17,561</b>
Basic earnings per share (cents)	6	6.6	6.3
Diluted earnings per share (cents)	6	6.6	6.3

*The consolidated income statement is to be read in conjunction with the notes to the financial statements.*

## Consolidated balance sheet as at 30 June 2009

		Consolidated	
	Note	June 2009 \$A'000	June 2008 \$A'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		76,112	73,318
Trade and other receivables	7	127,458	146,368
Other assets		9,139	9,471
Deferred tax assets		2,395	1,705
<b>Total current assets</b>		<b>215,104</b>	<b>230,862</b>
<b>Non-current assets</b>			
Plant and equipment		9,999	5,993
Intangible assets	8	215,904	204,741
Deferred tax assets		-	77
<b>Total non-current assets</b>		<b>225,903</b>	<b>210,811</b>
<b>Total assets</b>		<b>441,007</b>	<b>441,673</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	9	205,408	218,255
Provisions	11	3,299	2,268
Other financial liabilities	12	1,630	6,101
Current tax liabilities		2,475	3,902
<b>Total current liabilities</b>		<b>212,812</b>	<b>230,526</b>
<b>Non-current liabilities</b>			
Borrowings	10	73,000	60,000
Provisions	11	1,191	989
Other financial liabilities	12	-	279
Deferred tax liabilities		2,260	2,501
<b>Total non-current liabilities</b>		<b>76,451</b>	<b>63,769</b>
<b>Total liabilities</b>		<b>289,263</b>	<b>294,295</b>
<b>Net assets</b>		<b>151,744</b>	<b>147,378</b>
<b>EQUITY</b>			
Contributed equity	13	136,341	133,071
Reserves		(71)	(220)
Retained earnings	14	15,474	7,695
<b>Parent entity interest</b>		<b>151,744</b>	<b>140,546</b>
Minority interest		-	6,832
<b>Total equity</b>		<b>151,744</b>	<b>147,378</b>

*The consolidated balance sheet is to be read in conjunction with the notes to the financial statements.*

## Consolidated cash flow statement for the year ended 30 June 2008

	Consolidated	
	June 2009 \$A'000	June 2008 \$A'000
<b>Cash flows from operating activities</b>		
Cash receipts in the course of operations	1,315,895	1,280,457
Cash payments in the course of operations	(1,273,532)	(1,246,346)
Income taxes paid	(11,399)	(7,825)
Borrowing costs paid	(2,508)	(3,331)
Interest received	940	2,976
<b>Net cash inflow from operating activities</b>	<b>29,396</b>	<b>25,931</b>
<b>Cash flows from investing activities</b>		
Payments for investments in controlled entities, net of cash acquired	(24,264)	(34,739)
Payments for plant and equipment	(5,564)	(3,443)
Loans (to)/from related parties	(838)	829
Proceeds from sale of joint venture	137	274
Repayment of other loans	6	6
Payments for intangible software assets	-	(430)
Dividends received	-	187
Proceeds from disposal of plant and equipment	-	35
Investment in joint venture	-	(13)
<b>Net cash outflow from investing activities</b>	<b>(30,523)</b>	<b>(37,294)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	13,000	33,829
Dividends paid	(9,057)	(8,535)
Share issue costs	(22)	(928)
Proceeds from issue of shares	-	41,189
Share buy back	-	(923)
Repayment of borrowings	-	(61)
Repayment of lease liabilities	-	(1,055)
Payment of deferred consideration	-	(40,414)
<b>Net cash inflow from financing activities</b>	<b>3,921</b>	<b>23,102</b>
<b>Net increase in cash held</b>	<b>2,794</b>	<b>11,739</b>
Cash at beginning of period	73,318	62,100
Effects of exchange rate changes on cash and cash equivalents	-	(521)
<b>Cash at end of period</b>	<b>76,112</b>	<b>73,318</b>

*The consolidated cash flow statement is to be read in conjunction with the notes to the financial statements*

## Statement of Changes in Equity for the year ended 30 June 2009

	Consolidated June 2009					
	Issued Capital \$A'000	Retained Earnings \$A'000	Equity Plan Reserve \$A'000	Foreign Currency Reserve \$A'000	Minority Interest \$A'000	Total \$A'000
<b>At 1 July 2008</b>	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
<b>At 30 June 2009</b>	<b>136,341</b>	<b>15,474</b>	<b>273</b>	<b>(344)</b>	<b>-</b>	<b>151,744</b>

	Consolidated June 2008					
	Issued Capital \$A'000	Retained Earnings \$A'000	Equity Plan Reserve \$A'000	Foreign Currency Reserve \$A'000	Minority Interest \$A'000	Total \$A'000
<b>At 1 July 2007</b>	86,944	(1,331)	238	97	25	85,973
Total recognised income and expense for the year	-	17,561	-	-	633	18,194
Dividends declared and paid		(8,535)	-	-	-	(8,535)
Share consideration on acquisitions	8,178	-	-	-	6,174	14,352
Share placement and purchase plan	39,904	-	-	-	-	39,904
Share buy-back	(923)	-	-	-	-	(923)
Transaction costs arising on share issues (net of tax)	(1,032)	-	-	-	-	(1,032)
Foreign currency translation	-	-	-	(480)	-	(480)
Share-based payments	-	-	(75)	-	-	(75)
<b>At 30 June 2008</b>	<b>133,071</b>	<b>7,695</b>	<b>163</b>	<b>(383)</b>	<b>6,832</b>	<b>147,378</b>

## Notes to and forming part of the financial statements for the year ended 30 June 2009

### 1. Statement of significant accounting policies

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

The preliminary final report should be read in conjunction with the annual financial report of Mitchell Communication Group Limited as at 30 June 2008 and the 30 June 2009 annual financial report to follow. It is also recommended that the preliminary final report be considered together with any public announcements made by Mitchell Communication Group Limited during the year ended 30 June 2009 in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

#### (a) Basis of preparation

The Appendix 4E preliminary final report and the disclosures therein have been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The financial statements have been prepared on the basis of historical costs and are presented in Australian dollars.

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

#### (b) Statement of compliance

The preliminary final report has been prepared in accordance with the Australian Securities Exchange Listing Rules and the financial disclosures included within it have been determined in accordance with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS').

#### (c) 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.

## Notes to and forming part of the financial statements for the year ended 30 June 2009

### 1. Statement of significant accounting policies continued

#### (c) Principles of consolidation continued

##### *(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.

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.

#### (d) 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.

#### (e) 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.



## Notes to and forming part of the financial statements for the year ended 30 June 2009

### 1. Statement of significant accounting policies continued

#### (e) Revenue recognition continued

##### *(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 amounts 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.

#### (f) 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(e).

#### (g) 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.

## Notes to and forming part of the financial statements for the year ended 30 June 2009

### 1. Statement of significant accounting policies continued

#### (g) Income tax continued

Mitchell Communication Group Limited has 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.

#### (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(i)). 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) 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 acquisitions 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 to 5 years.

## Notes to and forming part of the financial statements for the year ended 30 June 2009

### 1. Basis of preparation of the half-year financial report continued

#### (i) Intangible assets continued

##### *(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 7 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 the 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 and 18 months. Stadia rights were fully amortised at 30 June 2009.

#### (j) 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.

#### (k) Significant accounting judgements, estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

##### *Critical accounting estimates*

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### *(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(i). The recoverable amounts of cash-generating units ('CGU') have been determined based on value-in-use calculations. These calculations require the use of assumptions. Management does not consider a change in any key assumptions will have a significant risk of causing a material adjustment to the carrying amount of the goodwill due to the excess of value-in-use over the carrying amount of the CGU.

## Notes to and forming part of the financial statements for the year ended 30 June 2009

### 1. Statement of significant accounting policies continued

#### (k) Significant accounting judgements, estimates and assumptions continued

##### *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(e) for further details regarding the revenue recognition policy of the Group.

### 2. Segment information

#### Business segments

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

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

#### Geographical segments

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

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

## Notes to and forming part of the financial statements for the year ended 30 June 2009

### 2. Segment information continued

Primary reporting segment – business segments	Media		Digital		Diversified		Corporate Central Services		Consolidated	
	Jun 2009 \$A'000	Jun 2008 \$A'000	Jun 2009 \$A'000	Jun 2008 \$A'000	Jun 2009 \$A'000	Jun 2008 \$A'000	Jun 2009 \$A'000	Jun 2008 \$A'000	Jun 2009 \$A'000	Jun 2008 \$A'000
<b>INCOME STATEMENT</b>										
Revenue										
Revenue from the rendering of services	39,712	38,251	131,261	109,581	54,210	39,964	-	-	225,183	187,796
<b>Segment result</b>										
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 plant 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)
<b>Profit/(loss) before interest and income tax</b>	<b>7,894</b>	<b>7,834</b>	<b>18,276</b>	<b>15,163</b>	<b>8,304</b>	<b>7,975</b>	<b>(5,488)</b>	<b>(4,645)</b>	<b>28,986</b>	<b>26,327</b>
Interest revenue									940	2,976
Interest expense									(2,527)	(3,655)
<b>Profit before income tax</b>									<b>27,399</b>	<b>25,648</b>
Income tax expense									(8,081)	(7,454)
<b>Net profit after income tax attributable to members of the Company before minority interest</b>									<b>19,318</b>	<b>18,194</b>
Minority interest									-	633
<b>Net profit after income tax attributable to members of the Company after minority interest</b>									<b>19,318</b>	<b>17,561</b>
<b>BALANCE SHEET</b>										
<b>Assets</b>										
Segment assets	249,127	296,420	38,976	43,273	104,278	88,877	48,626	13,103	441,007	441,673
<b>Liabilities</b>										
Segment liabilities	171,256	185,441	28,066	29,073	8,957	11,571	80,984	68,210	289,263	294,295
<b>Consolidated net assets</b>	<b>77,871</b>	<b>110,979</b>	<b>10,910</b>	<b>14,200</b>	<b>95,321</b>	<b>77,306</b>	<b>(32,358)</b>	<b>(55,107)</b>	<b>151,744</b>	<b>147,378</b>

## Notes to and forming part of the financial statements for the year ended 30 June 2009

### 2. Segment information continued

#### Secondary reporting segment – geographical segments

#### INCOME STATEMENT

	Australia		New Zealand		Consolidated	
	Jun 2009 \$A'000	Jun 2008 \$A'000	Jun 2009 \$A'000	Jun 2008 \$A'000	Jun 2009 \$A'000	Jun 2008 \$A'000
<b>Revenue</b>						
Revenue from the rendering of services	214,901	171,074	10,282	16,722	225,183	187,796
<b>Segment result</b>						
Profit/(loss) before interest, income tax, depreciation and amortisation	34,474	29,571	(268)	1,356	34,206	30,927
Depreciation of plant 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)
<b>Profit/(loss) before interest and income tax</b>	<b>29,403</b>	<b>25,070</b>	<b>(417)</b>	<b>1,257</b>	<b>28,986</b>	<b>26,327</b>
Interest revenue					940	2,976
Interest expense					(2,527)	(3,655)
<b>Profit before tax</b>					<b>27,399</b>	<b>25,648</b>
Income tax expense					(8,081)	(7,454)
<b>Net profit after income tax attributable to members of the Company before minority interest</b>					<b>19,318</b>	<b>18,194</b>
Minority interest					-	633
<b>Net profit after income tax attributable to members of the Company after minority interest</b>					<b>19,318</b>	<b>17,561</b>

#### BALANCE SHEET

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

## Notes to and forming part of the financial statements for the year ended 30 June 2009

Consolidated	
June 2009 \$A'000	June 2008 \$A'000

### 3. Revenues

#### Revenues

Revenues from the rendering of services

225,183 187,796

#### Other revenues

Interest – other parties

940 2,976

Foreign exchange gains (net)

23 47

Total other revenues

963 3,023

### 4. Expenses

#### Depreciation and amortisation

Depreciation of plant and equipment

2,731 1,477

Amortisation of intangible assets

2,489 3,123

Total depreciation and amortisation expense

5,220 4,600

### 5. Taxation

#### (a) Income tax expense

Current tax – relating to current year

9,555 7,855

Current tax – under provision in prior year

42 114

Deferred tax – origination and reversal of temporary differences

(1,516) (515)

Aggregate income tax expense

8,081 7,454

Deferred income tax (benefit)/expense included in income tax expense comprises:

- Increase in deferred tax assets

(704) (341)

- (Decrease) in deferred tax liabilities

(812) (174)

(1,516) (515)

#### (b) Reconciliation of prima facie income tax expense calculated at 30% (2008: 30%) on profit

8,220 7,694

Increase in income tax expense due to:

- Expenditure non deductible for tax purposes

107 142

- Tax losses not recognised in deferred tax asset

(2) 24

- Difference in overseas tax rates

- 45

- Under provision in prior year

42 114

Decrease in income tax due to:

- Deductible acquisition costs

(286) (280)

- Other

- (285)

Income tax expense for the year

8,081 7,454

## Notes to and forming part of the financial statements for the year ended 30 June 2009

Consolidated	
June 2009 \$A'000	June 2008 \$A'000

### 6. Earnings per share

Basic earnings per share (cents)	6.6	6.3
Diluted earnings per share (cents)	6.6	6.3

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

Earnings used in calculating basic and diluted earnings per share	19,318	17,561
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	Number of shares	Number of shares
Weighted average number of ordinary shares used in the 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

### 7. Trade and other receivables

Trade receivables	128,153	146,694
Less: provision for impaired receivables	(695)	(326)
	127,458	146,368



## Notes to and forming part of the financial statements for the year ended 30 June 2009

### 8. Intangible assets

Consolidated	Software \$A'000	Brand name \$A'000	Customer- related \$A'000	Stadia rights \$A'000	Goodwill \$A'000	Total \$A'000
<b>At 1 July 2007</b>						
Cost	1,323	5,750	6,400	1,600	145,928	161,001
Less: accumulated amortisation	(150)	-	(164)	(483)	-	(797)
<b>Net book value</b>	<b>1,173</b>	<b>5,750</b>	<b>6,236</b>	<b>1,117</b>	<b>145,928</b>	<b>160,204</b>
<i>Year ended 30 June 2008:</i>						
Additions	443	-	-	-	-	443
Disposals	(25)	-	-	-	-	(25)
Acquisition of subsidiary	34	-	3,570	-	43,638	47,242
Amortisation charge	(620)	-	(1,544)	(959)	-	(3,123)
<b>Closing net book value</b>	<b>1,005</b>	<b>5,750</b>	<b>8,262</b>	<b>158</b>	<b>189,566</b>	<b>204,741</b>
<b>At 1 July 2008</b>						
Cost	1,775	5,750	9,970	1,600	189,566	208,661
Less: accumulated amortisation	(770)	-	(1,708)	(1,442)	-	(3,920)
<b>Net book value</b>	<b>1,005</b>	<b>5,750</b>	<b>8,262</b>	<b>158</b>	<b>189,566</b>	<b>204,741</b>
<i>Year ended 30 June 2009:</i>						
Additions	322	-	-	-	-	322
Acquisition of subsidiary	59	-	-	-	13,271	13,330
Amortisation charge	(729)	-	(1,602)	(158)	-	(2,489)
<b>Closing net book value</b>	<b>657</b>	<b>5,750</b>	<b>6,660</b>	<b>-</b>	<b>202,837</b>	<b>215,904</b>
<b>At 30 June 2009</b>						
Cost	2,156	5,750	9,970	1,600	202,837	222,313
Less: accumulated amortisation	(1,499)	-	(3,310)	(1,600)	-	(6,409)
<b>Net book value</b>	<b>657</b>	<b>5,750</b>	<b>6,660</b>	<b>-</b>	<b>202,837</b>	<b>215,904</b>

Goodwill is allocated to the Group's cash generating units (CGU's) at the lowest levels for which there are separately 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.

## Notes to and forming part of the financial statements for the year ended 30 June 2009

Consolidated	
June 2009 \$A'000	June 2008 \$A'000

### 9. Trade and other payables

Trade payables	182,184	193,066
Other payables	16,355	16,564
Deferred revenue	6,753	8,277
Accrued interest	116	348
	<b>205,408</b>	<b>218,255</b>

### 10. Borrowings

Bank loans	<b>73,000</b>	<b>60,000</b>
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### 11. Provisions

#### Current

Employee entitlements	3,049	2,268
Provision for insurance excess	250	-
	<b>3,299</b>	<b>2,268</b>

#### Non-current

Employee entitlements	<b>1,191</b>	<b>989</b>
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### 12. Other financial liabilities

#### Current

Deferred consideration - acquisitions	<b>1,630</b>	<b>6,101</b>
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#### Non-current

Deferred consideration - acquisitions	-	<b>279</b>
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Deferred consideration is payable to the vendors of acquired entities pursuant to Sale and Purchase Agreements.

## Notes to and forming part of the financial statements for the year ended 30 June 2009

### 13. Contributed equity

#### Share capital

297,447,291 (2008: 288,018,581) ordinary shares, fully paid

Consolidated	
June 2009 \$A'000	June 2008 \$A'000

#### Movements during the financial year

Balance at beginning of the year	133,071	86,944
- 7,134,839 (2008: nil) shares issued under the Dividend Reinvestment Plan	3,139	-
- 500,000 (2008: nil) shares issued under employment contract	213	-
- 781,281 (2008: nil) issued as part consideration of earn-out payments on the purchase of Coleman Group Pty Ltd <sup>1</sup>	112	409
- 1,012,590 (2008: 1,513,773) issued as part consideration on the purchase of Visual Jazz Pty Ltd <sup>1</sup>	(68)	1,692
Less: transaction costs arising on share issue, including the tax benefit from previous share issues	(126)	(928)
- nil (2008: 30,000,000) from share placement	-	33,000
- nil (2008: 6,334,532) for share purchase plan	-	6,904
- nil(2008: 4,166,667) issued pursuant to earn-out on purchase of Mitchell & Partners Group	-	4,792
- nil (2008: 1,028,160) for the exercise of options under the Employee Option Plan	-	1,285
- nil (2008: 1,382,025) for share buy-back, net of transaction costs	-	(923)
Direct tax credit recognised directly in equity	-	(104)
<b>Balance at end of financial year</b>	<b>136,341</b>	<b>133,071</b>

#### Share options

##### Movements in options:

	Number of options	Number of options
Balance at beginning of financial year	752,301	2,740,000
Forfeited during the financial year	(40,602)	(2,300,000)
Issued during the financial year	-	400,000
Lapsed during the financial year	-	(87,699)
<b>Balance at end of financial year</b>	<b>711,699</b>	<b>752,301</b>

#### Performance rights

##### Movements in options:

	Number of rights	Number of rights
Balance at beginning of financial year	-	-
Issued during the financial year	1,770,172	-
<b>Balance at end of financial year</b>	<b>1,770,172</b>	<b>-</b>

<sup>1</sup> Estimated value taken up in contributed equity at 30 June 2008. Current period figure represents the variance between the estimated and actual value issued.

## Notes to and forming part of the financial statements for the year ended 30 June 2009

Consolidated	
June 2009 \$A'000	June 2008 \$A'000

### 14. Retained earnings

Retained earnings/(accumulated losses) at beginning of financial year	7,695	(1,331)
Net profit attributable to members of Mitchell Communication Group Limited	19,318	17,561
Dividends declared and paid during the financial year	(11,564)	(8,535)
Changes in minority interest	25	-
<b>Retained earnings at end of financial year</b>	<b>15,474</b>	<b>7,695</b>

### 15. Business combinations

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

##### (i) Summary of the acquisition

On 16 August 2007, the Mitchell Communication Group Limited announced it had acquired 51% of the issued capital of Mitchell & Partners (WA) Pty Ltd, a media planner and buyer, for consideration of \$6,426,000, consisting of \$5,140,800 in cash and \$1,285,200 in equity. The fair value of shares issued was \$1.25 based on the weighted average price of the shares during the period 25 June to 30 June 2007. In addition, on 3 September 2007, the Mitchell Communication Group Limited announced that Mitchell & Partners (WA) Pty Ltd had acquired the media buying assets of The Media Shop for consideration of \$1,001,000 in cash. Effective 1 July 2008, the Mitchell Communication Group Limited acquired from Workhouse Advertising Pty Ltd the remaining 49% of the issued capital in Mitchell & Partners (WA), for consideration of \$6,330,000 in cash.

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

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

##### (iii) Assets and liabilities acquired

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

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

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

## Notes to and forming part of the financial statements for the year ended 30 June 2009

### 15. Business combinations continued

#### (b) Acquisition of The Coleman Group Pty Ltd

##### (i) Summary of the acquisition

On 3 September 2007, the Mitchell Communication Group Limited announced the acquisition of 100% of the issued capital of the Coleman Group Pty Ltd, one of the largest suppliers of sign production services to major stadia and sporting events in Australia, for initial consideration of \$5,764,781 in cash. Additional consideration of \$1,737,047 was paid to the vendors for the year ended 30 June 2008. Further consideration is payable to the vendors subject to achievement of profit before tax targets for the two years ending 30 June 2010. The payment of additional consideration for financial years ending 30 June 2009 and 2010 is not probable at 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. Details of the fair value of the assets and liabilities acquired, intangible assets and goodwill are as follows:

(ii) Purchase consideration	\$A'000
Cash paid	5,765
Direct costs relating to the acquisition	143
Additional consideration – 30 June 2008	1,737
<b>Total purchase consideration</b>	<b>7,645</b>
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 the acquisition

On 7 September 2007, the Mitchell Communication Group Limited announced it had acquired the business and assets of Visual Jazz Pty Ltd, a digital advertising agency, for initial consideration of \$10,722,582 in cash and \$999,090 in equity. Additional consideration of \$4,165,119 was paid to the vendors for the year ended 30 June 2008. 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	\$A'000
Cash paid	10,722
Equity issued	999
Additional consideration – 30 June 2008	4,165
Direct costs relating to the acquisition	10
<b>Total purchase consideration</b>	<b>15,896</b>
Fair value of net identifiable assets acquired (refer below)	452
Intangible assets	2,920
Goodwill	12,524

## Notes to and forming part of the financial statements for the year ended 30 June 2009

### 15. Business combinations continued

#### (c) Acquisition of Visual Jazz Pty Ltd continued

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 the acquisition

On 27 August 2008, with effect from 1 July 2008, the Mitchell Communication Group acquired 100% of the issued capital in Vivid Holdings Australia Pty Ltd ('Vivid Group'), a communications and technology services company which delivers innovation in branding, digital media and application development, for consideration of \$11,700,000 in cash. Further consideration is payable on the achievement of certain profit hurdles to 30 June 2010. An assessment of the contingent consideration will be made at 31 December 2009.

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

(ii) Purchase consideration	\$A'000
Cash paid	11,700
Direct costs relating to the acquisition	45
<b>Total purchase consideration</b>	<b>11,745</b>
Fair value of net identifiable assets acquired (refer below)	652
<b>Goodwill</b>	<b>11,093</b>

##### Assets and liabilities acquired

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

	Acquiree's carrying amount \$A'000	Fair value \$A'000
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)
<b>Net identifiable assets acquired</b>	<b>3,060</b>	<b>652</b>

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.

## Notes to and forming part of the financial statements for the year ended 30 June 2009

### 15. Business combinations continued

#### (e) Acquisition of Agile Automated Advertising Pty Ltd

##### (i) Summary of the acquisition

On 21 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:

<b>(ii) Purchase consideration</b>	<b>\$A'000</b>
Cash paid	1,200
<b>Total purchase consideration</b>	<b>1,200</b>
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 Pty Ltd

##### (i) Summary of the acquisition

On 11 November 2008, the Mitchell Communication Group announced it has acquired the business and assets of Picture This! Productions Pty Ltd, for consideration of \$70,000 in cash. Picture This! Productions Pty Ltd provides video and event production services to clients. Further consideration is payable on the achievement of certain profit hurdles 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:

<b>(ii) Purchase consideration</b>	<b>\$A'000</b>
Cash paid	70
<b>Total purchase consideration</b>	<b>70</b>
Goodwill	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.

## Notes to and forming part of the financial statements for the year ended 30 June 2009

	Cents per share	Total Amount \$A'000	Franked / unfranked	Date of payment
<b>16. Dividends</b>				
<b>2009</b>				
Interim 2009 ordinary	1.9	5,516	100% franked	17 April 2009
Final 2008 ordinary	2.1	6,048	100% franked	26 September 2008
Total amount		<u>11,564</u>		
<b>2008</b>				
Interim 2008 ordinary	1.8	5,182	100% franked	28 March 2008
Final 2007 ordinary	1.2	3,329	100% franked	12 October 2007
Dividend paid by subsidiary to minority interest		24	not applicable	30 June 2008
Total amount		<u>8,535</u>		

### Subsequent events

Since the end of the year, the directors declared the following dividends:

Final 2009 ordinary	2.1	<u>6,246</u>	100% franked
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The financial effect of the final dividend has not been brought to account in the financial statements for the year ended 30 June 2009 and will be recognised in the subsequent financial period.

## 17. Net tangible asset backing

	Consolidated	
	June 2009 Cents per share	June 2008 Cents per share
Net tangible asset backing per ordinary security (cents)	<u>(21.6)</u>	<u>(19.9)</u>

## 18. Contingencies

The Group had no contingent assets or liabilities at balance date (2008: nil).

## 19. Events subsequent to balance date

There have been no subsequent events that would have a material impact on the financial statements for the year ended 30 June 2009.



## Notes to and forming part of the financial statements for the year ended 30 June 2009

### 20. Audit status of the statutory accounts

The report is based on accounts, which are in the process of being audited. The entity has formally constituted audit committee.

Sign here:  Dated: 26<sup>th</sup> August 2009  
Company Secretary  
Dion Cust