



adcorp

ADCORP AUSTRALIA LIMITED

Audited Full Year Results – 30 June 2011

Friday 26 August 2011

Sales Turnover	\$170.9M
Operating Revenue	\$29.5M
Revenue Margin	17.3%
Operating Profit	\$2.2M
Net Profit After Tax	\$1.4M

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Brisbane
Canberra
Christchurch
Darwin
Melbourne
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Sydney
Tauranga
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Marketing and Advertising Group, Adcorp Australia Limited, today announced an Operating Profit of \$2.205M, an increase of 134% over last year's \$943,000.

Operating Profit before tax in the six months to June 2011 of \$1.107M was similar to H1's \$1.098M (stated before foreign currency translation expense/income).

The profit for the consolidated entity after tax and non-controlling interests has grown to \$1.392M from the prior year's loss of \$(7.138M).

Trading conditions remained challenging in the industry as a whole compounded by a series of natural disasters in both Australia and New Zealand. Adcorp successfully deployed risk management action plans in response to both the Queensland floods and the Christchurch earthquake to mitigate potential losses to the business from these events.

Despite a 6.4% reduction in billings of \$11.622M to \$170.952M and a 5.5% or \$1.7M reduction in operating revenues, the company has reduced expenses by 9.7% to deliver solid growth in the bottom line.

The reduction in billings is primarily a result of the loss of clients from our subsidiary Andrews Advertising Pty Ltd, however this has been partially offset by new business including the Northern Territory Government's Interstate and International Advertising contract. Also contributing is an increase in higher margin consulting services projects, equating to a resultant revenue margin for the group of 17.3% which is similar to the prior year.

Overall expenditure reduced by \$2.9M, of which \$1.2M is attributable to the cessation of trading at Andrews Advertising Pty Ltd. The prior year included one-off restructuring and termination costs of \$0.5M and we have seen the benefit of ongoing cost-saving initiatives flow through this financial year.

Starting conversations

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The current year to June 2011 includes costs and expenses relating to the departure of staff from Andrews Advertising Pty Ltd and in relation to the ongoing case against the former Director and former Senior Executive of that company.

At the end of the financial year we held \$10.273M in cash (June 2010 \$10.875M) and while we still have access to a \$6M working capital facility with ANZ Bank, we had no drawings outstanding on this facility at 30 June 2011 (June 2010 Nil Drawn).

Adcorp have also restructured our client-facing functions to deliver a more local and targeted service to our clients across Australia and New Zealand.

In January 2011 Adcorp's contract with the NSW Government for Non-Campaign advertising was extended another 12 months; the first of two option periods following the original three year contract term.

The contract with the WA Government for Non-Campaign advertising services which was due to expire on 31 July 2011, has also been extended with Adcorp being engaged for a further two year period.

Adcorp starts the new financial year in a good position to seize opportunities and grow; although markets remain challenging and uncertain. We have a committed and engaged management team and skilled, passionate people providing the best possible service and marketing solutions for our clients.

The Directors are confident in the continued success of the business and have declared a final dividend of 1cent per share fully franked, out of the current year profits to add to the interim dividend declared in February 2011 of 1cent per share fully franked.

~ends~

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