Friday 28 August 2015

Adcorp Full Year Financial Results FY2015

The results for the year reflect a significant turnaround in the business over the last 3 years with a profit being reported for the 2014/2015 financial year. The rate of decline in revenues has stabilised and the company restructuring has aligned us to new revenue opportunities and earnings growth.

The structural changes and cost reductions in the past year contributed to an operating profit before tax of $217,000 compared with the prior year operating loss of $2,747,000.

The majority of the Company's restructuring initiatives commenced in the first half of the financial year with the benefits of significant cost savings flowing through the second half.
Top line billings reduced year on year from $85.7 million to $67.7 million (21%). This is largely as a result of the change in the Australian Government contract from 1 July 2014 whereby Adcorp now provides services as a subcontractor to Dentsu Mitchell on a retainer basis, compared to the previous contract that saw all services billed directly to the Government. In addition, the prior year includes billings for the NSW Government Media Placement and Typesetting Services contract which ended in August 2013.

As foreshadowed by our market announcement in May 2015, the second half to June 2015 saw a reduction in billings for our commercial property clients and reduction in fee income due to reduced government spend. These reductions were mitigated by tight cost control, delivering a second half operating profit before tax of $76,000.

Print media spending continued to decline year-on-year, however the rate of decline in Australia (at approximately 3% for our Australian businesses) has slowed and we have experienced a continued increase in the growth of online media. NZ print media bookings declined by approximately 22%. Excluding the Australian Government spend which is skewed compared to prior year due to the change in the structure of the contract, our online media billings are up 39% in Australia on the prior year, with New Zealand up 6%. In addition, media spend in Mobile, Television, and Radio grew strongly in our Australian businesses. We have continued to focus our efforts in online media growth with the inclusion of programmatic buying in our service offering.

Adelaide
Auckland
Brisbane
Canberra
Christchurch
Darwin
Melbourne
Perth
Sydney
Tauranga
Wellington

Despite the 21% reduction in billings, our operating margins firmed, delivering operating revenues excluding interest and rent income, of $18.13m for the year, down 2% on the prior period of $18.43m. Revenue margin improved from 21.5% in the prior year to 26.7%, largely a result of the retainer model for the Australian Government but also influenced by the changing mix of our products and services.

Our digital, creative and video solutions continue to contribute revenue and margin growth across the business and we are focused on broadening our client base; notably in the retail and education sectors. During the year Showrunner Productions delivered its complete series of 72 Dangerous Animals Australia, with production underway on a further three series; Wimp2Warrior, 72 Dangerous Places and 72 Cutest Animals with completion dates between October 2015 and April 2016. In addition the company has several new series in the pipeline including ‘Status Vacant’. Showrunner has expensed the full production cost of 72 Dangerous Animals in the year to June 2015.

Further restructuring during the year delivered $3.32m in overhead cost savings and a full year expense of $17.97m; a reduction of 16% over FY2014’s $21.28m. Labour costs comprised $2.60m of these savings with a rationalization of our management structure and more efficient timekeeping systems improving staff utilization. In line with our goal to broaden our client base and service offerings, we have invested in experienced business development personnel and software to set and manage new business targets as we focus on revenue growth in the new financial year.

We further reduced Office and Communications costs by $614,000 (14%) through right-sizing of our office space requirements. In addition, we are relocating our Sydney office in September 2015 to more suitably-sized premises, which will deliver further savings and workflow efficiencies in the coming financial year.

The company’s cash flow statement during the period reflects a decrease in cash of $5.28m for the full year, of which $5.12 million is attributable to the six months ended December 2014. This represents payments made to suppliers for large client campaigns booked and paid for by 30 June 2014 and completed, with payment to suppliers, in the July to December 2014 period.

Starting conversations

Adcorp Australia ABN 72 002 208 915

POSTAL
PO BOX 601
Broadway NSW 2007

SYDNEY
Level 1, 7 Kelly Street
Ultimo NSW 2007

adcorp.com.au
T: 02 8524 8500
F: 02 8524 8700

Financial facilities have been secured to fund working capital and rental guarantees. This agreement runs to August 2016.

The board has determined that no dividends will be payable to shareholders for the financial year to June 2015 and will review this position when profitability and cash flow is demonstrating more sustained growth.

The Directors wish to thank our staff for their dedication and efforts in embracing the necessary change across the business that has seen the company return to profitability and provide a foundation from which to diversify and sell our marketing communications services.

~ends~

For further information, please contact:
David Morrison
Chief Executive Officer
Adcorp Australia Limited
+ 61 2 8524 8500
davidmorrison@adcorp.com.au

Adcorp Australia Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Adcorp Australia Limited
ABN:	72 002 208 915
Reporting period:	For the year ended 30 June 2015
Previous period:	For the year ended 30 June 2014

2. Results for announcement to the market

				$'000
Revenues from ordinary activities	down	1.9%	to	18,183
Profit from ordinary activities after tax attributable to the owners of Adcorp Australia Limited	up	105.1%	to	133
Profit for the year attributable to the owners of Adcorp Australia Limited	up	105.1%	to	133

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The profit for the consolidated entity after providing for income tax and non-controlling interest amounted to $133,000 (30 June 2014: loss of $2,608,000).

For detailed commentary on results for the year, refer to the Full Year Results announcement preceding this Appendix 4E.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(1.36)	(1.59)

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Reporting period %	Previous period %	Reporting period $'000	Previous period $'000
Limelight Group Pty. Ltd. (Associate)	40.00%	40.00%	-	-
Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)				
Profit/(loss) from ordinary activities before income tax			-	-
Income tax on operating activities			-	-

Due to the losses sustained in this investment in the period to 30 June 2014, Adcorp had written down the value of the investment to $nil at 30 June 2014. Limelight Group Pty Ltd entered into a Deed of Creditor Arrangement on 8 July 2014.

A full and final dividend has been paid to creditors and, as at 28 August 2015, the Deed of Creditor arrangement is in the process of being finalised and accordingly Limelight Group Pty Ltd will be struck off the register.

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9. Foreign entities

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

International Financial Reporting Standards have been used in relation to all foreign entities in compiling this financial report.

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10. Audit qualification or review

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

The financial statements have been audited and an unqualified opinion, modified with an emphasis of matter relating to going concern, has been issued.

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11. Attachments

Details of attachments (if any):

The Annual Report of Adcorp Australia Limited for the year ended 30 June 2015 is attached.

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12. Signed

Signed ______________________________ Date: 28 August 2015

Craig McMenamin
Company Secretary
Sydney

Adcorp Australia Limited

ABN 72 002 208 915

Annual Report - 30 June 2015

Contents

Directors	Ian Rodwell David Morrison Garry Lemair Dean Capobianco
Company secretary	Craig McMenamin
Notice of annual general meeting	The annual general meeting of Adcorp Australia Limited will be held at: Location to be advised 12:00 PM on Friday 30 October 2015
Registered office	Level 1 7 Kelly Street Ultimo NSW 2007 Tel: +61 2 8524 8500 Fax: +61 2 8524 8700
Principal place of business	Level 1 7 Kelly Street Ultimo NSW 2007
Share register	Computershare Investor Services Pty Ltd Level 3 60 Carrington Street Sydney NSW 2000 Phone: 1300 787 272
Auditor	Grant Thornton Audit Pty Ltd Level 17 383 Kent Street Sydney NSW 2000
Stock exchange listing	Adcorp Australia Limited shares are listed on the Australian Securities Exchange (ASX code: AAU)
Website	www.adcorp.com.au
Corporate governance statement	The company's directors and management are committed to conducting the consolidated entity's business in an ethical manner and in accordance with the highest standards of corporate governance. The company has adopted and substantially complies with the ASX Corporate Governance Principles and Recommendations (3rd Edition) ('Recommendations') to the extent appropriate to the size and nature of the consolidated entity's operations. The company has prepared a Corporate Governance Statement which sets out the corporate governance practices that were in operation throughout the financial year for the company, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations. The company's Corporate Governance Statement and policies, which will be approved at the same time as the Annual Report, can be found on its website: www.adcorp.com.au/investors

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'Adcorp') consisting of Adcorp Australia Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2015.

Directors

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

Ian Rodwell
David Morrison
Garry Lemair
Dean Capobianco

Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of:
- Advertising agency services specialising in human resources, real estate, government, motor vehicle, education and retail;
- Website design, development and database support services;
- Digital marketing services and consulting, including supply of web-based products, and strategic employment solutions; and
- Video production and marketing solutions.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The results for the year reflect a turnaround in the businesses bottom line, largely through restructuring and cost savings but with improved potential for earnings growth in the billings and revenue lines.

The structural changes and cost reductions in the past year contributed to an operating profit before tax of $217,000 (a significant turnaround from the prior year operating loss of $2,747,000).

Much of this restructuring commenced in the first half of the financial year with the benefits of significant cost savings flowing through the second half.

Top line billings reduced year on year from $85,728,000 to $67,730,000 (21%) largely a result of the change in the Australian Government contract from 1 July 2014 whereby Adcorp provides services as a subcontractor to Dentsu Mitchell on a retainer basis, rather than the previous contract of billing all services and media directly to the Government. In addition, the prior year includes billings for the NSW Government Media Placement and Typesetting Services contract which ended in September 2013. As foreshadowed in our market announcement in May 2015, the second half to June 2015 saw a reduction in billings for our commercial property clients and reduction in fee income due to reduced government spend. These reductions were mitigated by tight cost control, delivering a second half operating profit before tax of $76,000.

Print media spending continued to decline year on year however the rate of decline in Australia (at approximately 3% for our Australian businesses) has slowed and we have experienced a continued increase in the growth of online media. NZ print media bookings declined by approximately 22%. Excluding the Australian Government spend which is skewed due to the change in the structure of the contract, our Australian online media bookings are up 39% on the prior year and NZ online bookings up 6% by billings. In addition, media spend in Mobile, Television, and Radio grew strongly in our Australian businesses.

We have continued to focus our efforts in online media growth with the inclusion of programmatic buying in our service offering.

Despite the 21% reduction in billings, our operating margins firmed, delivering operating revenues excluding interest and rent income, of $18,130,000 for the year, down 2% on prior period $18,426,000.

Revenue margin improved from 21.5% in the prior year, to 26.7%, largely a result of the retainer contract for the Australian Government.

Our Digital, Creative and Video solutions continue to contribute revenue and margin growth across the business and we are focussed on broadening our client base, notably in the retail and education sectors.

During the year Showrunner Productions delivered its complete series of 72 Dangerous Animals Australia, with production well advanced on a further two series (Wimp2Warrior and 72 Dangerous Places) with completion due between October 2015 and February 2016. In addition the company has several new series in the pipeline including 'Status Vacant'. Showrunner has expensed the full production cost of 72 Dangerous Animals Australia in the year to June 2015.

Further restructuring during the year delivered $3,316,000 in overhead cost savings and a full year expense of $17,966,000 (FY2014: $21,282,000). Labour costs comprised $2,600,000 of these savings, with more efficient timekeeping systems and rationalisation of our management structure. In line with our goal to broaden our client base and service offerings, we have invested in experienced business development personnel and software, to set and manage new business targets as we focus on revenue growth in the new financial year.

We further reduced Office and Communications costs by $614,000 (13%) through right-sizing of our office space requirements. In addition, we are relocating our Sydney office in September 2015 to more suitably sized premises, which will deliver further savings and workflow efficiencies in the coming financial year.

The company's cash flow statement during the period reflects a decrease in cash of $5,275,000 for the full year, of which $5,122,000 is attributable to the six months ended December 2014. This represents payments made to suppliers for large client campaigns booked and paid for by 30 June 2014 and completed, with payment made to suppliers in the July to December 2014 period.

Financial facilities have been secured with Bibby Financial Services, providing trade debtor financing to fund working capital and rental guarantees, secured over trade receivables. Our agreement with Bibby runs to August 2016.

The board has determined that no dividends will be payable to shareholders for the financial year to June 2015 and will review this position when profitability and cash flow is demonstrating more sustained growth.

The directors wish to thank the Adcorp team for their dedication and efforts in returning the company to profitability and the ongoing commitment to meeting our growth goals.

The attached financial statements detail the performance and financial position of the consolidated entity for the year ended 30 June 2015. It also contains an independent auditor's report which includes an emphasis of matter paragraph in regard to the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern. For further information, refer to note 1 to the financial statements, together with the independent auditor's report.

Significant changes in the state of affairs

There are no significant changes in the state of affairs of the company other than those matters noted in the Review of Operations, above.

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

Matters subsequent to the end of the financial year

There are no matters arising subsequent to the end of the financial year. The company continues to contest a claim for alleged preferential payments by the liquidator of Streetwise Advertising Pty Ltd (In Liquidation) and this is detailed in Note 32: Contingent Liabilities.

No other matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

While the decline in print media advertising has slowed to some extent, the growth opportunities remain in new digital and social media channels; particularly those optimised for mobile devices and with video capability. Many clients still require education around these new opportunities in order to engage with their customers in a rapidly changing environment led by technology advancements; often requiring traffic-driving strategies to digital assets that provide positive user experiences and easy commercial transactions.

Adcorp continues to focus on bringing these opportunities and new channels to our clients, with the goal of delivering effective marketing and communications solutions that can be measured against campaign objectives.

We are expanding the development of content solutions both for clients and through mainstream entertainment media through our television division Showrunner Productions and we expect to grow its contribution to earnings over the next several years. The company is also looking to expand the services we offer to key clients within Government and to continue to diversify our New Zealand business operation into new sectors.

The market and economic uncertainty remains challenging however our restructuring and sales focus is starting to deliver results that we need to build upon in order to achieve sustainable growth in our business and overall financial performance.

We would like to acknowledge and thank all of our staff for their dedication and support while we implemented significant change across the business to deliver operational efficiencies and a focus on business development. Adcorp's management team is committed to continue adapting to meet the challenges of a changing market.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Ian Rodwell
Title:	Non-Executive Chairman
Qualifications:	BCom
Experience and expertise:	Ian Rodwell is the founder of the Adcorp Group and held the position of Managing Director from Adcorp's inception until his retirement in January 2004. In August 2014 Ian Rodwell assumed the role of part time Executive Chairman in line with the Executive Team focus on growth and business development as outlined in the Review of Operations above. He is also a Director of the Diabetes Australia Research Trust ('DART'), an organisation responsible for the raising of funds for diabetes research and awarding of grants to medical researchers in Australia; Chairman of Optalert Holdings Pty Ltd, a company developing an innovative technology product to measure both alertness and drowsiness, as an aid to the global transport and mining industries; Director of MND Australia, an organisation responsible for raising and funding medical research to find the cause and cure for motor neurone disease.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	23,022,362 ordinary shares
Interests in options:	None
Interests in rights:	None

Name:	David Morrison
Title:	Executive Director and Chief Executive Officer
Qualifications:	B Bus (Hons)
Experience and expertise:	David Morrison has over 18 years' experience in the advertising and marketing industry commencing with TMP Worldwide prior to joining Adcorp in 2003. In his 7 years managing the WA, SA and NT regions, David was responsible for diversifying the services provided by the company and expanding into new sectors. This diversification included the formation of Adcorp's in-house TV Production facility that is based in Perth. David has also been instrumental in Adcorp's push into Government advertising from both a strategic and operational perspective along with the winning and retention of some of our largest corporate clients. David was appointed by the Board to the role of Chief Executive Officer in March 2011 and also sits on the Board of Volunteering WA and Volunteering Australia in a voluntary capacity.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	1,223,671 ordinary shares
Interests in options:	None
Interests in rights:	None

Name:	Garry Lemair
Title:	Non-Executive Director
Qualifications:	BCom, FAICD
Experience and expertise:	Garry Lemair is an experienced executive with a strong track record in leadership, having successfully worked with major global entities in a number of senior positions and directorships in Australia, Asia Pacific, Europe, USA and Africa. Garry has held senior roles with Citibank, Diners Club International, KFC-PepsiCo, Fluor Daniels and Taubmans/Courtaulds. Garry is currently the Chairman of Web Profits a leading online marketing company, Chairman of Telegate a voice over internet protocol ('VOIP') service provider and cloud telecommunication specialists and Chairman of an executive search and recruitment company Grenada International. He is also a Non-Executive Director of InnovaDerma PLC (a British company).
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	None
Interests in options:	None
Interests in rights:	None

Name:	Dean Capobianco
Title:	Non-Executive Director
Qualifications:	GC Bus.Admin
Experience and expertise:	Dean Capobianco has a wealth of experience in the online media environment having held senior roles with Ninemsn, Yahoo! Search Marketing and most recently as interim Chief Executive Officer with Careerone. Dean is a director of The Trading Desk that is a licensee of China Search International; a paid search reseller for the largest search engine in China, BAIDU. In January 2015, Dean was appointed Managing Director Australia and New Zealand, of Acxiom, an enterprise data, analytics and software-as-a-service company. Acxiom is a NASDAQ listed business (NASDAQ:ACXM).
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	None
Interests in options:	None
Interests in rights:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Company secretary

Craig McMenamin is an experienced Chief Financial Officer (‘CFO’) with over 19 years of financial leadership in the Media, Retail, Entertainment and Manufacturing sectors, both locally and abroad. Craig’s track record includes leading the financial strategy of high-growth, transformational businesses, playing a key role in strategic development and growth, while driving improvements of underlying operational systems, processes and investments. Craig is a Chartered Accountant and member of the Australian Institute of Company Directors.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2015, and the number of meetings attended by each director were:

	Full Board		Audit Committee	
	Attended	Held	Attended	Held
Ian Rodwell	16	16	2	2
David Morrison	16	16	2	2
Garry Lemair	15	16	2	2
Dean Capobianco	16	16	2	2

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

The Remuneration and Nomination Committee meetings are incorporated into Board meetings.

Remuneration report (audited)
The remuneration report, which has been audited, outlines the director and executive remuneration arrangements for the consolidated entity and the company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The Remuneration and Nomination Committee of the Board of Directors of the company is responsible for determining and reviewing compensation arrangements for the directors, the Chief Executive Officer and the executive team. The Remuneration and Nomination Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the company and consolidated entity.

The performance of the company and consolidated entity is dependent upon the attraction, motivation and retention of highly skilled and experienced directors and executives.

To achieve this, the company and consolidated entity may embody some or all of the following principles into its remuneration framework:
- Provide competitive remuneration packages to attract highly skilled and experienced executives;
- Significant proportion of executive remuneration ‘at risk’, dependent upon meeting predetermined performance benchmarks;
- Performance benchmarks are aligned to the creation of shareholder value; and
- Participation in Adcorp Employee Option Plan to create long term incentives.

Alignment to program participants' interests:
- rewards capability and experience;
- reflects competitive reward for contribution to growth in shareholder wealth; and
- provides a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.

Non-executive directors remuneration
The constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then allocated to the directors as agreed. The latest determination was at the Annual General Meeting held in October 2004 when the shareholders approved a maximum aggregate amount of $250,000 per year. Non-executive directors are not entitled to performance-based bonuses.

Executive remuneration
The company and consolidated entity aims to remunerate and reward executives with a level and mix of remuneration that is commensurate with their position, responsibilities and performance within the company and consolidated entity and so as to:
- Reward executives for achievement of company and consolidated entity, business unit and individual objectives against appropriate benchmarks;
- Align interest of executives with those of shareholders; and
- Ensure total remuneration is competitive by market standards.

Remuneration consists of the following key elements:
- Fixed remuneration;
- Variable short term incentive remuneration; and
- Variable long term incentive remuneration.

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

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee, based on individual and business unit performance, the overall performance of the company and consolidated entity and comparable market remunerations.

Executives can receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity or company and adds additional value to the executive.

The variable short-term incentives ('STI') are set covering financial and operational measures of performance. Measures are set to cover business unit and overall company and consolidated entity performances. The total potential STI available is set at a level so as to provide a sufficient incentive for the executive to achieve the operational targets of the company and consolidated entity and so that the cost to the company and consolidated entity is reasonable in the circumstances. Actual STI payments are made subject to the extent that specific targets set at the beginning of the financial year are met. Payments made are usually delivered as a cash bonus.

The variable long-term incentives ('LTI') are designed to reward executives in a manner which aligns this element of the remuneration with the creation of shareholder value. LTI grants to executives are delivered in the form of options. LTI grants are only made to executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the company and consolidated entity's performance. No LTI grants were issued during the current financial year.

Consolidated entity performance and link to remuneration
Executive fixed remuneration is not directly linked to the performance of the company and consolidated entity. Bonus and incentive payments are at the discretion of the Board. Incentives have not been accrued to key management personnel ('KMP') during the year under review as the performance targets were not achieved.

Use of remuneration consultants
During the financial year ended 30 June 2015, the company did not engage remuneration consultants to review its existing remuneration policies and provide recommendations on how to improve both the short-term incentives ('STI') program and long-term incentives ('LTI') program.

Voting and comments made at the company's 2014 Annual General Meeting ('AGM')
At the last AGM 90% of the shareholders voted to adopt the remuneration report for the year ended 30 June 2014. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
Details of the remuneration of the directors and key management personnel are set out in the following tables. Key management personnel are defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity.

The key management personnel of the consolidated entity consisted of the directors of Adcorp Australia Limited and the following person:
- Craig McMenamin - Chief Financial Officer and Company Secretary

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2015	Cash salary and fees $	Bonus $	Other * $	Super-annuation $	Leave benefits $	Equity-settled $	Total $
Non-Executive Directors:							
G Lemair	43,800	-	-	-	-	-	43,800
D Capobianco	43,800	-	54,050	-	-	-	97,850
Executive Directors:							
D Morrison	331,617	-	-	18,783	-	-	350,400
Other Key Management Personnel:							
C McMenamin	227,401	-	-	18,783	-	-	246,184
	646,618	-	54,050	37,566	-	-	738,234

* Dean Capobianco received $54,050 fees for consulting services above his duties as a director.

There is no remuneration disclosed for Ian Rodwell as he waived his directors fees from 1 July 2013.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2014	Cash salary and fees $	Bonus $	Other $	Super-annuation $	Leave benefits $	Equity-settled $	Total $
Non-Executive Directors:							
G Lemair	15,000	-	-	28,700	-	-	43,700
D Capobianco	43,750	-	-	3,700	-	-	47,450
Executive Directors:							
D Morrison	296,569	-	-	17,666	-	-	314,235
Other Key Management Personnel:							
C McMenamin	218,306	-	-	17,666	-	-	235,972
	573,625	-	-	67,732	-	-	641,357

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2015	2014	2015	2014	2015	2014
Non-Executive Directors:						
G Lemair	100%	100%	-%	-%	-%	-%
D Capobianco	100%	100%	-%	-%	-%	-%
Executive Directors:						
D Morrison	100%	100%	-%	-%	-%	-%
Other Key Management Personnel:						
C McMenamin	100%	100%	-%	-%	-%	-%

Service agreements
Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	David Morrison
Title:	Executive Director and Chief Executive Officer
Agreement commenced:	21 March 2011
Term of agreement:	No fixed period
Details:	Remuneration package of $340,000 with discretionary indexed CPI increase annually plus short term incentives based on financial performance of the company for the year. (During the year end 30 June 2014, a voluntary salary reduction of $25,765 was in place resulting in a total remuneration of $314,235. During the year end 30 June 2015, the salary reduction was in place from 1 July 2014 to 31 August 2014, amounting to $5,393. Also during the year end 30 June 2015, the company changed the payroll cycle resulting in salaries for the period 1 July 2015 to 15 July 2015, amounting to $13,480 being paid in the current financial year. The impact of both these adjustments resulted in a total remuneration of $350,400).

Executives’ employment contracts require employees to provide three months' notice or the company to provide a standard three months' notice. Other than the terms outlined, the employment contracts of key management personnel are consistent with normal employment contracts of the company.

In addition, all executives are entitled to annual bonuses payable upon the achievement of annual profitability measures and other KPI's including achievement of new business targets.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2015.

Options
There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2015.

There were no options over ordinary shares granted to, or vested in, directors and other key management personnel as part of compensation during the year ended 30 June 2015.

Additional disclosures relating to key management personnel
In accordance with Class Order 14/632, issued by the Australian Securities and Investments Commission, relating to 'Key management personnel equity instrument disclosures', the following disclosure relates only to equity instruments in the company or its subsidiaries.

Shareholding
The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Ian Rodwell	23,022,362	-	-	-	23,022,362
Craig McMenamin	2,900	-	-	-	2,900
David Morrison	1,223,671	-	-	-	1,223,671
	24,248,933	-	-	-	24,248,933

This concludes the remuneration report, which has been audited.

Shares under option
There were no unissued ordinary shares of Adcorp Australia Limited under option outstanding at the date of this report.

Shares issued on the exercise of options
There were no ordinary shares of Adcorp Australia Limited issued on the exercise of options during the year ended 30 June 2015 and up to the date of this report.

Indemnity and insurance of officers
The company has indemnified the directors of the company for costs incurred, in their capacity as a director, for which they may be held personally liable, except where there is a lack of good faith.

The company paid an insurance premium of $19,397 in respect of a contract insuring each of the directors of the company named earlier in this report, and each director and secretary of the consolidated entity, against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law.

Indemnity and insurance of auditor
The company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the 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.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 31 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 31 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former partners of Grant Thornton Australia
There are no officers of the company who are former partners of Grant Thornton Australia.

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

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

Auditor
Grant Thornton Australia continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

David Morrison
Director and Chief Executive Officer

28 August 2015
Sydney

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Sydney NSW 2000

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Auditor's Independence Declaration
To the Directors of Adcorp Australia Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Adcorp Australia Limited for the year ended 30 June 2015, 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.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P J Woodley
Partner - Audit & Assurance

Sydney, 28 August 2015

Adcorp Australia Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2015

	Note	Consolidated 2015 $'000	Consolidated 2014 $'000
Revenue	5	18,183	18,535
Expenses			
Client service expenses		(11,950)	(14,577)
Administrative expenses		(1,089)	(1,233)
Marketing expenses		(873)	(844)
Office and communication expenses		(4,005)	(4,619)
Finance costs	6	(49)	(9)
Profit/(loss) before income tax (expense)/benefit		217	(2,747)
Income tax (expense)/benefit	7	(58)	142
Profit/(loss) after income tax expense for the year		159	(2,605)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(80)	199
Other comprehensive income for the year, net of tax		(80)	199
Total comprehensive income for the year		79	(2,406)
Profit/(loss) for the year is attributable to:			
Non-controlling interest		26	3
Owners of Adcorp Australia Limited	25	133	(2,608)
		159	(2,605)
Total comprehensive income for the year is attributable to:			
Non-controlling interest		26	3
Owners of Adcorp Australia Limited		53	(2,409)
		79	(2,406)
		Cents	Cents
Basic earnings per share	41	0.22	(4.30)
Diluted earnings per share	41	0.22	(4.30)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Adcorp Australia Limited
Statement of financial position
As at 30 June 2015

	Note	Consolidated 2015 $'000	Consolidated 2014 $'000
Assets			
Current assets			
Cash and cash equivalents	8	1,827	7,102
Trade and other receivables	9	8,200	9,441
Income tax refund due	10	60	19
Other current assets	11	477	178
Total current assets		10,564	16,740
Non-current assets			
Property, plant and equipment	13	683	1,203
Intangibles	14	44	99
Deferred tax	15	1,050	907
Total non-current assets		1,777	2,209
Total assets		12,341	18,949
Liabilities			
Current liabilities			
Trade and other payables	16	10,983	18,204
Borrowings	17	501	-
Income tax	18	31	4
Provisions	19	978	873
Total current liabilities		12,493	19,081
Non-current liabilities			
Deferred tax	20	196	29
Provisions	21	436	702
Total non-current liabilities		632	731
Total liabilities		13,125	19,812
Net liabilities		(784)	(863)
Equity			
Issued capital	22	28,894	28,894
Purchased controlling interest reserve	23	(113)	(113)
Reserves	24	(411)	(331)
Accumulated losses	25	(29,156)	(29,289)
Deficiency in equity attributable to the owners of Adcorp Australia Limited		(786)	(839)
Non-controlling interest	26	2	(24)
Total deficiency in equity		(784)	(863)

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

Adcorp Australia Limited
Statement of changes in equity
For the year ended 30 June 2015

Consolidated	Issued capital $'000	Purchased controlling interest reserve $'000	Reserves $'000	Accumulated losses $'000	Non-controlling interest $'000	Total deficiency $'000
Balance at 1 July 2013	28,894	(113)	(530)	(26,681)	(27)	1,543
Profit/(loss) after income tax (expense)/benefit for the year	-	-	-	(2,608)	3	(2,605)
Other comprehensive income for the year, net of tax	-	-	199	-	-	199
Total comprehensive income for the year	-	-	199	(2,608)	3	(2,406)
Balance at 30 June 2014	28,894	(113)	(331)	(29,289)	(24)	(863)

Consolidated	Issued capital $'000	Purchased controlling interest reserve $'000	Reserves $'000	Accumulated losses $'000	Non-controlling interest $'000	Total deficiency $'000
Balance at 1 July 2014	28,894	(113)	(331)	(29,289)	(24)	(863)
Profit after income tax (expense)/benefit for the year	-	-	-	133	26	159
Other comprehensive income for the year, net of tax	-	-	(80)	-	-	(80)
Total comprehensive income for the year	-	-	(80)	133	26	79
Balance at 30 June 2015	28,894	(113)	(411)	(29,156)	2	(784)

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

Adcorp Australia Limited
Statement of cash flows
For the year ended 30 June 2015

	Note	Consolidated 2015 $'000	2014 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		75,780	98,061
Payments to suppliers and employees (inclusive of GST)		(81,217)	(96,683)
		(5,437)	1,378
Interest received		53	85
Interest and other finance costs paid		(49)	(9)
Income taxes refunded		-	464
Income taxes paid		(48)	-
Net cash from/(used in) operating activities	40	(5,481)	1,918
Cash flows from investing activities			
Payments for property, plant and equipment	13	(78)	(282)
Payments for intangibles	14	(221)	(254)
Proceeds from disposal of property, plant and equipment		4	9
Net cash used in investing activities		(295)	(527)
Cash flows from financing activities			
Payments for invoice financing		(13,428)	-
Proceeds from invoice financing		13,929	-
Net cash from financing activities		501	-
Net increase/(decrease) in cash and cash equivalents		(5,275)	1,391
Cash and cash equivalents at the beginning of the financial year		7,102	5,711
Cash and cash equivalents at the end of the financial year	8	1,827	7,102

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

Note 1. General information

The financial statements cover Adcorp Australia Limited as a consolidated entity consisting of Adcorp Australia Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Adcorp Australia Limited's functional and presentation currency.

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

Level 1
7 Kelly Street
Ultimo NSW 2007

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 August 2015. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

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

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

Going concern

The statement of financial position of the company reflects a net deficit of $784,000 at 30 June 2015 (prior year net deficit $863,000) and Net Current Liabilities exceeded Net Current Assets by $1,929,000 (prior year NCL exceeded NCA by $2,341,000). The company’s cost base has been reduced by $3,316,000 during the year with further reductions planned in premises and communications costs. The budget for the coming financial year has been structured with a focus on new business and revenue growth. We have invested in client service directors and business development teams that bring a depth of experience and industry knowledge to our business and, coupled with price increases and improvements to job profitability, we expect to deliver increased new business revenue in the coming financial year while holding our costs steady and generating positive EBITDA and cash flow.

We have secured continued invoice financing facilities with Bibby Financial, renewing our agreement until August 2016.

Our cash flow projections over the next twelve months are based on detailed financial models that indicate that the company will be able to pay its commitments as they fall due provided we achieve our sales targets. We maintain a high level of rigour in cash flow management and prompt collection of receivables.

While there is material uncertainty, the directors are of the view that the business is a going concern. The company has implemented a number of substantial initiatives as noted above, in order to return to profitability and positive net asset value and the consolidated entity will be able to meet its debts as they fall due. The financial statements have therefore, been prepared on a going concern basis.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

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

Note 2. Significant accounting policies (continued)

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity'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.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 35.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Adcorp Australia Limited ('company' or 'parent entity') as at 30 June 2015 and the results of all subsidiaries for the year then ended. Adcorp Australia Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity' or 'Adcorp'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity 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 consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Adcorp Australia Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars 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 financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Note 2. Significant accounting policies (continued)

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Operating revenues
Media, production and creative revenue, net of direct costs, are brought to account when billed to the client once an advertisement has appeared or published material produced. For cash flow purposes the amounts are shown as gross receipts and gross payments.

Dividends
Dividend revenue is recognised when received or when the right to receive payment is established.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rent
Rent revenue from sub-leasing is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Note 2. Significant accounting policies (continued)

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Adcorp Australia Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary 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 tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days. The company has a trade credit policy in place at 30 June 2015.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Note 2. Significant accounting policies (continued)

Associates
Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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

Depreciation is calculated on a straight-line and diminishing value basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Office equipment	3-5 years
Plant and equipment	over lease term

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date, and reflect the pattern of consumption of the assets future economic benefit.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Note 2. Significant accounting policies (continued)

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Software licences
Significant costs associated with software are deferred and amortised on a straight-line and diminishing value basis over the period of their expected benefit, being their finite life of 2 to 3 years. The method of amortisation reflects the pattern of consumption of the assets future economic benefit.

Customer lists
Costs in relation to customer lists of the consolidated entity are capitalised as an asset and amortised on a straight-line basis over 3 years. Customer lists have been fully written down.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets 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.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and not discounted. The amounts are unsecured and are usually paid within 30 days of recognition except for media creditors who are on 45 day terms. Other payables have repayment terms of less than 12 months.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 2. Significant accounting policies (continued)

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries and other employee benefits expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
Employee benefits not expected to be settled within 12 months of the reporting date is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. 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 corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital
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.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Adcorp Australia Limited, 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.

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.

Note 2. Significant accounting policies (continued)

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the 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 tax authority is included in other receivables or other payables in the statement of financial position.

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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

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

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2015. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 ‘Financial Instruments: Recognition and Measurement’. AASB 9 introduces new classification and measurement models for financial assets. New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an ‘expected credit loss’ (‘ECL’) model to recognise an allowance. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed.

AASB 15 Revenue from Contracts with Customers
This standard is currently applicable to annual reporting periods beginning on or after 1 January 2017. Exposure Draft (ED 263) 'Effective Date of AASB 15' proposes to defer the application date by one year (1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services). The standard may impact the way revenue for advertising, digital marketing and video services are recognised by the consolidated entity, however the impact has not yet been quantified until the application date of the standard has been confirmed.

Note 2. Significant accounting policies (continued)

Other amending accounting standards issued are not considered to have a significant impact on the financial statements of the consolidated entity as their amendments provide either clarification of existing accounting treatment or editorial amendments. These standards (and their operative dates) include:

- AASB 14 Regulatory Deferral Accounts (from 1 January 2016)
- AASB 2014-1 Amendments to Australian Accounting Standards (Part D from 1 January 2016 and Part E from 1 January 2018)
- AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations (from 1 January 2016)
- AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation (from 1 January 2016)
- AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 (from 1 January 2017)
- AASB 2014-6 Amendments to Australian Accounting Standards – Agriculture: Bearer Plants (from 1 January 2016)
- AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) (from 1 January 2018)
- AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) (from 1 January 2015)
- AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements (from 1 January 2016)
- AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (from 1 January 2016)
- AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle (from 1 January 2016)
- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 (from 1 January 2016)
- AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality (from 1 July 2015)
- 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent (from 1 July 2015)
- AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception (from 1 January 2016)

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. No deferred tax assets have been recognised with regard to carried forward tax losses.

Employee benefits provision
As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Lease make good provision
A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Note 4. Operating segments

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

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

The information reported to the CODM is on at least a monthly basis.

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

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

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

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

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

Note 4. Operating segments (continued)

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

Income tax expense
Income tax expense is calculated based on the segment operating profit using a notional 30% rate (2014: 30%).

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

Operating segment information

Consolidated - 2015	Australia $'000	New Zealand $'000	Intersegment eliminations/ unallocated $'000	Total $'000
Revenue				
Sales to external customers	15,367	2,763	-	18,130
Other revenue	26	27	-	53
Total revenue	15,393	2,790	-	18,183
EBITDA *	996	81	-	1,077
Depreciation and amortisation				(864)
Interest revenue				53
Finance costs				(49)
Profit before income tax expense				217
Income tax expense				(58)
Profit after income tax expense				159
Assets				
Segment assets	9,330	1,961	-	11,291
Unallocated assets:				
Deferred tax asset				1,050
Total assets				12,341
Liabilities				
Segment liabilities	11,837	1,092	-	12,929
Unallocated liabilities:				
Deferred tax liability				196
Total liabilities				13,125

* Earnings before interest, tax, depreciation, amortisation, impairment and share of losses of associate.

Note 4. Operating segments (continued)

Consolidated - 2014	Australia $'000	New Zealand $'000	Intersegment eliminations/ unallocated $'000	Total $'000
Revenue				
Sales to external customers	15,519	2,907	-	18,426
Other revenue	82	27	-	109
Total revenue	15,601	2,934	-	18,535
EBITDA *	(1,999)	346	-	(1,653)
Depreciation and amortisation				(1,170)
Interest revenue				85
Finance costs				(9)
Loss before income tax benefit				(2,747)
Income tax benefit				142
Loss after income tax benefit				(2,605)
Assets				
Segment assets	14,960	3,082	-	18,042
Unallocated assets:				
Deferred tax asset				907
Total assets				18,949
Liabilities				
Segment liabilities	18,279	1,504	-	19,783
Unallocated liabilities:				
Deferred tax liability				29
Total liabilities				19,812

* Earnings before interest, tax, depreciation, amortisation, impairment and share of losses of associate.

Geographical information

	Sales to external customers		Geographical non-current assets	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Australia	15,367	15,519	674	1,302
New Zealand	2,763	2,907	(12)	24
	18,130	18,426	662	1,326

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post employment benefits assets and rights under insurance contracts.

Note 5. Revenue

	Consolidated	
	2015	2014
	$'000	$'000
Sales revenue		
Operating revenues	18,130	18,426
Other revenue		
Interest	53	85
Rent	-	24
	53	109
Revenue	18,183	18,535

Note 6. Expenses

	Consolidated	
	2015	2014
	$'000	$'000
Profit/(loss) before income tax includes the following specific expenses:		
Depreciation		
Office equipment	224	356
Plant and equipment	361	526
Total depreciation	585	882
Amortisation		
Software licences	276	289
Total depreciation and amortisation	861	1,171
Finance costs		
Bank loans, overdrafts and interest on invoices financed	49	9
Net loss on disposal		
Net loss on disposal of property, plant and equipment	73	14
Rental expense relating to operating leases		
Minimum lease payments	1,798	2,108
Superannuation expense		
Defined contribution superannuation expense	752	938
Employee benefits expense excluding superannuation		
Employee benefits expense excluding superannuation	11,197	13,639

Note 7. Income tax expense/(benefit)

	Consolidated 2015 $'000	Consolidated 2014 $'000
Income tax expense/(benefit)		
Current tax	34	90
Deferred tax - origination and reversal of temporary differences	24	72
Adjustment recognised for prior periods	-	(304)
Aggregate income tax expense/(benefit)	58	(142)
Deferred tax included in income tax expense/(benefit) comprises:		
Decrease/(increase) in deferred tax assets (note 15)	(143)	49
Increase in deferred tax liabilities (note 20)	167	23
Deferred tax - origination and reversal of temporary differences	24	72
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Profit/(loss) before income tax (expense)/benefit	217	(2,747)
Tax at the statutory tax rate of 30%	65	(824)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Expenditure non-deductible for tax purposes	86	22
Non-assessable items	(91)	4
	60	(798)
Adjustment recognised for prior periods	-	(304)
Current year tax losses not recognised	-	966
Difference in overseas tax rates	(2)	(6)
Income tax expense/(benefit)	58	(142)

	Consolidated 2015 $'000	Consolidated 2014 $'000
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	-	966
Potential tax benefit @ 30%	-	290

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Note 8. Current assets - cash and cash equivalents

	Consolidated 2015 $'000	Consolidated 2014 $'000
Cash at bank	1,474	3,308
Cash on deposit	353	3,794
	1,827	7,102

Note 9. Current assets - trade and other receivables

	Consolidated	
	2015	2014
	$'000	$'000
Trade receivables	8,166	9,305
Less: Provision for impairment of receivables	(54)	(42)
	8,112	9,263
Other receivables	88	178
	8,200	9,441

Impairment of receivables
The consolidated entity has recognised an expense of $12,000 (2014: write-back of $152,000) in respect of doubtful debt provision for the year ended 30 June 2015.

The ageing of the impaired receivables provided for above are as follows:

	Consolidated	
	2015	2014
	$'000	$'000
Over 3 months overdue	54	42

Movements in the provision for impairment of receivables are as follows:

	Consolidated	
	2015	2014
	$'000	$'000
Opening balance	42	194
Additional provisions recognised	44	110
Receivables written off during the year as uncollectable	(4)	(75)
Unused amounts reversed	(28)	(187)
Closing balance	54	42

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $2,338,000 as at 30 June 2015 ($1,829,000 as at 30 June 2014).

The consolidated entity did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

	Consolidated	
	2015	2014
	$'000	$'000
1 to 3 months overdue	1,772	1,540
Over 3 months overdue	566	289
	2,338	1,829

Note 10. Current assets - income tax refund due

	Consolidated	
	2015	2014
	$'000	$'000
Income tax refund due	60	19

Note 11. Current assets - other current assets

	Consolidated	
	2015	2014
	$'000	$'000
Prepayments	477	178

Note 12. Non-current assets - investments accounted for using the equity method

	Consolidated	
	2015	2014
	$'000	$'000
Investment in associate - Limelight Group Pty. Ltd.	175	175
Less: share of loss of associate	(175)	(175)
	-	-

Refer to note 37 for further information on interests in associates.

Note 13. Non-current assets - property, plant and equipment

	Consolidated	
	2015	2014
	$'000	$'000
Office equipment - at cost	3,513	3,547
Less: Accumulated depreciation	(2,919)	(2,789)
Less: Impairment	(373)	(373)
	221	385
Plant and equipment - at cost	4,239	5,051
Less: Accumulated depreciation	(3,262)	(3,658)
Less: Impairment	(515)	(575)
	462	818
	683	1,203

Note 13. Non-current assets - property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Office equipment $'000	Plant and equipment $'000	Total $'000
Balance at 1 July 2013	600	1,223	1,823
Additions	111	171	282
Disposals	(9)	(14)	(23)
Exchange differences	3	-	3
Transfers in/(out)	36	(36)	-
Depreciation expense	(356)	(526)	(882)
Balance at 30 June 2014	385	818	1,203
Additions	66	12	78
Disposals	(7)	(5)	(12)
Exchange differences	1	(2)	(1)
Depreciation expense	(224)	(361)	(585)
Balance at 30 June 2015	221	462	683

Note 14. Non-current assets - intangibles

	Consolidated 2015 $'000	Consolidated 2014 $'000
Software licences - at cost	3,401	3,338
Less: Accumulated amortisation	(3,232)	(3,114)
Less: Impairment	(126)	(126)
	43	98
Trademarks and other intellectual property - at cost	1	1
	44	99

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Software licences $'000	Trademarks and other intellectual property $'000	Total $'000
Balance at 1 July 2013	133	-	133
Additions	254	1	255
Amortisation expense	(289)	-	(289)
Balance at 30 June 2014	98	1	99
Additions	221	-	221
Amortisation expense	(276)	-	(276)
Balance at 30 June 2015	43	1	44

Note 15. Non-current assets - deferred tax

	Consolidated 2015 $'000	2014 $'000
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	25	46
Employee benefits	285	326
Other provisions	328	394
Black hole legal deductions	101	141
Current year income tax benefit	311	-
Deferred tax asset	1,050	907
Movements:		
Opening balance	907	956
Credited/(charged) to profit or loss (note 7)	143	(49)
Closing balance	1,050	907

Note 16. Current liabilities - trade and other payables

	Consolidated 2015 $'000	2014 $'000
Trade payables	7,928	12,707
Other payables	3,055	5,497
	10,983	18,204

Refer to note 28 for further information on financial instruments.

Note 17. Current liabilities - borrowings

	Consolidated 2015 $'000	2014 $'000
Invoice financing	501	-

Refer to note 28 for further information on financial instruments.

Assets pledged as security
The consolidated entity has entered into an invoice financing arrangement during the year. The arrangement is secured against the trade receivables and assets of the entity.

	Consolidated 2015 $'000	2014 $'000
The carrying amounts of trade receivables pledged as security for current borrowings are:	8,112	-

Note 18. Current liabilities - income tax

	Consolidated 2015 $'000	Consolidated 2014 $'000
Provision for income tax	31	4

The provision for income tax payable for the current year relates to the company's 75% owned subsidiary which is not part of the tax consolidated group.

Note 19. Current liabilities - provisions

	Consolidated 2015 $'000	Consolidated 2014 $'000
Employee benefits	728	853
Decommissioning	250	20
	978	873

Decommissioning
The provision represents the present value of the estimated costs to make good the premises leased by the consolidated entity at the end of the respective lease terms.

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Consolidated - 2015	Decom-missioning $'000
Carrying amount at the start of the year	20
Amounts transferred from non-current	250
Amounts written off	(20)
Carrying amount at the end of the year	250

Note 20. Non-current liabilities - deferred tax

	Consolidated 2015 $'000	Consolidated 2014 $'000
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Accrued interest income	-	1
Work in progress	105	25
Other	91	3
Deferred tax liability	196	29
Movements:		
Opening balance	29	6
Credited to profit or loss (note 7)	167	23
Closing balance	196	29

Note 21. Non-current liabilities - provisions

	Consolidated 2015 $'000	Consolidated 2014 $'000
Employee benefits	224	238
Decommissioning	212	464
	436	702

Decommissioning
The provision represents the present value of the estimated costs to make good the premises leased by the consolidated entity at the end of the respective lease terms.

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Consolidated - 2015	Decom-missioning $'000
Carrying amount at the start of the year	464
Amounts transferred to current	(250)
Foreign exchange	(2)
Carrying amount at the end of the year	212

Note 22. Equity - issued capital

	Consolidated 2015 Shares	2014 Shares	2015 $'000	2014 $'000
Ordinary shares - fully paid	60,676,602	60,676,602	28,894	28,894

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

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.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
When managing capital, management's objective is to ensure the company and consolidated entity continues as a going concern as well as to maintain optimal returns to shareholders. Management are constantly reviewing the capital structure of the company and consolidated entity in light of any expected changes in market conditions. Management has no current plans to issue further shares on the market or to reduce the capital structure by conducting share buybacks.

Management aim to return a high level of profits to shareholders as dividend payments, whilst maintaining sufficient cash in the business for meeting working capital requirements.

The capital risk management policy remains unchanged from the 30 June 2014 Annual Report.

Note 23. Equity - purchased controlling interest reserve

	Consolidated	
	2015 $'000	2014 $'000
Purchased controlling interest reserve	(113)	(113)

The purchased controlling interest reserve reflects the change in non-controlling interest due to changing levels of ownership of controlled assets.

Note 24. Equity - reserves

	Consolidated	
	2015 $'000	2014 $'000
Foreign currency reserve	(411)	(331)

Foreign currency reserve
The reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency $'000	Total $'000
Balance at 1 July 2013	(530)	(530)
Foreign currency translation	199	199
Balance at 30 June 2014	(331)	(331)
Foreign currency translation	(80)	(80)
Balance at 30 June 2015	(411)	(411)

Note 25. Equity - accumulated losses

	Consolidated	
	2015 $'000	2014 $'000
Accumulated losses at the beginning of the financial year	(29,289)	(26,681)
Profit/(loss) after income tax expense for the year	133	(2,608)
Accumulated losses at the end of the financial year	(29,156)	(29,289)

Note 26. Equity - non-controlling interest

	Consolidated 2015 $'000	Consolidated 2014 $'000
Contributed equity	202	202
Reserves	32	32
Accumulated losses	(232)	(258)
	2	(24)

The non-controlling interest has 25% (2014: 25%) equity holding in Quadrant Creative Pty Ltd.

Note 27. Equity - dividends

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Franking credits

	Consolidated 2015 $'000	Consolidated 2014 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	4,982	4,977

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 28. Financial instruments

Financial risk management objectives
The consolidated entity’s principal financial liabilities comprise trade payables. These financial liabilities arise directly from the consolidated entity’s operations. The consolidated entity has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk
The consolidated entity has transactional foreign currency exposures. Such exposure arises from purchases by the consolidated entity in currencies other than the functional currency of the operating units. Approximately 2% of the consolidated entity’s purchases are denominated in currencies other than the functional currency of the operating unit making the sale. These amounts include the payables of foreign creditors, which are not effectively hedged by other foreign currency denominated items.

The consolidated entity's main foreign currency exposure is New Zealand Dollars, as shown below. Based on this exposure, had the Australian Dollar weakened by 10% or strengthened by 10% against the New Zealand Dollar with all other variables held constant, the movement would have an immaterial impact on the consolidated entity. The consolidated entity is not sensitive to movements in other currencies.

Note 28. Financial instruments (continued)

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

Consolidated	Assets 2015 $'000	Assets 2014 $'000	Liabilities 2015 $'000	Liabilities 2014 $'000
US dollars	-	-	4	21
Pound Sterling	-	-	16	12
New Zealand dollars	1,636	2,998	986	1,377
Canadian dollars	-	-	1	-
Singapore dollars	-	-	14	10
	1,636	2,998	1,021	1,420

Price risk
The consolidated entity is not exposed to any significant price risk.

Interest rate risk
The consolidated entity's principal financial instruments comprise cash and short-term deposits. The main purpose of these financial instruments is to finance the consolidated entity's operations.

The consolidated entity has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

The consolidated entity is not exposed to any significant interest rate risk.

As at the reporting date, the consolidated entity had the following variable rate borrowings and funds on deposit outstanding:

Consolidated	2015 Weighted average interest rate %	2015 Balance $'000	2014 Weighted average interest rate %	2014 Balance $'000
Cash at bank	1.63%	1,474	1.64%	3,308
Cash on deposit	2.67%	353	2.69%	3,794
Borrowing against invoices financed	8.03%	(501)	-%	-
Net exposure to cash flow interest rate risk		1,326		7,102

An official increase or decrease in interest rates would have no significant impact on profit before tax.

Credit risk
Credit risk arises from the financial assets of the consolidated entity, which comprise cash and cash equivalents, trade and other receivables. The consolidated entity's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

It is the consolidated entity's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating and financial position. Some customer credit risk within the consolidated entity is managed by the use of debtors insurance.

In addition, receivable balances are monitored on an ongoing basis with the result that the consolidated entity's exposure to bad debts is not considered to be significant.

Note 28. Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the consolidated entity will be unable to meet its payment obligations when they fall due under normal and stress circumstances. The consolidated entity's objective is to maintain a balance between continuity of funding and flexibility through effective management of working capital and the use of available bank credit lines. To limit this risk, management has arranged invoice financing facilities, manages assets with liquidity in mind, and monitors future cash flows and liquidity on a daily basis.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2015	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-%	7,928	-	-	-	7,928
Other payables	-%	3,055	-	-	-	3,055
Interest-bearing - fixed rate						
Invoice financing	8.03%	501	-	-	-	501
Total non-derivatives		11,484	-	-	-	11,484

Consolidated - 2014	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-%	12,707	-	-	-	12,707
Other payables	-%	5,497	-	-	-	5,497
Total non-derivatives		18,204	-	-	-	18,204

Note 29. Fair value measurement

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Note 30. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated 2015 $	Consolidated 2014 $
Short-term employee benefits	700,668	573,625
Post-employment benefits	37,566	67,732
	738,234	641,357

Note 31. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Australia, the auditor of the company, and its network firms:

	Consolidated 2015 $	Consolidated 2014 $
Audit services - Grant Thornton Australia		
Audit or review of the financial statements	86,000	110,000
Other services - Grant Thornton Australia		
Taxation compliance	10,000	30,000
Other services	-	56,000
	10,000	86,000
	96,000	196,000
Audit services - network firms		
Audit or review of the financial statements	34,000	32,000

Note 32. Contingent liabilities

The consolidated entity has various guarantees over premises.

	Consolidated 2015 $'000	Consolidated 2014 $'000
Premises	1,122	1,311

In November 2014, the liquidator of a company “Streetwise Advertising Pty Ltd (In Liquidation)” lodged a claim alleging preferential payments made to Adcorp, among other creditors. Adcorp is contesting this claim which is in the amount of $955,000 and has engaged its legal advisers, Gadens Lawyers, to lodge a defence. It is not possible to determine an outcome at this stage.

Note 33. Commitments

	Consolidated 2015 $'000	Consolidated 2014 $'000
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	77	99
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	1,247	1,585
One to five years	3,316	3,192
More than five years	-	121
	4,563	4,898

Operating leases are entered into as a means of acquiring access to retail property and IT equipment. Rental payments are generally fixed, but with future inflation escalation clauses. Adcorp Australia Limited is a sub-lessor in three properties. The future minimum sub-lease payments expected to be received is $482,000 (2014: $556,000) within one year and $58,500 (2014: $550,000) between one to five years.

Note 34. Related party transactions

Parent entity
Adcorp Australia Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 36.

Associates
Interests in associates are set out in note 37.

Key management personnel
Disclosures relating to key management personnel are set out in note 30 and the remuneration report in the directors' report.

Transactions with related parties
There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties
The company carries a provision (raised in the 2011 financial year) of $37,000 for a discretionary incentive for David Morrison, related to performance in the 2011 financial year in his capacity as head of WA, SA and NT regions.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 35. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2015 $'000	Parent 2014 $'000
Profit/(loss) after income tax	1,382	(1,223)
Total comprehensive income	1,382	(1,223)

Statement of financial position

	Parent 2015 $'000	Parent 2014 $'000
Total current assets	31,257	34,982
Total assets	33,421	37,607
Total current liabilities	26,762	31,244
Total liabilities	27,345	32,005
Equity		
Issued capital	28,894	28,894
Accumulated losses	(22,818)	(23,292)
Total equity	6,076	5,602

Contingent liabilities
The parent entity has various guarantees over premises:

	Parent 2015 $'000	Parent 2014 $'000
Premises	859	883

Commitments
The parent entity had capital commitments for property, plant and equipment of:

	Parent 2015 $'000	Parent 2014 $'000
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	77	99

Note 35. Parent entity information (continued)

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries and associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.
- Management fees are charged to subsidiaries to recover costs of functions performed by the head office. Revenue is recognised as earned.

Note 36. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2015 %	Ownership interest 2014 %
Adcorp Australia (QLD) Pty. Limited	Australia	100.00%	100.00%
Adcorp Australia (VIC) Pty. Limited	Australia	100.00%	100.00%
Adcorp D&D Pty Ltd	Australia	100.00%	100.00%
Adcorp New Zealand Limited	New Zealand	100.00%	100.00%
Adcorp SWA Pty Ltd *	Australia	100.00%	100.00%
Adcorp Technologies Pty Ltd	Australia	100.00%	100.00%
Andrews Advertising Pty. Limited	Australia	100.00%	100.00%
Austpac Media Pty Limited *	Australia	100.00%	100.00%
Donald & Donald (Victoria) Pty. Limited *	Australia	100.00%	100.00%
Employment Opportunities in Australia Pty Limited	Australia	100.00%	100.00%
Nancarrow Marketing Company Pty Ltd	Australia	100.00%	100.00%
Quadrant Creative Pty Ltd	Australia	75.00%	75.00%
R&L Advertising Pty Ltd	Australia	100.00%	100.00%
Showrunner Productions Pty Ltd	Australia	100.00%	100.00%

* These entities are controlled entities of Adcorp D&D Pty Ltd

Note 37. Interests in associates

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the consolidated entity are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest 2015 %	Ownership interest 2014 %
Limelight Group Pty. Ltd.	Australia	40.00%	40.00%

Note 37. Interests in associates (continued)

Summarised financial information

	Limelight Group Pty. Ltd. 2015 $'000	Limelight Group Pty. Ltd. 2014 $'000
Summarised statement of financial position		
Current assets	-	8
Non-current assets	-	13
Total assets	-	21
Current liabilities	-	277
Non-current liabilities	-	14
Total liabilities	-	291
Net liabilities	-	(270)
Summarised statement of profit or loss and other comprehensive income		
Revenue	-	81
Expenses	-	(161)
Loss before income tax	-	(80)
Other comprehensive income	-	-
Total comprehensive income	-	(80)

The share of associates loss not recognised is $nil (2014: $85,000).

Note 38. Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

Adcorp Australia Limited
Adcorp Australia (QLD) Pty Ltd
Adcorp Australia (VIC) Pty Ltd
Adcorp D&D Pty Ltd

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission ('ASIC').

The above companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by Adcorp Australia Limited, they also represent the 'Extended Closed Group'.

Note 38. Deed of cross guarantee (continued)

Set out below is a consolidated statement of profit or loss and other comprehensive income and statement of financial position of the 'Closed Group'.

Statement of profit or loss and other comprehensive income	2015 $'000	2014 $'000
Revenue	13,905	13,985
Other income	734	698
Client service expenses	(8,438)	(11,105)
Administrative expenses	(951)	(876)
Marketing expenses	(671)	(658)
Office and communication expenses	(3,335)	(3,830)
Impairment of assets	-	(195)
Finance costs	(48)	(7)
Profit/(loss) before income tax benefit	1,196	(1,988)
Income tax benefit	-	66
Profit/(loss) after income tax benefit	1,196	(1,922)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	1,196	(1,922)

Equity - retained profits	2015 $'000	2014 $'000
Accumulated losses at the beginning of the financial year	(30,409)	(28,487)
Profit/(loss) after income tax benefit	1,196	(1,922)
Accumulated losses at the end of the financial year	(29,213)	(30,409)

Note 38. Deed of cross guarantee (continued)

Statement of financial position	2015 $'000	2014 $'000
Current assets		
Cash and cash equivalents	1,118	5,544
Trade and other receivables	21,111	20,852
Other current assets	436	125
	22,665	26,521
Non-current assets		
Other financial assets	1,824	1,824
Property, plant and equipment	599	1,205
Intangibles	41	87
	2,464	3,116
Total assets	25,129	29,637
Current liabilities		
Trade and other payables	20,066	26,140
Borrowings	501	-
Income tax	1,114	1,114
Provisions	3,111	2,968
	24,792	30,222
Non-current liabilities		
Provisions	656	930
	656	930
Total liabilities	25,448	31,152
Net liabilities	(319)	(1,515)
Equity		
Issued capital	28,894	28,894
Accumulated losses	(29,213)	(30,409)
Total deficiency in equity	(319)	(1,515)

Note 39. Events after the reporting period

There are no matters arising subsequent to the end of the financial year. The company continues to contest a claim for alleged preferential payments by the liquidator of Streetwise Advertising Pty Ltd (In Liquidation) and this is detailed in Note 32: Contingent Liabilities.

No other matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 40. Reconciliation of profit/(loss) after income tax to net cash from/(used in) operating activities

	Consolidated 2015 $'000	Consolidated 2014 $'000
Profit/(loss) after income tax expense for the year	159	(2,605)
Adjustments for:		
Depreciation and amortisation	861	1,171
Net loss on disposal of property, plant and equipment	73	14
Foreign exchange differences	(144)	196
Change in operating assets and liabilities:		
Decrease in trade and other receivables	1,241	2,920
Decrease/(increase) in income tax refund due	(41)	246
Decrease/(increase) in deferred tax assets	(143)	49
Decrease/(increase) in prepayments	(299)	30
Decrease in trade and other payables	(7,221)	(15)
Increase in provision for income tax	27	4
Increase in deferred tax liabilities	167	23
Decrease in employee benefits	(139)	(120)
Increase/(decrease) in other provisions	(22)	5
Net cash from/(used in) operating activities	(5,481)	1,918

Note 41. Earnings per share

	Consolidated 2015 $'000	Consolidated 2014 $'000
Profit/(loss) after income tax	159	(2,605)
Non-controlling interest	(26)	(3)
Profit/(loss) after income tax attributable to the owners of Adcorp Australia Limited	133	(2,608)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	60,676,602	60,676,602
Weighted average number of ordinary shares used in calculating diluted earnings per share	60,676,602	60,676,602
	Cents	**Cents**
Basic earnings per share	0.22	(4.30)
Diluted earnings per share	0.22	(4.30)

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the financial year ended on that date;
- 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
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group 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 38 to the financial statements.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

David Morrison
Director and Chief Executive Officer

28 August 2015
Sydney

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Independent Auditor's Report
To the Members of Adcorp Australia Limited

Report on the financial report

We have audited the accompanying financial report of Adcorp Australia Limited (the "Company"), which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply 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. Those standards require us to 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 Company's preparation of the financial report that gives a true and fair view 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 Company'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.

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

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 Adcorp Australia Limited is in accordance with the Corporations Act 2001, including:

  i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Emphasis of matter
Without qualifying our opinion, we draw attention to Note 2 in the financial report which indicates that Adcorp Australia Limited has a net liability position of $784,000 as at 30 June 2015. This condition along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about Adcorp Australia Limited's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Report on the remuneration report

We have audited the remuneration report included in pages 7 to 11 of the directors' report for the year ended 30 June 2015. 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 on the remuneration report

In our opinion, the remuneration report of Adcorp Australia Limited for the year ended 30 June 2015, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P J Woodley
Partner - Audit & Assurance

Sydney, 28 August 2015

The shareholder information set out below was applicable as at 14 August 2015.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares
1 to 1,000	152
1,001 to 5,000	299
5,001 to 10,000	128
10,001 to 100,000	240
100,001 and over	58
	877
Holding less than a marketable parcel	591

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
Millennium Company Pty Ltd (Rodwell (New Millennium) A/C)	23,022,362	37.94
UBS Wealth Management Australia Nominees Pty Ltd	6,704,913	11.05
Ego Pty Ltd	5,312,343	8.76
Mr Frederick Benjamin Warmbrand (Fb & Lj Warmbrand Super A/C)	1,387,345	2.29
Mr David Herbert George Morrison	1,223,671	2.02
Global Equity Management (SA) Pty Ltd	1,000,000	1.65
Mark S Campbell Pty Ltd (Mark Campbell Prov Fund A/C)	520,901	0.86
Mr John Maxwell Inglis + Mrs Bernadette Joan Inglis	500,000	0.82
K B J Investments Pty Ltd (Jarry Family Super Fund A/C)	500,000	0.82
Lozotu Pty Limited (Superannuation Fund A/C)	480,753	0.79
Mr Christian Merlot	432,100	0.71
Muzbird Pty Ltd (Bird Super Fund A/C)	399,453	0.66
Yaffa Syndicate Pty Limited	390,000	0.64
Teedon Pty Ltd (Donohue Group S/F A/C)	371,320	0.61
United Family Enterprise Pty Ltd	330,813	0.55
Mrs Maria Czarnocka	300,000	0.49
Miralanco Investments Pty Ltd	300,000	0.49
Lindway Investments Pty Limited	293,493	0.48
Bond Street Custodians Limited (Nikvel - I20149 A/C)	275,000	0.45
Mr Teddy Tjandramulia	254,813	0.42
	43,999,280	72.50

Unquoted equity securities
There are no unquoted equity securities.

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Millennium Company Pty Ltd (Rodwell (New Millennium) A/C)	23,022,362	37.94
UBS Wealth Management Australia Nominees Pty Ltd	6,704,913	11.05
Ego Pty Ltd	5,312,343	8.76

Voting rights

The voting rights attached to ordinary shares are set out below:

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.

There are no other classes of equity securities.