Annual Report 2010

EMPIRED LTD & ITS CONTROLLED ENTITIES

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2010

EMPIRED

INFORMATION SERVICES & TECHNOLOGY

ABN 81 090 503 843


EMPIRED
INFORMATION SERVICES & TECHNOLOGY

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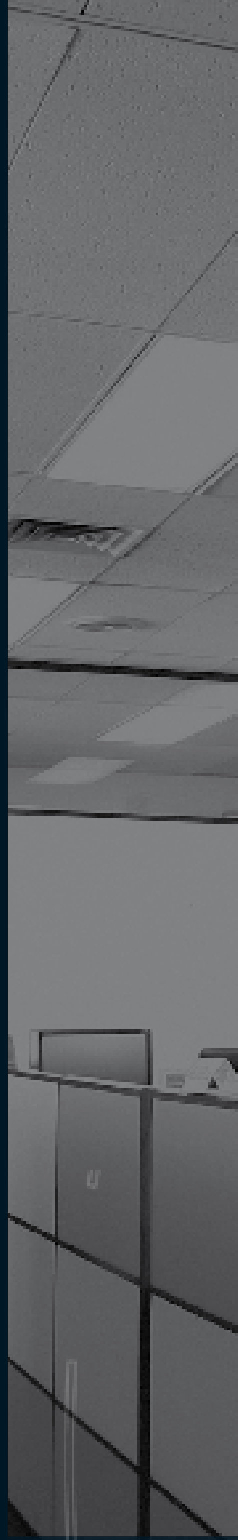

DIRECTORS

Mel Ashton (Non – Executive Chairman)

Richard Bevan (Non – Executive Director)

Russell Baskerville (Managing Director & CEO)

REGISTERED OFFICE

469 Murray Street
PERTH WA 6000

Telephone No: +618 6454 9700
Fax No: +618 6454 9701

COMPANY NUMBER

A.C.N: 090 503 843

COUNTRY OF INCORPORATION

Australia

COMPANY DOMICILE AND LEGAL FORM

Empired Limited is the parent entity and an Australian Company limited by shares

COMPANY SECRETARY

Mark Waller

LEGAL ADVISERS

McKenzie Moncrieff Lawyers
Level 5, 37 St Georges Terrace
PERTH WA 6000

AUDITORS

Grant Thornton Audit Pty Ltd
Level 1, 10 Kings Park Road
WEST PERTH WA 6005

SHARE REGISTER

Computershare Investor Services Pty Ltd
Level 2, 45 St Georges Terrace
Perth WA 6000

ASX CODE

EPD

PRINCIPAL PLACE OF BUSINESS

PERTH

469 Murray Street
PERTH WA 6000

Telephone No: +618 6454 9700
Fax No: +618 6454 9701

Level 13, John Septimus Roe Square
256 Adelaide Terrace
PERTH WA 6000

Telephone No: +618 9223 1234
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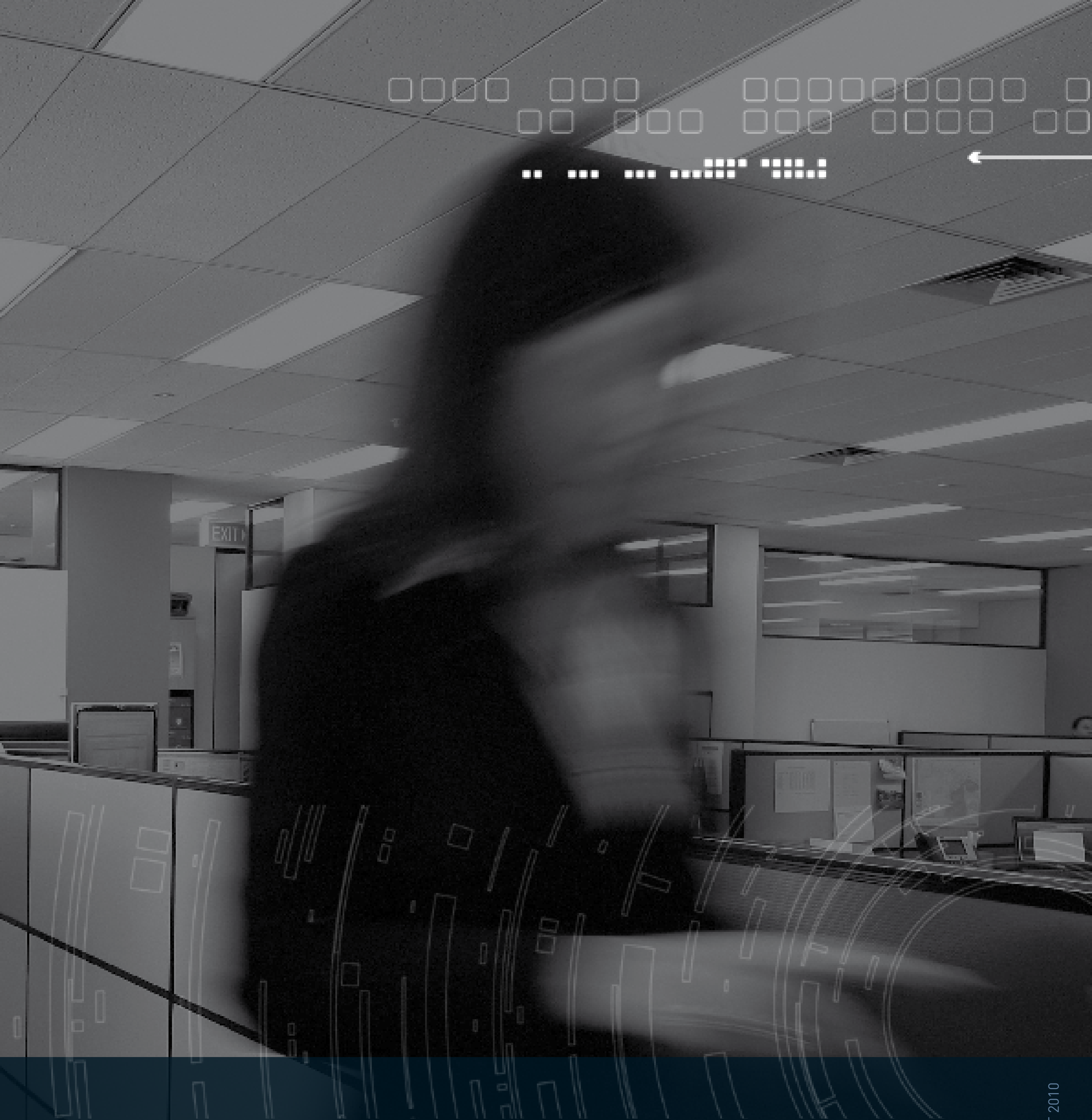
MELBOURNE

Level 8, 31 Queen Street
MELBOURNE VIC 3000

Telephone No: +613 8610 0700
Fax No: +613 8610 0701

WEB SITE ADDRESS

www.empired.com

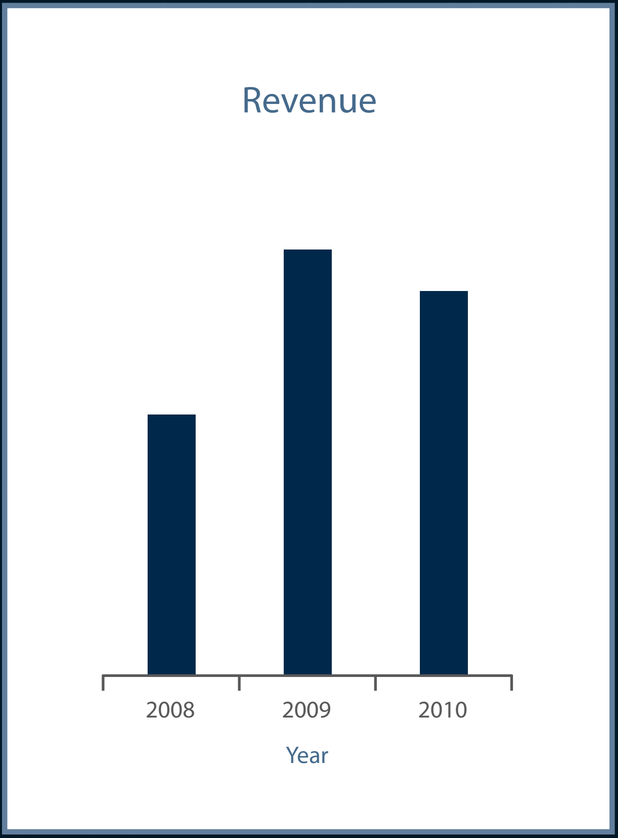


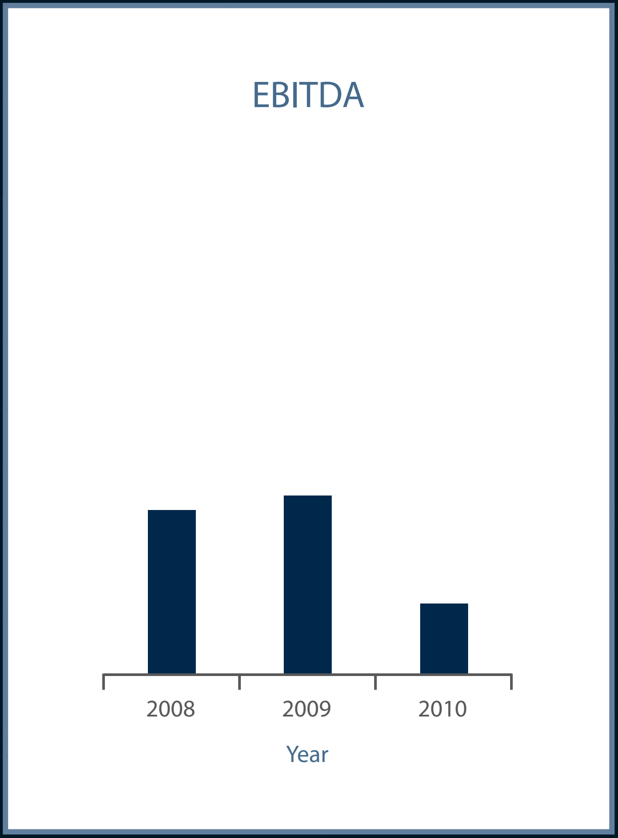
OUR CULTURE:

We recognise that our people are our biggest asset, and our Service Quality relies on our valued staff. Mutual respect within the team, and our collective view to strive and deliver the best outcomes for our customers, strengthens our unique value proposition as a turn-key IT services provider.

02: RESULTS

	2008 $	2009 $	2010 $
Revenue	19,312,728	$32,820,991	$27,903,654
EBITDA	$1,183,148	$1,228,186	$551,299





03: CHAIRMAN AND CEO REVIEW

Dear Shareholder

The 2010 Financial Year has presented many challenges to Empired however we have maintained our focus on increasing contracted revenues and our investment in enhancing business systems and capability. Whilst our financial performance with revenue of $28 Million, EBITDA of $0.55 Million and NPAT of $47,341 when compared to the previous year has been disappointing, we remain confident that our investments during the year will ensure we are well placed to take advantage of improving market conditions.

During the period Empired placed a strong focus on expense reduction and prudent cash management, as a result Empired has maintained a sound financial position. In light of financial performance and to maintain prudent cash management during a difficult period, Empired will not declare a final dividend payment, bringing the full year dividend to 0.25 cents per share fully franked.

NAVIGATING A TOUGH YEAR

At the end of the 2009 Financial Year, while many Australian organisations saw earnings dip significantly and many more experienced loss making years, Empired delivered a 167% increase in revenues against the prior financial year.

This was the result of a strong foundation of long term contracted revenue (somewhat resilient to the deteriorating market conditions) compounded by a number of large projects secured during FY2008 and being delivered during FY2009.

As these major projects started to come to completion during the first quarter of FY2010 we quickly started to see the flow on impact of reduced project sales during the 2009 financial year. This translated early in the second quarter to reduced billing rates and utilisation levels within our Enterprise Services division. This continued until early in quarter four.

Project and consulting sales during both quarters three and four have improved considerably and we are pleased to report that Empired continues to see earnings improvements month on month from quarter 3 forward. Based on current workloads and forecast sales we are confident that the first quarter of FY2011 will again see improved earnings results.

CONTINUING TO ENHANCE OUR POSITION

During a turbulent year where management's attention has regularly been drawn to tactical decisions on issues confronting the business today, a sound and disciplined approach has been adopted, to ensure that strategic initiatives continue to be delivered against.

With market conditions continuing to improve, we are confident that these initiatives will prove paramount to ensuring that Empired is positioned to capitalise on the opportunities that it will be presented.

We have often stated that our most valuable asset is our people, we predict that the demand for talented professional staff within the IT sector will outstrip supply over the coming years. We have made significant investments to ensure that we can retain and attract the very highest calibre people and continue to invest in their development.

Last year we outlined to you a strategic initiative to implement an employee management program including career path direction, expectations and training requirements. During the 2010 financial year this program has been significantly advanced, with the introduction of an online portal that allows all employees and management to track and measure progress against key performance indicators. During the 2011 year we plan to further enhance and enrich the functionality of this system improving the productivity and effective management of Empired's workforce whist ensuring high staff satisfaction and retention.

Empired's business development team have invested considerable time working closely with our major clients and prospective clients during the financial year. Whilst this did not deliver strong financial performance during FY2010 many of these initiatives are large, typically long lead time opportunities and we believe this investment will prove invaluable to ensuring Empired is strategically positioned with these major organisations as they commit to substantial expansion activities.

In addition to our strategic people and client initiatives we have continued to improve business processes and operational systems and tools.

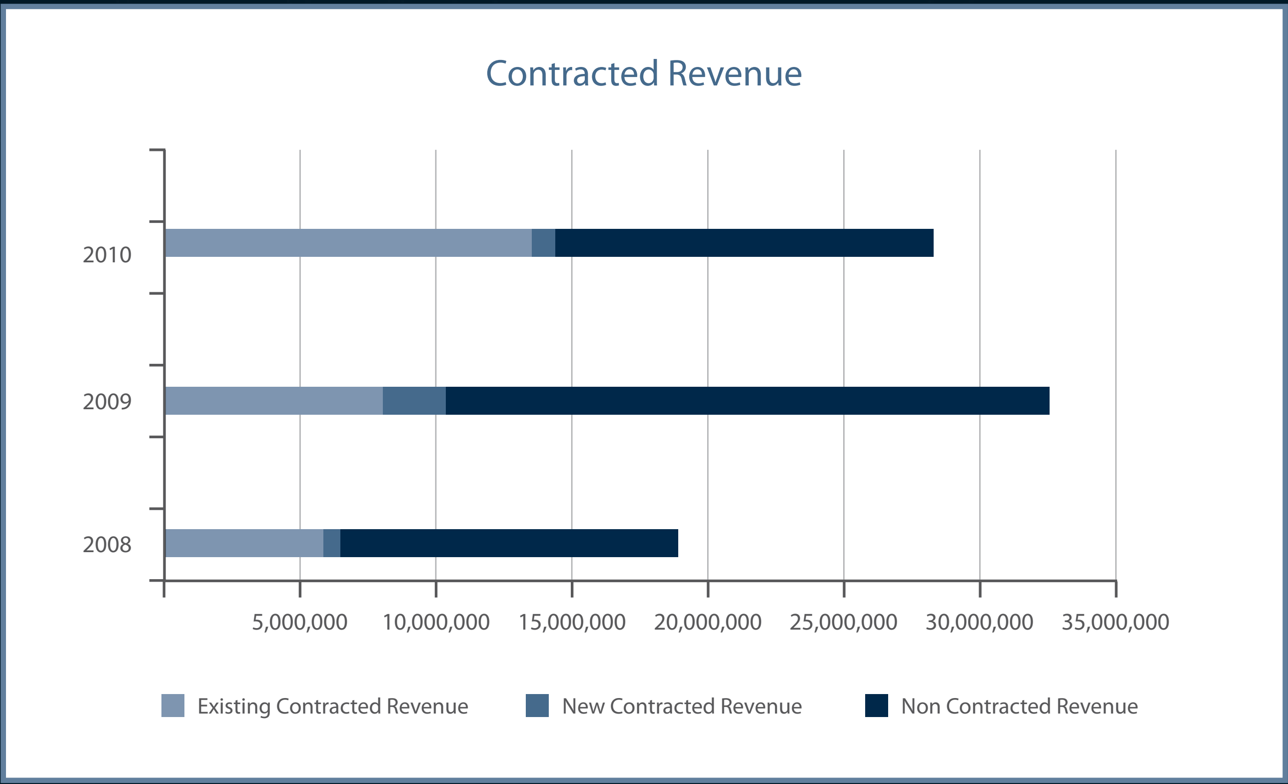
These improvements are aimed at improving Empired's efficiency, the quality of services and solutions that we deliver and importantly our competitive advantage.

CONTINUING TO DELIVER AGAINST OUR OBJECTIVES

We have maintained a clear and consistent plan to grow Empired's IT services business. We have outlined key areas of growth through larger and longer contracts, growing contracted recurring revenue, increased regional diversification and greater industry spread.

Whilst Empired faced a number of obvious challenges during the 2010 financial year we continued to deliver on securing additional large multi-year, multi-million dollar contracts with the addition of the Department of Education and Early Childhood Development in Victoria to our Managed Services client list and a multi-year, multi-million dollar strategic services contract with the Western Australian Police.

It is these plus a number of significant increases to existing client contracts that has again ensured a successful year in building our long term contracted revenue base. Contracted recurring revenue has grown by approximately 22% during the financial year.

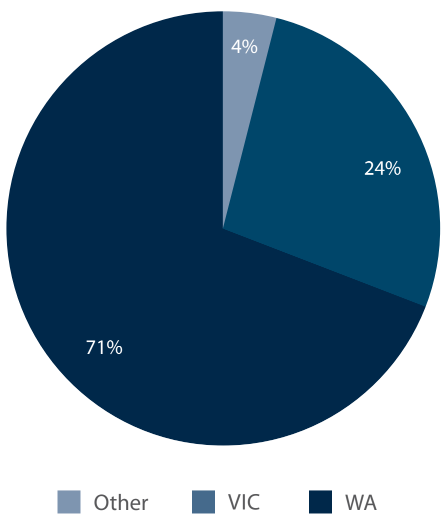


We are pleased with the strong growth in recurring and long term contacted revenue particularly given the challenges faced during the year. This substantial increase further strengthens Empired's overall business.

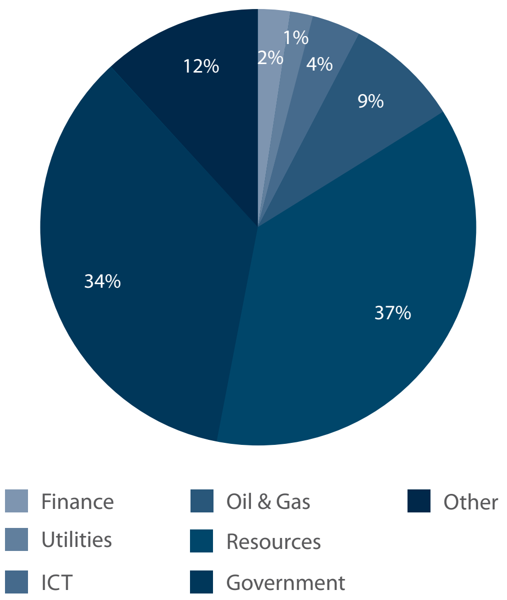
Securing both the WA Police contract and the Department of Education and Early Childhood Development contract during the year has significantly enhanced our experience and references within the state government sector.

State Government along with the Resources sector have been identified as major growth opportunities for Empired over the coming years.

State-based Revenue



Sector-based Revenue



IN CLOSING

Over the previous year we have seen improvements across the general Australian economic environment, however we caution that a level of uncertainty remains. We are confident that generally improving market conditions will result in greater opportunities for Australian organisations to grow and that improved liquidity in the equity and debt markets will provide the underpinning capital support.

The IT sector has lagged the broader economic recovery however is showing positive signs of improvement. IT is today used in every facet of business and we turn to technology to reduce risk, enhance productivity and efficiency and as a medium to drive new business opportunities. We are confident that as the recovery continues and major capital projects and expansion initiatives gain traction across many industry sectors that spending and demand for IT services will grow considerably.

The strategic investments Empired has made during the previous three years will ensure that as demand continues to grow Empired has the breadth of capability and resources depth to meet our clients needs effectively and allow Empired to capitalise on the opportunities that it is presented.

We continue steadfast in our stated vision of building a successful and growing IT Services company. We are confident in our great people and robust business model, these together with improving market conditions ensure that we are highly motivated and looking forward to advancing your company in the year ahead.

We would like to extend our gratitude to all our staff and partners and sincerely thank our many shareholders for their continued patience, commitment and support.

Russell Baskerville
Managing Director & Chief Executive Officer

Mel Ashton
Chairman

04: HIGHLIGHTS

MAIN ROADS WESTERN AUSTRALIA CASE STUDY

Main Roads Western Australia manages 18,000 kilometres of the state's main roads and highways. With rapidly growing demands on IT resources and escalating costs, Main Roads relied on Empired and its partners to provide a solution that would curb costs and promote a more efficient use of its IT resources. Working with Microsoft, Empired provided a road map to implement virtualisation technology across the core server infrastructure. As a result of this roadmap Empired is working with Main Roads to removing more than half of Main Roads physical servers and is making savings worth up to A$500,000 on licensing fees, contractors and hardware costs per annum. The roads agency has also improved its ability to implement and resource business-critical applications.

SITUATION

Main Roads Western Australia (Main Roads) manages some 18,000 kilometres of highways and main roads, covering 2.5 million square kilometres. This represents about 12 per cent of the state's 150,000 kilometres of road network, carrying approximately 60 per cent of the state's road traffic.

With more than 1,000 employees, the government road agency has a wide area network spanning 10 regional and four metropolitan offices, from the Kimberley region in the north to Albany in the south. Like many organisations, however, Main Roads faced growing demands on its physical computing environment.

"We had an increasing number of physical servers that were taking up more and more space, and costing us a lot of money," explains John Tidy, Operations Manager, Main Roads. "We wanted to consolidate our IT environment – to reduce our physical footprint. We also wanted to increase capacity and availability on our machines, to get more value out of them."

"As a result of internal reorganisations, Main Roads was also planning to relocate its data centre. This provided an opportune moment to virtualise its production servers, since the Agency would have less physical hardware to shift.

SOLUTION

After a detailed planning process with Empired, Main Roads was presented with a roadmap and timetable for the implementation of Microsoft Hyper-V to virtualise the core production infrastructure.

"Following the planning process, we were very confident Hyper-V was the best fit for our requirements," says Tidy.

First of all, Main Roads established Hyper-V in its test and development environment, using five different types of guest virtual machines to test the product's performance. Once Main Roads was satisfied, Empired set about deploying the Hyper-V solution in the production server area over a six-week period.

"Main Roads already had licences for Windows Server 2008, Microsoft System Center Configuration Manager and Operations Manager," Lucas Hough-Neilson, National Practice Manager, Empired. "As part of the implementation, we had to install Microsoft System Centre Virtual Machine Manager. This would help them manage the new environment, and was also best practice, given the imminent release of R2."

With the recent release of Hyper-V R2, Main Roads expects that it will be able to decommission approximately 70 of its physical servers, which is over half its total.

BENEFITS

Through Empired and Microsoft's virtualisation solution, Main Roads has been able to make significant cost savings through lower licensing and contractor fees, as well as reducing its hardware requirements. It can also deploy new servers and applications faster.

FEWER LICENCES

By running Hyper-V on Microsoft Windows Server 2008, Main Roads makes better use of existing licences and saves on new ones.

"Rather than buying Windows licences for each physical server, the new virtualised environment lets us run an unlimited number of guests on each licensed host server," explains Shelton. "We have a far greater ratio of servers to licences than we did in the old physical day. As a result, we expect to leverage our existing investment and save up to $15,000 a year."

FEWER CONTRACTORS

In choosing this solution, Main Roads has also capitalised on its existing skills investments.

"Through ensuring a single virtualisation solution across our production infrastructure we have achieved a significant cost reduction in the overall management overhead. With Microsoft, there's no need to relearn or change direction in our product set," says Tidy. "If we had selected an alternative solution, we would've ended up running two production virtualisation technologies and had to carry an additional consultant to handle a separate management toolset, which would have cost us between $150,000 and $200,000 a year."

LESS HARDWARE

The hardware savings are even more valuable. Main Roads estimated it should save between $5,000 and $10,000 for each physical server it removed from its data centre.

"Its not simply the cost of the server but a number of other factors, such as the amount of racking, environmental benefits, consoles, monitors … all the supporting gear," says Shelton.

MORE AGILITY

The Main Roads IT Department can now deploy new servers faster and more cheaply.

"Traditionally if you wanted to develop new business applications, you'd need to first procure new physical servers, as well as prepare and configure them – a process that can take weeks," says Simon Calley, Senior Technical Consultant, Main Roads. "With Hyper-V, we can deploy a new server and get an application rolled out in a day. It's a huge time-saving and we respond far more quickly to requests."

GREENER IT

Virtualisation is helping Main Roads deliver on its environmental obligations.

"When we move into our new computer room, we can ensure our design and technology will reduce our physical footprint as well as lower our power consumption," says Tidy.

OVERVIEW

Country: Australia

Industry: Government

CUSTOMER PROFILE

Main Roads Western Australia maintains many of the state's highways and roads. It has more than 1,000 employees spread across 14 offices.

BUSINESS SITUATION

With increased demands on its IT, Main Roads WA wanted to improve business responsiveness and management of its technology systems, as well as save on hardware, licensing and operating costs.

SOLUTION

The roads agency virtualised its test and development servers, then transferred its full server production environment onto an upgraded and virtualised infrastructure platform.

BENEFITS

» Significantly lower licensing costs
» Hardware savings of up to AUD $250,000 per year
» Greater business agility
» Improved IT manageability

"Virtualisation enables us to use our resources more efficiently and wisely."

Craig Shelton, Systems Manager,
Main Roads Western Australia

04: HIGHLIGHTS

ST BARBARA CASE STUDY

St Barbara is a listed Australian Gold exploration and mining company, first established in 1969 as Endeavour Oil. Today, St Barbara has remote mines in Western Australia and offices in both Perth and Melbourne.

St Barbara Limited (St Barbara) went out to market in search of an ICT partner to not only deliver ServiceDesk, Network and Management support, but also Strategic ICT Advice.

Empired has built strong relationships within the mining industry due to its thorough understanding of the business drivers within the field, this unique industry knowledge positioned Empired as a prime candidate for assisting St Barbara with its business needs.

Empired's proven experience with other mining clients such as Chevron, BHP, Chinese owned MinMetals Group and G-Resources , along with their national presence landed them the three year contract to provide strategic and operational ICT Services to St Barbara.

Empired have built a strong reputation as trusted advisors with a focus on tailored, industry solutions, delivering genuine business value to its clients.

THE SOLUTION

St Barbara Limited required a long-term strategic ICT partner to ensure their IT systems were robust, scalable and secure 24 hours a day, 7 days a week, 365 days of the year. Empired's principle consultants ran workshops with key St Barbara stakeholders and business users to ensure that all business issues were discussed. This hands-on, team approach ensured the best outcome for the business. A portfolio of strategic initiatives was agreed and a Strategic Technology Roadmap is currently being developed and implemented with confidence from all parties involved. As trusted Advisors, Empired have been able to implement sturdy Business Operations through the use of technology, and continue to help St Barbara to make informed strategic ICT decisions for the future.

Through Empired's flexible approach and proven partnership, St Barbara have also been able to rely on Empired for the ICT planning and implementation for new high profile projects such as the 'King of the Hills' mine site. With a number of remote sites being successfully supported remotely already, St Barbara could be confident that this new Site would be set up and supported without any issues. Empired's Business Continuity and Governance model ensure that St Barbara's technology and information assets are continually improving their business processes and Return on Investments.

From the Strategic Plan came key initiatives that Empired and St Barbara can drive to move the business forward, together.

"I'm pleased to say that this has made for an invaluable business partnership," said Peter Simko, General Manager IT & Business Systems, St Barbara Limited, of Empired's strive to deliver ICT services to constantly improve business processes and reduce unnecessary costs.

BENEFITS

» Access to experienced, well qualified ICT professional's not just standard call centre support: Empired deliver a broad range of capabilities from tailored Strategic Business Consulting through to ICT Project Management, systems design and implementation to ongoing ICT Managed Services

» Flexible contract parameters- assistance for ramp up and ramp down of project sites

» Better management of e-business data through leveraging Empired's Information Management and Security expertise

» Leveraging Empired's strong vendor relationships and expert technical staff

» Joint vision for the future state of the business: Empired are dedicated to assisting clients with constant improvements to their business processes and lowering costs

» With Head Office and DataCentre facilities in Perth, Empired is a perfect partnership for supporting mine sites in regional areas of Western Australia

» Empired's Managed ICT Services engagement allows the St Barbara ICT staff to focus their business engagement and Strategic planning & initiatives

BREADTH OF SERVICES

St Barbara has taken advantage of Empired's full suite of business and technical solutions including:

» Managed Services including: Networking, ServiceDesk and Desktop & Server Support

» Desktop Replacement Strategy and SOE Rollout

» Development of a Strategic Technology Roadmap

» Development of an Information Management Framework

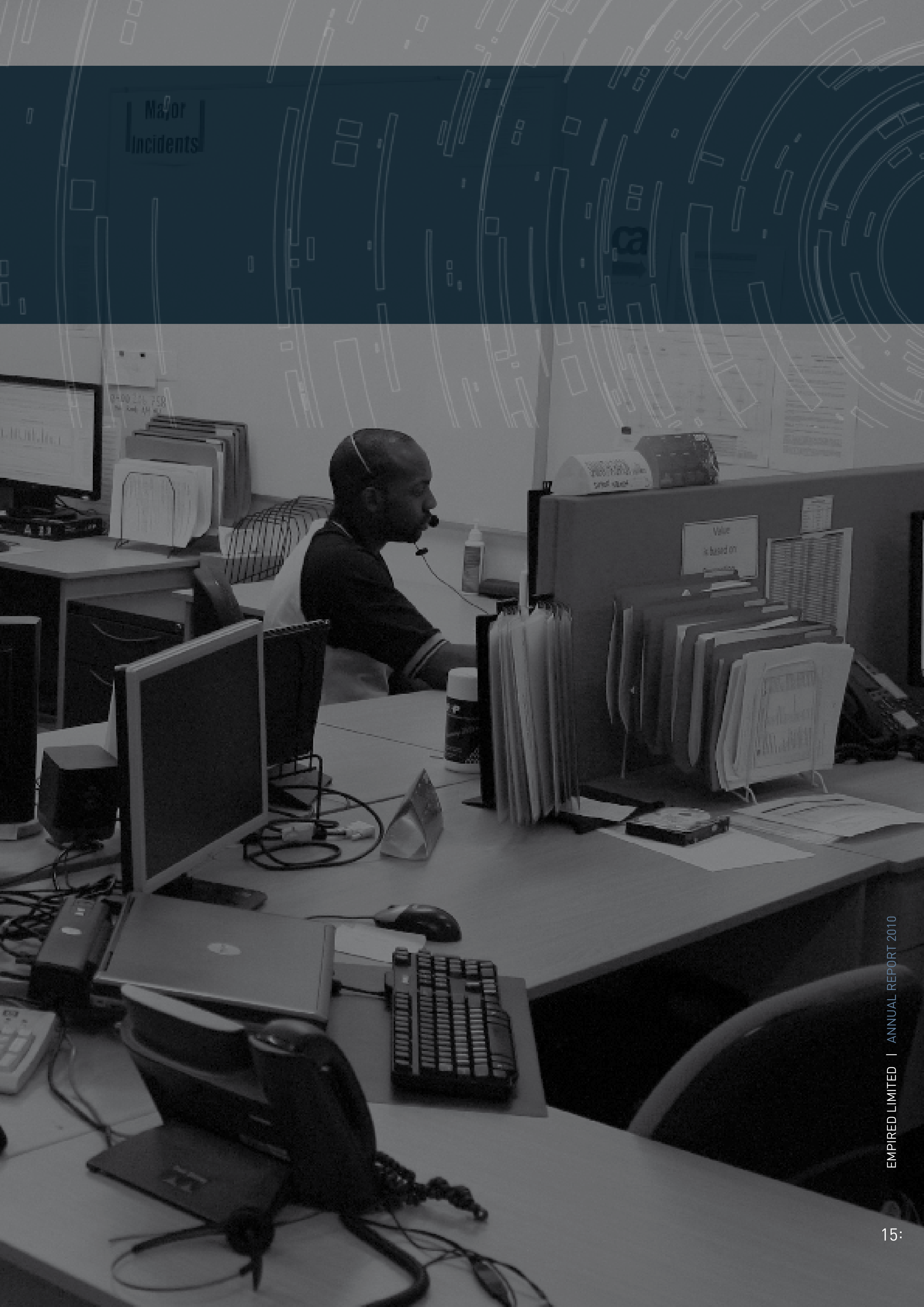
» Disaster Recovery and Backup Strategy

» OCS Integration

» Storage Management

» 24 x 7 Monitoring & System Support

» FIFO Remote Site Support


Major
Incidents
Value
is based on

05: BOARD OF DIRECTORS

The directors present their report together with the financial report of Empired Limited ("the Company") and the consolidated financial report of the consolidated entity, being the Company and its controlled entities, for the year ended 30 June 2010.

The names of the Company's directors in office during the year and until the date of this report are as below. Directors were in office for this entire period unless stated.

DIRECTORS

NAME	AGE	EXPERIENCE AND SPECIAL RESPONSIBILITIES
Mel Ashton Chairman	52	Mel is a Fellow of the Australian Institute of Company Directors and a Fellow of the Institute of Chartered Accountants in Australia and has over 30 years corporate experience in a wide range of industries. Mel's other directorships include: – National Board member of the Institute of Chartered Accountants in Australia. – Chairman of Venture Minerals Limited (ASX: VMS) – Chairman of Gryphon Minerals Ltd (ASX: GRY) – Board member of Renaissance Minerals Limited (ASX:RNS) – Board member of the Hawaiian Group of Companies – Board member of Cullen Wines (Australia) Pty Ltd
David Taylor Non-executive Director (resigned 31 July 2009)	68	David has extensive commercial experience with a banking and marketing background. Since retiring as Head of the Bankwest Business Bank in 1999, David has progressed a career in corporate governance with appointments to the boards of listed and unlisted public companies and government business enterprises. He is immediate past Chairman of both Perth Market Authority and Forest Products Commission and is a non-executive director of Agrifood Skills Australia and Southern Health. David is a Fellow of the Australian Institute of Company Directors.
Russell Baskerville Managing Director & CEO	32	Mr Baskerville is an experienced business professional and has worked in the IT industry for in excess of 10 years. He has extensive knowledge in both the strategic growth and development of technology businesses balanced by strong commercial and corporate skills. Prior to joining Empired, Mr Baskerville was a founding member of Tusk Technologies Pty Ltd, which was acquired by the company in March 2002. He was also the founder and Managing Director of Procom Holdings Pty Ltd, a company established to provide technical service and support to merchant banking facilities on behalf of the larger banks in Australia. Mr Baskerville currently holds non-executive Directorships with Procom Holdings Pty Ltd and BigRedSky Limited.
Richard Bevan Non – executive Director	43	Mr Bevan joined the board as a non-executive director on 31 January 2008 with corporate and senior management experience including various directorship's and CEO/MD roles in ASX listed and private companies. Richard brings experience in the execution and integration of mergers, acquisitions and other major corporate transactions. Previously Richard was the Managing Director and Chief Executive Officer of Lifecare Health Limited where he led the company through a successful initial public offer and ASX listing and implemented a growth strategy that involved the acquisition and integration of a number of businesses nationally. Richard has been involved in a number of businesses in areas as diverse as healthcare, construction and engineering, mining technology and information services. Richard's roles within these businesses have included strategic operational management, implementing organic growth strategies, business integration and raising capital in both public and private markets. Richard is currently Managing Director of Cool Clear Water Group Limited, an unlisted public company which operates a national business in the water services sector. He is also a non-executive Director of ehealth Networks Pty Ltd which provides services in the Health care industry. Richard is a Member of the Australian Institute of Company Directors.

COMPANY SECRETARIES

Mark Waller CFO & Company Secretary	31	Mark has responsibility for ensuring the necessary operational and financial processes and infrastructure are in place to support the strategic direction and continued growth of Empired. Mark holds a degree in business from Curtin University majoring in Accounting and Business Law and is a Certified Practicing Accountant. Mark brings experience from running his own business in London to working for Ernst & Young. Mark is also a Non-executive Director of BigRedSky Limited.

06: DIRECTOR'S REPORT

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the year is the continued operation of its IT infrastructure services business resulting in the provision of services covering software systems, consulting and infrastructure design and deployment.

There were no significant changes in the nature of the activities carried out during the year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs during the year.

EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity or in future financial years.

ENVIRONMENTAL REGULATION

The consolidated entity's operations are not subject to any significant environmental regulations under either Commonwealth or State Legislation.

DIVIDENDS

Dividends paid during the financial year are as follows:

	2009 $	2010 $
(a) Dividends paid during the year. Final 2009 fully franked dividend of 0.50 cents per share (2008: 0.50 cents)	231,112	231,112
Interim 2010 fully franked dividend of 0.025 cents per share (2009 :0.025 cents)	115,556	115,556
	346,668	346,668

The Company has not declared a final dividend for the year ended 30 June 2010.

OPERATING RESULTS FOR THE YEAR

The net profit after tax from continuing operations for the year for the consolidated entity is $ 47,341 (2009: $532,411).

LIKELY DEVELOPMENTS

Except as detailed in the Chairman and Managing Director's Review on pages 8 to 11, likely developments, future prospects and business strategies of the operations of the consolidated entity and the expected results of those operations have not been included in this report, as the directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the consolidated entity.

SHARE OPTIONS

SHARE OPTIONS GRANTED TO DIRECTORS AND OFFICERS

Share options were granted to Directors under the Executive Share Option Plan. Information relating to this grant is at note 13 to the financial statements.

UNISSUED SHARES

At the date of this report, there were 10,653,418 unissued ordinary shares under options. Refer to note 13 of the financial statements for more detail. Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate or in the interest issue of any other registered scheme.

SHARES ISSUED AS A RESULT OF THE EXERCISE OF OPTIONS

No share options were exercised during the financial year.

SHARE ISSUES DURING THE YEAR

No shares were issued during the year.

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF EMPIRED LIMITED

The directors have received an Independence Declaration from Grant Thornton the auditors of Empired Limited and it is attached at page 80.

NON-AUDIT SERVICES

Non-Audit services provided by the entity's Auditor can be found at note 26. The Directors are satisfied that the provision of non-audit services is compatible with the standard of independence for auditors imposed by the Corporations Act. The nature and scope of each non-audit service provided means that auditor independence was not compromised.

INDEMNIFICATION OF OFFICERS AND DIRECTORS

The Company has during and since the end of the financial year, in respect of any person who has, is or has been an officer of the company or a related body corporate, paid a premium in respect of Directors and Officers Liability insurance which indemnifies Directors, Officers and the Company of any claims made against the Directors, Officers of the Company and the Company, subject to conditions contained in the insurance policy. Further disclosure required under section 300(9) of the Corporations Act 2001 is prohibited under the terms of the contract.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for directors and executives of Empired Limited (the Company).

REMUNERATION PHILOSOPHY

The performance of the Company depends upon the quality of its directors and executives. To prosper, the Company must attract, motivate and retain highly skilled directors and executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value;
- Have a portion of certain executive's remuneration 'at risk', dependent upon meeting pre-determined performance benchmarks;
- Establish appropriate, demanding performances hurdles for variable executive remuneration.

06: DIRECTOR'S REPORT
(CONTINUED)

REMUNERATION COMMITTEE

Due to the structure of the Board, a separate remuneration committee is not considered to add any efficiencies to the process of determining the levels of remuneration for the Directors and key executives. The Board considers that it is more appropriate that it set aside time at Board meetings to address matters that would normally fall to the remuneration committee.

REMUNERATION STRUCTURE

In accordance with the best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

A. Non-executive director remuneration

Objective

The board seeks to set aggregate remuneration at a level that provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Structure

The constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was at the Annual General Meeting held on the 26th of November 2009 when shareholders approved an aggregated remuneration of $300,000 per year.

The amount of aggregated remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed from time to time. The Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

The remuneration of non-executive directors (as defined in AASB 124 Related Party Disclosures) for the period ended 30 June 2010 is detailed in Table 1 of this report.

B. Executive remuneration

Objective

The company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the company and so as to:

- Reward executives for company, business unit and individual performances against targets set by reference to appropriate benchmarks;
- Align the interests of executives with those of shareholders;
- Link rewards with the strategic goals and performance of the Company; and
- Ensure total remuneration is competitive by market standards.

Structure

In determining the level of remuneration paid to senior executives of the company, the Board took into account available benchmarks and prior performance.

Remuneration consists of the following key elements:

- Fixed Remuneration
- Variable Remuneration
  - Short Term Incentive (STI); and
  - Long Term Incentive (LTI).

The proportion of fixed remuneration and variable remuneration (potential short term and long term incentives) is established for each senior executive by the Board. Table 1 below details the fixed and variable components (%) of the executives of the company.

Fixed Remuneration

Objective

Fixed remuneration is reviewed annually by the board. The process consists of a review of company wide, business unit and individual performance, relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. As noted above, the Board has access to external advice independent of management.

Structure

Senior executives are given the opportunity to receive their fixed (primary) remuneration 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 group.

The fixed remuneration component of the company executives is detailed in Table 1.

Variable Remuneration – Short Term Incentive (STI)

Objective

The objective of the STI program is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets.

Structure

Actual STI payments granted to the company executives depend on the extent to which specific operating targets set at the beginning of the financial year are met. The operational targets consist of a number of Key Performance Indicators (KPIs) covering both financial and non-financial measures of performance. Typically included are measures such as contribution to net profit after tax, customer service, risk management, and leadership/team contribution.

Any STI payments are subject to the approval of the Board. Payments made are delivered as a cash bonus in the following financial year. For the 2010 financial year no STI cash bonus has been paid to executives during the 2011 financial year (2009: 50% of cash bonus was paid).

Variable Pay – Long Term Incentive (LTI)

Objective

The objective of the LTI plan is to reward senior executives in a manner that aligns this element of remuneration with the creation of shareholder wealth.

As such, 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 Group's performance against the relevant long term performance hurdle.

Structure

LTI grants to executives are delivered in the form of options.

Table 2 below provides details of options granted and the value of options granted, exercised and lapsed during the year. The options were issued free of charge. Each option entitles the holder to subscribe for one fully paid ordinary share in the entity at an exercise price of $0.30. For further details of the terms and conditions including the service and performance criteria that must be met refer to note 13.

C. Service Agreements

Russell Baskerville
Managing Director

Terms of Agreement – commenced 1 July 2005, until terminated by either party.

Salary – base $240,000 per annum with an additional STI cash bonus capped at 50% of base fees.

Termination – three months written notice or three months remuneration in lieu.

Mel Ashton
Chairman

Terms of Agreement – appointed 21 December 2005, until terminated by either party.

Fee – fixed $75,000 per annum.

David Taylor
Non Executive Director (resigned 31 July 2009)

Terms of Agreement – appointed 21 December 2005, resigned on the 31 July 2009.

Fee – fixed $50,000 per annum.

Richard Bevan
Non Executive Director

Terms of Agreement – appointed 31 January 2008, until terminated by either party.

Fee – fixed $50,000 per annum.

Mark Waller
Company Secretary and Chief Financial Officer

Terms of Agreement – commenced 18 April 2005, until terminated by either party.

Salary – base $183,500 per annum.

Termination – one month's written notice or one month's remuneration in lieu.

06: DIRECTOR'S REPORT
(CONTINUED)

Table 1: Directors' and executives' remuneration for the year ended 30 June 2010 and 30 June 2009

		Short term benefits		Post Employment	Long term benefits (LTI)	Total	% Performance related
		Salary & Fees	Cash STI	Superannuation	Equity Options		
Non-Executive Directors							
M. Ashton	2010	75,000	–	–	28,200	103,200	–
Chairman	2009	75,000	–	–	2,850	77,850	–
D. Taylor	2010	3,823	–	344	–	4,167	–
Non-executive Director	2009	28,842	–	21,158	1,900	51,900	–
R. Bevan	2010	45,872	–	4,128	11,750	61,750	–
Non-executive Director	2009	43,201	–	2,763	4,750	50,714	–
Executive Directors							
R. Baskerville	2010	240,000	–	–	119,850	359,980	–
Chief Executive	2009	240,000	[1]60,000	–	5,700	305,700	19.60%
Key Management							
M. Waller Chief Financial Officer and	2010	193,487	–	17,414	–	210,901	–
Company Secretary	2009	183,487	–	16,513	12,350	212,350	–

[1] Payable at 30 June 2009, paid in September 2009

Table 2: Options granted as part of remuneration

	Grant date	Grant Number	Average Value per option at grant date	Value of options granted during the year	Total value of options granted during the year	% Remuneration consisting of options for the year
2010						
Non-Executive						
M. Ashton	26 November 2010	600,000	0.047	28,200	28,200	27.32%
D. Taylor	–	–	–	–	–	–
R. Bevan	26 November 2010	250,000	0.047	11,750	11,750	19.02%
Executive						
R. Baskerville	26 November 2010	2,550,000	0.047	119,850	119,850	33.29%
Key Management						
M. Waller	–	–	–	–	–	–
2009						
Non-Executive						
M. Ashton	21/11/2008	150,000	0.019	2,850	2,850	3.66%
D. Taylor	21/11/2008	100,000	0.019	1,900	1,900	3.66%
R. Bevan	21/11/2008	250,000	0.019	4,750	4,750	9.37%
Executive						
R. Baskerville	21/11/2008	300,000	0.019	5,700	5,700	1.86%
Key Management						
M. Waller	21/11/2008 01/12/2008	250,000 400,000	0.019 0.019	4,750 7,600	4,750 7,600	5.81%

06: DIRECTOR'S REPORT
(CONTINUED)

DIRECTORS' MEETINGS

The number of Directors meetings and the number of meetings attended by each Director during the year are:

Name of Director	No. of Meetings Held while a Director	No. of Meetings Attended as a Director during the year ended 30 June 2010
Russell Baskerville	6	6
Mel Ashton	6	5
David Taylor	1	1
Richard Bevan	6	6

DIRECTORS' AND KEY MANAGEMENT PERSONNEL EQUITY HOLDINGS

The following table sets out each Directors (including their related parties) interest in shares and options of the company as at the end of the financial year:

	Ordinary Shares	Options
Director		
Russell Baskerville	8,939,933	4,300,000
Mel Ashton	175,000	1,000,000
David Taylor	–	700,000
Richard Bevan	–	500,000
Key Management		
Mark Waller	2,012,124	1,064,038

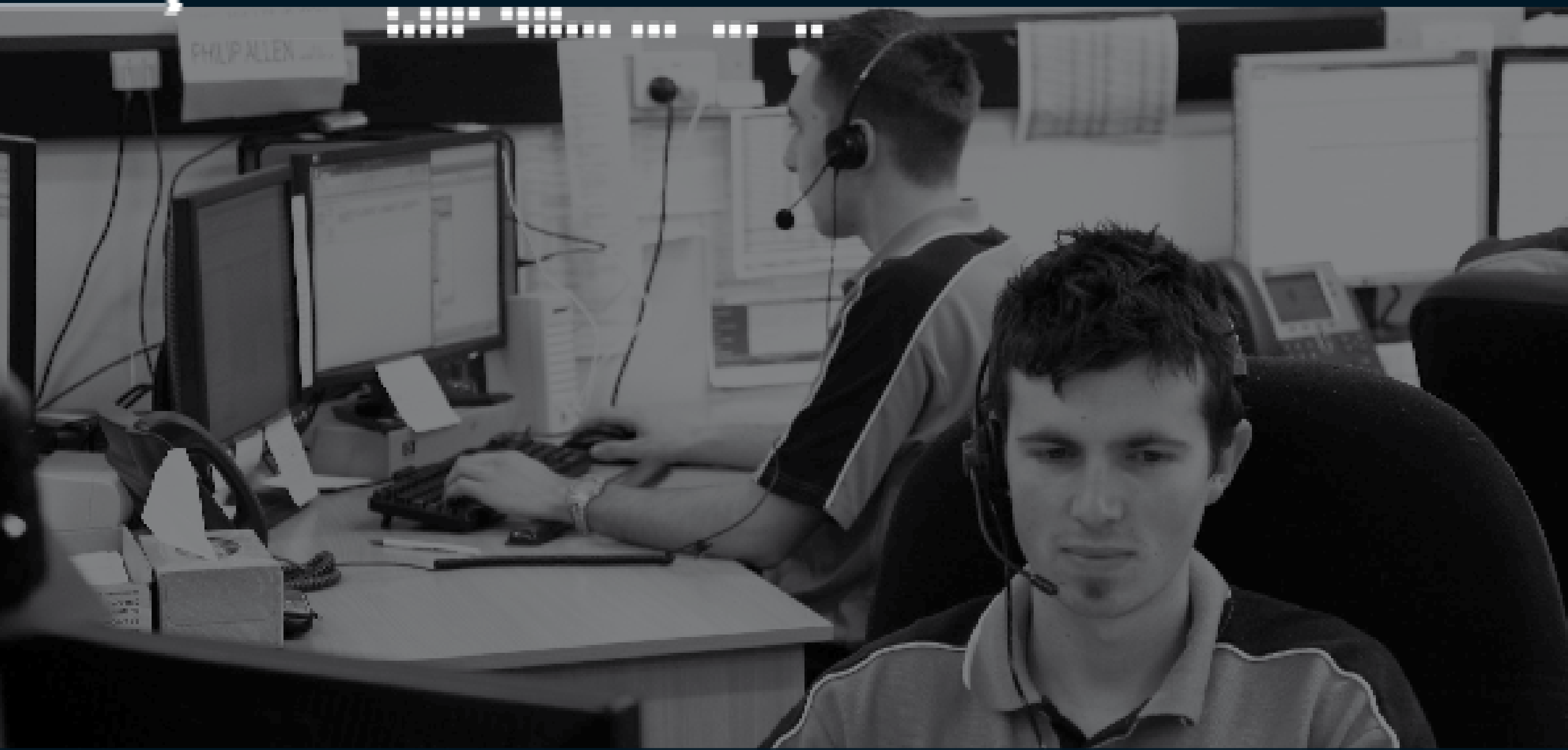
Signed in accordance with a resolution of directors.

Russell Baskerville
Managing Director

31st of August 2010

QUALITY STATEMENT:

Empired is committed to providing business benefits to our customers, fulfilling employment opportunities for our staff, rewarding returns on investment for our shareholders and trusted relationships with our associates.



07: CORPORATE GOVERNANCE STATEMENT

This statement outlines the main corporate governance practices in place throughout the financial year, which comply with the ASX Corporate Governance Council's "Principals of Good Corporate Governance and Best Practice Recommendations", unless otherwise stated. The Company has followed each of the Recommendations where the Board has considered the practices appropriate, taking into account factors such as size of the Company and Board, the resources available, and the activities of the Company. The corporate governance practices are reviewed regularly and will continue to be developed and refined to meet the needs of the Company and appropriate practices.

The Company includes information about its corporate governance practices on the Company's website at www.empired.com including the Board charter, the group's code of conduct and other policies and procedures relating to the Board and its responsibilities.

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

RECOMMENDATION 1.1

Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

The Board has the responsibility for charting the direction, strategies and financial objectives for the Company and monitoring the compliance with regulatory requirements and ethical standards of those policies. In performing their responsibilities the Board are guided by the objective of protecting the rights and interest of shareholders.

The roles and responsibilities of the Board are set out in the Board charter and this is available on the Company website. The Board regularly reviews the charter to ensure that it is appropriate to meet the needs of the Company and the Board and to comply with developing best practice standards.

RECOMMENDATION 1.2

Companies should disclose the process for evaluating the performance of senior executives.

During the reporting year an evaluation of the Board and key executives was carried out on an informal basis. As the activities of the Company develop, it will establish more formal evaluation procedures, including quantitative measures of performance.

PRINCIPLE 2 – STRUCTURE OF THE BOARD TO ADD VALUE

RECOMMENDATION 2.1

A majority of the Board should be independent directors.

The Board comprises of three directors who are appointed to ensure that the Company is run in the best interest of the shareholders. Other than Russell Baskerville all directors are independent non-executives. The names, skills, experience and expertise of the directors of the Company in office at the date of this report are located in the Directors' report on pages 17.

A director is only to be regarded as independent if the director is independent of management and free of any business or other relationship what could materially interfere with or could reasonably be perceived to materially interfere with the exercise of the Director's unfettered and independent judgement.

In considering whether a Director is independent the Board considers:

» the criteria for assessing the independence of a Director in the ASX Corporate Governance Council's "Principles of Good Corporate Governance and Best Proactive recommendations"

» any information, facts or circumstances that the Board considers relevant; and

» any materiality thresholds, standards or guidelines that the Board may adopt from time to time.

RECOMMENDATION 2.2

The chair should be an independent director.

During 2010 the chairman of the Board of Directors was Mr Mel Ashton. Mr Ashton meets the independence criteria.

RECOMMENDATION 2.3

The roles of chair and chief executive officer should not be exercised by the same individual.

The role of chairperson of the Board and the Managing Director (CEO role) are not exercised by the same person. Mr Baskerville is Managing Director and Mr Ashton is Chairman of the Board.

RECOMMENDATION 2.4

The Board should establish a nomination committee.

Currently no formal committee to the Board have been established. The Board considers that given its size and that only one member of the Board holds an executive position in the Company, no efficiencies or other benefits would be gained by establishing separate committees.

The Board intends to reconsider the requirement for and benefits of a separate committee as the Company's operations grow and evolve.

RECOMMENDATION 2.5

Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.

There is currently no formal process in place to evaluate the performance of the Board, its committees and individual directors. A review of the performance of the Board and its directors is undertaken by each director with respect to each other and the performance of the Board itself.

The Board will reconsider the requirement for appropriate measures of performance as the company's operations grow and evolve.

PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

RECOMMENDATION 3.1

Companies should establish a code of conduct and disclose the code or a summary of the code as to:

» the practices necessary to maintain confidence in the company's integrity,

» the practices necessary to take into account their legal obligations and the reasonable expectations of stakeholders, and

» the responsibility and accountability of individuals for reporting and investigation reports of unethical practices.

All directors, managers and employees are expected to act with integrity and objectivity in their dealings with people that they come in contact with during their association with Empired Ltd. Such conduct is considered integral to the primary objective of working to enhance the Company's reputation and shareholder value. The code of conduct adopted is available on the Company's website www.empired.com.

RECOMMENDATION 3.2

Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.

Directors and employees are prohibited from trading in Empired Limited shares, if the director or employee is in possession of inside or price sensitive information or would be trading for a short term gain. Directors and employees are encouraged to follow a long-term policy with respect to their investments in Empired.

Directors and employees are also aware of their obligations to ensure that they do not communicate price sensitive information to any other person who is likely to buy or sell Empired Limited shares or communicate that information to another party.

The Company's practices are documented in the securities trading policy, details of which are available on the Company's website.

07: CORPORATE GOVERNANCE STATEMENT
(CONTINUED)

PRINCIPLE 4 – SAFEGUARD INTEGRITY OF FINANCIAL REPORTING

RECOMMENDATION 4.1

The Board should establish an audit committee.

A separate audit committee has not been formed. The role of the audit committee is carried out by the Board of directors. The Board consider that given its size and that only one member of the Board holds an executive position in the Company no efficiencies or benefits would be gained by establishing a separate audit committee.

The Board intends to reconsider the requirement for and benefits of separate committees as the Company's operations grow and evolve.

RECOMMENDATION 4.2

The audit committee should be structured so that it:

» *consists only of non executive directors,*

» *consists of a majority of independent directors,*

» *is chaired by an independent chair, who is not chair of the Board, and*

» *has at least three members.*

This role is carried out by the Board and the requirement for a separate committee will be reconsidered on a regular basis.

RECOMMENDATION 4.3

The audit committee should have a formal charter.

An audit committee charter has been established setting out the role and responsibilities, composition structure, membership requirements and the manner in which the committee is to operate. This charter is available on the Company website.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

RECOMMENDATION 5.1

Companies should establish written policies and procedures designed to ensure compliance with ASX listing rule disclosure requirements and to ensure accountability at senior management level for that compliance and disclose those policies or a summary of those policies.

The responsibility for the overall communication has been appointed to the Managing Director and Company Secretary.

Empired Ltd is committed to:

» ensuring that shareholders and the market are provided with timely and balanced information about its activities;

» complying with the general and continuous disclosure principals contained in ASX Listing Rules and the Corporations Act 2001; and

» ensuring that all market participants have equal opportunities to receive externally available information issued by Empired.

The company's continuous disclosure policy is available on the Company website.

PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS

RECOMMENDATION 6.1

Companies should design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings and disclose their policy or a summary of that policy.

The Board strongly believes in the importance of effective communication with shareholders to ensure their access to timely and relevant information.

The Company's website is regularly updated and provides details of recent announcements to the ASX, annual reports, and other significant information on the Company. Procedures are in place to review all information and to ensure all relevant information is immediately released to the market.

Shareholders are encouraged to attend the annual general meeting, providing them with an opportunity to question the Board and senior executives.

Empired has in place a written communications with shareholders policy which is available on the company website.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

RECOMMENDATION 7.1

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises there is no effective internal control system that will prevent all errors and irregularities.

The Company's risk management program is available on the Company's website.

The effectiveness of the risk management program is reviewed annually and updated accordingly.

RECOMMENDATION 7.2

The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed to the effectiveness of the Company's management of its material business risks.

A risk may be initiated by any employee to a member of the Empired management team. Senior management are responsible for reviewing risks that have been escalated to them from an operational level. These risks are reviewed monthly by the Board.

The Board also reviews recommendations made by the external auditors, and where appropriate ensures that the Company puts in place controls and systems to manage these risks identified.

RECOMMENDATION 7.3

The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management, and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

This recommendation was complied with for 2010.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

RECOMMENDATION 8.1

The Board should establish a remuneration committee.

Due to the structure of the Board, a separate remuneration committee is not considered to add any efficiencies to the process of determining the levels of remuneration of the Directors and key executives. The Board considers that is more appropriate that it set aside time at Board meetings to address such matter that would normally fall to the remuneration committee.

RECOMMENDATION 8.2

Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Detailed information regarding the remuneration paid to directors and senior executives is set out in the remuneration report.

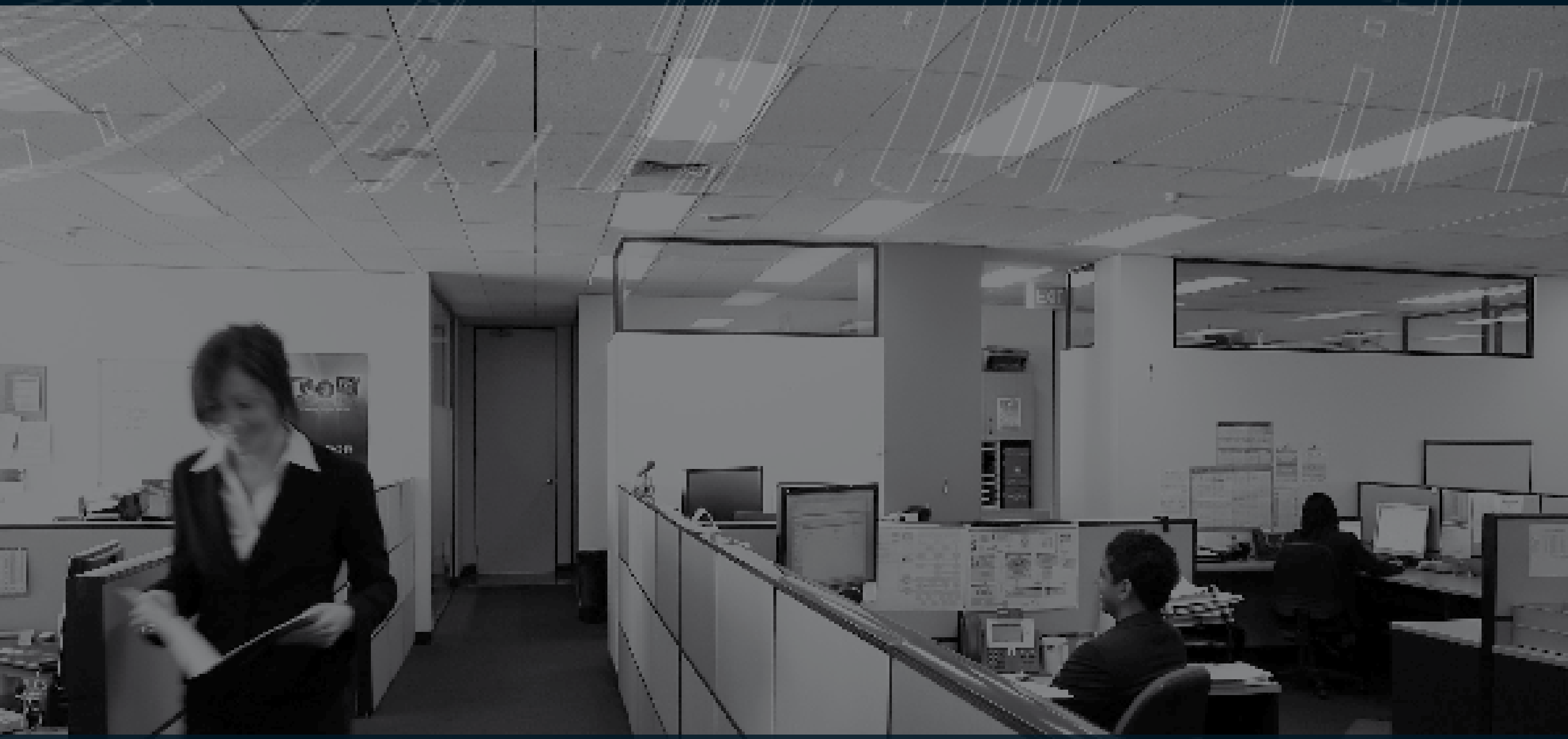
08: STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2010

	Notes	CONSOLIDATED		PARENT	
		2010 $	2009 $	2010 $	2009 $
Revenue	3	27,903,654	32,633,570	27,903,654	32,633,570
Cost of Sales		(20,642,678)	(24,040,794)	(20,642,678)	(24,040,794)
Gross profit		7,260,976	8,592,776	7,260,976	8,592,776
Other Income	3	17,046	187,421	17,046	187,421
Legal expenses		(73,696)	(34,437)	(73,696)	(34,437)
Marketing expenses		(177,291)	(139,965)	(177,291)	(139,965)
Occupancy expenses		(716,596)	(648,238)	(716,596)	(648,238)
Finance costs		(109,158)	(164,252)	(109,158)	(164,252)
Employee benefits		(4,048,437)	(4,675,866)	(4,048,437)	(4,675,866)
Depreciation expenses		(331,071)	(254,076)	(329,270)	(251,818)
Other expenses	4	(1,710,703)	(2,053,504)	(1,712,504)	(2,055,762)
Profit before income tax		111,070	809,859	111,070	809,859
Income tax expense relating to ordinary activities	5	(63,729)	(277,448)	(63,729)	(277,448)
Profit for the period		47,341	532,411	47,341	532,411
Other comprehensive income		–	–	–	–
Other comprehensive income for the period, net of income tax		–	–	–	–
Total comprehensive income for the period		47,341	532,411	47,341	532,411

	Note	2010	2009
Earnings per share (cents per share)			
Basic earnings per share	6	0.10	1.15
Diluted earnings per share	6	0.08	0.96
Dividends per share (cents per share)	28	0.75	0.75

This Statement of Comprehensive Income should be read in conjunction with the accompanying notes.



09: STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2010

	Notes	CONSOLIDATED		PARENT	
		2010 $	2009 $	2010 $	2009 $
ASSETS					
Current Assets					
Cash and cash equivalents	7(i)	250,576	345,423	250,576	345,423
Trade and other receivables	8	4,316,395	5,844,132	4,316,395	5,844,132
Work in progress	9	625,999	616,283	625,999	616,283
Other current assets	10	181,977	145,936	181,977	145,936
Total Current Assets		5,374,947	6,951,774	5,374,947	6,951,774
Non-Current Assets					
Other financial assets	24	–	–	363,427	365,227
Property, plant and equipment	11	974,704	908,414	962,929	894,839
Intangible assets	12	3,948,764	3,948,764	2,081,806	2,081,806
Deferred tax asset	5	435,136	463,239	435,136	463,239
Total Non-Current assets		5,358,604	5,320,417	3,843,298	3,805,111
TOTAL ASSETS		10,733,551	12,272,191	9,218,245	10,756,885
LIABILITIES					
Current Liabilities					
Trade and other payables	14	3,198,696	4,254,843	3,198,696	4,254,843
Financial liabilities	15	246,533	264,358	246,533	264,358
Income tax payable	5	–	81,526	–	81,526
Provisions	16	755,138	574,293	755,138	574,293
Unearned revenue	17	325,997	565,355	325,997	565,355
Total Current Liabilities		4,526,364	5,740,375	4,526,364	5,740,375
Non-Current Liabilities					
Financial liabilities	15	104,067	178,563	455,718	530,214
Provisions	16	–	27,318	–	27,318
Deferred tax liability	5	191,146	195,917	191,146	195,917
Total Non-Current Liabilities		295,213	401,798	646,864	753,449
TOTAL LIABILITIES		4,821,577	6,142,173	5,173,228	6,493,824
NET ASSETS		5,911,974	6,130,018	4,045,017	4,263,061
EQUITY					
Issued capital	18	2,775,982	2,775,982	2,775,982	2,775,982
Employee equity benefits reserve		222,901	141,618	222,901	141,618
Retained profits		2,913,091	3,212,418	1,046,134	1,345,461
TOTAL EQUITY		5,911,974	6,130,018	4,045,017	4,263,061

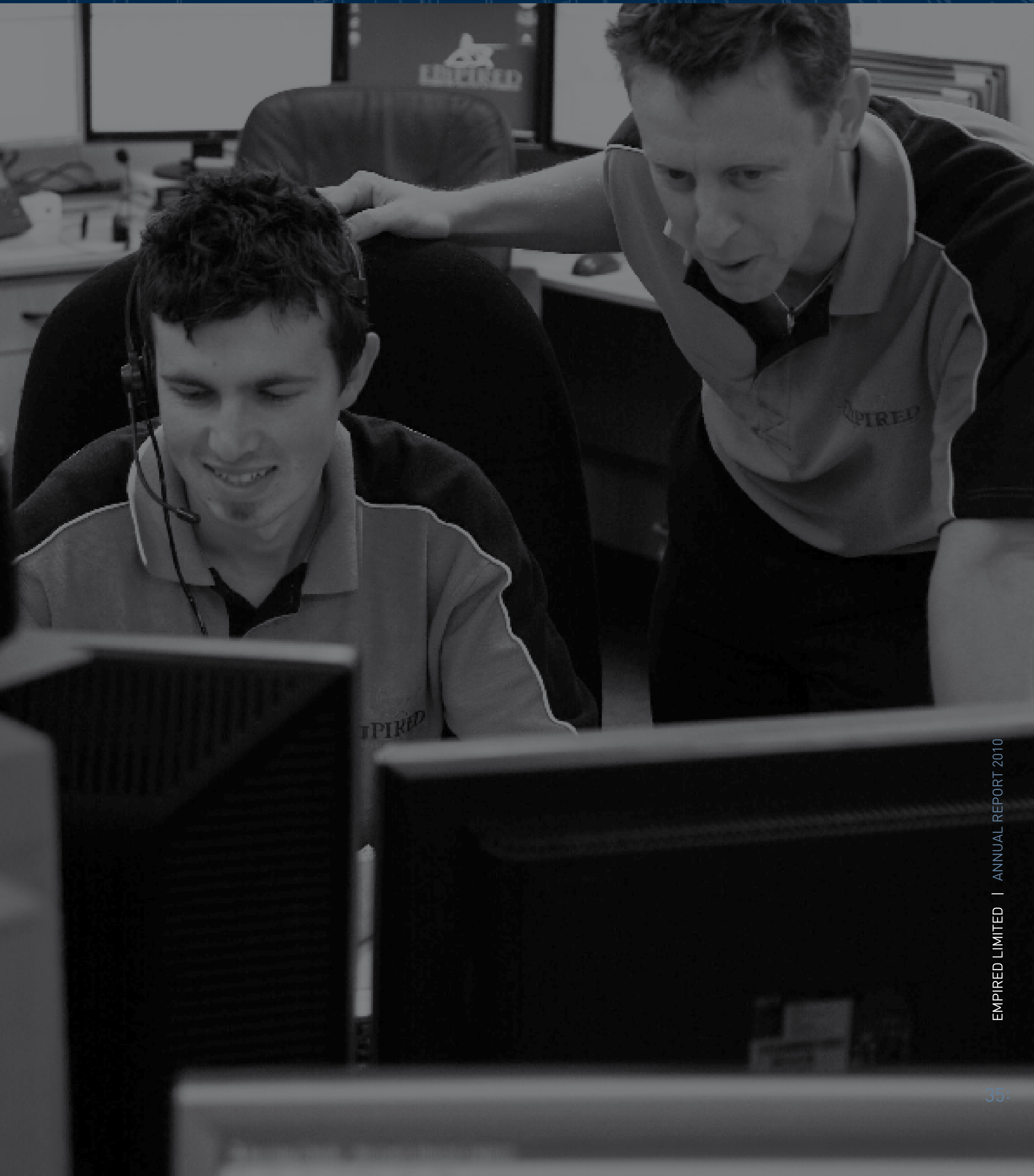
This Statement of Financial Position should be read in conjunction with the accompanying notes.

10: STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2010

	Notes	CONSOLIDATED		PARENT	
		2010 $	2009 $	2010 $	2009 $
Cash flows from operating activities					
Receipts from customers		29,160,687	34,902,624	29,160,687	34,902,624
Payments to suppliers and employees		(28,243,472)	(32,449,636)	(28,243,472)	(32,449,636)
Borrowing costs		(109,158)	(164,252)	(109,158)	(164,252)
Income tax paid		(134,911)	(19,918)	(134,911)	(19,918)
Interest received		17,046	104,778	17,046	104,778
Net cash flows from operating activities	7(iii)	690,192	2,373,596	690,192	2,373,596
Cash flows from investing activities					
Purchase of property, plant and equipment		(397,361)	(461,220)	(397,361)	(461,220)
Proceeds from sale of property, plant and equipment		–	136	–	136
Acquisition of businesses (net of cash acquired)	21	–	(350,350)	–	(350,350)
Net cash flows (used in) investing activities		(397,361)	(811,434)	(397,361)	(811,434)
Cash flows from financing activities					
Dividends paid		(346,668)	(346,668)	(346,668)	(346,668)
Repayment of borrowings		(141,812)	(1,138,589)	(141,812)	(1,138,589)
Repayment of finance lease liabilities		(234,458)	(208,427)	(234,458)	(208,427)
Proceeds from borrowings		335,260	327,828	335,260	327,828
Net cash flows (used in) financing activities		(387,678)	(1,365,856)	(387,678)	(1,365,856)
Net increase/(decrease) in cash and cash equivalents		(94,847)	196,306	(94,847)	196,306
Cash and cash equivalents at beginning of period		345,423	149,117	345,423	149,117
Cash and cash equivalents at end of period	7(i)	250,576	345,423	250,576	345,423

This Statement of Cash Flows should be read in conjunction with the accompanying notes.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11: STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2010

	Attributable to equity holders of the parent			Total equity
	Issued capital $	Retained earnings $	Employee Equity Benefits Reserve $	$
CONSOLIDATED				
Balance at 1 July 2008	2,775,982	3,026,675	98,439	5,901,096
Total comprehensive income for the period	–	532,411	–	532,411
Cost of share-based payments	–	–	43,179	43,179
Dividends paid to equity holders	–	(346,668)	–	(346,668)
Balance at 30 June 2009	2,775,982	3,212,418	141,618	6,130,018
Total comprehensive income for the period	–	47,341	–	47,341
Cost of share-based payments	–	–	81,283	81,283
Dividends paid to equity holders	–	(346,668)	–	(346,668)
Balance at 30 June 2010	2,775,982	2,913,091	222,901	5,911,974
PARENT				
Balance at 1 July 2008	2,775,982	1,159,718	98,439	4,034,139
Total comprehensive income for the period	–	532,411	–	532,411
Cost of share-based payments	–	–	43,179	43,179
Dividends paid to equity holders	–	(346,668)	–	(346,668)
Balance at 30 June 2009	2,775,982	1,345,461	141,618	4,263,061
Total comprehensive income for the period	–	47,341	–	47,341
Cost of share-based payments	–	–	81,283	81,283
Dividends paid to equity holders	–	(346,668)	–	(346,668)
Balance at 30 June 2010	2,775,982	1,046,134	222,901	4,045,017

This Statement of Changes in Equity should be read in conjunction with accompanying notes.


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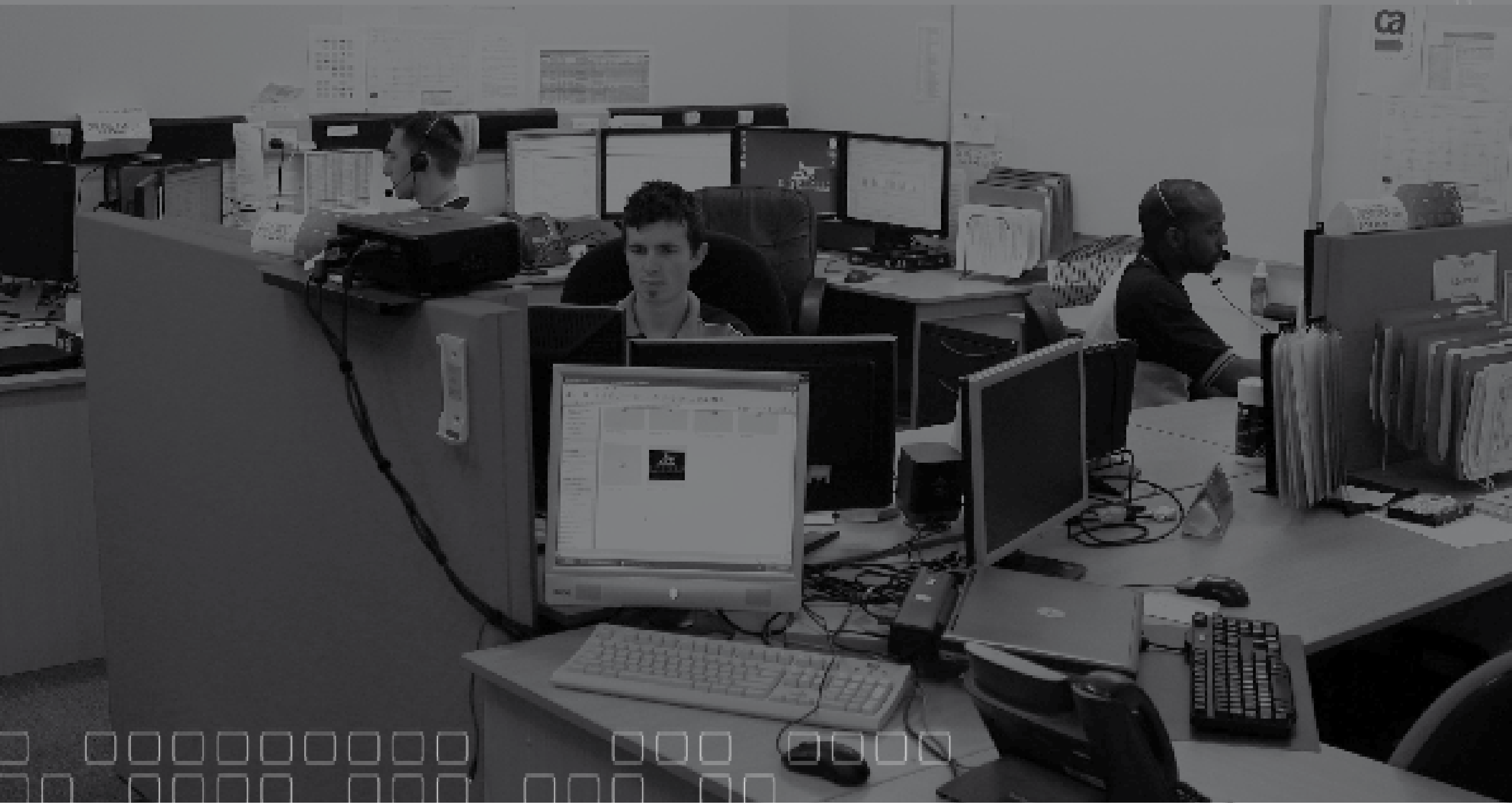
FINANCIAL STATEMENTS

12: NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010



1. CORPORATE INFORMATION

The financial report of Empired Ltd for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the directors on 30 August 2010.

Empired Limited is a company limited by shares incorporated in Australia. The financial report includes the consolidated financial statements and notes of Empired Limited and controlled entities (Consolidated) and separate financial statements and notes of Empired Limited as an individual parent entity (Parent).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PREPARATION

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on an accruals basis, and is based on historical costs modified where applicable, by measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial report is presented in Australian dollars.

The Group has elected to apply the relief in Class Order 10/654, issued by the Australian Securities and Investments Commission, which allows the group to continue to include parent entity financial statements in the financial report. As part of this relief the Group is not required to present the summary parent entity information by regulation 2M.3.01 of the Corporations Regulations 2001.

B. STATEMENT OF COMPLIANCE

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standard ('AIFRS'). The financial report also complies with International Financial Standards ('IFRS').

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2010. These are outlined in the table below.

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2009-12	Amendments to Australian Accounting Standards arising from AASB 124 [AASB 5, 8, 108, 110, 112, 119,133 137, 139,1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	This revision amends the disclosure requirements for government related entities and the definition of a related party.	1 January 2011	The amendments will not have any impact on the Group's financial statements.	1 July 2011
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9	Introduces new requirements for the classification and measurement of financial assets. AASB uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, and removes the impairment requirement for financial assets held at fair value.	1 January 2013	The amendments will not have any significant impact on the Group's financial statements.	1 July 2013
AASB 2009-9	Amendments to Australian Accounting Standards – Additional Exemptions for First-time Adopters [AASB1]	AASB 2009-9 makes amendments to ensure that entities applying Australian Accounting Standards for the first time will not face undue cost or effort in the transaction process in particular situations.	1 January 2010	As this is not the first year adoption of IFRS's, these amendments will not have any impact on the entity's financial report.	1 July 2010
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 &139]	AASB 2009-5 makes various amendments to a number of standards and interpretations in line with IASB annual improvements projects	31 December 2010	The Group does not expect any significant impact.	1 July 2010

12: NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010 (CONTINUED)

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2009-10	Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]	AASB 2009-10 makes amendments which clarify rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all existing owners of the same class of its non-derivative equity instruments.	1 January 2011	The amendments will not have any impact on the Group's financial statements.	1 July 2010
AASB 2009-13	Amendments to AASB 1 arising from Interpretation 19 [AASB 1]	This standard amends AASB 1 to allow first-time adopter to use transitional provisions in Interpretation 19.	30 June 2011	As the Group is not a first-time adopter of IFRS, this standard will not have any impact.	1 July 2010
AASB 2010-01	Limited exemption from comparative AASB 7 disclosures for the first time adopters [Amendments to AASB 1 and AASB 7]	These amendments principally give effect to extending the transition provisions of AASB 2009-2 Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments to first-time adopters of Australian Accounting Standards.	30 June 2011	As the Group is not a first-time adopter of IFRS, this standard will not have any impact.	1 July 2010
AASB 2009-14	Prepayments of Minimum Funding Requirement [Amendments to Interpretation 14]	This amendment to Interpretation 14 addresses the unintended consequences that can arise from the previous requirements when an entity prepays future contributions into a defined benefit pension plan.	1 January 2011	As the Group does not have a defined benefit pension plan this amendment to Interpretation 14 is not expected to have any impact on the entity's financial report.	1 July 2011
Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	This Interpretation provides guidance on how to account for the extinguishment of a financial liability using the issue of equity instruments.	1 July 2010	The Group has not yet determined the potential effect of the interpretation.	1 July 2010

C. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Empired Limited and its subsidiaries as at 30 June each year ('the Group') (note 24).

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the group and cease to be consolidated from the date on which control is transferred out of the Group.

Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Empired Limited has control.

Business Combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method.

The purchase method requires an acquirer of the business to be identified and the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interests is greater than cost, the surplus is immediately recognised in profit or loss.

D. PROPERTY, PLANT AND EQUIPMENT

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a diminishing value, except computer software which is on a straight-line basis, over the estimated useful life of the asset as follows:

Buildings & Improvements	DV	7.5 – 20 yrs
Leasehold Improvements	DV	5 – 20 yrs
Furniture & Fittings	DV	3 – 20 yrs
Computer Hardware	DV	3 – 5 yrs
Computer Software	SL	1 – 2.5 yrs

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued used of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

E. BORROWING COSTS

Borrowing costs are recognised as an expense when incurred.

F. GOODWILL

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortised.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates.

Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

G. INTANGIBLE ASSETS

Acquired both separately and from a business combination.

Intangible assets acquired separately are capitalised at cost. Following initial recognition, the cost model is applied to the class of intangible assets.

Where amortisation is charged on assets with finite lives, this expense is taken to the income statement through the 'amortisation expenses' line item.

Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred.

Intangible assets are tested for impairment where an indicator of impairment exists and in the case of indefinite lived intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised on the income statement when the asset is derecognised.

H. IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

I. OPERATING SEGMENTS

The Group has adopted AASB 8 'Operating Segments' with effect from 1 July 2009.

The Group has more than one reportable operating segment identified by and used by the Chief Executive Officer (chief operating decision maker) in assessing the performance and determining the allocation of resources. The Group however has aggregated the segment in accordance with the aggregation criteria of AASB 8. During the year the Group had reliance on one customer whose revenues represent 13% of the revenue of the Group.

J. FINANCIAL INSTRUMENTS

Reconciliation and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie trading date accounting is adopted).

Financial instruments are initially measure at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

a. the amount at which the financial asset or financial liability is measured at initial recognition;

b. less principal repayments;

c. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and

d. less any reduction for impairment.

The effective interest method is sued to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost,

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets.)

If during the period the Group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except those which are expected to mature within 12 months after the end of the reporting period. (All other financial assets are classified as current assets.)

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

K. TRADE AND OTHER RECEIVABLES

Trade receivables, which generally have 30-45 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Bad debts are written off when identified.

L. CASH AND CASH EQUIVALENTS

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

M. INTEREST-BEARING LOANS AND BORROWINGS

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised and as well as through the amortisation process.

N. PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

O. EMPLOYEE LEAVE BENEFITS

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

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

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date 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 national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

P. SHARE-BASED PAYMENT TRANSACTIONS

The Group provides to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

There are currently two plans in place to provide these benefits:

(i) The Empired Employee Share Option Plan (ESOP2), which provides to all employees excluding directors, and

(ii) The Executive Share Option Plan (ESOP1), which provides benefits to directors and senior executives.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a Black Scholes model further details are given in note 13.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see note 6).

Q. LEASES

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

R. REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of services

Revenue from the provision of services is recognised when the service has been provided.

Maintenance, Hosting and Support fees

Revenue from maintenance, hosting and support is recognised and bought to account over the time it is earned. Unexpired revenue is recorded as unearned income.

Interest received

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

S. FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction.

Foreign exchange differences arising on the translation of monetary items are recognised in the income statement.

T. INCOME TAX

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for the financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

» except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

» in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

» except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

» in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

U. OTHER TAXES

Revenues, expenses and assets are recognised net of the amount of GST except:

» where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

» receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

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

V. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The Group tests annually whether goodwill costs has suffered any impairment, in accordance with the accounting policies.

i. Impairment of goodwill and intangibles with indefinite useful lives

The group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating unit to which the goodwill and intangibles with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and carrying amount of goodwill and intangibles with indefinite useful lives are discussed in note 23.

3 REVENUES

	CONSOLIDATED		PARENT	
	2010 $	2009 $	2010 $	2009 $
Sales Revenue				
Services	27,903,654	32,633,570	27,903,654	32,633,570
	27,903,654	32,633,570	27,903,654	32,633,570
Other Revenue				
Interest	6,462	14,788	6,462	14,788
Management fee	–	60,468	–	60,468
Foreign exchange gain	10,584	82,643	10,584	82,643
Other	–	29,522	–	29,522
	17,046	187,421	17,046	187,421
	27,920,700	32,820,991	27,920,700	32,820,991

4 EXPENSES

Profit before income tax includes the following specific expenses:

	CONSOLIDATED		PARENT	
	2010 $	2009 $	2010 $	2009 $
Operating Lease Rentals				
Minimum lease payments	9,279	6,492	9,279	6,492
	9,279	6,492	9,279	6,492
Other Expenses				
Insurance	120,880	133,341	120,880	133,341
Travel	213,429	205,078	213,429	205,078
Administration	892,918	862,150	892,918	862,150
Other	465,197	846,443	475,998	848,701
	1,692,424	2,047,012	1,703,225	2,049,270
	1,701,703	2,053,504	1,712,504	2,055,762

5 INCOME TAX

(A) INCOME TAX EXPENSE

	CONSOLIDATED		PARENT	
	2010 $	2009 $	2010 $	2009 $
The major components of income tax expense are:				
Current income tax payable	40,892	81,526	40,892	81,526
Deferred income tax relating to origination and reversal of temporary differences	23,332	320,712	23,332	320,712
Adjustments	(495)	(124,790)	(495)	(124,790)
Income tax expense reported in income statement	63,729	277,448	63,729	277,448

(B) NUMERICAL RECONCILIATION BETWEEN AGGREGATE TAX EXPENSE RECOGNISED IN THE COMPREHENSIVE INCOME STATEMENT AND TAX EXPENSE CALCULATED PER THE STATUTORY INCOME TAX RATE

	CONSOLIDATED		PARENT	
	2010 $	2009 $	2010 $	2009 $
Prima facie tax on operating profit calculated at 30% (2009: 30%)	33,321	242,958	33,321	242,958
	33,321	242,958	33,321	242,958
Add tax effect of:				
Non-deductible expenses	12,342	26,266	12,342	26,266
Other non-deductible expenses	16,495	14,242	16,495	14,242
Other	1,571	(6,018)	1,571	(6,018)
Aggregate income tax expense	63,729	277,448	63,729	277,448

(C) RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

Deferred income tax balances at 30 June relate to the following:

	CONSOLIDATED	
	2010 $	2009 $
(i) Deferred tax liabilities		
Prepaid expenses	(3,346)	(3,268)
Invoices in dispute	–	(7,764)
Work in progress	(187,800)	(184,885)
Gross deferred tax liabilities	(191,146)	(195,917)
(ii) Deferred tax assets		
Provisions:		
Annual leave	207,114	172,288
Long service leave	19,426	8,195
Accrued superannuation	88,262	83,199
Provision for doubtful debts	12,248	–
Equity raising costs	59,083	88,631
Borrowing costs	3,116	4,445
Tax losses	45,887	106,481
Gross deferred tax assets	435,136	463,239

(D) TAX CONSOLIDATION

Effective 1 July 2002, for the purposes of income taxation, Empired Limited and its 100% subsidiaries formed a tax consolidated group. The head entity of the consolidated group is Empired Limited.

The head entity is responsible for tax liabilities of the group. Intra group transactions are ignored for tax purposes and there is a single return lodged on behalf of the group.

Empired Limited formally notified the Australian Taxation Office of its adoption of the tax consolidation regime upon lodgement of its 30 June 2003 consolidated tax return.

There was a tax funding agreement formalised at 30 June 2003. Under this tax funding agreement Empired Limited is responsible for the tax liabilities of the group.

5 INCOME TAX (CONTINUED)

(E) INCOME TAX PAYABLE

	CONSOLIDATED		PARENT	
	2010 $	2009 $	2010 $	2009 $
Income tax payable	–	81,526	–	81,526
	–	81,526	–	81,526

6. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following represents the income and share data used in the basic and diluted earnings per share computations:

	CONSOLIDATED	
	2010 $	2009 $
Net profit attributable to ordinary equity holders of the parent	47,341	532,411

	2010 Thousands	2009 Thousands
Weighted average number of ordinary shares for basic earnings per share	46,222	46,222
Effect of dilution:		
Share options	10,823	9,458
Weighted average number of ordinary shares adjusted for the effect of dilution	57,045	55,680

7 CASH AND CASH EQUIVALENTS

(I) RECONCILIATION OF CASH

For the purposes of the cash flow statement, cash includes cash on hand and cash in banks. Cash at the end of the year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	CONSOLIDATED		PARENT	
	2010 $	2009 $	2010 $	2009 $
Cash at bank and in hand	12,356	239,203	12,356	239,203
Term deposit	238,220	106,220	238,220	106,220
	250,576	345,423	250,576	345,423

(II) FINANCING FACILITIES AVAILABLE

At reporting date the following facilities were available:

Bank overdraft facility	2,070,717	3,000,000	2,070,717	3,000,000

The loan facility availability is based on 50% of the Company's debtor book at the end of month, and has an upper limit of $3,000,000.

(III) RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO OPERATING PROFIT AFTER INCOME TAX

	CONSOLIDATED		PARENT	
	2010 $	2009 $	2010 $	2009 $
Operating profit after income tax	47,341	532,411	47,341	532,411
Depreciation	331,071	254,076	329,270	251,818
Write down of investment in subsidiary	–	–	1,801	2,258
Option Plan Expense	81,282	43,179	81,282	43,179
Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:				
Decrease in receivables	1,505,034	1,644,457	1,505,034	1,644,457
Decrease in other assets	28,103	213,689	28,103	213,689
(Increase)/decrease in prepayments	(36,041)	7,386	(36,041)	7,386
Increase/(decrease) in creditors	(1,507,998)	16,939	(1,507,998)	16,939
Increase/(decrease) in other creditors	923,390	(1,202,276)	923,390	(1,202,276)
Increase in unexpired interest	–	2,365	–	2,365
Increase/(decrease) in accrued liabilities	(514,632)	373,737	(514,632)	373,737
Increase/(decrease) in unearned income	(239,358)	362,438	(239,358)	362,438
Increase in income tax payable	(81,526)	(63,181)	(81,526)	(63,181)
Increase in provision for employee entitlements	153,526	188,376	153,526	188,376
Net cash from operating activities	690,192	2,373,596	690,192	2,373,596

(IV) NON-CASH INVESTING AND FINANCING ACTIVITIES

Acquisition of plant and equipment by means of finance lease	104,999	338,395	104,999	338,395

8. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED		PARENT	
	2010 $	2009 $	2010 $	2009 $
Trade receivables	4,336,535	5,840,632	4,336,535	5,840,632
Provision for impairment	(40,828)	–	(40,828)	–
	4,295,707	5,840,632	4,295,707	5,840,632
Term deposit	3,500	3,500	3,500	3,500
Other receivables	17,188	–	17,188	–
	4,316,395	5,844,132	4,316,395	5,844,132

Trade receivables are non-interest bearing and are generally on 30-day terms. (For further details on credit risk, refer to note 19). A provision for impairment is recognised when there is objective evidence that an individual trade is impaired. These amounts have been included in the other expenses item. There are no balances within trade and other receivables that contain assets that are not impaired and are past due. It is expected these balances will be received when due. Impaired assets are provided for in full.

Movement in the provision for impairment of receivables during the year was as follows:

Balance at 1 July	–	–	–	–
Impairment loss provided for	40,828	–	40,828	–
Balance at 30 June	40,828	–	40,828	–

9. WORK IN PROGRESS

Work in progress	625,999	616,283	625,999	616,283
	625,999	616,283	625,999	616,283

10. OTHER ASSETS

Current				
Prepayments	181,977	145,936	181,977	145,936
Total current other assets	181,977	145,936	181,977	145,936

11. PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED		PARENT	
	2010 $	2009 $	2010 $	2009 $
Buildings and Improvements				
At cost	19,752	19,752	19,752	19,752
Accumulated Depreciation	(13,731)	(13,041)	(13,731)	(13,041)
Total Buildings and Improvements	6,021	6,711	6,021	6,711
Plant and Equipment				
Plant and Equipment				
At cost	1,382,147	1,019,228	1,276,376	913,501
Accumulated Depreciation	(795,050)	(664,359)	(701,054)	(572,207)
	587,097	354,869	575,322	341,294
Lease Plant and Equipment				
At cost	579,021	544,921	579,021	544,921
Accumulated Depreciation	(278,053)	(100,640)	(278,053)	(100,640)
	300,968	444,281	300,968	444,281
Leasehold improvements				
At cost	131,812	131,811	131,812	131,811
Accumulated Depreciation	(51,194)	(29,258)	(51,194)	(29,258)
Total Leasehold Improvements	80,618	102,553	80,618	102,553
Total Plant & Equipment	968,683	901,703	956,908	888,128
Total Property, Plant & Equipment	974,704	908,414	962,929	894,839

Leased assets are held as security for hire purchase contracts.

Property, Plant and Equipment				
Movements during the year:				
Opening balance 1 July	908,414	701,610	894,839	685,777
Additions	397,358	461,559	397,358	461,559
Disposals	–	(679)	–	(679)
Depreciation expense	(331,068)	(254,076)	(329,268)	(251,818)
Closing balance 30 June	974,704	908,414	962,929	894,839

12. INTANGIBLE ASSETS

	CONSOLIDATED		PARENT	
	2010 $	2009 $	2010 $	2009 $
Goodwill at cost	3,948,764	3,948,764	2,081,806	2,081,806
Accumulated impaired losses	–	–	–	–
Net carrying value	3,948,764	3,948,764	2,081,806	2,081,806
Balance at the beginning of the year	3,948,764	3,827,164	2,081,806	1,960,206
Additions	–	121,600	–	121,600
Accumulated amortisation and impairment	–	–	–	–
	3,948,764	3,948,764	2,081,806	2,081,806

Goodwill has been tested for impairment as detailed at note 23. No impairment provision was required.

13. EMPLOYEE BENEFITS

(A) EMPIRED EMPLOYEE SHARE OPTION PLAN

The Group has an employee share options plan (ESOP2) for the granting of non-transferable options to employees and senior executives to assist in motivating and retaining employees.

Options issued under the ESOP2 will vest on the sooner of one of the following conditions being satisfied:

i) on the second anniversary, one third of the grant of options;
ii) on the third anniversary, two thirds of the grant of options;
iii) on the fourth anniversary, all of the grant of options; or
iv) a takeover offer or bid in respect of Empired shares is made in accordance with the Corporations Act and the Board recommends that shareholders accept the offer.

Other relevant terms and conditions applicable to options granted under the ESOP2 include:

a) any vested options that are unexercised on the fifth anniversary of their grant date will expire; and
b) upon exercise, options will be settled in ordinary shares of Empired Limited on the basis of one share for each option exercised.

On the 26 November 2009, 600,000 options were granted with a fair value as follows:

	Fair value per option	Exercise price per option	Expiry Date
600,000	$0.056	$0.20	26 November 2012

The options were granted over ordinary shares and are exercisable upon meeting the vesting conditions outlined above and until their expiry date.

13. EMPLOYEE BENEFITS (CONTINUED)

(A) EMPIRED EMPLOYEE SHARE OPTION PLAN (CONTINUED)

The fair value of the options are estimated at the date of grant using the Black Scholes model taking into account the terms and the conditions upon which the options were granted. The following table gives the assumptions made in determining the fair value of the options granted:

	26 November 2009 (600,000) options
Dividend yield (%)	5.55%
Expected volatility (%)	83%
Risk-free interest rate (%)	5.08%
Expected life of option (years)	3 years
Option exercise price ($)	$0.20
Share price at grant date ($)	$0.135

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of share options issued under the ESOP2.

	2010	2010	2009	2009
	No.	WAEP	No.	WAEP
Outstanding at the beginning of the year	1,403,474	$0.313	676,476	$0.35
Granted during the year	300,000	$0.20	953,814	$0.29
Forfeited during the year	(119,511)	–	(63,082)	–
Exercised during the year	–	–	–	–
Expired during the year	–	–	(163,734)	–
	1,583,963	$0.287	1,403,474	$0.313
Exercisable at the end of the year	499,871	$0.35	700,773	$0.26

The weighted average contractual life for the share options outstanding as at 30 June 2010 is 1.13 years (2009: 1.89 years).

Share options issued under the ESOP2 and outstanding at the end of the year have the following exercise prices:

Expiry Date	Exercise price	2010 No.	2009 No.
31 July 2010	$0.30	78,383	78,383
31 July 2010	$0.35	76,081	76,081
31 July 2010	$0.40	76,081	76,081
22 February 2012	$0.30	89,779	94,070
22 February 2012	$0.35	89,776	94,066
22 February 2012	$0.40	89,771	94,061
1 August 2011	$0.30	600,000	600,000
1 August 2011	$0.25	92,046	145,366
1 August 2011	$0.30	92,046	145,366
26 November 2012	$0.20	300,000	–
Total		1,583,963	1,403,474

(B) EMPIRED EXECUTIVE SHARE OPTION PLAN

The Group has an executive share option plan (ESOP1) for the granting of non-transferable options to certain directors and senior executives to assist in motivating and retaining executives.

Options issued under the ESOP will vest on the sooner of one of the following conditions being satisfied:

i) on the second anniversary of the grant of the options;

ii) a takeover offer or bid in respect of Empired shares is made in accordance with the Corporations Act and the Board recommends that shareholders accept the offer.

Other relevant terms and conditions applicable to options granted under the ESOP1 include:

a) any vested options that are unexercised on the fifth anniversary of their grant date will expire;

b) upon exercise, options will be settled in ordinary shares of Empired Limited; and

c) options are issued to executives subject to successful ASX listing which has occurred post balance date.

During the financial year the below options were granted to executives:

Options	Fair value per option	Exercise price per option	Expiry Date
3,400,000	$0.047	$0.30	26 November 2012

The options were granted over ordinary shares and are exercisable upon meeting the vesting conditions outlined above and until their expiry date.

13. EMPLOYEE BENEFITS (CONTINUED)

(B) EMPIRED EXECUTIVE SHARE OPTION PLAN (CONTINUED)

The fair value of the options are estimated at the date of grant using the Black Scholes model. The following table gives the assumptions made in determining the fair value of the options granted in the year to 30 June 2010.

	26 November 2009 (3,400,000) options
Dividend yield (%)	5.55%
Expected volatility (%)	83%
Risk-free interest rate (%)	5.08%
Expected life of option (years)	3 years
Option exercise price ($)	$0.30
Share price at grant date ($)	$0.135

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur.

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other features of options granted were incorporated into the measurement of fair value.

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of share options issued under the ESOP1

	2010 No.	2010 WAEP	2009 No.	2009 WAEP
Outstanding at the beginning of the year	8,000,000	$0.32	7,350,000	$0.32
Granted during the year	3,400,000	$0.30	2,250,000	$0.35
Forfeited during the year	(1,700,000)	$0.40	(1,500,000)	–
Exercised during the year	–	–	–	–
Expired during the year	–	–	(100,000)	–
Outstanding at the end of the year	9,700,000	$0.30	8,000,000	$0.32
Exercisable at the end of the year	3,050,000	$0.26	2,288,345	$0.25

As at 30 June 2010 there were 9,700,000 options over ordinary shares with an average exercise price of $0.30 each, exercisable upon meeting the conditions outlined above and until their expiry dates as set out in the table below.

The weighted average contractual life for the share options outstanding as at 30 June 2010 is 1.425 years (2009: 1.39 years).

Share options issued under the ESOP1 and outstanding at the end of the year have the following average exercise prices:

Expiry Date	Exercise price	2010 No.	2009 No.
28 November 2010	$0.25	700,000	700,000
23 March 2011	$0.25	1,100,000	1,100,000
28 July 2011	$0.25	300,000	300,000
17 November 2010	$0.25	750,000	750,000
17 November 2011	$0.25	500,000	500,000
23 July 2010	$0.40	700,000	2,400,000
1 December 2011	$0.40	1,200,000	1,200,000
21 November 2011	$0.30	1,050,000	1,050,000
26 November 2012	$0.30	3,400,000	–
Total		9,700,000	8,000,000

(C) EMPIRED PURCHASER SHARE OPTION PLAN

Empired Limited issued share options as part of the acquisition of the Quadrant Group. Details of the options granted can be found below.

	2010	2010	2009	2009
	No.	WAEP	No.	WAEP
Outstanding at the beginning of the year	300,000	$0.366	300,000	$0.40
Granted during the year	–	–	100,000	$0.30
Forfeited during the year	–	–	(100,000)	–
Exercised during the year	–	–	–	–
Expired during the year	–	–	(100,000)	–
Outstanding at the end of the year	300,000	$0.366	300,000	$0.366
Exercisable at the end of the year	200,000	$0.40	200,000	$0.40

The fair value of the options are estimated at the date of grant using a Black Scholes model.

14. TRADE AND OTHER PAYABLES (CURRENT)

	CONSOLIDATED		PARENT	
	2010 $	2009 $	2010 $	2009 $
Trade payables	1,057,051	2,563,998	1,057,051	2,563,998
Superannuation payable	294,205	277,328	294,205	277,328
GST payable	743,426	406,773	743,426	406,773
PAYG payable	551,780	–	551,780	–
Accrued liabilities	528,193	980,214	528,193	980,214
Credit cards payable	18,808	19,859	18,808	19,859
Other	5,233	6,671	5,233	6,671
	3,198,696	4,254,843	3,198,696	4,254,843

Included in the above are aggregate amounts payable to the following related parties:

Owing to directors and director related entities	22,000	22,447	22,000	22,447

Trade payables are non-interest bearing and are normally settled on 30-day terms.

For terms and conditions relating to related parties refer to note 24.

The net of GST payable and GST receivable and Superannuation payable and is remitted to the appropriate body on a quarterly basis. PAYG payable is remitted to the appropriate body on a monthly basis.

15. FINANCIAL LIABILITIES

	CONSOLIDATED		PARENT	
	2010 $	2009 $	2010 $	2009 $
Current				
Obligations under finance leases and hire purchase contracts (note 20)	169,403	192,310	169,403	192,310
Obligations under premium funding contracts	77,130	72,048	77,130	72,048
	246,533	264,358	246,533	264,358
Non-Current				
Obligations under finance leases and hire purchase contracts (note 20)	104,067	178,563	104,067	178,563
Loan from Subsidiary	–	–	351,651	351,651
	104,067	178,563	455,718	530,214

HIRE PURCHASE CONTRACTS

Hire purchase contract maturity ranges from June 2010 to June 2013.

	CONSOLIDATED		PARENT	
	2010 $	2009 $	2010 $	2009 $
Finance facilities available				
At reporting date, the following financing facilities had been negotiated and were available:				
Total facilities:				
– Bank overdraft facility	2,070,717	3,000,000	2,070,717	3,000,000
Facilities used at reporting date				
– Bank overdraft facility	–	–	–	–
Facilities unused at reporting date	2,070,717	3,000,000	2,070,717	3,000,000

A bank overdraft facility was established in December 2008. The facility is reviewed on an annual basis with financial covenants of EBITDA and net tangible assets tested quarterly. The loan facility availability is based on 50% of the Company's debtor book at the end of month, and has an upper limit of $3,000,000.

The Bank of Western Australia holds a fixed floating charge over company assets. Maximum prospective liability set out in the charge is ten million dollars.

16. PROVISIONS

	CONSOLIDATED		PARENT	
	2010 $	2009 $	2010 $	2009 $
Current				
Employee benefits	755,138	574,293	755,138	574,293
	755,138	574,293	755,138	574,293
Non-current				
Employee benefits	–	27,318	–	27,318
	–	27,318	–	27,318

17 UNEARNED REVENUE

	CONSOLIDATED		PARENT	
	2010 $	2009 $	2010 $	2009 $
Current				
Unearned Revenue	325,997	565,355	325,997	565,355
	325,997	565,355	325,997	565,355

18. ISSUED CAPITAL AND RESERVES

	CONSOLIDATED		PARENT	
	2010 $	2009 $	2010 $	2009 $
Ordinary Shares				
Issued and fully paid	2,775,982	2,775,982	2,775,982	2,775,982

	No.	Value ($)	No.	Value ($)
Movement in ordinary shares on the issue				
At 1 July 2008	46,222,314	2,775,982	46,222,314	2,775,982
	–	–	–	–
At 30 June 2009	46,222,314	2,775,982	46,222,314	2,775,982
	–	–	–	–
At 30 June 2010	46,222,314	2,775,982	46,222,314	2,775,982

Ordinary shares entitle the holder to participate in dividends, and carry one vote per share. These shares have no par value.

CAPITAL MANAGEMENT ADEQUACY

The Group's objectives when managing capital is to safeguard the ability to continue as a going concern and to maintain a conservative capital structure to allow management to focus on the core business results, including returns to shareholders.

There are no externally imposed capital requirements.

OPTIONS

The company has two share option schemes under which options to subscribe for the company's shares have been granted to certain executives and employees (refer note 13). In addition a total 300,000 options were granted in relation to the acquisition of Quadrant Group. The employee equity benefits reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank loans and hire purchase contracts, cash, short-term deposits and trade receivables.

The main purpose of the financial liabilities is to raise finance for the Group's operations.

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

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

MARKET RISK

Interest rate risk

» Exposure to market interest rates is limited to the Company's cash balances. Cash balances are disclosed at note 7.

» Cash at bank accounts attract a variable interest rate of 0% (2009: 2.75%) based on the cash balance at year end. Cash on deposit attracts a variable interest rate of 5.51% (2009: 3.71%) at the end of the year.

» At 30 June 2010, if interest rates had changed by +/– 1% from the year end rates above, after tax profits would have been $146 (2009: $2,412) lower/higher.

» The Company constantly monitors its interest rate exposure.

Foreign currency risk

» The Group's exposure to foreign currency risk is minimal. Trade debtor and trade creditor transactions may be entered into in foreign currency and fluctuations in these currencies may have a minor impact on the Company's financial results.

» The exchange rates are closely monitored within the Company.

Commodity price risk

» The Group's exposure to price risk is minimal.

CREDIT RISK

The Group trades only with recognised, creditworthy third parties.

It is the Group policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Customers that fail to meet the Group's creditworthiness may transact with the group only on a prepayment basis.

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

For transactions that are not denominated in the measurement currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, available-for-sale financial assets and certain derivative instruments, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

EXPOSURE TO CREDIT RISK

The Group's maximum exposure to credit risk at the report date was:

	2010 $	2009 $
Loans and receivables (note 8)	4,295,707	5,840,633
	4,295,707	5,840,633

The aging of the Group's trade non-impaired receivables at reporting date was:

	2010 $	2009 $
Not past due	3,367,242	5,046,582
Past due 0-30 days	196,480	272,285
Past due 31-60 days	282,013	34,186
Past due 60 days	449,972	487,580
	4,295,707	5,840,633

The group expects to be able to recover all outstanding debts that have not been provided for impairment.

LIQUIDITY RISK

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and hire purchase contracts.

The Group manages liquidity risk by forecasting and monitoring cash flows on a continuing basis.

20. FINANCIAL INSTRUMENTS

The fair value of financial assets and liabilities is considered to approximate their carrying values.

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

INTEREST RATE RISK

Exposure to interest rate risks on financial assets and liabilities are summarised as follows:

2010	Floating interest rate	Fixed Interest Rate 1 year or less	Fixed Interest Rate Over 1 to 5 years	Non-interest bearing	Carrying amount as per balance sheet	Weighted average effective interest rate
	2010 $	2010 $	2010 $	2010 $	2010 $	2010 $
i) Financial Assets						
Term deposit	–	3,500	–	–	3,500	3.35%
Term deposit	–	106,220	–	–	106,220	4.31%
Term deposit	–	132,000	–	–	132,000	2.29%
Cash	4,877	–	–	7,479	12,356	0.00%
Loans and receivables	–	–	–	4,312,895	4,312,895	–
Total financial assets	4,877	241,720	–	4,320,374	4,566,971	
ii) Financial liabilities – at amortised cost						
Overdraft Facility	–	–	–	–	–	–
Accounts payable	–	–	–	1,057,051	1,057,051	–
Hire purchase	–	169,403	104,067	–	273,470	8.57%
Short term loans	–	77,130	–	–	77,130	6.80%
Total financial liabilities	–	246,533	104,067	1,057,051	1,407,651	

iii) The aging of the Group's trade payables at reporting date was:

	2010 $
Not past due	1,025,981
Past due 0-30 days	45,273
Past due 31-60 days	23
Past due 60 days	(14,001)
	1,057,276

20. FINANCIAL INSTRUMENTS (CONTINUED)

2009	Floating interest rate	Fixed Interest Rate 1 year or less	Fixed Interest Rate Over 1 to 5 years	Non-interest bearing	Carrying amount as per balance sheet	Weighted average effective interest rate
	2009 $	2009 $	2009 $	2009 $	2009 $	2009 $
i) Financial Assets						
Term deposit	–	3,500	–	–	3,500	1.250%
Term deposit	–	106,220	–	–	106,220	4.69%
Cash	238,300	–	–	–	238,300	2.75%
Cash	–	–	–	903	903	–
Loans and receivables	–	–	–	5,840,633	5,840,633	–
Total financial assets	238,300	109,720	–	5,841,536	6,189,556	
ii) Financial liabilities – at amortised cost						
Overdraft Facility	–	–	–	–	–	–
Accounts payable	–	–	–	2,563,998	2,563,998	–
Hire purchase	–	192,310	178,563	–	370,873	10.128%
Short term loans	–	72,048	–	–	72,048	6.215%
Total financial liabilities	–	264,358	178,563	2,563,998	3,006,919	

I) THE AGING OF THE GROUP'S TRADE PAYABLES AT 30 JUNE 2009:

	2009 $
Not past due	2,555,920
Past due 0-30 days	–
Past due 31-60 days	–
Past due 60 days	8,078
	2,563,998

21. BUSINESS COMBINATIONS

Reconciliation of carrying amounts of goodwill from business combinations during the prior year:

	CONSOLIDATED		PARENT	
	2010 $	2009 $	2010 $	2009 $
Carrying amount at the beginning of the financial year	3,948,764	3,827,164	2,081,806	1,960,206
Additions				
– AMCOM	–	24,000	–	24,000
– Quadrant Group	–	88,907	–	88,907
– Commander Australia Limited – WA ICT Business	–	8,693	–	8,693
	3,948,764	3,948,764	2,081,806	2,081,806

Summary of total cash outlaid in relation to Business Combinations:

		CONSOLIDATED		PARENT	
		2010 $	2009 $	2010 $	2009 $
Total cash outflow/(inflow)					
AMCOM	21(a)	–	–	–	–
Quadrant Group	21(b)	–	349,607	–	349,607
Commander Australia Limited WA ICT Business	21(c)	–	743	–	743
Total cash outflow	7	–	350,350	–	350,350

(A) AMCOM

In the 2009 financial year, Empired acquired assigned customer contracts from AMCOM IT Services. The purchase price for this acquisition was $24,000.

(B) QUADRANT GROUP

The acquisition of the Quadrant Group business was made on the 1 November 2007.

Empired made final payment of $260,700 as deferred consideration for the acquisition of the group and stamp duty on the acquisition of $88,907 during the 2009 financial year.

(C) COMMANDER AUSTRALIA LIMITED – WA ICT BUSINESS

During the 2009 financial year the company made a review of the fair value of the net identifiable assets acquired for the Commander Australia – WA ICT Business. It was determined that the customer obligations (unearned revenue) were understated by $7,950. Payment of stamp duty on the acquisition was also made.

Further details of these acquisitions are documented in the 2009 Annual Report.

22. COMMITMENTS AND CONTINGENCIES

No contingent assets or liabilities as at 30 June 2010.

COMMITMENTS FOR EXPENDITURE

	CONSOLIDATED		PARENT	
	2010 $	2009 $	2010 $	2009 $
A. Hire Purchase				
The consolidated entity has various computer equipment on hire purchase arrangements. The lease is for a period of 35 months.				
Not later than one year	189,494	220,785	189,494	220,785
Later than one year but not later than five years	111,248	191,359	111,248	191,359
Less: unexpired charges	(27,272)	(41,271)	(27,272)	(41,271)
	273,470	370,873	273,470	370,873
Hire Purchase				
Current (refer note 15)	169,403	192,310	169,403	192,310
Non Current (refer note 15)	104,067	178,563	104,067	178,563
Total Hire Purchase	273,470	370,873	273,470	370,873
B. Loan Repayments				
The consolidated entity has borrowed the necessary funds from CGU to finance insurance. The terms of the loans are for 10 months each.				
Not later than one year	82,375	76,525	82,375	76,525
Later than one year but not later than five years				
Less: unexpired charges	(5,245)	(4,477)	(5,245)	(4,477)
	77,130	72,048	77,130	72,048
Loan Repayments				
Current (refer note 15)	77,130	72,048	77,130	72,048
Non Current (refer note 15)	–	–	–	–
Total Loan Repayments	77,130	72,048	77,130	72,048

C. Operating Leases

Office premises are leased under non-cancellable operating leases for periods as follows:

LOCATION	STATE	TERMS
469 Murray Street	PERTH	Expires on 31 December 2010
Level 13 256 Adelaide Terrace	PERTH	Expires on 31 October 2015
Level 8, Queens Street	MELBOURNE	Expires 30 November 2012

Their commitment can be seen below:

	CONSOLIDATED		PARENT	
	2010 $	2009 $	2010 $	2009 $
Minimum lease payments under non-cancellable operating leases according to the time expected to elapse to the expected date of payment:				
Not later than one year	481,006	451,370	481,006	451,370
Later than one year but not later than five years	3,472,239	115,353	3,472,239	115,353
	3,953,245	566,723	3,953,245	566,723
The company has in place bank guarantees in relation to rental premises at 256 Adelaide Terrace, Perth and 31 Queens Street, Melbourne				
256 Adelaide Terrace, Perth	106,220	106,220	106,220	106,220
31 Queens Street, Melbourne	132,000	–	132,000	–
Maximum amount the bank may call	238,220	106,220	238,220	106,220

23. IMPAIRMENT TESTING OF GOODWILL

Goodwill acquired through business combinations (refer Note 12 and 21) has been allocated to the individual cash generating units for impairment testing. The recoverable amount of each of the cash generating units has been determined based on a value in use calculation. Value in use is calculated based on the present value of cash flow projections covering a five-year period.

The discount rate applied to cash flow projections is 11.70% (2009: 9.75%) using a 1.4% growth rate (2009: 1.4%) that is the same as the average growth rate for the IT Infrastructure Services market sector.

CARRYING AMOUNT OF GOODWILL

	CONSOLIDATED		PARENT	
	Total		Total	
	2010 $	2009 $	2010 $	2009 $
Carrying amount of goodwill	3,948,764	3,948,764	2,081,806	2,081,806

There is no impairment loss in the current or prior period.

24. INVESTMENT IN CONTROLLED ENTITY

Other Financial Assets		% Equity Interest		Investment ($)	
	Country of Incorporation	2010 %	2009 %	2010 $	2009 $
Tusk Technologies Pty Ltd	Australia	100	100	363,427	365,227
				363,427	365,227

The balance of the Tusk Technologies Pty Ltd loan as at 30 June 2010 is $351,651. This loan is unsecured does not bear interest and is not repayable in the next 12 months. The investment in Tusk Technologies Pty Ltd is measured at fair value at the 30th of June 2010. The revaluation downwards is recorded in the income statement. Other than this related party loan there are no other related party transactions requiring disclosure.

25. EVENTS AFTER THE BALANCE SHEET DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years other than as set out below:

The company completed the successful negotiation of the lease at 256 Adelaide Terrace, securing the premises for the next five years until 31 October 2015.

26. AUDITORS' REMUNERATION

	CONSOLIDATED		PARENT	
	2010 $	2009 $	2010 $	2009 $
Amounts received or due and receivable by auditors or the parent entity:				
» an audit or review of the financial report of the entity and any other entity in the consolidated entity	60,622	46,375	60,622	46,375
» other services in relation to the entity and any other entity in the consolidated entity:				
– tax compliance	–	–	–	–
– special audits required as part of bank covenants	–	7,790	–	7,790
	60,622	54,165	60,622	54,165

27. KEY MANAGEMENT PERSONNEL

(A) DIRECTORS

The following persons were directors of Empired Limited during the financial year:

M Ashton

D Taylor

R Bevan

R Baskerville

(B) OTHER KEY MANAGEMENT PERSONNEL

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

M Waller Chief Financial Officer and Company Secretary

(C) REMUNERATION OF KEY MANAGEMENT PERSONNEL

Information regarding key management personnel compensation for the year ended 30 June 2010 is provided in the remuneration section of the directors' report on pages 19 to 21.

27. KEY MANAGEMENT PERSONNEL (CONTINUED)

(D) OPTION HOLDINGS OF DIRECTORS AND EXECUTIVES

The movement during the reporting period in the number of options over ordinary shares in Empired Limited held, directly, indirectly or beneficially, by each of the key management person, including their related parties, is as follows:

30 June 2010	Balance at beg of period 01-Jul-09	Granted as Remuneration	Options Exercised	Net Change Other	Balance at end of period 30-Jun-10	Not Vested & Not Exercisable	Vested & Exercisable
Directors							
R. Baskerville	2,850,000	2,550,000	–	(1,100,000)	4,300,000	2,850,000	1,450,000
M. Ashton	1,000,000	600,000	–	(600,000)	1,000,000	750,000	250,000
D. Taylor	700,000	–	–	–	700,000	100,000	600,000
R. Bevan	250,000	250,000	–	–	500,000	500,000	–
Executives							
M. Waller	1,064,038	–	–	–	1,064,038	671,346	392,692
Total	5,864,038	3,400,000	–	(1,700,000)	7,564,038	4,871,346	2,692,692

30 June 2009	Balance at beg of period 01-Jul-08	Granted as Remuneration	Options Exercised	Net Change Other	Balance at end of period 30-Jun-09	Not Vested & Not Exercisable	Vested & Exercisable
Directors							
R. Baskerville	2,550,000	300,000	–	–	2,850,000	1,800,000	1,050,000
M. Ashton	850,000	150,000	–	–	1,000,000	750,000	250,000
D. Taylor	600,000	100,000	–	–	700,000	450,000	250,000
R. Bevan	–	250,000	–	–	250,000	250,000	–
Executives							
M. Waller	814,038	650,000	–	(400,000)	1,064,038	738,346	325,692
Total	4,814,038	1,450,000	–	(400,000)	5,864,038	3,988,346	1,875,692

(E) SHAREHOLDINGS OF DIRECTORS AND EXECUTIVES

Shares held in Empired Limited

30 June 2010	Balance 01-Jul-09		Granted as Remuneration		On Exercise of Options		Net Change Other		Balance 30-June-10	
	Ord	Pref	Ord	Pref	Ord	Pref	Ord	Pref	Ord	Pref
Directors										
Mr. R Baskerville	8,475,189	–	–	–	–	–	508,744	–	8,983,933	–
Mr. M Ashton	150,000	–	–	–	–	–	25,000	–	175,000	–
Mr. D Taylor	60,000	–	–	–	–	–	(60,000)	–	–	–
Mr. R Bevan	–	–	–	–	–	–	–	–	–	–
Total	8,685,189	–	–	–	–	–	473,744	–	9,158,933	–

30 June 2009	Balance 01-Jul-08		Granted as Remuneration		On Exercise of Options		Net Change Other		Balance 30-June-09	
	Ord	Pref	Ord	Pref	Ord	Pref	Ord	Pref	Ord	Pref
Directors										
Mr. R Baskerville	5,892,778	–	–	–	–	–	2,582,411	–	8,475,189	–
Mr. M Ashton	150,000	–	–	–	–	–	–	–	150,000	–
Mr. D Taylor	–	–	–	–	–	–	60,000	–	60,000	–
Mr. R Bevan	–	–	–	–	–	–	–	–	–	–
Total	6,042,778	–	–	–	–	–	2,642,411	–	8,685,189	–

All equity transactions with directors and other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

30 June 2010	Balance 01-Jul-09		Granted as Remuneration		On Exercise of Options		Net Change Other		Balance 30-June-10	
	Ord	Pref	Ord	Pref	Ord	Pref	Ord	Pref	Ord	Pref
Specified Executives										
M. Waller	1,755,124	–	–	–	–	–	257,000	–	2,012,124	–
Total	1,755,124	–	–	–	–	–	257,000	–	2,012,124	–

27. KEY MANAGEMENT PERSONNEL (CONTINUED)

(E) SHAREHOLDINGS OF DIRECTORS AND EXECUTIVES (CONTINUED)

30 June 2009	Balance 01-Jul-08		Granted as Remuneration		On Exercise of Options		Net Change Other		Balance 30-June-10	
	Ord	Pref	Ord	Pref	Ord	Pref	Ord	Pref	Ord	Pref
Specified Executives										
M. Waller	1,618,624	–	–	–	–	–	136,500	–	1,755,124	–
Total	1,618,624	–	–	–	–	–	136,500	–	1,755,124	–

28. DIVIDENDS

	CONSOLIDATED	
	2010 ($)	2009 ($)
(a) Distributions Paid		
2009 final franked dividend of 0.50 cents, paid 14 October 2009 (2009: 0.50 cents)	231,112	231,112
Interim franked dividend of 0.25 cents, paid 30 April 2010 (2009: 0.25 cents)	115,556	115,556
	346,668	346,668
(b) Franking Credit Balance		
Balance of franking account at year end at 30% available to the shareholders of Empired Limited for subsequent financial years	126	107,806

The franked dividends paid during the year were franked at the tax rate of 30%.

29. RELATED PARTY TRANSACTIONS

	CONSOLIDATED	
	2010 ($)	2009 ($)
During the year ended 30 June 2010, Empired Limited made sales and management fees to BigRedSky Ltd, a company in which Mr R Baskerville and Mr M Waller are Officers and shareholders	108,081	80,301

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.


2009
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13: DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Empired Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes of the company and of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) complying with Accounting Standards and Corporations Regulations 2001; and

(ii) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date; and

(iii) complies with International Financial Reporting Standards as disclosed in note 2; and

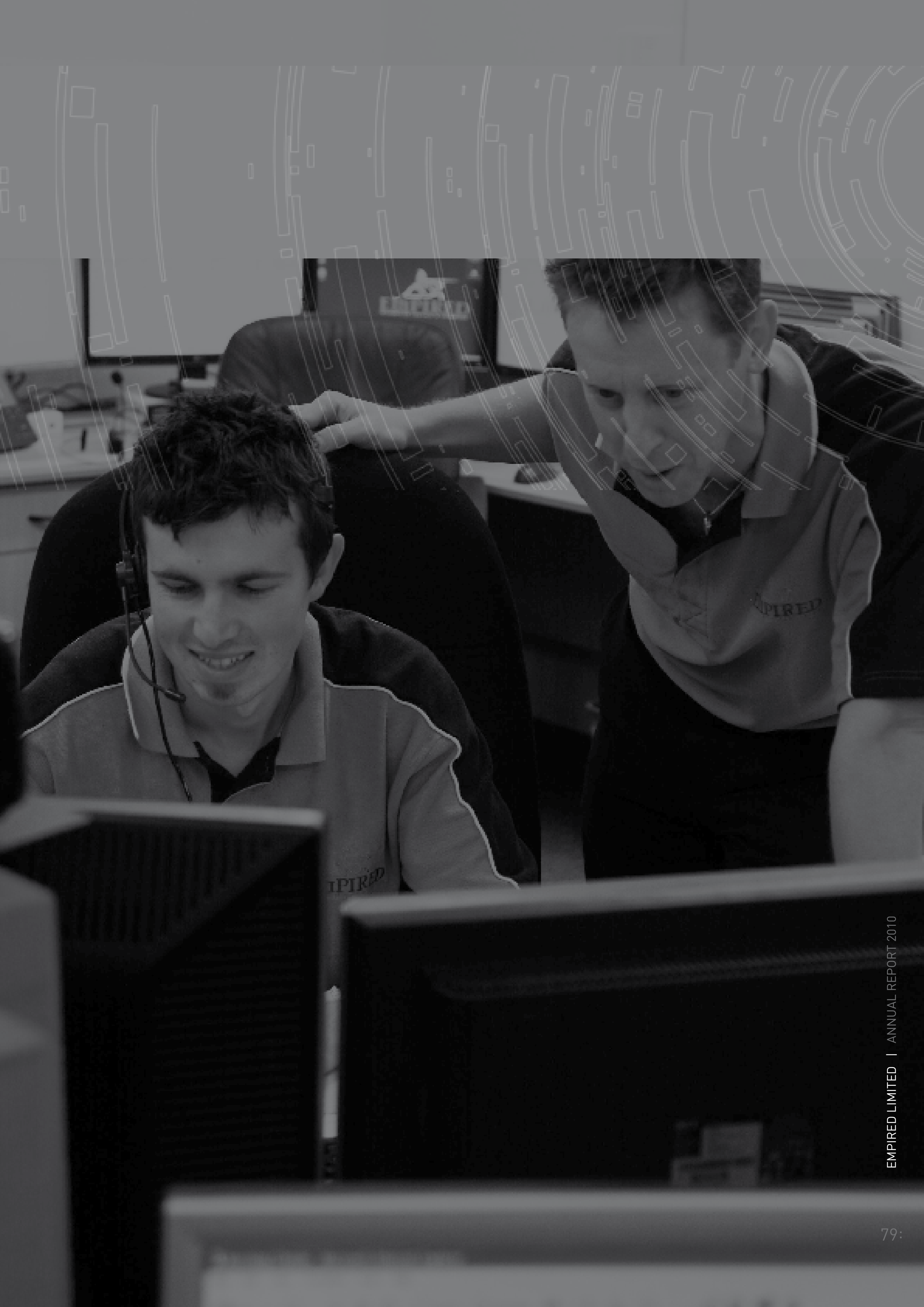
(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made after receiving the declarations required to be made by the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2010.

On behalf of the Board

Russell Baskerville
Managing Director

31st of August 2010



Grant Thornton

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West Perth WA 6005
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W www.grantthornton.com.au

Auditor's Independence Declaration
To the Directors of Empired Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Empired Limited for the year ended 30 June 2010, 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 AUDIT PTY LTD
Chartered Accountants

JW Vibert
Director – Audit & Assurance

Perth, 31 August 2010

Grant Thornton

Grant Thornton Audit Pty Ltd
ABN 94 269 609 023

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PO Box 570
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Independent Auditor's Report
To the Members of Empired Limited

Report on the financial report

We have audited the accompanying financial report of Empired Limited (the "Entity"), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes to the financial report and the directors' declaration of the consolidated entity comprising the Entity 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 Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards which 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 entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

  i giving a true and fair view of the Entity's and consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date; and

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

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

Report on the remuneration report
We have audited the Remuneration Report included in pages 18 to 24 of the directors' report for the year ended 30 June 2010. The directors of the Entity 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.

Grant Thornton

Auditor's opinion on the remuneration report

In our opinion, the Remuneration Report of Empired Limited for the year ended 30 June 2010, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

JW Vibert
Director – Audit & Assurance

Perth, 31 August 2010

16: SHAREHOLDING ANALYSIS

In accordance with Listing Rule 4.10 of the Australia Stock Exchange Limited, the Directors provide the following shareholding information which was applicable as at 30th June 2010.

A. DISTRIBUTION OF SHAREHOLDING

SIZE OF SHAREHOLDING	NUMBER OF SHAREHOLDERS	%
1 - 1,000	4	0.01
1,001 - 5,000	20	0.15
5,001 - 10,000	52	0.88
10001 - 100,000	173	13.00
100,001 - MAX	69	85.96
Total	318	100.00

B. SUBSTANTIAL SHAREHOLDERS

The following are registered by the Company as substantial shareholders, having declared a relevant interest in the number of voting shares shown adjacent as at the date of giving the notice.

SHAREHOLDER	NUMBER	%
Baskerville Investments Pty Ltd	7,450,059	16.12
Mr John Bardwell	3,680,244	7.96
Mr Gregory Leach	3,504,225	7.58

C. TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest shareholders are:

NAME	NUMBER OF SHARES HELD	%
Baskerville Investments Pty Ltd <Baskerville Family Account>	7,450,059	16.12
Mr Gregory Leach	3,504,225	7.58
Mr John Alexander Bardwell	2,680,244	5.80
Mr David Cawthorn	2,000,000	4.33
Uniplex Constructions Pty Ltd <Wesville Super Fund A/C>	1,902,414	4.12
Ms Kym Garreffa	1,306,167	2.83
Mr Fraser Campbell	1,200,000	2.60
Mr John Alexander Bardwell & Mrs Paola Bardwell <Bardwell Super Fund A/C>	1,000,000	2.16
Rbc Dexia Investor Services Australia Nominees Pty Ltd	954,115	2.06
Jameker Pty Ltd <Akj Family A/C>	939,500	2.03
Mr Mark Waller <ME Waller Family A/C>	866,667	1.87
Cornela Pty Ltd <MacLiver Family Fund A/C>	847,333	1.83
Mr Mark Waller	838,644	1.81
Mr Jeremy Paul McGrath & Mrs Jenny McGrath <McGrath Super Fund A/C>	680,000	1.47
Mr Kevin Flynn	650,000	1.41
Locope Pty Ltd	635,000	1.37
Grd Limited	600,000	1.30
Trovex Pty Ltd	600,000	1.30
Mr Glenn Thomas Baskerville	572,759	1.24
Jaffa Perth Pty Ltd	482,048	1.04
Total	29,709,175	64.27

The twenty members holding the largest number of shares together held a total of 64.27% of issued capital.

D. ISSUED CAPITAL

(i) Ordinary Shares

The fully paid issued capital of the company consisted of 46,222,314 shares held by 318 shareholders.

Each share entitles the holder to one vote.

The number of shareholdings held in less than marketable parcels is 27.

(ii) Unquoted Equity

The options issued under the company share options plans consisted of 10,653,418 options held by 64 holders.

Options do not have any voting rights.

16: SHAREHOLDING ANALYSIS

(CONTINUED)

E. ON-MARKET BUY-BACK

There is no current on-market buy-back.

F. COMPANY SECRETARY

The Company Secretary is Mr Mark Waller.

G. REGISTERED OFFICE

The registered office of Empired Ltd is
469 Murray Street, Perth WA 6000

H. OTHER OFFICES

The other offices are:

Level 13, Septimus Roe Square
256 Adelaide Terrace
Perth WA 6000

Telephone +61 8 9223 1234

Level 8, 31 Queens Street
Melbourne VIC 3000

Telephone +61 3 8610 0700

OTHER INFORMATION FOR SHAREHOLDERS

In accordance with Listing Rule 4.10 of the Australian Stock Exchange Limited, the Directors provide the following information not elsewhere disclosed in this report.

SHAREHOLDER COMMUNICATIONS

The Board of Directors aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to shareholders as follows:

- the annual report is distributed to shareholders who elect to receive the document. A copy of the full annual report is available free of charge, upon request, from the Company. The Board ensures that the annual report includes relevant information about the operation of the Company during the year, changes in the state of affairs of the Company and details of future developments, in addition to the other disclosures required by the Corporations Act;
- The half-year report contains summarised financial information and a review of the operations of the Company during the period. The half-year financial report is prepared in accordance with the requirements of Accounting Standards and the Corporations Act, and is lodged with the Australian Securities and Investments Commission and the Australian Stock Exchange; and
- The Company's internet website at www.empired.com is regularly updated and provides details of recent material announcements by the Company to the stock exchange, annual reports and general information on the Company and its business. The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as single resolutions.

INTERNET ACCESS TO INFORMATION

Empired maintains a comprehensive Investor Relations section on its website at

www.empired.com/Investors/

You can also access comprehensive information about security holdings at the Computershare Investor Centre at

www-au.computershare.com/investor/

By registering with Computershare's free Investor Centre service you can enjoy direct access to a range of functions to manage your personal investment details. You can create and manage your own portfolio of investments, check your security holding details, display the current value of your holdings and amend your details online.

Changes to your shareholder details, such as a change of name or address, or notification of your tax file number or direct credit of dividend advice can be made by printing out the forms you need, filling them in and sending the changes back to the Computershare Investor Centre.

SHARE REGISTRY ENQUIRIES

Shareholders who wish to approach the Company on any matter related to their shareholding should contact the Computershare Investor Centre in Melbourne:

The Registrar

Computershare Investor Services Pty Ltd
Level 2, 45 St Georges Terrace
Perth WA 6000

Telephone +61 8 9323 2000
Facsimile +61 8 9323 2033

Website www-au.computershare.com/investor

ANNUAL GENERAL MEETING

The 2010 Annual General Meeting of Empired Limited will be held in the:

The Melbourne Hotel
942 Hay Street, Perth WA 6000
at 12pm on Monday, 22 November 2010

Formal notice of the meeting will be circulated to shareholders separate to this report.

STOCK EXCHANGE LISTING

Empired Limited shares are listed on the Australian Stock Exchange (ASX:EPD). The home exchange is Perth.

All shares are recorded on the principal share register of Empired Limited, held by Computershare Investor Services Pty Limited at the following street address:

Computershare Investor Services Pty Ltd
Level 2, 45 St Georges Terrace
Perth WA 6000

EMPIRED LIMITED
469 Murray Street, Perth WA 6000

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INFORMATION SERVICES & TECHNOLOGY