Annual Report 2013

Empired Limited and its Controlled Entities
Annual Financial Report for the Year Ended 30th June 2013

ABN 81 090 503 843

CORPORATE DIRECTORY

DIRECTOR
Mel Ashton (Non-Executive Chairman)
Richard Bevan (Non-Executive Director)
John Bardwell (Non-Executive Director)
Russell Baskerville (Managing Director & CEO)

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

Telephone No: +618 9223 1234
Fax No: +618 9223 1230

COMPANY NUMBER
ACN: 090 503 843

COUNTRY OF INCORPORATION
Australia

COUNTRY DOMICILE AND LEGAL FORM
Empired Limited is the parent entity and an Australian Company limited by shares

COMPANY SECRETARY
Mark Waller

LEGAL ADVISERS
Jackson MacDonald
140 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 PLACES OF BUSINESS

PERTH
(Head Office)
Level 13, Septimus Roe Square
256 Adelaide Terrace
PERTH WA 6000
Telephone No: +618 9223 1234
Fax No: +618 9223 1230

(Conducive Pty Ltd)
Level 4, 110 William Street
PERTH WA 6000
Telephone No: +618 9211 4800
Fax No: +618 6267 8132

MELBOURNE
Level 5, 257 Collins Street
MELBOURNE VIC 3000
Telephone No: +613 8610 0700
Fax No: +613 8610 0701

BRISBANE
Level 9, 288 Edward Street
BRISBANE QLD 4000
Telephone No: +617 3831 3883

WEBSITE ADDRESS:
www.empired.com

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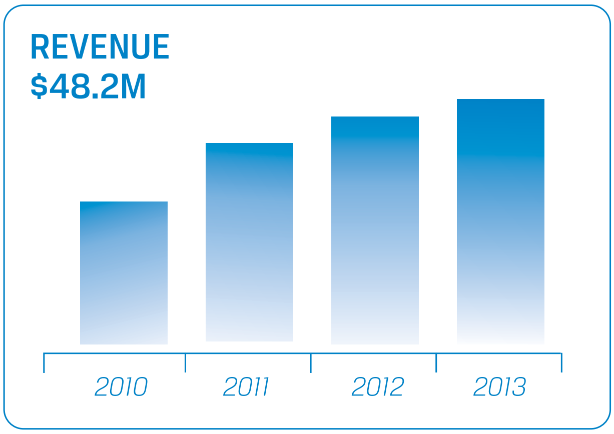
Empired
INFORMATION SERVICES & TECHNOLOGY

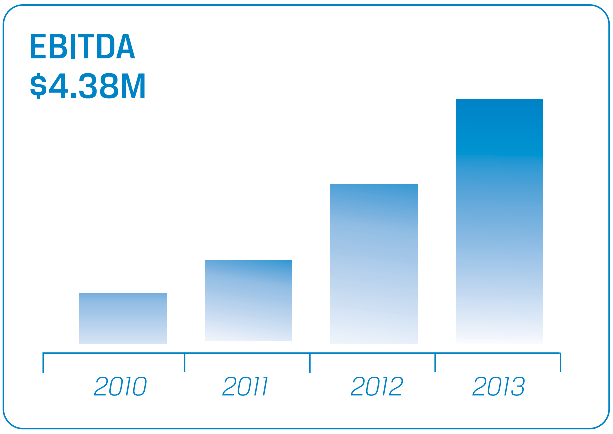
HIGHLIGHTS[1]

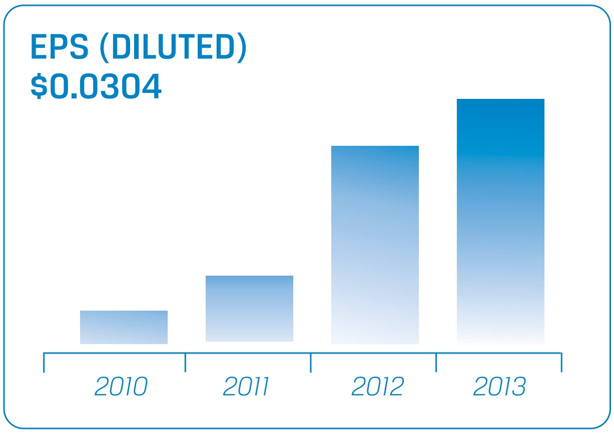
- Record Revenue of $48M up 8%
- Outstanding Services Growth up 46% to $38 million
- Record EBITDA of $4.4 million up 56%
- Strong EBITDA margin expansion from 6% to 9%, a 56% increase
- Solid cash conversion with Net Operating Cashflow of $5.5M, 125% of EBITDA
- Net Profit After Tax increased to $2.1 million up 68%
- Earnings Per Share (fully diluted) up 38% to $0.0304
- Declares final fully franked dividend of $0.005 per share
- Secured multi-million dollar cloud contract, underpinning Empired's "flexScale" Investment
- Acquired Conducive Pty Ltd, accellerating our strategy, enhancing our applications business and expanding the managed services market we contest
- Positioned to contest organic growth opportunities of over $150M in FY14
- Contract announcement imminent on a 'game changing' contract with one of the largest resources companies in the world
- Well placed to capitalise on acquisitive growth opportunities to accelerate our strategy and growth objectives
- Strategically positioned to thrive in a changing market place and drive growth in all key measures over the coming years

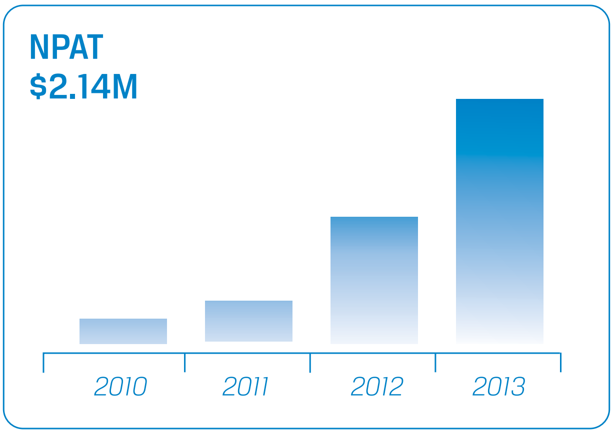
[1] *All financial results referred to in this commentary exclude $322,024 of one off acquisition transaction costs and include a full twelve month contribution for the period 1 July 2012 to 30 June 2013 from Conducive Pty Ltd.* Empired has full legal entitlement to all profits generated from Conducive Pty Ltd for the twelve month period 1 July 2012 to 30 June 2013. *Empired obtained management control of Conducive's business operations on 1 July 2012 and legal ownership of Conducive Pty Ltd on 31 August 2012. AASB 127 of the Australian accounting standards does not allow profits for the period 1 July 2012 to 31 August 2012 to be presented in the financial statements for the half year, these profits have however been reflected in acquired assets and retained earnings.*

UNDERLYING FINANCIAL PEFORMANCE [1]









[1] *All financial results referred to in this commentary exclude $322,024 of one off acquisition transaction costs and include a full twelve month contribution for the period 1 July 2012 to 30 June 2013 from Conducive Pty Ltd. Empired has full legal entitlement to all profits generated from Conducive Pty Ltd for the twelve month period 1 July 2012 to 30 June 2013. Empired obtained management control of Conducive's business operations on 1 July 2012 and legal ownership of Conducive Pty Ltd on 31 August 2012. AASB 127 of the Australian accounting standards does not allow profits for the period 1 July 2012 to 31 August 2012 to be presented in the financial statements for the half year, these profits have however been reflected in acquired assets and retained earnings.*

CHAIRMAN & CEO REVIEW

Dear Shareholder,

On behalf of your board of directors we are delighted to say the previous twelve months has been perhaps one of the most significant periods in Empired's history. During the year we have evolved our business maturity, enhanced the quality and extended the range of our service offerings, we have strengthened our sales team, focussed on large strategic deals and we have made a number of strategic investments that ensure our positioning in the market has never been better.

The reported financial performance was Revenue of $46.5M, EBITDA of $3.57M and NPAT of $1.55M. This excludes the trading performance of Conducive Pty Ltd in July and August. Empired had management control and full entitlement and benefit of Conducive Pty Ltd earnings through this period and this has been adjusted in Empired's retained earnings. Our underlying performance discussed below includes these earnings and the one off costs associated with the transaction. It is our view that this more accurately represents Empired's FY13 underlying financial performance.

Our underlying financial performance[1] during FY13 continued to deliver solid growth in all key metrics with revenue up 8% to $48M and importantly services revenue up 46%. EBITDA grew 56% to $4.4M and net profit after tax was up 68% to $2.1M. Earnings per share continued its consistent year on year growth performance, delivering $0.0304 per share (diluted) up 38% on the prior year.

Of particular note are the pleasing improvements in operating margins and the ability for the underlying business[1] to generate strong cash conversion. EBITDA margins grew by 56% from 5.8% in FY12 to 9.1% in FY13 with full year net operating cash flow of $5.5M, an impressive result particularly in the current economic climate.

The pleasing financial performance and the company's track record of delivering earnings growth and cash flow generation provides the board with confidence in the future sustainability and growth in earnings. The Board is pleased to commence the payment of dividends and has declared a final fully franked dividend of $0.005 per share. The dividend payment represents a conservative payout ratio to NPAT maintaining a strong position to fund growth initiatives that we are confident will continue to drive impressive shareholder returns whilst rewarding our shareholders.

During turbulent and uncertain economic conditions Empired's business model has continued to prove its resilience through the defensive nature of its revenue streams. With revenues currently weighted 75% to WA and 56% to the mining sector many may have expected pressure on our business based on the softening of capital expenditure in these areas. Contrary to this position and whilst many in our sector had a difficult year Empired has prospered with services revenue up some 46%. This is testament to our strategy of focusing on core operational business systems that are fundamental to our customers day to day business performance.

These strategic, financial and operational results continue to build on our reputation of delivering market leading performance reliably year on year. We are confident that FY14 will be no different and are excited by what is shaping up to be another transformational year as we continue to capitalise on our strategic investments and exciting market opportunities.

Russell Baskerville
Managing Director & CEO

CHAIRMAN & CEO REVIEW

A focus on business solutions

In today's business world, enterprises are under continued pressure to drive operational efficiency and improve organisational productivity, whilst continuing to expand service offerings and enhance their customer experience to deliver organisational competitive advantage. The modern enterprise is today turning to IT organisations to assist in meeting these challenges through the development of innovative technology solutions that deliver tangible, measurable business outcomes.

This is driving a shift in the buying behaviour of many organisations when procuring IT Services, seeking the provision of highly customised and tailored business solutions with quantified deliverables and tangible business benefits, where once they sought the provision of simply technical expertise.

Empired is a relatively young IT organisation and has, since inception, focused on IT business solutions and not simply the supply of technical labour. As traditional IT Services organisations attempt to shift their service models, Empired is ahead of the game and well placed to compete and win substantial contracts with major enterprises in this evolving environment.

To provide business solutions, Empired firmly believes that you must have a sound understanding of the industries in which you choose to specialise. For some time now we have spoken about our investment in developing our Energy and Natural Resources (ENR) practice, we are delighted to reference our recent nomination as preferred supplier on what will be a game changing contract for Empired with one of the world's largest iron ore producers. This is a great example of our deep understanding of the ENR industry allowing Empired to provide a genuine and targeted IT business solution to not only compete but win against some of the largest IT services organisations in the world.

During the year we recognised the opportunity to extend our service offering to include application development and software systems, which led to the acquisition of Conducive Pty Ltd. This acquisition has enhanced our ENR capability and considerably broadened the market that Empired can contest.

The acquisition has been highly successful. Culturally the business and people have integrated very well with only 1 staff member out of 54 leaving in the last 12 months. The acquisition has been a strong contributor to profitability, meeting its targets and was pivotal in securing the nomination as preferred supplier on the major contract referred to above.

On the back of this success Empired will continue to accelerate its services portfolio and business solutions through strategic, targeted acquisitions.

We have also recognised the underlying trend in how IT solutions are consumed with a marked shift toward multi-tenanted cloud computing. Empired invested in this trend early with the development of its cloud platform “flexScale” provided out of two data centres with redundancy and real time failover between the facilities in Perth and Melbourne.

flexScale is a highly competitive, enterprise grade facility and we are very pleased to acknowledge Barrick Gold, the world's largest gold miner as our anchor cloud computing client. Barrick Gold has signed a multi-million dollar agreement to manage their core Oracle financial systems for the Asia Pacific region from Empired's “flexScale” cloud platform.

The initiatives and investments discussed throughout this review provide your Board with confidence that Empired is positioned to deliver tangible business solutions that will enable our organisation to thrive in a market of change and opportunity.

Evolving our platform for delivery excellence & operational performance

At our core, our human talent is our strongest asset. During the year we continued to build the breadth and depth of exceptional talent at all levels within our organisation, we have worked hard to ensure our culture and EPIC values are engrained in everything we do and strive to provide an environment that fosters initiative, innovation and growth.

As we continue to grow and become a larger more mature business with ambitions to become a leading Australian IT services organisation we must continue to drive efficiency, productivity and scalable platforms throughout our organisation. This will ensure competitive high quality services, improved margins and operational performance combined with well managed and controlled growth. During the year we delivered a range of enhanced organisational processes and structured our business operations to leverage our expanded range of service offerings. This will ensure we can efficiently scale our

CHAIRMAN & CEO REVIEW

business whilst remaining competitive in the market.

We have recognised that customers increasingly want independent verification of service quality, and on top of our existing ISO9000 certification, we are currently undertaking a program to achieve ISO20000 certification, the leading quality standard in the delivery of operational IT services.

We have significantly enhanced our operational management services with the introduction of our National Operations Centre. This facility is the heart of our Managed Services and, within a centralised location, provides state of the art systems, processes and automation to monitor and manage our customers' core operational business systems. This facility not only provides a strong value proposition to our clients and a competitive advantage, it ensures appropriate work load matching to resource levels, optimal utilisation of resources 24 hours a day and reduced labour effort through automation of rudimentary tasks, all leading to a more efficient and productive environment that will ultimately provide improved operating margins.

An investment has also been made in market leading, real time monitoring, alerting and management software allowing our engineers to proactively monitor risks, system capacity and potential adverse events and to take action prior to major incidents occurring within our clients' core business systems. This will reduce major incidents and outages for our clients, improve our service reputation and lead to reduced labour effort associated with the resolution of these outages.

Finally we have continued to enhance our enterprise resource planning system (ERP) that provides Empired a single source of truth across the entire organisation from lead to cash. This system provides thorough, accurate real time information and reporting on operational and financial key business drivers. This platform ensures a reliable, proven and scalable business system to integrate acquisitions and underpin substantial organic growth for many years to come.

We are confident the investments mentioned above ensure that Empired is well placed to continue to evolve its service offerings in a competitive market place and execute on its growth ambitions in a profitable well managed environment.

Positioned for the future

We have discussed our vision to build a leading Australian IT Services organisation, underpinned by our EPIC values and culture of initiative, innovation and growth to provide an exceptional customer experience and highly compelling value proposition.

We have recognised that to take the next big step, which will include an expanded national presence, ongoing maturing of our systems and processes and the ability to deliver exceptional solutions and customer experience to some of the world's largest enterprises, we need great leadership and strong management. Over the past two years we have invested heavily in attracting the very best talent. We now boast a highly experienced leadership group, a proven well connected and successful business development team that are dedicated to delivering the next organisational changingcontract and a solid operational management team.

EMPIRED EXECUTIVE TEAM

Russell Baskerville
Managing Director & CEO

Rob McCready
Chief Operating Officer

Mark Waller
Chief Financial Officer & Company Secretary

Together this 'A Team' is passionate about collectively driving Empired to be recognised as a major national force in the Australian IT market place.This team has positioned Empired for an exciting period of strategic growth. During FY13 we continued to grow our contracted revenue base providing an exceptional platform for growth into FY14. Arguably more important investment in Fy13 is in positioning Empired to compete over the coming 12 months on approximately $150M of new business. Success in securing a number of these major contracts will materially change the level of our contracted recurring revenue and underpin our success for years to come. On this basis we expect an exciting period of new contract announcements over the coming year.

We will accelerate the execution of our strategy through targeted, strategic acquisitions that will expand our services portfolio, our geographic reach, the major enterprises we work with and the depth of our most important asset, human talent. We have demonstrated great success in our execution and integration of acquisitions, with Conducive Pty Ltd (fully integrated in all aspects during the year) positioned to double revenue nine months following following completion and only one staff member leaving.

To support this team and our ambitious growth objectives we have invested in state of the art processes, automation and operational delivery systems that will continue to be developed and enhanced to ensure that Empired has no operational constraints to its growth ambitions and can deliver on its commitments in a low risk, predictable and profitable manner.

We are confident that our planning and execution will help deliver another transformational and exciting year for Empired and all its stakeholders!

We would like to thank our people for their conviction and passion in achieving excellence and striving tirelessly toward Empired's goals.

Further, we extend our sincere appreciation to our shareholders who have demonstrated great support to Empired and play a pivotal role in our success.

In closing, we would like to acknowledge our clients that trust Empired to consistently deliver reliable, high quality services that enable their businesses every day. We thank you for this opportunity and provide our commitment in striving to continue to meet and exceed your expectations.

Your Board and management team look forward to delivering on what is sure to be an exciting year ahead!

Russell Baskerville

Mel Ashton

Greg Leach
Chief Technology Officer

Branden Dekenah
General Manager
Enterprise Applications

Brett Gresele
General Manager
Infrastructure Services

DIRECTORS' REPORT

The directors present their report on the consolidated entity comprising Empired Limited ("the Company") and its controlled entities ("the Group") for the year ended 30 June 2013.

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.

DIRECTOR

Name	Age	Experience and special responsibilities
Mel Ashton Chairman	55	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. Other current directorships: Gryphon Minerals Ltd Renaissance Minerals Limited Resource Development Group Limited Venture Minerals Limited

DIRECTOR

Name	Age	Experience and special responsibilities
Russell Baskerville Managing Director & CEO	35	Mr Baskerville is an experienced business professional and has worked in the IT industry for in excess of 15 years. He has extensive knowledge in both the strategic growth and development of technology businesses balanced by strong commercial and corporate skills including strategy development and execution, IPO's, capital raisings, divestments, mergers and acquisitions. Mr Baskerville has been the Managing Director of Empired for seven years and has successfully listed the company on ASX and made a number of successful acquisitions. Mr Baskerville was previously a Non Executive of BigRedSky Limited successfully developing and commercialising a SaaS delivered eRecruitment tool prior to the company being acquired by Thomson Reuters. Previous directorships (last 3 years): None.

DIRECTOR

Name	Age	Experience and special responsibilities
Richard Bevan Non Executive Director	47	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. Richard has been involved in a number of businesses in areas as diverse as healthcare, construction and engineering, resources 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. Other current directorships: Cassini Resources Limited Previous directorships (last 3 years): Metals of Africa Limited

DIRECTOR

Name	Age	Experience and special responsibilities
John Bardwell Non Executive Director	53	Mr Bardwell has had a long career in the financial services and IT sectors through a variety of senior leadership positions. Previous executive experience includes Head of IT Services at Bankwest, Managed Services Director at Unisys West and more recently as the General Manager of Delivery Services at Empired Ltd prior to his appointment to the Board as a non executive Director. Through his own consulting practice, Mr Bardwell also provides management consulting expertise to a broad range of organisations in the financial services, IT and utilities sectors. Mr Bardwell is also a Director of CommunityWest, a provider of professional services to the aged healthcare sector across Western Australia. Mr Bardwell holds a Bachelor of Business and a Graduate Diploma in Applied Finance and Investment. He is a Graduate Member of the Australian Institute of Company Directors and a Fellow of the Financial Services Institute of Australasia. Previous directorships (last 3 years): None

COMPANY SECRETARY

Name	Age	Experience and special responsibilities
Mark Waller CFO & Company Secretary	34	Mr Waller 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. Mr Waller holds a degree in business from Curtin University majoring in Accounting and Business Law and is a Certified Practicing Accountant. Mr Waller has worked in the Professional Services sector for fifteen years and also brings experience from directorships with IT companies involved in early stage development and commercialisation to eventual sale to working for Ernst & Young. Mr Waller was previously a Non Executive Director of BigRedSky Limited successfully developing and commercialising a SaaS delivered eRecruitment tool prior to the company being acquired by Thomson Reuters.

Directors' Meetings

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

Name of Director	Number of meetings held while a Director	Number of meetings attended as a Director during the year ended 30 June 2013	No of Audit or Remuneration Committee meetings Attended during the year ended 20 June 2013
Russell Baskerville	10	10	2
Mel Ashton	10	9	2
Richard Bevan	10	9	2
John Bardwell	10	10	2

Principal Activities

The principal activity of the consolidated entity during the year is the continued operation of its IT 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

On 31st August, 2012, Empired Limited acquired 100% of shares in Conducive Pty Ltd for $ 9,679,427

5,000,000 shares were issued during the year as part of the purchase price to acquire Conducive Pty Limited.

3,700,000 employee options were exercised during the year.

Events subsequent to reporting date

There are no events to report subsequent to reporting date.

Environmental Regulation

The consolidated entity's operations are not subject to any significant environmental regulations under a law of the Commonwealth or State or Territory in Australia.

Financial Position

The net assets of the consolidated group have increased by $3,926,953 from 30 June 2012 to $15,178,951. This is largely due to the following factors:

- The acquisition of Conducive Pty Ltd
- Improved operating performance of the Group
- Proceeds from the exercise of options

During the past three financial years, the group has invested in infrastructure to secure its long-term success. In particular, strategic investments have been made in growth by acquisition as well as expanding investment in key business segments. The company's holdings in associated companies and joint venture entities have increased by $9,678,374 to $10,039,088.

Dividends

The directors recommend that a final fully franked dividend of 0.50 cents per share (2012: Nil), amounting to $339,590, be recorded on 12 September, 2013 and paid to shareholders on 26 September 2013.

Operating Results for the Year

The net profit after tax from continuing operations for the year for the consolidated entity is $ 1,549,840 (2012: $1,273,344). To refer to the operational results within the chairman and CEO report.

Likely Developments

Except as detailed in the Chairman and Managing Director's Review on pages 7 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 and Performance Rights

Share Options and Performance Rights Granted to Directors and Officers

Performance Rights were granted to the Managing Director under the Long Term Incentive Plan approved by shareholders at the AGM held on the 29th of November 2012. Performance Rights were also granted to Executive Officers under the Long Term Incentive Plan. Information relating to this grant is at note 13 to the financial statements.

Unissued Shares

At the date of this report, there were 3,050,000 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

3,700,000 share options were exercised during the financial year, refer to note 18 for details.

Share issues during the year

5,000,000 shares were issued during the year as satisfaction of the purchase price of Conducive Pty Ltd, refer to note 18 for details.

Auditor's Independence Declaration

The lead auditor's Independence Declaration for the year ended 30 June 2013 has been received and can be found on page 79 of the financial report.

Non-Audit Services

There were no non-audit services provided by the entity's auditor, Grant Thornton Audit Pty Ltd (2012: nil).

The directors in accordance with the advice from the audit committee, is satisfied that no non-audit services were provided during the year. The directors are satisfied of the external auditor's independence for the following reasons:

- no non-audit services were provided during the year; and
- in the event services were provided they would not compromise the general principles relating to auditor independence in accordance with APES 110:Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Indemnities given and insurance premiums paid to auditors and officers

During the year, Empired Ltd paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all directors.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of the insurance policies is not disclosed as such disclosure is prohibited under the terms of the contract.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the Group against a liability incurred as such by an officer or auditor.

Proceedings on behalf of the company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Remuneration Report (Audited)

This report outlines the remuneration arrangements in place for directors and executives of Empired Limited (the Company), prepared in accordance with the Corporation Act 2001 and Corporations Regulations 2001.

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; and
- Establish appropriate, demanding performance hurdles for variable executive remuneration.

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 directors 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 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 2013 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 companywide, 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 2013 financial year 11% of the STI cash bonus has been paid to executives (2012: 72%).

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 performance rights (2012: share options).

Table 2 below provides details of performance rights and options granted and the value of equity instruments granted, exercised and lapsed during the year. The performance rights were issued free of charge. Each performance right entitles the holder to subscribe for one fully paid ordinary share in the entity based on achieving vesting conditions at a nil exercise price. 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 & CEO
Terms of agreement - commenced 1 July 2005, until terminated by either party.
Salary - base $360,000 per annum with an additional STI cash bonus capped at $158,400 based on achievement of targets set by the Board of directors and LTI bonus capped at $111,600.
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.

Richard Bevan - Non Executive Director
Terms of agreement - appointed 31 January 2005, until terminated by either party.
Fee - fixed $50,000 per annum.

John Bardwell - Non Executive Director
Terms of agreement - appointed 26 September 2011, 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 $271,731 per annum with an additional STI cash bonus capped at $103,258 and LTI bonus capped at $70,650
Termination - one month's written notice or one month's remuneration in lieu.

Rob McCready - Chief Operating Officer
Terms of Agreement - commenced 3 October 2011, until terminated by either party.
Salary - base $284,755 per annum with an additional STI cash bonus capped at $108,207 and LTI bonus capped at $71,189.
Termination - one month's written notice or one month's remuneration in lieu.

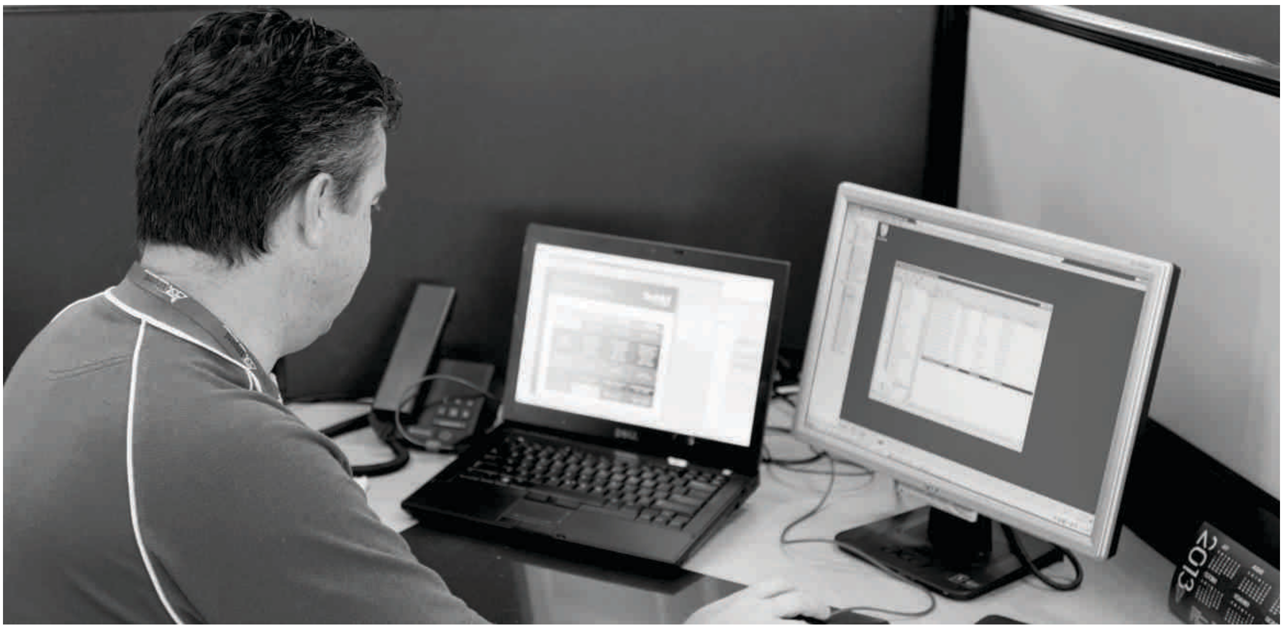


Table 1: Directors' and executives' remuneration for the year ended 30 June 2013 & 30 June 2012

		SHORT TERM BENEFITS		POST EMPLOYMENT	LONGTERM BENEFITS (LTI)	TOTAL	% PERFORMANCE RELATED
		SALARY & FEES	CASH STI	SUPERANNUATION	EQUITY OPTIONS		
NON-EXECUTIVE DIRECTORS							
M. Ashton	2013	75,000	-	-	-	75,000	-
Chairman	2012	75,000	-	-	-	75,000	-
R. Bevan	2013	45,872	-	4,128	-	50,000	-
Non-Executive Director	2012	45,872	-	4,128	-	50,000	-
J. Bardwell	2013	50,000	-	-	-	50,000	-
Non-Executive Director	2012	131,393	-	-	-	131,393	-
EXECUTIVE DIRECTORS							
R. Baskerville	2013	360,000	-	-	37,612	397,612	9.46%
Chief Executive	2012	360,000	60,000	-	-	420,000	14.29%
KEY MANAGEMENT							
M. Waller	2013	269,045	20,000	24,455	28,406	341,906	14.16%
Company Secretary & Chief Financial Officer	2012	219,625	69,800	19,766	-	309,191	22.57%
R. McCready	2013	260,753	20,000	23,468	28,406	332,627	14.55%
Chief Operating Officer	2012	182,433	90,000	16,419	48,000	336,852	26.72%

Table 2: Options and Performance Rights 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
2013						
NON-EXECUTIVE DIRECTORS						
M. Ashton	-	-	-	-	-	-
R. Bevan	-	-	-	-	-	-
J. Bardwell	-	-	-	-	-	-
EXECUTIVE DIRECTORS						
R. Baskerville	29/11/2012	600,000	$0.40	37,612	37,612	9.46%
KEY MANAGEMENT						
M. Waller	10/04/2013	375,000	$0.505	28,406	28,406	8.82%
R. McCready	10/04/2013	375,000	$0.505	28,406	28,406	9.09%
2012						
NON-EXECUTIVE DIRECTORS						
M. Ashton	-	-	-	-	-	-
R. Bevan	-	-	-	-	-	-
J. Bardwell	-	-	-	-	-	-
EXECUTIVE DIRECTORS						
R. Baskerville	-	-	-	-	-	-
KEY MANAGEMENT						
M. Waller	-	-	-	-	-	-
R. McCready	21/02/2012	750,000	$0.064	48,000	48,000	14.25%

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	Performance Rights
DIRECTOR			
Russell Baskerville	9,097,233	2,550,000	600,000
Mel Ashton	-	-	-
Richard Bevan	-	-	-
John Bardwell	4,099,904	500,000	-
KEY MANAGEMENT			
Mark Waller	1,343,070	1,150,000	375,000
Rob McCready	200,000	750,000	375,000

D. Voting and comments made at the company's 2012 Annual General Meeting

Empired Limited received 100% of “yes” votes on its remuneration report for the 2012 financial year. The company did not receive any specific feedback at the AGM on its remuneration report.

Signed in accordance with a resolution of directors.

Russell Baskerville
Managing Director
29th August 2013

Rob McCready
Chief Operating Officer

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, executives including executive directors were evaluated against Board approved budgets and key performance indicators which were approved by the Board as part of the annual planning process.

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 four directors who are appointed to ensure that the Company is run in the interest of the shareholders. Of those four directors, two are independent. Russell Baskerville is an executive director and is not classified as independent. John Bardwell previously worked in the executive management team of the Company and has a substantial shareholding in the Company and is not classified as independent. The Company has not complied with this recommendation during the 2013 financial year. 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 12 to 13.

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 2013 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.

CORPORATE GOVERNANCE STATEMENT

Recommendation 2.4 – The Board should establish a nomination committee.

Currently no formal committee to the Board has 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 Company's human resources policies ensure that company assets are used appropriately for business purposes, confidential information is maintained as confidential and parties act so as to no conflict with the Company's interests. The code of conduct adopted is available on the Company's website www.empired.com.

Recommendation 3.2 – Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.

The Company has a policy in place to:

- ensure all employees are treated fairly and with respect;
- attract, develop and retain the right employees;
- build an environment where all employees can be successful without bias by race, gender, religion, age, culture or lifestyle choices;
- ensure all employees are treated and evaluated according to their ability, qualifications and aptitude.

The Company's policy is reviewed, measured and reported to the Board annually.

As at June 30, 2013 13% of the Company's workforce was female. There are no females on the Board of Empired and 18% of the Senior Management team are female. The Board are committed to driving diversity through the Company's workforce. The Board's goal is to increase these figures annually taking into account the adopted policy summarised above.

PRINCIPLE 4 – Safeguard integrity of financial reporting.

Recommendation 4.1 – The Board should establish an audit committee.

The Board has an established Audit Committee. The role of the Audit Committee is to ensure independent oversight of the accounting functions and internal controls of Empired and ensure the objectivity of Empired's financial statements.

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.**

The Audit Committee consists of the full Board of directors including Russell Baskerville who is an executive director. The Chair of the Audit Committee is also the Chair of the Board. The Committee consists of four members. The Company has no complied with this recommendation.

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 of 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 2013.

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 efficiency 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 – The remuneration committee should be structured such that it:

- **consists of a majority independent directors**
- **is chaired by an independent chair**
- **has at least three members**

Due to the structure of the Board, a separate remuneration committee is not considered to add any efficiency 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 8.3 – 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.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013

	NOTE	2013 $	2012 $
Revenue	3	46,498,244	44,661,238
Cost of sale		(33,565,921)	(33,215,998)
Gross profit		12,932,323	11,445,240
Other income	3	54,089	46,620
Legal Expenses		(98,241)	(28,375)
Marketing expenses		(73,370)	(57,706)
Occupancy expenses		(1,076,390)	(1,160,772)
Finance costs		(473,289)	(257,229)
Employee benefits		(6,315,657)	(5,785,185)
Depreciation expenses		(1,203,607)	(633,292)
Other expenses	4	(1,767,097)	(1,851,577)
Profit before income tax		**1,978,761**	**1,717,724**
Income tax expense	5	(428,921)	(444,380)
Profit for the year		1,549,840	1,273,344
Other comprehensive income		-	-
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive income for the period		**1,549,840**	**1,273,344**

EARNINGS PER SHARE		2013	2012
Basic earnings per share	6	2.3640	2.5876
Diluted earnings per share	6	2.2069	2.2019

This Statement of Profit or Loss and other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	NOTE	2013 $	2012 $
ASSETS			
Current Assets			
Cash and cash equivalents	7	2,085,913	1,393,716
Trade and other receivables	8	5,841,882	9,765,075
Work in progress	9	1,601,992	1,419,211
Other current assets	10	1,199,811	270,675
Total Current Assets		**10,729,598**	**12,848,677**
Non-Current Assets			
Property, plant and equipment	11	7,999,000	4,088,348
Intangible assets	12	11,661,706	4,170,958
Deferred tax asset	5	865,400	470,968
Total non-current assets		**20,526,106**	**8,730,274**
TOTAL ASSETS		**31,255,704**	**21,578,951**
LIABILITIES			
Current Liabilities			
Trade and other payables	14	7,182,271	7,596,850
Borrowings	15	1,874,360	511,416
Provisions	16	1,214,823	1,054,363
Total Current Liabilities		**10,271,454**	**9,162,629**
Non-Current Liabilities			
Borrowings	15	4,010,807	554,095
Provisions	16	172,374	95,346
Deferred tax liability	5	1,622,118	514,928
Total Non-Current Liabilities		**5,805,299**	**1,164,369**
TOTAL LIABILITIES		**16,076,753**	**10,326,998**
NET ASSETS		**15,178,951**	**11,251,953**
EQUITY			
Issued capital	18	8,779,678	6,456,310
Reserves	17	461,126	407,336
Retained profits		5,938,147	4,388,307
TOTAL EQUITY		**15,178,951**	**11,251,953**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2013

	NOTE	2013 $	2012 $
Cash flows from operating activities			
Receipts from Customers		50,144,238	40,845,904
Payments to suppliers and employees		(43,308,824)	(41,677,654)
Borrowing costs		(383,126)	(206,821)
Income tax paid		(919,919)	(57,275)
interest received		54,762	44,470
Net cash flows from /(used in) operating activites	7	**5,587,131**	**(1,051,376)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(4,985,338)	(3,033,101)
Purchase of other assets		(3,361,823)	(253,298)
Net cash flows (used in) investing activities		**(8,347,161)**	**(3,286,399)**
Cash flows from financing activities			
Proceeds from issue of shares		1,073,368	3,606,994
Repayment of borrowings		(1,127,824)	(164,866)
Repayment of finance lease liabilities		(762,875)	(287,949)
Proceeds from borrowings		4,269,558	1,191,782
Cash flows from financing activities		**3,452,227**	**4,345,961**
Net increase in cash and cash equivalents		692,197	8,186
Cash and cash equivalents at beginning of period		1,393,716	1,385,530
Cash and equivalents at end of period	7	**2,085,913**	**1,393,716**

This Statement of Cash Flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2013

	Issued capital $	Retained Earnings $	Employee Equity Benefits Reserve $	Total Equity $
Balance at 30 June 2011	**2,849,315**	**3,114,963**	**356,527**	**6,320,805**
Total comprehensive income for the period	-	1,273,344	-	1,273,344
Exercise of options	152,887	-	-	152,887
Cost of share-based payments	-	-	50,809	50,809
Shares Issued during the year	3,600,000	-	-	3,600,000
Transaction Cost	(145,892)	-	-	(145,892)
Balance at 30 June 2012	**6,456,310**	**4,388,307**	**407,336**	**11,251,953**
Total comprehensive income for the period	-	1,549,840	-	1,549,840
Exercise of options	1,080,000	-	-	1,080,000
Cost of share-based payments	-	-	53,790	53,790
Shares issued during the year	1,250,000	-	-	1,250,000
Transaction cost	(6,632)	-	-	(6,632)
Balance at 30 June 2013	**8,779,678**	**5,938,147**	**461,126**	**15,178,951**

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

Mark Waller
Chief Financial Officer

1. CORPORATE INFORMATION

The financial report of Empired Ltd for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the directors on 28 August 2013.

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.

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.

(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 2013. These are outlined in the table below.

New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting period, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

- AASB 9: Financial Instruments (December 2010) and AASB 2010-7: Amendments to Australia Accounting Standards arising from AASB 9 (December 2010).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Statement of compliance (continued)

This standard is mandatorily applicable for annual reporting periods commencing on or after 1 January 2013. However, AASB 2012-6 defers the application date of AASB 9 from 1 January 2013 to 1 January 2015. AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities.

- AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011) and AASB 128: Investments in Associates and Joint Ventures (August 2011) (as amended by AASB 2012-10: Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments), and AASB 2011-7: Amendments to Australian Accounting Standards.

AASB 10 provides a revised definition of "control" and additional application guidance so that a single control model will apply to all investees. When adopted, this Standard is not expected to significantly impact the Group's financial statements.

AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). When adopted, this Standard is not expected to significantly impact the Group's financial statements.

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity: concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. When adopted, this Standard will affect disclosures only and therefore is not expected to significantly impact the Group's financial statements.

- AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 2013 (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted by other Standards.

These Standards are expected to result in more detailed fair value disclosures, but are not expected to significant impact the amounts recognised in these financial statements.

- AASB 2011-4: Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (applicable for annual reporting periods beginning on or after 1 January 2013).

This Standard makes amendments to AASB 124 Related Party Disclosures to remove the individual key management personnel (KMP) disclosure requirements by Australia specific paragraphs.

When adopted, these amendments are unlikely to have any significant impact on the financial statements.

- AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) (applicable for annual reporting periods beginning on or after 1 January 2013).

This Standard introduces a number of changes to presentation and disclosure of a defined benefit plan. AASB 119 also includes changes to the criteria for determining when termination benefits should be recognised as obligation.

The entity does not have any defined benefit plans. Therefore, these amendments will have no significant impact on the entity.

- AASB 2012-2: Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (application for annual reporting periods commencing on or after 1 January 2014).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Statement of Compliance (continued)

This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangments, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's statement of financial position.

When adopted, there will be no impact on the entity as the entity does not have any netting arrangements in place.

- AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 (applicable for annual reporting periods beginning on or after 1 January 2013).

These amendments are a consequence of the annual improvement process, which provides a vehicle for making non-urgent but necessary amendments to Standards.

When these amendments are first adopted, this Standard is not expected to significantly impact the Group's financial statements.

(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').

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 - 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 usinga 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 de-recognition 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 except where incurred in relation to qualifying assets where borrowing costs are capitalised.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 statement of comprehensive income 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.

Research and Development Costs

Research costs are expensed as incurred.

Development expenditure incurred on an individual project is carried forward when its future recoverability can be reasonably assured.

Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Software

Costs incurred in developing software are capitalised where future financial benefits can be reasonably be assured. These costs include employee costs incurred on development along with appropriate portion of relevant overheads

Amortisation is calculated on a straight-line basis depending on the useful life of the asset.

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 statement of comprehensive income 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 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 segments in accordance with the aggregation criteria of AASB 8. During the year the Group had reliance on one customer whose revenues represent 15.5% of the revenue of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 used 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 significant or 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 statement of financial position 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 statement of cash flows, 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 statement of comprehensive income 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Employee 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 provision

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 three plans in place to provide these benefits:

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Leases (continued)

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 statement of comprehensive income 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 ratethat 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 statement of comprehensive income.

(t) Income tax

Deferred income tax is provided on all temporary differences at the reporting 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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Income tax (continued)

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 reporting 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 reporting date.

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

(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 statement of financial position.

Cash flows are included in the statement of cash flows 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 opposite.

The Group tests annually whether goodwill 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 22.

(ii) Share based payments

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(iii) Long service leave provision

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

(iv) Estimation of useful lives of assets

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

3. REVENUES

	2013 $	2012 $
Sales Revenue		
Sales	46,498,244	44,661,238
Other Revenue		
Interest	53,618	44,470
Foreign Exchange gain	-	2,150
Insurance Claim	278	-
Gain on interest swap	193	-
	54,089	46,620
Total Revenue	46,552,333	44,707,858

4. EXPENSES

Profit before income tax includes the following expenses:

	2013 $	2012 $
Operating Lease Rentals		
Minimum Lease payments	11,486	11,496
	11,486	**11,496**
Other Expenses		
Insurance	138,459	156,594
Travel	426,577	352,669
Administration	518,414	842,567
Other	672,151	488,251
	1,755,601	**1,840,081**
Total Other Expenses	**1,767,097**	**1,851,577**

5. INCOME TAX

(a) Income tax expense	2013 $	2012 $
The major components of income tax expense are:		
Current income tax payable	-	245,410
Deferred income tax relating to origination and reversal of temporary differences	785,105	208,200
Adjustments	(356,184)	(9,230)
Income tax expense reported in statement of comprehensive income	**428,921**	**444,380**

5. INCOME TAX (continued)

(b) Amounts charged (credited) directly to equity	2013 $	2012 $
Capital Raising transaction costs	(2,843)	(62,526)
Deferred tax assets recognised on acquisition	(77,860)	-
Deferred tax liabilities recognised on acquisition	8,354	-
	(72,349)	**(62,526)**

(c) Numerical Reconciliation between aggregate tax expense recognised in the comprehensive income statement and tax expense calculated per the statutory income tax rate	2013 $	2012 $
Prima facie tax on operating profit calculated at 30% (2012: 30%)	593,629	515,318
	593,629	**515,318**
Add Tax effect of:		
Non-deductible Expenses	-	375,031
Other non-deductible expenses	111,567	63,302
R&D 40% non-refundable offset	(272,907)	(500,041)
Over/Under provision of tax prior years	(3,368)	(9,230)
Aggregate income tax expense	**428,921**	**444,380**

5. INCOME TAX (Continued)

(d) Recognised deferred tax assets and liabilities	2013 $	2012 $

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

	2013 $	2012 $
(i) Deferred tax liabilities		
Prepaid expenses	-	(10,897)
Fixed assets	1,141,076	(78,268)
Work in progress	480,598	(425,763)
Accrued interest	444	-
Gross deferred tax liabilities	**1,622,118**	**(514,928)**
(ii) Deferred tax assets		
Provisions	583,139	410,590
Equity raising costs	39,789	50,021
Borrowing costs	20,662	10,356
s40-880 costs	5,334	-
R&D Tax Offsets	216,476	-
Gross deferred assets	**865,400**	**470,967**

(e) 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.

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.

6. EARNINGS PER SHARE (continued)

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

	2013 $	2012 $
Net profit attributable to ordinary equity holders of the parent	1,549,840	1,273,344

	2013 Thousands	2012 Thousands
Weighted average number of ordinary shares for basic earnings per share	65,561	49,210
Effect of dilution:		
Share options	4,665	8,620
Weighted average number of ordinary shares adjusted for the effect of dilution	**70,226**	**57,830**

7. CASH AND CASH EQUIVALENTS

(i) Reconciliation of Cash

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

	Note	2013 $	2012 $
Cash at bank and in hand		1,650,890	860,113
Term Deposit	(a)	435,023	533,603
		2,085,913	**1,393,716**

(a) - The effective interest rate on the short term deposits was 4.57% (2012: 5.31%).

7. CASH AND CASH EQUIVALENTS (continued)

(ii) Financing facilities available

At reporting date the following facilities were available:

	Note	2013 $	2012 $
Bank overdraft facility		2,963,029	3,388,000
Loan facility	(b)	3,652,000	-
		6,615,029	**3,388,000**

The overdraft facility availability is based on 50% of the Company's debtor book at the end of month, and has an upper limit of $4,000,000.

(b) - A floating charge over the assets of the consolidated group has been provided for certain debts. Refer to note 15 for further details.

(iii) Reconciliation of net cash flows from operating activities to operating profit after income tax

	2013 $	2012 $
Operating profit after income tax	1,549,840	1,273,344
Depreciation	1,203,607	633,292
Option Plan Expense	53,790	50,810
Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:		
(Increase)/Decrease in receivables	3,923,097	(3,809,552)
Decrease in other assets	(182,781)	-
(Increase)/decrease in prepayments	(88,648)	(7,583)
Increase/(decrease) in creditors	(1,390,640)	1,483,195
Increase/(decrease) in other creditors	135,188	(757,482)
Increase/(decrease) in accrued liabilities	(847,954)	308,833
Increase/(decrease) in unearned income	(94,419)	(5,782)
Decrease in income tax payable	919,919	(236,396)
Increase in provision for employee entitlements	406,132	15,945
Net cash from operating activities	**5,587,131**	**(1,051,376)**

(iv) Non-cash investing and financing activities

Acquisition of plant and equipment by means of finance lease	4,158,765	1,012,967

7. CASH AND CASH EQUIVALENTS (continued)

(v) Acquisition of Entities

Refer note 25

(vi) Credit Standby Arrangements with Banks

Refer note 15

8. TRADE AND OTHER RECEIVABLES

	2013 $	2012 $
Trade receivables	5,841,882	9,765,075

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 impaired and are past due. It is expected these balances will be received when due. Impaired assets are provided for in full.

9. WORK IN PROGRESS

	2013 $	2012 $
Work in progress at cost	1,601,992	1,419,211

10. OTHER CURRENT ASSETS

	2013 $	2012 $
Prepayments	357,209	270,675
Provision for income tax	842,602	-
	1,199,811	270,675

11. PROPERTY, PLANT AND EQUIPMENT

Lease Improvements		
At cost	567,742	247,315
Accumulated depreciation	(129,495)	(72,712)
Total Lease Improvements	438,247	174,603
Computer Hardware		
At cost	6,675,152	3,757,898
Accumulated depreciation	(1,474,198)	(903,104)
Total Computer Hardware	5,200,954	2,854,794
Computer Software		
At cost	3,422,648	1,838,844
Accumulated depreciation	(1,254,119)	(840,350)
Total Computer Software	2,168,529	998,494
Equipment & Fittings		
At cost	332,298	169,938
Accumulated depreciation	(141,028)	(109,481)
Total Equipment & Fittings	191,270	60,457
Total Plant and Equipment	**7,999,000**	**4,088,348**

11. PROPERTY, PLANT AND EQUIPMENT (continued)

2013	Lease Improvement $	Computer Hardware $	Computer Software $	Equipment & Fittings $	Total $
Gross carrying amount					
Balance 1 July 2012	247,315	3,757,899	1,838,844	169,938	6,013,996
Additions	320,427	2,871,742	1,364,589	131,799	4,688,557
Acquisitions through business combination	-	45,511	219,215	32,055	296,781
Disposals	-	-	-	(1,494)	(1,494)
Balance 30 June 2013	567,742	6,675,151	3,422,649	332,298	10,997,840
Depreciation and impairment					
Balance as at 1 July 2012	(72,712)	(903,104)	(840,350)	(109,481)	(1,925,647)
Disposals	-	-	-	627	627
Depreciation	(56,783)	(571,093)	(413,770)	(32,174)	(1,073,820)
Balance 30 June 2013	(129,495)	(1,474,198)	(1,254,119)	(141,028)	(2,998,840)
Carrying amount 30 June 2013	**438,247**	**5,200,954**	**2,168,529**	**191,270**	**7,999,000**

2012	Lease Improvement $	Computer Hardware $	Computer Software $	Equipment & Fittings $	Total $
Gross carrying amount					
Balance 1 July 2011	247,315	1,533,518	990,900	161,883	2,933,615
Additions	-	2,224,381	847,945	8,296	3,080,621
Acquisitions through business combination	-	-	-	-	-
Disposals	-	-	-	(241)	(241)
Balance 30 June 2012	247,315	3,757,899	1,838,844	169,938	6,013,996
Depreciation and impairment					
Balance as at 1 July 2011	(29,062)	(715,906)	(510,621)	(101,298)	(1,356,886)
Disposals	-	-	-	132	132
Depreciation	(43,651)	(187,198)	(329,729)	(8,315)	(568,893)
Balance 30 June 2012	(72,712)	(903,104)	(840,350)	(109,481)	(1,925,648)
Carrying amount 30 June 2012	**174,603**	**2,854,794**	**998,494**	**60,457**	**4,088,348**

12. INTANGIBLE ASSETS

	2013 $	2012 $
Goodwill		
Cost	11,296,386	3,948,764
Accumulated impaired losses	-	-
Net carrying value	**11,296,386**	**3,948,764**
Software		
Cost	310,096	286,484
Accumulated impaired losses	-	-
Amortisation charge	(158,503)	(64,290)
Net carrying value	151,593	222,194
Other		
Cost	249,303	-
Accumulated impaired losses	-	-
Amortisation charge	(35,576)	-
Net carrying value	213,727	-
Total intangibles	**11,661,706**	**4,170,958**

Goodwill assumptions have been detailed within note 22. No impairment was recorded.

During the financial year intangibles allocated as “other” were recognised as part of the acquisition of Conducive Pty Ltd. Refer to note 25 Acquisitions for more information.

12. INTANGIBLE ASSETS (continued)

	Goodwill	Software	Other	Total
Year end 30 June 2012				
Balance at the beginning of year	3,948,764	29,685	-	3,978,449
Additions	-	256,799	-	256,799
Disposals	-	-	-	-
Amortisation charge	-	(64,290)	-	(64,290)
Impairment losses	-	-	-	-
Closing value at 30 June 2012	**3,948,764**	**222,194**	**-**	**4,170,958**
Year end 30 June 2013				
Balance at the beginning of year	3,948,764	222,194	-	4,170,958
Additions	7,347,622	23,611	249,303	7,620,536
Disposals	-	-	-	-
Amortisation charge	-	(94,212)	(35,576)	(129,788)
Impairment losses	-	-	-	-
Closing value at 30 June 2013	**11,296,386**	**151,593**	**213,727**	**11,661,706**

Intangible assets, other than goodwill, have finite lives and are required to be amortised over their expected lives. Goodwill has an infinite life.

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.

No options were granted to employees during the financial year.

13. EMPLOYEE BENEFITS (continued)

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

	2013 No.	2013 WAEP	2012 No.	2012 WAEP
Outstanding at the beginning of the year	374,671	$0.22	1,306,748	$0.272
Granted during the year	-	-	-	-
Forfeited during the year	(74,671)	$0.30	-	-
Exercised during the year	(300,000)	$0.20	(39,070)	$0.30
Expired during the year	-	-	(893,007)	$0.31
	-	-	374,671	$0.22
Exercisable at the end of the year	-	-	374,671	$0.22

The weighted average contractual life for the share options outstanding as at 30 June 2013 is nil years (2012: 0.34 years).

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

Expiry Date	Exercise Price	2013 No.	2012 No.
1 August 2012	$0.30		74,671
26 November 2012	$0.20	-	300,000
Total		-	**374,671**

(b) Empired executive share option plan

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

Options issued under the ESOP1 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:
- any vested options that are unexercised on the third anniversary of their grant date will expire; and
- upon exercise, options will be settled in ordinary shares of Empired Limited.

13. EMPLOYEE BENEFITS (continued)

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

	2013 No.	2013 WAEP	2012 No.	2012 WAEP
Outstanding at the beginning of the year	6,450,000	$0.319	7,950,000	$0.31
Granted during the year	-	-	1,250,000	$0.40
Forfeited during the year	-	-	(500,000)	$0.40
Exercised during the year	(3,400,000)	$0.30	(589,999)	$0.239
Expired during the year	-	-	(1,660,001)	$0.314
Outstanding at the end of the year	3,050,000	$0.351	6,450,000	$0.324
Exercisable at the end of the year	2,550,000	$0.341	4,200,000	$0.319

As at 30 June 2013 there were 3,050,000 options over ordinary shares with an average exercise price of $ 0.351 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 2013 is 1.29 years (2012: 0.87 years).

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

	Exercise Price	2013 No.	2012 No.
1 December 2014	$0.40	800,000	800,000
26 November 2012	$0.30	-	3,400,000
12 January 2014	$0.30	1,500,000	1,500,000
20 February 2015	$0.40	250,000	250,000
20 February 2016	$0.40	250,000	250,000
20 February 2017	$0.40	250,000	250,000
Total		3,050,000	6,450,000

13. EMPLOYEE BENEFITS (continued)

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.

	2013 No.	2013 WAEP	2012 No.	2012 WAEP
Outstanding at the beginning of the year	-	-	100,000	$0.30
Expired during the year	-	-	(100,000)	$0.30
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

There are no outstanding share options under this plan at 30 June 2013. The fair value of the options are estimated at the date of grant using a Black Scholes model.

d) Empired sales executive share option plan

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of share options issued under the ESOP3.

	2013 No.	2013 WAEP	2012 No.	2012 WAEP
Outstanding at the beginning of the year	200,000	$0.30	2,450,000	$0.30
Forfeited during the year	(200,000)	$0.30	(2,250,000)	$0.30
Outstanding at the end of the year	-	-	**200,000**	**$0.30**
Exercisable at the end of the year	-	-	-	-

As at 30 June 2013 there were nil options under this plan.

Share options issued under the ESOP3 and outstanding at the end of the year have the following average exercise prices:le illustrates the number (No.) and weighted average exercise prices (WAEP) of share options issued under the ESOP3.

Expiry Date	Exercise Price	2013 No.	2012 No.
1 December 2014	$0.30	-	200,000
Total		-	**200,000**

e) The total expense relating to ESOP in 2013 was $ 53,790 (2012: $ 50,810)

f) Empired Performance Rights Plan

During 2013 certain employees were eligible to participate in the Company's Performance Rights Plan. Each performance right granted under this plan is subject to both performance criteria based on absolute EPS and a vesting period. Unvested performance rights lapse on the employee's termination, subject to Board discretion. Each performance right has nil consideration, with each performance right converting to one ordinary share subject to the satisfaction of the performance criteria. The performance rights are unquoted and non-transferrable. There are voting and dividend rights attached to the shares once converted, but not the performance rights.

Performance rights and weighted average exercise prices are as follows for the reporting periods presented:

	Performance Rights Plan	
	Number of Shares	Weighted average exercise price ($)
Outstanding at 1 July 2012	-	-
Granted	1,350,000	-
Forfeited	-	-
Exercised	-	-
Expired	-	-
Outstanding at 30 June 2013	**1,350,000**	-
Exercisable at 30 June 2013	-	-

The weighted average share price at the date of exercise was $0.00 (no exercises in 2013).

13. EMPLOYEE BENEFITS (continued)

f) Empired Performance Rights Plan (continued)

The fair values of the performance rights plan granted were determined using a variation of the binomial option pricing model that takes into account factors specific to the share incentive plans, such as the vesting period. The performance condition related to the performance rights plan, being a market condition, has been incorporated into the measurement by means of actuarial modelling. The following principal assumptions were used in the valuation:

	Issue 1	Issue 2
Grant date	29/11/2012	10/04/2013
Vesting period ends	01/07/2012	01/07/2016
Share price at date of grant	$0.395	$0.500
Volatility	40%	40%
Option life	2 - 4 yrs	2 - 4 yrs
Dividend yield	-	-
Risk free investment rate	3.15	3.28
Fair value at grant date	$37,612	$56,812
Exercisable from / to	-	-
Weighted average remaining contractual life	1.67 years	

The underlying expected volatility was determined by reference to historical data of the Company's shares over a period of time. No special features inherent to the options granted were incorporated into measurement of fair value.

14. TRADE AND OTHER PAYABLES (CURRENT)

	2013 $	2012 $
Trade payables	2,049,658	3,440,298
Superannuation payable	520,101	387,569
GST payable	711,125	659,892
PAYG payable	800,897	856,357
Accrued liabilities	774,987	1,586,442
Credit cards payable	38,572	49,869
Other	135,817	113,890
Unearned Revenue	408,114	502,533
Deferred vendor payment (note 25)	1,743,000	-
	7,182,271	**7,596,850**
Included in the above are aggregate amounts payable to the following related parties:		
Owing to directors and director related entities	44,458	95,200

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

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. BORROWINGS

	2013 $	2012 $
Current		
Obligations under finance leases and hire purchase contracts	749,494	377,990
Obligations under premium funding contracts	88,586	133,426
Obligations under bank loan	1,036,280	-
	1,874,360	**511,416**
Non-current		
Obligations under finance leases and hire purchase contracts	802,675	554,095
Obligations under bank loan	1,299,132	-
Obligations under vendor payments	1,909,000	-
	4,010,807	**554,095**

15. BORROWINGS (continued)

Hire Purchase Contracts

Hire purchase contract maturity ranges from January 2013 to March 2016. Leased assets are held as security.

Finance facilities available

	2013 $	2012 $
At reporting date, the following financing facilities had been negotiated and were available:		
Total facilities:	9,987,412	3,388,000
Facilities used at reporting date		
Bank loan	(2,335,412)	-
Facilities unused at reporting date	7,652,000	3,388,000

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 $ 4,000,000.

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

	Annual Leave	Long Service Leave	Income Tax	Total
Year end 30 June 2012				
Balance at the beginning of the year	802,723	178,342	168,644	1,149,709
Additional provisions	4,401,198	378,947	-	4,780,145
Amounts used	(4,076,731)	(297,282)	(168,644)	(4,542,657)
Closing value at 30 June 2013	**1,127,190**	**260,007**	**-**	**1,387,197**

16. PROVISIONS (continued)

Analysis of total provisions

	2013 $	2012 $
Current		
Provision for Annual leave	1,127,190	802,723
Provision for Long Service leave	87,633	82,996
Provision for Income Tax	-	168,644
	1,214,823	**1,054,363**

	2013 $	2012 $
Non-Current		
Provision for Long Service leave	172,374	95,346
	172,374	**95,346**

17. RESERVES

Options reserve

The company has three share option schemes under which options to subscribe for the company's shares have been granted to certain executives and employees (refer note 13). The employee equity benefits reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration.

18. ISSUED CAPITAL

	2013 $	2012 $
Ordinary Shares		
Issued and fully paid	8,779,678	6,456,310

	No.	Value $
Movement in ordinary shares on issue		
At 1 July 2011	46,588,980	2,849,315
Issue of shares	12,000,000	3,454,108
Conversion of options	629,069	152,887
At 30 June 2012	**59,218,049**	**6,456,310**
Issue of shares	5,000,000	1,248,018
Conversion of options	3,700,000	1,075,350
At 30 June 2013	**67,918,049**	**8,779,678**

18. ISSUED CAPITAL (continued)

	2013 No.	2012 No.
Movement in ordinary shares on issue		
At beginning of the reporting period	59,218,409	46,588,980
4 April 2012	-	5,000,000
8 May 2012	-	7,000,000
31 August 2012	5,000,000	-
Conversion of options		
21 July 2011	-	180,000
26 July 2011	-	120,000
23 November 2011	-	83,333
8 December 2011	-	40,000
19 December 2011	-	166,666
22 February 2012	-	17,724
23 February 2012	-	21,346
21 November 2012	100,000	-
23 November 2012	200,000	-
26 November 2012	3,400,000	-
At end of the reporting period	**67,918,049**	**59,218,049**

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

On 31st August, 2012, the company issued 5,000,000 shares at $ 0.23 each to the vendors of Conducive Pty Ltd as part of the acquisition value

Capital Management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital, convertible performance rights and employee options, supported by financial assets.

There are no externally imposed capital requirements, except for the covenant on the bank overdraft referred to in note 15.

18. ISSUED CAPITAL (continued)

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. The gearing ratios for the years ended 30 June 2013 and 30 June 2012 are as follows:

	Note	Consolidated Group 2013 $	Consolidated Group 2012 $
Total Borrowings	15	3,976,167	1,065,511
Less cash and cash equivalents	7(i)	(2,085,913)	(1,393,716)
Net Debt		1,890,254	-
Total Equity		8,779,678	6,456,310
Total Capital		10,669,932	6,456,310
Gearing ratio		17.72%	-

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments consist of bank loans and hire purchase contracts, cash, short term deposits, trade receivables, trade payables, loans and hire purchases.

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 average interest rate of 1.13% (2012: 2.50%) based on the cash balance at year end. Cash on deposit attracts a variable average interest rate of 4.40% (2012: 5.20%) at the end of the year.

  At 30 June 2013, if interest rates had changed by +/- 1% from the year end rates above, after tax profits would have been $9,119 (2012: $7,764) lower/higher.

  The company entered into a loan to acquire Conducive Pty Limited on 20 August 2012. To protect against the risk of adverse interest rate movements the company entered into a swap contract to fix interest at 6.65% per annum.

  Finance leases and hire purchase agreements entered into are purchased at fixed interest rates.

  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.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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.

- **Exposure to credit risk**

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

	2013 $	2012 $
Trade and other Receivables (note 8)	5,841,882	9,765,075
	5,841,882	**9,765,075**

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

	2013 $	2012 $
Non past due	3,700,799	7,522,217
Past due 0-30 days	1,081,865	478,660
Past due 31-60 days	475,043	439,283
Past due 60 days	584,175	1,324,915
	5,841,882	**9,765,075**

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 statement of financial position.

Interest rate risk

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

2013	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
	2013 $	2013 $	2013 $	2013 $	2013 $	2013
i) Financial Assets						
Term deposit	-	-	-	-	-	-
Term deposit	-	43,570	-	-	43,570	4.95%
Term deposit	-	391,453	-	-	391,453	4.56%
Cash	1,650,640	-	-	250	1,650,890	-
Loans and receivables	-	-	-	5,841,882	5,841,882	-
Total financial assets	**1,650,640**	**435,023**	-	**5,842,132**	**7,927,795**	
ii) Financial Liabilities - at amortised cost						
Overdraft Facility	-	-	-	-	-	-
Accounts Payable	-	-	-	2,049,658	2,049,658	-
Hire Purchase	-	749,494	802,675	-	1,552,169	8.45%
Short term loans	-	88,586	-	-	88,586	5.94%
Bank Loan	2,335,412	-	-	-	2,335,412	7.65%
Total financial liabilities	**2,335,412**	**838,080**	**802,675**	**2,049,658**	**6,025,825**	

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

	2013 $
Not past due	1,878,495
Past due 0 - 30 days	178,252
Past due 31 - 60 days	-
Past due 60 days	(7,089)
	2,049,658

20. FINANCIAL INSTRUMENTS (continued)

2012	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
	2012 $	2012 $	2012 $	2012 $	2012 $	2012
i) Financial Assets						
Term deposit	-	-	-	-	-	-
Term deposit	-	142,150	-	-	142,150	5.06%
Term deposit	-	391,453	-	-	391,453	5.56%
Cash	859,863	-	-	250	860,113	-
Loans and receivables	-	-	-	9,765,075	9,765,075	-
Total financial assets	**859,863**	**533,603**	-	**9,765,325**	**11,158,791**	
ii) Financial Liabilities - at amortised cost						
Overdraft Facility	-	-	-	-	-	-
Accounts Payable	-	-	-	3,440,298	3,440,298	-
Hire Purchase	-	377,990	554,095	-	932,085	11.13%
Short term loans	-	133,426	-	-	133,426	6.87%
Total financial liabilities	-	**511,416**	**554,095**	**3,440,298**	**4,505,809**	

iii) The aging of the Group's trade payables at 30 June 2012:

	2012 $
Not past due	2,043,128
Past due 0 - 30 days	675,503
Past due 31 - 60 days	12,046
Past due 60 days	709,621
	3,440,298

21. COMMITMENTS AND CONTINGENCIES

No contingent assets or liabilities as at 30 June 2013.

Commitments for Expenditure

	2013 $	2012 $
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	849,463	449,918
Later than one year but not later than five years	843,852	598,848
Less: unexpired charges	(141,146)	(116,681)
	1,552,169	**932,085**
Hire Purchase		
Current	749,494	377,990
Non Current	802,675	554,095
Total Hire Purchase	**1,552,169**	**932,085**
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	93,845	142,668
Later than one year but not later than five years	-	-
Less: unexpired charges	(5,259)	(9,242)
	88,586	**133,426**
Loan Repayments		
Current	88,586	133,426
Non Current	-	-
Total loan repayments	**88,586**	**133,426**

C. Operating Leases

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

Location	State	Terms
Level 13, 256 Adelaide Terrace, Perth	WA	Expires 31 October 2015
Level 4, 110 William Street	WA	Expires 31 October 2015
Level 5, 257 Collins Street	VIC	Expires 30 November 2019

21. COMMITMENTS AND CONTINGENCIES (Continued)

C. Operating Leases (continued)

No contingent assets or liabilities as at 30 June 2013.

	2013 $	2012 $
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	987,424	739,950
Later than one year but not later than five years	2,312,621	1,473,511
	3,300,045	**2,213,461**
The company has in place bank guarantees in relation to rental premises at 256 Adelaide Terrace, Perth and 110 William Street, Perth.		
256 Adelaide Terrace, Perth	366,428	366,428
110 William Street, Perth	40,000	-
31 Queens Street, Melbourne	-	132,000
Maximum amount the bank may call	**406,428**	**498,428**

22. IMPAIRMENT TESTING OF GOODWILL

Goodwill acquired through business combinations (refer note 12) has been allocated to the 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 10.70% (2012: 11.20%) using a 3% growth rate (2012: 5.4%) that is the same as the average growth rate for the IT Infrastructure Services market sector.

Sensitivity analysis calculated on changes in assumptions did not indicate any impairment.

Carrying amount of goodwill

	2013 $	2012 $
Carrying amount of goodwill	11,293,386	3,948,764

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

23. INVESTMENT IN CONTROLLED ENTITY

Other Financial Assets		% Equity Interest		Investment ($)	
	Country of Incorporation	2013 %	2012 %	2013 $	2012 $
Tusk Technologies Pty Ltd	Australia	100	100	359,661	360,714
Conducive Pty Ltd	Australia	100	-	9,679,427	-
				10,039,088	**360,714**

The balance of the Tusk Technologies Pty Ltd loan as at 30 June 2013 is $ 351,651. This loan is unsecured does not bear interest and is not repayable in the next 12 months.

The balance of the Conducive Pty Ltd loan as at 30 June 2013 is $ 2,078,243. This loan is unsecured does not bear interest and is not repayable in the next 12 months.

Other than this related party loan there are no other related party transactions requiring disclosure.

24. EVENTS AFTER REPORTING DATE

There were not events to note between the close of the financial year and the date of release of this report.

25. ACQUISITIONS

On the 31st of August 2012 Empired Limited ("Empired") acquired 100% of the shares in Conducive Pty Ltd ("Conducive") for $9,679,427. The purchase price is satisfied through the issue of 5 million fully paid ordinary Empired shares plus $4.78 million in cash on completion. Total consideration includes two milestone cash payments of $1.74 million and $1.91 million that will be made on 31 July 2013 and 31 July 2014 respectively, subject to performance criteria being met.

The acquisition of Conducive has impacted the consolidated accounts from 31 August 2012. The purchase agreement entitled Empired to the profits for the period 1 July 2012 to 31 August 2012. The profit for the period of $336K is not recorded in the consolidated profit and loss, but has been taken into account within the calculation of net identifiable assets.

The acquisition had the following effect on the consolidated entity's assets and liabilities:

	Fair Value $
Net Tangible assets acquired	
Cash	1,415,604
Receivables	1,084,835
Work in progress	333,369
Other assets	43,570
Property, plant & equipment	76,965
Deferred tax assets	77,860
Trade and other payables	(356,821)
Employee liabilities	(307,457)
Deferred tax liabilities	(8,354)
Provisions	(277,070)
	2,082,501
Other identifiable assets acquired	
Non-complete Clause	6,839
Customer relationship	242,464
	249,303
Goodwill	**7,347,623**
Net Assets Acquired	**9,679,427**
Acquisition costs expensed to profit & loss	**322,024**

25. ACQUISITIONS (continued)

	Consolidated 2013 $
Cash used to acquire business, net of cash acquired:	
Acquisition date fair value of total consideration	9,679,427
Less:	
Cash and cash equivalents	(1,415,604)
Shares issued as consideration	(1,250,000)
Deferred payments	(3,652,000)
Net cash used	**3,361,823**

The below payments below are payable on the 31st of July 2013 and 31st of July 2014, subject to performance criteria and are financed by the Company's bankers. The conditions were met for the 2013 financial year and the payment was made by the Company's bankers on the 31st of July 2013.

Deferred vendor payments (Current)

	2013 $	2012 $
Deferred vendor Payment	1,743,000	-
	1,743,000	-

Deferred vendor payments (Non Current)

	2013 $	2012 $
Deferred vendor Payment	1,909,000	-
	1,909,000	-

26. AUDITORS' REMUNERATION

	2013 $	2012 $
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	113,647	59,036
• 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		
	113,647	**59,036**

27. KEY MANAGEMENT PERSONNEL

(a) Directors

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

M Ashton
J Bardwell
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
R McCready — Chief Operating Officer

(c) Remuneration of Key Management Personnel

Information regarding key management personnel compensation for the year ended 30 June 2013 is provided in the remuneration section of the directors' report on pages 17 to 21.

(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:

	Balance at beginning of period 01-Jul-2012	Granted as Remuneration	Options Execised	Net Change Other	Balance at end of period 30-Jun-2013	Not Vested & Not Exercisable	Vested & Exercisable
30 June 2013							
Directors							
R. Baskerville	2,550,000	-	(2,550,000)	-	-	-	-
M. Ashton	600,000	-	(600,000)	-	-	-	-
R. Bevan	250,000	-	(250,000)	-	-	-	-
J. Bardwell	500,000	-	-	-	500,000	-	500,000
Executives							
M. Waller	1,150,000	-	-	-	1,150,000	-	1,150,000
R. McCready	750,000	-	-	-	750,000	500,000	250,000
Total	**5,800,000**	-	**(3,400,000)**	-	**2,400,000**	**500,000**	**1,900,000**

27. KEY MANAGEMENT PERSONNEL (continued)

(d) Option holdings of directors and executives (continued)

	Balance at beginning of period 01-Jul-2012	Granted as Remuneration	Options Exercised	Net Change Other	Balance at end of period 30-Jun-2012	Not Vested & Not Exercisable	Vested & Exercisable
30 June 2012							
Directors							
R. Baskerville	2,850,000	-	-	(300,000)	2,550,000	-	2,550,000
M. Ashton	1,000,000	-	(166,666)	(233,334)	600,000	-	600,000
R. Bevan	500,000	-	-	(250,000)	250,000	-	250,000
J. Bardwell	500,000	-	-	-	500,000	500,000	-
Executives							
M. Waller	1,464,038	-	(21,346)	(292,692)	1,150,000	750,000	400,000
R. McCready	-	750,000	-	-	750,000	750,000	-
Total	6,314,038	750,000	(188,012)	(1,076,026)	5,800,000	2,000,000	3,800,000

(e) Shareholdings of Directors and Executives

Shares held in Empired Limited:

30 June 2013	Balance 01-Jul-2013		Granted as Remuneration		On Exercise of Options		Net Change Other		Balance 30-June-2013	
	Ord	Pref	Ord	Pref	Ord	Pref	Ord	Pref	Ord	Pref
Directors										
R. Baskerville	9,013,233	-	-	-	-	-	84,000	-	9,097,233	-
M. Ashton	341,666	-	-	-	-	-	(341,666)	-	-	-
R. Bevan	-	-	-	-	-	-	-	-	-	-
J. Bardwell	4,099,904	-	-	-	-	-	-	-	4,099,904	-
Total	**13,454,803**	-	-	-	-	-	**(257,666)**	-	**13,197,137**	-

30 June 2012	Balance 01-Jul-2011		Granted as Remuneration		On Exercise of Options		Net Change Other		Balance 30-June-2012	
	Ord	Pref	Ord	Pref	Ord	Pref	Ord	Pref	Ord	Pref
Directors										
R. Baskerville	9,013,233	-	-	-	-	-	-	-	9,013,233	-
M. Ashton	175,000	-	-	-	166,666	-	-	-	341,666	-
R. Bevan	-	-	-	-	-	-	-	-	-	-
J. Bardwell	4,000,000	-	-	-	-	-	99,904	-	4,099,904	-
Total	**13,188,233**	-	-	-	**166,666**	-	**99,904**	-	**13,454,803**	-

27. KEY MANAGEMENT PERSONNEL (continued)

(e) Shareholdings of Directors and Executives (continued)

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.

	Balance 01-Jul-2012		Granted as Remuneration		On Exercise of Options		Net Change Other		Balance 30-June-2013	
	Ord	Pref	Ord	Pref	Ord	Pref	Ord	Pref	Ord	Pref
Specified Executives										
M. Waller	1,702,070	-	-	-	-	-	(359,000)	-	1,343,070	-
R.McCready	200,000	-	-	-	-	-	-	-	200,000	-
Total	**1,902,070**	-	-	-	-	-	**(359,000)**	-	**1,543,070**	-

30 June 2012	Balance 01-Jul-2011		Granted as Remuneration		On Exercise of Options		Net Change Other		Balance 30-June-2012	
	Ord	Pref	Ord	Pref	Ord	Pref	Ord	Pref	Ord	Pref
Specified Executives										
M. Waller	1,950,724	-	-	-	21,346	-	(270,000)	-	1,702,070	-
R.McCready	-	-	-	-	-	-	200,000	-	200,000	-
Total	**1,950,724**	-	-	-	**21,346**	-	**(70,000)**	-	**1,902,070**	-

28. DIVIDENDS

	2013 $	2012 $
(a) Distributions paid		
2013 final franked dividend of 0.50 cents (2012: 0 cents)	339,590	-
Interim franked dividend of nil cents (2012: 0 cents)	-	-
	339,590	-
(b) Franking Credit Balance		
Balance of franking account at year end at 30% available to the shareholders of Empired Limited for subsequent financial years	1,256,192	142,994

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

29. PARENT ENTITY INFORMATION

As at, and throughout, the financial year ended 30 June 2013, the parent entity of the Group was Empired Limited.

	2013 $	2012 $
Statement of financial position		
Current assets	7,858,330	13,170,876
Total assets	26,434,228	20,197,993
Current liabilities	9,142,255	9,296,975
Total liabilities	14,898,524	10,812,996
Issued capital	8,779,678	6,456,310
Employee equity reserve	461,126	407,336
Retained profits	2,679,932	2,521,351
Total Equity	**11,920,736**	**9,384,997**

	2013 $	2012 $
Statement of comprehensive income		
Profit for year	158,582	1,273,344
Other comprehensive income	-	-
Total comprehensive income	**158,582**	**1,273,344**

Parent entity contingent liability disclosure has been referenced at note 21.

DIRECTORS' DECLARATION

The directors of the company declare that

1. the financial statements and notes, are in accordance with the *Corporations Act 2001* and:

    a. comply with Accounting Standards; and

    b. give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the company and consolidated group;

2. the Chief Executive Officer and Chief Financial Officer have each declared that:

    a. the financial records of the company for the financial year have been properly maintained in accordance with s286 of the *Corporations Act 2001*;

    b. the financial statements and notes for the financial year comply with the Accounting Standards; and

    c. the financial statements and notes for the financial year give a true and fair view;

3. in their opinion 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 in accordance with a resolution of the Board of Directors.

On behalf of the Board

Russell Baskerville
Managing Director
29th August 2013

Branden Dekenah
General Manager, Enterprise Applications

Grant Thornton

Grant Thornton Audit Pty Ltd
ACN 130 913 594

10 Kings Park Road
West Perth WA 6005
PO Box 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
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 2013, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Partner - Audit & Assurance

Perth, 28 August 2013

Grant Thornton Audit Pty Ltd
ACN 130 913 594

10 Kings Park Road
West Perth WA 6005
PO Box 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

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 'Company'), which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Electronic presentation of audited financial report

This auditor's report relates to the financial report of Empired Limited and its controlled entities for the year ended 30 June 2013 included on the Company's web site. The Company's Directors are responsible for the integrity of its web site. We have not been engaged to report on the integrity of the Company's web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

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 consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date;

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

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

Report on the remuneration report

We have audited the remuneration report included in pages 17 to 21 of the directors' report for the year ended 30 June 2013. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Empired Limited for the year ended 30 June 2013, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C A Becker
Partner - Audit & Assurance

Perth, 28 August 2013

Brett Gresele
G.M. Infrastructure Services

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 2013.

A. DISTRIBUTION OF SHAREHOLDING

SIZE OF SHAREHOLDING	NUMBER OF SHAREHOLDERS	%
1 - 1,000	10	0.01
1,001 - 5,000	48	0.21
5,001 - 10,000	54	0.66
10,001 - 100,000	190	9.96
100,001- MAX	80	89.16
TOTAL	382	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	10.97
Mr. John Bardwell	4,099,904	6.04
Mr. Gregory Leach	3,544,225	5.22

SHAREHOLDING ANALYSIS

C. TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest shareholders are:

NAME	Number of Shares Held	%
Baskerville Investments Pty Ltd (Baskerville Family Account)	7,430,059	10.94
Aust Executor Trustees Sa Ltd (Tea Custodians Limited)	4,421,491	6.51
Zero Nominees Pty Ltd	4,050,000	5.96
Nagivator Australia Ltd (MLC Investment Sett A/c)	3,554,115	5.23
Mr Gregory David Leach	3,544,225	5.22
RBC Investor Services Australia <MLC Investment Sett A/c>	3,435,157	5.06
Mr. John Alexander Bardwell	3,000,000	4.42
Mr. David John Cawthorn	1,500,000	2.21
Mr. Branden Wayne Dekenah <Dekenah Family A/c>	1,350,000	1.99
Mrs Kym Garreffa	1,256,167	1.85
Ms Kristy Christophersen <Christophersen A/c>	1,200,000	1.77
Mr. David William Hedge <David Hedge Family A/c>	1,200,000	1.77
Uniplex Constructions Pty Ltd <Wesville Super Fund A/c>	1,166,707	1.72
Mr John Alexander Bardwell & Mrs Paola Bardwell <Bardwell Super Fund>	1,099,904	1.62
Ice Cold Investments Pty Ltd	1,000,000	1.47
Mr. Stuart Mark Strickland <J&S Strickland Family A/c>	1,000,000	1.47
Three Zebras Pty Ltd <Judd Family A/c>	1,000,000	1.47
TT Nicholas Pty Ltd <Superannuation A/c>	1,000,000	1.47
Westrade Resources Pty Ltd <Sheppard Super Fund A/c>	800,000	1.18
Mr Kevin Peter Flynn	762,732	1.12
Total	**43,770,557**	**64.45**

The twenty members holding the largest number of shares together held a total of 64.45% of issued capital.

D. ISSUED CAPITAL

(i) Ordinary Shares

The fully paid issued capital of the company consisted of 67,918,049 shares held by 382 shareholders.

- Each share entitles the holder to one vote.
- The number of shareholdings held in less than marketable parcels is 7.

(ii) Unquoted Equity

- The options issued under the company share options plans consisted of 3,050,000 options.
- 1,350,000 performance rights were issued under the company's LTI Plan.
- Options do not have any voting rights.

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:

Level 13, Septimus Roe Square
256 Adelaide Terrace
Perth WA 6000
Telephone +61 8 9223 1234

H. OTHER OFFICES

The other offices are:

Level 5
257 Collins Street
Melbourne VIC 3000
Telephone + 61 3 8610 0700

Level 4
110 Williams Street
Perth WA 6000
Telephone + 61 8 9223 1234

Level 9, 288 Edward Street
Brisbane, QLD 4000
Telephone +617 3831 3883

Greg Leach
Chief Technology Officer

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 shareholder 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 2013 Annual General Meeting of Empired Limited will be held in the:

The Melbourne Hotel
942 Hay Street, Perth WA 6000
at 10am on Friday, 22 November 2013

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


Ajesh Raithatha
Financial Controller


Empired
INFORMATION SERVICES & TECHNO
OUR PEOPLE ARE
THE FOUNDATION
OF OUR SUCCESS

PERTH
Level 13, Septimus Roe Square
256 Adelaide Terrace
PERTH WA 6000
Telephone No: +618 9223 1234
Fax No: +618 9223 1230

MELBOURNE
Level 5, Collins Street,
MELBOURNE VIC 3000
Telephone No: +613 8610 0700
Fax No: +613 8610 0701