

Enero Group Limited
ABN 97 091 524 515
Half Year Report
Appendix 4D
Half Year ended 31 December 2015

Rule 4.2A.3

Results for announcement to the market

Enero Group Limited (the "Company") and its controlled entities (the "Group") results for announcement to the market are detailed below.

The current reporting period is 1 July 2015 to 31 December 2015.

The previous corresponding reporting period is 1 July 2014 to 31 December 2014.

Key information

In thousands of AUD

	31 December 2015	31 December 2014	% Change	Amount Change
Gross revenues from ordinary activities	110,591	104,996	5.33%	5,595
Profit after tax attributable to members	3,694	386	856.99%	3,308
Profit for the period attributable to members	3,694	386	856.99%	3,308

Dividends	Amount per security	Franked amount per security
-	-	-

At the date of this report, there are no dividend reinvestment plans in operation.

The remainder of the information requiring disclosure to comply with listing rule 4.2A.3 is contained in the attached financial report for the half year ended 31 December 2015 and the additional information set out below.

Additional Information

	Current period	Previous corresponding period
Net tangible asset backing per ordinary share	0.42	0.36

Explanation of results

Please refer to the attached interim financial report for the half year ended 31 December 2015 and Market Presentation for commentary and further information with respect to the results.

Enero Group Limited
and its controlled entities

ABN 97 091 524 515

Interim Financial Report
For the half year ended 31 December 2015

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Enero Group Limited

Financial Report - half year ended 31 December 2015

Directors' Report

The directors of Enero Group Limited (the "Company") present their report together with the consolidated financial statements for the half year ended 31 December 2015 and the review report thereon.

Directors

The directors of the Company at any time during or since the end of the financial half year are:

John Porter – Independent Non-Executive Chairman

John was appointed as Chairman and Non-Executive Director of the Company on 24 April 2012. Prior to joining Enero Group, John Porter was Executive Director and Chief Executive Officer of Austar United Communications Limited from June 1999 to April 2012. John was Managing Director of Austar Entertainment Pty Limited from July 1997 to December 1999. From January 1997 to August 1999, he also served as the Chief Operating Officer of United Asia Pacific, Inc. (UAP). He led the establishment of Austar Entertainment Pty Limited in 1995, and by doing so played an integral role in the development of Australia's subscription television industry. Prior to joining Austar, John spent ten years in various senior management capacities for Time Warner Cable, a subsidiary of Time Warner, Inc. He has more than 30 years of management experience in the US and Australian subscription television industries. John is also currently CEO of Telenet Group Holding NV. John is a member of the Remuneration and Nomination Committee.

Matthew Melhuish – CEO and Executive Director

Matthew was appointed Chief Executive Officer and Executive Director of the Company on 16 January 2012. Matthew has over 30 years' experience in the advertising and marketing industry across a range of roles in Australia and the UK. Prior to being appointed CEO, Matthew had been the key executive overseeing the Company's Australian Agencies business. Matthew is a founding partner of leading creative agency BMF, and was CEO of that business for 15 years from its inception through to BMF being named as Agency of the Decade. Matthew is a respected leadership figure within the Australian advertising industry. He was Chairman of the EFFIEs Advertising Effectiveness Awards for 10 years and he has played key roles for over 15 years as a National Board member of the peak industry body, The Communications Council and as a National Board member and National Chairman of its predecessor organisation the Advertising Federation of Australia (AFA). Matthew is a current Board member of the Sydney Festival and was a Board member of the international aid organisation Médecins Sans Frontières/Doctors without Borders (MSF) for 10 years.

Susan McIntosh – Non-Executive Director

Susan was appointed as a Non-Executive Director of the Company on 2 June 2000. Susan has more than 25 years' business experience in media (international television production and distribution and radio) and asset management, and is the Managing Director of RG Capital Holdings (Australia) Pty Ltd. Prior to joining RG Capital, Susan was Chief Financial Officer of Grundy Worldwide Ltd and played an integral role in the establishment of its international television operations and in the eventual sale of the company in 1995. Susan was previously a Director of RG Capital Radio Ltd and E*TRADE Aust Ltd. Susan is a member of the Institute of Chartered Accountants. Susan is a member of the Audit and Risk Committee, and the Remuneration and Nomination Committee.

Roger Amos – Independent Non-Executive Director

Roger was appointed as a Non-Executive Director of the Company on 23 November 2010. Roger is Chairman of Tyrian Diagnostics Limited and a member of its audit committee. He is a Director of 3P Learning Limited, Chairman of its audit committee and a member of its remuneration committee. He is a Director of REA Group Limited, Chairman of its audit committee and a member of its remuneration committee. He was a Director of Austar United Communications Limited, the Chairman of its audit and risk committee and a member of its remuneration committee until April 2012. All are publicly listed Australian companies. He was the Chairman of Opera Foundation Australia from 2009 to 2013 and is a Governor of the Cerebral Palsy Alliance Research Foundation. Roger retired in 2006 after 25 years as a Partner of KPMG, where he focused on the information, communication and entertainment sector and held a number of global roles. Roger is a Fellow of the Institute of Chartered Accountants and a Fellow of the Australian Institute of Company Directors. Roger is the Deputy Chairman of the Board of Directors, Chairman of the Audit and Risk Committee, and a member of the Remuneration and Nomination Committee.

Max Johnston – Independent Non-Executive Director

Max was appointed as a Non-Executive Director of the Company on 28 April 2011. Max is the Non-Executive Chairman of Probiotec Limited, Non-Executive Director of PolyNovo Limited and a Director of Medical Developments International. For 11 years he was President and Chief Executive Officer of Johnson & Johnson, Pacific and an Executive Director of Johnson & Johnson. Max has also held several prominent industry roles, including as a past President of ACCORD Australasia Limited, a former Vice Chairman of the Australian Food and Grocery Council and a former member of the Board of ASMI. He has had extensive overseas experience during his career in leading businesses in both Western and Central-Eastern Europe and Africa. Max is Chairman of the Remuneration and Nomination Committee and a member of the Audit and Risk Committee.

Russel Howcroft – Independent Non-Executive Director

Russel was appointed as a Non-Executive Director of the Company on 21 May 2015. Russel is the Executive General Manager for Network Ten Limited. He has had a long and distinguished career in the advertising industry spanning over 25 years, including six years as MD then CEO at George Patterson Y&R Australia & NZ, and a five-year stint at leading UK creative agency Lowe & Partners. He was also a founding partner of the start-up Brandhouse Agency. Russel is currently a Board member of Freeview and was formerly the Chairman of the Advertising Federation of Australia. Russel is a panel member of ABC's "The Gruen Transfer" and holds various other media roles.

Enero Group Limited

Financial Report - half year ended 31 December 2015

Directors' Report (continued)

Principal activities

The principal activities of the Group during the course of the financial year were integrated marketing and communication services, including strategy, market research, advertising, public relations, communications planning, design, events management, direct marketing, and corporate communications.

Review and result of operations for the six months ended 31 December 2015:

Reconciliation of Operating EBITDA to Profit after tax:

In thousands of AUD	6 months to 31 December 2015	6 months to 31 December 2014
Net Revenue	57,628	56,193
Operating EBITDA	7,239	4,585
Depreciation and amortisation expenses	(1,515)	(2,075)
Net finance income	72	9
Restructure costs	–	(577)
Profit before tax	5,796	1,942
Income tax expense	(1,369)	(968)
Profit after tax	4,427	974

Basis of preparation

This report includes Operating EBITDA, a measure used by the directors and management in assessing the on-going performance of the Group. Operating EBITDA is a non-IFRS measure and has not been audited or reviewed.

Operating EBITDA is calculated as profit before interest, taxes, depreciation, amortisation, loss on disposal of subsidiaries and restructure costs. Operating EBITDA, which is reconciled above is the primary measure used by management and the directors in assessing the performance of the Group. It provides information on the Group's cash flow generation excluding significant transactions and non-cash items which are not representative of the Group's on-going operations.

Shares issued on exercise of SAR

During the half year ended 31 December 2015, a total of 95,944 shares (31 December 2014: 1,460,386 shares) were transferred from a trust account held by the Company to the employees of the Group on exercise of Share Appreciation Rights.

As at 31 December 2015, the Company has 3,228,203 shares (31 December 2014: 3,324,147 shares) in a trust account held by the Company for future use against long-term incentive equity schemes as and when required.

Share Appreciation Rights issued

During the half year ended 31 December 2015, the Company issued 4,700,000 Share Appreciation Rights to certain Executives of Enero and its subsidiaries under a Share Appreciation Rights plan.

Dividend

No dividend was declared during the half year ended 31 December 2015 or after the interim reporting date but before the date of this report.

Subsequent Events

For events subsequent to the interim reporting date, refer to Note 8 Subsequent events.

Lead auditor's independence declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 19 and forms part of the directors' report for the half year ended 31 December 2015.

Enero Group Limited

Financial Report - half year ended 31 December 2015

Directors' Report (continued)

Rounding off

The company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of the directors.

Dated at Sydney this 10th day of February 2016.

A handwritten signature in black ink, appearing to read 'John Porter', with a stylized flourish at the end.

John Porter
Chairman

Enero Group Limited

Financial Report - half year ended 31 December 2015

Consolidated interim income statement for the six months ended 31 December 2015

In thousands of AUD	Note	2015	2014
Gross revenue		110,591	104,996
Directly attributable costs of sales		(52,963)	(48,803)
Net revenue		57,628	56,193
Other income		55	128
Employee expenses		(39,894)	(41,173)
Occupancy costs		(4,090)	(4,159)
Travel expenses		(811)	(992)
Communication expenses		(1,087)	(1,119)
Compliance expenses		(1,061)	(1,199)
Depreciation and amortisation expense		(1,515)	(2,075)
Administration expenses		(3,501)	(3,671)
Net finance income		72	9
Profit before income tax		5,796	1,942
Income tax expense	3	(1,369)	(968)
Profit for the period		4,427	974
Attributable to:			
Equity holders of the parent		3,694	386
Non-controlling interests		733	588
		4,427	974
Earnings per share			
Basic earnings per share (AUD cents)	4	4.49	0.47
Diluted earnings per share (AUD cents)	4	4.46	0.45

The condensed notes on pages 10 to 15 are an integral part of these consolidated interim financial statements.

Enero Group Limited

Financial Report - half year ended 31 December 2015

Consolidated interim statement of comprehensive income for the six months ended 31 December 2015

In thousands of AUD	Note	2015	2014
Profit for the period		4,427	974
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		(771)	4,797
Total items that may be reclassified subsequently to profit or loss		(771)	4,797
Other comprehensive income for the period, net of tax		(771)	4,797
Total comprehensive income for the period		3,656	5,771
Attributable to:			
Equity holders of the parent		2,825	4,962
Non-controlling interests		831	809
		3,656	5,771

The condensed notes on pages 10 to 15 are an integral part of these consolidated interim financial statements.

Enero Group Limited

Financial Report - half year ended 31 December 2015

Consolidated interim statement of changes in equity for the six months ended 31 December 2015

In thousands of AUD	Note	Attributable to owners of the Company					Total	Non-controlling interests	Total equity
		Share capital	Accumulated losses	Share based payment reserve	Reserve change in ownership interest in subsidiary	Foreign currency translation reserve			
Opening balance at 1 July 2014		489,830	(380,828)	15,219	(1,117)	(21,793)	101,311	2,194	103,505
Profit for the period		–	386	–	–	–	386	588	974
Other comprehensive income for the period net of tax		–	–	–	–	4,576	4,576	221	4,797
Total comprehensive income for the period		–	386	–	–	4,576	4,962	809	5,771
Transactions with owners recorded directly in equity:									
Shares issued to employees on exercise of Share Appreciation Rights		1,679	–	(1,679)	–	–	–	–	–
Dividends paid to equity holders		–	–	–	–	–	–	(660)	(660)
Share based payment expense		–	–	534	–	–	534	–	534
Changes in ownership interests in subsidiaries									
Disposal of non-controlling interests without a change in control		–	–	–	(259)	–	(259)	259	–
Closing balance at 31 December 2014		491,509	(380,442)	14,074	(1,376)	(17,217)	106,548	2,602	109,150
Opening balance at 1 July 2015		491,509	(383,615)	14,552	(1,417)	(8,335)	112,694	2,824	115,518
Profit for the period		–	3,694	–	–	–	3,694	733	4,427
Other comprehensive income for the period net of tax		–	–	–	–	(869)	(869)	98	(771)
Total comprehensive income for the period		–	3,694	–	–	(869)	2,825	831	3,656
Transactions with owners recorded directly in equity:									
Shares issued to employees on exercise of Share Appreciation Rights		67	–	(67)	–	–	–	–	–
Transfer from share based payment reserve to accumulated losses		–	1,787	(1,787)	–	–	–	–	–
Dividends paid to equity holders		–	–	–	–	–	–	(1,607)	(1,607)
Share based payment expense		–	–	433	–	–	433	–	433
Closing balance at 31 December 2015		491,576	(378,134)	13,131	(1,417)	(9,204)	115,952	2,048	118,000

The condensed notes on pages 10 to 15 are an integral part of these consolidated interim financial statements.

Enero Group Limited

Financial Report - half year ended 31 December 2015

Consolidated interim statement of financial position as at 31 December 2015

In thousands of AUD	Note	31-Dec-2015	30-Jun-2015
Assets			
Cash and cash equivalents		34,371	25,812
Trade and other receivables		23,870	27,852
Other assets		4,662	4,335
Income tax receivable		5	273
Total current assets		62,908	58,272
Receivables		–	21
Deferred tax assets		1,467	1,887
Plant and equipment		6,023	7,034
Other assets		391	427
Intangible assets	5	83,656	84,545
Total non-current assets		91,537	93,914
Total assets		154,445	152,186
Liabilities			
Trade and other payables		31,277	31,561
Interest-bearing loans and borrowings		9	27
Employee benefits		1,980	2,356
Income tax payable		869	748
Provisions		209	220
Total current liabilities		34,344	34,912
Interest-bearing loans and borrowings		16	–
Employee benefits		581	480
Provisions		1,504	1,276
Total non-current liabilities		2,101	1,756
Total liabilities		36,445	36,668
Net assets		118,000	115,518
Equity			
Issued capital		491,576	491,509
Reserves		2,510	4,800
Accumulated losses		(378,134)	(383,615)
Total equity attributable to equity holders of the parent		115,952	112,694
Non-controlling interests		2,048	2,824
Total equity		118,000	115,518

The condensed notes on pages 10 to 15 are an integral part of these consolidated interim financial statements.

Enero Group Limited

Financial Report - half year ended 31 December 2015

Consolidated interim statement of cash flows for the six months ended 31 December 2015

In thousands of AUD	Note	2015	2014
Cash flows from operating activities			
Cash receipts from customers		127,417	117,756
Cash paid to suppliers and employees		(116,478)	(113,744)
Cash generated from operations		10,939	4,012
Interest received		110	112
Income taxes paid		(518)	(765)
Interest paid		(37)	(103)
Net cash from operating activities		10,494	3,256
Cash flows from investing activities			
Proceeds from disposal of non-current assets		–	18
Acquisition of plant and equipment		(396)	(1,345)
Net cash used in investing activities		(396)	(1,327)
Cash flows from financing activities			
Finance lease payments		(30)	(436)
Dividends paid to non-controlling interests in controlled entities		(1,607)	(660)
Net cash used in financing activities		(1,637)	(1,096)
Net increase in cash and cash equivalents		8,461	833
Effect of exchange rate fluctuations on cash held		98	869
Cash and cash equivalents at 1 July		25,812	22,513
Cash and cash equivalents at 31 December		34,371	24,215

The condensed notes on pages 10 to 15 are an integral part of these consolidated interim financial statements.

Enero Group Limited

Financial Report - half year ended 31 December 2015

Condensed notes to the consolidated interim financial statements for the six months ended 31 December 2015

1. Statement of significant accounting policies

a. Reporting entity

Enero Group Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company for the six months ended 31 December 2015 comprises the Company and its subsidiaries (together referred to as the "Group").

The consolidated annual financial report of the Group as at and for the year ended 30 June 2015 is available at www.enero.com.

b. Statement of compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134: Interim Financial Reporting and the Corporations Act 2001 and with IAS 34: Interim Financial Reporting.

The consolidated interim financial report does not include all of the information required for a full annual financial report and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2015.

The consolidated interim financial report was approved by the Board of Directors on 10 February 2016.

The Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

c. Significant accounting policies

The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated annual financial report as at and for the year ended 30 June 2015.

d. Estimates

The preparation of this report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

In preparing this report, the significant judgements made by management in applying the Group's accounting policies and the key sources of uncertainty in estimation were the same as those that applied to the consolidated annual financial report of the Group as at and for the year ended 30 June 2015.

Measurement of fair value

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level of input that is significant to the entire measurement.

Enero Group Limited

Financial Report - half year ended 31 December 2015

1. Statement of significant accounting policies (continued)

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values of Deferred Consideration is included below:

Deferred Consideration

The Group has not recognised an amount of \$33,378,000 (30 June 2015: \$54,754,000) of contingent deferred consideration liabilities as payment of these amounts is not considered probable. The reduction in the unrecognised amount is in relation to deferred consideration arrangements that have reached their sunset date during the period and hence are not payable.

During the year ended 30 June 2011, the Group entered into agreements to restructure its deferred consideration liabilities such that substantially all agreements contain caps on the total liability. The time period to calculate the potential capped liabilities has now been completed.

Fair value of future deferred consideration liabilities is estimated based on Group achieving certain EBITDA targets. There is uncertainty around the actual payments that will be made subject to the performance of the Group subsequent to the reporting date versus the targets. Actual future payments may exceed the estimated liability. As the inputs in these valuations are not based on observable market data, this is deemed a Level 3 measurement of fair value.

2. Operating segments

The Group had one operating segment (Operating Brands) based on internal reporting regularly reviewed by the Chief Executive Officer (CEO), who is the Group's chief operating decision maker (CODM).

The operating segment is defined based on the manner in which service is provided in the geographies operated in, and it correlates to the way in which results are reported to the CEO on a monthly basis. Revenues are derived from marketing services.

The Operating Brands segment includes International and Australian specialised marketing services including public relations, communications planning, strategy, research and data analytics, advertising, direct marketing and stakeholder communications.

The measure of reporting to the CEO is on an Operating EBITDA basis (defined below), which excludes significant and non-operating items which are separately presented because of their nature, size and expected infrequent occurrence and does not reflect the underlying trading of the operations.

In relation to segment reporting, the following definitions apply to operating segments:

Operating EBITDA: is calculated as profit before interest, taxes, depreciation, amortisation, loss on disposal of subsidiaries and restructure costs.

Enero Group Limited

Financial Report - half year ended 31 December 2015

2. Operating segments (continued)

2015 In thousands of AUD	Operating Brands	Total segment	Unallocated	Eliminations	Consolidated
Gross revenue	110,591	110,591	–	–	110,591
Directly attributable cost of sales	(52,963)	(52,963)	–	–	(52,963)
Net revenue	57,628	57,628	–	–	57,628
Other income	55	55	–	–	55
Operating expenses	(47,011)	(47,011)	(3,433)	–	(50,444)
Operating EBITDA	10,672	10,672	(3,433)	–	7,239
Depreciation and amortisation expenses					(1,515)
Net finance expenses					72
Income tax expense					(1,369)
Profit for the period					4,427
Goodwill	83,571	83,571	–	–	83,571
Other intangibles	85	85	–	–	85
Assets excluding intangibles	60,295	60,295	37,103	(26,609)	70,789
Total assets	143,951	143,951	37,103	(26,609)	154,445
Liabilities	34,243	34,243	28,811	(26,609)	36,445
Total liabilities	34,243	34,243	28,811	(26,609)	36,445

* All segments are continuing operations.

2014 In thousands of AUD	Operating Brands	Total segment	Unallocated	Eliminations	Consolidated
Gross revenue	104,996	104,996	–	–	104,996
Directly attributable cost of sales	(48,803)	(48,803)	–	–	(48,803)
Net revenue	56,193	56,193	–	–	56,193
Other income	128	128	–	–	128
Operating expenses	(48,018)	(48,018)	(3,718)	–	(51,736)
Operating EBITDA	8,303	8,303	(3,718)	–	4,585
Restructure costs	(577)	(577)	–	–	(577)
Depreciation and amortisation expenses					(2,075)
Net finance income					9
Income tax expense					(968)
Profit for the period					974
Goodwill	84,430	84,430	–	–	84,430
Other intangibles	115	115	–	–	115
Assets excluding intangibles	56,595	56,595	32,769	(21,723)	67,641
Total assets	141,140	141,140	32,769	(21,723)	152,186
Liabilities	34,569	34,569	23,822	(21,723)	36,668
Total liabilities	34,569	34,569	23,822	(21,723)	36,668

* All segments are continuing operations.

Enero Group Limited

Financial Report - half year ended 31 December 2015

3. Income tax expense

Recognised in the income statement

In thousands of AUD	2015	2014
Current tax expense		
Current year	1,419	634
Adjustments for prior years	(490)	85
	929	719
Deferred tax expense		
Origination and reversal of temporary differences	440	249
	440	249
Income tax expense in income statement	1,369	968
Numerical reconciliation between tax expense and pre-tax accounting profit		
Profit for the period	4,427	974
Income tax expense	1,369	968
Profit excluding income tax	5,796	1,942
Income tax expense using the Company's domestic tax rate of 30% (2014: 30%)	1,739	583
Increase in income tax expense due to:		
Share based payment expense	130	86
Tax losses not brought to account	308	316
Other non-deductible items	76	137
Decrease in income tax expense due to:		
Effect of lower tax rate on overseas incomes	(307)	(117)
Effect of losses previously not booked	(87)	–
(Over)/under provision for tax in prior years	(490)	85
Unwinding of deferred tax liability established in business combinations	–	(122)
Income tax expense on pre-tax net profit	1,369	968

4. Earnings per share

	2015	2014
Profit attributable to ordinary shareholders		
In thousands of AUD		
Profit for the period	4,427	974
Non-controlling interests	(733)	(588)
Profit for the period attributable to equity owners	3,694	386
Weighted average number of ordinary shares		
In thousands of shares		
Weighted average number of ordinary shares – basic	82,329	81,559
Shares issuable under equity-based compensation plans	544	3,238
Weighted average number of ordinary shares – diluted	82,873	84,797
Earnings per share		
Basic (AUD cents)	4.49	0.47
Diluted (AUD cents)	4.46	0.45

Enero Group Limited

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5. Intangible assets

In thousands of AUD	31-Dec-2015	30-Jun-2015
Goodwill		
At cost	304,499	305,956
Impairment	(220,928)	(221,526)
	83,571	84,430
IT related intellectual property		
At cost	9,094	9,094
Accumulated amortisation	(299)	(299)
Impairment	(8,795)	(8,795)
	–	–
Contracts and customer relationships		
At cost	16,927	16,927
Accumulated amortisation	(16,246)	(16,246)
Impairment	(681)	(681)
	–	–
Internally generated intangible assets		
At cost	3,085	3,085
Accumulated amortisation	(1,317)	(1,287)
Impairment	(1,683)	(1,683)
	85	115
Total intangible assets, net carrying value	83,656	84,545

Goodwill CGU group allocation

The Group has two CGUs, the Operating Brands CGU and the Search Marketing CGU. The entire goodwill balance of \$83,571,000 (30 June 2015: \$84,430,000) relates to Operating Brands CGU.

The decrease in the goodwill carrying value as compared to the prior reporting period is in relation to the decreased Australian dollar translation of foreign currency denominated goodwill.

Impairment tests for cash generating unit (CGU) groups containing goodwill

All the operating businesses are managed as one collective group which forms the Operating Brands segment.

For the purpose of impairment testing, goodwill is allocated to the Group's operating business units that represent the lowest level within the Group at which goodwill is monitored for internal management purposes and synergies obtained by the business unit.

The aggregation of assets in the CGU group continues to be determined using a service offering. The Search Marketing businesses do not form part of the Operating Brands CGU as they do not obtain synergies with the businesses in that CGU. However they are included in the Operating Brands Segment. They have no carrying value.

The recoverable amount of CGU group was based on value in use in both the current and prior year. The methodologies and assumptions used for calculating value in use for all of the CGU groups have remained materially consistent with those applied in prior year.

Key assumptions

Key assumptions used in the value in use approach to test for impairment relate to the discount rate and the medium-term and long-term growth rates applied to projected cash flows.

Projected cash flows

The projected first year of cash flows are derived from results for the current financial year adjusted in some cases for expectations of future trading performance to reflect the best estimate of the CGU group's cash flows at the time of this report. Projected cash flows can differ from future actual results of operations and cash flows.

Discount rates

Discount rates are based on the Group's pre-tax weighted average cost of capital (WACC) adjusted if necessary to reflect the specific characteristics of each CGU group and to obtain a post-tax discount rate. Discount rates used are appropriate for the currency in which cash flows are generated and are adjusted to reflect the current view on the appropriate debt equity ratio and risks inherent in assessing future cash flows.

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5. Intangible assets (continued)

Growth rates

A compound average growth rate (CAGR) of 2.4% (30 June 2015: 2.4%) has been applied to the cash flows of the first five years of cash flows. The five years of cash flows are discounted to present value. The growth rate is based on analysis of organic growth expectations, historical and industry growth rates. The growth rate also takes into account weighting of international operations of the Group.

Long-term growth rate into perpetuity

Long-term growth rates of 2.5% (30 June 2015: 2.5%) are used into perpetuity, based on expected long-range growth rates for the industry.

Impairment testing key assumptions for Operating Brands CGU

	31-Dec-2015	30-Jun-2015
Post-tax discount rate %	9.93 - 10.63	9.93 - 10.63
Pre-tax discount rate %	12.30 – 14.50	12.30 – 14.50
Long-term perpetuity growth rate %	2.50	2.50

Sensitivity assumptions for impairment testing assumptions

As at 31 December 2015, management has identified that for the carrying amount to exceed the recoverable amount the discount rate would need to increase by approximately 4.2% to 5%. A nil growth rate would continue to generate an estimated recoverable amount above the carrying amount.

6. Contingent liabilities

Indemnities

Indemnities have been provided to Directors and certain Executive Officers of the Company in respect of third parties arising from their positions, except where the liability arises out of conduct involving lack of good faith. No monetary limit applied to these agreements and there are no known obligations outstanding at 31 December 2015.

7. Key management personnel and other related party disclosures

In addition to Executive and Non-Executive Directors, there were key management personnel of the Group during the reporting period.

A number of the key management personnel, or their related entities, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. There were no transactions with the Company or its subsidiaries and key management personnel in the current or prior reporting period.

There were no transactions with the Director related party during the current or prior reporting period.

8. Subsequent events

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

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Directors' Declaration

In the opinion of the directors of Enero Group Limited ("the Company"):

1. the condensed interim consolidated financial statements and notes set out on page 5 to 15 are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the Group's financial position as at 31 December 2015 and the performance for the half-year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Sydney this 10th day of February 2016.

Signed in accordance with a resolution of the directors:

A handwritten signature in black ink, appearing to read 'John Porter', written in a cursive style.

John Porter
Chairman



Independent auditor's review report to the members of Enero Group Limited

We have reviewed the accompanying half-year financial report of Enero Group Limited, which comprises the consolidated interim statement of financial position as at 31 December 2015, consolidated interim income statement and consolidated interim statement of comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cash flows for the half-year ended on that date, notes 1 to 8 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Enero Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Enero Group Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

Tracey Driver
Partner

Sydney

10th February 2016



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Enero Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2015 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Tracey Driver
Partner

Sydney

10th February 2016