STW COMMUNICATIONS GROUP LIMITED

ABN 84 001 657 370

GENERAL PURPOSE FINANCIAL REPORT

INTERIM FINANCIAL REPORT - 30 JUNE 2015

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2014 and any public announcements made by STW Communications Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

STW COMMUNICATIONS GROUP LIMITED

ABN 84 001 657 370

GENERAL PURPOSE FINANCIAL REPORT

INTERIM FINANCIAL REPORT - 30 JUNE 2015

STW COMMUNICATIONS GROUP LIMITED

Directors' Report

Your Directors present their report on the consolidated entity consisting of STW Communications Group Limited ("the Company") and the entities it controlled (collectively "the consolidated entity") at the end of, or during, the half-year ended 30 June 2015. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

DIRECTORS

The following persons were Directors of STW Communications Group Limited during the half-year and up to the date of this report:

Robert Mactier	(Non-executive Chairman)
Michael Connaghan	(Chief Executive Officer and Executive Director)
Paul Richardson	(Non-executive Director)
Ian Tsicalas	(Non-executive Director)
Graham Cubbin	(Non-executive Director)
Peter Cullinane	(Non-executive Director)
Kim Anderson	(Non-executive Director)

REVIEW OF OPERATIONS

A summary of the Company's results for the period ended 30 June 2015 are outlined below:

	30 June 2015 $million	**30 June 2014 $million**	**Change**
Net revenue (Gross revenue less cost of goods sold expense)	194.6	195.8	(0.6%)
Share of net profits from joint ventures and associates	5.0	4.8	4.2%
Net Revenue	**199.6**	**200.6**	**(0.5%)**
Underlying earnings before interest, tax, depreciation and amortisation	36.5	39.8	(8.3%)
Underlying net profit after tax	**15.1**	**19.5**	**(22.5%)**
Strategic review and other one-off costs	(9.6)	(0.5)	
Non-cash impairment of intangible assets	(78.9)	-	
Statutory Net (loss)/profit	**(73.4)**	**19.0**	

	Cents per Share	**Cents per Share**	**Change**
Basic EPS – Underlying Profit for the period	3.66	4.87	(24.8%)
Diluted EPS – Underlying Profit for the period	3.67	4.87	(24.6%)
Basic earnings per share	(17.80)	4.72	(477.1%)
Diluted earnings per share	(17.83)	4.72	(477.8%)

REVIEW OF OPERATIONS (CONTINUED)

STRATEGIC REVIEW, RESTRUCTURE COSTS & OTHER ONE-OFF ITEMS

A further breakdown of strategic review, restructure and other one-off items are outlined below:

	30 June 2015 $million	30 June 2014 $million
Operating restructure and staff efficiency measures	4.7[(i)]	-
Centralised cost restructuring	1.3[(i)]	-
Property consolidation	2.4	-
Sub-total: Strategic review and restructure costs	**8.4**	**-**
Other adjusting items:		
Lease accounting (non-cash)	1.8	-
Losses in closed and merged businesses (cash and non-cash)	2.0	-
Other one-off items	0.6	0.5
STW Share of costs – profit before tax	**12.8**	**0.5**
STW Share of costs – net profit after tax	**9.6**	**0.5**

(i) Includes $3.7m of salary costs relating to exited employees at the key business units impacted as part of the strategic and structural review.

Details of items included in the cost categories are outlined as follows:

- **Operating restructure and staff efficiency measures**: Relate to redundancy and staff salary costs incurred in achieving operational restructure and efficiency initiatives and the related head-count reductions within various operating businesses.
- **Centralised cost restructuring**: Redundancy and staff salary costs incurred in reducing head count within head office and shared service functions and other operating infrastructure.
- **Property consolidation**: Consolidation of property footprint and co-location of selected business units into campuses.
- **Other adjusting items**: Relates to 30 June accounting adjustments and the costs associated with company close down/mergers.

TRADING AND OPERATIONS UPDATE

Net revenue (gross revenue less cost of goods sold expense) for the period ended 30 June 2015 is $194.6 million, flat on the prior period (2014: $195.8 million).

The underlying profit before interest, taxes, impairment, depreciation and amortisation (EBITDA) was $36.5 million, down 8.3%. (30 June 2014: profit of $39.8 million).

The underlying profit for the period attributable to members of STW Communications Group Limited for the period ended 30 June 2015 was $15.1 million, down 22.5% (2014: profit of $19.5 million).

The statutory loss for the period attributable to members of STW Communications Group Limited for the period ended 30 June 2015 was $73.4 million (2014: profit of $19.0 million).

REVIEW OF OPERATIONS (CONTINUED)

TRADING AND OPERATIONS UPDATE (CONTINUED)

This statutory loss was a result of non-cash impairment of non-current assets, non-recurring restructure costs and business close down costs which were incurred during the half year ended 30 June 2015. These restructure and business close down costs were incurred as a result of the strategic and operational review undertaken during the first half of the year. The non-recurring restructure costs were a direct result of the following key initiatives:

- creation of a new management structure to drive deeper engagement with each of the businesses;
- business mergers, consolidations and divestments creating fewer, but bigger and better businesses to drive organic growth;
- a range of immediate cost out initiatives to deliver annualised cost savings and operational efficiencies.

IMPAIRMENT OF NON-CURRENT ASSETS

At the half year, it was determined that there were indicators of impairment of intangible assets, investments accounted for using the equity method and plant and equipment due to weaker than forecast trading performance. An impairment review was undertaken in respect of each cash generating unit.

As a result of the review, the carrying amount of intangible assets and investments accounted for using the equity method allocated to the mass communication, brand development and management and specialist communication CGUs were reduced to their recoverable amounts through the recognition of an impairment charge. An impairment charge was also recognised against plant and equipment. The impairment charges recognised are as follows:

	$'000
Impairment of goodwill	**38,528**
Impairment of intangible assets	**4,493**
Impairment of investments accounted for using the equity method	**30,395**
Impairment of plant and equipment	**4,882**
Total impairment of non-current assets	**78,298**

CASH AND GROSS DEBT

As at 30 June 2015, the Group's cash and gross debt balances were $22.6 million (31 December 2014: $19.9 million) and $228.6 million (31 December 2014: $212.7 million), respectively.

DEBT FACILITIES

As at 30 June 2015, the Company has access to debt facilities totalling $270 million, of which $222.2 million is drawn. The Company has access to Australian core banking debt facilities of $270 million that mature in August 2016 ($70 million), July 2017 ($35 million), January 2018 ($100 million), August 2018 ($40 million) and September 2018 ($25 million).

CASH FLOW

The Company's operating cash flow result for the half-year increased compared to that of the prior year. Operating cash flow for the half-year was $34.5 million (30 June 2014: $15.4 million). The Group's cash flows were positively impacted by the timing of media payments and the improvement in working capital balances at 30 June 2015.

DIVIDENDS

Since the end of the half-year, the Directors have declared the payment of a fully franked ordinary dividend of $8.9 million (2.1 cents per fully paid ordinary share), with a record date of 2 September 2015 and payable on 23 September 2015 (2014 interim dividend: 3.3 cents per share). The dividend represents a payout ratio of 60% of underlying earnings.

The Dividend Reinvestment Plan ("DRP") will apply to this dividend allowing eligible shareholders to reinvest their dividends in the Company's shares. The DRP pricing period for this dividend will be from 4 September 2015 to 14 September 2015 (inclusive).

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Other than the items outlined above and in Note 13 to the financial statements, there has not arisen, in the interval between the end of the financial period and the date of signing of this Directors' Report, any item, transaction or event of a material or unusual nature which, in the opinion of the Directors has, or may, significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future periods.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

ROUNDING OF AMOUNTS TO THE NEAREST THOUSAND DOLLARS

The Company is an entity 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 Half-Year Financial Report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of Directors made pursuant to s306(3) of the *Corporations Act 2001*.

On behalf of Directors

Robert Mactier
Chairman
Sydney
13 August 2015

Michael Connaghan
Chief Executive Officer
Sydney
13 August 2015

Deloitte Touche Tohmatsu
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The Board of Directors
STW Communications Group Limited
72 Christie Street
St Leonards, NSW 2065

13 August 2015

Dear Board Members,

STW Communications Group Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of STW Communications Group Limited.

As lead audit partner for the review of the financial statements of STW Communications Group Limited for the half-year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

S C Gustafson
Partner
Chartered Accountants

STW COMMUNICATIONS GROUP LIMITED

Consolidated Statement of Profit or Loss
For the half-year ended 30 June 2015

	Notes	Consolidated Half-year ended 30 June 15 $'000	30 June 14 $'000
Continuing Operations			
Revenue		**226,170**	190,298
Other income	3(b)	**2,013**	5,534
Share of net profits of joint ventures and associates accounted for using the equity method	3(a)	**4,966**	4,766
		233,149	200,598
Cost of sale of goods		**(31,511)**	-
Changes in inventories and finished goods and work in progress		**(1,247)**	-
Employee benefits expense		**(139,207)**	(126,908)
Occupancy costs		**(17,786)**	(12,462)
Depreciation and amortisation expense	4(a)	**(5,926)**	(4,277)
Impairment of non-current assets	4(b)	**(78,298)**	-
Travel, training and other employee related costs		**(6,748)**	(6,776)
Research, new business and other commercial costs		**(4,269)**	(3,889)
Office and administration costs		**(7,766)**	(6,201)
Compliance, audit and listing costs		**(6,914)**	(4,909)
Finance costs	4(c)	**(6,796)**	(5,935)
(Loss)/profit before income tax		**(73,319)**	29,241
Income tax benefit/(expense)	5	**2,189**	(5,119)
(Loss)/profit for the period		**(71,130)**	24,122
Net (loss)/profit attributable to:			
- members of the parent entity		**(73,400)**	18,952
- non-controlling interests		**2,270**	5,170
		Cents	Cents
Earnings per share:			
Basic earnings per share		**(17.80)**	4.72
Diluted earnings per share		**(17.83)**	4.72

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

STW COMMUNICATIONS GROUP LIMITED
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 30 June 2015

		Consolidated	
		Half-year ended	
	Notes	**30 June 15 $'000**	30 June 14 $'000
Net (loss)/profit		**(71,130)**	24,122
Other comprehensive income			
Items that may be reclassified subsequently to the Consolidated Statement of Profit or Loss			
Transactions with non-controlling interest		**-**	(15)
Exchange loss arising on translation of foreign operations		**(3,275)**	(1,271)
Fair value loss on cash flow hedges taken to equity		**(197)**	(162)
Income tax benefit relating to components of other comprehensive income		**59**	49
Other comprehensive loss for the period (net of tax)		**(3,413)**	(1,399)
Total comprehensive (loss)/income for the period		**(74,543)**	22,723
Total comprehensive income attributable to:			
- members of the parent entity		**(75,995)**	17,342
- non-controlling interests		**1,452**	5,381

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

STW COMMUNICATIONS GROUP LIMITED
Consolidated Statement of Financial Position
As at 30 June 2015

		Consolidated	
		30 June 15	31 Dec 14
	Notes	**$'000**	$'000
Current assets			
Cash and cash equivalents		**22,597**	19,926
Trade and other receivables		**167,980**	171,282
Inventories		**5,473**	4,877
Current tax assets		**4,417**	-
Other current assets		**5,580**	7,134
Total current assets		**206,047**	203,219
Non-current assets			
Other receivables		**13,092**	13,103
Investments accounted for using the equity method		**84,551**	121,577
Other financial assets		**645**	706
Plant and equipment		**34,371**	40,801
Deferred tax assets		**16,660**	14,388
Intangible assets	8	**520,380**	555,641
Other non-current assets		**1,474**	2,208
Total non-current assets		**671,173**	748,424
Total assets		**877,220**	951,643
Current liabilities			
Trade and other payables		**174,972**	162,884
Borrowings		**2,208**	100,820
Current tax liabilities		**-**	4,172
Provisions		**11,674**	11,124
Total current liabilities		**188,854**	279,000
Non-current liabilities			
Other payables		**22,537**	27,973
Borrowings		**226,419**	111,864
Deferred tax liabilities		**3,546**	3,994
Provisions		**3,575**	3,111
Total non-current liabilities		**256,077**	146,942
Total liabilities		**444,931**	425,942
Net assets		**432,289**	525,701
Equity			
Issued capital		**330,106**	322,471
Reserves		**28,572**	31,361
Retained earnings		**29,115**	116,798
Equity attributable to members of the parent entity		**387,793**	470,630
Non-controlling interests		**44,496**	55,071
Total equity		**432,289**	525,701

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

STW Communications Group Limited

Consolidated Statement of Changes in Equity
For the half-year ended 30 June 2015

Consolidated	Notes	Issued Capital	Equity Settled Share-based Payment Reserve*	Transactions with Non-controlling Interests Reserve*	Brand Name Revaluation Reserve*	Interest Rate Hedge Reserve*	Foreign Currency Translation Reserve*	Retained Earnings	Total	Non-Controlling Interests	Total Equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2015		**322,471**	**304**	**6,053**	**16,275**	**(920)**	**9,649**	**116,798**	**470,630**	**55,071**	**525,701**
Net (loss)/profit		-	-	-	-	-	-	(73,400)	(73,400)	2,270	(71,130)
Other comprehensive income		-	-	-	-	(138)	(2,457)	-	(2,595)	(818)	(3,413)
Total comprehensive income		-	-	-	-	(138)	(2,457)	(73,400)	(75,995)	1,452	(74,543)
Non-controlling interests on acquisition and disposal of controlled entities and buy-out of non-controlling interests		-	-	(133)	-	-	-	-	(133)	242	109
Issue of executive share plan shares	7	61	(61)	-	-	-	-	-	-	-	-
Issue of new shares under DRP		7,574	-	-	-	-	-	-	7,574	-	7,574
Equity dividends provided for or paid	6	-	-	-	-	-	-	(14,283)	(14,283)	(12,269)	(26,552)
At 30 June 2015		**330,106**	**243**	**5,920**	**16,275**	**(1,058)**	**7,192**	**29,115**	**387,793**	**44,496**	**432,289**

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

* **Nature and purpose of reserves:**

- The equity settled share-based payment reserve is used to record the amortised cost of share rights granted to executives, the value of which has not been transferred to the relevant executives.
- The transactions with non-controlling interests reserve relates to transactions with non-controlling interests that do not result in a loss of control.
- The brand name revaluation reserve was used to record the net upward revaluation of acquired brand names.
- The interest rate hedge reserve is used to record the portion of the gains or losses on a hedging instrument in a hedge that is determined to be an effective cash flow hedge.
- The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign controlled entities.

STW COMMUNICATIONS GROUP LIMITED

Consolidated Statement of Changes in Equity (continued)

For the half-year ended 30 June 2015

Consolidated	Notes	Issued Capital	Equity Settled Share-based Payment Reserve*	Transactions with Non-controlling Interests Reserve*	Brand Name Revaluation Reserve*	Interest Rate Hedge Reserve*	Foreign Currency Translation Reserve*	Retained Earnings	Total	Non-Controlling Interests	Total Equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2014		**315,240**	**178**	**5,149**	**16,275**	**(274)**	**5,900**	**106,770**	**449,238**	**46,660**	**495,898**
Net profit		-	-	-	-	-	-	18,952	18,952	5,170	24,122
Other comprehensive income		-	-	(15)	-	(113)	(1,482)	-	(1,610)	211	(1,399)
Total comprehensive income		-	-	(15)	-	(113)	(1,482)	18,952	17,342	5,381	22,723
Non-controlling interests on acquisition and disposal of controlled entities and buy-out of non-controlling interests		-	-	-	-	-	-	-	-	(116)	(116)
Cost of share-based payments		-	193	-	-	-	-	-	193	-	193
Issue of executive share plan shares	7	209	(209)	-	-	-	-	-	-	-	-
Equity dividends provided for or paid	6	-	-	-	-	-	-	(21,291)	(21,291)	(1,990)	(23,281)
At 30 June 2014		**315,449**	**162**	**5,134**	**16,275**	**(387)**	**4,418**	**104,431**	**445,482**	**49,935**	**495,417**

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

* **Nature and purpose of reserves:**

- The equity settled share-based payment reserve is used to record the amortised cost of share rights granted to executives, the value of which has not been transferred to the relevant executives.
- The transactions with non-controlling interests reserve relates to transactions with non-controlling interests that do not result in a loss of control.
- The brand name revaluation reserve was used to record the net upward revaluation of acquired brand names.
- The interest rate hedge reserve is used to record the portion of the gains or losses on a hedging instrument in a hedge that is determined to be an effective cash flow hedge.
- The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign controlled entities.

STW COMMUNICATIONS GROUP LIMITED
Consolidated Cash Flow Statement
For the half-year ended 30 June 2015

		Consolidated	
		Half-year ended	
	Notes	**30 June 15 $'000**	30 June 14 $'000
Cash Flows from Operating Activities			
Receipts from customers		**527,066**	548,297
Payments to suppliers and employees		**(486,808)**	(523,692)
Interest received		**195**	156
Interest and other costs of finance paid		**(6,215)**	(5,242)
Dividends and trust distributions received from joint ventures and associates		**9,330**	6,715
Income taxes paid		**(9,118)**	(10,823)
Net cash flows from operating activities		**34,450**	15,411
Cash Flows from Investing Activities			
Payments for purchase of newly controlled entities, net of cash acquired	9(d)	**(486)**	135
Proceeds from sale of equity accounted investment		**2,400**	-
Net cash outflow from sale of controlled entity	10	**(116)**	-
Earnout payments and intangible assets acquired		**(25,177)**	(11,882)
Payments for purchase of plant and equipment		**(2,418)**	(3,934)
Loans to joint ventures and associates		**(2,871)**	(2,978)
Net cash flows used in investing activities		**(28,668)**	(18,659)
Cash Flows from Financing Activities			
Proceeds from borrowings		**138,690**	148,082
Repayment of borrowings		**(122,345)**	(143,215)
Dividends paid to non-controlling interests		**(12,269)**	(1,990)
Equity holder dividends paid	6	**(14,283)**	(21,291)
Proceeds from sale and lease back		**-**	5,963
Payments on finance leases		**(403)**	(204)
Proceeds from dividend reinvestment plan		**7,574**	-
Net cash flows used in financing activities		**(3,036)**	(12,655)
Net increase/(decrease) in cash and cash equivalents		**2,746**	(15,903)
Effects of exchange rate changes on cash and cash equivalents		**(75)**	(152)
Cash at the beginning of the year		**19,926**	43,271
Cash at the end of the half-year		**22,597**	27,216

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

Note 1. Basis of preparation of half-year ended 30 June 2015

Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 'Interim Financial Reporting.' Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the annual report for the year ended 31 December 2014 and any public announcements made by STW Communications Group Limited during the interim reporting period.

Basis of Preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for revaluation of certain non-current assets and financial instruments. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is a company of the kind referred to in ASIC class order 98/100, dated 10 July 1998, and in accordance with that class order amounts in the Directors' Report and the half-year financial report are rounded to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2014 annual report for the year ended 31 December 2014. These accounting policies are consistent with the Australian Accounting Standards and with International Financial Reporting Standards.

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ("the AASB") that are relevant to the Company and effective for the current reporting period. The adoption of these new and revised accounting Standards and Interpretations have not resulted in changes to the Group's accounting policies.

Where necessary, comparatives have been reclassified and repositioned for consistency with current period disclosures.

Note 2. Segment information

IDENTIFICATION OF REPORTABLE SEGMENTS

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board (the chief operating decision-maker) in assessing performance and in determining the allocation of resources. The operating segments are identified by the Board based on reporting lines and the nature of services provided. Discrete financial information about each of these operating segments is reported to the Board on a monthly basis. The Company operates predominately in Australia.

The reportable segments are based on aggregated operating segments determined by the similarity of the services provided and other factors.

SEGMENTS

The Company has identified two reportable segments:
– Advertising, Production and Media; and
– Diversified Communications.

Advertising, Production and Media - the Advertising, Production and Media segment provides advertising, media investment management, television and print production services.

Diversified Communications - the Diversified Communications segment covers the full gamut of marketing communications services. The Diversified Communications segment was established in order to offer clients a total solution to their marketing needs, well beyond their traditional advertising, production and media requirements.

HOLDING COMPANY

Holding Company costs are those costs which are managed on a Group basis and not allocated to business segments. They include revenues from one-off projects undertaken by the head office for external clients and costs associated with strategic planning decisions, compliance costs and treasury related activities.

ACCOUNTING POLICIES

Segment revenues and expenses are those directly attributable to the segments. The accounting policies of the reportable segments are the same as the Group’s accounting policies.

INTERSEGMENT TRANSFERS

Sales between segments are carried out at arm’s length and are eliminated on consolidation. As intersegment revenues are considered immaterial, no further disclosure of these is made in Note 2 Segment Information.

Note 2. Segment information

BUSINESS SEGMENTS
The following table presents revenue and profit information regarding business segments for the half-years ended 30 June 2015 and 30 June 2014:

	Advertising, Media and Production		**Diversified Communications**		**Holding Company and Unallocated**		**Consolidated Entity**	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000	**2015 $'000**	2014 $'000	**2015 $'000**	2014 $'000
Revenue from services	**90,740**	100,521	**135,430**	89,777	**-**	-	**226,170**	190,298
Share of net profit of joint ventures and associates	**3,515**	3,640	**1,451**	1,126	**-**	-	**4,966**	4,766
Other income	**939**	1,950	**96**	608	**783**	-	**1,818**	2,558
Segment Revenue	**95,194**	106,111	**136,977**	91,511	**783**	-	**232,954**	197,622
Segment Result (earnings before interest, tax and depreciation)	**17,242**	24,390	**4,766**	17,511	**(82,800)**	(2,604)	**(60,792)**	39,297
Depreciation and amortisation expense							**(5,926)**	(4,277)
Net interest							**(6,601)**	(5,779)
Profit before income tax							**(73,319)**	29,241
Income tax expense							**2,189**	(5,119)
Profit for the period							**(71,130)**	24,122
Net profit attributable to:								
- members of the parent entity							**(73,400)**	18,952
- non-controlling interests							**2,270**	5,170

Note 3. Revenue

	Consolidated Half-year ended 2015 $'000	Consolidated Half-year ended 2014 $'000
Revenue for the half-year includes the following items:		
(a) Share of net profits of joint ventures and associates		
Equity share of joint venture and associates' net profits	**4,966**	4,766
(b) Other income		
Interest income	**195**	156
Gain on fair value adjustment on non-current liability (deferred cash settlement)	**-**	2,820
Other income	**1,818**	2,558
	2,013	5,534

Note 4. Expenses

	Consolidated Half-year ended 2015 $'000	Consolidated Half-year ended 2014 $'000
Profit before income tax includes the following specific expenses:		
(a) Depreciation and amortisation expense		
Depreciation of non-currents assets:		
Plant and equipment	**4,577**	3,030
Total depreciation of non-current assets	**4,577**	3,030
Amortisation of non-current assets:		
Intangible assets	**1,349**	1,247
Total amortisation of non-current assets	**1,349**	1,247
Total depreciation and amortisation expense	**5,926**	4,277
(b) Impairment of non-current assets		
Impairment of goodwill	**38,528**	-
Impairment of intangible assets	**4,493**	
Impairment of investments accounted for using the equity method	**30,395**	-
Impairment of plant and equipment	**4,882**	-
Total impairment of non-current assets	**78,298**	-
(c) Finance costs		
Interest expense – deferred consideration payable	**581**	693
Interest expense – other parties	**6,215**	5,242
	6,796	5,935

Note 4. Expenses (continued)

	Consolidated	
	Half-year ended	
	2015	2014
	$'000	$'000
(d) Other expenses		
Loss on fair value adjustment on non-current liability (deferred cash settlement)	**2,123**	-
Loss on sale of investments accounted for using the equity method	**334**	-
Loss on sale of controlled entity	**55**	-
	2,512	-

Note 5. Income Tax

	Consolidated	
	Half-year ended	
	2015	2014
	$'000	$'000
(Loss)/profit from ordinary activities before income tax expense:	**(73,320)**	29,241
Tax at the Australian tax rate of 30% (2014: 30%)	**(21,996)**	8,772
Adjustments for current tax of prior periods	**122**	(42)
Tax adjustments resulting from equity accounting	**(1,490)**	(1,430)
Other items allowable for income tax purposes	**(319)**	(2,181)
Fair value adjustment on non-current liability	**637**	-
Impairment of intangible assets	**11,738**	-
Impairment of investments accounted for using the equity method	**9,119**	-
Income tax (benefit)/expense reported in the income statement	**(2,189)**	5,119

Note 6. Dividends

	Consolidated Half-year ended 2015 $'000	Consolidated Half-year ended 2014 $'000
Dividends declared and paid during the half-year:		
Final franked dividend for 2014: 3.5 cents per share (2013: 5.3 cents per share)	**14,134**	21,160
Dividends paid pursuant to the executive share plan ("ESP")	**149**	131
	14,283	21,291

Dividends not recognised at the end of the half-year

	2015 $'000	2014 $'000
In addition to the above dividends, since the end of the half-year, the Directors have declared the payment of an interim dividend of 2.1 cents (2014: 3.3 cents) per fully paid ordinary share, fully franked at 30%. The aggregate amount of the proposed interim dividend expected to be paid on 23 September 2015 (24 September 2014), out of retained profits at the end of the half-year, but not recognised as a liability at the end of the half-year, is:	**8,859**	13,326

Note 7. Movement in ordinary shares on issue

	Consolidated Half-year ended		Consolidated Half-year ended	
	2015 Shares	**2015 $'000**	2014 Shares	2014 $'000
At 1 January	**407,449,931**	**322,471**	400,943,304	315,240
Issue of new shares under the dividend reinvestment plan	**12,157,545**	**7,574**	-	-
Issue of executive share plan shares (i)	**86,783**	**61**	413,438	209
At 30 June (ii)	**419,694,259**	**330,106**	401,356,742	315,449

(i) In February and June 2015, shares were transferred from being held in trust to being held by the relevant executive. These shares had at that time met the second vesting criteria in respect of their issue and as such became fully vested on that date.

(ii) The total issued capital is net of treasury shares held by the Executive Share Plan of 2,162,286 (2014: 2,249,069). The total shares on issue is 421,856,545 (2014: 403,828,512).

Note 8. Intangible assets

	Consolidated	
	Half-year ended June 2015 $'000	Year ended Dec 2014 $'000
Goodwill	**444,943**	479,085
Brand Names	**57,027**	57,027
Intellectual Property	**10,730**	11,429
Customer relationships	**7,680**	8,100
Total intangible assets	**520,380**	555,641

At 1 January 2014	**Goodwill $'000**	**Brand Names $'000**	**Intellectual Property $'000**	**Customer Relationships $'000**	**Total $'000**
At cost	442,236	57,027	12,681	-	511,944
Accumulated impairment and amortisation	(3,267)	-	(3,521)	-	(6,788)
Net carrying amount	**438,969**	**57,027**	**9,160**	**-**	**505,156**
Year ended 31 December 2014					
Balance at the beginning of the year	438,969	57,027	9,160	-	505,156
Additions	-	-	2,604	-	2,604
Acquisition of subsidiary	31,022	-	512	8,500	40,034
Net exchange differences on translation	4,261	-	-	-	4,261
Movements in the estimate of deferred cash settlements	4,833	-	-	-	4,833
Amortisation expense	-	-	(847)	(400)	(1,247)
Balance at the end of the year	**479,085**	**57,027**	**11,429**	**8,100**	**555,641**
At 31 December 2014					
At cost	482,352	57,027	15,797	8,500	563,676
Accumulated impairment and amortisation	(3,267)	-	(4,368)	(400)	(8,035)
Net carrying amount	**479,085**	**57,027**	**11,429**	**8,100**	**555,641**
Half-year ended 30 June 2015					
Balance at the beginning of the year	479,085	57,027	11,429	8,100	555,641
Additions *	6,295	-	451	-	6,746
Acquisition of subsidiary (refer to Note 9)	784	-	-	-	784
Net exchange differences on translation	(1,789)	-	-	-	(1,789)
Movement in the estimate of deferred cash settlements	(904)	-	-	-	(904)
Transfer from completed work in progress	-	-	4,272	-	4,272
Amortisation expense	-	-	(929)	(420)	(1,349)
Impairment charge	(38,528)	-	(4,493)	-	(43,021)
Balance at the end of the half-year	**444,943**	**57,027**	**10,730**	**7,680**	**520,380**
At 30 June 2015					
At cost	486,738	57,027	20,520	8,500	572,785
Accumulated impairment and amortisation	(41,795)	-	(9,790)	(820)	(52,405)
Net book value	**444,943**	**57,027**	**10,730**	**7,680**	**520,380**

* Provisional accounting of Active Display Group was finalised during the period resulting in additional goodwill of $5.2m.

Note 8. Intangible assets (continued)

Impairment of cash generating units ("CGU") including goodwill and indefinite life assets

In accordance with the Group's accounting policies, the Group performs its impairment testing at least annually on 31 December for goodwill and intangible assets with indefinite useful lives. Given the continued downward pressures on profit in the half-year ended 30 June 2015, the Group has conducted a thorough strategic review and has identified indicators of impairment in some of its cash generating units. As a result the Group has undertaken an impairment review and prepared a value-in-use model for the purpose of impairment testing as at 30 June 2015.

Impairment testing

In accordance with the Group's accounting policies, the Group has evaluated whether the recoverable amount of a CGU or group of CGUs exceeds its carrying amount. The recoverable amount is determined to be the higher of its fair value less costs to sell or its value-in-use.

In calculating value-in-use, the cash flows include projections of cash inflows and outflows from continuing use of the group of assets making up the CGUs and of cash flows associated with disposal of any of these assets. The cash flows are estimated for the assets of the CGUs in their current condition and discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the risks specific to the CGUs. The Group uses a five year discounted cash flow model based on Board approved forecasts with a terminal growth rate for years beyond the five year budget period.

Details of the key assumptions used in the value-in-use calculations at 30 June 2015 are included below:

Year 1 cash flows
This is based upon the latest forecast for 2015. The forecasts are derived from a combination of historical trading performance and expectations of the CGU group based on market and life cycle factors.

Year 2 to 5 cash flows
These cash flows are forecast using year 1 as a base and a growth rate applied to revenue and expenses in years 2 to 5. The rate of change takes into account management's best estimate of the likely results in these periods, industry forecasts and historical actual rates. A growth rate of 1% (2014: 2.5%) has been applied to the mass communication unit, 2.5% (2014: 2.5%) to media and digital asset management, 1% (2014: 2.5%) to brand development and management and 1% (2014: 2.5%) to specialist communication.

Terminal growth factor
A terminal growth factor that estimates the long term average growth for that CGU is applied to the year 5 cash flows into perpetuity. A rate of 1.5% (2014: 2.5%) has been used for each of the CGU's cash flows. The terminal growth factor is derived from management's best estimate of the likely longer-term trading performance with reference to external industry reports.

Discount rate
The discount rate is an estimate of the post-tax rate that reflects current market assessment of the time value of money and the risks specific to the CGU. The post-tax discount rate applied to the CGU group's cash flow projections was 10.75% (2014: 10.5%). The same discount rate for all business units is considered appropriate. All business segments are based on providing services to similar customers; hence, they have similar levels of market risk.

Note 8. Intangible assets (continued)

Impairment charge

After completion of the value-in-use calculations, the Directors resolved to impair the intangible assets in each of the CGUs below:

	Goodwill ($'000)		Intellectual Property ($'000)	
	Half-year ended		Half-year ended	
	2015	2014	**2015**	2014
Mass communications	**2,161**	-	**625**	-
Media and digital asset management	**-**	-	**2,379**	-
Brand development and management	**25,175**	-	**-**	-
Specialist communications	**11,192**	-	**1,489**	-
Impairment charge	**38,528**	-	**4,493**	-

Impairment of equity accounted investments was calculated on the same basis as the impairment of intangible assets. Refer to Note 11.

The Board considers that it has taken a conservative view of the market conditions and business operations of the Group. Recent planned, and or implemented operating improvements and the future cost savings arising from the strategic and structural review have not been fully incorporated into the value-in-use model. Management expects a potential uplift in the future performance of the Group flowing from these changes and as a result the overall performance of the individual CGUs.

Impact of possible change in key assumptions

Each of the above factors is subject to significant judgement about future economic conditions and the ongoing structure of the marketing and communications industry. The Directors have applied their best estimates to each of these variables. To assess the impact of this significant uncertainty, and the range of possible outcomes, a sensitivity analysis is disclosed below.

Changes in the assumptions used in the value-in-use model after the impairment charges, when considered in isolation, will result in the following impairment impact on the profit or loss:

		Impairment ($'000)			
Sensitivity	Variable	Mass communications	Media and digital asset management	Brand development and management	Specialist communications
Discount rate	+0.5	7,160	-	5,402	2,068
Year 1-5 growth rate	-0.5	1,119	-	-	-
Terminal growth factor	-0.5	7,313	-	3,343	842

It must be noted that each of the sensitivities above assumes that a specific assumption moves in isolation, while all other assumptions are held constant. In reality, a change in one of the aforementioned assumptions could be accompanied by a change in another assumption, which may increase or decrease the net impact.

Impact of changes to growth rates

The annual growth rate that would result in each CGU group's recoverable amount falling below its carrying value are as follows: Mass communications: 0.66% (2014: 2.26%); Media and digital asset management: -5.53% (2014: 2.37%); Brand development and management: 0.39% (2014: 1.47%); Specialist communications: -0.61% (2014: 2.22%).

Note 8. Intangible assets (continued)

Impact of changes to discount rate

Management notes that the discount rate would have to increase to 10.87% (2014: 10.82%) (post-tax) for the recoverable amount of the mass communication unit's valuation to fall below its carrying value, all other assumptions being equal. The other segments continue to have valuations in excess of the carrying value with these changes.

Loss of a major customer

The assumption around the loss of a major customer is important because as well as using historical trends, management expects the Group's market share of each business segment to be stable over future periods. The loss of a significant customer in any business segment will impact on the ability of that segment to maintain expected earnings and cash flows. Each major customer would have a different impact on earnings and cash flows, therefore it is not appropriate to discuss the impact of sensitivity in relation to a loss of a major customer.

Allocation of goodwill and intangible assets to CGU

For the half year ended 30 June 2015, goodwill and brand names were allocated to the CGU groups below.

	Goodwill ($'000)		Intangible assets with indefinite useful lives ($'000)	
	Half-year ended		Half-year ended	
	2015	2014	**2015**	2014
Mass communications	**140,082**	143,976	**57,027**	57,027
Media and digital asset management	**125,440**	124,809	**-**	-
Brand development and management	**110,729**	130,646	**-**	-
Specialist communications	**68,692**	79,654	**-**	-
Total intangible assets	**444,943**	479,085	**57,027**	57,027

Note 9. Business combinations

(a) Summary of acquisitions

During the half-year ended 30 June 2015:

On 1 March 2015, STW Group (NZ) Limited ("STW NZ") acquired 68.33% of Union Digital Limited ("Union Digital"). STW Media Services Pty Limited holds a 100% share in STW NZ. Union Digital is a full service digital marketing agency which operates out of Auckland.

During the half-year ended 30 June 2014:

On 1 January 2015, Senior Minds Pty Limited ("Junior") acquired an additional 51% of Cru Holdings Pty Limited ("Cru") increasing its ownership interest from 49% to 100%. Cru is a full service digital marketing agency which operates out of Brisbane.

On 23 May 2015, DT Digital Pty Limited ("DT Digital") acquired 100% of DTMillipede Pty Limited ("DT Millipede"). STW Media Services Pty Limited holds a 66.67% share in DT Digital. DTMillipede is a full service digital marketing agency which operates out of Melbourne.

The acquisitions are expected to enhance STW's digital service offering.

Note 9. Business combinations (continued)

The goodwill is attributable to the acquisitions' strong earnings and synergies expected to arise after the date of acquisition. None of the goodwill is expected to be deductible for tax purposes.

(b) Goodwill

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

		Consolidated	
		Half-year ended	
	Note	**2015**	2014
		$'000	$'000
Purchase consideration:			
Fair value – equity accounted interest		**-**	197
Deferred cash settlement		**286**	356
Cash paid in the current period	9(d)	**927**	100
Total purchase consideration		**1,213**	653
Less: Fair value of net identifiable assets acquired	9(c)	**(429)**	(123)
Goodwill acquired		**784**	530

(c) Assets and liabilities acquired

The assets and liabilities arising from the acquisitions are as follows:

	Consolidated	
	Half-year ended	
	2015	2014
	$'000	$'000
	Fair Value	
Current assets		
Cash and cash equivalents	**441**	235
Trade and other receivables	**405**	438
Prepayments	**20**	-
Other current assets	**7**	-
Non-current assets		
Plant and equipment	**59**	-
Other non-current assets	**-**	1
Current liabilities		
Trade and other payables	**(30)**	(516)
Provisions	**(22)**	(35)
Other current liabilities	**(252)**	-
Net assets	**628**	123
Non-controlling interests in net assets acquired	**(199)**	-
Net identifiable assets acquired	**429**	123

Note 9. Business combinations (continued)

(d) Purchase consideration

	Consolidated	
	Half-year ended	
	2015	2014
	$'000	$'000
Outflow/(inflow) of cash from acquisition of controlled entities:		
Cash consideration paid	**927**	100
Cash balances acquired	**(441)**	(235)
Outflow/(inflow) of cash	**486**	(135)

For the half year ended 2014, the Group's equity interest in Cru before the business combination amounted to $197,000 and no gain or loss was recognised on acquisition.

Note 10. Disposal of subsidiary

There were no disposals for the half year ended 30 June 2014.

During the half year ended 30 June 2015, the Company disposed of its interest in Data@Ogilvy Pty Limited. The effective date of the transaction was 30 April 2015.

	Consolidated	
	Half-year ended	
	2015	2014
	$'000	$'000
(a) Consideration received		
Consideration received in cash and cash equivalents	**-**	-
Deferred proceeds	**-**	-
Total consideration	**-**	-
(b) Analysis of assets and liabilities over which control was lost		
Current assets		
Cash and cash equivalents	**116**	-
Other receivables	**5**	-
Non-current assets		
Plant & equipment	**2**	-
Deferred tax asset	**70**	-
Current liabilities		
Trade creditors	**(2)**	-
Other current payables	**(26)**	-
Provision for tax	**(94)**	
Provision for annual leave	**(16)**	-
Net assets disposed of	55	-
(c) Loss on disposal of subsidiary		
Disposal of net assets	**(55)**	-
Loss on disposal	**(55)**	-
(d) Net cash outflow on disposal of subsidiary		
Consideration received in cash or cash equivalents	**-**	-
Cash and cash equivalent balances disposed of	**(116)**	-
Net cash outflow on disposal	**(116)**	-

Note 11. Investments accounted for using the equity method

	Consolidated	
	Half-year ended June 2015 $'000	Year ended Dec 2014 $'000
Investments in joint ventures and associates	**114,946**	121,577
Provision for impairment	**(30,395)**	-
Total intangible assets	**84,551**	121,577

Name	**Ownership Interest June 2015**	**Ownership Interest Dec 2014**
AFI Branding Solutions Pty Limited	50%	50%
AFI Fabrications Pty Limited	45%	45%
Amblique Pty Limited (i)	-	40%
Beyond Analysis Australia Pty Limited	49%	49%
Bohemia Group Pty Limited	24%	24%
Campaigns and Communications Group Pty Limited	20%	20%
CPR Vision Management Pte Limited	40%	40%
Ewa Heidelberg Pty Limited (formerly i2i Communications Pty Limited)	49%	49%
Feedback ASAP Pty Ltd	20.4%	20.4%
Fusion Enterprises Pty Limited	49%	49%
Houston Group Pty Limited	40%	40%
Ikon Perth Pty Limited	45%	45%
J. Walter Thompson International Limited (New Zealand)	49%	49%
Jamshop Pty Limited	40%	40%
Lakewood Holdings Pty Limited	50%	50%
M Media Group Pty Limited and its subsidiaries	47.5%	47.5%
Marketing Communications Holdings Australia Pty Limited and its subsidiaries	49%	49%
Ogilvy Public Relations Worldwide Pty Limited and its subsidiaries	49%	49%
Paragon Design Group Pty Limited	49%	49%
Purple Communications Australia Pty Limited	44%	44%
Spinach Advertising Pty Limited	20%	20%
TaguchiMarketing Pty Limited	20%	20%
TCO Pty Limited	40%	40%
The Origin Agency Pty Limited	49%	49%

(i) The Company disposed all of its shares in this entity during the first half of the 2015 year. The gain on disposal was immaterial.

Note 12. Fair value measurement of financial instruments

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. There has been no significant change in the Group's risk profile from that of the prior year.

The Group also has a number of financial instruments where the carrying amount approximates the fair value in the balance sheet as at 30 June 2015 and 31 December 2014. These are presented in the table below:

The carrying amount of the receivables, current payables and current borrowings is assumed to approximate their fair value. The carrying amount of the interest rate swap is measured at fair value.

	Jun 2015 Carrying Amount $'000	Dec 2014 Carrying Amount $'000	**Jun 2015 Fair Value $'000**	Dec 2014 Fair Value $'000
Financial assets				
Cash and cash equivalents	**22,597**	19,926	**22,597**	19,926
Trade and other receivables	**181,072**	184,385	**181,072**	184,385
Other financial assets	**645**	706	**645**	706
	204,314	205,017	**204,314**	205,017
Financial liabilities				
Trade and other payables (excluding deferred cash settlement and derivatives)	**181,122**	157,879	**181,122**	157,879
Deferred cash settlement	**14,877**	31,664	**14,877**	31,664
Finance lease liabilities	**5,112**	5,609	**5,112**	5,609
Secured bank loans	**223,515**	207,075	**223,515**	207,075
Derivative financial instruments	**1,511**	1,314	**1,511**	1,314
	426,137	403,541	**426,137**	403,541

(a) Fair value hierarchy and valuation techniques

The Group's financial assets and liabilities are measured and recognised at fair value at 30 June 2015 and 31 December 2014 based on the following fair value measurement hierarchy:

(i) Level 1 – shares in listed entities
Shares in listed entities are fair valued with reference to the market price on the New Zealand Stock Exchange as at 30 June 2015 and 31 December 2014;

(ii) Level 2 – interest rate hedge reserve
The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;

(iii) Level 3 – deferred cash settlement and shares in other entities
The fair value of deferred cash settlements is calculated as the present value of estimated future payments based on a discount rate which approximates the Group's cost of borrowing. Expected cash inflows are estimated on the terms of the sale contract and the entity's knowledge of the business and how the current economic environment is likely to impact it. The shares in other entities have been disclosed at historical cost which is approximate of the fair value.

Note 12. Fair value measurement of financial instruments (continued)

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 31 December 2014 and 30 June 2015:

At 30 June 2015	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Shares in listed entities	536	-	-	536
Shares in unlisted entities	-	-	109	109
Total Assets	**536**	**-**	**109**	**645**
Liabilities				
Deferred cash settlement	-	-	(14,877)	(14,877)
Derivatives used for hedging	-	(1,511)	-	(1,511)
Total Liabilities	**-**	**(1,511)**	**(14,877)**	**(16,388)**

At 31 December 2014	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Shares in listed entities	588	-	-	588
Shares in unlisted entities	-	-	118	118
Total Assets	**588**	**-**	**118**	**706**
Liabilities				
Deferred cash settlement	-	-	(31,664)	(31,664)
Derivatives used for hedging	-	(1,314)	-	(1,314)
Total Liabilities	**-**	**(1,314)**	**(31,664)**	**(32,978)**

There were no transfers between levels 1, 2 or 3 for fair value measurements during the year.

The Group's policy is to recognise transfers into and transfers out of the fair value hierarchy levels as at the end of the reporting period.

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2015.

Note 12. Fair value measurement of financial instruments (continued)

(b) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 instruments as at 30 June 2015 and 31 December 2014:

	Unlisted equity securities $'000	Deferred cash settlement $'000	Total $'000
Opening balance 1 January 2015	**118**	**(31,664)**	**(31,546)**
Deferred cash settlement payments made during the period	-	19,509	19,509
Acquisition of subsidiaries and associates	-	(286)	(286)
Loss on fair value adjustment on non-current liability recognised in other income	-	(2,123)	(2,123)
Fair value adjustment on non-current liability recognised in the consolidated statement of financial position	-	904	904
Interest expense – deferred consideration payable	-	(581)	(581)
Other	(9)	(636)	(645)
Closing balance 30 June 2015	**109**	**(14,877)**	**(14,768)**

	Unlisted equity securities $'000	Deferred cash settlement $'000	Total $'000
Opening balance 1 January 2014	**126**	**(35,504)**	**(35,378)**
Deferred cash settlement payments made	-	6,822	6,822
Acquisition of subsidiaries and associates	-	(4,495)	(4,495)
Gain on fair value adjustment on non-current liability recognised in other income	-	4,666	4,666
Fair value adjustment on non-current liability recognised in the consolidated statement of financial position	-	(4,833)	(4,833)
Interest expense – deferred consideration payable	-	(1,472)	(1,472)
Other	(8)	3,152	3,144
Closing balance 31 December 2014	**118**	**(31,664)**	**(31,546)**

Note 12. Fair value measurement of financial instruments (continued)

(b) Fair value measurements using significant unobservable inputs (level 3) (continued)

Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Description	Fair value at 30 Jun 2015 $'000	Unobservable inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Deferred cash settlement	$14,877	Risk-adjusted discount rate	Discount rate which reflects the weighted average interest rate of secured bank loans	An increase in the discount rate by 100bps would decrease the fair value by $157,289. A decrease in the discount rate by 100bps would increase the fair value by $161,269.
		Expected cash inflows	Profit before tax	If expected cash flows were 5% higher, the fair value would increase by $1,176,135. If expected cash flows were 5% lower, the fair value would decrease by $1,025,381.

Description	Fair value at 31 Dec 2014 $'000	Unobservable inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Deferred cash settlement	$31,664	Risk-adjusted discount rate	Discount rate which reflects the weighted average interest rate of secured bank loans	An increase in the discount rate by 100bps would decrease the fair value by $289,454. A decrease in the discount rate by 100bps would increase the fair value by $297,211.
		Expected cash inflows	Profit before tax	If expected cash flows were 5% higher, the fair value would increase by $1,215,001. If expected cash flows were 5% lower, the fair value would decrease by $2,982,234.

Note 13. Subsequent Events

DISPOSALS

Subsequent to the half year end, STW Media Services Pty Limited has entered into a contract to dispose of its 40% interest in Jamshop Pty Limited. The proceeds on disposal and loss on sale are not expected to be material.

Full disclosure of the disposal is not possible as the accounting implications of the disposal were incomplete as at the date of issuing the financials due to the proximity of the disposal to the date of issue. Full disclosure of the disposal will be made in the annual accounts.

STW COMMUNICATIONS GROUP LIMITED

Directors' Declaration

The Directors declare that:

(a) in the directors' opinion, the financial statements and notes for the half-year ended 30 June 2015 as set out on pages 6 to 29 are in accordance with the *Corporations Act 2001,* including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and

(b) in the directors' 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.

Signed in accordance with a resolution of directors made pursuant to s 303(5) of the *Corporations Act 2001*.

On behalf of the directors

Robert Mactier
Chairman
Sydney
13 August 2015

Michael Connaghan
Chief Executive Officer
Sydney
13 August 2015

Deloitte.

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Independent Auditor's Review Report to the members of STW Communications Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of STW Communications Group Limited, which comprises the consolidated statement of financial position as at 30 June 2015, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, the consolidated cash flows statement and the consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 6 to 30.

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 gives a true and fair view and 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 STW Communications Group Limited's financial position as at 30 June 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of STW Communications 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.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of STW Communications Group Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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 STW Communications Group Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of STW Communications Group Limited's financial position as at 30 June 2015 and of its performance for the half-year ended on that date; and

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Stephen Gustafson

S C Gustafson
Partner
Chartered Accountants
Sydney, 13 August 2015