creatable media

Creatable Media Limited
ABN 71 099 247 408

Suite 21, 16-20 Bay Street
Double Bay NSW 2028

T 61 2 9363 9955 F 61 2 9363 9911

enquiries@creatablemedia.com.au
www.creatablemedia.com.au

ASX/MEDIA RELEASE **25 FEBRUARY 2005**

Creatable Media announces interim results for 2004

Date: 25 February, 2005 - Creatable Media (ASX:CLB), the leading tabletop advertising company, today reported its interim result for the half year period ending 31 December 2004.

Sales for the period was substantially ahead of last year, increasing by 56 per cent to $1.23 million.

As previously flagged at the company's AGM, the company has reported a loss of $1.94 million.

Chief Executive Officer, Scott Walters, said the sales result was pleasing and reflects the company's growing client base of major advertisers and repeat business.

"As a young company, we have focused on building our initial revenue stream to position the company for profitability in the near future.

"While the sales result is very positive, we need to increase the overall acceptance of the tabletop medium to a higher level and at a faster rate. The strategic alliance we have formed with Ultimate Media is a key step in that process."

Last week Creatable Media announced an alliance with Ultimate Media Group, a leading advertising sales company specialising in a range of out of home advertising media such as taxi tops, university campus advertising, fitness centres, restrooms and other promotional media.

The alliance will enable each company to leverage each other's sales and marketing expertise and media.

Mr Walters said Creatable Media was well-positioned to capitalise on the $5.1 billion out of home advertising market in the US, through its subsidiary company, Creatable Media Inc.

"In the US, we have first-mover advantage, long-term exclusive contracts with Westfield America Inc and an experienced management and sales team led by former Creatable Media Australia CEO, Craig Lazarus and US industry specialist, Poom Chantha.

"While still early days, we believe our US presence will be increasingly important as we move towards achieving our key strategic goals."

The company did not provide a forecast for 2005; however, Mr Walters said the company was working towards achieving profitability in 2006.

"While ours is essentially a month to month business, we believe the alliance with Ultimate Media, a concentrated sales effort and expansion into the US market will position the company towards achieving profitability in 2006."

ends/…

Enquiries
Scott Walters
CEO, Creatable Media Limited
Tel. (02) 9363 9955

Martin Cole
CPR Communications & Public Relations
Tel. (02) 9252 6644; 0403 332 977

Appendix 4D

Half year report

1. Company details

Name of entity

CREATABLE MEDIA LIMITED

ABN or equivalent company reference	Half year ended ('current period')	Half year ended ('previous period')
71 099 247 408	31 December 2004	31 December 2003

2. Results for announcement to the market

$A'000's

2.1	Revenues from ordinary activities	up	72%	to	1,380
2.2	Loss from ordinary activities after tax attributable to members	up	65%	to	(1,940)
2.3	Net loss for the period attributable to members	up	65%	to	(1,940)

2.4 **Dividends**	Amount per security	Franked amount per security
Interim dividend declared	NIL¢	NIL¢

2.5 +Record date for determining entitlements to the dividend.

N/A

2.6 Brief explanation of any of the figures in 2.1 to 2.4 above necessary to enable the figures to be understood.

3. NTA backing

	Current period	Previous corresponding period
Net tangible asset backing per +ordinary security	4.8 cents	(0.4) cents

4.1 Control gained over entities

Name of entity (or group of entities)	N/A
Date control gained	
Contribution of such entities to the reporting entity's profit/ (loss) from ordinary activities during the period (where material).	$-
Profit(loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period.	$-

4.2 Loss of control over entities

Name of entity (or group of entities)	N/A
Date control lost	
Contribution of such entities to the reporting entity's profit/ (loss) from ordinary activities during the period (where material).	$-
Consolidated profit/(loss) from ordinary activities of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material).	$-

5 Dividends

Individual dividends per security

		Date dividend is payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
	Interim dividend: Current year	N/A	NIL¢	NIL¢	NIL¢
	Previous year		NIL¢	NIL¢	NIL¢

6 Dividend Reinvestment Plans

The +dividend or distribution plans shown below are in operation.

N/A

The last date(s) for receipt of election notices for the +dividend or distribution plans	N/A

7 Details of associates and joint venture entities

Name of associate/joint venture	Reporting entity's percentage holding		Contribution to Net profit/(loss) (where material)	
	Current Period	Previous corresponding period	Current Period	Previous corresponding period
N/A				

Group's aggregate share of associates' and joint venture entities' profits/(losses) (where material):	Current period $A'000	Previous corresponding period - $A'000
Profit/(loss) from ordinary activities before tax		
Income tax on ordinary activities		
Profit/(loss) from ordinary activities after tax		
Extraordinary items net of tax		
Net profit/(loss)		
Adjustments		
Share of net profit/(loss) of associates and joint venture entities		

8 Foreign entities

For foreign entities, details of origin of accounting standards used in compiling the report (e.g. International etc.)
N/A

9. If the accounts are subject to audit dispute or qualification, details are described below

Sign here: .... Date: ....
(Director/Company Secretary)

Print name: ....

CREATABLE MEDIA LIMITED
ABN 71 099 247 408

GENERAL PURPOSE FINANCIAL REPORT

INTERIM FINANCIAL REPORT – 31 DECEMBER 2004

CREATABLE MEDIA LIMITED
ABN 71 099 247 408

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CREATABLE MEDIA LIMITED
ABN 71 099 247 408

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Creatable Media Limited and the entities it controlled at the end of or during, the half-year ended 31 December 2004.

Directors

The names of the directors in office at any time during or since the end of the half year are:

G Bundy (Chairman)

A J Armstrong (Deputy Chairman) (Appointed 4 November 2004)

C J Wunsh

C C Lazarus

S Reynolds

M G Krawitz

The directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Results of Operations

The loss after tax for the period ended 31 December 2004 was $1,940,365 (2003: $1,176,368)

Review of Operations

A review of the operations of the Company during the financial year and the results of those operations found that during the period, the Company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Auditor's independence declaration

We have received from our auditors the following independence declaration as required under section 307C of the Corporations Act 2001:

"We declare that, to the best of our knowledge and belief:

- There have been no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to this review;

- There have been no contraventions of the Code of Professional Conduct of the Institute of Chartered Accountants in Australia in relation to this review."

Signed in accordance with a resolution of the Board of Directors:

Chairman Director

Dated the 25th day of February 2005

CREATABLE MEDIA LIMITED
ABN 71 099 247 408

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

	Notes	Half-Year Ended 31 December 2004 $	Half-Year Ended 31 December 2003 $
Revenue from ordinary activities	2	**1,379,966**	801,217
Expenses from ordinary activities excluding borrowing costs	2	**(3,215,870)**	(1,855,156)
Borrowing costs		**(104,461)**	(122,429)
Loss from ordinary activities before income tax expense		**(1,940,365)**	(1,176,368)
Income tax relating to ordinary activities		-	-
Loss from ordinary activities after related income tax expense		**(1,940,365)**	(1,176,368)
Total changes in equity other than those resulting from transactions with owners as owners		**(1,940,365)**	(1,176,368)
Basic earnings per share (cents)	5	**(1.95)**	N/A
Diluted earnings per share (cents)	5	**(1.95)**	N/A

The above consolidated Statement of Financial Performance should be read in conjunction with the accompanying notes.

CREATABLE MEDIA LIMITED
ABN 71 099 247 408

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2004

	December 2004 $	June 2004 $
CURRENT ASSETS		
Cash assets	**4,250,613**	1,064,557
Receivables	**724,350**	386,761
Other	**34,275**	1,382,798
TOTAL CURRENT ASSETS	**5,009,238**	2,834,116
NON-CURRENT ASSETS		
Property, plant and equipment	**1,136,471**	1,001,238
Receivables – security deposits	**539,097**	454,067
Intangible assets	**141,726**	29,142
Other – access fees	**821,246**	126,461
TOTAL NON-CURRENT ASSETS	**2,638,540**	1,610,908
TOTAL ASSETS	**7,647,778**	4,445,024
CURRENT LIABILITIES		
Payables	**753,428**	976,603
Interest bearing liabilities	-	3,123,750
Other	**24,073**	72,500
TOTAL CURRENT LIABILITIES	**777,501**	4,172,853
NON-CURRENT LIABILITIES		
Interest bearing liabilities	**16,713**	-
TOTAL NON-CURRENT LIABILITIES	**16,713**	-
TOTAL LIABILITIES	**794,214**	4,172,853
NET ASSETS	**6,853,564**	272,171
EQUITY		
Contributed equity	**12,907,341**	4,385,581
Accumulated losses	**(6,053,777)**	(4,113,410)
TOTAL EQUITY	**6,853,564**	272,171

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

	Half – Year Ended 31 December 2004 $	Half – Year Ended 31 December 2003 $
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	**832,908**	649,143
Payments to suppliers and employees	**(2,797,245)**	(1,707,496)
Interest received	**144,601**	9,059
Interest paid	**(216,587)**	(122,429)
Net cash used in operating activities	**(2,036,323)**	(1,171,723)
CASH FLOW FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment	**(278,789)**	(450,285)
Payment to acquire intangible assets	**(911,543)**	-
Net cash used in investing activities	**(1,190,332)**	(450,285)
CASH FLOW FROM FINANCING ACTIVITIES		
Net Proceeds from share issue	**7,865,814**	179,224
Proceeds from borrowings	**-**	1,975,063
Repayment of borrowings	**(1,449,429)**	-
Net cash provided by financing activities	**6,416,385**	2,154,287
Net increase in cash held	**3,189,730**	532,279
Cash at beginning of financial year	**1,063,824**	382,890
Exchange rate adjustment	**(2,941)**	-
Cash at end of financial year	**4,250,613**	915,169

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

NOTE 1: BASIS OF PREPARATION OF THE ACCOUNTS

These general purpose consolidated accounts for the half year ended 31 December 2004 have been prepared in accordance with Accounting Standard AASB 1029: Half Year Accounts and Consolidated Accounts, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and the Corporations Act 2001.

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 30 June 2004 and any public announcements made by Creatable Media Limited during the half year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding half-year.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Australian Accounting Standards Board (AASB) has adopted AEIFRS for application to reporting periods beginning on or after 1 January 2005. The AASB has issued AASB equivalents to International Financial Reporting Standards and Urgent Issues Group Abstracts corresponding to International Financial Reporting Interpretations adopted by the International Accounting Standards Board. These Australian pronouncements will be known as Australian Equivalents to International Financial Reporting Standards (AEIFRS). The adoption of AEIFRS will be first reflected in the entity's financial statements for the half-year ending 31 December 2005 and year ending 30 June 2006.

The company's management, along with its auditors, are assessing the significance of these changes and preparing for their implementation. The Company's Chief Financial Officer will oversee and manage the company's transition AEIFRS including the training of staff and system/internal control changes necessary to gather all the required financial information.

Major changes to date that will be required to the entity's existing accounting policies include the following:

Recoverable amounts of non-current assets

Presently the expected cash flows used in determining the recoverable amounts of non-current assets are not discounted to their present values. The new AASB 136 "Impairment of Assets" requires that future cash flows used in determining recoverable amount be discounted to present value. The new standard will apply to most current and non-current assts. At present it is restricted to non-current assets. This change may impact the carrying values of certain assets, including property, plant and equipment and trademarks.

Equity-based compensation benefits

Under the new Australian AASB 2 "Share-Based Payment", equity-based compensation to employees will be recognised as an expense in respect of the services received.

This will result in a change to the current accounting policy, which conforms to existing Australian accounting standards, under which no expense is recognised for equity-based compensation.

Implications of tax-effecting tax losses carried forward

Under the new Australian AASB 112 "Income Taxes", the "virtual certainty" test which currently exists in assessing the ability of a company to recognise a future tax benefit in respect of tax losses is replaced by a "probability" test.

This may result in a change to the current accounting policy under which no future tax benefits or timing differences are recognised by Creatable Media Limited.

Intangible Assets
Included in intangible assets are USA market research costs. Upon adoption of AEIFRS, the costs will be required to be written off as at 1 July 2005, which will impact the restated results for the year ended 30 June 2005.

NOTE 2: REVENUE AND EXPENSES FROM ORDINARY ACTIVITIES	**December 2004**	December 2003
	$	$
Revenue from Ordinary Activities		
Sales revenue	**1,233,837**	792,158
Interest received	**132,077**	9,059
Other relevant revenue	**14,052**	-
	1,379,966	801,217
Expenses from Ordinary Activities		
Cost of sales	**(1,451,924)**	(918,175)
Employment costs	**(1,008,064)**	(286,285)
Depreciation	**(156,539)**	(95,551)
Other operational expenses	**(599,343)**	(555,145)
	(3,215,870)	(1,855,156)

NOTE 3: SEGMENT INFORMATION

Primary reporting – geographical segments.

Half-Year 2004	**Australia**	**New Zealand**	**United States**	**Inter-Segment Eliminations/ Unallocated**	**Consolidated**
	$	**$**	**$**	**$**	**$**
Total Segment Revenue	1,361,941	15,382	-	2,643	1,379,966
Segment Result	(1,783,452)	(159,543)	(13)	2,643	(1,940,365)
Unallocated revenue less unallocated expenses					-
Loss from ordinary activities before income tax expense					(1,940,365)

In the half year to 31 December 2003, the company operated in one geographical segment, Australia.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

NOTE 4: CONTRIBUTED EQUITY	December 2004 Shares	December 2003 Shares	December 2004 $	December 2003 $
(i) Balance at the end of the period	122,280,968	53,580,000	12,907,341	2,248,231
(ii) Movement during the period				
- Shares issued pursuant to Initial Public Offer	45,000,000	-	9,000,000	-
- Shares issued during period at 10 cents per share	-	120,000	-	12,000
- Issue to holders of 25 cent shares on 3 for 7 basis	3,761,828	-	-	-
- Issue on conversion of Convertible Notes	11,161,540	-	1,674,231	-
- Exercise of options	-	3,400,000	-	170,000
- Share issue expenses			(2,152,471)	(2,776)
Total movement in the period	59,923,368	3,520,000	8,521,760	179,224

NOTE 5: EARNINGS PER SHARE

Comparative earnings per share have not been disclosed as the Company's shares were not listed at 31 December 2003, and the Company's share structure has changed significantly since then.

CREATABLE MEDIA LIMITED
ABN 71 099 247 408

DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 2 to 7:

(a) comply with Accounting Standards, the Corporations Regulations and other mandatory professional reporting requirements; and

(b) give a true and fair view of the consolidated entity's financial position as at 31 December 2004 and of its performance, as represented by the results of its operations and its cash flows, for the half year ended on that date.

In the Directors' opinion :

(a) the financial statements and notes are in accordance with the Corporations Act 2001; and

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

This declaration is made in accordance with a Resolution of Directors.

Chairman   Director

Dated the 25th day of February 2005

HORWATH SYDNEY PARTNERSHIP
Chartered Accountants
A member of Horwath International

1 Market Street Sydney NSW 2000
GPO Box 1455 Sydney NSW 1041

Independent review report to the members of Creatable Media Limited

Scope

The financial report and directors' responsibility

The financial report comprises the consolidated statement of financial performance, statement of financial position, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Creatable Media Limited (the consolidated entity), for the half-year ended 31 December 2004. The consolidated entity comprises both the company and the entities it controlled during that half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia and the Corporations Act 2001, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing and Assurance Standards applicable to review engagements. A review is limited primarily to inquiries of the company's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Statement

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 Creatable Media Limited is not in accordance with:

(a) the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2004 and of its performance for the half-year ended on that date; and

(ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

Dated the 25 day of February 2005.

Horwath Sydney Partnership

HORWATH SYDNEY PARTNERSHIP
Chartered Accountants

ALFRED NEHAMA
Partner