



27 February 2009

The Manager
Company Announcements
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam,

APPENDIX 4D DISCLOSURE, FINANCIAL REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2008 AND TRADING UPDATE

Please find attached an announcement by the Company accompanying its Appendix 4D disclosure and its financial report for the six months ended 31 December 2008.

Yours faithfully
By Order of the Board

Demetrius Hassiotis
Company Secretary

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27 February 2009

ASX RELEASE - ADG GLOBAL SUPPLY LIMITED (ASX: ADQ)

“APPENDIX 4D DISCLOSURE, FINANCIAL REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2008 AND TRADING UPDATE”

The Directors of ADG Global Supply Limited (“Company”) today released the ASX Appendix 4D disclosure and the financial report for the six months ended 31 December 2008.

Six months ended 31 December 2008

During the six months ended 31 December 2008 the Company and its controlled entities (“the Consolidated Entity”), achieved revenue from continuing operations of \$30,289,133 (2007: \$2,050,788) and net profit after taxation of \$1,686,532 (2007: \$3,086,708).

The result for the six months ended 31 December 2007 included a one-off gain associated with debt forgiveness of \$6,103,528 from the Consolidated Entity’s former major secured creditor. After excluding this gain the Consolidated Entity made an underlying loss after taxation from continuing operations in the six months ended 31 December 2007 of \$1,048,642, owing to a major restructuring of the Consolidated Entity’s operations during that period.

The increase in revenue and in underlying profitability achieved during the current reporting period from continuing operations is attributable to the following factors:

- the acquisition of 100% of the share capital of ADG Global Supply Pty Ltd in May 2008;
- the termination of all discontinued operations; and
- an improvement in the year-on-year performance of all of the Consolidated Entity’s business segments in the six months ended 31 December 2008.

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Performance against Prospectus

On 3 April 2008, the Consolidated Entity issued a Prospectus ("Prospectus") for capital raising purposes. Actual performance for the six months ended 31 December 2008 compared to Prospectus forecasts is presented below:

	Prospectus	Actual	Variance	Variance
	Consolidated	Consolidated		
	\$	\$	\$	%
Revenue	35,645,924	30,289,133	(5,356,791)	-15.0%
EBIT -continuing operations	2,830,245	2,844,384	14,139	0.5%
Interest expense	(286,146)	(398,421)	(112,275)	-39.2%
Profit before income tax - continuing operations	2,544,099	2,445,963	(98,136)	-3.9%
Income tax expense	(763,230)	(759,431)	3,799	0.5%
Net profit after income tax	1,780,869	1,686,532	(94,337)	-5.3%
Earnings per share	2.04 cents	2.29 cents	0.25	12.3%

In the six months ended 31 December 2008 the Consolidated Entity has traded favourably against its Prospectus targets in challenging economic conditions.

Whilst revenue achieved during the period is below Prospectus targets, earnings before interest and taxation were above Prospectus forecast at \$2,844,384 due to an improvement in the Consolidated Entity's gross profit margin relative to Prospectus estimates.

Interest expense, which includes the impact of the unwinding of the discount of the deferred consideration payable to the vendors of ADG Global Supply Pty Ltd, was higher than Prospectus estimates, because the latter assumed a relatively lower debt/equity ratio in the funding of the ADG Global Supply Pty Ltd acquisition than was actually the case.

From a shareholder perspective, earnings per share for the six months ended 31 December 2008 were 12.3% higher than Prospectus estimates at 2.29 cents per share owing to the fact that fewer shares were issued in the May 2008 equity capital raising than was anticipated in the Prospectus.

As previously reported, during the first quarter of the current financial year the Company invested significantly in additional stock and work in progress to suit customer orders which has a direct bearing on the cash position.

A combination of the above effects had led the Company to previously report an operating cash outflow for the quarter ended 30 September 2008 of \$4.5 million, which has had a continuing impact on the cashflow results presented for the six months ended 31 December 2008.

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Outlook

The Company continues to monitor current economic conditions and its impact on the Company's business. As a result it has undertaken a number of proactive measures which include:

- aggressively following up growth prospects in a number of areas of its business and in particular Water Products, Drilling Fluids & Equipment, and Procurement / Strategic Sourcing Services;
- launching a new brand, a new website (www.adgglobalsupply.com) and a new Customer Relationship Management system and strategy;
- implementing a strategic review to improve productivity and margins;
- reviewing the Company's cost base to ensure maximum efficiency and shareholder value is achieved; and
- strengthening internal controls in the management of cash, debtors, stock and creditors.

Whilst the Company continues to target meeting its Prospectus profit targets for the year ending 30 June 2009, Management recognises that current market conditions have become challenging particularly in the last two months within its core client industries of drilling, exploration and mining. The expenditure cutbacks seen in these industries recently have impacted demand for tyres and other products.

Based on current trading conditions the Company expects to achieve a net profit after income tax for the year ending 30 June 2009 of \$2.1 million compared to the Prospectus forecast of \$3.5 million. Earnings per share for the same period are expected to be 2.91 cents per share compared to the Prospectus forecast of 4.05 cents per share.

The Company remains confident of the strength of its business strategy to focus on the mining and oil and gas industries. The Company expects a recovery in demand in late 2009 or early 2010 as customers deplete their existing inventories.

The Company's Water Products Division continues to pursue long-term supply contracts with large customers. The Company is confident that success in these endeavours, as well as legislative reform stipulating the use of grey water systems in new homes in Australia, will provide the Division with strong growth opportunities in the medium to long term.

Ends.

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ADG Global Supply Limited and its Controlled Entities

A.B.N. 16 082 341 197

APPENDIX 4D
AND
HALF YEAR FINANCIAL REPORT

31 DECEMBER 2008

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global
procurement
drilling fluids
and equipment
tyre sourcing
and distribution
universal
water products



Appendix 4D

ADG Global Supply Limited and its Controlled Entities

ABN 16 082 341 197

Half Year ended 31 December 2008 - Additional Disclosures

1. Reporting periods

Half year ended (‘Current period’)	Half year ended (‘Previous corresponding period’)
31 December 2008	31 December 2007

2. Results for announcement to the market

			\$A'000
Revenues from ordinary activities	up	1377%	30,289
Profit/(Loss) from ordinary activities after tax attributable to members	down	67%	1,687
Profit/(Loss) for the period attributable to members	down	45%	1,687

Brief explanation of above figures - During the six months ended 31 December 2008 ADG Global Supply Limited (“the Company”) and its controlled entities (“the Consolidated Entity”), achieved revenue from continuing operations of \$30,289,133 (2007: \$2,050,788) and net profit after taxation of \$1,686,532 (2007: \$3,086,708).

Within the result for the six months ended 31 December 2007 was included a once-off gain associated with debt forgiveness of \$6,103,528 from the Consolidated Entity’s former major secured creditor. After excluding this gain the Consolidated Entity made an underlying loss after taxation from continuing operations in the six months ended 31 December 2007 of \$1,048,642, owing to a major restructuring of the Consolidated Entity’s operations during that period.

The increase in revenue and in underlying profitability achieved during the current reporting period from continuing operations is attributable to the following factors:

- the acquisition of 100% of the share capital of ADG Global Supply Pty Ltd in May 2008.
- the termination of all discontinued operations; and
- an improvement in the year-on-year performance of all of the Consolidated Entity’s business segments in the six months ended 31 December 2008.

Dividends - There were no dividends declared or paid during the period and the directors do not recommend that any dividend be paid.

3. Net tangible asset backing

	Current period	Previous corresponding period
Net tangible asset backing / (deficiency) per ordinary security	(0.79) cents / share	0.57 cents / share

4. Changes in Controlled Entities

Nil.

5. Dividends or Distributions

Nil.

6. Dividend or Distribution Reinvestment Plans

N/A.

7. Material interests in entities which are not controlled entities

N/A.

8. Foreign Entities

N/A.

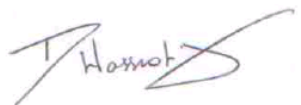
9. Independent Review Report

Refer to attached Half Year Financial Report for the half year ended 31 December 2008.

10. Compliance statement

This report should be read in conjunction with the attached Half Year Financial Report for the half year ended 31 December 2008.

Sign here:



Date: 27 February 2009

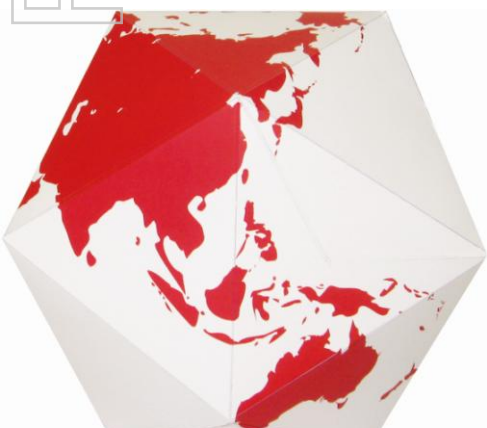
Print name: Demetrius Hassiotis
Company Secretary

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ADG Global Supply Limited and its Controlled Entities

Half-Year Financial Report
31 December 2008

ADG Global Supply Limited
A.B.N. 16 082 341 197



global
procurement
drilling fluids
and equipment
tyre sourcing
and distribution
universal
water products



Corporate Directory

Directors	D J Schwartz <i>Chairman</i>
	A Greathead <i>Managing Director</i>
	D A Craig
	J Mancini
Secretary	D Hassiotis
Principal registered office	17 Oxleigh Drive, Malaga, WA 6090 Australia +61 (08) 9249 7599
Share register	Registries Limited Level 7, 207 Kent Street Sydney, NSW 2000 Australia
Auditors	PKF Chartered Accountants & Business Advisers Level 7, BGC Centre 28 The Esplanade Perth, WA 6000 Australia
Solicitors	Steinepreis Paganin Level 4, Next Building 16 Milligan Street Perth, WA 6000 Australia
Bankers	Australia and New Zealand Banking Group Limited Level 7, 77 St Georges Terrace Perth, WA 6000 Australia
Stock exchange listings	ADG Global Supply Limited shares are listed on the Australian Securities Exchange (ASX ticker: ADQ).
Website address	www.adgglobalsupply.com



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DIRECTORS' REPORT

Your directors present their report on the Consolidated Entity consisting of ADG Global Supply Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2008.

DIRECTORS

The following persons were directors of ADG Global Supply Limited during the whole of the half-year and up to the date of this report unless otherwise stated:

Mr David Schwartz - Chairman (non-executive)
Mr Andrew Greathead - Managing Director
Mr David Craig - Director (non-executive)
Mr John Mancini - Executive Director

SECRETARY

Mr Demetrius Hassiotis

REVIEW AND RESULTS OF OPERATIONS

During the six months ended 31 December 2008 ADG Global Supply Limited ("the Company") and its controlled entities ("the Consolidated Entity"), achieved revenue from continuing operations of \$30,289,133 (2007: \$2,050,788) and net profit after taxation of \$1,686,532 (2007: \$3,086,708).

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Performance against Prospectus

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Income tax expense	(763,230)	(759,431)	3,799	0.5%
Net profit after income tax	1,780,869	1,686,532	(94,337)	-5.3%
Earnings per share	2.04 cents	2.29 cents	0.25	12.3%

In the six months ended 31 December 2008 the Consolidated Entity has traded favourably against its Prospectus targets in challenging economic conditions.

Whilst revenue achieved during the period is below Prospectus targets, earnings before interest and taxation were above Prospectus forecast at \$2,844,384 because of an improvement in the Consolidated Entity's gross profit margin relative to Prospectus estimates.

Interest expense, which includes the impact of the unwinding of the discount of the deferred consideration payable to the vendors of ADG Global Supply Pty Ltd, was higher than Prospectus estimates, because the latter assumed a relatively lower debt/equity ratio in the funding of the ADG Global Supply Pty Ltd acquisition than was actually the case.

From a shareholder perspective, earnings per share for the six months ended 31 December 2008 were 12.3% higher than Prospectus estimates at 2.29 cents per share owing to the fact that fewer shares were issued in the May 2008 equity capital raising than was anticipated in the Prospectus.

Outlook

The Company continues to monitor current economic conditions and its impact on the Company's business. As a result it has undertaken a number of proactive measures which include:

- aggressively following up growth prospects in a number of areas of its business and in particular Water Products, Drilling Fluids & Equipment, and Procurement / Strategic Sourcing Services;
- launching a new brand, a new website (www.adgglobalsupply.com) and a new Customer Relationship Management system and strategy;
- implementing a strategic review to improve productivity and margins;
- reviewing the Company's cost base to ensure maximum efficiency and shareholder value is achieved; and
- strengthening internal controls in the management of cash, debtors, stock and creditors.

Whilst the Company continues to target meeting its Prospectus profit targets for the year ending 30 June 2009, Management recognises that current market conditions have become challenging particularly in the last two months within its core client industries of drilling,

exploration and mining. The expenditure cutbacks seen in these industries recently have impacted demand for tyres and other products.

Based on current trading conditions the Company expects to achieve a net profit after income tax for the year ending 30 June 2009 of \$2.1 million compared to the Prospectus forecast of \$3.5 million. Earnings per share for the same period are expected to be 2.91 cents per share compared to the Prospectus forecast of 4.05 cents per share.

The Company remains confident of the strength of its business strategy to focus on the mining and oil and gas industries. The Company expects a recovery in demand in late 2009 or early 2010 as customers deplete their existing inventories.

The Company's Water Products Division continues to pursue long-term supply contracts with large customers. The Company is confident that success in these endeavours, as well as legislative reform stipulating the use of grey water systems in new homes in Australia, will provide the Division with strong growth opportunities in the medium to long term.

EVENTS AFTER THE BALANCE SHEET DATE

There are no matters or circumstances that have arisen since the end of the half-year reporting date that have significantly affected 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 financial reporting periods.

AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 7.

REVIEW OPINION

The auditors' review opinion for the half-year ended 31 December 2008 is unqualified with respect to the balance sheets as at 31 December 2008 and 30 June 2008 and is also unqualified with respect to the income statement and cash flow statement for the half-year ended 31 December 2008.

It is however qualified with respect to comparative information as at 31 December 2007. During the year ended 30 June 2007 the auditors were unable to form an audit opinion due to a number of factors explained in note 2 (e) on page 14. Because the closing inventory balance at 30 June 2007 entered into the determination of the results of operations and cash flows for the half-year ended 31 December 2007, the auditors were compelled to issue a qualified opinion with respect to the income statements and cash flow statements for the half-year ended 31 December 2007 of the parent entity and of certain non-operating entities which are now under administration or liquidation.

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

A handwritten signature in black ink, appearing to read 'David Schwartz', is positioned above the printed name.

David Schwartz
Chairman

Perth
27 February 2009

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of ADG Global Supply Limited and its controlled entities for the half year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of ADG Global Supply Limited and the entities it controlled during the half year.



PKF
Chartered Accountants



Conley Manifis
Partner

Dated in Perth, Western Australia on this 27th day of February 2009

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CONDENSED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Notes	Consolidated	
		31 December 2008 \$	31 December 2007 \$
Continuing operations			
Revenue	5	30,289,133	2,050,788
Forgiveness of debt	5	-	6,103,528
Other income	5	140,141	12,625
Expenses from continuing operations			
Raw materials and consumables used		(23,805,882)	(1,410,551)
Employee benefits expense		(2,528,917)	(984,587)
Depreciation and amortisation expense		(53,121)	(14,838)
Other expenses		(1,196,970)	(684,523)
Finance costs	5	(398,421)	(17,556)
Profit/(loss) from continuing operations before income tax		2,445,963	5,054,886
Income tax expense	6	(759,431)	-
Profit/(loss) from continuing operations after tax		1,686,532	5,054,886
Discontinued operations			
Loss from discontinued operations after tax	7	-	(1,968,178)
Net profit/(loss) attributable to the members of ADG Global Supply Limited		1,686,532	3,086,708
Earnings per share (cents per share)			
- basic; for profit for the half-year		2.29	5.34
- basic; for profit from continuing operations		2.29	3.26
- diluted; for profit for the half-year		2.29	5.34
- diluted; for profit from continuing operations		2.29	3.26
Dividends paid per share (cents per share)		-	-

The income statement is to be read in conjunction with the notes to the financial report for the half-year ended 31 December 2008 set out on pages 12 to 24.

CONDENSED BALANCE SHEET
AS AT 31 DECEMBER 2008

	Notes	Consolidated	
		31 December 2008 \$	30 June 2008 \$
ASSETS			
Current Assets			
Cash and cash equivalents	8	1,786,045	4,829,169
Trade and other receivables		6,083,913	7,695,700
Inventories		9,342,487	8,028,401
Other financial assets		148,490	156,118
Total Current Assets		17,360,935	20,709,388
Non-Current Assets			
Other financial assets		-	-
Deferred tax asset		195,620	497,425
Property, plant and equipment		693,129	570,540
Intangible assets		16,794,852	16,737,648
Total Non-Current assets		17,683,601	17,805,613
TOTAL ASSETS		35,044,536	38,515,001
LIABILITIES			
Current liabilities			
Trade and other payables		6,393,154	13,754,186
Income tax payable		447,260	138,972
Interest-bearing loans and borrowings	9	71,421	114,677
Provisions	10	255,645	234,870
Total Current Liabilities		7,167,480	14,242,705
Non-Current Liabilities			
Deferred tax liabilities		33,497	23,131
Interest bearing loans and borrowings	9	7,846,922	6,088,629
Provisions	10	3,782,946	3,633,377
Total Non-Current Liabilities		11,663,365	9,745,137
TOTAL LIABILITIES		18,830,845	23,987,842
NET ASSETS		16,213,691	14,527,159
EQUITY			
Contributed equity	12	38,556,585	38,556,585
Cumulative losses		(22,342,894)	(24,029,426)
TOTAL EQUITY		16,213,691	14,527,159

The balance sheet is to be read in conjunction with the notes to the financial report for the half-year ended 31 December 2008 set out on pages 12 to 24.

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CONDENSED CASHFLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Notes	Consolidated 31 December 2008 \$	31 December 2007 \$
Cash flows from operating activities			
Receipts from customers		31,806,685	3,751,222
Payments to suppliers and employees		(35,685,351)	(4,725,448)
Interest received		51,160	729
Interest paid		(245,459)	(116,268)
Income taxes paid		(138,972)	-
Net cash flows used in operating activities		(4,211,937)	(1,089,765)
Cash flows from investing activities			
Proceeds from sale of goodwill asset		-	675,000
Proceeds from sale of property, plant and equipment		36,690	192,700
Purchase of property, plant and equipment		(148,946)	(212,047)
Purchase of intangible assets		(83,968)	-
Payment of retained cash consideration on the acquisition ADG Global Supply Pty Ltd	14	(350,000)	-
Acquisition of subsidiary, net of cash acquired	15	-	790,337
Net cash flows from/(used in) investing activities		(546,224)	1,445,990
Cash flows from financing activities			
Proceeds from issue of shares		-	-
Proceeds from borrowings		1,715,037	1,850,000
Repayment of borrowings		-	(237,541)
Net cash flows from/(used in) financing activities		1,715,037	1,612,459
Net increase/(decrease) in cash and cash equivalents		(3,043,124)	1,968,684
Cash and cash equivalents at beginning of period		4,829,169	934,540
Cash and cash equivalents at end of period	8	1,786,045	2,903,224
Reconciliation of cash			
Cash at bank and in hand		1,786,045	2,903,224
Bank overdraft		-	-
	8	1,786,045	2,903,224

The cashflow statement is to be read in conjunction with the notes to the financial report for the half-year ended 31 December 2008 set out on pages 12 to 24.

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

CONSOLIDATED	Ordinary shares \$	Cumulative losses \$	Other reserves \$	Total Equity \$
At 1 July 2007	23,786,619	(25,854,777)	-	(2,068,158)
Profit for the period	-	3,086,708	-	3,086,708
Shares issued (note 15)	2,113,300	-	-	2,113,300
Transaction costs on share issue	(126,342)	-	-	(126,342)
At 31 December 2007	25,773,577	(22,768,069)	-	3,005,508
At 1 July 2008	38,556,585	(24,029,426)	-	14,527,159
Profit for the period	-	1,686,532	-	1,686,532
At 31 December 2008	38,556,585	(22,342,894)	-	16,213,691

The statement of changes in equity is to be read in conjunction with the notes to the financial report for the half-year ended 31 December 2008 set out on pages 12 to 24.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The financial report of ADG Global Supply Limited (“the Company”) for the half-year ended 31 December 2008 was authorised for issue in accordance with a resolution of the directors on 27 February 2009. ADG Global Supply Limited is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all of the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of ADG Global Supply Limited and its controlled entities (‘the Consolidated Entity’) as the full financial report.

The half-year financial report should be read in conjunction with the annual financial report of ADG Global Supply Limited as at 30 June 2008.

It is also recommended that the half-year financial report be considered together with any public announcements made by ADG Global Supply Limited and its controlled entities during the half-year ended 31 December 2008 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of Preparation

The half-year consolidated financial report is a general purpose financial report, which has been prepared in accordance with the requirement of the Corporations Act 2001, applicable Accounting Standards, including AASB 134 ‘Interim Financial Reporting’ and other mandatory professional reporting requirements. The half-year financial report has been prepared on a historical cost basis, except where stated.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Significant accounting policies

The half-year consolidated financial report has been prepared using the same accounting policies used in the annual financial report for the year ended 30 June 2008, except for the adoption of amending accounting standards mandatory for annual periods beginning on or after 1 July 2008, as described in note 2(d).

(c) Basis of consolidation

The half-year consolidated financial report comprises the financial results of the Consolidated Entity. On 15 May 2008, the Company acquired 100% of the share capital of ADG Global Supply Pty Ltd and its subsidiaries. The financial report includes the results of ADG Global Supply Pty Ltd since 15 May 2008 and consequently the financial report does not include the results of ADG Global Supply Pty Ltd in the comparative period to 31 December 2007.

The acquisition by the Company of AWS (Security Holder) Pty Ltd (“PAPL”) on 6 December 2007 has been accounted for, in the comparative period, by allocating the cost of the group of purchased net assets between the individual identifiable assets and liabilities in that group

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(c) Basis of consolidation (cont.)

based on their relative fair values at the date of acquisition. The directors have not applied AASB 3: 'Business Combinations' to the acquisition because the principal purpose of PAPL prior to its acquisition was the holding of the secured debt of the Company and in consequence, PAPL did not carry on a business. Differences between the carrying values of the secured debt in the Company and PAPL have been taken to the Income Statement on consolidation in accordance with AASB 139 'Financial Instruments: Recognition and Measurement'. The financial statements include the results of PAPL for the period since its acquisition on 6 December 2007.

(d) New Standards and Interpretations Not Yet Adopted

No accounting standards mandatory for annual periods beginning on or after 1 July 2008 have been identified as having a material impact on the Consolidated Entity's accounting policies.

The following standards and interpretations have also been adopted from 1 July 2008:

- AASB 2008-10 'Amendment to Australian Accounting Standards - Reclassification of Financial Assets (amendments to AASB 139 Financial Instruments: Recognition and Measurement and AASB 7 Financial Instruments Disclosures)'
- Interpretation 12 and AASB 2007-2 'Service Concession Arrangements' and consequential amendments to other Australian Accounting Standards.
- Interpretation 129 'Service Concession Arrangements: Disclosures'.
- Interpretation 4 (revised) 'Determining whether an arrangement contains a lease'.
- Interpretation 13 'Customer Loyalty Programmes'.
- Interpretation 14 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'.

The Consolidated Entity has not elected for early adoption of any new standards or amendments.

The following standards, amendments to standards and interpretations have been identified as those which may impact the Consolidated Entity in the period of initial application. They are available for early adoption at 31 December 2008 but have not been applied in preparing the financial statements.

New or revised requirement	Effective dates	More information	Impact on the Consolidated Entity
AASB101 'Presentation of Financial Statements (revised)', AASB 2008-8 'Amendments to Australian Accounting Standards and Interpretations'. Affects the presentation of the changes in equity and comprehensive income. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other AASB standards however, it is important to note that the AASB has decided that Australian issuers shall make use in financial reports of the descriptions - Statement of Financial Performance and Position and use the term "financial report" and not "financial statement." The Amending Standard updates references in various other pronouncements.	Beginning 1 January 2009	Optional for half-year ending 31 December 2008.	The effect of this amendment will be a changing of the title of the Consolidated Entity's financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(d) New Standards and Interpretations Not Yet Adopted (cont.)

New or revised requirement	Effective dates	More information	Impact on the Consolidated Entity
<p>AASB 123 'Borrowing Costs (Revised)', AASB 2007-6 'Amendments to Australian Accounting Standards'</p> <p>Eliminates the option of expensing borrowing costs relating to qualifying assets, instead requiring capitalisation. Transitional provisions require prospective application to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after application date. An entity may however, designate any date before the application date and apply the Standard to borrowing costs relating to all qualifying assets for which the commencement date for capitalisation is on or after that date. The Amending Standard eliminates reference to the expensing option in various other pronouncements.</p>	<p>Beginning 1 January 2009</p>	<p>Optional for half-year ending 31 December 2008.</p>	<p>Unless the Consolidated Entity becomes involved in a qualifying asset in future periods these amendments are not expected to have any impact on the financial report.</p>
<p>AASB 8 'Operating Segments', AASB 2007-3 'Amendments to Australian Accounting Standards arising from AASB 8'</p> <p>AASB 8 replaces AASB 114 Segment Reporting and introduces new 'management approach' to segment reporting to align IFRS and US GAAP. Unlike AASB 114, AASB 8 only applies to entities which have on issue debt or equity securities that are traded in a public market (or which are in the process of issuing any class of instruments in a public market). Therefore, reporting entities that are out of scope of AASB 8 may wish to early adopt this Standard to avoid segment reporting in their financial reports.</p>	<p>Beginning 1 January 2009</p>	<p>Optional for half-year ending 31 December 2008.</p>	<p>AASB 8 is a disclosure standard, so will have no direct impact on amounts recognised in the financial report. However amendments will result in changes in disclosures.</p>

(e) Reasons for disclaimer audit opinion at 30 June 2007

Within the financial report of the Consolidated Entity at 30 June 2007 the auditors issued a disclaimer opinion citing the existence of certain limitations on the scope of their work. These limitations are summarised below. Further details regarding these limitations can be obtained from the published financial report of the Consolidated Entity at 30 June 2007.

- Existence of a number of material variances between the Consolidated Entity's perpetual inventory records and its physical inventory at 30 June 2006. Suppression of these variances and presentation of falsified inventory records that did not disclose the true extent of the variances, during the performance of the 30 June 2006 audit.
- A number of accounting records and supporting documents were not provided by management relating to the year ended 30 June 2007 and in particular:
 - stock take documentation as at 30 June 2007;
 - subsequent receipts and invoices at 30 June 2007 to support the recoverability of the wholesale division trade debtors balance;
 - documentation in the comparative period, relating to the incidence of unauthorised payments made to a former executive of the Consolidated Entity as reported to the Australian Securities Exchange by the then directors of the Company; and
 - audit testing documentation such as inventory purchase invoices, general expense invoices, plant and equipment purchase invoices, and bank statements from July 2006 to December 2006 and other supporting documentation.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(e) Reasons for disclaimer audit opinion at 30 June 2007(cont.)

Because of these matters the auditors were unable to obtain all information and explanations they required in order to form an opinion on the financial report for the year ended 30 June 2007.

3. FINANCIAL RISK MANAGEMENT

The Consolidated Entity's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial report as at and for the year ended 30 June 2008.

4. SEGMENT INFORMATION

The Consolidated Entity's primary reporting format is business segments and its secondary format is geographical segments.

The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Mining, Oil and Gas Supply Division is a supplier of tyres, consumables, drilling fluids, drilling and other equipment to the mining, oil and gas industries worldwide. It represents the results of ADG Global Supply Pty Ltd since its acquisition on 15 May 2008.

The Water Products Division is a wholesale supplier of pumps, diversion valves and other water products. It represents the results of Rain One Pty Ltd.

The Corporate business segment represents the results of the parent entity, ADG Global Supply Limited, of AWS (Security Holder) Pty Ltd and of other non-operating subsidiaries.

For a description of discontinued operations refer to note 8 of the Consolidated Entity's financial report for the year ended 30 June 2008.

Transfer prices between business segments are set at an arms length basis in a manner similar to transactions with third parties.

The Consolidated Entity operates in one geographic segment namely that of Australia.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

4. SEGMENT INFORMATION (cont.)

Business segments

The following tables present revenue and profit information and certain asset and liability information regarding business segments for the half-year ended 31 December 2008.

	<i>Continuing Operations</i>			
	<i>Mining, Oil & Gas \$</i>	<i>Water \$</i>	<i>Corporate \$</i>	<i>Total \$</i>
Half-year ended 31 December 2008				
Revenue				
Sales to external customers	28,118,413	2,170,720	-	30,289,133
Other revenues from external customers	44,766	88,981	6,394	140,141
Inter-segment sales	-	-	-	-
Total segment revenue	<u>28,163,179</u>	<u>2,259,701</u>	<u>6,394</u>	<u>30,429,274</u>
Inter-segment elimination				-
Total consolidated revenue				<u>30,429,274</u>
Result				
Segment result	2,769,833	274,368	(199,817)	2,844,384
Unallocated expenses	-	-	-	-
Profit before tax and finance costs	<u>2,769,833</u>	<u>274,368</u>	<u>(199,817)</u>	<u>2,844,384</u>
Finance costs	(19,592)	-	(378,829)	(398,421)
Profit before income tax	<u>2,750,241</u>	<u>274,368</u>	<u>(578,646)</u>	<u>2,445,963</u>
Income tax expense	(826,661)	(57,863)	125,093	(759,431)
Net profit for the year	<u>1,923,580</u>	<u>216,505</u>	<u>(453,553)</u>	<u>1,686,532</u>

For the half-year ended 31 December 2007 the Consolidated Entity operated in one industry, the irrigation industry, and in one geographical segment, being Australia. The products and services from which revenue was derived in that financial year were irrigation, pumps, water garden products and franchising and therefore equivalent products to that of the current Water Products Division, albeit the Consolidated Entity no longer makes sales to retail customers.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

5. REVENUE, INCOME AND EXPENSES

Revenue, Income and Expenses from Continuing Operations

	CONSOLIDATED	
	2008	2007
	\$	\$
<i>Revenue</i>		
Sales revenue	-	
	30,289,133	2,050,788
Total revenue	30,289,133	2,050,788
<i>Forgiveness of debt</i>		
Fair value adjustment to secured loan owing by ADG Global Supply Limited upon acquisition of its secured creditor AWS (Security Holder) Pty Ltd on 6 December 2007 (Note 15).	-	6,103,528
Total forgiveness of debt	-	6,103,528
<i>Other income</i>		
Rental income	52,291	1,000
Bank Interest	51,160	729
Profit on disposal of property, plant and equipment	36,690	-
Rebates and discounts received	-	7,293
Other	-	3,603
Total other income	140,141	12,625
<i>Finance costs</i>		
Bank loans and overdrafts	225,867	16,566
Amortisation of deferred purchase consideration	152,962	
Finance charges payable under finance leases and hire purchase contracts	19,952	990
Total finance costs	398,781	17,556

6. INCOME TAX

The major components of income tax expense for the half-year ended 31 December 2008 are:

	CONSOLIDATED	
	2008	2007
	\$	\$
Consolidated Income Statement - continuing operations		
<i>Current Income tax</i>		
Current income tax charge	447,260	-
Adjustments in respect of current income tax of previous years	-	-
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	312,171	-
Income tax expense reported in the condensed income statement	759,431	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

7. DISCONTINUED OPERATIONS

(a) Description

On 9 August 2007, Australian Waterwise Solutions Ltd (now known as ADG Global Supply Limited) publicly announced the decision of the Company's Administrators to dispose of a number of the Consolidated Entity's assets to third parties and use the proceeds to settle a number of the Consolidated Entity's liabilities arising from the period before and during voluntary administration.

On 22 May 2008, ADG Global Supply Limited publicly announced that the Directors had reached an agreement with 'The Watershed' to dispose of the business assets and operations of the Company's retail irrigation products business which operated through wholly owned subsidiary Australian Waterwise Solutions - Trade Pty Ltd. The agreement was completed on 15 June 2008.

The continuing operations of the Consolidated Entity are considered by the Directors to be the former business operations of Rain One Australia Pty Ltd (selected assets of which were transferred to a newly incorporated subsidiary Rain One Pty Ltd), the operations of ADG Global Supply Pty Ltd acquired on 15 May 2008, the parent entity, ADG Global Supply Limited and AWS (Security Holder) Pty Ltd. All other subsidiaries are considered to be discontinued operations.

(b) Financial performance and cash flow information

The results of the discontinued operations for the half year are presented below:

	<i>CONSOLIDATED</i>	
	2008 \$	2007 \$
Revenue	-	1,180,399
Expenses	-	(3,049,865)
	-	(1,869,466)
Finance Costs	-	(98,712)
Loss before tax from discontinued operations	-	(1,968,178)
Income tax expense	-	-
Loss from discontinued operations	-	(1,968,178)
Net cash inflow from ordinary activities	-	(1,373,810)
Net cash inflow/(outflow) from investing activities	-	849,031
Net cash inflow/outflow from financing activities	-	-
Net increase/(decrease) in cash generated by the discontinued operations	-	(524,779)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

7. DISCONTINUED OPERATIONS (cont.)

(c) Carrying amounts of assets and liabilities

The major classes of assets and liabilities of the discontinued operations as at 31 December 2008 (and 30 June 2008) are as follows:

	31 December 2008 \$	30 June 2008 \$
<i>Assets</i>		
Inventories	-	-
Intangibles	-	-
Property, plant and equipment	-	-
Total non-current assets held for sale	-	-
<i>Liabilities</i>		
Trade creditors and payables	-	-
Total liabilities associated with non-current assets held for sale	-	-
	-	-

8. CASH AND CASH EQUIVALENTS

For the purposes of the half-year condensed cashflow statement, cash and cash equivalents are comprised of the following:

Cash at bank and in hand	1,786,045	4,829,169
	<u>1,786,045</u>	<u>4,829,169</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

9. INTEREST BEARING LOANS AND BORROWINGS

Interest bearing loans and borrowing are comprised of the following:

	CONSOLIDATED	
	31 December 2008 \$	30 June 2008 \$
<i>Current</i>		
Finance leases	71,421	114,677
<i>Non-current</i>		
Finance leases	221,780	221,780
Commercial bill - secured (a)	7,625,142	5,866,849
	<u>7,918,343</u>	<u>6,203,306</u>

(a) Commercial bill - secured

At 31 December 2008 the Consolidated Entity owed \$7,650,000 to ANZ Bank in the form of commercial bills. The principal terms of the commercial bills are as follows:

<u>Maturity date:</u>	15 May 2015. The commercial bills are reviewed annually and rolled forward on a monthly basis.
<u>Interest rate:</u>	Bank Bill Swap rate - Average Bid plus a margin (at 31 December 2008: 6.00%)
<u>Security:</u>	The commercial bills are secured via a first charge over the assets of the Consolidated Entity.
<u>Covenants:</u>	Interest Cover Ratio >2.5; Debt to EBITDA Ratio < 2.5

The commercial bills have been accounted for under AASB 139 'Financial Instruments - Recognition & Measurement' using the effective interest method. In consequence the consolidated carrying value as at 31 December 2008 of \$24,858 reflects unamortised transactions costs.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

10. PROVISIONS

Provisions are comprised of the following:

	<i>CONSOLIDATED</i>	
	<i>31</i>	<i>30</i>
	<i>December</i>	<i>June</i>
	<i>2008</i>	<i>2008</i>
	<i>\$</i>	<i>\$</i>
<i>Current</i>		
Annual leave	194,249	173,729
Long service leave	43,593	35,565
Other	17,803	25,576
Total current	255,645	234,870
<i>Non-current</i>		
Long service leave	28,197	31,589
Deferred purchase consideration (a)	3,754,749	3,601,788
Total non-current	3,782,946	3,633,377
Total	4,038,591	3,868,247

(a) Deferred purchase consideration

At 31 December 2008 the Consolidated Entity had an obligation to make further purchase consideration payments, subject to certain conditions being met, to the vendors of ADG Global Supply Pty Ltd, which was acquired by the Company on 15 May 2008.

Formula:

\$2.5 million in cash +/- and an adjustment amount that is based on performance

Adjustment amount:

$(((FY08+FY09+FY10)/3)/FY07)-1$ * \$7 million, up to a maximum of +/--\$1.75 million. If the adjustment amount is between +\$0 and +\$1.75 million, shares will be issued to cover the additional liability. If the adjustment amount is between -\$1 and -\$1.75 million the \$2.5 million cash payment amount will be adjusted down instead.

FY 07= is the FY07 EBITDA less \$1 million in respect of vendors' salaries (previously they were being paid in dividends whereas going forward they are being paid salaries).

FY08= ADG Global Supply Pty Ltd EBITDA for FY08

FY09= ADG Global Supply Pty Ltd EBITDA for FY09

FY10= ADG Global Supply Pty Ltd EBITDA for FY10

The above deferred purchase consideration is subject to a minimum payment of \$750,000 in cash and also to certain service conditions being met by the vendors.

Discount rate: 9% per annum

Accounting treatment: Deferred purchase consideration has been accounted for in accordance with AASB 3 'Business Combinations' on a best estimate basis and after discounting the obligation to the balance date. The unwinding of the discount in each reporting period is presented as a finance cost in the Income Statement.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

11. COMMITMENTS AND CONTINGENCIES

Since the last annual reporting date, there have been no material changes to any contingent liabilities or contingent assets. Material changes to the Company's commitments since 30 June 2008 are as follows:

Sub-lease agreement - 499 Abernathy Road, Kewdale, WA

During the six months ended 31 December 2008, the Consolidated Entity entered into a sub-lease agreement for the above property for a period of three years commencing on 17 November 2008 and on the same financial terms as in the head-lease agreement. The head-lease agreement expires on 30 June 2015.

Assignment of lease - Unit 3, 1252 Albany Highway, Cannington

Effective 11 August 2008, the Consolidated Entity entered into an assignment-of-lease agreement for the above property with a third party. The original lease of the above agreement was due to expire on 1 April 2014.

In consequence the future minimum rentals payable by the Consolidated Entity under non-cancellable operating leases as at 31 December 2008 are as follows:

	<i>CONSOLIDATED</i>	
	<i>31</i>	<i>30</i>
	<i>December</i>	<i>June</i>
	<i>2008</i>	<i>2008</i>
	<i>\$</i>	<i>\$</i>
	-----	-----
Within one year	368,294	650,784
After one year but not more than five years	1,171,926	1,848,754
More than five years	300,000	408,830
	-----	-----
	1,840,220	2,908,368
	=====	=====

12. CONTRIBUTED EQUITY

	<i>CONSOLIDATED</i>	
	<i>31</i>	<i>30</i>
	<i>December</i>	<i>June</i>
	<i>2008</i>	<i>2008</i>
	<i>\$</i>	<i>\$</i>
	-----	-----
Ordinary shares (a)	38,556,585	38,556,585
	-----	-----
	38,556,585	38,556,585
	=====	=====

(a) Ordinary shares

Full paid ordinary shares carry one vote per share and carry the right to dividends.

	<u>Number</u>	<u>\$</u>
At 30 June 2008	73,537,602	38,556,585
Issue of shares	-	-
	-----	-----
At 31 December 2008	73,537,602	38,556,585
	=====	=====

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

13. EVENTS AFTER THE BALANCE SHEET DATE

There are no matters or circumstances that have arisen since the end of the half-year reporting date that have significantly affected 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 financial reporting periods.

14. ACQUISITION OF ADG GLOBAL SUPPLY PTY LTD

On 15 May 2008, the Company acquired 100% of the voting shares of ADG Global Supply Pty Ltd, an unlisted private Company based in Australia.

A retention amount of \$350,000 that was part of the cash consideration of the above acquisition had not been paid as at 30 June 2008. The amount was subsequently been paid to the vendors of ADG Global Supply Pty Ltd during the six months ended 31 December 2008.

15. ACQUISITION OF AWS (SECURITY HOLDER) PTY LTD

Prior period

On 6 December 2007, ADG Global Supply Limited acquired 100% of the voting shares of AWS (Security Holder) Pty Ltd (formerly known as Primewest (AWS) Pty Ltd) ("PAPL"), an unlisted private company based in Australia that was the secured creditor of ADG Global Supply Limited.

The total cost of the combination was \$2,113,000 and comprised an issue of ordinary shares and costs directly attributable to the combination. The Consolidated Entity issued 500,000,000 ordinary shares with a total fair value of \$2,113,000 (inclusive of transactions costs), based on the net asset value of PAPL at the date of exchange.

The acquisition by the Company of PAPL on 6 December 2007 has been accounted for by allocating the cost of the group of purchased net assets between the individual identifiable assets and liabilities in that group based on their relative fair values at the date of acquisition. The Directors have not applied AASB 3 'Business Combinations' to the acquisition because the principal purpose of PAPL prior to its acquisition was the holding of the secured debt of the Company and in consequence, PAPL did not carry on a business. Differences between the carrying values of the secured debt in the Company and PAPL have been taken to the Income Statement on consolidation in accordance with AASB 139 'Financial Instruments: Recognition and Measurement'. The financial report includes the results of AWS (Security Holder) Pty Ltd for the period from acquisition on 6 December 2007.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

15. ACQUISITION OF AWS (SECURITY HOLDER) PTY LTD (cont.)

The fair value of the identifiable assets and liabilities of AWS (Security Holder) Pty Ltd, as at the date of acquisition are:

	<i>CONSOLIDATED</i>	
	<i>Recognised on acquisition</i>	<i>Carrying value</i>
	\$	\$
Cash and cash equivalents	916,678	916,678
Other receivables	210	210
Secured Loan	2,256,920	2,256,920
	3,173,808	3,173,808
Interest bearing liabilities	1,186,849	1,186,849
Fair value of identifiable net assets	1,986,959	1,986,959
Cost of the combination:		
Shares issued, at fair value	1,986,959	
Costs associated with the acquisition	126,341	
Total cost of the combination	2,113,000	
The cash outflow on acquisition is as follows:		
Net cash acquired with the subsidiary	916,678	
Cash paid	(126,341)	
Net cash outflow	790,337	

From the date of acquisition, AWS (Security Holder) Pty Ltd contributed \$8,273 of loss to the net profit of the Consolidated Entity for the half year ended 31 December 2007

16. APPENDIX 4C INFORMATION

On 30 January 2009 and on 29 October 2008 ADG Global Supply Limited submitted Appendix 4C cashflow information disclosures. Following completion of the half-year review the Company has adjusted its methodology for preparing its cashflow statements resulting in an adjustment to the reported cashflow for the six months ended 31 December 2008. On a discrete basis operating cashflow for the two quarters within the six months ended 31 December 2008 was as follows:

	<i>CONSOLIDATED</i>			
	<i>Actual Q1 discrete</i>	<i>Previously reported Q1 discrete</i>	<i>Actual Q2 discrete</i>	<i>Previously reported Q2 Discrete</i>
	\$	\$	\$	\$
Net cash flows from / (used in) operating activities	(4,799,377)	(4,512,208)	587,440	679,832

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DIRECTORS' DECLARATION

In accordance with a resolution of the directors of ADG Global Supply Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:
 - i. give a true and fair view of the financial position as at the 31 December 2008 and the performance for the half-year ended on that date of the Consolidated Entity; and
 - ii. comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

A handwritten signature in black ink, appearing to be 'David Schwartz', written over a faint horizontal line.

David Schwartz
Chairman

Perth, 27 February 2009

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INDEPENDENT AUDITOR'S REVIEW REPORT**TO THE MEMBERS OF ADG GLOBAL SUPPLY LIMITED.****Report on the Half Year Financial Report**

We have reviewed the accompanying half-year financial report of ADG Global Supply Limited, which comprises the condensed balance sheet as at 31 December 2008, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled (the "Consolidated Entity") at 31 December 2008.

Directors' Responsibility for the Half Year Financial Report

The directors of the Consolidated Entity are responsible for the preparation and fair presentation of the half year financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 an Interim 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Consolidated entity's financial position as at 31 December 2008 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 the Consolidated Entity, 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*.

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Basis for Qualified Conclusion

As a disclaimer of opinion was issued in the 30 June 2007 audit report, a qualified conclusion has been issued on the comparative information, in the income statement, cash flow statement and statement of changes in equity in the review report for the half year ended 31 December 2008. A disclaimer of opinion was expressed on the 30 June 2007 financial report due to matters disclosed in note 2(e) to this financial report.

Due to the reasons that a disclaimer opinion was expressed on the financial report for the year ended 30 June 2007, we are unable to obtain assurance on the opening balances as at 1 July 2007. In addition the closing inventory balance at 30 June 2007 enters into the determination of the results of operations and cash flows for the half year ended 31 December 2007. As a consequence we have been unable to determine whether adjustments to the results of operations, cash flows and opening accumulated losses for the half year ended 31 December 2007 and the opening accumulated losses for the year ended 30 June 2008 might be necessary.

Qualified Conclusion

Based on our review, which is not an audit, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves on the results of operations, cash flows and opening accumulated losses for the half year ended 31 December 2007 and opening accumulated losses for the year ended 30 June 2008, we have not become aware of any matter that makes us believe that the half year financial report of ADG Global Supply Limited is not in accordance with the Corporations Act 2001 including:

- a) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



PKF
Chartered Accountants



Conley Manifis
Partner

Dated in Perth, Western Australia on this 27th day of February 2009.

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