

Artist & Entertainment Group Limited

ABN 67 097 771 581

Level 2 Hudson House 131 Macquarie Street Sydney NSW 2000

GPO Box 3723 Sydney NSW 2001

Phone: +61 (02) 9258 9900

Fax: +61 (02) 9258 9999

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**APPENDIX 4E
Preliminary Final Report**

ARTIST & ENTERTAINMENT GROUP LIMITED

ABN 67 097 771 581

AND CONTROLLED ENTITIES

**FINANCIAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2009
PROVIDED TO THE ASX UNDER LISTING RULE 4.3A**

Rule 4.3A

Appendix 4E Preliminary Final Report

Name of entity

Artist & Entertainment Group Limited

ABN or equivalent company reference:

67 097 771 581

1. Reporting period

Report for the financial year ended	June 30, 2009
Previous corresponding period is the financial year ended	June 30, 2008

2. Results for announcement to the market

Revenues from ordinary activities (<i>item 2.1</i>)	down	71%	to	\$ 1,128,557
Profit (loss) from ordinary activities after tax attributable to members (<i>item 2.2</i>)	up		to	\$ 6,105,706
Net profit (loss) for the period attributable to members (<i>item 2.3</i>)	up		to	\$ 6,105,706
Dividends (<i>item 2.4</i>)	Amount per security		Franked amount per security	
Interim dividend	Nil ¢		Nil ¢	
Final dividend	Nil ¢		Nil ¢	
Record date for determining entitlements to the dividend (<i>item 2.5</i>)	NA			

Brief explanation of any of the figures reported above necessary to enable the figures to be understood (*item 2.6*):

Revenue from ordinary activities includes revenue from discontinued operations \$1,077,602.

The sale of Brightstars business was concluded on 17 October 2008. The proceeds received on sale were \$11,125,000. The directors proposed a return of capital of 5 cents per share. Following the initial distribution of 4 cents,

shareholders were informed that the remaining 1 cent return of capital could not proceed due to Australian Taxation Office (ATO) audit activities.

The shareholders' meeting of 12 March 2009 approved the sale of Agency business on a management buy-out arrangement at a consideration of \$1 00. In the sale, the Company paid a sum of \$350,000 to the buyer on the proviso that the new Agency management shall continue to provide service to the prevailing Brightstars Agency Members as required under the Membership Agreement. The hiving-off of the Agency business was at a cost estimated to the order of \$650,000. Details of which were reflected in the profit/(loss) from discontinued operations.

After the divestment of the core businesses, it was approved that non-performing subsidiary entities of the Company would be placed under the care of administrators to safeguard and protect the interests of the Company looking forward to a new business direction.

On 23 January 2009, the Company announced that an Option Agreement had been entered into to acquire that interest (44.1%) in a Thailand Coal Project. As at the end of this financial reporting year, that opportunity is still being strongly pursued by the new Board of Directors.

3. Income Statement (item 3)

Refer to the attached statement

4. Balance Sheet (item 4)

Refer to the attached statement

5. Statement of Cash Flows (item 5)

Refer to the attached statement

6. Dividends (item 6)

	Date of payment	Total amount of dividend
Interim dividend – year ended 30 June 2009	NA	\$ nil
Final dividend – year ended 30 June 2008	NA	\$ nil

Amount per security

	Amount per security	Franked amount per security at % tax	Amount per security of foreign sourced dividend
Total dividend: Current year	Nil ¢	Nil ¢	Nil ¢

Previous year	Nil ¢	Nil ¢	Nil ¢
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Total dividend on all securities

	Current period \$A'000	Previous corresponding Period - \$A'000
Ordinary securities (each class separately)	Nil	Nil
Preference securities (each class separately)	Nil	Nil
Other equity instruments (each class separately)	Nil	Nil
Total	Nil	Nil

7. Details of dividend or distribution reinvestment plans in operation are described below (item 7):

N/A	
The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan	N/A

8. Statement of retained earnings (item 8)

	Consolidated Entity	
	2009	2008
	\$'000	\$'000
Balance at the beginning of year	(11,379,280)	(6,981,408)
Net profit attributable to members of the parent entity	6,105,706	(4,397,872)
Total available for appropriation	(5,273,574)	(11,379,280)
Dividends paid	-	-
Balance at end of year	(5,273,574)	(11,379,280)

9. Net tangible assets per security (item 9)

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	(0.04 ¢)	(1.9 ¢)

10. Details of entities over which control has been gained or lost during the period: (item 10)**Control gained over entities**

Name of entities (item 10.1)

N/A

Date(s) of gain of control (item 10.2)

N/A

Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities since the date(s) in the current period on which control was acquired (item 10.3)

\$ nil

Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3)

\$ nil

Loss of control of entities

Name of entities (item 10.1)

1. Encompass Entertainment Group Pty Ltd

2. Creative Staff Services Pty Ltd

Date(s) of loss of control (item 10.2)

1. 1 November 2008

2. 1 April 2009

Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was lost (item 10.3).

\$ nil

Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3)

\$ nil

No business activities were conducted in either of these entities prior to the date of loss of control.

Subsequent to the date control of Encompass Entertainment Group Pty Ltd was lost, the Agency business previously undertaken by another member of the consolidated entry continued in this entity. The contribution from this business to the results of the group are included in the profit/(loss) from discontinued operations.

Creative Staff Services Pty Ltd was the subject of a Deed of Company Arrangement (DOCA) executed on 9 September 2008 subsequent to one of the creditors requested the DOCA be set aside. It was not possible to conclude that control had been lost when preparing the Half-Year Report to 31 December 2008. Subsequently, the creditor has withdrawn the objection and therefore control has been lost.

11. Details of associates and joint venture entities (item 11)

Name of associate or joint venture entity (item 11.1) **%Securities held (item 11.2)**

N/A	

Aggregate share of profits (losses) of associates and joint venture entities (item 11.3)

Group's share of associates' and joint venture entities':

Profit (loss) from ordinary activities before tax

Income tax on ordinary activities

Net profit (loss) from ordinary activities after tax

Adjustments

Share of net profit (loss) of associates and joint venture entities

2009 \$	2008 \$
N/A	N/A
N/A	N/A
N/A	N/A
N/A	N/A

12. Significant information relating to the entity's financial performance and financial position.

Refer to Notes in paragraph 2

13. The financial information provided in the Appendix 4E is based on the annual financial report (attached), which has been prepared in accordance with Australian accounting standards (item 13).

14. Commentary on the results for the period.

Include significant information needed by an investor to make an informed assessment of the entity's activities and results, including discussion of the following:

Item 14.1 Earnings per security and nature of any dilution aspects

Item 14.2 Returns to shareholders including distributions and buy backs

Item 14.3 Significant features of operating performance

Item 14.4 Results of segments that are significant to understanding the business as a whole

Item 14.5 A discussion of trends in performance

Item 14.6 Any other factors that have affected results in the period or likely to affect future results, including those where the effect could not be quantified

Refer to paragraph 2 above.

15. Audit of the financial report (item 15)

Select one of the following:

- ☐ The financial report has been audited
- ☒ The financial report has not yet been audited.
- ☐ The financial report is in the process of being audited.

16. The audit has not yet been completed

Select one of the following:

- ☒ The financial report is not likely to be the subject of dispute or qualification.
- ☐ The financial report is likely to be the subject of dispute or qualification as described below.

Include a description of the likely dispute or qualification.

17. The audit has been completed.*Select one of the following:*

- ☐ The financial report is not subject to audit dispute or qualification.
- ☐ The financial report is subject to audit dispute or qualification as described below.

Include a description of the dispute or qualification.

ARTIST & ENTERTAINMENT GROUP LIMITED AND CONTROLLED ENTITIES
ABN 67 097 771 581

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Notes	Consolidated Entity	
		2009	2008
		\$	\$
Revenue			
Revenues from ordinary activities		-	4,011,089
Other income		50,955	460,167
		<u>50,955</u>	<u>4,471,256</u>
Expenses			
Share Based Payments		38,773	-
Employee expenses		(757,908)	(2,378,333)
Production and Direct Costs		-	(1,335,258)
Consulting and temporary staff costs		(307,791)	(241,959)
Property and Occupancy		(6,262)	(365,942)
Provision for Impairment			
- Debtors		-	(1,116,472)
- IP/Investment		-	(138,732)
- Fixed Assets		-	(218,008)
IT & T		(3,727)	(316,459)
Advertising and Marketing		(44,931)	(758,400)
Depreciation expenses		-	(208,785)
Bad Debt/Provision and Expenses		-	(309,929)
Finance Costs		(91,437)	(54,192)
Interlectual Property Expensed		-	(1,240,904)
Other expenses from ordinary activities		<u>(400,572)</u>	<u>(185,755)</u>
		<u>(1,573,855)</u>	<u>(8,869,128)</u>
Profit (loss) before income tax		<u>(1,522,900)</u>	<u>(4,397,872)</u>
Income tax expense (income tax benefits)		-	-
Profit (loss) from continued operations		<u>(1,522,900)</u>	<u>230,561</u>
Profit (loss) from discontinued operations		<u>7,628,606</u>	<u>(4,649,570)</u>
Profit (loss) for the period		<u>6,105,706</u>	<u>(4,397,872)</u>
Profit (loss) attributable to the members of the parent		<u>6,105,706</u>	<u>(4,397,872)</u>
Overall Operations:			
Basic earnings per share (cents per share)		2.83	(3.60)
Diluted earnings per share (cents per share)		2.40	(3.50)

ARTIST & ENTERTAINMENT GROUP LIMITED AND CONTROLLED ENTITIES
ABN 67 097 771 581

BALANCE SHEET
AS AT 30 JUNE 2009

	Consolidated Entity	
Notes	2009	2008
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	454,452	133,360
Receivables	135,102	104,148
Intangibles	-	815,360
Property, plant and equipment	-	321,538
Other	4,713	350,040
TOTAL CURRENT ASSETS	594,267	1,724,446
NON-CURRENT ASSETS		
Intangible assets	70,940	125,000
TOTAL NON-CURRENT ASSETS	70,940	125,000
TOTAL ASSETS	665,207	1,849,446
CURRENT LIABILITIES		
Payables	582,293	1,719,279
Borrowings	-	613,210
Provisions	94,808	45,396
TOTAL CURRENT LIABILITIES	677,101	2,377,885
NON-CURRENT LIABILITIES		
Borrowings	-	960,000
TOTAL NON-CURRENT LIABILITIES	-	960,000
TOTAL LIABILITIES	677,101	3,337,885
NET ASSETS	(11,895)	(1,488,439)
EQUITY		
Share capital	5,261,679	9,852,068
Share option reserve	-	38,773
Accumulated losses	(5,273,574)	(11,379,280)
TOTAL EQUITY	(11,895)	(1,488,439)

ARTIST & ENTERTAINMENT GROUP LIMITED AND CONTROLLED ENTITIES
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2009

Notes	Consolidated Entity	
	2009	2008
	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Receipt from customers	1,176,270	5,190,502
Payments to suppliers and employees	(4,425,107)	(7,234,232)
Interest received	51,266	-
Borrowing costs	(91,437)	(54,192)
Net cash provided by operating activities	(3,289,008)	(2,097,922)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds/ (payment) from/for sale of businesses	10,329,805	-
Payment for property, plant and equipment	-	(48,190)
Payment for intangibles	(70,940)	-
Net cash provided by Investing activities	10,258,865	(48,190)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from share issue	1,081,363	1,385,000
Proceeds from borrowings/ deposits & bonds	-	734,348
Repayment of borrowings deposits/bonds	(188,210)	(339,568)
Shares buy-back and capital repayment	(7,541,918)	-
Net cash provided by financing activities	(6,648,765)	1,779,780
Net increase in cash and cash equivalents	321,092	(366,332)
Cash and cash equivalents at beginning of year	133,360	499,692
Cash and cash equivalents at end of year	454,452	133,360

ARTIST & ENTERTAINMENT GROUP LIMITED AND CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009

	Issued Capital	Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
Balance at 30 June 2007	9,117,720	38,773	(6,981,408)	2,175,085
Shares issued net of costs	1,582,574	-	-	1,582,574
Net (Loss) for the period	-	-	(696,436)	(696,436)
Balance at 31 December 2007	10,700,294	38,773	(7,677,844)	3,061,223
Shares issued net of costs	(854,226)	-	-	(854,226)
Options exercised net of costs	6,000	-	-	6,000
Net (Loss) for the period	-	-	(3,701,436)	(3,701,436)
Balance at 30 June 2008	9,852,068	38,773	(11,379,280)	(1,488,439)
Shares issued net of costs	675,363	-	-	675,363
Options exercised net of costs	444,773	(38,773)	-	406,000
Shares issued from converting of notes	1,831,393	-	-	1,831,393
Selective buy-back	(13,278)	-	-	(13,278)
Capital reduction	(7,528,640)	-	-	(7,528,640)
Net profit (loss) for the period	-	-	6,105,706	6,105,706
Balance at 30 June 2009	5,261,679	-	(5,273,574)	(11,895)

NOTE 1: BASIS OF PRESENTATION OF PRELIMINARY FINANCIAL REPORT

This preliminary financial report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E. The accounting policies adopted in the preparation of the preliminary financial report are consistent with the accounting policies adopted and outlined in the notes to the financial statements for the year ended 30 June 2009.

NOTE 2: INCOME TAX EXPENSE

Due to tax losses carried forward from previous years and continued into the current year, there would be no income tax expense.

The Australian Taxation Office has issued a class ruling CR2009/25 that confirms that the distribution of the return of capital on 17 November 2008 is not a dividend for income tax purpose. The capital return was made out of surplus arising from the sale of Brighstars business.

NOTE 3: RECONCILIATION OF PROFIT FROM ORDINARY ACTIVITIES TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	Year Ended June 30, 2009	Year Ended June 30, 2008
(a) Reconciliation of cash		
- Cash in hand	-	2,013
- Cash at bank	454,452	131,347
	<u>454,452</u>	<u>133,360</u>
(b) Reconciliation of profit from ordinary activities after related income tax to net cash flows from operating activities		
- Profit/ (loss) from ordinary activities	6,105,706	(4,397,872)
- Depreciation of non-current assets	-	138,429
- Movement in provision/impairment for doubtful debts	-	810,329
- Loss/ (Gain) from discontinued operations	(149,684)	-
Write off of:		
- Property, Plant & Equipment	321,538	226,307
- Investments	-	30,000
- Intangibles	940,360	83,731
- Adjustment – prior years	(9,733,728)	-

**Changes in net assets and liabilities, net of effects
from acquisition and disposal of businesses**

(Increase)/ decrease in assets

- Current receivables	(30,954)	719,246
- Other current assets	345,327	(41,105)

Increase/ (decrease) in liabilities

- Current payables	(1,136,986)	325,964
- Current provisions	49,412	7,229

Net cash from operating activities	(3,289,008)	(2,097,742)
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NOTE 4: CONTINGENT LIABILITIES

On 14 May 2008, an Administrator was appointed to Creative Staff Services Pty Ltd and a Deed of Company Arrangement (DOCA) was executed on 9 September 2008. Until all the terms in the DOCA is fulfilled, there is a risk of creditors request to alter the DOCA or other reason to unwind the DOCA. The contingent liability is estimated to be in the order of \$593,000.

There are various disputed small claims in relation to customers of the former businesses in Arthaus and the Agency business of the subsidiary Artist & Entertainment Group Management Pty Ltd. The claims were related to the delivery or non-delivery of photo and pictures. The matters are being resolved and the contingent liability is estimated to about \$20,000.

NOTE 5: SUBSEQUENT EVENTS

Subsequent to year end, Artist & Entertainment Group Management Pty Ltd, a controlled entity was placed into administration.