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# Aspermont

Information for Industry

ABN: 66 000 375 048

## Appendix 4E: Preliminary Final Report

For the 12 months ended  
**30 June 2014**

Released 29 August 2014

This report comprises information given to the ASX under listing rule 4.3A

## **CONTENTS**

Corporate Directory	3
Commentary on Results	4
Consolidated Income Statement	7
Consolidated Statement of Comprehensive Income	8
Consolidated Statement of Financial Position	9
Consolidated Statement of Changes in Equity	10
Consolidated Statement of Cash Flows	11
Notes to the Consolidated Financial Statements	12

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## **CORPORATE DIRECTORY**

### **Directors**

Andrew Leslie Kent  
Charbel Nader  
John Stark  
Lewis George Cross  
Colm O'Brien  
Alex Kent

### **Company Secretary**

John Detwiler

### **Key Management Personnel**

Colm O'Brien – Chief Executive Officer, Group  
John Detwiler – Chief Financial Officer, Group  
Trish Seeney – General Manager (Australia)  
Robin Booth – General Manager (UK)  
Mark Davies – Group Strategy and Consulting  
Ajit Patel – Chief Information Officer, Group  
Alex Kent – Chief Marketing Officer, Group  
Daniel Kirwin – Executive Director Beacon Events  
Chris Maybury – Executive Director Beacon Events

### **Registered Office**

613-619 Wellington St  
Perth WA 6000  
Telephone: (08) 6263 9100  
Facsimile: (08) 6263 9148

### **Postal Address**

PO Box 78  
Leederville WA 6902

### **Solicitors**

Williams and Hughes  
Level 1, 25 Richardson Street  
West Perth WA 6005

### **Auditors**

BDO Audit (WA) Pty Ltd  
38 Station Street  
Subiaco WA 6008

### **Share Registry**

Advanced Share Registry Services  
150 Stirling Hwy  
Nedlands WA 6009

### **Bankers**

ANZ Banking Group Limited  
7/77 St Georges Terrace  
Perth WA 6000

### **Australian Stock Exchange Limited**

ASX Code : ASP

### **Website**

[www.aspermont.com](http://www.aspermont.com)

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**  
**Commentary on Results for the year ended 30 June 2014**

The directors are pleased to report on the preliminary results for the year ended 30 June 2014.

**Key points to the year include:**

- Overall decrease in revenue year on year was 10% (\$3.7m), this represents the first year to year revenue drop of significance in the last 10 years at Aspermont;
- EBITDA came under pressure, due to the high degree of fixed cost in the Beacon Events and UK Publishing business units (including foreign exchange against the AUD), year on year Media EBITDA decreased from \$2.7 million to a loss of \$0.8 million;
- After removing \$2.1 million of non-recurring costs made up of \$1.5 million in the Events business expansion and \$0.6 million in Online products in Brazil and Agriculture, our year on year EBITDA decreased to \$1.3 million;
- The group has continued to progress with its transformation, particularly in publishing with centralisation of IT, Production and aspects of Marketing;
- As part of this transformation we are undertaking a strategic review of our overall cost base and core product offering to deliver more sustainable outcomes to shareholders in the future;
- The Events division has now under performed for two years against the prior years and budgeted plans, we have recently appointed a new, very experienced CEO for the division, and we anticipate a recovery to historic margins;
- We have recently announced an intention to complete a fund raising to increase working capital and further retire debt during the upcoming financial year.

Our media results are illustrated in the following table and further outlined in note 8 of the preliminary financial statements.

**Comparative year on year results for the media business for the year ended 30 June 2014:**

	2014		2013	
	<u>Revenue</u> \$'000	<u>Segment Result</u> \$'000	<u>Revenue</u> \$'000	<u>Segment Result</u> \$'000
Print	15,541	3,601	17,666	4,579
Digital	4,992	645	5,276	151
Conferencing	16,026	322	17,367	3,045
<b>Total Segment</b>	<b>36,559</b>	<b>4,568</b>	<b>40,309</b>	<b>7,775</b>

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**  
**Commentary on Results for the year ended 30 June 2014**

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**Outlook for the upcoming 2014/2015 year:**

The upcoming financial year will see ongoing tough market conditions, so whilst we are anticipating relatively flat revenue growth, a solid return to profit is anticipated through the reshaping of the business. This is driven by our transitional shift through the current cost cutting phase into a focus on higher value digital revenue streams. The business has consolidated its product set and is now looking to really capitalise on scaling our key assets.

This will be delivered through our iconic global brands, with a complete overhaul of our legacy systems and new management emerging who are experienced in execution.

We anticipate a return to stronger margins, particularly with our Events Business and UK Publishing, this is driven by experienced new executives, and a complete overhaul of the operating divisions they manage.

The transformation program underway is targeting one million plus readers across all our products. Our current base already exceeds 500,000 across active and affiliate databases, housed both in-house and through social media streams.

A more centralised approach to support services is nearly complete, this includes IT, Marketing and Production, to ensure we can become more efficient in delivery of our products.

The core shift to a content lead marketplace is occurring across the industry, and it is this new breed of marketing approach where we intend to offer products and services as part of our advertising offerings.

**Going Concern Disclosure**

At 30 June 2014 and at the date of this report the Company is in the midst of a capital raising to recapitalise the balance sheet. The Company is targeting a total amount of approximately \$5 million that will include the following steps:

1. A Renounceable Rights Issue on a one for one basis.
2. The conversion of at least \$2 million of related party debt to equity, subject to shareholder approval.
3. A follow-on private placement representing approximately 15% of the shares outstanding.

The funds raised and actions taken will reduce the Company's debt exposure for the incoming financial year and provide working capital to accelerate business opportunities.

The Company's external party loan with the Australian and New Zealand Banking Corporation ("ANZ") and is secured by registered company charges and fixed and floating charges over the assets of the consolidated entity. The terms of the current facility expire on 30 June 2015.

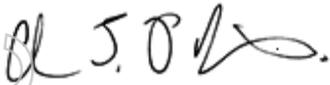
At the current time the Company is in breach of the financial covenants of the facility for the calculation of the Debt to EBITDA (earnings before interest, taxes, depreciation and amortisation), ratio and the minimum EBITDA on a year to date basis. As a consequence the debt has been classified as current. In addition, the company is in arrears on \$240,000 of scheduled principal payments representing four months payments.

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**  
**Commentary on Results for the year ended 30 June 2014**

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The Company is in regular communications with ANZ to rectify the arrears and negotiate a revised facility. The bank is supportive of the Company's capital raising activities. There are no matters existing to indicate that the Company will be unable to successfully renegotiate the facility.

Yours sincerely,



**Colm O'Brien**  
**Chief Executive Officer, Group**

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**  
**Consolidated Income Statement for the year ended 30 June 2014**

	Note	Consolidated	
		2014 \$000	2013 \$000
Revenue from continuing operations	2	36,455	40,179
Cost of sales	3	(17,583)	(17,792)
<b>Gross profit</b>		<b>18,872</b>	<b>22,387</b>
Distribution expenses		(1,435)	(1,523)
Marketing expenses		(3,771)	(4,165)
Occupancy expenses		(1,928)	(1,534)
Corporate and administration		(8,162)	(6,616)
Finance costs		(1,122)	(1,529)
Share based payments		-	(243)
Other expenses		(5,460)	(6,119)
		<b>(21,878)</b>	<b>(21,729)</b>
		<b>(3,006)</b>	<b>658</b>
Change in fair value of investments		339	(330)
Re-estimation of Beacon put option	3	2,533	3,624
Other income	2	122	130
Share of net loss in associates		-	(244)
Impairment of loan receivable	3	(1,213)	(532)
Impairment of investment in associates		(117)	(245)
<b>Profit/(loss) from continuing operations before income tax expense</b>		<b>(1,342)</b>	<b>3,061</b>
Income tax benefit/(expense) relating to continuing operations		925	477
<b>Profit/(loss) for the year from continuing operations</b>		<b>(417)</b>	<b>3,538</b>
Profit/(loss) attributable to:			
Net profit/(loss) attributable to non-controlling interest		699	1,508
Net profit/(loss) attributable to equity holders of the parent entity		(1,116)	2,030
Basic and diluted earnings/(loss) (cents per share)	9	(0.47)	0.85

The accompanying notes form part of these consolidated financial statements.

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**  
**Consolidated Statement of Comprehensive Income the year ended 30 June 2014**

	Consolidated	
	2014	2013
Note	\$000	\$000
<b>Profit/(loss) after tax for the year</b>	<b>(417)</b>	<b>3,538</b>
<b>Other comprehensive income/(loss)</b>		
<i>(Items that will be reclassified to profit or loss)</i>		
Foreign currency translation differences for foreign operations	1,349	1,882
<i>(Items that will not be reclassified to profit or loss)</i>		
Net change in fair value of equity instruments measured at fair value through other comprehensive income	103	(810)
Income tax benefit/(expense) relating to other comprehensive income	(138)	57
Other comprehensive income/ (loss) for the period net of tax	<b>1,314</b>	<b>1,129</b>
<b>Total comprehensive income/(loss) for the period (net of tax)</b>	<b>897</b>	<b>4,667</b>
Total comprehensive income for the period attributable to:		
Non-controlling interest	787	1,285
Owners of Aspermont Limited	110	3,382

The accompanying notes form part of these consolidated financial statements.

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**  
**Consolidated Statement of Financial Position as at 30 June 2014**

		Consolidated	
		2014	2013
	Note	\$'000	\$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	1,416	3,145
Trade and other receivables		5,681	7,632
Financial assets		7	175
<b>TOTAL CURRENT ASSETS</b>		<b>7,104</b>	<b>10,952</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables		-	436
Financial assets		120	108
Investments accounted for using the equity method		-	83
Property, plant and equipment		248	356
Deferred tax assets		2,468	2,183
Intangible assets and goodwill	4	31,201	30,216
<b>TOTAL NON-CURRENT ASSETS</b>		<b>34,037</b>	<b>33,382</b>
<b>TOTAL ASSETS</b>		<b>41,141</b>	<b>44,334</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		6,115	4,844
Income in advance		7,194	8,769
Borrowings	5	8,425	4,333
Income tax payable		343	925
Provisions		159	132
<b>TOTAL CURRENT LIABILITIES</b>		<b>22,236</b>	<b>19,003</b>
<b>NON-CURRENT LIABILITIES</b>			
Income in advance		267	-
Borrowings	5	-	4,312
Deferred tax liabilities		3,207	2,931
Provisions		237	225
Other liabilities	6	5,000	7,111
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>8,711</b>	<b>14,579</b>
<b>TOTAL LIABILITIES</b>		<b>30,947</b>	<b>33,582</b>
<b>NET ASSETS</b>		<b>10,194</b>	<b>10,752</b>
<b>EQUITY</b>			
Issued capital		49,292	49,292
Reserves		(10,168)	(13,698)
Accumulated losses		(28,091)	(24,672)
Parent Entity Interest		11,033	10,922
Non-Controlling Interest		(839)	(170)
<b>TOTAL EQUITY</b>		<b>10,194</b>	<b>10,752</b>

The accompanying notes form part of these consolidated financial statements.

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**  
**Consolidated Statement of Changes in Equity for the year ended 30 June 2014**

Consolidated	Issued Capital	Accumulated Losses	Other Reserves	Share Based Reserve	Currency Translation Reserve	Financial Assets Reserve	Sub-Total	Non-Controlling Interest	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Balance at 1 July 2012</b>	<b>49,292</b>	<b>(26,001)</b>	-	<b>1,215</b>	<b>(6,664)</b>	<b>(2,492)</b>	<b>15,350</b>	-	<b>15,350</b>
Profit/(loss) for the year	-	2,031	-	-	-	-	2,031	1,508	3,539
<b>Other comprehensive income</b>									
Foreign currency translation differences for foreign operation:	-	-	-	-	2,105	-	2,105	(223)	1,882
Financial assets reserve movement	-	-	-	-	-	(810)	(810)	-	(810)
Income tax relating to components of other comprehensive income	-	-	-	-	-	57	57	-	57
<b>Total comprehensive loss</b>	<b>-</b>	<b>2,031</b>	<b>-</b>	<b>-</b>	<b>2,105</b>	<b>(753)</b>	<b>3,383</b>	<b>1,285</b>	<b>4,668</b>
<b>Transactions with owners in their capacity as owners:</b>									
Issue of share options	-	-	-	243	-	-	243	-	243
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	(2,290)	(2,290)
Gain on sale to non-controlling interest	-	-	1,901	-	-	-	1,901	-	1,901
Put and call option on non-controlling interest (note 6)	-	-	(9,954)	-	-	-	(9,954)	-	(9,954)
Realised loss on equity investments transferred	-	(701)	-	-	-	701	-	-	-
Non-controlling interest contributed assets	-	-	-	-	-	-	-	835	835
<b>Balance at 30 June 2013</b>	<b>49,292</b>	<b>(24,671)</b>	<b>(8,053)</b>	<b>1,458</b>	<b>(4,559)</b>	<b>(2,544)</b>	<b>10,923</b>	<b>(170)</b>	<b>10,753</b>
<b>Balance at 1 July 2013</b>	<b>49,292</b>	<b>(24,671)</b>	<b>(8,053)</b>	<b>1,458</b>	<b>(4,559)</b>	<b>(2,544)</b>	<b>10,923</b>	<b>(170)</b>	<b>10,753</b>
Profit/(loss) for the year	-	(1,116)	-	-	-	-	(1,116)	699	(417)
<b>Other comprehensive income</b>									
Foreign currency translation differences for foreign operation:	-	-	-	-	1,261	-	1,261	88	1,349
Realised loss on equity investments transferred	-	(2,304)	-	-	-	2,304	-	-	-
Financial assets reserve movement	-	-	-	-	-	103	103	-	103
Income tax relating to components of other comprehensive income	-	-	-	-	-	(138)	(138)	-	(138)
<b>Total comprehensive income</b>	<b>-</b>	<b>(3,420)</b>	<b>-</b>	<b>-</b>	<b>1,261</b>	<b>2,269</b>	<b>110</b>	<b>787</b>	<b>897</b>
<b>Transactions with owners in their capacity as owners:</b>									
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	(1,456)	(1,456)
<b>Balance at 30 June 2014</b>	<b>49,292</b>	<b>(28,091)</b>	<b>(8,053)</b>	<b>1,458</b>	<b>(3,298)</b>	<b>(275)</b>	<b>11,033</b>	<b>(839)</b>	<b>10,194</b>

The accompanying notes form part of these consolidated financial statements.

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**  
**Consolidated Statement of Cash Flows for the year ended 30 June 2014**

		Consolidated	
		2014	2013
	Note	\$000	\$000
<b>Cash flows from operating activities</b>			
Cash receipts from customers		37,047	40,752
Cash payments to suppliers and employees		(35,708)	(36,967)
Interest and other costs of finance paid		(988)	(565)
Interest received		3	18
Income tax paid		(77)	(468)
<b>Net cash provided by/ (used in) operating activities</b>	7 (b)	<b>277</b>	<b>2,770</b>
<b>Cash flows from investing activities</b>			
Payment for acquisition of subsidiary, net of cash acquired		-	538
(Payments)/proceeds for loans made		290	(230)
Payments for investments		(631)	(694)
Proceeds from sale of equity investments		404	173
Payments for plant and equipment		(54)	(50)
Payment for intangible assets		(290)	(222)
<b>Net cash provided by/ (used in) investing activities</b>		<b>(281)</b>	<b>(485)</b>
<b>Cash flows from financing activities</b>			
Proceeds of borrowings		381	-
Repayment of borrowings		(794)	(1,302)
Dividends paid to non-controlling interest		(1,456)	(2,295)
<b>Net cash provided by/ (used in) financing activities</b>		<b>(1,869)</b>	<b>(3,597)</b>
<b>Net increase/ (decrease) in cash held</b>		<b>(1,873)</b>	<b>(1,312)</b>
<b>Cash at the beginning of the year</b>		<b>3,145</b>	<b>4,298</b>
Effects of exchange rate changes on the balance of cash held in foreign currencies		144	159
<b>Cash at the end of the year</b>	7 (a)	<b>1,416</b>	<b>3,145</b>

The accompanying notes form part of these consolidated financial statements.

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**  
**Notes to the Consolidated Financial Statements for the year ended 30 June 2014**

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**1. Significant accounting policies**

**Basis of Preparation**

The Appendix 4E – Preliminary Final Report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E. The report has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Where required by accounting standards comparative figures have been adjusted to conform with changes in presentation for the current financial year. The accounting policies have been consistently applied by the consolidated entity and, except where there has been a change in accounting policy, are consistent with those of the previous year.

The preliminary final report does not include full disclosures of the type normally included in the annual financial report. It is recommended that this report be read in conjunction with the annual financial report for the year ended 30 June 2013, 31 December 2013 half year report, and any public announcements made by Aspermont Limited during the financial year.

**Accounting Policies**

**(a) Principles of Consolidation**

The consolidated accounts comprise the accounts of Aspermont Limited (the “Company”) and all of its controlled entities (the “Group”). A controlled entity is any entity that Aspermont has the power to control the financial and operating policies of so as to obtain benefits from its activities. A list of controlled entities is contained in the notes to the full year accounts. All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Where controlled entities have entered or left the economic entity during the year, their operating results have been included from the date control was obtained or until the date control ceased. Outside interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated accounts.

**(b) Intangible Assets**

**Goodwill**

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business exceeds the fair value attributed to its net assets at date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

**Mastheads**

Mastheads acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

Mastheads are tested for impairment where an indicator of impairment exists, and the carrying amount is reviewed annually by the directors to ensure that it is not in excess of the recoverable amount. The recoverable amount is assessed based upon the present value of expected future cash flow.

**(b) Intangible Assets (continued)**

**IT development and software**

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include direct payroll and payroll related costs of employees time spent on the project. Amortisation is calculated on a diminishing value basis over periods generally ranging from 3 to 5 years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the group has an intention and ability to use the asset.

**Intangible assets acquired as part of an acquisition**

Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the asset is separable or arises from contractual or legal rights, and the fair value can be measured reliably on initial recognition. Purchased intangible assets are initially recorded at cost and finite life intangible assets are amortised over their useful economic lives on a straight line basis.

Where amortisation is calculated on a straight line basis, the following useful lives have been determined for classes of intangible assets:

Trademarks:	10 years
Customer & Subscription Contracts:	5 years

**(c) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for intended use or sale. Other borrowing costs are expensed.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after reporting date.

**(d) Critical accounting estimates and judgments**

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

**Key Estimates — Impairment**

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. Key assumptions used for value-in-use calculations are disclosed in note 4 (b).

**(d) Critical accounting estimates and judgments (continued)**

Key Estimates — Fair Value of intangible assets acquired in a business combination

The Group has identified intangible values for customer contracts and relationships as well as trademarks acquired in line with the requirements of AASB3. These assets will be amortised over a useful life of 5 and 10 years, respectively.

Key Estimates — Re-estimation of put option

The amortised value is calculated based on the present value of the future estimated liability for the purchase of the remaining 40% interest in Beacon Events Limited ("Beacon"). The principal US dollar estimated liability is determined based on a gross profit formula of the Beacon business in fiscal 2017. The 2017 estimated liability is discounted to the present using Aspermont's borrowing rate of interest at the reporting date and adjusted for any foreign exchange movements between the underlying US dollar liability and the Australian dollar.

**(e) Earnings per share**

*(i) Basic earnings per share*

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus entitlements in ordinary shares issued during the year and excluding treasury shares.

**(f) Earnings per share (continued)**

*(ii) Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

**(g) Rounding of amounts**

The parent entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and directors' report have been rounded off to the nearest \$1,000.

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**  
**Notes to the Consolidated Financial Statements for the year ended 30 June 2014**

**2. Revenue**

	Consolidated	
	2014	2013
	\$000	\$000
Continuing operations:		
Sales revenue – subscriptions & advertising	20,775	23,043
Conferencing revenue	15,680	17,136
	<b>36,455</b>	<b>40,179</b>
Other income:		
Interest	3	18
Government grants	67	77
Other income	52	35
	<b>122</b>	<b>130</b>

**3. Expenses**

Profit from ordinary activities before income tax has been determined after:

	Consolidated	
	2014	2013
	\$000	\$000
(a) Expenses:		
Bad debts written off	149	68
Consulting and accounting services	746	675
Cost of sales	9,655	9,210
Depreciation and amortisation of plant, equip. and intangible assets	911	907
Directors' fees	278	408
Employee benefits expense	18,533	18,452
Interest expense	700	748
Legal costs	367	727
Rental expense on operating leases	1,682	1,325
Write-down of non-current investments to recoverable amount	117	-
Write-down of loan receivable	1,213	532
Change in the amortised cost of the Beacon Put Option:		
Imputed interest expense	422	781
Foreign exchange movements	(391)	842
Change in estimated value	(2,142)	(4,466)

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**  
**Notes to the Consolidated Financial Statements for the year ended 30 June 2014**

**4. Intangible assets**

Consolidated

	Goodwill	Software	Purchased mastheads	Other acquired assets	Total
	\$000	\$000	\$000	\$000	\$000
<b>Gross carrying amount</b>					
<b>Balance at 1 July 2012</b>	11,586	2,481	9,358	4,252	27,677
Additions	2,736	190	-	100	3,026
Currency movements	644	32	578	817	2,071
Transfer	2,781	-	-	(2,781)	-
<b>Balance at 30 June 2013</b>	17,747	2,703	9,936	2,388	32,774
Additions	-	299	-	-	299
Currency movements	888	42	646	-	1,576
<b>Balance at 30 June 2014</b>	18,635	3,044	10,582	2,388	34,649
<b>Accumulated Amortisation</b>					
<b>Balance at 1 July 2012</b>	-	(1,418)	-	(399)	(1,817)
Amortisation expense	-	(286)	-	(423)	(709)
Currency movements	-	(32)	-	-	(32)
<b>Balance at 30 June 2013</b>	-	(1,736)	-	(822)	(2,558)
Amortisation expense	-	(331)	-	(422)	(753)
Impairment	-	-	-	(100)	(100)
Currency movements	-	(37)	-	-	(37)
<b>Balance at 30 June 2014</b>	-	(2,104)	-	(1,344)	(3,448)
<b>Net book value</b>					
As at 30 June 2013	17,747	967	9,936	1,566	30,216
As at 30 June 2014	18,635	940	10,582	1,044	31,201

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**  
**Notes to the Consolidated Financial Statements for the year ended 30 June 2014**

**4. Intangible assets (continued)**

**(a) Impairment tests for intangible assets**

Intangible assets are allocated to the Group's cash generating units (CGUs) identified according to business segment and country of operation. The recoverable amount of each CGU is based on value-in-use calculations.

	2014 Australia - Asia \$000	2014 Europe \$000	Total \$000	2013 Australia - Asia \$000	2013 Europe \$000	Total \$000
<b>Goodwill</b>						
Conferencing *	5,662	-	5,662	5,662	-	5,662
Publishing (print & online)	13,057	3,061	16,118	13,057	3,061	16,118
Foreign exchange reserve	(2,690)	(455)	(3,145)	(3,374)	(659)	(4,033)
	<u>16,029</u>	<u>2,606</u>	<u>18,635</u>	<u>15,345</u>	<u>2,402</u>	<u>17,747</u>
<b>Software</b>						
Cost	2,294	750	3,044	2,268	435	2,703
Accumulated amortisation	(1,575)	(529)	(2,104)	(1,327)	(409)	(1,736)
	<u>719</u>	<u>221</u>	<u>940</u>	<u>941</u>	<u>26</u>	<u>967</u>
<b>Purchased mastheads</b>						
Mastheads (print & online)	2,324	9,960	12,284	2,324	9,960	12,284
Foreign exchange reserve	-	(1,702)	(1,702)	-	(2,348)	(2,348)
	<u>2,324</u>	<u>8,258</u>	<u>10,582</u>	<u>2,324</u>	<u>7,612</u>	<u>9,936</u>
<b>Other Intangible Assets</b>						
Acquired intangible assets	2,388	-	2,388	2,388	2,781	5,169
Accumulated amortisation	(1,344)	-	(1,344)	(822)	-	(822)
Segment transfer *	-	-	-	-	(2,781)	(2,781)
	<u>1,044</u>	<u>-</u>	<u>1,044</u>	<u>1,566</u>	<u>-</u>	<u>1,566</u>
<b>Total Intangible Assets</b>	<u>20,116</u>	<u>11,085</u>	<u>31,201</u>	<u>20,176</u>	<u>10,040</u>	<u>30,216</u>

\* The net movement in conferencing goodwill of \$5,517,000 is the result of the transfer of the events business to Beacon Events Limited ("Beacon") in exchange for 60% of the equity interest in Beacon of \$2,736,000. This business combination also resulted in the transfer of \$2,781,000 of other intangible assets to goodwill between the European and Australia-Asia segments.

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**  
**Notes to the Consolidated Financial Statements for the year ended 30 June 2014**

**4. Intangible assets (continued)**

**(b) Key assumptions used for value-in-use calculations**

	<b>2014</b>	<b>2014</b>	<b>2013</b>	<b>2013</b>
	<b>Growth rate *</b>	<b>Discount rate</b>	<b>Growth rate **</b>	<b>Discount rate</b>
Conferencing	2%	11%	2%	12%
Publishing (print & online) - UK	2%	9%	2%	9%
Publishing (print & online) - Australia	2%	11%	2%	12%

\* In 2014 the net average growth rate of 2% was used for EBITDA.

\*\* In 2013 the net average growth rate of 2% was used for EBITDA.

The discount rates used reflect specific risks relating to the relevant segments and the countries in which they operate.

These assumptions have been used for the analysis of each CGU within the business segment. Management determined budgeted gross margin based on past performance and its expectations for the future. If any of these assumptions were to change this could affect the carrying amounts of the goodwill and intangible assets.

**(c) Impact of possible changes in key assumptions**

Sensitivity analysis indicated that an increase in the discount rate applied of up to 500 basis points, or a zero growth rate for EBITDA would not have any impact on the impairment of the intangible assets.

**(d) Amortisation charge**

The amortisation charge for the business combinations of Kondinin and Waste Management and Environment Media Pty Ltd (WME) was \$422,985 during 2014. (2013: \$422,985)

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**  
**Notes to the Consolidated Financial Statements for the year ended 30 June 2014**

**5. Borrowings**

	Consolidated	
	2014	2013
	\$000	\$000
<b>Current</b>		
Finance lease liability	7	142
Secured loans from external parties	3,005	3,771
Loans from related parties	4,946	-
Payable for acquisition of WME	467	420
	8,425	4,333
<b>Non - Current</b>		
<b>Unsecured Liabilities</b>		
Loans from related parties	-	4,305
<b>Secured Liabilities</b>		
Finance lease liability	-	7
	-	4,312

- a) The carrying amount of the Group's current and non-current borrowings approximates the fair value.
- b) The external party loan is with the Australian and New Zealand Banking Corporation (ANZ) and is secured by registered company charges and fixed and floating charges over the assets of the consolidated entity. The terms of the current facility expire on 30 June 2015 with the principal to be fully repaid by this time.

At 30 June 2014 and at the date of this report the Company is in the midst of a capital raising to recapitalise the balance sheet. The Company is targeting a total amount of approximately \$5 million that will include the following steps:

1. A Renounceable Rights Issue on a one for one basis.
2. The conversion of at least \$2 million of related party debt to equity, subject to shareholder approval.
3. A follow-on private placement representing approximately 15% of the shares outstanding.

At the date of this report the Company is in breach of the financial covenants of the facility for the calculation of the Debt to EBITDA (earnings before interest, taxes, depreciation and amortisation), ratio and the minimum EBITDA on a year to date basis. As a consequence the debt has been classified as current. In addition, the company is in arrears on \$240,000 of scheduled principal payments representing four months payments.

The Company is in regular communications with ANZ to rectify the arrears and negotiate a revised facility. The bank is supportive of the Company's capital raising activities. There are no matters existing to indicate that the Company will be unable to successfully renegotiate the facility.

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**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**  
**Notes to the Consolidated Financial Statements for the year ended 30 June 2014**

**5. Borrowings (continued)**

- c) Finance lease liabilities are secured by the asset leased.
- d) Loans from related parties are unsecured at interest rates of 9.5%. Repayment of these loans is subject to limitations and subordinated to the ANZ facility debt. The loan was extended at 30 June 2013 to 30 September 2014 on the same conditions.

**6. Other liabilities**

A put and call option was entered into with the non-controlling shareholder of Beacon Events Limited covering their 40% interest. Our estimate of that discounted future amount adjusted for foreign currency is \$5 million which is recorded as a liability of the Group and a provision for purchase of the non-controlling interest in the equity section. The liability is discounted using the Aspermont bank loan rate of 7.62% and for the duration of the option the interest will be amortised until the option is extinguished. For the year ended 30 June 2014 we have recorded interest of \$421,656

The liability for the purchase of the minority interest in Beacon is calculated based on a US dollar gross profit formula for the estimated fiscal 2017 gross margin of the Beacon business. This amount is then discounted to the current balance sheet date using the Aspermont borrowing rate and adjusted for any foreign exchange movements between the underlying US dollar liability and the Australian dollar.

	Consolidated	
	2014	2013
	\$000	\$000
Opening balance	7,111	-
Beacons intial put and call fair value liability	-	9,954
Imputed interest expense	422	781
Foreign exchange movements	(391)	842
Change in estimated value	(2,142)	(4,466)
	5,000	7,111

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**  
**Notes to the Consolidated Financial Statements for the year ended 30 June 2014**

**7. Cash flow information**

	Consolidated	
	2014	2013
	\$000	\$000
(a) Reconciliation of cash and cash equivalents		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the Statement of Financial Position as follows:		
Cash at bank and on deposit	1,416	3,145
	<u>1,416</u>	<u>3,145</u>
(b) Reconciliation of operating profit/ (loss) after tax to net cash provided by operating activities		
Profit/ (loss) after income tax	(417)	3,538
<b>Non-cash flows in profit/ (loss)</b>		
Depreciation	911	907
Impairment of loan receivable	1,213	532
Share of associates	117	(489)
Unrealised (gain)/ loss on investments - net of tax	(339)	330
Share option expense	-	243
Non-cash movement on put option liability	(2,111)	(2,843)
Realised (gain)/ loss on investments	311	-
Gains on cash sales	-	(71)
Non cash items	(250)	-
Exchange rate movements	12	(20)
<b>Change in assets and liabilities:</b>		
Increase/(decrease) in receivables	2,012	(2,667)
Increase in creditors and accruals	925	283
(Decrease)/increase in unearned revenue	(1,308)	3,310
Increase in provisions	39	106
(Decrease)/increase in income taxes payable	(582)	406
(Decrease) in deferred taxes payable	(256)	(1,025)
<b>Net cash provided/ (used in) operating activities</b>	<u>277</u>	<u>2,540</u>

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**
**Notes to the Consolidated Financial Statements for the year ended 30 June 2014**
**8. Segment information**

The economic entity primarily operates in the media publishing industry as well as in conferencing and investing, within Australia and in the United Kingdom.

	Print		Digital		Conferencing		Investments	Total
	Australia - Asia \$'000	Europe \$'000	Australia - Asia \$'000	Europe \$'000	Australia - Asia \$'000	Europe \$'000	Australia - Asia \$'000	\$'000
2014								
<b>Revenue</b>								
Sales	9,427	6,045	4,370	622	9,981	6,010	-	36,455
Other revenue	69	-	-	-	35	-	18	122
<b>Total segment revenue</b>	<b>9,496</b>	<b>6,045</b>	<b>4,370</b>	<b>622</b>	<b>10,016</b>	<b>6,010</b>	<b>18</b>	<b>36,577</b>
<b>Result</b>								
Segment result	1,378	2,223	487	158	(522)	844	(1,181)	<b>3,387</b>
	Print		Digital		Conferencing		Investments Restated	Total
	Australia - Asia \$'000	Europe \$'000	Australia - Asia \$'000	Europe \$'000	Australia - Asia \$'000	Europe \$'000	Australia - Asia \$'000	\$'000
2013								
<b>Revenue</b>								
Sales	11,404	6,146	4,735	541	12,366	4,987	-	40,179
Other revenue	116	-	-	-	14	-	-	130
<b>Total segment revenue</b>	<b>11,520</b>	<b>6,146</b>	<b>4,735</b>	<b>541</b>	<b>12,380</b>	<b>4,987</b>	<b>-</b>	<b>40,309</b>
<b>Result</b>								
Segment result	1,802	2,777	(32)	183	2,291	754	(701)	<b>7,074</b>

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**  
**Notes to the Consolidated Financial Statements for the year ended 30 June 2014**

**8. Segment information (continued)**

Reconciliation of reportable segment profit or loss:

	Consolidated	
	2014	2013
	\$000	\$000
Total profit for reportable segments	3,387	7,074
Other income	3,090	3,542
Overheads	(6,686)	(6,026)
Interest	(1,133)	(1,529)
Consolidated profit/(loss) before income tax from continuing operations	<u>(1,342)</u>	<u>3,061</u>

**Description of segments:**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Chief Executive Officer who makes strategic decisions.

The segments derive revenue from the following products and services:

- The print division derives subscription and advertising revenues from traditional print publications across a number of trade sectors including mining, contracting, energy and the resources sector.
- The digital media segment develops and maintains web sites and daily news services covering various sectors including mining, energy, construction. Revenue is derived from subscription, advertising and sponsorships.
- The conferencing division derives revenues from running events and holding conferences in various locations and across a number of sectors.
- The investment division receives revenue from advisory fees and general investment income including fair value gains/losses on share investments held.

These segments are the basis on which the Group reports its segment information.

**Segment revenue and expenses:**

Segment revenue and expenses are accounted for separately and are directly attributable to the segments.

**Inter-segment transfers:**

There are no inter-segment transactions at this time.

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**  
**Notes to the Consolidated Financial Statements for the year ended 30 June 2014**

**9. Earnings per share (EPS)**

	Consolidated	
	2014 \$000	2013 \$000
(a) Basic earnings/ (loss) per share (cents per share)	(0.47)	0.85
(b) Diluted earnings/ (loss) per share (cents per share)	(0.47)	0.85
(c) Earnings/ (loss) used in calculating earnings per share		
Profit/ (loss) attributable to the ordinary equity holders of the company used in calculating basic earnings per share	(1,116)	2,030
	-	-
Profit/ (loss) attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	(1,116)	2,030
(d) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted earnings per share	238,710,493	238,710,493
Options	-	-
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted earnings per share	238,710,493	238,710,493
Options granted to employees under the employee option scheme are considered to be potential ordinary shares and are included in the determination of diluted earnings per share to the extent they are dilutive.		