



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

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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

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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

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
Total Segment	36,559	4,568	40,309	7,775

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

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.

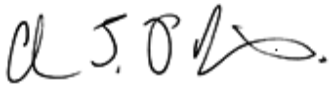
The Company's external party loan with the Australian and New Zealand Banking Corporation ("ANZ") and is secured by registered company charges and fixed and floating charges over the assets of the consolidated entity. The terms of the current facility expire on 30 June 2015.

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

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,

A handwritten signature in black ink, appearing to read 'Colm O'Brien', with a stylized flourish at the end.

Colm O'Brien
Chief Executive Officer, Group

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

		Consolidated	
		2014	2013
	Note	\$000	\$000
Revenue from continuing operations	2	36,455	40,179
Cost of sales	3	(17,583)	(17,792)
Gross profit		18,872	22,387
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)
		(21,878)	(21,729)
		(3,006)	658
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)
Profit/(loss) from continuing operations before income tax expense		(1,342)	3,061
Income tax benefit/(expense) relating to continuing operations		925	477
Profit/(loss) for the year from continuing operations		(417)	3,538
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
Profit/(loss) after tax for the year	(417)	3,538
Other comprehensive income/(loss)		
<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)
	(138)	57
Income tax benefit/(expense) relating to other comprehensive income		
Other comprehensive income/ (loss) for the period net of tax	1,314	1,129
Total comprehensive income/(loss) for the period (net of tax)	897	4,667
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	
CURRENT ASSETS				
	Cash and cash equivalents	7	1,416	3,145
	Trade and other receivables		5,681	7,632
	Financial assets		7	175
TOTAL CURRENT ASSETS			7,104	10,952
NON-CURRENT ASSETS				
	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
TOTAL NON-CURRENT ASSETS			34,037	33,382
TOTAL ASSETS			41,141	44,334
CURRENT LIABILITIES				
	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
TOTAL CURRENT LIABILITIES			22,236	19,003
NON-CURRENT LIABILITIES				
	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
TOTAL NON-CURRENT LIABILITIES			8,711	14,579
TOTAL LIABILITIES			30,947	33,582
NET ASSETS			10,194	10,752
EQUITY				
	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)
TOTAL EQUITY			10,194	10,752

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
Balance at 1 July 2012	49,292	(26,001)	-	1,215	(6,664)	(2,492)	15,350	-	15,350
Profit/(loss) for the year	-	2,031	-	-	-	-	2,031	1,508	3,539
Other comprehensive income									
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
Total comprehensive loss	-	2,031	-	-	2,105	(753)	3,383	1,285	4,668
Transactions with owners in their capacity as owners:									
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
Balance at 30 June 2013	49,292	(24,671)	(8,053)	1,458	(4,559)	(2,544)	10,923	(170)	10,753
Balance at 1 July 2013	49,292	(24,671)	(8,053)	1,458	(4,559)	(2,544)	10,923	(170)	10,753
Profit/(loss) for the year	-	(1,116)	-	-	-	-	(1,116)	699	(417)
Other comprehensive income									
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)
Total comprehensive income	-	(3,420)	-	-	1,261	2,269	110	787	897
Transactions with owners in their capacity as owners:									
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	(1,456)	(1,456)
Balance at 30 June 2014	49,292	(28,091)	(8,053)	1,458	(3,298)	(275)	11,033	(839)	10,194

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
Cash flows from operating activities			
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)
Net cash provided by/ (used in) operating activities	7 (b)	277	2,770
Cash flows from investing activities			
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)
Net cash provided by/ (used in) investing activities		(281)	(485)
Cash flows from financing activities			
Proceeds of borrowings		381	-
Repayment of borrowings		(794)	(1,302)
Dividends paid to non-controlling interest		(1,456)	(2,295)
Net cash provided by/ (used in) financing activities		(1,869)	(3,597)
Net increase/ (decrease) in cash held		(1,873)	(1,312)
Cash at the beginning of the year		3,145	4,298
Effects of exchange rate changes on the balance of cash held in foreign currencies		144	159
Cash at the end of the year	7 (a)	1,416	3,145

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

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).

ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

(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
	36,455	40,179
Other income:		
Interest	3	18
Government grants	67	77
Other income	52	35
	122	130

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
Gross carrying amount					
Balance at 1 July 2012	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)	-
Balance at 30 June 2013	17,747	2,703	9,936	2,388	32,774
Additions	-	299	-	-	299
Currency movements	888	42	646	-	1,576
Balance at 30 June 2014	18,635	3,044	10,582	2,388	34,649
Accumulated Amortisation					
Balance at 1 July 2012	-	(1,418)	-	(399)	(1,817)
Amortisation expense	-	(286)	-	(423)	(709)
Currency movements	-	(32)	-	-	(32)
Balance at 30 June 2013	-	(1,736)	-	(822)	(2,558)
Amortisation expense	-	(331)	-	(422)	(753)
Impairment	-	-	-	(100)	(100)
Currency movements	-	(37)	-	-	(37)
Balance at 30 June 2014	-	(2,104)	-	(1,344)	(3,448)
Net book value					
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
Goodwill						
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)
	16,029	2,606	18,635	15,345	2,402	17,747
Software						
Cost	2,294	750	3,044	2,268	435	2,703
Accumulated amortisation	(1,575)	(529)	(2,104)	(1,327)	(409)	(1,736)
	719	221	940	941	26	967
Purchased mastheads						
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)
	2,324	8,258	10,582	2,324	7,612	9,936
Other Intangible Assets						
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)
	1,044	-	1,044	1,566	-	1,566
Total Intangible Assets	20,116	11,085	31,201	20,176	10,040	30,216

* 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

	2014	2014	2013	2013
	Growth	Discount	Growth	Discount
	rate *	rate	rate **	rate
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
Current		
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
Non - Current		
Unsecured Liabilities		
Loans from related parties	-	4,305
Secured Liabilities		
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.

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
Non-cash flows in profit/ (loss)		
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)
Change in assets and liabilities:		
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)
Net cash provided/ (used in) operating activities	<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								
Revenue								
Sales	9,427	6,045	4,370	622	9,981	6,010	-	36,455
Other revenue	69	-	-	-	35	-	18	122
Total segment revenue	9,496	6,045	4,370	622	10,016	6,010	18	36,577
Result								
Segment result	1,378	2,223	487	158	(522)	844	(1,181)	3,387
	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								
Revenue								
Sales	11,404	6,146	4,735	541	12,366	4,987	-	40,179
Other revenue	116	-	-	-	14	-	-	130
Total segment revenue	11,520	6,146	4,735	541	12,380	4,987	-	40,309
Result								
Segment result	1,802	2,777	(32)	183	2,291	754	(701)	7,074

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	(1,342)	3,061

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	2013
	\$000	\$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.		