Aspermont

Information for Industry

ABN: 66 000 375 048

HALF YEAR REPORT

For the financial Half Year ended

31 MARCH 2018

Lodged with ASX under listing rule 4.2A.3

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CORPORATE DIRECTORY

Directors
Andrew Leslie Kent
John Stark (alternate to Andrew Kent)
Alex Kent
Geoffrey Donohue
Christian West
Clayton Witter

Company Secretary
David Straface

Other Key Management Personnel
Nishil Khimasia – Chief Financial Officer, Group
Robin Booth – General Manager, Publishing
Ajit Patel – Chief Operating Officer, Group

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ASX Limited

ASX Code: ASP

Overview

Aspermont has successfully completed a three year strategic, operational, digital and financial transformation to strengthen its position as the leading media services provider to the global resources industry.

Aspermont is now growing its top line revenues and bottom line profits with improving gross margins. The Company has entered a new and accelerating growth phase.

The results for the six months ended 31 March 2018 reflect the significant improvement in Aspermont's financial performance and outlook.

Key Financial Highlights

Half Year Ended 31 March	**2018**	**2017[1]**	**Improvement[2]**
Total Revenue	**$6.1m**	**$5.4m**	**+13%**
Subscriptions Revenue	*$2.8m*	*$2.1m*	*+30%*
Digital Advertising Revenue	*$1.4m*	*$1.3m*	*+7%*
Print Advertising Revenue	*$1.8m*	*$1.8m*	*Flat*
Gross Margins	55%	46%	+9%
EBITDA[3]	$0.05m	$(0.4)m	+116%
Cash Flow From Operating Activities[3]	$0.5m	$(0.1)m	+739%

(1) *Based on unaudited management accounts.*
(2) *Growth figures are at constant currency.*
(3) *EBITDA and Net Cash from Operating Activities figures are normalised (refer Appendix 1).*

During 2017, Aspermont changed its financial year end to 30 September from 30 June. As a consequence, the statutory prior reporting period in the consolidated financial statements covers the half year ended 31 December 2016.

However, the Directors believe a more meaningful prior period is the directly corresponding half period ended 31 March 2017. Accordingly, the Directors have presented in this highlights section figures for the half year ended 31 March 2017. These figures are based on internal management accounts that have not been audited.

Key Achievements

- Completion of operational restructure
- Total revenue growth of 13% to $6.12m
- Strong growth in subscriptions revenues (+30%) and in Lifetime Values
- Digital advertising revenue up 7% and accelerating
- 5 years of print revenue contraction ended
- Return to normalised EBITDA profitability ($0.05m) consistent with prior guidance
- Strong lift in normalised cash flow from operating activities ($0.51m)
- Successful launch of new Events business and new Research and Data division.

Key Subscriptions Metrics

Key Subscriptions SaaS Metrics	As at 30 June 2016	As at 30 June 2017	As at 31 March 2018
Number of Subscriptions	7,158	7,379	7,860
Average Revenue Per Unit (ARPU)	$623	$704	$791
Renewal Rate	73%	78%	81%
Annual Contract Value (ACV)	$4.5m	$5.2m	$6.2m
Web Traffic (Sessions)	3.8m	4.0m	4.5m
Web Traffic (Users)	1.1m	1.4m	1.7m
Lifetime Years(1)	3.7	4.5	5.4
Lifetime Value(2)	$16.5m	$23.6m	$33.1m
Loyalty Index	41%	52%	59%

(1) *Lifetime Years is the average lifetime of all subscriptions (i.e. 1/churn rate).*
(2) *Lifetime Value is the aggregate of present and expected future values of all subscriptions (i.e. lifetime years multiplied by annual contract value).*

The Directors are pleased to report that in the nine months since 30 June 2017, all key SaaS metrics have grown strongly. Subscriptions have increased by 7%, alongside a lift in ARPU of 12%, whilst renewal rates continue to climb. The continued improvement in these key metrics has translated to Lifetime Years expanding to 5.4, with a resulting lift in Lifetime Value of 41% to $33.1m.

Financial Position

The Company successfully completed a $2.1m capital raising post the half year end period. The Directors appreciate the endorsement and support of existing and new shareholders. Aspermont has no net debt and the funds raised will be used to accelerate the Company’s growth strategy.

Outlook

Aspermont has been reinvigorated by its new management, a refreshed board and the completion of its operational restructure. The Company’s digital media platform (Project Horizon) is now fully in play and Aspermont is set to maximise returns as a result of:

- the resurgence of the global resources industry to which Aspermont is the leading media services provider
- offering new product solutions in complementary industry sectors such as agriculture, energy and technology
- expanding the business across multiple geographies
- leveraging the Company’s platform and digital media expertise with the recent launch of the new Events business and Research and Data division.

The Directors of the Company and its senior management team remain focussed on these clear and substantial growth opportunities.

Significantly, all of Aspermont's existing revenue classes are now growing: strong subscriptions revenue growth is expected to continue; digital advertising growth is expected to accelerate; and print revenue is showing flat to small growth for the first time in many years.

As advised to ASX on 10 May 2018, Aspermont currently has a strong revenue pipeline in the new Events business. The Company presently has over $1m of booked orders for events that either have now been run successfully or are upcoming in the second half of the financial year (i.e. not reflected in the reported figures for the first half). The significant level of onsite rebooking at the events run by Aspermont in mid-May 2018 augers well for strong growth next year.

The Company's previous guidance for this financial year was for strong top line growth with normalised earnings staying positive but flat owing to investments in new product lines. The Directors are pleased to advise at the half year that Aspermont's performance remains consistent with that guidance, with overall top line growth expected to accelerate in the second half of this year.

Yours sincerely,

Alex Kent
Managing Director
Aspermont Limited

Appendix 1:

Normalised EBITDA Reconciliation

Half Year Ended	31 March 2018 $000	31 March 2017[(1)] $000
Reported income/(loss) from continuing operations before income tax expense	**(685)**	**(1,085)**
Net interest	17	96
Depreciation and amortisation	41	143
Reported EBITDA	**(627)**	**(846)**
Fair value revaluation and interest receivable of Beacon loan	(289)	-
Exceptional one-off charges[(2)]	72	435
New business establishment costs[(3)]	892	-
Normalised EBITDA	**48**	**(411)**

Normalised Cash Flow from Operations Reconciliation

Half Year Ended	31 March 2018 $000	31 March 2017[(1)] $000
Cash flows from operating activities		
Cash receipts from customers	6,799	5,874
Cash outflows to suppliers and employees	(7,307)	(6,434)
Interest and other costs of finance paid	-	(42)
Cash inflow/(outflow) from Operating activities	**(508)**	**(560)**
Exceptional cash outflows to suppliers[(2), (3)]	(1,039)	(435)
Normalised Cash inflow/(outflow) from operating activities	**531**	**(125)**

Notes for Normalised EBITDA and Normalised Cash Flow from Operations reconciliations:
(1) Based on unaudited management accounts.
(2) One-off expenses relating to business restructuring, divestments and legal costs.
(3) Estimated expenditure in relation to the establishment of the Events business and the new Research and Data division.

The Directors present their six-month financial report on the consolidated entity (referred to hereafter as the Group) consisting of Aspermont Limited and the entities it controlled at the end of, or during, the half year ended 31 March 2018.

Directors

The following persons were Directors of Aspermont Limited during the financial half year and up to the date of this report:

Andrew L. Kent
John Stark – Alternate to Andrew Kent
Alex Kent
Geoffrey Donohue
Christian West
Clayton Witter

Principal activities

The Group's principal activities during the period were to provide market specific content across the resources sectors through a combination of print, digital media channels and face to face networking channels.

Operating results

The operating loss before tax for continuing operations was $0.7 million (2016: loss $1.4 million). The operating loss after tax for continuing operations was $0.5 million (2016: loss $2.4 million). The consolidated loss after tax for the group was $0.5 million (2016: loss $0.5 million).

Dividends

No dividend has been declared for the period (2016: no dividend).

Review of operations

A review of the operations of the Group during the financial half year has been set out in pages 4 to 7 of this report.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the Half Year other than as disclosed elsewhere in this report.

Events subsequent to the end of the half year

In April 2018, the Group successfully completed a share placement raising $2.1m of gross proceeds through a placement of 205 million new ordinary shares in the Aspermont Ltd. The Placement was completed at a price of 1.0 cent per share with support from new investors and existing shareholders. The Group has no long term debt and has capital for expansion.

Likely developments and expected results of operations

The upcoming year is expected to be one of further development in our revenue base. Following the successful launch of new events this year we will continue to invest further to expand these into other geographies next year, alongside building our profitability.

Environmental regulations

Environmental regulations do not have any impact on the Group, and the Group is not required to report under the National Greenhouse and Energy Reporting Act 2007.

Auditor's Declaration

The lead auditor's independence declaration is set out on page 10 and forms part of the Director's report for the half year ended 31 March 2018.

Rounding of Amounts

The parent entity has applied the relief available to it under Legislative Instrument 2016/191 and accordingly, amounts in the financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

Dated at Perth this 29th May 2018

Signed in accordance with a resolution of Directors:

Alex Kent
Managing Director

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DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF ASPERMONT LIMITED

As lead auditor for the review of Aspermont Limited for the half-year ended 31 March 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Aspermont Limited and the entities it controlled during the period.

BDO

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 29 May 2018

ASPERMONT LIMITED
Consolidated Income Statement for the half year ended 31 March 2018

	Half Year	
	31 March 2018 $000	**31 Dec 2016 $000**
		Restated
Continuing operations		
Revenue	6,115	5,858
Cost of sales	(2,728)	(2,728)
Gross Profit	**3,387**	**3,130**
Distribution expenses	(141)	(285)
Marketing expenses[1]	(2,101)	(985)
Occupancy expenses	(419)	(583)
Corporate and administration	(1,234)	(1,291)
Finance costs	(17)	(1,006)
Share based payments	(22)	-
Other expenses	(427)	(728)
Re-estimation of Beacon put option	-	274
Other income	289	37
Impairment of loan receivables	-	(7)
Loss from continuing operations before income tax expense	**(685)**	**(1,444)**
Income tax benefit/(expense) relating to continuing operations	156	(974)
Loss for the half year from continuing operations	**(529)**	**(2,418)**
Profit from discontinued operation (attributable to equity holders of the Company)	-	1,956
Loss for the half year	**(529)**	**(462)**
Loss attributable to:		
Net profit attributable to non-controlling interest	-	1,956
Net loss attributable to equity holders of the parent entity	(529)	(2,418)
	(529)	**(462)**

[1]*Increase in marketing expenses driven predominantly by expenditure in establishing new business (Events, Research and Data) where revenues not yet recognised or commercialised in this reporting period as well as costs normalising following the restructure and adding required skills in digital and subscriptions sales*

The accompanying notes form part of these consolidated financial statements.

		Restated
	Cents	**Cents**
	31 March 2018	**31 Dec 2016**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company		
Basic and diluted loss earnings /(loss) per share	(0.03)	(0.21)
Earnings per share for profit from discontinued operations attributable to the ordinary equity holders of the Company		
Basic and diluted earnings/(loss) per share	-	0.17
Earnings per share for profit attributable to the ordinary equity holders of the Company		
Basic and diluted earnings/(loss) per share	**(0.03)**	**(0.04)**

	31 March 2018 $000	31 Dec 2016 $000
Net loss after tax for the half year	**(529)**	**(462)**
Other comprehensive loss		
(Items that will be reclassified to profit or loss)		
Foreign currency translation differences for foreign operations	(456)	(415)
Other comprehensive loss for the half year net of tax	(456)	(415)
Total comprehensive loss for the half year (net of tax)	**(985)**	**(877)**
Total comprehensive income/(loss) attributable to:		
Non-controlling interest	-	619
Owners of Aspermont Limited	(985)	(1,496)
Total comprehensive income for the year attributable to owners of Aspermont Limited arises from:		
Continuing operations	(985)	(1,496)
Discontinued operations	-	619

	Note	31 March 2018 $000	30 Sept 2017 $000
CURRENT ASSETS			
Cash and cash equivalents		249	1,342
Trade and other receivables		2,259	1,228
TOTAL CURRENT ASSETS		**2,508**	**2,570**
NON-CURRENT ASSETS			
Other receivables		4,853	4,485
Financial assets		68	68
Property, plant and equipment		86	85
Deferred tax assets		2,503	2,347
Intangible assets and goodwill		8,951	8,034
TOTAL NON-CURRENT ASSETS		**16,461**	**15,019**
TOTAL ASSETS		**18,969**	**17,589**
CURRENT LIABILITIES			
Trade and other payables		4,381	3,757
Income in advance[1]		4,154	2,803
Borrowings		118	85
Income tax payable		(5)	-
Provisions		24	31
TOTAL CURRENT LIABILITIES		**8,672**	**6,676**
NON-CURRENT LIABILITIES			
Deferred tax liabilities		2,503	2,347
Provisions		59	16
TOTAL NON-CURRENT LIABILITIES		**2,562**	**2,363**
TOTAL LIABILITIES		**11,234**	**9,039**
NET ASSETS		**7,735**	**8,550**
EQUITY			
Issued capital	2	65,774	65,604
Reserves		(12,262)	(11,806)
Accumulated losses		(45,777)	(45,248)
Parent entity interest		7,735	8,550
Non-controlling interest		-	-
TOTAL EQUITY		**7,735**	**8,550**

[1]Income in advance relates to prepaid annual subscriptions that are released to Consolidated Income Statement over the subscriptions period

The accompanying notes form part of these consolidated financial statements

ASPERMONT LIMITED
Consolidated Statement of Changes in Equity for the half year ended 31 March 2018

	Issued Capital	Accumulated Losses	Other Reserves	Share Based Reserve	Currency Translation Reserve	Fixed Assets Reserve	Sub-Total	Non-Controlling Interest	Total
	$000	$000	$000	$000	$000	$000	$000	$000	$000
Balance at 1 July 2016	**56,433**	**(43,905)**	**(8,053)**	**285**	**(2,116)**	**(276)**	**2,378**	**(1,203)**	**1,175**
Loss for the period	-	(1,244)	-	-	-	-	(1,244)	782	(462)
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	-	-	-	(252)	-	(252)	(163)	(547)
Total Comprehensive loss	**-**	**(1,244)**	**-**	**-**	**(252)**	**-**	**(1,496)**	**619**	**(877)**
Transactions with owners in their capacity as owners:									
Share issued (net of issue cost)	9,101	-	-	-	-	-	9,101	-	9,101
Issue of share options	-	-	-	521	-	-	521	-	521
Balance at 31 December 2016	**65,534**	**(45,149)**	**(8,053)**	**816**	**(2,368)**	**(276)**	**10,504**	**(584)**	**9,920**
Balance at 30 September 2017	**65,604**	**(45,248)**	**(9,954)**	**815**	**(2,389)**	**(278)**	**8,550**	**-**	**8,550**
Loss for the half year	-	(529)	-	-	-	-	(529)	-	(529)
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	-	-	-	(478)	-	(478)	-	(478)
Total Comprehensive loss	**-**	**(529)**	**-**	**-**	**(478)**	**-**	**(1,007)**	**-**	**(1,007)**
Transactions with owners in their capacity as owners:									
Shares issued (net of issue costs)	170	-	-	-	-	-	170	-	170
Issue of Performance Rights	-	-	-	21	-	-	21	-	21
Issue of share options	-	-	-	1	-	-	1	-	1
Balance at 31 March 2018	**65,774**	**(45,777)**	**(9,954)**	**837**	**(2,867)**	**(278)**	**7,735**	**-**	**7,735**

The accompanying notes form part of these consolidated financial statements.

	Note	31 March 2018 $000	31 Dec 2016 $000
Cash flows from operating activities			
Cash receipts from customers		6,799	12,788
Cash payments to suppliers and employees		(7,307)	(13,412)
Interest and other costs of finance paid		-	(26)
Interest received		-	1
Income tax paid		-	(271)
Net cash outflow from operating activities	4	**(508)**	**(920)**
Cash flows from investing activities			
Payments for plant and equipment		(19)	(9)
Payment for intangible assets		(575)	(15)
Net cash outflow from investing activities		**(594)**	**(24)**
Cash flows from financing activities			
Proceeds from issue of shares		10	2,985
Share issue transaction costs		(4)	(296)
Proceeds from borrowings		-	-
Repayment of borrowings		-	(575)
Net cash inflow from financing activities		**6**	**2,114**
Net (decrease)/increase in cash held		(1,096)	1,170
Cash at the beginning of the period		1,342	1,795
Effects of exchange rate changes on the balance of cash held in foreign currencies		3	(66)
Cash at the end of the period[1]		**249**	**2,899**

[1] *In April 2018, subsequent to the reporting period, the Group successfully completed a share placement raising $2.1m of gross proceeds through a placement of 205 million new ordinary shares in the Company.*

The accompanying notes form part of these consolidated financial statements.

1. Summary of Significant Accounting Policies

(A) Basis of Preparation

The consolidated half year financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards AASB 134 Interim Financial Reports and the Corporations Act 2001.

The consolidated half year financial statements do not include all the information required for annual financial statements and should be read in conjunction with the consolidated annual financial statements of the consolidated entity as at and for the period ended 30 September 2017. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The consolidated half year financial statements were approved by the Directors on 24th May 2018.

(B) New Accounting Standards and Accounting Standards Issued but not yet Applied

Certain new accounting standards and interpretations have been published that are not yet effective. The Group has elected not to early adopt these new standards or amendments in the financial report. The Group is currently assessing the impact the following accounting standards and amendments to accounting standards will have on the financial report, when applied in future periods. They include:

- AASB 15 Revenue from Contracts with Customers
- AASB 16 Leases
- AASB 9 Financial Instruments

(C) Rounding of Amounts

The Company is of a kind referred to in Legislative Instrument 2016/191 and in accordance with the Legislative Instrument, amounts in the consolidated financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

(D) Going Concern

The consolidated half year financial statements have been prepared on the basis of a going concern:

For the half year ended 31 March 2018 the entity recorded a loss for the period of $0.7 million from continuing operations before income tax, a net cash outflow from operating activities of $0.5 million and net working capital deficiency excluding provisions and deferred revenue of $2.0 million.

The Directors have reviewed the Company's overall position and believe the Company will have sufficient funds to meet the Company's commitments.

Subsequent to the period end, the Company has raised $2.1m via a strategic placement. Based on this the Directors are satisfied that the Company has sufficient funds to execute its strategy over the next 12 months and expects positive contribution from the launch of new events business.

The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

(E) Critical Accounting Estimates and Judgements

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.

Additional estimates and judgements applied since the last reporting period include:

Key Estimates — Share Based Payments

The Group in some instances has settled services received through issue of shares or share options. The costs of these transactions are measured by reference to the fair value at the date at which they are granted. Where options are issued, the fair value at grant date is determined using a combination of trinomial and monte carlo option pricing models which require estimated variable inputs. In particular, the expected share price volatility is estimated using the historic volatility (using the expected life of the option), adjusted for any expected changes to future volatility. Information relating to share based payments is set out in note 3 and 8. The cost is recognised together with a corresponding increase in equity over the period in which the performance conditions are fulfilled.

The Group received shareholder approval on 1 February 2018 for an Incentive Performance Rights Plan for issue to the Executive team. Performance Rights were issued in two tranches:

1. Fifty percent of grant vests if the Company’s returns on equity over a three year period are within 50-75% range of all companies in the S&P ASX 300.
2. Fifty percent of grant vests if the Company’s total shareholder return (TSR) over a three year period is within 50-75% range of all companies in the S&P ASX 300

Valuation was undertaken in accordance with Accounting Standard AASB 2 (‘Share Based Payments’) and an independent expert was retained to determine fair value of a trance of Performance Rights which were based on market conditions. The valuation approach followed a two-step process:

1. calculate the fair value of each PR issued; and
2. determine the total value of the PRs issued giving consideration to the total number of equity instruments expected to vest.

The Directors interpreted AASB 2 to require the valuer to (a) consider the current likely probability of achieving each of the vesting conditions within the specified performance periods, and then (b) determine the number of equity securities that would be expected to vest, based on an estimate of the likely success or failure of each of the vesting conditions.
The Directors concluded the following:

Tranche	Vesting Condition	Estimated Probability of Success
1	ROE - Non-market	100%
2	TSR – Market	50%

2. Issued Capital

	31 March 2018 #	30 Sept 2017 #	2018 $000	2017 $000
Fully paid ordinary shares	**1,868,725,458**	**1,856,225,458**	**65,774**	**65,604**
Ordinary shares				
At the beginning of the reporting half year	1,856,225,458	958,700,907	65,604	56,433
Shares issued during the period:				
Rights issue	-	68,217,100	-	714
Shares issued as part of debt/equity conversion	-	581,429,406	-	5,814
Private placement of fully paid ordinary shares		229,516,500		2,900
Share issue costs	-	10,500,000	-	(335)
Employee share issue[1]	12,500,000	7,861,545	150	78
Unvested Performance Rights	-	-	20	-
At Reporting date	**1,868,725,458**	**1,856,225,458**	**65,774**	**65,604**

[1]Issued in Lieu of Non-executive Director Fees

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders’ meetings, each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands.

3. Reserves

(a) Options

The establishment of the Executive Option Plan was approved by the Directors in April 2000. The Executive Option Plan is designed to retain and attract skilled and experienced board members and executives and provide them with the motivation to make the Group successful. Participation in the plan is at the Board’s discretion.

The exercise price of options issued will be not less than the greater of the minimum value set by the ASX Listing Rules and the weighted average closing sale price of the Company's shares on the ASX over the five days immediately preceding the day of the grant, plus a premium determined by the Directors.

When shares are issued pursuant to the exercise of options, the shares will rank equally with all other ordinary shares of the Company.

The Company issued 10 million options at an exercise price of $0.03 expiring January 2023 during this reporting period in lieu of payment for services provided valued at $1,000.

(b) Employee Performance Rights

The Company issued 54,000,000 Performance Rights during the reporting period to a director and employees pursuant to the Aspermont Performance Rights Plan ("The Plan").

No Performance Rights vested during the period.

At 31 March 2018, the Company had the following unlisted Performance Rights in issue:

Performance Rights – Managing Director (exercise price Nil)	27,000,000
Performance Rights – Employees (exercise price Nil)	27,000,000
Total Performance Rights on issue at 31 March 2018	54,000,000

The Plan was approved by the shareholders at the February 2018 annual general meeting. The scheme is designed to provide long-term incentives to the executive management team (including executive Directors) to deliver long-term shareholder returns. Under the Plan, participants are granted Performance Rights to receive ordinary shares which only vest if certain performance conditions are met. Participation in the Plan is at the Board's discretion and no individual has a contractual right to participate in the Plan or to receive any guaranteed benefits.

Performance Rights were issued in two tranches:

1. Fifty percent of grant vests if the Company's returns on equity over a three year period are within 50-75% range of all companies in the S&P ASX 300.
2. Fifty percent of grant vests if the Company's total shareholder return (TSR) over a three year period is within 50-75% range of all companies in the S&P ASX 300

Once vested, the Performance Rights remain exercisable for a period of four years. Performance Rights Shares are granted under the Plan for no consideration and carry no voting rights during the vesting period.

The Performance Rights have an implied service condition meaning the Directors and Employees must remain employed for the entire period.

The Tranche 1 Performance Rights were valued for a total of $270,000 being expensed over the vesting period, with $15,000 charged to the Consolidated Income Statement for this reporting period. This is based on a share price of $0.01 and management's assessment of probability of achieving the performance conditions was set at 100%. This is reflected in the share based payment expense at 31 March 2018.

The fair value of Tranche 2 Performance Rights were determined to be $0.00767 per right. The fair value at grant date was independently assessed using a model that combines Trinomial and Monte Carlo methodologies and utilises the correlations, betas and volatilities of Aspermont, the S&P/ASX 300 Index and its constituents.

The model inputs for the rights granted included:

- Rights are granted at no consideration
- Grant date: 1 February 2018
- Vesting Period: three years
- Expiry date: seven years from issue
- Expected future price volatility of shares: 85.2%
- Risk free rate: 2.05%
- Dividend yield: n/a

(b). Employee Performance Rights (continued)

The Tranche 2 Performance Rights were valued for a total of $103,545 being expensed over the vesting period based on fair value of $0.00767 and management's assessment of the probability of achieving the performance conditions was set at 50%[1], with $5,753 charged to the Consolidated Income Statement for this reporting period.

[1]Probability of success was determined to be 50% based on expected improvement of Total Shareholder Return of Aspermont compared with the S&P/ASX300. The 3 year CAGR for S&P/ASX300 for the year to 2017 was approximately 9% with an uptick seen in 2017. Extrapolating that to the next 3 years and uplifting for recent upturn on S&P/ASX 300 suggests S&P/ASX 300 CAGR over the next 3 years will be in the range of 10%-20%. Management's expectation is the expected sustained improvement in Aspermont earnings over the next 12 – 18 months will be reflected in the share price improvement over that period and as a result the Directors concluded that there was 50% probability of Aspermont TSR CAGR over a 3 year period being within the expected CAGR of S&P/ASX 300 Index.

4. Net Cash (used in)/from Operating Activities

	31 Mar 2018 $000	31 Dec 2016 $000
Cash flows from operating activities		
Cash receipts from customers	6,799	12,788
Normalised cash outflows to suppliers and employees	(7,307)	(13,412)
Interest and other costs of finance paid	-	(26)
Interest received	-	1
Income tax paid	-	(271)
Cash inflow/(outflow) from operating activities	**(508)**	**(920)**
Exceptional/investment cash outflows to suppliers and employees[1]	1,039	260
Normalised cash inflow/(outflow) from operating activities	**531**	**(660)**

[1] *Exceptional cash outflows to suppliers and employees are exceptional payments made during the half year ended 31 March 2018. These comprise of legacy creditor payments, exceptional legal fees and costs in relation to establishing of the Events business and the new Research and Data business.*

5. Segment Information

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

Segment Reporting:

2018	**Publishing $000**
Revenue	
Advertising – Digital	1,414
Advertising – Print	1,800
Subscriptions	2,834
Events & Other revenue	67
Total segment revenue	**6,115**
Revenue by Geography	
Australia/ Asia	3,532
Europe	2,583
Other	-
Total revenue	**6,115**
Result	
Segment result	**2,886**
Unallocated items:	
Corporate overheads	(3,802)
Depreciation	(41)
Other income	289
Finance costs	(17)
Profit/(Loss) for period before income tax	**(685)**
Segment assets	**11,364**
Unallocated assets:	
Cash	249
Deferred tax asset	2,503
Other receivables	4,853
Total assets	**18,969**
Liabilities	**8,596**
Unallocated liabilities:	
Provision for income tax	(5)
Deferred tax liabilities	2,503
Borrowings	118
Total liabilities	**11,212**

Dec 2016	Publishing $000	Discontinued Operation $000	Total $000
Revenue			
Advertising – Digital	1,480	-	1,480
Advertising – Print	2,183	-	2,183
Subscriptions	2,053	-	2,053
Events & Other revenue	142	7,568	7,710
Total segment revenue	5,858	7,568	**13,426**
Revenue by Geography			
Australia/ Asia	3,515	4,463	7,978
Europe	2,343	3,105	5,448
Other	-	-	-
Total revenue	5,858	7,568	**13,426**
Result			
Segment result	743	2,044	**2,787**
Unallocated items:			
Corporate overheads	(876)	-	(876)
Depreciation	(221)	-	(221)
Amortisation	(86)	-	(86)
Other expense	(136)	-	(136)
Interest	(1,006)		(1,006)
Profit/(Loss) for period before income tax	(1,582)	2,044	**462**
Segment assets	**13,900**	**-**	**13,900**
Unallocated assets:			
Cash	1,342		1,342
Deferred tax asset	2,347		2,347
Total assets	**17,589**	**-**	**17,589**
Liabilities	6,676	-	**6,676**
Unallocated liabilities:			
Borrowings	16		16
Deferred tax liabilities	2,347		2,347
Total liabilities	**9,039**	**-**	**9,039**

5. Segment information (continued)

Reconciliation of reportable segment profit or loss:

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 Group Managing Director who makes strategic decisions.

In the current half year there is only one reporting segment being publishing.

The segments derive revenue from the following products and services:

Subscription, advertising and sponsorship revenues from print and online publications across a number of trade sectors including the mining, agriculture, energy and resources sector.

Events revenues from running events and holding conferences in various locations and across a number of sectors.

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 significant inter-segment transactions at this time.

6. Subsequent Events

In April 2018, Aspermont successfully completed a share placement raising $2.1m of gross proceeds through a placement of 205 million new ordinary shares in the Company. The placement was completed at a price of 1.0 cent per share with support from new investors and existing shareholders.

7. Contingent Liabilities

The Directors are not aware of any contingent liabilities as at 31 March 2018 or to the date of this report.

8. Related Party

In this reporting period, share based payments were made for various services to related parties:

	2018 $	2017 $
Shares issued in Lieu of Directors fees[1]	150,000	-
Performance Rights Issued to Managing Director[2]	10,376	-
	160,376	-

1 Issued to Mr Geoff Donohue in lieu of accrued Director's fees for the period from 1 October 2016 to 31 March 2018 amounting to $150,000. 15 million shares were issued at $0.01 following approval at the AGM in February 2018.

2 27 million Performance Rights were issued to Mr Alex Kent in relation to the Employee Performance Rights Plan. The basis and valuation is detailed in note 3(b). The amount expensed for this half year period was $10,376.

9. Fair Value Measurement

Loan - Beacon

In 2012 Aspermont transferred its events business 'ABLEL' to Beacon Events Limited. Part of the consideration was an Aspermont Loan Note. The Aspermont Loan Note remains enforceable. The terms of the Note are:

- Term: Started July 2012, 8 years maturing in July 2020
- Interest rate: 3.5% per annum compounding monthly

Accounting standards require the amount recognised to be discounted from the expected future value using an arms-length market interest rate and a rate of 12% has been used. While the amount owed of $5.7 million has not altered, the accounting standard requires the discounting from the end of the term to initial recognition, resulting in a downward fair value adjustment of $1.3 million. As at 31 March 2018 the total receivable has accreted to $4.8 million.

At 31 March 2018 impairment was assessed using the objective evidence available.
There were no indicators for impairment.

In the Directors' opinion:

1. the financial statements and notes set out on pages 11 to 25 are in accordance with the *Corporations Act 2001,* including:

    a) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

    b) giving a true and fair view of the consolidated entity's financial position as at 31 March 2018 and of its performance for the financial half year ended on that date; and

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Alex Kent
Director

Perth
29th May 2018

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Aspermont Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Aspermont Limited(the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 March 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 March 2018 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 March 2018 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch
Director

Perth, 29 May 2018