Aspermont

Information for Industry

ABN: 66 000 375 048

Appendix 4E: Preliminary Final Report

For the 12 months ended
30 June 2015

Released 31 August 2015

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

CONTENTS

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

Company Secretary
John Detwiler

Key Management Personnel
Alex Kent – Managing Director
Matthew Howes – Chief Financial Officer, Group
Robin Booth – General Manager Publishing
Ajit Patel – Chief Operating Officer, Group
Chris Maybury - Executive Chairman 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
110 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

The directors are pleased to report on the preliminary results for the year ended 30 June 2015.

Key points to the year include:

- The group has continued to progress with its transformation, particularly in publishing with centralisation of IT, Production and Marketing including the centralisation of the head office function in London;
- As part of this transformation we are undertaking a strategic restructuring of our overall cost base and core product offering to deliver more sustainable outcomes to shareholders in the future;
- The annual results include a prudent $8.5 million intangible impairment charge related to the goodwill recorded for the print and events businesses;
- The Events division has now under performed for three years against the prior years and budgeted plans. We anticipate appointing a new CEO for the division, and resolving the minority shareholders issues in this business. Once this occurs we anticipate a recovery in the performance of the business;
- Overall decrease in revenue year on year was 17% ($6.2m), this decrease is primarily attributable to the Events and Print publishing divisions;
- Digital revenues have conversely grown 11% ($0.54m) over the period;
- EBITDA continues to remain under pressure, due to the revenue decline and the fixed cost base in the Events and Publishing business units;
- We are nearing completion of the of the restructure of the Publishing business;
- Year on year Media EBITDA declined from a loss of $0.8 million to a loss of $3.1 million. This includes approximately $350k of one-time restructuring costs related to the reduction of our workforce by 15-20 staff.

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

<u>Comparative year on year results for the media business for the year ended 30 June 2014:</u>

	2015		2014	
	Revenue $'000	**Segment Result** $'000	**Revenue** $'000	**Segment Result** $'000
Print	11,718	1,916	15,541	3,601
Digital	5,536	(374)	4,992	645
Conferencing	13,223	531	16,026	322
Total Segment	**30,477**	**2,073**	**36,559**	**4,568**

Outlook for the upcoming 2015/2016 year

We expect continuity in existing market conditions for the upcoming year, so whilst we are anticipating relatively flat revenue growth, a return to profit is anticipated through the reshaping of the business. As the current cost cutting and rationalisation phase yields results, the business will focus on our iconic industry brands and further development of higher value digital and recurring subscription revenue streams.

The complete overhaul of our legacy systems (namely Project Horizon), is scheduled to conclude in December 2015. Currently 3 of our 10 key brands have fully migrated over to the full platform with a further 3 migrations coming through this month. From a subscription systems perspective we have now successfully moved the entire portfolio onto the new platform.

The Company has new management in place at every regional location - we are confident they are capable to deliver on the business plan.

UK Publishing, having implemented its new process and technology framework last year, is well placed to build on its performance from last year and generate the largest growth for the Group. It has provided a blueprint for the roll out to other areas.

The Australian publishing recovery is underway and recent cost restructuring in that business unit will show markedly improved margin over the next period. Australia’s technology development path is also following the UK track over the upcoming year.

After a number of years of underperformance, our Events business looks forward to the introduction of a new CEO and management team and a wholesale transformation of its back office functions similar to what has been undertaken and achieved in our publishing divisions over the last twelve months. The new CEO will also have significant focus on developing new event revenue streams. The ability to transform our Events business remains subject to difficulties created by the involvement of minority shareholders who have been historically involved in the management of the business.

At the executive level we have been able to achieve significant cuts in headcount and cost by streamlining and centralising Executive management of the business in the UK.

The development of new automated marketing solutions – enabled by our new technology platform – is resulting in improved client acquisition, engagement and retention performance in our subscription processes. This year the UK business generated over 30% of its new subscriptions revenue through its marketing systems and turned an otherwise perennial cost centre into a significant profit driver. We expect to see the next wave of enhancement and innovation driving performance this year.

Strong growth in the subscriptions income of the business is core to the company’s mid-term strategy of delivering more stable revenue. Subscription revenues also act as key drivers of our premium advertising and events revenue streams.

Based on our plans we expect that print advertising will only represent 25% of overall revenues, further mitigating our exposure to that segment of the industry.

Rationalisation and consolidation of support services including IT, marketing, and production, will drive greater efficiency in the delivery of our products.

Going Concern Disclosure

At 30 June 2015 and at the date of this report the Company is in the midst of further capital raising activities to add further working capital to the balance sheet. The Company is targeting a total amount of approximately $0.8 million that will likely be in the form of convertible debentures.

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

The Company's bank debt with the Australian and New Zealand Banking Corporation ("ANZ") is secured by registered company charges and fixed and floating charges over the assets of the consolidated entity. The facility is subject to annual review with the next review date on 30 September 2015.

At the current time the Company is in breach of the financial covenants of the facility for the calculation of the Senior Debt to EBITDA (earnings before interest, taxes, depreciation and amortisation) ratio and the minimum EBITDA and revenue on a year to date basis. As a consequence the debt has been classified as current.

The Company is in regular communications with ANZ to restructure the 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 restructure the facility.

Yours sincerely,

Alexander Kent
Managing Director

ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES
Consolidated Income Statement for the year ended 30 June 2015

	Note	Consolidated 2015 $000	Consolidated 2014 $000
Revenue from continuing operations	2	30,258	36,455
Cost of sales	3	(15,496)	(17,583)
Gross profit		**14,762**	**18,872**
Distribution expenses		(1,225)	(1,435)
Marketing expenses		(3,280)	(3,771)
Occupancy expenses		(1,888)	(1,928)
Corporate and administration		(7,933)	(8,162)
Finance costs		(860)	(1,122)
Other expenses		(3,628)	(5,149)
		(18,814)	**(21,567)**
		(4,052)	**(2,695)**
Change in fair value of investments		(72)	28
Re-estimation of Beacon put option	3	1,339	2,533
Other income	2	279	122
Impairment of loan receivable	3	(118)	(1,213)
Impairment of intangible assets	4	(8,456)	-
Impairment of investment in associates		-	(117)
Profit/(loss) from continuing operations before income tax expense		**(11,080)**	**(1,342)**
Income tax benefit/(expense) relating to continuing operations		1,140	925
Profit/(loss) for the year from continuing operations		**(9,940)**	**(417)**
Profit/(loss) attributable to:			
Net profit/(loss) attributable to non-controlling interest		754	699
Net profit/(loss) attributable to equity holders of the parent entity		(10,694)	(1,116)
Basic and diluted earnings/(loss) (cents per share)	9	(1.98)	(0.47)

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 2015

	Note	Consolidated 2015 $000	2014 $000
Profit/(loss) after tax for the year		**(9,940)**	**(417)**
Other comprehensive income/(loss)			
(Items that will be reclassified to profit or loss)			
Foreign currency translation differences for foreign operations		3,124	1,349
(Items that will not be reclassified to profit or loss)			
Net change in fair value of equity instruments measured at fair value through other comprehensive income		-	103
Income tax benefit/(expense) relating to other comprehensive income		-	(138)
Other comprehensive income/ (loss) for the period net of tax		**3,124**	**1,314**
Total comprehensive income/(loss) for the year (net of tax)		**(6,816)**	**897**
Total comprehensive income for the period attributable to:			
Non-controlling interest		154	787
Owners of Aspermont Limited		(6,970)	110

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 2015

	Note	Consolidated 2015 $000	Consolidated 2014 $000
CURRENT ASSETS			
Cash and cash equivalents	7	1,645	1,416
Trade and other receivables		4,303	5,681
Financial assets		3	7
TOTAL CURRENT ASSETS		**5,951**	**7,104**
NON-CURRENT ASSETS			
Financial assets		68	120
Property, plant and equipment		171	248
Deferred tax assets		2,908	2,468
Intangible assets and goodwill	4	26,227	31,201
TOTAL NON-CURRENT ASSETS		**29,374**	**34,037**
TOTAL ASSETS		**35,325**	**41,141**
CURRENT LIABILITIES			
Trade and other payables		6,901	6,115
Income in advance		5,554	7,194
Borrowings	5	5,585	8,425
Income tax payable		257	343
Provisions		-	159
TOTAL CURRENT LIABILITIES		**18,297**	**22,236**
NON-CURRENT LIABILITIES			
Income in advance		-	267
Borrowings	5	1,482	-
Deferred tax liabilities		3,019	3,207
Provisions		196	237
Other liabilities	6	4,087	5,000
TOTAL NON-CURRENT LIABILITIES		**8,784**	**8,711**
TOTAL LIABILITIES		**27,081**	**30,947**
NET ASSETS		**8,244**	**10,194**
EQUITY			
Issued capital		54,158	49,292
Reserves		(6,444)	(10,168)
Accumulated losses		(38,785)	(28,091)
Parent entity interest		8,929	11,033
Non-controlling interest		(685)	(839)
TOTAL EQUITY		**8,244**	**10,194**

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 2015

Consolidated	Issued Capital $000	Accumulated Losses $000	Other Reserves $000	Share Based Reserve $000	Currency Translation Reserve $000	Financial Assets Reserve $000	Sub-Total $000	Non-Controlling Interest $000	Total $000
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 operations	-	-	-	-	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**
Profit/(loss) for the year	-	(10,694)	-	-	-	-	(10,694)	754	(9,940)
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	-	-	-	3,724	-	3,724	(600)	3,124
Total comprehensive income	**-**	**(10,694)**	**-**	**-**	**3,724**	**-**	**(6,970)**	**154**	**(6,816)**
Transactions with owners in their capacity as owners:									
Shares issued (net of issue cost)	4,866	-	-	-	-	-	4,866	-	4,866
Balance at 30 June 2015	**54,158**	**(38,785)**	**(8,053)**	**1,458**	**426**	**(275)**	**8,929**	**(685)**	**8,244**

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 2015

	Note	Consolidated 2015 $000	Consolidated 2014 $000
Cash flows from operating activities			
Cash receipts from customers		29,433	36,581
Cash payments to suppliers and employees		(31,746)	(35,242)
Interest and other costs of finance paid		(635)	(988)
Interest received		6	3
Income tax paid		(52)	(77)
Net cash (used in)/ from operating activities	7 (b)	**(2,994)**	**277**
Cash flows from investing activities			
Proceeds for loans made		-	290
Payments for investments		(137)	(631)
Proceeds from sale of equity investments		-	404
Payments for plant and equipment		(28)	(54)
Payment for intangible assets		(65)	(290)
Net cash used in investing activities		**(230)**	**(281)**
Cash flows from financing activities			
Proceeds from issue of shares		2,686	-
Share issue transaction costs		(88)	-
Proceeds of borrowings		1,697	381
Repayment of borrowings		(788)	(794)
Dividends paid to non-controlling interest		-	(1,456)
Net cash from/ (used in) financing activities		**3,507**	**(1,869)**
Net increase/ (decrease) in cash held		283	(1,873)
Cash at the beginning of the year		1,416	3,145
Effects of exchange rate changes on the balance of cash held in foreign currencies		(54)	144
Cash at the end of the year	7 (a)	**1,645**	**1,416**

The accompanying notes form part of these consolidated financial statements.

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 2014, the 31 December 2014 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.

2. Revenue

	Consolidated	
	2015 $000	**2014 $000**
Continuing operations:		
Sales revenue – subscriptions and advertising	17,246	20,775
Conferencing revenue	13,012	15,680
	30,258	36,455
Other income:		
Interest	6	3
Government grants	-	67
Other income	273	52
	279	122

3. Expenses

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

	Consolidated	
	2015 $000	**2014 $000**
Bad debts written off	104	149
Consulting and accounting services	1,063	746
Depreciation and amortisation of plant, equip. and intangible assets	880	911
Directors' fees	264	278
Employee benefits expense	15,547	18,533
Interest expense	585	700
Legal costs	174	367
Rental expense on operating leases	1,747	1,682
Impairment of investment in associates	-	117
Write-down of loan receivable	118	1,213
Change in the amortised cost of the Beacon Put Option:		
Foreign exchange movements	579	(391)
Change in estimated value	(1,919)	(2,142)
	(1,339)	(2,533)
Imputed interest expense	275	422

4. Intangible assets

Consolidated	Goodwill $000	Software $000	Purchased mastheads $000	Other acquired assets $000	Total $000
Gross carrying amount					
Balance at 1 July 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**
Additions	-	68	-	-	68
Currency movements	3,028	104	1,138	-	4,270
	-	-	-	-	
Balance at 30 June 2015	**21,663**	**3,216**	**11,720**	**2,388**	**38,987**
Accumulated Amortisation					
Balance at 1 July 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)**
Amortisation expense		(345)		(423)	(768)
Impairment	(6,130)	-	(1,992)	(334)	(8,456)
Currency movements	-	(88)	-	-	(88)
Balance at 30 June 2015	**(6,130)**	**(2,537)**	**(1,992)**	**(2,101)**	**(12,760)**
Net book value					
As at 30 June 2014	18,635	940	10,582	1,044	31,201
As at 30 June 2015	15,533	679	9,728	287	26,227

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 using business plans and estimated terminal values for each CGU.

	2015			2014		
	Australia - Asia $000	Europe $000	Total $000	Australia - Asia $000	Europe $000	Total $000
Goodwill						
Conferencing	5,662	-	5,662	5,662	-	5,662
Conferencing impairment	(1,401)	-	(1,401)	-	-	-
Publishing (print & online)	13,057	3,061	16,118	13,057	3,061	16,118
Publishing impairment (print)	(4,729)	-	(4,729)	-	-	-
Foreign exchange reserve	(21)	(96)	(117)	(2,690)	(455)	(3,145)
	12,568	2,965	15,533	16,029	2,606	18,635
Software						
Cost	2,344	872	3,216	2,294	750	3,044
Accumulated amortisation	(1,760)	(777)	(2,537)	(1,575)	(529)	(2,104)
	584	95	679	719	221	940
Purchased mastheads						
Mastheads (print & online)	2,324	9,960	12,284	2,324	9,960	12,284
Mastheads impairment (print)	-	(1,992)	(1,992)	-	-	-
Foreign exchange reserve	-	(564)	(564)	-	(1,702)	(1,702)
	2,324	7,404	9,728	2,324	8,258	10,582
Other Intangible Assets						
Acquired intangible assets	2,388	-	2,388	2,388	-	2,388
Acquired intangible assets impairment	(334)		(334)	-		-
Accumulated amortisation	(1,767)	-	(1,767)	(1,344)	-	(1,344)
	287	-	287	1,044	-	1,044
Total Intangible Assets	15,763	10,464	26,227	20,116	11,085	31,201

4. Intangible assets (continued)

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

	2015		2014	
	Growth rate	Discount rate	Growth rate	Discount rate
Conferencing	2%	11.3%	2%	11%
Publishing (print & online) - UK	2%	8.7%	2%	9%
Publishing (print & online) - Australia	2%	11.3%	2%	11%

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 200 basis points, or a zero growth rate for EBITDA would not have any further impact on the impairment of the intangible assets of the Conferencing and Australian Publishing businesses. The UK Publishing business' impairment would be impacted further by any change to the current assumptions used.

(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 2015 (2014: $422,985).

5. Borrowings

	Consolidated 2015 $000	Consolidated 2014 $000
Current		
Finance lease liability	-	7
Secured loans from external parties	2,285	3,005
Loans from related parties	2,908	4,946
Payable for acquisition of WME	392	467
	5,585	8,425
Non - Current		
Secured Liabilities		
Secured loans from external parties at fair value	1,482	-
	1,482	-

a) The carrying amount of the Group's current and non-current borrowings approximates the fair value.

b) The current 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 the next annual review date which is 30 September 2015.

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 and revenue on a year to date basis. As a consequence the debt has been classified as current.

The Company is in regular communications with ANZ to restructure the 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 restructure the facility.

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.

5. Borrowings (continued)

e) Non – Current loans represent the liability in respect of convertible debentures issued during the year. The principal terms of the convertible debentures include:

- The debentures mature in June 2020,
- The debentures carry annual interest at the higher of 10% or BBSW + 5%,
- Holders have the option, after December 2015, to exchange a debenture for:
    - an ordinary share in the Company for a price of the lower of $0.0175 or the share issue price for any future capital raising before the maturity of the debentures, and
    - an additional option with each share obtained in the conversion, to acquire an ordinary share in the Company at $0.03 within five years from the debenture conversion date.

6. Other liabilities

A put and call option was entered into with the non-controlling shareholder of Beacon Events Limited covering their 40% interest. The future discounted amount adjusted for foreign currency is estimated at $4.01 million (2014: $ 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 2015 interest of $275,057 (2014: $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	
	2015 $000	**2014 $000**
Liability in respect of Beacons put and call option		
Opening balance	5,000	7,111
Imputed interest expense	275	422
Foreign exchange movements	580	(391)
Change in estimated value	(1,919)	(2,142)
Estimated fair value of the liability	3,937	5,000
Other non-current laibilities	150	-
Total non-current laibilities	4,087	5,000

7. Cash flow information

		Consolidated	
		2015	**2014**
		$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	1,645	1,416
		1,645	1,416
(b)	Reconciliation of operating profit/ (loss) after tax to net cash from operating activities		
	Profit/ (loss) after income tax	(9,940)	(417)
	Non-cash flows in profit/ (loss)		
	Depreciation	880	911
	Impairment of loan receivable	118	1,213
	Impairment of investment in associates	-	117
	Impairment of intangible assets	8,456	-
	Change in fair value of investments	72	(28)
	Non-cash movement on put option liability	(1,064)	(2,111)
	Gains on cash sales	-	-
	Non cash items	(632)	(250)
	Exchange rate movements	-	12
	Change in assets and liabilities:		
	Decrease in receivables	1,919	2,012
	Increase in creditors and accruals	399	925
	(Decrease) in unearned revenue	(2,422)	(1,308)
	(Decrease)/ Increase in provisions	(25)	39
	(Decrease) in income taxes payable	(125)	(582)
	(Decrease) in deferred taxes payable	(630)	(256)
	Net cash (used in)/ from operating activities	(2,994)	277

(c) Non-cash financing for the year included $2,267,487 for the conversion of debt due to directors into ordinary shares.

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
2015	Australia/ Asia $'000	Europe $'000	Australia/ Asia $'000	Europe $'000	Australia/ Asia $'000	Europe $'000	Australia/ Asia $'000	$'000
Revenue								
Sales	6,801	4,912	3,978	1,557	8,431	4,580	-	30,258
Other revenue	5	-	1	-	207	6	-	219
Total segment revenue	6,806	4,912	3,979	1,557	8,638	4,586	-	**30,477**
Result								
Segment result	229	1,687	(44)	(330)	(597)	1,128	(191)	1,882
Unallocated items:								
Other income								1,122
Overheads								(4,768)
Interest								(860)
Impairment of intangible assets								(8,456)
Income tax benefit/(expense)								1,140
Profit for year								**(9,940)**
Segment assets	2,781	15,445	1,698	3,706	6,227	915	-	**30,772**
Unallocated assets:								
Cash								1,645
Deferred tax asset								2,908
Total assets								**35,325**
Segment liabilities	2,909	2,543	1,936	804	2,812	1,797	3,937	**16,738**
Unallocated liabilities:								
Provision for income tax								257
Deferred tax liabilities								3,019
Borrowings								7,067
Total liabilities								**27,081**

8. Segment information (continued)

	Print		Digital		Conferencing		Investments	Total
2014	Australia/ Asia $'000	Europe $'000	Australia/ Asia $'000	Europe $'000	Australia/ Asia $'000	Europe $'000	Australia/ Asia $'000	$'000
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
Unallocated items:								
Other income								3,090
Overheads								(6,686)
Interest								(1,133)
Income tax benefit/(expense)								925
Profit for year								**(417)**
Segment assets	4,188	18,782	1,698	4,225	7,048	1,166	151	**37,257**
Unallocated assets:								
Cash								1,416
Deferred tax asset								2,468
Total assets								**41,141**
Segment liabilities	4,014	1,747	1,830	180	3,703	2,498	5,000	**18,972**
Unallocated liabilities:								
Provision for income tax								343
Deferred tax liabilities								3,207
Borrowings								8,425
Total liabilities								**30,947**

8. Segment information (continued)

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.

9. Earnings per share (EPS)

		Consolidated	
		2015	**2014**
		$000	**$000**
(a)	Basic earnings/ (loss) per share (cents per share)	(1.98)	(0.47)
(b)	Diluted earnings/ (loss) per share (cents per share)	(1.98)	(0.47)
(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	(10,694)	(1,116)
	Profit/ (loss) attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	(10,694)	(1,116)
(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	541,245,799	238,710,493
	Options	-	-
	Weighted average number of ordinary shares outstanding during the year used in calculation of diluted earnings per share	541,245,799	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.