

3 July 2015

Mr Andy Weaver  
Senior Advisor, Listings Compliance (Sydney)  
ASX Compliance Pty Ltd  
20 Bridge Street  
Sydney NSW 2000

Dear Andy,

**Beyond International Limited (Entity): ASX aware query**

We acknowledge receipt of your letter dated 3 July 2015 and respond as follows:

1. *Does the Entity consider the information contained in the Announcement pertaining to the projected profit decrease in FY Operating Profit and the expected decrease in FY NPAT to be information that a reasonable person would expect to have a material effect on the price or value of its securities?*

Yes.

2. *If the answer to question 1 is "no", please advise the basis for that view, particularly in light of the Trading Activity.*

Not applicable.

3. *If the answer to question 1 is "yes", when did the Entity first become aware of the following information:*

- 3.1. *The FY Operating Profit would materially differ from the previous corresponding period?*

The Entity first became aware that the FY Operating Profit would fall below the previous corresponding period on finalisation of its sales forecasts for the Distribution division. This occurred on the morning of June 30 when final sales figures came through from the London office. Distribution sales are recognised when a contract is signed, and it is not unusual for significant sales to be booked on the last day of a reporting period.

While the entity was aware of lower production volumes prior to this date, the overall result for the Entity is subject to the performance of all divisions within the group and there was uncertainty as to the value of sales that would be written in the month of June such that management was not aware that FY Operating Profit would materially differ from the previous corresponding period until confirmation of final sales figures.

It is noted that Guidance Note 8 (GN8) indicates that a materiality threshold of 10% is appropriate for smaller listed entities.

3.2. *The FY NPAT would materially differ from the previous corresponding period?*

After reviewing the final sales numbers for the current financial year and forecasts for potential sales of certain titles carried in the balance sheet received on the morning of 30 June 2015, management prepared a recommendation for consideration at the Board meeting to be held at 4pm on 30 June 2015. This recommendation was distributed to the Directors just prior to the meeting. The recommendation was to impair the carrying value of certain capitalised intellectual property to reflect expected future sales. The Directors resolved to recognise a total impairment loss of \$2.0m at this meeting. The Entity released an announcement to the market immediately after the conclusion of the Board meeting.

4. *If the answer to question 1 is "yes" and the entity first became aware of the information before the release of the Announcement, please explain why this information was not released to the market at an earlier time (commenting specifically on the Entity's compliance with sections 4.4 and 7.3 of GN\* referred to above), when you believe the Entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure that the information was released promptly and without delay?*

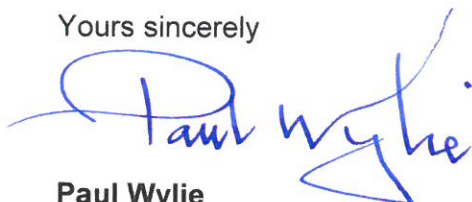
The Entity was in the process of finalising forecasts for the current financial year and budgets for the 2016 financial year. An update on the expected Distribution sales for June was requested on Friday 26 June and these were received on Tuesday 30 June, incorporated into the consolidated numbers and the tax impact considered. At this point management was able to form a view that the full FY NPAT would be in the order of 9% below the previous corresponding period. As this was below the 10% guideline included in GN8 management did not believe an announcement was required as the amount of the decline was relatively small in dollar terms and it was not felt that the information would influence any decision to buy or sell securities in the Entity at their current market price. The Entity does not normally provide guidance and was not aware of any market expectations in terms of its full year results for 2015.

The carrying value of certain intellectual property also required the updated Distribution sales forecasts to form an opinion on any impairment, and on receipt of these on 30 June, management reviewed the carrying value against these forecasts and identified an impairment loss. The recommended impairment was circulated to the Board prior to the scheduled meeting, and the result of the resolution was announced to the market immediately after the meeting and preparation of the Announcement.

5. *Please confirm that the Entity is in compliance with the Listing Rules, and in particular, Listing Rule 3.1.*

The Entity confirms that it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

Yours sincerely



**Paul Wylie**  
Company Secretary



3 July 2015

Mr Paul Wylie  
Company Secretary  
Beyond International Limited  
109 Reserve Road  
Artarmon NSW 2064

By email: [paul\\_wylie@beyond.com.au](mailto:paul_wylie@beyond.com.au)

Dear My Wylie,

**Beyond International Limited (Entity): ASX aware query**

ASX Limited (ASX) refers to the following:

1. The Entity's announcement entitled "Profit Guidance" lodged on the ASX Market Announcements Platform and released at 6:06 pm AEST on Tuesday, 30 June 2015 (Announcement), disclosing the following:
  - a) the Entity's operating profit after tax for the full year ending 30 June 2015 is projected to be 9% to 12% below the 2014 financial year result of \$8,012,000 (FY Operating Profit), and
  - b) the Entity's net profit after tax for the full year ending 30 June 2015 is expected to be approximately 30% to 35% below that achieved in the 2014 financial year (FY NPAT).
2. The Entity's share price following the Announcement which decreased from a closing price on 30 June 2015 of \$1.40 to an intra-day low of \$1.235, and closing price of \$1.24 on Wednesday, 1 July 2015 (Trading Activity).
3. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
4. The definition of "aware" in Chapter 19 of the Listing Rules. This definition states that:

*"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity."*

Additionally, you should refer to section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B* "When does an entity become aware of information".

5. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

*"3.1A Listing rule 3.1 does not apply to particular information while each of the following requirements is satisfied in relation to the information:*

*3.1A.1 One or more of the following applies:*

- *It would be a breach of a law to disclose the information;*



- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed."*

5. ASX's policy position on market sensitive earnings surprises which is detailed in section 7.3 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states that:

*"If an entity becomes aware that its earnings for the current reporting period will differ (downwards or upwards) from market expectations, it needs to consider carefully whether it has a legal obligation to notify the market of that fact. This obligation may arise under Listing Rule 3.1 and section 674, if the difference is of such magnitude that a reasonable person would expect it to have a material effect on the price or value of the entity's securities – referred to below as a "market sensitive earnings surprise"."*

*"Whether and when an entity is aware of a market sensitive earnings surprise ultimately requires an exercise of judgment by the entity and its officers. In some cases, it may have sufficient information before the end of the reporting period to have the requisite degree of certainty that it is facing a market sensitive earnings surprise. In other cases, it may not have the requisite degree of certainty until after the end of the reporting period, when it is in the course of preparing its financial statements for the period."*

*"Where Listing Rule 3.1 applies, information about a market sensitive earnings surprise has to be released immediately. [...] this does not mean "instantaneously" but rather "promptly and without delay".*

Having regard to the above, we ask that you answer the following questions in a format suitable for release to the market in accordance with Listing Rule 18.7A:

1. Does the Entity consider the information contained in the Announcement pertaining to
  - 1.1. the projected decrease in FY Operating Profit and the expected decrease in FY NPAT to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is "no", please advise the basis for that view, particularly in light of the Trading Activity.
3. If the answer to question 1 is "yes", when did the Entity first become aware of the following information:
  - 3.1. the FY Operating Profit would materially differ from the previous corresponding period; and
  - 3.2. the FY NPAT would materially differ from the previous corresponding period?

We note that the Announcement contained the following statements.

*"The decline is largely due to delayed negotiations with broadcasters resulting in television production originally expected to commence in the last quarter of FY15 now being deferred to the 2016 financial year. Also delays in delivering new productions had a negative impact on Distribution."*

*"Following a management review of the carrying value of a number of specific television program assets the directors of the Company have resolved to recognise an impairment loss of \$2 million for the 12 months to 30 June 2015."*

Therefore, in answering questions 3.1 and 3.2, please also address when the Entity became aware that television production, originally expected to commence in the last quarter of FY15, is now being deferred to the 2016 financial year and when the Entity resolved to recognise the impairment loss of \$2 million.

4. If the answer to question 1 is "yes" and the Entity first became aware of the information before the release of the Announcement, please explain why this information was not released to the market at an earlier time (commenting specifically on the Entity's compliance with sections 4.4 and 7.3 of GN8 referred to above), when you believe the Entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure that the information was released promptly and without delay?
5. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

### **When and where to send your response**

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by **not later than 4:00 p.m. AEST on Monday, 6 July 2015**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### **Listing Rule 3.1**

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

### **Trading halt**

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;

- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'A Weaver', with a long horizontal flourish extending to the right.

Andy Weaver  
Senior Adviser, Listings Compliance (Sydney)