# ASPERMONT LIMITED
# Appendix 4E

### Financial statements for the year ended 30 June 2016

### All comparisons to year ended 30 June 2015

| **Aspermont Limited Consolidated** | | | A$'000 |
|---|---|---|---|
| Revenue | Down | 26% | 22,536 |
| Net loss attributable to equity holders of the parent entity | Up | 37% | (6,216) |
| EBITDA | Up | 27% | (2,082) |

**2016 Dividends/Distributions**

| | Amount per security | Franked amount per security |
|---|---|---|
| Final dividend | n/a | n/a |
| Interim dividend | n/a | n/a |

**Additional dividend/distribution information**
n/a

**Dividend/distribution reinvestment plans**
The Aspermont dividend re-investment plan is currently suspended.

A brief explanation of the final results has been provided in the Managing Director's report. The results should be read in conjunction with details provided within this report.

| **Net Tangible Assets (NTA)** | | | A$'000 |
|---|---|---|---|
| Net tangible asset backing per ordinary share | Up | 9% | (2.10) |
| Net tangible asset backing per ordinary share (weighted) | Up | 7% | (2.77) |

**Material Interest in entities which are not controlled entities:**

None

**EBITDA** - The reconciliation of statutory earnings to EBITDA is as follows:

| | Consolidated | |
|---|---|---|
| | **2016** | **2015** |
| | **$000** | **$000** |
| Profit from continuing operations before income tax expense | (6,651) | (10,886) |
| Add back: | | |
| Interest | 1,963 | 1,122 |
| Depreciation and amortisation | 342 | 911 |
| Share option expense | - | - |
| Impairment or gain loss of investments | 6,165 | 8,574 |
| Share of net profit in associates | - | - |
| Operating expense for investment activities | - | - |
| Subtract: | | |
| Re-estimation of Beacon put option liability | (3,387) | (1,339) |
| Other income | (873) | (279) |
| Net profit attributable non-controlling interest (excluding preferred dividend) | 359 | (754) |
| Media EBITDA before share option expense | **(2,082)** | **(2,651)** |

Additional Appendix 4E disclosure requirements can be found in the Directors' Report and the 30 June 2016 annual financial statements.

This report is based on the consolidated 2016 financial statements which are in the process of being audited by BDO.

ABN: 66 000 375 048

# Appendix 4E: Preliminary Final Report

For the 12 months ended
**30 June 2016**

Released 31 August 2016

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

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**Directors**
Andrew Leslie Kent
John Stark
Colm O'Brien
Alex Kent
Rhoderic Whyte

**Company Secretary**
John Detwiler

**Key Management Personnel**
Alex Kent – Managing Director
Nishil Khimasia – Chief Financial Officer, Group
Robin Booth – General Manager Publishing
Ajit Patel – Chief Operating Officer, Group
Chris Maybury - Executive Chairman Beacon Events

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**Auditors**
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38 Station Street
Subiaco WA 6008

**Share Registry**
Advanced Share Registry Services
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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 2016.

**FY16 Overview**

FY16 has been a turnaround year for the business, reversing a four year downtrend in Group EBITDA. We confronted adverse market conditions which saw revenues continue to be challenged in several areas whilst at the same time completing a large scale restructuring and cost centralization program. Despite which we also continued to invest in our technology platform and human capital.

During this year and in line with our long term strategy, our business finally crossed over from 'old' media. This comes at a juncture in which many of our competitors continue to struggle in breaching that same divide. Print is now repositioned as a premium add-on product and Aspermont is now truly a 'digital first' organisation.

Continued technology investment has stimulated further improvements in our processes and upgraded our core business model. These advances are the primary catalyst for growth in subscription revenues to drive the underlying business model of the group.

New technology has also facilitated new product development in advertising solutions. The content hub model launched with Caterpillar in May is a breakthrough for our business in the client marketing global solutions packages we can offer. Our multi-platform capabilities provide the framework for our future revenue streams in advertising.

FY16 has been a year in which our business has achieved much from extremely limited working capital and restricted non-financial resources. The business intends to end Q1 of FY17 having successfully completed a major capital raising which will transform the balance sheet and return financial stimulus to the business that is required to nurture the next set of product innovations.

**Key points to the year include:**

- EBITDA loss pre group adjustments of $1.3m (excluding one-off restructuring charges of $0.7m) compared to a loss of $2.9m in FY15
- Group revenues reduced by circa $7.7m due to disposal of some non-core products, continued decline in print revenues and market sensitivity on Mines and Money.
- Despite revenues being 26% lower, gross margins pre overheads and group adjustments (as shown in segment results) improved to 9% from 7% in the prior year reflecting benefits from the digital platform and productivity improvements.
- Overall digital advertising revenue was flat although all products retained by the business and successfully moved onto the company's new Project Horizon platform showed double digit revenue growth.
- Subscription revenues overall increased 2% despite a number of brands being discontinued and significant disruptions in the transition process as retained products were moved onto the new platform. As with digital advertising, all products that successfully moved on to the Project Horizon stack exhibited double digit subscription growth.
- FY16 marks the crossing point in which the speed and quantum of decline in print advertising revenues was positively offset by the speed and quantum of growth in digital and subscriptions revenues. With print now falling below 20% of overall group revenues, the long years of trying to mitigate the revenue chasms left by structural decline in print are behind us.

- As part of the Group's product rationalisation strategy we disposed of our non-resources titles in construction, environment and waste management. The brands were our last print dominated asset base. By exiting from them we extinguished a long term debt obligation whilst also liberating considerable operational capacity. Capacities that can now be used for more productive core product development.
- Over $5.5m in run rate costs were taken out of the business this year. Those savings were achieved through reductions in corporate overheads, back office reorganisation, process optimisation, digital efficiencies and improved key supplier contracts.
- The company is in the process of completing an aggregate $10m capital raising that will see $5m of new cash injected, $5m of related party debt converted and the introduction of more than 100 new shareholders.
    - A $3m rights issue was completed in June having 77% shareholder participation. All directors took up their full entitlements and the 23% shortfall was fully taken up by an underwriter
    - A $2m placement to sophisticated investors is fully committed with $660K already received; the balance being subject to approval at the forthcoming EGM
    - Circa $5m related party debt conversion has also been agreed subject to shareholder approval at the forthcoming EGM
- For the first time since FY13 the company is no longer in breach of any of its debt covenants with ANZ. The bank is supportive of the company's capital raising and debt conversion activities.
- The company's Beacon Events subsidiary remains within an arbitration process in Hong Kong with the minority shareholder Gainwealth. We anticipate being able to provide a further update on this at the end of Q1.

Aspermont continues to invest in and successfully implement, new product roll outs on the Project Horizon platform. All group publishing assets have now migrated to the new subscription systems and further products will be rolled into the new CMS system in the first half year of next fiscal year. All products that were transferred onto the new platform have seen strong growth in digital advertising and subscription revenues. The latter being the key growth and engagement driver for all the company's other revenue streams.

We are conscious of the need to balance the forward investment requirements of new digital products with ongoing working capital demands. We anticipate a much better cash flow environment from a deleveraged, near debt free, business with further reductions in operational costs and improved forward bookings over the next fiscal year resulting in improved gross profit margins.

We are confident that the development of new digital products and tight cost controls will then leverage our unique global products and databases to better serve the global mining community.

Comparative year on year results for the business for the year ended 30 June 2016:

| | **2016 $000** | **2015 $000** |
|---|---|---|
| **Revenue** | | |
| Advertising - Digital | 2,926 | 3,010 |
| Advertising - Print | 7,583 | 10,927 |
| Subscriptions | 3,419 | 3,309 |
| Conferencing & other revenue | 8,608 | 13,012 |
| **Total segment revenue** | **22,536** | **30,258** |
| | | |
| **Result** | | |
| Segment result | 2,023 | 2,058 |
| Segment margin | 8.98% | 6.80% |

The reconciliation of statutory earnings to EBITDA is as follows:

| | **Consolidated 2016 $000** | **Consolidated 2015 $000** |
|---|---|---|
| Profit from continuing operations before income tax expense | (6,651) | (10,886) |
| Add back: | | |
| Interest | 1,963 | 1,122 |
| Depreciation and amortisation | 342 | 911 |
| Share option expense | - | - |
| Impairment or gain loss of investments | 6,165 | 8,574 |
| Share of net profit in associates | - | - |
| Operating expense for investment activities | - | - |
| Subtract: | | |
| Re-estimation of Beacon put option liability | (3,387) | (1,339) |
| Other income | (873) | (279) |
| Net profit attributable non-controlling interest (excluding preferred dividend) | 359 | (754) |
| Media EBITDA before share option expense | **(2,082)** | **(2,651)** |

**Outlook for 2016/17:**

While Aspermont's long-term business model is not necessarily tied to the mining sector, our current revenue composition is still largely dependent on it. In terms of market expectations for this year, the business has not budgeted for improved market conditions despite the improving picture we are seeing in Q1. Our current revenue composition means that Aspermont is a highly leveraged play on an upturn in the mining market. With digital cost advantages and efficiencies implemented in FY16, market driven revenue gains will convert well to EBITDA.

The business looks to an exciting year ahead from the development of new client global marketing products and services. Innovation and re-engineering of the subscriptions model was central to us last year; we expect continued development in that area with a transition of focus to advertising products this year.

Alongside product innovation the business intends to invest further in our content proposition. New data products are set for launch this year with further expansion in the breadth and depth of our North American coverage. Mines and Money Americas in Toronto in September is an exciting step forward for a business that has been in the region for 200 years.

Beyond organic growth and new product development, the business will continue to focus time and investment into knowledge capital and the organisational skills sets of the Group. Investment in some backend infrastructure will bring further cost savings/optimisations over the year as well.

The outlook for trading conditions has different characteristics for the two business units:

**Publishing**

- Subscriptions revenues will see further growth through process optimisation and the roll out of our new systems.
- Digital sponsorship should see further growth from product investments already undertaken and also from the development of new content marketing solutions for our client base.
- Print advertising will likely see further revenue decline as we manage the ongoing transition of revenue to digital.
- Overall we expect Publishing to deliver single digit growth in 2016/17 reversing the last 3 years of revenue contraction. This coupled with continued cost reduction should see Publishing moving to positive EBITDA in 2016/17
    - Note: - Publishing includes all of the company's Group and Corporate costs in its EBITDA figures

**Conferencing**

- Events will see expansion in revenues and EBITDA from launching the inaugural Mines and Money event in Toronto, coupled with the launch of new smaller events including Mines & Technology which would see roll-out of this event in other regions if inaugural event in London is successful.

Overall we anticipate a return to positive EBITDA within a range of $0.8m to $1.2 million for the 2016/17 fiscal year. This shows a significant improvement over 2015/16 EBITDA losses. We have not budgeted for any improvement in market conditions in 2016/17.

**Going Concern Disclosure**

At 30 June 2016 and at the date of this report the Company is in the midst of further capital raising activities. The funds raised and actions taken will reduce the Company's debt exposure for the next financial year and provide the working capital to invest in new products and services to accelerate and upgrade our business.

Our 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 Company successfully restructured the facility in May 2016 with the next review date in March 2017. 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. The Company is no longer in breach of its bank covenants, a significant improvement on the covenants position of recent years.

Yours sincerely,

**Alexander Kent**
**Managing Director**

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**
**Consolidated Income Statement for the year ended 30 June 2016**

| | Note | Consolidated 2016 $000 | 2015 $000 |
|---|---|---|---|
| Revenue from continuing operations | 2 | 22,536 | 30,258 |
| Cost of sales | 3 | (12,014) | (15,351) |
| Gross profit | | **10,522** | **14,907** |
| Distribution expenses | | (972) | (1,225) |
| Marketing expenses | | (2,924) | (3,255) |
| Occupancy expenses | | (1,810) | (1,888) |
| Corporate and administration | | (5,816) | (7,933) |
| Finance costs | | (1,963) | (860) |
| Other expenses | | (2,550) | (3,604) |
| | | **(16,035)** | **(18,765)** |
| | | **(5,513)** | **(3,858)** |
| Change in fair value of investments | | (50) | (72) |
| Re-estimation of Beacon put option | 3 | 3,387 | 1,339 |
| Other income | 2 | 1,690 | 279 |
| Impairment of loan receivable | 3 | - | (118) |
| Impairment of intangible assets | 4 | (6,165) | (8,456) |
| Impairment of investment in associates | | - | - |
| Profit/(loss) from continuing operations before income tax expense | | **(6,651)** | **(10,886)** |
| Income tax benefit/(expense) relating to continuing operations | | 435 | 1,082 |
| **Profit/(loss) for the year from continuing operations** | | **(6,216)** | **(9,804)** |
| Profit/(loss) attributable to: | | | |
| Net profit/(loss) attributable to non-controlling interest | | (359) | 754 |
| Net profit/(loss) attributable to equity holders of the parent entity | | (5,857) | (10,558) |
| Basic and diluted earnings/(loss) (cents per share) | 9 | (0.81) | (1.95) |

The accompanying notes form part of these consolidated financial statements

| | Note | Consolidated 2016 $000 | Consolidated 2015 $000 |
|---|---|---|---|
| **Profit/(loss) after tax for the year** | | **(6,216)** | **(9,804)** |
| **Other comprehensive income/(loss)** | | | |
| *(Items that will be reclassified to profit or loss)* | | | |
| Foreign currency translation differences for foreign operations | | - | 2,707 |
| *(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 | | (158) | (2) |
| Income tax benefit/(expense) relating to other comprehensive income | | - | 1 |
| Other comprehensive income/ (loss) for the period net of tax | | **(158)** | **2,706** |
| **Total comprehensive income/(loss) for the year (net of tax)** | | **(6,374)** | **(7,098)** |
| Total comprehensive income for the period attributable to: | | | |
| Non-controlling interest | | (517) | 154 |
| Owners of Aspermont Limited | | (5,857) | (7,252) |

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**
**Consolidated Statement of Financial Position as at 30 June 2016**

| | Note | Consolidated 2016 $000 | 2015 $000 |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 7 | 1,794 | 1,645 |
| Trade and other receivables | | 3,734 | 4,303 |
| Financial assets | | - | 3 |
| **TOTAL CURRENT ASSETS** | | **5,528** | **5,951** |
| **NON-CURRENT ASSETS** | | | |
| Financial assets | | 102 | 68 |
| Property, plant and equipment | | 155 | 171 |
| Deferred tax assets | | 3,677 | 2,850 |
| Intangible assets and goodwill | 4 | 17,729 | 25,808 |
| **TOTAL NON-CURRENT ASSETS** | | **21,663** | **28,897** |
| **TOTAL ASSETS** | | **27,191** | **34,848** |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | | 7,439 | 6,706 |
| Income in advance | | 5,788 | 5,554 |
| Borrowings | 5 | 8,000 | 7,067 |
| Income tax payable | | 373 | 257 |
| **TOTAL CURRENT LIABILITIES** | | **21,600** | **19,584** |
| **NON-CURRENT LIABILITIES** | | | |
| Deferred tax liabilities | | 3,671 | 3,019 |
| Provisions | | 95 | 196 |
| Other liabilities | 6 | 562 | 4,087 |
| **TOTAL NON-CURRENT LIABILITIES** | | **4,328** | **7,302** |
| **TOTAL LIABILITIES** | | **25,928** | **26,886** |
| **NET ASSETS** | | **1,263** | **7,962** |
| **EQUITY** | | | |
| Issued capital | | 56,433 | 54,158 |
| Reserves | | (10,625) | (6,862) |
| Accumulated losses | | (43,342) | (38,649) |
| Parent entity interest | | 2,466 | 8,647 |
| Non-controlling interest | | (1,203) | (685) |
| **TOTAL EQUITY** | | **1,263** | **7,962** |

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 2016

| 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 2014** | **49,292** | **(28,133)** | **(8,053)** | **1,458** | **(3,298)** | **(275)** | **10,991** | **(839)** | **10,152** |
| Profit/(loss) for the year | - | (10,558) | - | - | - | - | (10,558) | 754 | (9,804) |
| **Other comprehensive income** | | | | | | | | | |
| Foreign currency translation differences for foreign operations | - | - | - | - | 3,307 | - | 3,307 | (600) | 2,707 |
| Realised loss on equity investments transferred | - | - | - | - | - | - | - | - | - |
| Financial assets reserve movement | - | - | - | - | - | (2) | (2) | - | (2) |
| Income tax relating to components of other comprehensive income | - | - | - | - | - | 1 | 1 | - | 1 |
| **Total comprehensive income** | **-** | **(10,558)** | **-** | **-** | **3,307** | **(1)** | **(7,252)** | **154** | **(7,098)** |
| **Transactions with owners in their capacity as owners:** | | | | | | | | | |
| Shares issued (net of issue cost) | 4,866 | - | - | - | - | - | 4,866 | - | 4,866 |
| Dividends paid to non-controlling interest | - | - | - | - | - | - | - | - | - |
| **Balance at 30 June 2015** | **54,158** | **(38,691)** | **(8,053)** | **1,458** | **9** | **(276)** | **8,605** | **(685)** | **7,920** |
| Profit/(loss) for the year | - | (5,857) | - | - | - | - | (5,857) | (359) | (6,216) |
| **Other comprehensive income** | | | | | | | | | |
| Foreign currency translation differences for foreign operations | - | - | - | - | (2,557) | - | - | - | - |
| Financial assets reserve movement | - | - | - | - | - | - | - | (158) | (158) |
| **Total comprehensive income** | **-** | **(5,857)** | **-** | **-** | **(2,557)** | **-** | **(5,857)** | **(517)** | **(6,374)** |
| **Transactions with owners in their capacity as owners:** | | | | | | | | | |
| Shares issued (net of issue cost) | 2,275 | - | - | - | - | - | 2,275 | - | 2,275 |
| Issue of share options | - | 1,206 | - | (1,206) | - | - | - | - | - |
| **Balance at 30 June 2016** | **56,433** | **(43,342)** | **(8,053)** | **252** | **(2,548)** | **(276)** | **5,023** | **(1,203)** | **3,820** |

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 2016

| | Note | Consolidated 2016 $000 | Consolidated 2015 $000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash receipts from customers | | 24,544 | 29,433 |
| Cash payments to suppliers and employees | | (24,555) | (31,745) |
| Interest and other costs of finance paid | | (434) | (635) |
| Interest received | | 2 | 6 |
| Income tax paid | | (239) | (52) |
| **Net cash (used in)/ from operating activities** | 7 (b) | **(682)** | **(2,993)** |
| **Cash flows from investing activities** | | | |
| Payments for investments | | (93) | (137) |
| Proceeds from sale of equity investments | | 7 | - |
| Payments for plant and equipment | | (85) | (28) |
| Payment for software | | (125) | (66) |
| **Net cash used in investing activities** | | **(296)** | **(231)** |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares | | 1,879 | 2,686 |
| Share issue transaction costs | | (63) | (88) |
| Proceeds of borrowings | | 449 | 1,697 |
| Repayment of borrowings | | (950) | (788) |
| **Net cash from/ (used in) financing activities** | | **1,315** | **3,507** |
| **Net increase/ (decrease) in cash held** | | 337 | 283 |
| **Cash at the beginning of the year** | | 1,645 | 1,416 |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | | (538) | (54) |
| **Cash at the end of the year** | 7 (a) | **1,444** | **1,645** |

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 2015, the 31 December 2015 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.

<u>*Key Estimates — Impairment*</u>
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 (a).

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

*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.

*Key Estimates — Income tax*
The Aspermont Group operates in multiple jurisdictions which have applicable taxation laws. During any given year Aspermont seeks independent taxation advice and records the impact of that advice and any tax applicable. Should there be a change to the taxation position as a result of past transactions this may give rise to an income tax liability or asset.

### (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 Legislative Instrument 2016/191 and accordingly, amounts in the financial report and directors' report have been rounded off to the nearest $1,000.

## 2. Revenue

| | Consolidated 2016 $000 | Consolidated 2015 $000 |
|---|---|---|
| Continuing operations: | | |
| Sales revenue – subscriptions and advertising | 13,367 | 17,246 |
| Conferencing revenue | 9,169 | 13,012 |
| | 22,536 | 30,258 |
| **Other income:** | | |
| Interest | 3 | 6 |
| Other income | 814 | 273 |
| Disposal of WME | 510 | - |
| Exchange gain | 363 | - |
| | 1,690 | 279 |

## 3. Expenses

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

| | Consolidated 2016 $000 | Consolidated 2015 $000 |
|---|---|---|
| Bad debts written off | (15) | 104 |
| Consulting and accounting services | 898 | 1,063 |
| Depreciation and amortisation of plant, equip. and intangible assets | 342 | 880 |
| Directors' fees | 12 | 264 |
| Employee benefits expense | 9,007 | 15,353 |
| Foreign exchange gains/(losses) | - | 204 |
| Interest expense | 1,948 | 585 |
| Legal costs | 282 | 174 |
| Rental expense on operating leases | 12 | 1,747 |
| Impairment of intangible assets | 6,366 | 8,456 |
| Write-down of loan receivable | - | 118 |
| | 28,917 | 40,508 |
| Change in the amortised cost of the Beacon Put Option: | | |
| Foreign exchange movements | (498) | 578 |
| Change in estimated value | 3,885 | (1,919) |
| | 3,387 | (1,340) |
| Imputed interest expense | (13) | 275 |
| Remuneration of auditors of the parent entity for: | | |
| Auditing or reviewing the accounts - BDO WA | 107 | 110 |
| Auditing or reviewing the accounts - BDO HKG and UK | 80 | 61 |

## 4. Intangible assets

| Consolidated | Goodwill $000 | Software $000 | Purchased mastheads $000 | Other acquired assets $000 | Total $000 |
|---|---|---|---|---|---|
| **Gross carrying amount** | | | | | |
| **Balance at 1 July 2014** | 18,635 | 3,044 | 10,582 | 2,388 | 34,649 |
| Additions | - | 68 | - | - | 68 |
| Currency movements | 2,764 | 104 | 983 | - | 3,851 |
| **Balance at 30 June 2015** | **21,399** | **3,216** | **11,565** | **2,388** | **38,568** |
| Additions | - | 125 | - | - | 125 |
| Currency movements | (1,443) | (107) | (1,005) | - | (2,555) |
| Disposals | - | - | (5) | (1,113) | (1,118) |
| **Balance at 30 June 2016** | **19,956** | **3,234** | **10,555** | **1,275** | **35,020** |
| **Accumulated Amortisation** | | | | | |
| **Balance at 1 July 2014** | - | (2,104) | - | (1,344) | (3,448) |
| Amortisation expense | | (345) | | (423) | (768) |
| Impairment | (6,132) | - | (1,990) | (334) | (8,456) |
| Currency movements | - | (86) | (2) | - | (88) |
| **Balance at 30 June 2015** | **(6,132)** | **(2,535)** | **(1,992)** | **(2,101)** | **(12,760)** |
| Amortisation expense | | (250) | - | (201) | (451) |
| Impairment | (6,165) | - | - | - | (6,165) |
| Currency movements | 761 | 107 | 109 | - | 977 |
| **Balance at 30 June 2016** | **(11,536)** | **(2,678)** | **(1,883)** | **(1,194)** | **(17,291)** |
| **Net book value** | | | | | |
| As at 30 June 2015 | 15,267 | 681 | 9,573 | 287 | 25,808 |
| As at 30 June 2016 | 8,420 | 556 | 8,672 | 81 | 17,729 |

## 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.

| | 2016 | | | 2015 | | |
|---|---|---|---|---|---|---|
| | Australia - Asia $000 | Europe $000 | Total $000 | Australia - Asia $000 | Europe $000 | Total $000 |
| **Goodwill** | | | | | | |
| Conferencing | 5,661 | - | 5,661 | 5,660 | - | 5,660 |
| Conferencing impairment | (4,049) | - | (4,049) | (1,401) | - | (1,401) |
| Publishing | 13,057 | 3,061 | 16,118 | 13,057 | 3,061 | 16,118 |
| Publishing impairment | (5,269) | (2,223) | (7,492) | (2,195) | (2,536) | (4,731) |
| Foreign exchange reserve | (1,356) | (462) | (1,818) | (283) | (96) | (379) |
| | 8,044 | 376 | 8,420 | 14,838 | 429 | 15,267 |
| **Software** | | | | | | |
| Cost | 2,460 | 774 | 3,234 | 2,344 | 872 | 3,216 |
| Accumulated amortisation | (1,915) | (763) | (2,678) | (1,758) | (777) | (2,535) |
| | 545 | 11 | 556 | 586 | 95 | 681 |
| **Purchased mastheads** | | | | | | |
| Mastheads | 2,319 | 9,960 | 12,279 | 2,324 | 9,961 | 12,285 |
| Mastheads impairment | - | (1,883) | (1,883) | - | (1,992) | (1,992) |
| Foreign exchange reserve | - | (1,724) | (1,724) | - | (720) | (720) |
| | 2,319 | 6,353 | 8,672 | 2,324 | 7,249 | 9,573 |
| **Other Intangible Assets** | | | | | | |
| Acquired intangible assets | 1,275 | - | 1,275 | 2,388 | - | 2,388 |
| Acquired intangible assets impairment | (100) | - | (100) | (334) | | (334) |
| Accumulated amortisation | (1,089) | - | (1,089) | (1,767) | - | (1,767) |
| Disposed | - | (5) | (5) | - | - | - |
| | 86 | (5) | 81 | 287 | - | 287 |
| **Total Intangible Assets** | 10,994 | 6,735 | 17,729 | 18,035 | 7,773 | 25,808 |

| | 2016 | 2015 |
|---|---|---|
| | **Discount rate** | **Discount rate** |
| Conferencing | 8.7% | 8.7% |
| Publishing | 13.9% | 11.3% |

## 4. Intangible assets (continued)

Cash flow forecasts were used based on the EBITDA for each Cash Generating Unit as per the Group's latest five year business plan on the following basis:

- Year 1 cash flows - Based on current management forecast in line with current trending.
- Year 2-5 cash flows:

    - A revenue decline has been assumed for printed products as management expect a cyclical downturn and structural change to continue. Assumptions have been made in line with past performance and management's expectation of market development,
    - Revenue growth of 10% is assumed in the digital businesses based on market maturity of established products, continued roll-out and introduction of new products and services through product extensions and continued channel development,
    - Continued growths in subscriptions – these assumptions are in line with current performance, industry trends and management's expectation of market development.
    - A lower expense growth as a result of the digital platform relative to the growth in revenues as the business continues to scale,
    - Expansion in Conferencing revenues from launch of Mines & Money events in new geographies as well as seeding smaller new events
    - Expenses expected to decrease based on restructuring initiatives which have already produced a cost saving trend. Future savings are expected to continue in line with the current trend.

Long Term Growth Rate – a terminal value of growth into perpetuity of 7 times year 5 cash flows for Publishing and 4 times for Conferencing using the discount rate.

Each of the above factors is subject to significant judgement about future economic conditions and the ongoing structure of the publishing and digital industries. Specifically, the Directors note that the extent and duration of the structural change in print advertising is difficult to predict. The Directors have applied their best estimates to each of these variables but cannot warrant their outcome.

The discount rates used reflect specific risks relating to the relevant segments and the countries in which they operate. The increase in the rate for Publishing in this financial year reflects the change in capital mix in that segment.

These assumptions have been used for the analysis of each CGU within the business segment. Management determined budgeted EBITDA 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 intangible assets.

### Impact of a reasonably possible change in key assumptions

The calculations are sensitive to changes in key assumptions as set out below:

**Publishing**

- Discount rate – increase from 13.9% to 14.9% would reduce NPV of cashflow by $0.7 million,
- Year 1 to 5 cash flow forecasts – reduction of 10% in EBITDA would reduce NPV of cashflows by $1.7 million,
- Terminal cash flow forecasts – reduction of 10% would reduce NPV of cashflows by $1.1 million.

**Conferencing**

- Discount rate – increase from 8.7% to 9.7% would reduce NPV of cashflow by $0.2 million,
- Year 1 to 5 cash flow forecasts – reduction of 10% in EBITDA would reduce NPV of cashflow by $0.5 million,
- Terminal cash flow forecasts – reduction of 10% would reduce NPV of cashflow by $0.2 million.

### (b) 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 lower growth rate for EBITDA would not have any further impact on the impairment of the intangible assets of the Conferencing and Publishing businesses.

### (c) Amortisation charge

The amortisation charge for the business combinations of Kondinin and Waste Management and Environment Media Pty Ltd (WME) was $200,554 during 2015 (2015: $422,985).

## 5. Borrowings

| | Consolidated | |
|---|---|---|
| | **2016 $000** | **2015 $000** |
| Current | | |
| Secured loans from external parties | 1,888 | 2,285 |
| Convertible debentures at fair value through profit or loss | 3,170 | 1,482 |
| Loans from related parties | 2,942 | 2,908 |
| Payable for acquisition of WME | - | 392 |
| | 8,000 | 7,067 |
| Non - Current | | |
| **Secured Liabilities** | | |
| Secured loans from external parties at fair value | - | - |

## 5. Borrowings (continued)

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

a) 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 31 March 2017.

   - 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. The Company is no longer in breach of its covenants with the bank and is a significant improvement on the covenants position over the last few years.

b) Finance lease liabilities are secured by the asset leased.

c) 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.

d) 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.
   - During the year, the convertible loans were revalued reflecting the recent rights issue price at $0.01 and the revaluation resulted in an increase of $1.2m in value of the loan and associated $1.2m expense was taken into the Statement of Profit of Loss for the year.

## 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 $0.56 million (2014: $ 4.01 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 2016 interest of $12,705 (2015: $275,057).

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 | |
|---|---|---|
| | **2016** | **2015** |
| | **$000** | **$000** |
| **Liability in respect of Beacons put and call option** | | |
| Opening balance | 3,937 | 5,000 |
| Imputed interest expense | 13 | 275 |
| Foreign exchange movements | 498 | 1,187 |
| Change in estimated value | (3,885) | (2,525) |
| Estimated fair value of the liability | 562 | 3,937 |
| Other non-current liabilities | - | 150 |
| Total non-current liabilities | 562 | 4,087 |

## 7. Cash flow information

| | | Consolidated | |
|---|---|---|---|
| | | **2016** | **2015** |
| | | **$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 | 1,794 | 1,645 |
| | | 1,794 | 1,645 |
| (b) | Reconciliation of operating profit/ (loss) after tax to net cash from operating activities | | |
| | Profit/ (loss) after income tax | (6,216) | (9,804) |
| | **Non-cash flows in profit/ (loss)** | | |
| | Depreciation | 543 | 880 |
| | Impairment of loan receivable | - | 118 |
| | Impairment of intangible assets | 6,165 | 8,456 |
| | Change in fair value of investments | 733 | 72 |
| | Non-cash movement on put option liability | (3,374) | (1,064) |
| | Non cash items | (815) | (630) |
| | **Change in assets and liabilities:** | | |
| | Decrease in receivables | (397) | 1,918 |
| | Increase in creditors and accruals | 1,409 | 205 |
| | (Decrease) in unearned revenue | 658 | (2,422) |
| | (Decrease)/ Increase in provisions | (208) | (25) |
| | (Decrease) in income taxes payable | 119 | (125) |
| | (Decrease) in deferred taxes payable | 1,051 | (572) |
| | **Net cash used in operating activities** | (332) | (2,993) |

## 8. Segment information

The economic entity primarily operates in the media publishing industry as well as in conferencing and investing, within Australia/Asia and in Europe.

| **2016** | **Publishing $'000** | **Conferencing $'000** | **Investments $'000** | **Total $'000** |
|---|---|---|---|---|
| **Revenue** | | | | |
| Advertising - Digital | 2,926 | - | - | 2,926 |
| Advertising - Print | 7,583 | - | - | 7,583 |
| Subscriptions | 3,419 | - | - | 3,419 |
| Conferencing & other revenue | - | 8,608 | - | 8,608 |
| **Total segment revenue** | 13,928 | 8,608 | - | **22,536** |
| **Revenue by Geography** | | | | |
| Australia/ Asia | 8,689 | 4,924 | - | 13,613 |
| Europe | 5,239 | 3,684 | - | 8,923 |
| Other | - | - | - | - |
| **Total revenue** | 13,928 | 8,608 | - | **22,536** |
| **Result** | | | | |
| Segment result | 1,199 | 823 | - | 2,023 |
| Impairment of intangible assets | (3,603) | (2,562) | - | (6,165) |
| *Unallocated items:* | | | | |
| Other income | | | | 4,260 |
| Depreciation | | | | (342) |
| Amortisation | | | | (201) |
| Overheads | | | | (4,263) |
| Interest | | | | (1,963) |
| Income tax benefit/(expense) | | | | 435 |
| **Loss for year** | | | | **(6,216)** |
| **Segment assets** | 14,924 | 4,433 | - | **19,357** |
| *Unallocated assets:* | | | | |
| Cash | | | | 1,794 |
| Deferred tax asset | | | | 3,677 |
| Other assets | | | | 2,363 |
| **Total assets** | | | | **27,191** |
| **Liabilities** | 8,653 | 5,004 | - | **13,657** |
| *Unallocated liabilities:* | | | | |
| Provision for income tax | | | | 373 |
| Deferred tax liabilities | | | | 3,671 |
| Borrowings | | | | 8,000 |
| **Total liabilities** | | | | **25,928** |

## 8. Segment information (continued)

| **2015** | **Publishing $'000** | **Conferencing $'000** | **Investments $'000** | **Total $'000** |
|---|---|---|---|---|
| **Revenue** | | | | |
| Advertising - Digital | 3,010 | - | - | 3,010 |
| Advertising - Print | 10,927 | - | - | 10,927 |
| Subscriptions | 3,309 | - | - | 3,309 |
| Conferencing & other revenue | 6 | 13,006 | - | 13,012 |
| **Total segment revenue** | 17,252 | 13,006 | - | **30,258** |
| **Revenue by Geography** | | | | |
| Australia/ Asia | 10,783 | 8,214 | - | 18,997 |
| Europe | 5,111 | 4,580 | - | 9,691 |
| Other | 1,358 | 212 | - | 1,570 |
| **Total revenue** | 17,252 | 13,006 | - | **30,258** |
| **Result** | | | | |
| Segment result | 1,516 | 542 | | 2,058 |
| Impairment of intangible assets | (7,055) | (1,401) | - | (8,456) |
| *Unallocated items:* | | | | |
| Other income | | | | 279 |
| Depreciation | | | | (458) |
| Amortisation | | | | (423) |
| Overheads | | | | (3,907) |
| Interest | | | | (860) |
| Income tax benefit/(expense) | | | | 1,082 |
| **Loss for year** | | | | **(9,804)** |
| **30 June 2015** | | | | |
| **Segment assets** | 23,303 | 7,050 | - | **30,353** |
| *Unallocated assets:* | | | | |
| Cash | | | | 1,645 |
| Deferred tax asset | | | | 2,850 |
| **Total assets** | | | | **34,848** |
| **Liabilities** | 8,004 | 4,602 | 3,937 | **16,543** |
| *Unallocated liabilities:* | | | | |
| Provision for income tax | | | | 257 |
| Deferred tax liabilities | | | | 3,019 |
| Borrowings | | | | 7,067 |
| **Total liabilities** | | | | **26,886** |

## 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.

In line with the ongoing development and strategy of the Group's trading business, the reporting segments have in the current reporting period has been reduced into two broad global categories, being publishing (a combination of the Print and Digital segments used previously) and Conferencing.

The segments derive revenue from the following products and services:

The Publishing segment derives subscription, advertising and sponsorship revenues from its mastheads across a number of trade sectors including the mining, contracting, energy and resources sector as well as from internet based media which includes the development and maintenance of websites and daily news services covering various sectors including mining, energy, construction and mining longwalls. This segment also includes Farming Publications and has been aggregated into this segment.

The Conferencing segment derives revenues from running events and holding conferences in various locations and across a number of sectors.

Advisory fees, general investment income, fair value gains/losses on share investments held are disclosed under the Investments segment.

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. Fair value of financial instruments

### Fair value hierarchy

AASB 13 Fair Value Measurement requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1 – the instrument has quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2 – a valuation technique is used which takes into account inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices), or indirectly (i.e. derived from prices), and
- Level 3 – a valuation technique is used which takes into account inputs that are not based on observable market data (unobservable inputs).

### Valuation techniques used to derive level 3 fair values

The amount due in respect of convertible debentures per note 7 is classified as a liability at fair value through profit or loss. The fair value of convertible notes not traded in an active market and is determined using an internally prepared valuation utilising a combination of inputs such as the current share price and unobservable inputs such as the discount rate of 10% to calculate the present value of estimated future cash flows and the black scholes option pricing model to measure changes to the fair value. The Group has determined that there is a relationship between the unobservable inputs (discount rate) and the fair value but do not consider it to be material unless there is a change in the terms and conditions of the convertible note. The liability is classified as level 3 in the fair value hierarchy due to the use of unobservable inputs.

### Transfers

During the half year ended 30 June 2016, there were no transfers of financial instruments between level 1 and 2 of the fair value hierarchy. There were also no transfers into or out of level 3 during the period.

### Fair value of financial instruments not measured at fair value.

Due to their short-term nature, the carrying amounts of current receivables, current trade and other payables and current interest-bearing liabilities is assumed to approximate their fair value.

## 10. Commitments and contingent liabilities

In the current reporting period the Company has been informed that its application for the residency status for income tax of certain entities of the Beacon Group, of which the Group acquired 60% of July 2012, has been rejected. The Group has obtained independent advice that the current residency arrangements and resulting obligations for the Group in the respective jurisdictions is reasonable and is currently in the process of reviewing its options in this regard and has appealed against the rejection. As a result no tax has been provided for in this regard.

The Group is not aware of any other contingent liabilities and unrecorded commitments at the date of this report that would significantly affect the operations or state of affairs of the Group.

## 11. Subsequent Events

As announced to the ASX on 18 January 2016, the Company has entered into arbitration proceedings in this regard against Gainwealth Group Limited, the non-controlling interest holder in Beacon Events Limited. The findings from the arbitration are expected in mid-September 2016.

A rights issue was completed during the financial year with gross proceeds to the Company of $2.34 million from the issue of 233.8 million ordinary shares. In August 2016, the shortfall was placed with the underwriter with the issue of a further 686.2 million shares and further gross proceeds of $0.686 million.

As announced to the ASX on 23 August 2016, the Company completed a private placement of 66.4 million ordinary shares and gross proceeds of $0.66 million.

## Earnings per share (EPS)

| | | Consolidated | |
|---|---|---|---|
| | | **2016 $000** | **2015 $000** |
| (a) | Basic earnings/ (loss) per share (cents per share) | (0.81) | (1.95) |
| (b) | Diluted earnings/ (loss) per share (cents per share) | (0.81) | (1.95) |
| (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 | (5,857) | (10,558) |
| | Profit/ (loss) attributable to the ordinary equity holders of the company used in calculating diluted earnings per share | (5,857) | (10,558) |
| (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 | 726,839,522 | 541,245,799 |
| | Options | - | - |
| | Weighted average number of ordinary shares outstanding during the year used in calculation of diluted earnings per share | 726,839,522 | 541,245,799 |

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.