

# **Aspermont**

**Information for Industry**

ABN: 66 000 375 048

## **ANNUAL REPORT**

For the financial year ended  
**30 June 2011**

## **CORPORATE DIRECTORY**

### **Directors**

Andrew Leslie Kent  
John Stark  
Lewis George Cross  
Colm O'Brien  
David Nizol  
Charbel Nader

### **Company Secretary**

John Detwiler

### **Officers**

Colm O'Brien – Chief Executive Officer, Group  
John Detwiler – Chief Financial Officer  
David Nizol – Chief Executive Officer (UK)  
Trish Seeney – General Manager (Australia)  
Mark Davies – Group Strategy and Consulting

### **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

### **Website**

[www.aspermont.com](http://www.aspermont.com)

### **Share Registry**

Advanced Share Registry Services  
150 Stirling Hwy, Nedlands WA 6009  
Telephone: (08) 9389 8033 Facsimile: (08) 9389 7871

### **Stock Exchange Listing**

ASX Limited  
ASX Code: ASP

### **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

# ASPERMONT LIMITED

## 30 June 2011

### Summary of Results

| <b>Media Business</b> |    |      | <b>A\$'000</b> |
|-----------------------|----|------|----------------|
| Revenue               | Up | 19%  | 24,980         |
| EBITDA                | Up | 377% | 3,429          |

| <b>Investment Portfolio</b>         |      | <b>A\$'000</b> |
|-------------------------------------|------|----------------|
| Change in fair value of investments | Loss | (2,277)        |
| Realised gains on investments       | Gain | 616            |

| <b>Aspermont Limited Consolidated</b>                          |      |     | <b>A\$'000</b> |
|----------------------------------------------------------------|------|-----|----------------|
| Revenue                                                        | Up   | 19% | 24,980         |
| Net profit attributable to equity holders of the parent entity | Down | 85% | 163            |

| <b>Dividends/distributions</b> | <b>Amount per security</b> | <b>Franked amount per security</b> |
|--------------------------------|----------------------------|------------------------------------|
| Final dividend                 | N/A                        | N/A                                |
| Interim dividend               | N/A                        | N/A                                |

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

**ASPERMONT LIMITED AND CONTROLLED ENTITIES  
CHIEF EXECUTIVE OFFICER'S REPORT  
30 JUNE 2011**

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Dear Fellow Shareholders,

I am delighted to present our annual results for the financial year. We have had yet another period of sustained growth, with improvements both in revenue and to our operating profit. Our business continues its robust growth notwithstanding a general marking down of traditional media stocks.

Whilst the Media Business has again had large improvements across the board, the corporate investment portfolio has had to mark down investments to market value. To enable a better understanding of the two parts to Aspermont's business, we have continued to split out the media business from the consolidated group totals. This serves to provide our shareholders with a true picture of the underlying business units.

**Highlights to the year include:**

- **Media Business Revenue up \$4.1m to \$25m (2010: \$20.9m)**
- **EBITDA from Media Business of A\$3.4m, compared to A\$0.9m in previous year,**
- **Further bank debt reduction of A\$1.625m in the year to A\$5.875**
- **Increase in cash at hand, from \$0.77m in June 2010 to \$2.72m in June 2011**
- **Acquisition of Kondinin Group – Agriculture Information Business**
- **Growth across all media channels and geographies**
- **Major expansion of international Mines & Money conference delivered largest contribution growth**

The Media EBITDA includes non-recurring costs of \$514K, comprised of an operating loss for Kondinin Information Services Pty Ltd ("KIS") of \$203K and a charge for issuance of shares to Group CEO for \$311K but excludes the impairment charge of \$226K incurred at the time the Group became the sole shareholder of KIS.

Our media results are illustrated in the following table. For the purposes of proper previous year comparisons, we have provided the underlying currency.

**Comparative year on year results for the media business for the year ended 30 June 2011:**

|                   | Revenue Year on Year |                    | Segment Result     |                    |
|-------------------|----------------------|--------------------|--------------------|--------------------|
|                   | <b><u>2011</u></b>   | <b><u>2010</u></b> | <b><u>2011</u></b> | <b><u>2010</u></b> |
|                   |                      |                    |                    |                    |
| <b>*Print</b>     | \$8,682              | \$5,963            | \$1,810            | \$853              |
| <b>Online</b>     | \$4,316              | \$3,304            | \$1,223            | \$225              |
| <b>Events</b>     | \$1,434              | \$1,368            | \$150              | \$181              |
| <b>AUS Total:</b> | <b>A\$14,432</b>     | <b>A\$10,635</b>   | <b>A\$3,183</b>    | <b>A\$1,259</b>    |
| <b>Print</b>      | £3,127               | £3,304             | £1,187             | £1,441             |
| <b>Online</b>     | £194                 | £139               | £(29)              | £(79)              |
| <b>Events#</b>    | £3,223               | £2,165             | £1,513             | £798               |
| <b>UK Total:</b>  | <b>£6,544</b>        | <b>£5,608</b>      | <b>£2,671</b>      | <b>£2,160</b>      |

*\* Includes 5 months of KIS revenue of \$1,220K and net loss of (\$203K)*

*# Contribution from JV events is added at revenue level*

The Media Business continues to grow through a blend of strong margin management and the creation of new products

**Outlook for the upcoming 2011/2012 year:**

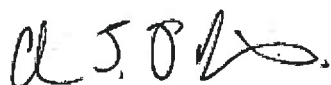
We have solid forward bookings in our media business which are approaching 50% of the Group's annual Plan, this includes pre-paid subscriptions, conference bookings and forward advertising across print and online.

The group is now turning its attention to accelerating organic growth through new product launches, new joint ventures and possible acquisitions.

We remain vigilant on current market conditions and will ensure our current low levels of debt will remain for the moment within a low risk category.

As guidance, assuming market stability, we are currently anticipating an FY 2011/12 Media EBITDA of circa A\$6M an increase of 76%, ignoring fluctuations in the corporate investment portfolio which, by their very nature, are difficult to predict.

Yours sincerely,



**Colm O'Brien**  
**Chief Executive Officer, Group**

## **ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES 30 JUNE 2011**

### **Directors' Report**

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Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Aspermont Limited and the entities it controlled at the end of, or during, the year ended 30 June 2011.

#### **Directors**

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

A.L. Kent  
J. Stark  
L.G. Cross  
C. O'Brien  
D. Nizol  
C. Nader

#### **Principal activities**

The Group's principal activities during the year were to develop and grow its various industry-leading mastheads through a combination of print, online and conference media channels.

#### **Operating results**

The consolidated operating profit after tax was \$0.163 million (2010: profit \$1.076 million).

#### **Dividends**

No dividend has been declared for the year (2010: no dividend).

#### **Review of operations**

Fiscal year 2010/11 has continued the positive trends seen in the previous year for the underlying media business. Overall revenue was up 19% on the previous year resulting in profit of \$1.8 million in the current year versus a loss of \$0.6 million in the previous year. The reported profit in the current year would be \$0.3 million higher if we exclude the impairment and amortisation expenses associated with the acquisition of Kondinin.

The key growth areas continue to be the events and online aspects of the business. These remain high margin products and we have increased our offering to the market, particularly in the events space. The stable of print products continues to grow, notwithstanding market trends on the future of print products.

The investment portfolio on the other hand has seen a net loss of \$1.5 million in the current year versus a net gain of \$2.1 million in the previous year. This decline is unrealised and is the result of recent declines in the equity markets across the world.

We have further reduced our primary bank debt year on year from \$7.5 million to \$5.9 million in line with a planned debt reduction program implemented last year. This debt reduction will continue through FY2011/12 as we have principal payments of \$1.25 million in the upcoming fiscal year.

The strong Australian dollar has had a significant negative impact on our key figures, given that circa 50% of our operations are based in the UK; therefore any eventual strengthening of Sterling will have an immediate positive impact.

## **ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES 30 JUNE 2011**

### **Directors' Report (continued)**

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#### **Significant changes in the state of affairs**

The significant changes in the state of affairs of the Group during the financial year are outlined in the preceding review of operations.

#### **Matters subsequent to the end of the financial year**

See note 24 of the Financial Report regarding events subsequent to 30 June 2011. No other matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect:

- (a) The Group's operations in future financial years, or
- (b) The result of those operations in future financial years, or
- (c) The Group's state of affairs in future financial years.

#### **Likely developments and expected results of operations**

Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this annual financial report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

#### **Environmental regulations**

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

#### **Information on directors**

**A.L. Kent AAICD** Chairman and executive director. Age 64

##### ***Experience and expertise***

Mr. Kent is an experienced business manager and corporate advisor with over 30 years of experience in international equities and media. Mr. Kent was the CEO of Aspermont Limited from 2000 to 2005 and holds considerable knowledge of its products and the market landscape. Mr. Kent joined the Board in 1998.

##### ***Other current directorships***

Mr. Kent holds directorships in Magyar Mining Ltd (since 2008), Water Resources Group Ltd (since 2007), New Guinea Energy Ltd (since 2009) and Excalibur Mining Ltd (since 2009). Mr. Kent is a member of the Australian Institute of Company Directors.

##### ***Former directorships in last 3 years***

None

##### ***Special responsibilities***

Chairman of the Board

##### ***Interest in shares and options***

116,925,000 ordinary shares in Aspermont Limited

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES 30 JUNE 2011**  
**Directors' Report (continued)**

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**J. Stark AAICD** Non-executive director. Age 65

***Experience and expertise***

Mr. Stark is an experienced business manager with experience and interests across various listed and unlisted companies. Mr. Stark has been a member of the Board since 2000.

***Other current directorships***

None

***Former directorships in last 3 years***

None

***Special responsibilities***

Chairman of Remuneration Committee

***Interest in shares and options***

24,695,000 ordinary shares in Aspermont Limited

**L.G. Cross B.Com, CPA, FAICD** Non-executive director. Age 63

***Experience and expertise***

Mr. Cross was the former principal of the accounting firm CrossCorp Accounting from 1979 to 2009. Mr. Cross has been a member of the Board since 2000.

***Other current directorships***

Executive Chairman of White Canyon Uranium Ltd (since 2007)

Non-Executive Chairman of Golden State Resources Ltd (since 2006)

***Special responsibilities***

Chairman of Audit & Risk Committee

Member of Remuneration Committee

***Former directorships in last 3 years***

Non-Executive Chairman of Polaris Metals NL (resigned 2010)

***Interest in shares and options***

1,700,000 ordinary shares in Aspermont Limited

**C. O'Brien BCL (Hons), AAICD** Executive director. Age 39

***Experience and expertise***

Mr. O'Brien has in-depth management consulting and banking experience through previous roles, he has held the position of Group CEO since October 2005 and has a detailed knowledge of the products, strategy and media landscape. Mr. O'Brien joined the Board in January 2010.

***Other current directorships***

Publisher Australia (since 2009)

Magyar Mining Plc

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES 30 JUNE 2011**  
**Directors' Report (continued)**

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WME Media Pty Ltd

***Special responsibilities***

CEO - Group

Member of Remuneration Committee

***Former directorships in last 3 years***

None

***Interest in shares and options***

1,575,417 ordinary shares in Aspermont Limited

**D. Nizol, BA Business Studies (Hons) Executive director. Age 59**

***Experience and expertise***

Mr. Nizol has a wealth of publishing experience including holding senior executive positions and Directorships in both public and in private companies. Mr. Nizol joined the Board in January 2010.

***Other current directorships***

None

***Special responsibilities***

CEO – Aspermont UK

***Former directorships in last 3 years***

None

***Interest in shares and options***

1,700,603 ordinary shares in Aspermont Limited

**C. Nader B.Com, M App Fin, CA Vice-Chairman, Non-executive director. Age 42**

***Experience and expertise***

Mr. Nader has extensive experience in corporate finance and strategic advisory roles in various industries and is presently an Executive Vice President and co-founder of Nasdaq listed investment company Australia Acquisition Corp. Mr. Nader joined the Board in January 2010.

***Other current directorships***

None

***Special responsibilities***

Member of Audit & Risk Committee

Member of Remuneration Committee

***Former directorships in last 3 years***

None

***Interest in shares and options - none***

## ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES 30 JUNE 2011

### Directors' Report (continued)

The above directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

#### Company secretary

The Company Secretary is Mr. J. Detwiler, B.Sc, CPA. Mr. Detwiler was appointed to the position of Company Secretary and Chief Financial Officer in June 2010, and has extensive financial management and corporate governance experience in prior roles.

#### Meetings of directors

The number of meetings of the Company's Board of Directors and of each Board committee held during the year ended 30 June 2011, and the number of meetings attended by each director were:

|           | Full meetings of Directors |   | Meetings of committees |    |              |   |
|-----------|----------------------------|---|------------------------|----|--------------|---|
|           |                            |   | Audit & Risk           |    | Remuneration |   |
|           | A                          | B | A                      | B  | A            | B |
| A Kent    | 6                          | 6 | **                     | ** | -            | - |
| J Stark   | 6                          | 6 | **                     | ** | 2            | 2 |
| L Cross   | 6                          | 6 | 5                      | 5  | 2            | 2 |
| C O'Brien | 6                          | 6 | **                     | ** | 2            | 2 |
| D Nizol   | 6                          | 6 | **                     | ** | -            | - |
| C Nader   | 5                          | 6 | 5                      | 5  | 1            | 2 |

In addition to the above, there were three meetings for directors that were independent with respect to related party matters and equity compensation for members of the board:

|           | Committee Meetings of Directors |    | Meetings of committees |    |              |    |
|-----------|---------------------------------|----|------------------------|----|--------------|----|
|           |                                 |    | Related Party          |    | Remuneration |    |
|           | A                               | B  | A                      | B  | A            | B  |
| A Kent    | **                              | ** | **                     | ** | **           | ** |
| J Stark   | 1                               | 1  | **                     | ** | 1            | 1  |
| L Cross   | 3                               | 3  | 2                      | 2  | 1            | 1  |
| C O'Brien | 2                               | 2  | 2                      | 2  | **           | ** |
| D Nizol   | 3                               | 3  | 2                      | 2  | 1            | 1  |
| C Nader   | 2                               | 2  | 2                      | 2  | **           | ** |

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the year

\*\* = Not a member of the relevant committee

## **ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES 30 JUNE 2011**

### **Directors' Report (continued)**

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#### **Remuneration report (Audited)**

The information provided in this remuneration report has been audited as required by section 308 (3C) of the *Corporations Act 2001*.

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service agreements
- D Share-based compensation
- E Additional information

#### **A) Principles used to determine the nature and amount of remuneration**

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market practice for delivery of reward. The Board ensures that executive reward satisfies the following criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage/ alignment of executive compensation;
- transparency.

In consultation with external remuneration consultants, the Group has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- has economic profit as a core component of plan design;
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value;
- attracts and retains high calibre executives.

Alignment to program participants' interests:

- rewards capability and experience;
- reflects competitive reward for contribution to growth in shareholder wealth;
- provides a clear structure for earning rewards;
- provides a recognition for contribution.

The framework provides a mix of fixed and variable pay, and a blend of short and long-term incentives. As executives gain seniority within the Group, the balance of this mix shifts to a higher proportion of "at risk" rewards.

The Board has established a Remuneration Committee which provides advice on remuneration and incentive policies and practices, and specific recommendations on remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors.

## ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES 30 JUNE 2011

### Directors' Report (continued)

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#### *Non-executive directors*

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Board has also considered the advice of independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The Chair's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. The Chair is not present at any discussions relating to the determination of his own remuneration.

#### *Directors' fees*

The current base remuneration was reviewed in the current year and with effect from 1 July 2011 the directors' fees are (inclusive of committee fees):

|                             | From 1 July<br>2011 | From 1 July<br>2010 to 30 June<br>2011 |
|-----------------------------|---------------------|----------------------------------------|
| <b>Base Fees</b>            |                     |                                        |
| Executive Chairman          | 200,000             | 136,000                                |
| Non-executive Vice Chairman | 100,000             | - *                                    |
| Non-executive directors     | 45,000              | 26,000                                 |

\* Director fees for Mr. Nader were \$50,000 upon his appointment.

#### *Executive pay*

The executive pay and reward framework has three components. The combination of these comprises an executive's total remuneration.

#### *Base Pay*

This is structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. External remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. Base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

There are no guaranteed base pay increases in an executive's contract.

#### *Benefits*

Executives receive benefits including health insurance, car parking and allowance and financial planning services.

#### *Superannuation*

Executives are paid the statutory contribution of 9%. Executives may elect to sacrifice base pay into superannuation at their discretion.

## ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES 30 JUNE 2011

### Directors' Report (continued)

#### Short-term incentives (STI)

The STI annual payment is reviewed annually against a combination of profit targets, strategic and operational objectives. Each executive STI is tailored to the achievement of objectives under that executive's direct sphere of influence. The use of profit targets ensures variable reward is only available when value has been created for shareholders and when profit is consistent with the business plan. The annual bonus payments are approved by the Remuneration Committee.

The company currently does not have a policy to limit "at risk" remuneration for executives.

#### Long-term incentives

Long-term incentives are provided to certain employees to incentivise long-term objectives and tenure.

#### B) Details of remuneration

##### *Amounts of remuneration*

Details of the remuneration of the directors, the key management personnel of the Group (as defined in AASB 124 *Related Party Disclosures*) and specified executives of Aspermont Limited and the Aspermont Limited Group are set out in the following tables.

The key management personnel of the Group, including the five highest paid executives, are the following:

- Andrew Leslie Kent – Chairman and Executive Director
- John Stark – Non-Executive Director
- Lewis George Cross – Non-Executive Director
- Charbel Nader – Non-Executive Director
- Colm O'Brien – Chief Executive Officer (Group) and Executive Director
- David Nizol – Chief Executive Officer (UK) and Executive Director
- John Detwiler – Chief Financial Officer and Company Secretary
- Trish Seeney – General Manager (Australia)
- Mark Davies – Group Strategy and Consulting

There is no relationship between shareholder wealth and remuneration.

The following table demonstrates the Group's performance over shareholder value during the last five years:

|                                              | 2011    | 2010      | 2009      | 2008      | 2007      |
|----------------------------------------------|---------|-----------|-----------|-----------|-----------|
| Profit attributable to owners of the company | 163,010 | 1,076,000 | (484,000) | 2,345,000 | 1,966,000 |
| Dividends paid                               | -       | -         | -         | 282,000   | 253,000   |
| Share price at 30 June                       | 0.08    | 0.14      | 0.26      | 0.37      | 0.40      |
| Return on capital employed                   | 1.1%    | 5%        | -3%       | 12%       | 21%       |

# **ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES 30 JUNE 2011** **Directors' Report (continued)**

Key management personnel of the Group and other executives of the company and the Group:

| 2011                                                                                                                                                                   | Short-term employee benefits |         |               |                       | Post employment benefits |           | Performance Based Remuneration |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|---------|---------------|-----------------------|--------------------------|-----------|--------------------------------|
|                                                                                                                                                                        | Cash salary                  | Bonus   | Director Fees | Non monetary benefits | Super-annuation*         | Total     |                                |
| <b>Executive directors</b>                                                                                                                                             |                              |         |               |                       |                          |           |                                |
| A L Kent Chair                                                                                                                                                         | 120,645                      | -       | -             | -                     | 10,800                   | 131,445   | 0%                             |
| C O'Brien *                                                                                                                                                            | 264,815                      | 415,000 | -             | 42,418                | 25,000                   | 747,233   | 56%                            |
| D Nizol +                                                                                                                                                              | 195,942                      | 473,339 | -             | -                     | 16,601                   | 685,882   | 69%                            |
| Sub-total executive directors                                                                                                                                          | 581,402                      | 888,339 | -             | 42,418                | 52,401                   | 1,564,560 |                                |
| <b>Non executive directors</b>                                                                                                                                         |                              |         |               |                       |                          |           |                                |
| J Stark                                                                                                                                                                | -                            | -       | 26,000        | -                     | -                        | 26,000    | 0%                             |
| L G Cross                                                                                                                                                              | -                            | -       | 24,000        | -                     | 2,000                    | 26,000    | 0%                             |
| C Nader                                                                                                                                                                | -                            | -       | 45,871        | -                     | 4,129                    | 50,000    | 0%                             |
| Sub-total non-executive directors                                                                                                                                      | -                            | -       | 95,871        | -                     | 6,129                    | 102,000   |                                |
| <b>Other key management personnel</b>                                                                                                                                  |                              |         |               |                       |                          |           |                                |
| J Detwiler                                                                                                                                                             | 146,596                      | 24,000  | -             | -                     | 14,884                   | 185,480   | 13%                            |
| T Seeney #                                                                                                                                                             | 104,287                      | 24,000  | -             | -                     | 11,115                   | 139,402   | 17%                            |
| M Davies *                                                                                                                                                             | 197,836                      | 24,000  | -             | -                     | 19,370                   | 241,206   | 10%                            |
| Sub-total other key management personnel                                                                                                                               | 448,719                      | 72,000  | -             | -                     | 45,369                   | 566,088   |                                |
| Total key management personnel compensation (Group)                                                                                                                    | 1,030,121                    | 960,339 | 95,871        | 42,418                | 103,899                  | 2,232,648 |                                |
| # Ms Seeney was appointed as the General Manager - Australia on 2 September 2010.                                                                                      |                              |         |               |                       |                          |           |                                |
| * Mr O'Brien and Mr Davies received certain salary amounts that were deferred by the Company in the previous year.                                                     |                              |         |               |                       |                          |           |                                |
| Includes accrued, but unpaid amounts.                                                                                                                                  |                              |         |               |                       |                          |           |                                |
| 2010                                                                                                                                                                   | Short-term employee benefits |         |               |                       | Post employment benefits |           | Performance Based Remuneration |
|                                                                                                                                                                        | Cash salary                  | Bonus   | Director Fees | Non monetary benefits | Super-annuation          | Total     |                                |
| <b>Executive directors</b>                                                                                                                                             |                              |         |               |                       |                          |           |                                |
| A L Kent Chair                                                                                                                                                         | 120,727                      | -       | -             | -                     | 10,800                   | 131,527   | 0%                             |
| C O'Brien **                                                                                                                                                           | 178,922                      | -       | 18,958        | 49,069                | 16,336                   | 263,286   | 0%                             |
| D Nizol ** +                                                                                                                                                           | 213,683                      | 220,611 | 20,833        | -                     | 21,368                   | 476,495   | 45%                            |
| Sub-total executive directors                                                                                                                                          | 513,332                      | 220,611 | 39,792        | 49,069                | 48,504                   | 871,308   |                                |
| <b>Non executive directors</b>                                                                                                                                         |                              |         |               |                       |                          |           |                                |
| J Stark                                                                                                                                                                | -                            | -       | 24,000        | -                     | 2,160                    | 26,160    | 0%                             |
| L G Cross                                                                                                                                                              | -                            | -       | 24,000        | -                     | 2,160                    | 26,160    | 0%                             |
| C Nader **                                                                                                                                                             | -                            | -       | 26,544        | -                     | 2,625                    | 29,169    | 0%                             |
| Sub-total non-executive directors                                                                                                                                      | -                            | -       | 74,544        | -                     | 6,945                    | 81,489    |                                |
| <b>Other key management personnel</b>                                                                                                                                  |                              |         |               |                       |                          |           |                                |
| H Thong *                                                                                                                                                              | 258,329                      | -       | -             | 45,578                | 17,024                   | 320,931   | 0%                             |
| J Detwiler ##                                                                                                                                                          | 9,807                        | -       | -             | -                     | 883                      | 10,690    | 0%                             |
| C Bond                                                                                                                                                                 | 119,372                      | -       | -             | 32,140                | 12,150                   | 163,662   | 0%                             |
| M Davies                                                                                                                                                               | 159,786                      | -       | -             | -                     | 13,810                   | 173,596   | 0%                             |
| Sub-total other key management personnel                                                                                                                               | 547,294                      | -       | -             | 77,718                | 43,867                   | 668,879   |                                |
| Total key management personnel compensation (Group)                                                                                                                    | 1,060,626                    | 220,611 | 114,336       | 126,787               | 99,316                   | 1,621,676 |                                |
| * Mr Thong resigned as Chief Financial Officer on 28 May 2010 and Company Secretary on 11 June 2010. The cash salary amount Includes an accrued benefit of \$95,505.   |                              |         |               |                       |                          |           |                                |
| ## Mr. Detwiler was appointed as Chief Financial Officer and Company Secretary on 27 May 2010 and 11 June 2010 respectively.                                           |                              |         |               |                       |                          |           |                                |
| + UK executive remuneration, paid in British Pounds, has been converted to Australian Dollars at the average exchange rate over the twelve months ending 30 June 2011. |                              |         |               |                       |                          |           |                                |
| ** Mr. O'Brien, Mr. Nizol and Mr. Nader were appointed Executive Director(s) and Non Executive Director, respectively, on 29 January 2010.                             |                              |         |               |                       |                          |           |                                |

## **ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES 30 JUNE 2011**

### **Directors' Report (continued)**

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#### **C) Service agreements**

On appointment to the Board, all directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of the director.

Remuneration and other terms of employment for the Chief Executive Officer (Group) and other key management personnel are formalised and reviewed by the Remuneration Committee. Each of these agreements provides for the provision of performance-related cash bonuses, other benefits including certain expenses and allowances. For the year ended 29 January 2011, Mr. O'Brien and Mr. Nizol received board fees of \$50,000 – these fees were discontinued as part of the current year's remuneration review. Other major provisions of the agreements relating to remuneration are set out below.

All contracts with executives may be terminated early by either party with three months notice, subject to termination payments as detailed below.

#### **C. O'Brien *Chief Executive Officer (Group)***

- Term of agreement – commencing 3 October 2005 and ending 2 October 2010 with a new contract in negotiation.
- Base salary, inclusive of superannuation and certain expenses, for the year ended 30 June 2011 of \$265,000, increasing to \$300,000 effective 1 July 2011. This amount to be reviewed annually by the remuneration committee.
- Payment of a benefit on early termination by the Company, other than for gross misconduct, equal to the base salary for the remaining term of the agreement.

#### **D. Nizol *Chief Executive Officer (UK)***

- Term of agreement – ongoing, commencing 28 May 2008.
- Base salary, inclusive of pension contributions, for the year ending 30 June 2011 of GBP 110,000 (AUD \$177,285), increasing to GBP 143,000 (AUD \$216,700) effective 1 July 2011. This amount to be reviewed annually by the remuneration committee.
- Payment of a benefit on termination by the Company, other than for gross misconduct, equal to 6 months base salary.

#### **J. Detwiler *Chief Financial Officer & Company Secretary***

- Term of agreement – ongoing, commencing 27 May 2010.
- Base salary, inclusive of superannuation and certain expenses, for the year ending 30 June 2011 of \$168,500, increasing to \$195,750 effective 1 July 2011. This amount to be reviewed annually by the remuneration committee.
- Payment of a benefit on termination by the Company, other than for gross misconduct, equal to 6 months base salary.

#### **M. Davies *Group Strategy and Consulting***

- Term of agreement – ongoing, commencing 19 November 2007.
- Base salary, inclusive of superannuation and certain expenses, for the year ending 30 June 2011 of \$201,840, increasing to \$217,550 effective 1 July 2011. This amount to be reviewed annually by the remuneration committee.
- Payment of a benefit on termination by the Company, other than for gross misconduct, equal to 6 months base salary.

#### **T. Seeney *General Manager***

- Term of agreement – ongoing commencing 30 August 2010.

## **ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES 30 JUNE 2011**

### **Directors' Report (continued)**

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- Base salary, inclusive of superannuation and certain expenses, for the year ending 30 June 2011 of \$146,700, increasing to \$163,050 effective 1 July 2011. This amount to be reviewed annually by the remuneration committee.
- Payment of a benefit on early termination by the Company, other than for gross misconduct, equal to 6 months base salary.

#### **D) Share-based compensation**

##### **Options**

No options were granted or exercised in Aspermont Limited in 2010 and 2011.

##### **Other**

In addition to the current year bonus for operational results, the remuneration committee has recommended a bonus of \$311,000 to Mr. O'Brien, subject to shareholder approval, of which the after-tax amount of \$166,385 will be applied by Mr. O'Brien to acquire 2 million shares of the Company at \$0.083 per share (being the weighted average ASX market price for the 90 days preceding the remuneration committees meeting date). This amount has been accrued and included in the remuneration tables above.

#### **E) Additional information**

In the current year the remuneration committee approved annual bonus payments to Mr. O'Brien, Mr. Nizol, Mr. Davies, Mr. Detwiler and Ms. Seeney based on the financial and operational results achieved. Those bonus amounts have been accrued and included in the remuneration tables above.

In the previous year Mr. Nizol was paid a special performance-based bonus for the results of the integration of the UK business into the Group. No other bonuses were paid in 2010.

**This is the end of the Audited Remuneration Report.**

## **ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES 30 JUNE 2011**

### **Directors' Report (continued)**

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#### **Loans to/from directors and executives**

Information on loans from directors and executives, including amounts, interest rates and repayment terms are set out in note 19 to the financial statements.

#### **Shares under option**

There are no unissued ordinary shares of Aspermont Limited under option at the date of this report.

#### **Insurance of officers**

During the financial year, Aspermont Limited paid a premium to insure the directors and officers of the Company and its Australian-based controlled entities.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. Not included are such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

#### **Indemnity of auditors**

The Company has not, during or since the end of the financial year, given an indemnity or entered into an agreement to indemnify, or paid insurance premiums in respect of the auditors of the Group.

#### **Proceedings on behalf of the company**

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

#### **Non-audit services**

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

The Board of Directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out on APES 110 *Code of Ethics for Professional Accountants*.

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES 30 JUNE 2011**  
**Directors' Report (continued)**

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During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

|                                               | <b>2011</b>   | <b>2010</b>  |
|-----------------------------------------------|---------------|--------------|
|                                               | <b>\$</b>     | <b>\$</b>    |
| <u>Non- assurance services</u>                |               |              |
| Tax compliance - BDO UK                       | 6,346         | 6,814        |
| Tax advisory - BDO Corporate Tax (WA) Pty Ltd | 22,715        | 0            |
| Total non-assurance remuneration              | <u>29,061</u> | <u>6,814</u> |

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 21.

This report of the directors incorporating the remuneration report is made in accordance with a resolution of the Board of Directors.



C. O'Brien  
**Director**

Perth  
31 August 2011

## **ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES 30 JUNE 2011**

### **Corporate Governance Report**

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#### **Corporate Governance**

The primary role of the Aspermont Board ("Board") is the protection and enhancement of long-term shareholder value. The Board is accountable to shareholders for the performance of the company. It directs and monitors the business and affairs of the company on behalf of shareholders and is responsible for the company's overall corporate governance.

The company is committed to a governance framework using the Australian Securities Exchange's (ASX) "Principles of Good Governance and Best Practice Recommendations". Full details regarding the company's corporate governance framework can be obtained from the corporate website at [www.aspermont.com](http://www.aspermont.com).

The company has complied with all the best practice recommendations of the ASX Corporate Governance Council for the year ended 30 June 2011 unless otherwise disclosed below:

#### **A company should lay solid foundations for management and oversight**

The company has developed a Board charter that determines the functions reserved for the Board and those delegated to executive management. The Board charter includes executive appointments, strategic direction, monitoring performance, risk management, approval of business plans and budgets and any other matter impacting business direction and shareholder interests.

Executive responsibilities are clearly defined through job descriptions, delegated authority guidelines and monitored through regular performance appraisals.

#### **A company should structure the board to add value**

The departures from ASX recommendations are:

- i. Principle 2.1 Two of the six directors are considered to be independent.
- ii. Principle 2.2 Chairman is not an independent director.

Only a minority of the Board is independent. Both Mr. L.G. Cross and Mr. C. Nader are financially oriented, experienced independent company directors.

Mr. A.L. Kent and Mr. J. Stark have material interests in the company as shareholders. Both Mr. Kent and Mr. Stark have considerable industry and commercial experience and continue to provide guidance to the company's strategic direction. The Chairman, Mr. Kent, is the company's largest shareholder. Mr. Kent was the Chief Executive Officer of the company from 2000 to 2005 and has considerable knowledge of the company's operations and products.

Mr. C. O'Brien and Mr. D. Nizol are the CEO Group and CEO Aspermont United Kingdom, respectively, and are Executive Directors of the Company. They bring day to day experience of managing the company's Australian and United Kingdom operations to the Board.

The Board charter provides appropriate parameters to all board members on the scope and performance of their duties as custodians of shareholder interests. The Board is supported by the Remuneration Committee and Audit & Risk Committee which both support the Board in the discharge of Board responsibilities in specialist areas and whose respective committee charters allow for a high degree of external consultative involvement from independent advisors.

## **ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES 30 JUNE 2011**

### **Corporate Governance Report (continued)**

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The directors have full access to the regular financial reports and budgets of the company. All members have unrestricted access to the Chairman, executive officers and, subject to prior consultation with the Chairman, may seek independent professional advice at the company's expense.

The Board's composition of six directors is currently appropriate to the size and scope of the company in its present form. The Board regularly consults with external advisors on specialist matters reserved for the Remuneration and Audit & Risk Committees. The skills and experience of each board member are outlined within the directors' report.

#### **A company should promote ethical and responsible decision making**

The company has established policies regarding trading in securities by directors and executive officers. A code of conduct applies to all directors, executive officers and employees of the company.

#### **A company should safeguard integrity in financial reporting**

A separate Audit & Risk Committee has been established to ensure the appropriate amount of diligence is applied to the areas of financial reporting, internal controls, compliance and risk. The Chief Executive Officer and Chief Financial Officer provide certifications that the company's financial reports are complete and present a true and fair view.

#### **A company should make timely and balanced disclosures**

The company seeks to provide relevant and timely disclosure to shareholders in accordance with the *Corporations Act 2001* and ASX Listing Rules. The Company Secretary is nominated to ensure the company meets its obligations to the broader market for continuous disclosure.

#### **A company should respect the right of shareholders**

A robust communication structure is in place to ensure shareholders can access relevant and timely information through various mediums. All information disclosed to the ASX is posted on the company's website as soon as it is disclosed to the ASX. The company website also has an option for shareholders to register their e-mail address for direct e-mail updates on company matters.

#### **A company should recognise and manage risk**

The Board, through the audit committee, is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. In summary, the company policies are designed to ensure strategic, operational, legal, reputational and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Group's business objectives.

#### **A company should remunerate fairly and responsibly**

The Remuneration Committee of the Board whose scope includes obtaining independent input from external advisors determines remuneration levels for the Chairman and key executives with regard to market-based factors and achievement of performance targets. External advice is sought as necessary to ensure remuneration levels are fair and responsible having regard to the current size and scope of the company. Full disclosure of remuneration to directors and executives of the company are disclosed in the Remuneration Report.

31 August 2011

The Directors  
Aspermont Limited  
613 – 619 Wellington Street  
PERTH WA 6000

Dear Sirs,

DECLARATION OF INDEPENDENCE BY BRAD MCVEIGH TO THE DIRECTORS OF  
ASPERMONT LIMITED

As lead auditor of Aspermont Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

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



Brad McVeigh  
Director



BDO Audit (WA) Pty Ltd  
Perth, Western Australia

# ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES

## Consolidated Statements of Comprehensive Income for the year ended 30 June 2011

|                                                                                                                   | Note | Consolidated    |                 |
|-------------------------------------------------------------------------------------------------------------------|------|-----------------|-----------------|
|                                                                                                                   |      | 2011<br>\$000   | 2010<br>\$000   |
| Revenue from continuing operations                                                                                | 4    | 24,980          | 20,905          |
| Cost of sales                                                                                                     | 5    | (8,851)         | (8,122)         |
| Gross profit                                                                                                      |      | <b>16,129</b>   | <b>12,783</b>   |
| Distribution expenses                                                                                             |      | (1,037)         | (974)           |
| Marketing expenses                                                                                                |      | (3,430)         | (3,610)         |
| Occupancy expenses                                                                                                |      | (976)           | (996)           |
| Corporate and administration                                                                                      |      | (4,954)         | (3,439)         |
| Finance costs                                                                                                     |      | (932)           | (1,038)         |
| Other expenses from ordinary activities                                                                           |      | (3,009)         | (3,360)         |
|                                                                                                                   |      | <b>(14,338)</b> | <b>(13,417)</b> |
|                                                                                                                   |      | <b>1,791</b>    | <b>(634)</b>    |
| Change in fair value of investments                                                                               | 4    | (2,277)         | 592             |
| Other income                                                                                                      |      | 776             | 1,470           |
| Share of net profit in associates                                                                                 | 9    | (63)            | 306             |
| Profit/(loss) from continuing operations before income tax expense                                                |      | <b>227</b>      | <b>1,734</b>    |
| Income tax benefit/(expense) relating to continuing operations                                                    | 6    | (64)            | (658)           |
| Profit/(loss) for the year                                                                                        |      | <b>163</b>      | <b>1,076</b>    |
| Net profit/(loss) attributable to equity holders of the parent entity                                             |      | <b>163</b>      | <b>1,076</b>    |
| Other comprehensive income/(loss)                                                                                 |      |                 |                 |
| Foreign currency translation differences for foreign operations                                                   |      | (6,607)         | 461             |
| Net change in fair value of equity instruments measured at fair value through other comprehensive income          |      | (1,097)         | (1,645)         |
| Income tax benefit relating to other comprehensive income                                                         |      | 323             | 493             |
| Other                                                                                                             |      | -               | -               |
| Total comprehensive income/(loss) for the period (net of tax) attributable to equity holders of the parent entity |      | <b>(7,218)</b>  | <b>385</b>      |
| Basic earnings/(loss) per share (cents per share)                                                                 | 22   | 0.07            | 0.46            |
| Diluted earnings/(loss) per share (cents per share)                                                               | 22   | 0.07            | 0.46            |

The Consolidated Statements of Comprehensive Income should be read in conjunction with the notes to the Financial Statements.

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**  
**Consolidated Statements of Financial Position as at 30 June 2011**

|                                                   |      | Consolidated  |               |
|---------------------------------------------------|------|---------------|---------------|
|                                                   | Note | 2011<br>\$000 | 2010<br>\$000 |
| <b>CURRENT ASSETS</b>                             |      |               |               |
| Cash and cash equivalents                         | 18   | 2,718         | 774           |
| Trade and other receivables                       | 7    | 5,163         | 3,066         |
| Financial assets                                  | 8    | 1,103         | 3,887         |
| <b>TOTAL CURRENT ASSETS</b>                       |      | <b>8,984</b>  | <b>7,727</b>  |
| <b>NON-CURRENT ASSETS</b>                         |      |               |               |
| Trade and other receivables                       | 7    | 31            | 0             |
| Financial assets                                  | 8    | 1,876         | 2,757         |
| Investments accounted for using the equity method | 9    | 329           | 1,783         |
| Property, plant and equipment                     | 10   | 391           | 338           |
| Deferred tax assets                               | 6    | 718           | 793           |
| Intangible assets and goodwill                    | 11   | 25,602        | 32,380        |
| <b>TOTAL NON-CURRENT ASSETS</b>                   |      | <b>28,947</b> | <b>38,051</b> |
| <b>TOTAL ASSETS</b>                               |      | <b>37,931</b> | <b>45,778</b> |
| <b>CURRENT LIABILITIES</b>                        |      |               |               |
| Trade and other payables                          | 12   | 4,700         | 4,018         |
| Income in advance                                 | 13   | 5,126         | 2,823         |
| Borrowings                                        | 14   | 1,276         | 2,125         |
| Income tax payable                                | 6    | 633           | 298           |
| <b>TOTAL CURRENT LIABILITIES</b>                  |      | <b>11,735</b> | <b>9,264</b>  |
| <b>NON-CURRENT LIABILITIES</b>                    |      |               |               |
| Borrowings                                        | 14   | 7,849         | 8,788         |
| Deferred tax liabilities                          | 6    | 2,868         | 5,041         |
| Provisions                                        | 15   | 171           | 159           |
| <b>TOTAL NON-CURRENT LIABILITIES</b>              |      | <b>10,888</b> | <b>13,988</b> |
| <b>TOTAL LIABILITIES</b>                          |      | <b>22,623</b> | <b>23,252</b> |
| <b>NET ASSETS</b>                                 |      | <b>15,308</b> | <b>22,526</b> |
| <b>EQUITY</b>                                     |      |               |               |
| Issued capital                                    | 16   | 49,125        | 49,125        |
| Reserves                                          |      | (7,939)       | (558)         |
| Accumulated losses                                |      | (25,878)      | (26,041)      |
| <b>TOTAL EQUITY</b>                               |      | <b>15,308</b> | <b>22,526</b> |

The Consolidated Statements of Financial Position should be read in conjunction with the notes to the Financial Statements.

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**  
**Consolidated Statements of Changes in Equity for the year ended 30 June 2011**

| Consolidated                                                    | Ordinary<br>Share Capital | Accumulated<br>Losses | Asset<br>Revaluation<br>Reserve | Capital<br>Profits<br>Reserve | Share Based<br>Reserve | Currency<br>Translation<br>Reserve | Financial<br>Assets<br>Reserve | Non-<br>Controlling<br>Interests | Total          |
|-----------------------------------------------------------------|---------------------------|-----------------------|---------------------------------|-------------------------------|------------------------|------------------------------------|--------------------------------|----------------------------------|----------------|
|                                                                 | \$000                     | \$000                 | \$000                           | \$000                         | \$000                  | \$000                              | \$000                          | \$000                            | \$000          |
| <b>Balance at 1 July 2009</b>                                   | <b>46,285</b>             | <b>(27,676)</b>       | <b>479</b>                      | <b>80</b>                     | <b>135</b>             | <b>(2)</b>                         | <b>-</b>                       | <b>-</b>                         | <b>19,301</b>  |
| Profit/(loss) attributable to members of parent entity          | -                         | 1,076                 | -                               | -                             | -                      | -                                  | -                              | -                                | 1,076          |
| <b>Other comprehensive income</b>                               |                           |                       |                                 |                               |                        |                                    |                                |                                  |                |
| Transfer to retained earnings/(accumulated losses)              | -                         | 559                   | (479)                           | (80)                          | -                      | -                                  | -                              | -                                | -              |
| Foreign currency translation differences for foreign operations | -                         | -                     | -                               | -                             | -                      | 461                                | -                              | -                                | 461            |
| Financial assets reserve movement                               | -                         | -                     | -                               | -                             | -                      | -                                  | (1,645)                        | -                                | (1,645)        |
| Income tax relating to components of other comprehensive income | -                         | -                     | -                               | -                             | -                      | -                                  | 493                            | -                                | 493            |
| <b>Total comprehensive income</b>                               | <b>-</b>                  | <b>1,635</b>          | <b>(479)</b>                    | <b>(80)</b>                   | <b>-</b>               | <b>461</b>                         | <b>(1,152)</b>                 | <b>-</b>                         | <b>385</b>     |
| <b>Transactions with owners in their capacity as owners:</b>    |                           |                       |                                 |                               |                        |                                    |                                |                                  |                |
| Shares issued (net of issue cost)                               | 2,840                     | -                     | -                               | -                             | -                      | -                                  | -                              | -                                | 2,840          |
| <b>Balance at 30 June 2010</b>                                  | <b>49,125</b>             | <b>(26,041)</b>       | <b>-</b>                        | <b>-</b>                      | <b>135</b>             | <b>459</b>                         | <b>(1,152)</b>                 | <b>-</b>                         | <b>22,526</b>  |
| <b>Balance at 1 July 2010</b>                                   | <b>49,125</b>             | <b>(26,041)</b>       | <b>-</b>                        | <b>-</b>                      | <b>135</b>             | <b>459</b>                         | <b>(1,152)</b>                 | <b>-</b>                         | <b>22,526</b>  |
| Profit/(loss) attributable to members of parent entity          | -                         | 163                   | -                               | -                             | -                      | -                                  | -                              | -                                | 163            |
| <b>Other comprehensive income</b>                               |                           |                       |                                 |                               |                        |                                    |                                |                                  |                |
| Foreign currency translation differences for foreign operations | -                         | -                     | -                               | -                             | -                      | (6,607)                            | -                              | -                                | (6,607)        |
| Financial assets reserve movement                               | -                         | -                     | -                               | -                             | -                      | -                                  | (1,097)                        | -                                | (1,097)        |
| Income tax relating to components of other comprehensive income | -                         | -                     | -                               | -                             | -                      | -                                  | 323                            | -                                | 323            |
| <b>Total comprehensive income</b>                               | <b>-</b>                  | <b>163</b>            | <b>-</b>                        | <b>-</b>                      | <b>-</b>               | <b>(6,607)</b>                     | <b>(774)</b>                   | <b>-</b>                         | <b>(7,218)</b> |
| <b>Balance at 30 June 2011</b>                                  | <b>49,125</b>             | <b>(25,878)</b>       | <b>-</b>                        | <b>-</b>                      | <b>135</b>             | <b>(6,148)</b>                     | <b>(1,926)</b>                 | <b>-</b>                         | <b>15,308</b>  |

The Consolidated Statements of Changes in Equity should be read in conjunction with the notes to the Financial Statements.

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**  
**Consolidated Statements of Cash Flows for the year ended 30 June 2011**

|                                                                                    | Note  | Consolidated   |                |
|------------------------------------------------------------------------------------|-------|----------------|----------------|
|                                                                                    |       | 2011           | 2010           |
|                                                                                    |       | \$000          | \$000          |
| <b>Cash flows from operating activities</b>                                        |       |                |                |
| Cash receipts from customers                                                       |       | 24,309         | 20,517         |
| Cash payments to suppliers and employees                                           |       | (20,490)       | (20,260)       |
| Interest and other costs of finance paid                                           |       | (847)          | (738)          |
| Interest received                                                                  |       | 42             | 12             |
| Income tax paid                                                                    |       | (573)          | (397)          |
| <b>Net cash provided by/ (used in) operating activities</b>                        | 18(b) | <b>2,441</b>   | <b>(866)</b>   |
| <b>Cash flows from investing activities</b>                                        |       |                |                |
| Net cash received in acquisition of subsidiary                                     | 25(b) | 458            | -              |
| Payments for investments                                                           |       | (66)           | (746)          |
| Proceeds (payments for) loans made                                                 |       | 300            | (300)          |
| Proceeds from sale of equity investments                                           |       | 1,185          | 3,585          |
| Payments for non-current assets                                                    |       | (448)          | (531)          |
| Dividends received                                                                 |       | 24             | -              |
| <b>Net cash provided by/ (used in) investing activities</b>                        |       | <b>1,453</b>   | <b>2,008</b>   |
| <b>Cash flows from financing activities</b>                                        |       |                |                |
| Proceeds from issue of shares, net of issue costs                                  |       | -              | 2,627          |
| Proceeds of borrowings                                                             |       | -              | 31             |
| Repayment of borrowings                                                            |       | (1,891)        | (3,776)        |
| <b>Net cash provided by/ (used in) financing activities</b>                        |       | <b>(1,891)</b> | <b>(1,118)</b> |
| <b>Net increase/ (decrease) in cash held</b>                                       |       | <b>2,003</b>   | <b>24</b>      |
| <b>Cash at the beginning of the year</b>                                           |       | <b>774</b>     | <b>797</b>     |
| Effects of exchange rate changes on the balance of cash held in foreign currencies |       | (59)           | (47)           |
| <b>Cash at the end of the year</b>                                                 | 18(a) | <b>2,718</b>   | <b>774</b>     |

The Consolidated Statements of Cash Flows should be read in conjunction with the notes to the Financial Statements.

# **ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**

## **Notes to the Consolidated Financial Statements for the year ended 30 June 2011**

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### **1. General information**

Aspermont Limited is a listed public company, incorporated in Australia and operating in Australia.

Aspermont Limited's registered office and its principal place of business are as follows:

| <b>Registered office</b>                                           | <b>Principal place of business<br/>Australia</b>                   | <b>Principal place of business<br/>United Kingdom</b>                           |
|--------------------------------------------------------------------|--------------------------------------------------------------------|---------------------------------------------------------------------------------|
| 613-619 Wellington Street<br>PERTH WA 6000<br>Tel: +61 8 6263 9100 | 613-619 Wellington Street<br>PERTH WA 6000<br>Tel: +61 8 6263 9100 | 1 Singer Street<br>London, United Kingdom EC2A 4BQ<br>Tel: +44 (0) 207 216 6060 |

### **2. Significant accounting policies**

#### **Statement of compliance**

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the consolidated group of Aspermont Limited and controlled entities. Separate financial statements of Aspermont Limited, as an individual entity, are no longer presented as a consequence of a change to the *Corporations Act 2001*. Financial information for Aspermont Limited as an individual entity is included in note 3.

The financial report of Aspermont Limited and controlled entities comply with all International Financial Reporting Standards (IFRS) in their entirety.

#### **Basis of preparation**

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected financial assets for which the fair value basis of accounting has been applied.

The Group early adopted AASB 9 Financial Instruments in the current fiscal year. This standard and its associated amending standard (AASB 2009-11), specifies new recognition and measurement requirements for financial assets within the scope of AASB 139 Financial Instruments: Recognition and Measurement.

The main changes from AASB 139 include:

- All financial assets, except for certain equity instruments will be classified into two categories:
- 1) amortised cost, where the investment generates solely payments of interest and principal, or
  - 2) fair value through profit and loss.

Certain non-trading equity instruments will be classified at fair value through profit and loss or fair value through other comprehensive income with dividends recognised in net income.

The accounting policies set out below have been consistently applied to all years presented, unless otherwise stated.

## **ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**

### **Notes to the Consolidated Financial Statements for the year ended 30 June 2011**

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#### **2. Significant accounting policies (continued)**

##### **(a) Basis of consolidation**

The consolidated accounts comprise the accounts of Aspermont Limited 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 note 17 to the financial statements.

All inter-company balances and transactions between entities in the consolidated group, 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.

Non-controlling interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

In the parent entity the investments in the subsidiaries are carried at cost, less impairment.

##### *Changes in ownership interests*

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Aspermont Limited.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in the statement of comprehensive income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to the statement of comprehensive income where appropriate.

## **ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**

### **Notes to the Consolidated Financial Statements for the year ended 30 June 2011**

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#### **2. Significant accounting policies (continued)**

##### **(b) Cash and cash equivalents**

For the purpose of the statement of cash flows, cash includes:

- i. cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts; and
- ii. investments in money market instruments with less than 14 days to maturity.

##### **(c) Plant and equipment**

Each class of plant and equipment is carried at cost less accumulated depreciation and impairment.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than the estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

The depreciable amounts of all plant and equipment are depreciated on a diminishing value basis over their useful lives to the economic entity commencing from the time an asset is held ready for use.

The depreciation rates used for depreciable assets are:

| <b>Class of Fixed Asset</b> | <b>Depreciation Rate</b> |
|-----------------------------|--------------------------|
| Plant and equipment         | 13.5% - 40%              |

##### **(d) Employee benefits**

Provision is made for the company's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and annual leave, which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements. Contributions are made by the Group to employee superannuation funds and are charged as expenses when incurred.

##### **(e) Financial instruments**

###### **Recognition**

The Group recognises receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Financial assets are classified based on the objective of the Group's business model for managing the financial assets and the characteristics of the contractual cash flows.

## **ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**

### **Notes to the Consolidated Financial Statements for the year ended 30 June 2011**

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#### **2. Significant accounting policies (continued)**

##### **(e) Financial instruments (continued)**

The Group derecognises a financial asset when the contractual cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows such that substantially all the risks and rewards of ownership of the financial asset are transferred.

The Group has the following financial assets:

##### **Financial assets at fair value**

Financial assets at fair value are non-derivative financial assets.

Financial assets at fair value are measured initially at fair value which includes transaction costs directly attributable to the acquisition of the financial asset. They are measured subsequently at fair value with movements in fair value being recognised in the profit or loss, unless:

- The financial asset is an equity investment, and
- The Group has made an irrevocable election to present gains and losses on the financial asset in other comprehensive income. This election has been made on an individual equity basis.

Where the Group is unable to determine a fair value, the assets are held at cost.

Dividends from equity investments are included in the profit or loss regardless of whether the election has been made to recognise movements in fair value in other comprehensive income.

Profit or loss arising on the sale of equity investments is recognised in the profit or loss unless the election has been made to recognise fair value movements in other comprehensive income.

##### **Impairment**

Impairment losses on financial assets at fair value are recognised in profit or loss, unless the election has been made to recognise movements in fair value in other comprehensive income, in which case impairment losses are recognised in other comprehensive income.

##### **(f) Income Tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the statement of financial position date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled.

## **ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**

### **Notes to the Consolidated Financial Statements for the year ended 30 June 2011**

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#### **2. Significant accounting policies (continued)**

##### **(f) Income Tax (continued)**

Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity. Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Aspermont Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the Tax Consolidation System. Aspermont Limited is responsible for recognising the current and deferred tax assets and liabilities for the tax consolidated group. The Group notified the ATO in April 2004 that it had formed an income tax consolidated group to apply from July 2002.

##### **Tax consolidation**

Aspermont and its wholly-owned Australian subsidiaries are a tax consolidated group. As a consequence, as the head entity in the tax consolidated group, Aspermont will recognise current and deferred tax amounts relating to transactions, events and balances of the wholly-owned Australian controlled entities in the Group in future financial statements as if those transactions, events and balances were its own, in addition to the current and deferred tax balances arising in relation to its own transactions, events and balances. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

## **ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**

### **Notes to the Consolidated Financial Statements for the year ended 30 June 2011**

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#### **2. Significant accounting policies (continued)**

##### **(f) Income Tax (continued)**

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Details about any tax funding agreement are disclosed in note 6.

##### **(g) Foreign currency**

###### **Functional and Presentation Currency**

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

###### **Transaction and Balances**

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge, in which case they are included in other comprehensive income.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the gain or loss is directly recognised in comprehensive income, otherwise the exchange difference is recognised in the statement of other comprehensive income.

###### **Group Companies**

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

Assets and liabilities are translated at year-end exchange rates at that reporting date.  
Income and expenses are translated at average exchange rates for the period.

Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position through other comprehensive income. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

## **ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**

### **Notes to the Consolidated Financial Statements for the year ended 30 June 2011**

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#### **2. Significant accounting policies (continued)**

##### **(h) Investment in associates**

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (refer to note 9).

The Group's share of its associates' post-acquisition profits or losses is recognised in the statement of comprehensive income, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

##### **(i) 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. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

###### **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.

###### **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.

## ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES

### Notes to the Consolidated Financial Statements for the year ended 30 June 2011

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#### 2. Significant accounting policies (continued)

##### (i) Intangible Assets (continued)

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  |

##### (j) Subscriptions in advance

Print magazine and internet news subscriptions are received in advance for the subscription period applied for. Subscriptions received during the financial year for issues expected to be published and news services to be provided after balance date have been deferred and will be brought to account and recognised in the accounting period in which the respective magazines or news services subscribed for are published.

##### (k) Revenue and other income

Advertising and subscription revenue is brought to account and recognised in the accounting period in which the respective magazines or news sites containing the booked advertisements are published or displayed. All revenue is stated net of the amount of goods and services tax (GST).

Conference revenue is brought to account and recognised in the accounting period in which the respective event occurs. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

The company's share of profit from associated companies has been recognised in accordance with AASB 128 *Investments in Associates*.

##### (l) Impairment of assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

## **ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**

### **Notes to the Consolidated Financial Statements for the year ended 30 June 2011**

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#### **2. Significant accounting policies (continued)**

##### **(m) Leases**

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the assets (but not the legal ownership), are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised on a straight line basis over the lease term.

##### **(n) 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 statements have been rounded off to the nearest \$1,000.

##### **(o) 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.

##### **(p) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

##### **(q) Government grants**

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

##### **(r) Share-based payment transactions**

The company provides benefits to employees (including directors) whereby a component of remuneration includes the issue of share options. The cost of these transactions with employees is measured by reference to the fair value at the date at which they are granted. The cost is recognised together with a corresponding increase in equity, over the period in

## ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES

### Notes to the Consolidated Financial Statements for the year ended 30 June 2011

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#### 2. Significant accounting policies (continued)

##### (r) Share-based payment transactions (continued)

which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date).

##### (s) 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. An impairment of \$225,699 has been recognised for the year ended 30 June 2011 related to our investment in Kondinin, see note 25 for further discussion.

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 11(b).

##### (t) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in the statement of comprehensive income as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

## **ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**

### **Notes to the Consolidated Financial Statements for the year ended 30 June 2011**

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## **2. Significant accounting policies (continued)**

### **(u) 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.

#### **(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.

### **(v) Trade receivables**

Trade receivables are recognised at fair value and are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

The amount of impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

### **(w) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

### **(x) Contributed equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES****Notes to the Consolidated Financial Statements for the year ended 30 June 2011**

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**2. Significant accounting policies (continued)****(y) Accounting standards issued not yet effective**

The following standards and interpretations, which may impact the Group in the period of initial application, have been issued but are not yet effective:

| Reference | Title                                         | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Effective Date<br>Financial Years<br>Beginning |
|-----------|-----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| IFRS 10   | Consolidated Financial Statements             | Introduces certain changes to the consolidation principles, including the concept of de facto control and changes in relation to the special purpose entities. The AASB has not yet updated the Australian equivalent of IFRS 10.                                                                                                                                                                                                                                                                                                                   | 1 January 2013                                 |
| IFRS 11   | Joint Arrangements                            | Introduces certain changes to the accounting for joint arrangements. Joint arrangements will be classified as either joint operations (where parties with joint control have rights to assets and obligations for liabilities) or joint ventures (where parties with joint control have rights to the net assets of the arrangement). Joint arrangements structured as a separate vehicle will generally be treated as joint ventures and accounted for using the equity method. The AASB has not yet updated the Australian equivalent of IFRS 11. | 1 January 2013                                 |
| IFRS 13   | Fair Value Measurement                        | Establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value on the balance sheet or disclosed in the notes to the financial statements. The AASB has not yet updated the Australian equivalent of IFRS 13.                                                                                                                                                                                                                                                                                | 1 January 2013                                 |
| 2009-12   | Amendments to Australian Accounting Standards | Amends AASB 8 Operating Segments as a result of the revised AASB 124. Amends a number of standards and interpretations as a result of the annual improvements project.                                                                                                                                                                                                                                                                                                                                                                              | 1 January 2011                                 |
| AASB 124  | Related Party Disclosures                     | Revised standard. The definition of a related party is simplified to clarify its intended meaning and eliminate inconsistencies from the application of the definition.                                                                                                                                                                                                                                                                                                                                                                             | 1 January 2011                                 |
| IAS 1     | Presentation of Financial Statements          | IAS 1, amended in June 2011, introduces amendments to align the presentation items of other comprehensive income with US GAAP. When the standard is first adopted, there will be changes to the presentation of the statement of comprehensive income. However, there will be no impact on any of the amounts recognised in the financial statements.                                                                                                                                                                                               | 1 July 2013                                    |

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES****Notes to the Consolidated Financial Statements for the year ended 30 June 2011****2. Significant accounting policies (continued)****(y) Accounting standards issued not yet effective (continued)**

The expected impact on the consolidated entity of the above standards and interpretations is currently being assessed by management. A final assessment has not been made on the expected impact of these standards and interpretations, however, it is expected that there will not be any significant changes to the accounting policies of the consolidated entity.

**(z) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer who makes strategic decisions.

**3. Parent Entity Information**

The following details relate to the parent entity, Aspermont Limited, at 30 June 2011. The information presented here has been prepared using consistent accounting policies as presented in note 2.

|                                                        | <b>2011</b>    | <b>2010</b>   |
|--------------------------------------------------------|----------------|---------------|
|                                                        | <b>\$000</b>   | <b>\$000</b>  |
| Current assets                                         | 3,533          | 5,763         |
| Non-current assets                                     | 30,708         | 31,517        |
| <b>Total assets</b>                                    | <b>34,241</b>  | <b>37,280</b> |
| Current liabilities                                    | 5,197          | 5,899         |
| Non-current liabilities                                | 12,204         | 12,579        |
| <b>Total liabilities</b>                               | <b>17,401</b>  | <b>18,478</b> |
| Contributed equity                                     | 49,125         | 49,125        |
| Retained earnings/ (accumulated losses)                | (30,659)       | (29,240)      |
| Option reserve                                         | 135            | 135           |
| Other reserves                                         | (1,761)        | (1,218)       |
| <b>Total equity</b>                                    | <b>16,840</b>  | <b>18,802</b> |
| Profit/ (loss) for the year                            | (1,254)        | 461           |
| Other comprehensive income/ (loss) for the year        | (708)          | (1,187)       |
| <b>Total comprehensive income/ (loss) for the year</b> | <b>(1,962)</b> | <b>(726)</b>  |

All of the companies of the Group including the parent are a party to the ANZ loan described in note 20.

As detailed in note 24, there is a subsequent event and contingent liability in respect of compensation to related parties.

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES****Notes to the Consolidated Financial Statements for the year ended 30 June 2011****4. Revenue****Continuing operations:**

Sales revenue – subscriptions & advertising  
 Conferencing revenue

**Other income:**

Interest  
 Corporate advisory  
 Gain on sale of shares  
 Net gain in fair value of financial assets at fair value through profit or loss  
 Profit/ (loss) on sale of associate  
 Other income

| <b>Consolidated</b> |               |
|---------------------|---------------|
| <b>2011</b>         | <b>2010</b>   |
| <b>\$000</b>        | <b>\$000</b>  |
| 18,350              | 15,571        |
| 6,630               | 5,334         |
| <b>24,980</b>       | <b>20,905</b> |
| 38                  | 36            |
| -                   | 196           |
| 616                 | 1,309         |
| (2,277)             | 592           |
| -                   | (236)         |
| 122                 | 165           |
| <b>(1,501)</b>      | <b>2,062</b>  |
| <b>23,479</b>       | <b>22,967</b> |

**5. Expenses**

Profit/ (loss) before income tax includes the following specific expenses:

**(a) Expenses:**

Cost of sales  
 Bad debts written off  
 Legal costs  
 Interest expenses  
 Consulting & accounting services  
 Write-down of non-current investments to recoverable amount  
 Depreciation and amortisation of plant, equipment and intangible assets  
 Directors' fees  
 Rental expense on operating leases  
 Movement in provisions for employee entitlements  
 Superannuation

**(b) Remuneration of auditors of the parent entity for:**

Auditing or reviewing the accounts - BDO Audit (WA) Pty Ltd  
 Auditing or reviewing the accounts - BDO UK  
 Other services - technical consultation - BDO (WA) Pty Ltd  
 Other services - technical consultation - BDO UK  
 Auditing or reviewing the accounts - MSI Marsdens

| <b>Consolidated</b> |              |
|---------------------|--------------|
| <b>2011</b>         | <b>2010</b>  |
| <b>\$000</b>        | <b>\$000</b> |
| 8,851               | 8,122        |
| 40                  | 77           |
| 55                  | 64           |
| 932                 | 1,038        |
| 498                 | 687          |
| 226                 | -            |
| 480                 | 475          |
| 220                 | 241          |
| 715                 | 786          |
| (33)                | (33)         |
| 600                 | 634          |
| 64                  | 58           |
| 22                  | 23           |
| 23                  | 7            |
| 6                   | 4            |
| -                   | 43           |

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES****Notes to the Consolidated Financial Statements for the year ended 30 June 2011****6. Taxation****(a) Income tax expense/ (revenue)**

The components of tax expense/ (revenue) comprise:

|                        | <b>Consolidated</b> |              |
|------------------------|---------------------|--------------|
|                        | <b>2011</b>         | <b>2010</b>  |
|                        | <b>\$000</b>        | <b>\$000</b> |
| Current tax            | 675                 | 310          |
| Deferred tax           | (611)               | 286          |
| Prior year adjustments | -                   | 62           |
|                        | <b>64</b>           | <b>658</b>   |

The prima facie tax on profit/ (loss) before tax is reconciled to the income tax as follows:

|                                                                               |            |              |
|-------------------------------------------------------------------------------|------------|--------------|
| Profit/ (loss) from operations                                                | <b>227</b> | <b>1,734</b> |
| Income tax expense calculated at 30%                                          | 68         | 520          |
| Tax effect of permanent differences:                                          |            |              |
| Increase in income tax expense due to:                                        |            |              |
| Non-deductible expenditure                                                    | 43         | 182          |
| Prior year adjustments                                                        | -          | 62           |
| Decrease in income tax expense due to:                                        |            |              |
| Change in tax rates                                                           | (65)       | (16)         |
| Non-assessable income                                                         | 18         | (90)         |
| Income tax expense/ (benefit) attributable to profit from ordinary activities | <b>64</b>  | <b>658</b>   |
| <b>Effective tax rate</b>                                                     | <b>29%</b> | <b>38%</b>   |

**Income tax payable**

|                    |            |            |
|--------------------|------------|------------|
| Opening balance    | 298        | 411        |
| Charged to income  | 377        | (101)      |
| Currency movements | (42)       | (12)       |
|                    | <b>633</b> | <b>298</b> |

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES****Notes to the Consolidated Financial Statements for the year ended 30 June 2011****6. Taxation (continued)**

|                                                                                                            |         | <b>Consolidated</b> |              |
|------------------------------------------------------------------------------------------------------------|---------|---------------------|--------------|
|                                                                                                            |         | <b>2011</b>         | <b>2010</b>  |
|                                                                                                            |         | <b>\$000</b>        | <b>\$000</b> |
| <b>(b) Deferred tax</b>                                                                                    |         |                     |              |
| Deferred income tax at 30 June relates to the following:                                                   |         |                     |              |
| <b>Liabilities</b>                                                                                         |         |                     |              |
| Share revaluation adjustments taken directly to equity                                                     | (816)   | (493)               |              |
| Fair value gain adjustments                                                                                | 1,029   | 1,712               |              |
| Share revaluation adjustments taken in relation to business combinations                                   | 1,488   | 3,822               |              |
| Total                                                                                                      | 1,701   | 5,041               |              |
| <b>Assets</b>                                                                                              |         |                     |              |
| Provisions                                                                                                 | 171     | 190                 |              |
| Future benefit of carried forward losses                                                                   | 529     | 569                 |              |
| Other                                                                                                      | 18      | 34                  |              |
|                                                                                                            | 718     | 793                 |              |
| <b>(c) Reconciliations</b>                                                                                 |         |                     |              |
| <b>The movement in deferred tax liability for each temporary difference during the year is as follows:</b> |         |                     |              |
| Share revaluation adjustments taken directly to equity                                                     |         |                     |              |
| At 1 July 2010                                                                                             | (493)   | -                   |              |
| Net revaluations during the current period                                                                 | (323)   | (493)               |              |
| At 30 June 2011                                                                                            | (816)   | (493)               |              |
| Fair value gain adjustments                                                                                |         |                     |              |
| At 1 July 2010                                                                                             | 1,712   | 1,578               |              |
| Net revaluations during the current period                                                                 | (683)   | 134                 |              |
| At 30 June 2011                                                                                            | 1,029   | 1,712               |              |
| Other                                                                                                      |         |                     |              |
| At 1 July 2010                                                                                             | 3,822   | 3,822               |              |
| Net foreign exchange reserve adjustment during the current period                                          | (2,334) | -                   |              |
| At 30 June 2011                                                                                            | 1,488   | 3,822               |              |
| Total deferred tax liabilities                                                                             | 1,701   | 5,041               |              |

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**  
**Notes to the Consolidated Financial Statements for the year ended 30 June 2011**

**6. Taxation (continued)**

**(c) Reconciliations (continued)**

**The movement in deferred tax assets for each temporary difference during the year is as follows:**

|                                            | <b>Consolidated</b> |              |
|--------------------------------------------|---------------------|--------------|
|                                            | <b>2011</b>         | <b>2010</b>  |
|                                            | <b>\$000</b>        | <b>\$000</b> |
| Provisions                                 |                     |              |
| At 1 July 2010                             | 190                 | 238          |
| Net changes during the current period      | (19)                | (48)         |
| At 30 June 2011                            | 171                 | 190          |
| Recognition of carried forward losses      |                     |              |
| At 1 July 2010                             | 570                 | 635          |
| Net changes during the current period      | (41)                | (65)         |
| At 30 June 2011                            | 529                 | 570          |
| Other                                      |                     |              |
| At 1 July 2010                             | 34                  | 32           |
| Net revaluations during the current period | (16)                | 2            |
| At 30 June 2011                            | 18                  | 34           |
| Total deferred tax assets                  | 718                 | 793          |

**(d) Amounts recognised directly in equity**

Aggregate current and deferred tax arising in the reporting period and not recognised in the statement of comprehensive income but directly debited or credited to equity:

|                                                           |     |     |
|-----------------------------------------------------------|-----|-----|
| Net deferred tax - debited/ (credited) directly to equity | 323 | 493 |
|-----------------------------------------------------------|-----|-----|

**(e) Tax expense/ (income) relating to items of other comprehensive income**

|                          |     |     |
|--------------------------|-----|-----|
| Financial assets reserve | 323 | 493 |
|--------------------------|-----|-----|

**Tax consolidation**

Aspermont and its wholly-owned Australian subsidiaries are a tax consolidated group. The accounting policy in relation to this legislation is set out in note 2 (f).

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Aspermont Limited.

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES****Notes to the Consolidated Financial Statements for the year ended 30 June 2011****7. Receivables**

|                                      | <b>Consolidated</b> |              |
|--------------------------------------|---------------------|--------------|
|                                      | <b>2011</b>         | <b>2010</b>  |
|                                      | <b>\$000</b>        | <b>\$000</b> |
| <b>Current</b>                       |                     |              |
| Trade receivables                    | 3,728               | 2,320        |
| Allowance for impairment             | (121)               | (329)        |
| Other receivables                    | 1,556               | 1,075        |
|                                      | <b>5,163</b>        | <b>3,066</b> |
| <b>Non-Current Trade receivables</b> | <b>31</b>           | <b>-</b>     |

Information about the Group's exposure to interest rate risk and credit risk is provided in note 20.

**(a) Impaired trade receivables**

As at 30 June 2011 current trade receivables of the Group with a nominal value of \$121,000 (2010 - \$329,010) were impaired. The amount of the allowance was \$121,000 (2010 - \$329,010). The individually impaired receivables mainly relate to customers who are in unexpectedly difficult economic situations.

The ageing of these receivables is as follows:

|               | <b>Consolidated</b> |              |
|---------------|---------------------|--------------|
|               | <b>2011</b>         | <b>2010</b>  |
|               | <b>\$000</b>        | <b>\$000</b> |
| 1 to 3 months | 14                  | 57           |
| Over 3 months | 107                 | 272          |
|               | <b>121</b>          | <b>329</b>   |

Movements in the allowance for the impairment of receivables are as follows:

|                           | <b>Consolidated</b> |              |
|---------------------------|---------------------|--------------|
|                           | <b>2011</b>         | <b>2010</b>  |
|                           | <b>\$000</b>        | <b>\$000</b> |
| At 1 July                 | 329                 | 428          |
| Allowance for impairment  | 58                  | 74           |
| Foreign exchange movement | (65)                | (59)         |
| Receivables written off   | (201)               | (114)        |
|                           | <b>121</b>          | <b>329</b>   |

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES****Notes to the Consolidated Financial Statements for the year ended 30 June 2011****7. Receivables (continued)****(a) Impaired trade receivables (continued)**

The creation and release of the allowance for impaired receivables has been included in "other expenses" in the statement of comprehensive income. Amounts charged to the provision are generally written off when there is no expectation of recovering additional cash.

**(b) Past due but not impaired**

As at 30 June 2011, trade receivables of \$1,797,000 (2010: \$998,492) were past due but not impaired. The ageing analysis of these trade debtors is as follows:

**Past due but not impaired**

|               | <b>Consolidated</b> |              |
|---------------|---------------------|--------------|
|               | <b>2011</b>         | <b>2010</b>  |
|               | <b>\$000</b>        | <b>\$000</b> |
| 1 to 3 months | 1,682               | 819          |
| Over 3 months | 115                 | 179          |
|               | <b>1,797</b>        | <b>998</b>   |

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The Group does not hold any collateral in relation to these receivables.

Information about the Group's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 20.

Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivable mentioned above.

**8. Other financial assets**

|                                                                        | <b>Consolidated</b> |              |
|------------------------------------------------------------------------|---------------------|--------------|
|                                                                        | <b>2011</b>         | <b>2010</b>  |
|                                                                        | <b>\$000</b>        | <b>\$000</b> |
| <b>Current</b>                                                         |                     |              |
| Financial assets at fair value through profit or loss (i)              | 1,101               | 3,877        |
| Other                                                                  | 2                   | 10           |
|                                                                        | <b>1,103</b>        | <b>3,887</b> |
| <b>Non – current</b>                                                   |                     |              |
| Financial assets at fair value through other comprehensive income (i)  | 1,343               | 2,057        |
| Financial assets at fair value through other comprehensive income (ii) | 185                 |              |
| Financial assets at cost through other comprehensive income (iii)      | 323                 | 675          |
| Other                                                                  | 25                  | 25           |
|                                                                        | <b>1,876</b>        | <b>2,757</b> |

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**  
**Notes to the Consolidated Financial Statements for the year ended 30 June 2011**

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**8. Other financial assets (continued)**

(i) Fair value measurements were obtained using quoted prices (unadjusted) in active markets for identical assets. (Level 1)

(ii) Fair value measurements were obtained using inputs other than quoted prices that are observable for the asset either directly (as prices) or indirectly (derived from prices). (Level 2)

(iii) Measurements are based on the purchase cost of the investments and therefore not on observable market data. (Level 3)

In 2011 the former EnviroEnergy Resources Ltd was restructured and renamed Powerhouse Energy Group Plc which was listed on the United Kingdom's AIM marketplace. In 2011 Water Resources Group Limited was listed on the ASX marketplace. These investments were thus reclassified to the Level 1 category.

Gains or losses on unlisted investments, wherein an irrevocable election has been made to recognise fair value changes in other comprehensive income, are recognised as a separate component of equity. Other gains or losses have been included in the profit or loss.

Information about the Group's exposure to price risk is provided in note 20.

**Equity instruments measured at fair value through other comprehensive income**

The Group has classified most of its investments as fair value through other comprehensive income because they are investments that the Group intends to hold for the longer term. New Guineas Energy Limited is the only significant investment where the fair value is classified through profit or loss.

Equity investments held at year-end:

|                                                                   | <b>Consolidated</b> |
|-------------------------------------------------------------------|---------------------|
|                                                                   | <b>2011</b>         |
|                                                                   | <b>\$000</b>        |
| <b>Fair Value</b>                                                 |                     |
| New Guinea Energy Limited                                         | 1,077               |
| Water Resources Group Ltd                                         | 711                 |
| Advent Energy Ltd                                                 | 100                 |
| Powerhouse Energy Group Plc (formerly EnviroEnergy Resources Ltd) | 632                 |
| Private Media Group Pty Ltd                                       | 85                  |
| Other                                                             | 26                  |
|                                                                   | <b>2,631</b>        |
| <b>Cost</b>                                                       |                     |
| Magyar Mining Ltd                                                 | 323                 |
|                                                                   | <b>323</b>          |

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES****Notes to the Consolidated Financial Statements for the year ended 30 June 2011****9. Investments accounted for using the equity method****(a) Movements in carrying amounts**

|                                                        | <b>Consolidated</b> |              |
|--------------------------------------------------------|---------------------|--------------|
|                                                        | <b>2011</b>         | <b>2010</b>  |
|                                                        | <b>\$000</b>        | <b>\$000</b> |
| Carrying amount at the beginning of the financial year | 1,783               | 2,526        |
| Acquisition of associates during the year              | 63                  | 1,473        |
| Sale of associates during the year                     | -                   | (2,482)      |
| Associates becoming a subsidiary during the year       | (1,430)             | -            |
| Dividends received                                     | (24)                | (40)         |
| Share of profits after income tax                      | (63)                | 306          |
| Carrying amount at the end of the financial year       | <b>329</b>          | <b>1,783</b> |

**(b) Summarised financial information of associates**

The Group's share of the results of its principal associates and its aggregated assets (including goodwill) and liabilities are as follows:

| 2011                                     | Ownership Interest | Assets       | Liabilities  | Revenues     | Profit/(Loss) |
|------------------------------------------|--------------------|--------------|--------------|--------------|---------------|
|                                          |                    | <b>\$000</b> | <b>\$000</b> | <b>\$000</b> | <b>\$000</b>  |
| WME Media Pty Ltd                        | 30%                | 441          | 112          | 401          | (19)          |
| Kondinin Information Services Pty Ltd ** | 30%                | -            | -            | 558          | (44)          |
|                                          |                    | <b>441</b>   | <b>112</b>   | <b>959</b>   | <b>(63)</b>   |

| 2010                                  | Ownership Interest | Assets       | Liabilities  | Revenues     | Profit/(Loss) |
|---------------------------------------|--------------------|--------------|--------------|--------------|---------------|
|                                       |                    | <b>\$000</b> | <b>\$000</b> | <b>\$000</b> | <b>\$000</b>  |
| WME Media Pty Ltd                     | 30%                | 488          | 116          | 372          | 28            |
| Kondinin Information Services Pty Ltd | 30%                | 1,799        | 388          | 680          | (63)          |
| Tonkin Corporation *                  | 49%                | -            | -            | 2,769        | 341           |
|                                       |                    | <b>2,287</b> | <b>504</b>   | <b>3,821</b> | <b>306</b>    |

All of the above associates are incorporated in Australia.

\* Tonkin Corporation purchased Aspermont's 49% share in May 2010.

\*\* The Company became the sole shareholder of Kondinin Information Services in January 2011, see note 25.

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES****Notes to the Consolidated Financial Statements for the year ended 30 June 2011**

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**10. Plant and equipment**

|                                         | <b>Consolidated</b> |              |
|-----------------------------------------|---------------------|--------------|
|                                         | <b>2011</b>         | <b>2010</b>  |
|                                         | <b>\$000</b>        | <b>\$000</b> |
| Plant and equipment – at cost           | 1,616               | 1,388        |
| Accumulated depreciation                | (1,301)             | (1,149)      |
|                                         | <b>315</b>          | <b>239</b>   |
| Equipment under finance lease – at cost | 237                 | 237          |
| Accumulated depreciation                | (161)               | (138)        |
|                                         | <b>76</b>           | <b>99</b>    |
| Total plant and equipment               | <b>391</b>          | <b>338</b>   |

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES****Notes to the Consolidated Financial Statements for the year ended 30 June 2011****10. Plant and equipment (continued)****(a) Movements in carrying amounts**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

| <b>Consolidated</b>             | <b>Plant and<br/>equipment<br/>\$000</b> | <b>Leased plant &amp;<br/>equipment<br/>\$000</b> | <b>Software<br/>\$000</b> | <b>Total<br/>\$000</b> |
|---------------------------------|------------------------------------------|---------------------------------------------------|---------------------------|------------------------|
| <b>Gross carrying amount</b>    |                                          |                                                   |                           |                        |
| <b>Balance at 1 July 2009</b>   | 1,403                                    | 237                                               | 1,875                     | 3,515                  |
| Additions                       | 24                                       | -                                                 | -                         | 24                     |
| Currency movements              | (39)                                     | -                                                 | -                         | (39)                   |
| Reclassified                    | -                                        | -                                                 | (1,875)                   | (1,875)                |
| <b>Balance at 30 June 2010</b>  | 1,388                                    | 237                                               | -                         | 1,625                  |
| Additions                       | 162                                      | -                                                 | -                         | 162                    |
| Currency movements              | (11)                                     | -                                                 | -                         | (11)                   |
| Acquisition of subsidiary       | 143                                      | -                                                 | -                         | 143                    |
| Disposals                       | (66)                                     | -                                                 | -                         | (66)                   |
| <b>Balance at 30 June 2011</b>  | 1,616                                    | 237                                               | -                         | 1,853                  |
| <b>Accumulated depreciation</b> |                                          |                                                   |                           |                        |
| <b>Balance at 1 July 2009</b>   | (1,082)                                  | (106)                                             | (964)                     | (2,152)                |
| Depreciation expense            | (106)                                    | (32)                                              | -                         | (138)                  |
| Currency movements              | 39                                       | -                                                 | -                         | 39                     |
| Reclassified                    | -                                        | -                                                 | 964                       | 964                    |
| <b>Balance at 30 June 2010</b>  | (1,149)                                  | (138)                                             | (0)                       | (1,287)                |
| Depreciation expense            | (98)                                     | (23)                                              | -                         | (121)                  |
| Currency movements              | (9)                                      | -                                                 | -                         | (9)                    |
| Acquisition of subsidiary       | (61)                                     | -                                                 | -                         | (61)                   |
| Disposals                       | 16                                       | -                                                 | -                         | 16                     |
| <b>Balance at 30 June 2011</b>  | (1,301)                                  | (161)                                             | (0)                       | (1,462)                |
| <b>Net book value</b>           |                                          |                                                   |                           |                        |
| As at 30 June 2010              | 239                                      | 99                                                | (0)                       | 338                    |
| As at 30 June 2011              | 315                                      | 76                                                | (0)                       | 391                    |

**(b) Leased plant and equipment**

The parent entity leases assets under a number of finance lease agreements. At 30 June 2011, the net carrying amount of leased plant and equipment was \$75,614 (2010: \$98,861). The leased equipment secures lease obligations.

# ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES

## Notes to the Consolidated Financial Statements for the year ended 30 June 2011

### 11. Intangible assets

|                                   | Consolidated  |               |
|-----------------------------------|---------------|---------------|
|                                   | 2011<br>\$000 | 2010<br>\$000 |
| Goodwill on acquisition           | 16,262        | 16,262        |
| Software                          | 1,063         | 1,053         |
| Purchased mastheads               | 12,284        | 12,284        |
| Other *                           | 3,870         | 2,781         |
| Foreign exchange reserve movement | (7,877)       | -             |
|                                   | <u>25,602</u> | <u>32,380</u> |

\* The net movement after amortisation in other intangible assets of \$1,089 is a result of the Company becoming the sole shareholder of Kondinin Information Services Pty Ltd in January 2011 - refer to note 25.

#### (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.

|                                | 2011<br>Australia<br>\$000 | 2011<br>UK<br>\$000 | Total<br>\$000 | 2010<br>Australia<br>\$000 | 2010<br>UK<br>\$000 | Total<br>\$000 |
|--------------------------------|----------------------------|---------------------|----------------|----------------------------|---------------------|----------------|
| <b>Goodwill</b>                |                            |                     |                |                            |                     |                |
| Conferencing                   | 144                        | -                   | 144            | 144                        | -                   | 144            |
| Publishing (print & online)    | 13,057                     | 3,061               | 16,118         | 13,057                     | 3,061               | 16,118         |
| Foreign exchange reserve       | (3,901)                    | (935)               | (4,836)        |                            |                     |                |
|                                | <u>9,300</u>               | <u>2,126</u>        | <u>11,426</u>  | <u>13,201</u>              | <u>3,061</u>        | <u>16,262</u>  |
| <b>Software</b>                |                            |                     |                |                            |                     |                |
| Cost                           | 2,575                      | 28                  | 2,603          | 2,320                      | -                   | 2,320          |
| Accumulated amortisation       | (1,512)                    | (28)                | (1,540)        | (1,267)                    | -                   | (1,267)        |
|                                | <u>1,063</u>               | <u>(0)</u>          | <u>1,063</u>   | <u>1,053</u>               | <u>-</u>            | <u>1,053</u>   |
| <b>Purchased mastheads</b>     |                            |                     |                |                            |                     |                |
| Mastheads (print & online)     | 2,324                      | 9,960               | 12,284         | 2,324                      | 9,960               | 12,284         |
| Foreign exchange reserve       | -                          | (3,041)             | (3,041)        | -                          | -                   | -              |
|                                | <u>2,324</u>               | <u>6,919</u>        | <u>9,243</u>   | <u>2,324</u>               | <u>9,960</u>        | <u>12,284</u>  |
| <b>Other Intangible Assets</b> |                            |                     |                |                            |                     |                |
| Acquired intangible assets     | 1,175                      | -                   | 1,175          | -                          | -                   | -              |
| Accumulated amortisation       | (86)                       | -                   | (86)           | -                          | -                   | -              |
| Other                          | -                          | 2,781               | 2,781          | -                          | 2,781               | 2,781          |
|                                | <u>1,089</u>               | <u>2,781</u>        | <u>3,870</u>   | <u>-</u>                   | <u>2,781</u>        | <u>2,781</u>   |
| <b>Total Intangible Assets</b> | <u>13,776</u>              | <u>11,826</u>       | <u>25,602</u>  | <u>16,578</u>              | <u>15,802</u>       | <u>32,380</u>  |

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES****Notes to the Consolidated Financial Statements for the year ended 30 June 2011****11. Intangible assets (continued)****(b) Key assumptions used for value-in-use calculations**

|                                         | <b>2011<br/>Growth<br/>rate *</b> | <b>2011<br/>Discount rate</b> | <b>2010<br/>Growth<br/>rate *</b> | <b>2010<br/>Discount<br/>rate</b> |
|-----------------------------------------|-----------------------------------|-------------------------------|-----------------------------------|-----------------------------------|
| Conferencing                            | 10%                               | 11%                           | 10%                               | 10%                               |
| Publishing (print & online) - UK        | 10%                               | 11%                           | 10%                               | 10%                               |
| Publishing (print & online) - Australia | 10%                               | 12%                           | 10%                               | 11%                               |

\* The average growth rate used to extrapolate revenue cash flows. The average growth rate for expenses was 3%.

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 demonstrates that an increase in the discount rate applied of up to 300 basis points would not have any impact on the carrying value of the intangible assets.

**(d) Impairment charge**

The Company incurred an impairment charge of \$225,699 as a result of becoming the sole shareholder of Kondinin Information Services Pty Ltd (2010: nil).

**12. Trade and other payables**

|                                                    | <b>Consolidated</b> |              |
|----------------------------------------------------|---------------------|--------------|
|                                                    | <b>2011</b>         | <b>2010</b>  |
|                                                    | <b>\$000</b>        | <b>\$000</b> |
| <b>Current</b>                                     |                     |              |
| <b>Unsecured Liabilities</b>                       |                     |              |
| Trade payables                                     | 1,094               | 865          |
| Sundry creditors and accrued expenses              | 2,978               | 2,546        |
| Annual leave payable                               | 395                 | 366          |
| Dividends payable to related parties (see note 19) | 233                 | 241          |
|                                                    | <b>4,700</b>        | <b>4,018</b> |

Information about the Groups' exposure to risk is provided in note 20.

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES****Notes to the Consolidated Financial Statements for the year ended 30 June 2011****13. Income in advance**

|                          | <b>Consolidated</b> |              |
|--------------------------|---------------------|--------------|
|                          | <b>2011</b>         | <b>2010</b>  |
|                          | <b>\$000</b>        | <b>\$000</b> |
| Opening balance          | 2,823               | 2,188        |
| Movement during the year | 2,303               | 635          |
|                          | <b>5,126</b>        | <b>2,823</b> |

Income in advance relates to subscription, advertising and event revenue received prior to services rendered.

**14. Borrowings**

|                                          | <b>Consolidated</b> |              |
|------------------------------------------|---------------------|--------------|
|                                          | <b>2011</b>         | <b>2010</b>  |
|                                          | <b>\$000</b>        | <b>\$000</b> |
| <b>Current</b>                           |                     |              |
| Finance lease liability                  | 26                  | 25           |
| Secured loans from bank                  | 1,250               | 2,100        |
|                                          | <b>1,276</b>        | <b>2,125</b> |
| <b>Non - Current</b>                     |                     |              |
| <b>Unsecured Liabilities</b>             |                     |              |
| Loans from related parties (see note 19) | 3,035               | 3,155        |
| <b>Secured Liabilities</b>               |                     |              |
| Finance lease liability                  | 189                 | 233          |
| Secured loans from bank                  | 4,625               | 5,400        |
|                                          | <b>7,849</b>        | <b>8,788</b> |

- a) The carrying amount of the Group's current and non-current borrowings approximates the fair value.
- b) 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) The external party loan 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 31 December 2011 with the principal to be fully repaid by this time. At the date of this report the company was compliant with its banking and loan facility covenants.
- e) Information about the Groups' exposure to interest rate risk is provided in note 20.

**15. Provisions**

|                                 | <b>2011</b>  | <b>2010</b>  |
|---------------------------------|--------------|--------------|
|                                 | <b>\$000</b> | <b>\$000</b> |
| <b>Non - Current</b>            |              |              |
| Long service leave entitlements | 171          | 159          |

# ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES

## Notes to the Consolidated Financial Statements for the year ended 30 June 2011

### 16. Issued capital

|                                                                                                   | Consolidated  |               |
|---------------------------------------------------------------------------------------------------|---------------|---------------|
|                                                                                                   | 2011<br>\$000 | 2010<br>\$000 |
| 236,710,493 fully paid ordinary shares<br>(2010: 236,710,493)                                     | 49,125        | 49,125        |
| <b>(a) Ordinary shares</b>                                                                        |               |               |
| At the beginning of the reporting period                                                          | 49,125        | 46,285        |
| Shares issued during the year:                                                                    |               |               |
| 19,351,984 fully paid ordinary shares issued as part of the rights issue<br>and private placement | -             | 2,903         |
| Transaction costs                                                                                 | -             | (63)          |
| At reporting date                                                                                 | <b>49,125</b> | <b>49,125</b> |

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

### (b) Options

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

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

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

The table below is a summary of options granted under the plan:

| Grant Date                                   | Expiry Date | Exercise Price | Balance at start of the year<br>Number | Granted during the year<br>Number | Exercised during the year<br>Number | Forfeited during the year<br>Number | Balance at end of the year<br>Number | Vested and exercisable at end of the year<br>Number |
|----------------------------------------------|-------------|----------------|----------------------------------------|-----------------------------------|-------------------------------------|-------------------------------------|--------------------------------------|-----------------------------------------------------|
| <b>Consolidated and parent entity - 2011</b> |             |                |                                        |                                   |                                     |                                     |                                      |                                                     |
| 01-Oct-05                                    | 30-Sep-10   | 22.5c          | 1,000,000                              | -                                 | -                                   | 1,000,000                           | -                                    | -                                                   |
|                                              |             |                | 1,000,000                              | -                                 | -                                   | 1,000,000                           | -                                    | -                                                   |

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES****Notes to the Consolidated Financial Statements for the year ended 30 June 2011****16. Issued capital (continued)****(b) Options (continued)**

| Grant Date                                   | Expiry Date | Exercise Price | Balance at start of the year Number | Granted during the year Number | Exercised during the year Number | Lapsed during the year Number | Balance at end of the year Number | vested and exercisable at end of the year Number |
|----------------------------------------------|-------------|----------------|-------------------------------------|--------------------------------|----------------------------------|-------------------------------|-----------------------------------|--------------------------------------------------|
| <b>Consolidated and parent entity - 2010</b> |             |                |                                     |                                |                                  |                               |                                   |                                                  |
| 01-Jul-05                                    | 30-Jun-10   | 22.5c          | 9,000,000                           | -                              | -                                | 9,000,000                     | -                                 | -                                                |
| 01-Oct-05                                    | 30-Sep-10   | 22.5c          | 1,000,000                           | -                              | -                                | -                             | 1,000,000                         | 1,000,000                                        |
| 23-Aug-06                                    | 23-Aug-09   | 22.5c          | 750,000                             | -                              | -                                | 750,000                       | -                                 | -                                                |
| 02-Mar-07                                    | 02-Mar-10   | 45.0c          | 150,000                             | -                              | -                                | 150,000                       | -                                 | -                                                |
| 22-Aug-07                                    | 22-Aug-10   | 50.0c          | 500,000                             | -                              | -                                | 500,000                       | -                                 | -                                                |
|                                              |             |                | 11,400,000                          | -                              | -                                | 10,400,000                    | 1,000,000                         | 1,000,000                                        |

**(c) Reserves**

The nature and purpose of the reserves are as follows:

**Share based reserve**

The share-based payments reserve is used to recognise the grant date fair value of options issued to employees but not yet exercised.

**Currency translation reserve**

Exchange differences arising on translation of the foreign controlled entity are taken to the currency translation reserve, as described in note 2. The current year reserve includes a \$6.7 million adjustment related to goodwill and masthead intangible assets and related deferred tax liabilities denominated in British Pound Sterling which has declined in value against the Australian dollar. The reserve is recognised in profit or loss when the net investment is disposed of.

**Financial assets reserve**

The financial assets reserve recognises the gains and losses in fair value for those financial assets not held for trading and wherein an irrevocable election has been made to recognise fair value changes in other comprehensive income.

**Asset revaluation reserve**

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in note 2.

**Capital profits reserve**

The capital profits reserve arose from the consolidation of business interests in 2001.

**(d) Capital risk management**

The Group's and parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES****Notes to the Consolidated Financial Statements for the year ended 30 June 2011****16. Issued capital (continued)****(d) Capital risk management (continued)**

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt (borrowings and trade and other payables less cash and cash equivalents) divided by total capital (equity).

The gearing ratios at 30 June 2011 and 2010 were as follows:

|                                 | <b>Consolidated</b> |               |
|---------------------------------|---------------------|---------------|
|                                 | <b>2011</b>         | <b>2010</b>   |
|                                 | <b>\$000</b>        | <b>\$000</b>  |
| Total borrowings                | 13,825              | 14,931        |
| Less: cash and cash equivalents | (2,718)             | (774)         |
| Net debt                        | 11,107              | 14,157        |
| Total equity                    | 15,308              | 22,526        |
| Total capital                   | <b>26,415</b>       | <b>36,683</b> |
| Gearing ratio                   | <b>42%</b>          | <b>39%</b>    |

**17. Particulars in relation to controlled entities**

| <b>Name of entity</b>                           | <b>Place of Incorp.</b> | <b>Class of share</b> | <b>Economic Entity Interest</b> |             |
|-------------------------------------------------|-------------------------|-----------------------|---------------------------------|-------------|
|                                                 |                         |                       | <b>2011</b>                     | <b>2010</b> |
|                                                 |                         |                       | <b>%</b>                        | <b>%</b>    |
| <b>Parent entity:</b>                           |                         |                       |                                 |             |
| Aspermont Limited                               | NSW                     |                       |                                 |             |
| <b>Controlled entities:</b>                     |                         |                       |                                 |             |
| International Laser Finance Pty Ltd *           | NSW                     | Ord                   | 100                             | 100         |
| Financial & Intellectual Capital Ltd *          | VIC                     | Ord                   | 100                             | 100         |
| Aspermont Investments Pty Ltd *                 | NSW                     | Ord                   | 100                             | 100         |
| International Intellectual Capital Ltd *        | NSW                     | Ord                   | 100                             | 100         |
| Long Term Intellectual Capital Pty Ltd *        | NSW                     | Ord                   | 100                             | 100         |
| N & K Technology Investments Pty Ltd *          | VIC                     | Ord                   | 100                             | 100         |
| Regal Focus Pty Ltd *                           | WA                      | Ord                   | 100                             | 100         |
| Resourceful Events Pty Ltd                      | NSW                     | Ord                   | 100                             | 100         |
| Corporate Intelligence & Communications Pty Ltd | WA                      | Ord                   | 100                             | 100         |
| Aspermont UK Limited                            | UK                      | Ord                   | 100                             | 100         |
| The Mining Journal Limited *                    | UK                      | Ord                   | 100                             | 100         |
| Mining Journal Books Limited *                  | UK                      | Ord                   | 100                             | 100         |
| Kondinin Information Services Pty Ltd           | WA                      | Ord                   | 100                             | 30          |

\* The investments in these non-trading subsidiary companies have been provided for in full and are written down to nil.

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES****Notes to the Consolidated Financial Statements for the year ended 30 June 2011****18. Cash flow information**

|                                                                                                                                                         | <b>Consolidated</b> |              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|--------------|
|                                                                                                                                                         | <b>2011</b>         | <b>2010</b>  |
|                                                                                                                                                         | <b>\$000</b>        | <b>\$000</b> |
| <b>(a) Reconciliation of cash and cash equivalents</b>                                                                                                  |                     |              |
| 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                                                                                                                             | 2,718               | 774          |
|                                                                                                                                                         | <b>2,718</b>        | <b>774</b>   |
| <b>(b) Reconciliation of operating profit/ (loss) after tax to net cash provided by operating activities</b>                                            |                     |              |
| Profit/ (loss) after income tax                                                                                                                         | 163                 | 1,076        |
| <b>Non-cash flows in profit/ (loss)</b>                                                                                                                 |                     |              |
| Profit on sale of non current assets                                                                                                                    | (616)               | (1,072)      |
| Depreciation                                                                                                                                            | 480                 | 475          |
| Write-downs to recoverable amount                                                                                                                       | 263                 | -            |
| Share of (profit)/ loss of associates net of dividends received                                                                                         | 63                  | (306)        |
| Shares consideration received                                                                                                                           | -                   | (48)         |
| Net liabilities from acquisition excluding cash                                                                                                         | (429)               | -            |
| Exchange rate movements                                                                                                                                 | 1,134               | (26)         |
| Unrealised gains on investments                                                                                                                         | 2,277               | (592)        |
| <b>Change in assets and liabilities:</b>                                                                                                                |                     |              |
| (Increase) decrease in accounts receivable                                                                                                              | (2,128)             | (542)        |
| (Decrease) increase in creditors & accruals                                                                                                             | 803                 | (384)        |
| (Decrease) increase in unearned revenue                                                                                                                 | 2,303               | 311          |
| Increase (decrease) in provisions current                                                                                                               | (121)               | (24)         |
| Increase (decrease) in provisions non-current                                                                                                           | 12                  | 14           |
| Increase (decrease) in income taxes payable                                                                                                             | 335                 | 44           |
| Increase (decrease) in deferred taxes payable                                                                                                           | (2,098)             | 208          |
| <b>Net cash provided/ (used in) operating activities</b>                                                                                                | <b>2,441</b>        | <b>(866)</b> |

Non-cash financing for the year included \$18,353 (2010: \$520,000) of investment securities provided to directors to offset loans outstanding to the Group - as described in note 19.

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES****Notes to the Consolidated Financial Statements for the year ended 30 June 2011****19. Key management personnel & related parties disclosures**

- (a) The following were key management personnel of the consolidated entity during the reporting period and unless otherwise indicated were employed by the parent entity:

**Directors**

|                |                                                        |
|----------------|--------------------------------------------------------|
| Mr. A.L. Kent  | Chairman and Executive Director                        |
| Mr. L.G. Cross | Non-Executive Director                                 |
| Mr. J. Stark   | Non-Executive Director                                 |
| Mr. C. O'Brien | Chief Executive Officer (Group) and Executive Director |
| Mr. D. Nizol   | Chief Executive Officer (UK) and Executive Director    |
| Mr. C. Nader   | Non-Executive Director                                 |

**Executives**

|                 |                                             |
|-----------------|---------------------------------------------|
| Mr. J. Detwiler | Chief Financial Officer & Company Secretary |
| Ms. T Seeney    | General Manager                             |
| Mr. M. Davies   | Group Strategy and Consulting               |

**(b) Key management personnel compensation**

|                              | <b>Consolidated</b> |              |
|------------------------------|---------------------|--------------|
|                              | <b>2011</b>         | <b>2010</b>  |
|                              | <b>\$000</b>        | <b>\$000</b> |
| Short-term employee benefits | 2,129               | 1,523        |
| Post-employment benefits     | 104                 | 99           |
|                              | <b>2,233</b>        | <b>1,622</b> |

Detailed remuneration disclosures are provided in the audited remuneration report on pages 11 to 16 of the Directors' Report.

**(c) Options and rights holdings held by directors and executives**

The numbers of options over ordinary shares in the company held during the financial year by each director and other key management personnel, including their personally related parties, are set out below:

| <b>2011</b>                            | <b>Balance<br/>1/07/2010</b> | <b>Received as<br/>Remuneration</b> | <b>Exercised</b> | <b>Expired</b> | <b>Balance<br/>30/06/2011</b> |
|----------------------------------------|------------------------------|-------------------------------------|------------------|----------------|-------------------------------|
| <b>Directors</b>                       |                              |                                     |                  |                |                               |
| Mr. A.L. Kent and beneficial interests | 1,000,000                    | -                                   | -                | (1,000,000)    | -                             |

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**
**Notes to the Consolidated Financial Statements for the year ended 30 June 2011**
**19. Key management personnel & related parties disclosures (continued)**

| <b>2010</b>                            | <b>Balance<br/>1/07/2009</b> | <b>Received as<br/>Remuneration</b> | <b>Exercised</b> | <b>Expired</b> | <b>Balance<br/>30/06/2010</b> |
|----------------------------------------|------------------------------|-------------------------------------|------------------|----------------|-------------------------------|
| <b>Directors</b>                       |                              |                                     |                  |                |                               |
| Mr. C.J. O'Brien                       | 9,000,000                    | -                                   | -                | (9,000,000)    | -                             |
| Mr. A.L. Kent and beneficial interests | 1,000,000                    | -                                   | -                | -              | 1,000,000                     |
| <b>Executives</b>                      |                              |                                     |                  |                |                               |
| Mr. H. Thong                           | 500,000                      | -                                   | -                | (500,000)      | -                             |

**(d) Number of shares held by directors and executives**

The number of shares in the company held during the financial year by each director and other key management personnel, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

| <b>2011</b>                             | <b>Balance<br/>1/07/2010</b> | <b>Net Change<br/>purchased or<br/>(sold)</b> | <b>Balance<br/>30/06/2011</b> |
|-----------------------------------------|------------------------------|-----------------------------------------------|-------------------------------|
| <b>Directors</b>                        |                              |                                               |                               |
| Mr. A.L. Kent and beneficial interests  | 116,925,000                  |                                               | 116,925,000                   |
| Mr. J. Stark and beneficial interests   | 24,695,000                   |                                               | 24,695,000                    |
| Mr. L.G. Cross and beneficial interests | 1,700,000                    |                                               | 1,700,000                     |
| Mr. C. O'Brien and beneficial interests | 1,575,417                    |                                               | 1,575,417                     |
| Mr. D. Nizol and beneficial interests   | 1,700,603                    |                                               | 1,700,603                     |
| <b>Executives</b>                       |                              |                                               |                               |
| Mr. C. Bond and beneficial interests    | 500,000                      |                                               | 500,000                       |
| Mr. M. Davies and beneficial interests  | 22,605                       |                                               | 22,605                        |

| <b>2010</b>                             | <b>Balance<br/>1/07/2009</b> | <b>Net Change<br/>purchased or<br/>(sold)</b> | <b>Balance<br/>30/06/2010</b> |
|-----------------------------------------|------------------------------|-----------------------------------------------|-------------------------------|
| <b>Directors</b>                        |                              |                                               |                               |
| Mr. A.L. Kent and beneficial interests  | 110,100,000                  | 6,825,000                                     | 116,925,000                   |
| Mr. J. Stark and beneficial interests   | 23,169,943                   | 1,525,057                                     | 24,695,000                    |
| Mr. L.G. Cross and beneficial interests | 1,600,000                    | 100,000                                       | 1,700,000                     |
| Mr. C. O'Brien and beneficial interests | 1,500,000                    | 75,417                                        | 1,575,417                     |
| Mr. D. Nizol and beneficial interests   | 1,600,567                    | 100,036                                       | 1,700,603                     |
| <b>Executives</b>                       |                              |                                               |                               |
| Mr. C. Bond and beneficial interests    | 500,000                      |                                               | 500,000                       |
| Mr. M. Davies and beneficial interests  | 21,275                       | 1,330                                         | 22,605                        |

**(e) Transactions with key management personnel**

Transactions between key management personnel are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES****Notes to the Consolidated Financial Statements for the year ended 30 June 2011****19. Key management personnel disclosures (continued)****(f) Liabilities and loans from director related entities**

Liabilities to related parties are set out below. These include unclaimed dividends and loans to related parties at interest of 9.5%. Repayment of related party loans is subordinated to the secured loans from bank.

|                   | <b>Consolidated</b> |                |
|-------------------|---------------------|----------------|
|                   | <b>2011</b>         | <b>2010</b>    |
|                   | <b>\$000</b>        | <b>\$000</b>   |
| Beginning of year | (3,396)             | (2,851)        |
| Loans received    | -                   | (759)          |
| Repayments        | 477                 | 572            |
| Interest charged  | (349)               | (358)          |
| End of year       | <u>(3,268)</u>      | <u>(3,396)</u> |

**(g) Other transactions**

The following fees were paid based on normal commercial rates for work performed:

Payment to Ileveter Pty Ltd associated with a director, Mr. A.L. Kent, for office accommodation.

|  | <b>Consolidated</b> |              |
|--|---------------------|--------------|
|  | <b>2011</b>         | <b>2010</b>  |
|  | <b>\$000</b>        | <b>\$000</b> |
|  | 462                 | 436          |

The company re-entered into an office lease agreement with Ileveter Pty Ltd, a company associated with Mr. A.L. Kent, on 31 March 2009. The three year term of the lease is within normal commercial rates and were determined by independent valuers and approved by the independent directors.

**(h) Events subsequent to balance date – contingent liability**

In September 2010 the Board of Directors of Aspermont Limited formed an independent committee to address a request for compensation that came from two members of the board, Mr. Andrew Kent and Mr. John Stark.

In July 2011 the independent committee reached an agreement to pay Mr. Kent and Mr. Stark \$0.6 million each as an in-globo settlement of all claims, subject to shareholder approval in the upcoming annual general meeting. These amounts have not been brought to account in these financial reports. See note 24 for a summary of this matter.

## **ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**

### **Notes to the Consolidated Financial Statements for the year ended 30 June 2011**

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#### **20. Financial risk management**

In the normal course of its operations, the consolidated entity is exposed to a variety of financial risks, including market risk, credit risk and liquidity risk.

The consolidated entity's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the business. The consolidated entity does not use derivative financial instruments such as foreign exchange contracts to hedge certain risk exposures. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by the management team within the parameters thought prudent by the Audit & Risk Committee of the Board.

##### **(a) Market risk**

###### **(i) Foreign exchange risk**

The consolidated entity operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United Kingdom pound and to a lesser extent the US dollar and the Euro.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the consolidated entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The consolidated entity has approximately half of its revenues and business activities in United Kingdom pound functional currency entities. The remaining half is in Australian dollar functional currencies. Both the United Kingdom and Australian operations have small amounts of US dollar and Euro revenue and expense transactions in their operations. The United Kingdom pound results are then translated into the Australian dollar for consolidated reporting in Australian dollars.

Management has instituted a policy requiring group companies to manage their foreign exchange risk against their functional currency. The Group companies are required to bring significant foreign currency transactions to the attention of the central finance function for evaluation, if they occur.

At 30 June 2011, had the Australian dollar weakened/strengthened by 10% against the United Kingdom pound with all other variables held constant, post-tax profit for the year would have been \$177,000 higher/lower (2010: \$73,000 higher/lower), mainly as a result of the change in value of the net income earned by entities in the Group with the United Kingdom pound as their functional currency.

Equity would have been \$1,930,000 higher/lower (2010: \$2,476,000 higher/lower) had the Australian dollar weakened/ strengthened by 10% against the United Kingdom pound arising mainly as a result of the change in value of the net equity of entities in the Group with the United Kingdom pound as their functional currency.

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES****Notes to the Consolidated Financial Statements for the year ended 30 June 2011****20. Financial risk management (continued)**

The consolidated entity has revenues and resulting trade and other receivables in non-functional currencies as follows:

|                             | <b>USD</b>   | <b>EUR</b>   | <b>USD</b>   | <b>EUR</b>   |
|-----------------------------|--------------|--------------|--------------|--------------|
|                             | <b>2011</b>  | <b>2011</b>  | <b>2010</b>  | <b>2010</b>  |
|                             | <b>\$000</b> | <b>\$000</b> | <b>\$000</b> | <b>\$000</b> |
| <b>Financial assets</b>     |              |              |              |              |
| Trade and other receivables | 282          | 92           | 217          | 92           |
|                             | <b>282</b>   | <b>92</b>    | <b>217</b>   | <b>92</b>    |

Based on the financial instruments held by the consolidated entity as at the reporting date, the sensitivity of the consolidated entity's profit/(loss) after tax for the year and equity at the reporting date to movements in the Australian dollar to US dollar and Australian dollar to Euro exchange rates was:

- Had the Australian dollar weakened/strengthened by 5% against the US dollar with all other variables remaining constant, the consolidated entity's profit after tax would have been \$85,000 lower/higher (2010: \$92,000 lower/higher).
- Had the Australian dollar weakened/strengthened by 5% against the Euro with all other variables remaining constant, the consolidated entity's profit after tax would have been \$27,000 lower/higher (2010: \$39,000 lower/higher).

**(ii) Equity price risk**

The consolidated entity is exposed to equity securities price risk arising from investments classified on the statement of financial position as financial assets measured at fair value. Investments in equity securities are approved by the Board on a case-by-case basis.

The table below illustrates the potential financial impact of changes in equity securities price for the parent entity's major holdings. Changes in market valuation from balance sheet date to balance sheet date are reflected in other income or in other comprehensive income in the statement of comprehensive income for the year.

| <b>Major Listed Equities</b>             | <b>Valuation at<br/>30 June<br/>2011<br/>\$000</b> | <b>Valuation at<br/>12 month<br/>low<br/>2011<br/>\$000</b> | <b>Valuation at<br/>12 month<br/>high<br/>2011<br/>\$000</b> | <b>Valuation at<br/>30 June<br/>2010<br/>\$000</b> | <b>Valuation at<br/>12 month<br/>low<br/>2010<br/>\$000</b> | <b>Valuation at<br/>12 month high<br/>2010<br/>\$000</b> |
|------------------------------------------|----------------------------------------------------|-------------------------------------------------------------|--------------------------------------------------------------|----------------------------------------------------|-------------------------------------------------------------|----------------------------------------------------------|
| New Guinea Energy Limited (ASX: NGE)     | 1,077                                              | 978                                                         | 1,956                                                        | 3,520                                              | 1,498                                                       | 5,054                                                    |
| Excaliber Mining Limited (ASX: EXM)      | -                                                  | -                                                           | -                                                            | 140                                                | 105                                                         | 770                                                      |
| Water Resources Group Ltd (ASX: WRG)     | 711                                                | 521                                                         | 1,458                                                        | -                                                  | -                                                           | -                                                        |
| Powerhouse Energy Group Plc (AIM: PHE.L) | 632                                                | 630                                                         | 734                                                          | -                                                  | -                                                           | -                                                        |
|                                          | <b>2,420</b>                                       | <b>2,129</b>                                                | <b>4,148</b>                                                 | <b>3,660</b>                                       | <b>1,603</b>                                                | <b>5,824</b>                                             |

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**  
**Notes to the Consolidated Financial Statements for the year ended 30 June 2011**

**20. Financial risk management (continued)**

**(iii) Cash flow and interest rate risk**

The consolidated entity's main interest rate risk arises from short and long-term borrowings. Borrowings at variable rates expose the consolidated entity to cash flow interest rate risk and borrowings at fixed interest rates expose the consolidated entity to fair value interest rate risk.

The consolidated entity's secured bank borrowings are in Australian dollars at variable interest rates tied to the BBSY. The consolidated entity's finance lease liabilities and related party loans are at fixed interest rates.

The consolidated entity analyses its interest rate exposure on a dynamic basis. Various interest rate shifts are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and potential hedging. Based on these interest rate shifts, the consolidated entity calculates the impact on profit or loss.

The following table summarises the variables underlying the sensitivity of the consolidated entity's financial assets and liabilities to interest rate risk:

| <i>Consolidated entity</i>   | <b>Weighted<br/>average<br/>interest rate</b> | <b>Balance</b>        | <b>Weighted<br/>average<br/>interest rate</b> | <b>Balance</b>        |
|------------------------------|-----------------------------------------------|-----------------------|-----------------------------------------------|-----------------------|
|                              | <b>2011<br/>%</b>                             | <b>2011<br/>\$000</b> | <b>2010<br/>%</b>                             | <b>2010<br/>\$000</b> |
| <b>Financial assets</b>      |                                               |                       |                                               |                       |
| Cash and cash equivalents    | 1.60%                                         | 2,718                 | 1.31%                                         | 774                   |
| <b>Financial liabilities</b> |                                               |                       |                                               |                       |
| Bank loan                    | 9.38%                                         | 5,875                 | 7.96%                                         | 7,500                 |
| Related party borrowings     | 9.50%                                         | 3,035                 | 8.59%                                         | 3,155                 |

The consolidated entity has and intends to continue to reduce its borrowings, so cash balances are not accumulated and there is little sensitivity to cash deposit rates. If interest rates increase/decrease by 1%, with all other variables remaining constant, the consolidated entity's profit after tax would have been \$67,000 lower/higher (2010: \$65,000 lower/higher) as the result of interest expense on the Group's bank borrowings.

**(b) Credit risk**

Credit risk is the risk that a counterparty will not complete its obligations under a financial instrument resulting in a financial loss for the consolidated entity. Credit risk is managed co-operatively by the finance function and operations for customers, including receivables and committed transactions and at the consolidated entity level for credit risk arising from cash and cash equivalents, deposits with banks and financial institutions. The consolidated entity does not generally obtain collateral or other security to support financial instruments subject to credit risk, but adopts a policy of only dealing with credit worthy counterparties.

All cash balances are on deposit and are with major banking institutions.

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES****Notes to the Consolidated Financial Statements for the year ended 30 June 2011****20. Financial risk management (continued)****(b) Credit risk (continued)**

The consolidated entity's total capital is defined as the shareholders' net equity plus net borrowings, and amounted to \$26 million at 30 June 2011 (30 June 2010: \$37 million). The objectives when managing the economic entity's capital is to safeguard the business as a going concern, to maximise returns to shareholders and to maintain an optimal capital structure in order to reduce the cost of capital.

**(c) Liquidity and capital risk**

The consolidated entity does not have a target debt/equity ratio, but has a policy of maintaining a flexible financing structure so as to be able to take advantage of investment opportunities when they arise.

The consolidated entity's liquidity position is managed to ensure sufficient liquid funds are available to meet its financial obligations in a timely manner. The consolidated entity manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring that the consolidated entity has the ability to access required funding. The consolidated entity maintains backup liquidity for its operations and currently maturing debts through its financial asset portfolio.

The consolidated entity must maintain two covenants relating to the bank variable rate commercial bill facility, for which a compliance certificate must be produced attesting to monthly minimum revenue and earnings before interest, taxes, depreciation and amortisation (EBITDA) amounts.

The tables below analyse the consolidated entity's financial liabilities into maturity groupings based on the remaining period from the balance date to the contractual maturity date. As amounts disclosed in the table are the contractual undiscounted cash flows including future interest payments, these balances will not necessarily agree with the amounts disclosed on the statement of financial position.

Consolidated entity as at 30 June 2011

|                          | <b>Less than 6<br/>months</b> | <b>6 to 12<br/>months</b> | <b>Between 1 and<br/>2 years</b> | <b>Between 2<br/>and 5 years</b> | <b>Total<br/>Contractual<br/>Cashflows</b> | <b>Carrying<br/>Amount</b> |
|--------------------------|-------------------------------|---------------------------|----------------------------------|----------------------------------|--------------------------------------------|----------------------------|
|                          | <b>\$000</b>                  | <b>\$000</b>              | <b>\$000</b>                     | <b>\$000</b>                     | <b>\$000</b>                               | <b>\$000</b>               |
| <b>Non derivatives</b>   |                               |                           |                                  |                                  |                                            |                            |
| Trade and other payables | 4,072                         | 233                       | -                                | -                                | 4,305                                      | 4,305                      |
| Borrowings               | 1,286                         | 756                       | 8,333                            | -                                | 10,375                                     | 9,125                      |
|                          | <b>5,358</b>                  | <b>989</b>                | <b>8,333</b>                     | <b>-</b>                         | <b>14,680</b>                              | <b>13,430</b>              |

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES****Notes to the Consolidated Financial Statements for the year ended 30 June 2011****20. Financial risk management (continued)****(c) Liquidity and capital risk (continued)**

Consolidated entity as at 30 June 2010

|                          | Less than 6<br>months<br>\$000 | 6 to 12<br>months<br>\$000 | Between 1 and<br>2 years<br>\$000 | Between 2<br>and 5 years<br>\$000 | Total<br>Contractual<br>Cashflows<br>\$000 | Carrying<br>Amount<br>\$000 |
|--------------------------|--------------------------------|----------------------------|-----------------------------------|-----------------------------------|--------------------------------------------|-----------------------------|
| <b>Non derivatives</b>   |                                |                            |                                   |                                   |                                            |                             |
| Trade and other payables | 2,838                          | 241                        | -                                 | -                                 | 3,079                                      | 3,079                       |
| Borrowings               | 2,062                          | 1,099                      | 6,100                             | 3,455                             | 12,716                                     | 10,913                      |
|                          | <u>4,900</u>                   | <u>1,340</u>               | <u>6,100</u>                      | <u>3,455</u>                      | <u>15,795</u>                              | <u>13,992</u>               |

Interest payments are included in the borrowing amounts above and are projected using interest rates applicable at 30 June 2011 and 2010. As the bank borrowings are subject to variable interest rates, future interest payments are subject to change in line with market changes.

**(d) Financial assets and liabilities by category**

The financial instruments consist mainly of deposits with banks, accounts receivable and payable, bank loans, related party loans and leases. Investments accounted for using the equity method are excluded from the information provided below:

| <b>Consolidated</b>          | <b>2011<br/>\$000</b> | <b>2010<br/>\$000</b> |
|------------------------------|-----------------------|-----------------------|
| <b>Financial assets</b>      |                       |                       |
| Cash and cash equivalents    | 2,718                 | 774                   |
| Trade and other receivables  | 5,163                 | 3,066                 |
| Listed securities            | 2,446                 | 3,877                 |
| Unlisted securities          | 508                   | 2,732                 |
| Other                        | 25                    | 35                    |
|                              | <u>10,860</u>         | <u>10,484</u>         |
| <b>Financial liabilities</b> |                       |                       |
| Trade and other payables     | 4,305                 | 3,079                 |
| Borrowings                   | 9,125                 | 10,913                |
|                              | <u>13,430</u>         | <u>13,992</u>         |

The fair value of cash and cash equivalents, trade and other receivables and trade and other payables is considered to be a reasonable approximation of their fair value due to their short-term nature. The fair value of borrowings as at the reporting date is considered to be a reasonable approximation of their fair value.

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**  
**Notes to the Consolidated Financial Statements for the year ended 30 June 2011**

**21. Segment information**

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

| Segment Reporting<br>2011                   | Print        |              | Online       |            | Conferencing |              | Investments    |                | Total         |
|---------------------------------------------|--------------|--------------|--------------|------------|--------------|--------------|----------------|----------------|---------------|
|                                             | AUS          | UK           | AUS          | UK         | AUS          | UK           | AUS            | AUS            |               |
|                                             | \$'000       | \$'000       | \$'000       | \$'000     | \$'000       | \$'000       | \$'000         | \$'000         |               |
| <b>Revenue</b>                              |              |              |              |            |              |              |                |                |               |
| Sales                                       | 8,682        | 5,039        | 4,316        | 313        | 1,434        | 5,196        | -              | -              | 24,980        |
| Other revenue                               | 52           | -            | 5            | -          | 5            | -            | (1,661)        | (1,661)        | (1,599)       |
| <b>Total segment revenue</b>                | <b>8,734</b> | <b>5,039</b> | <b>4,321</b> | <b>313</b> | <b>1,439</b> | <b>5,196</b> | <b>(1,661)</b> | <b>(1,661)</b> | <b>23,381</b> |
| <b>Result</b>                               |              |              |              |            |              |              |                |                |               |
| Segment result                              | 1,810        | 1,914        | 1,223        | (47)       | 150          | 2,438        | (1,661)        | (1,661)        | 5,827         |
| <b>Assets and liabilities</b>               |              |              |              |            |              |              |                |                |               |
| <b>Segment assets</b>                       |              |              |              |            |              |              |                |                |               |
| Corporate assets                            | 16,709       | 3,324        | 614          | (82)       | 6,930        | 4,235        | 2,766          | 2,766          | 34,496        |
| <b>Total assets</b>                         |              |              |              |            |              |              |                |                | 3,435         |
|                                             |              |              |              |            |              |              |                |                | <b>37,931</b> |
| <b>Segment liabilities</b>                  |              |              |              |            |              |              |                |                |               |
| Corporate liabilities                       | 6,376        | 1,999        | 3,170        | 124        | 849          | 2,060        | 551            | 551            | 15,129        |
| <b>Total liabilities</b>                    |              |              |              |            |              |              |                |                | 7,494         |
|                                             |              |              |              |            |              |              |                |                | <b>22,623</b> |
| <b>Other segment information</b>            |              |              |              |            |              |              |                |                |               |
| Investment in associates (note 9)           | 329          | -            | -            | -          | -            | -            | -              | -              | 329           |
| Share of net profits of associates (note 9) | (63)         | -            | -            | -          | -            | -            | -              | -              | (63)          |
| Acquisitions property, plant & equipment    | 101          | 6            | 47           | -          | 3            | 5            | -              | -              | 162           |
| Depreciation and amortisation expense       | 73           | 8            | 196          | 94         | 3            | 8            | -              | -              | 382           |

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**  
**Notes to the Consolidated Financial Statements for the year ended 30 June 2011**

**21. Segment information (continued)**

| Segment Reporting<br><br>2010               | Print  |        | Online |        | Conferencing |        | Investments |        | Total                          |
|---------------------------------------------|--------|--------|--------|--------|--------------|--------|-------------|--------|--------------------------------|
|                                             | AUS    |        | UK     |        | AUS          |        | AUS         |        |                                |
|                                             |        | UK     | AUS    | UK     | AUS          | UK     | AUS         | AUS    |                                |
|                                             | \$'000 | \$'000 | \$'000 | \$'000 | \$'000       | \$'000 | \$'000      | \$'000 | \$'000                         |
| Revenue                                     |        |        |        |        |              |        |             |        |                                |
| Sales                                       | 5,963  | 6,050  | 3,304  | 254    | 1,368        | 3,966  | -           | -      | 20,905                         |
| Other revenue                               | 34     | -      | 46     | -      | 2            | -      | 1,860       | 1,860  | 1,942                          |
| Total segment revenue                       | 5,997  | 6,050  | 3,350  | 254    | 1,370        | 3,966  | 1,860       | 1,860  | 22,847                         |
| Result                                      |        |        |        |        |              |        |             |        |                                |
| Segment result                              | 853    | 2,640  | 225    | (145)  | 181          | 1,461  | 1,860       | 1,860  | 7,075                          |
| Assets and liabilities                      |        |        |        |        |              |        |             |        |                                |
| Segment assets                              |        |        |        |        |              |        |             |        |                                |
| Corporate assets                            | 22,735 | 3,576  | 3,041  | (197)  | 6,471        | 1,979  | 6,608       | 6,608  | 44,213                         |
| Total assets                                |        |        |        |        |              |        |             |        | <u>1,565</u><br><u>45,778</u>  |
| Segment liabilities                         |        |        |        |        |              |        |             |        |                                |
| Corporate liabilities                       | 4,413  | 1,603  | 2,445  | 67     | 581          | 1,051  | 551         | 551    | 10,711                         |
| Total liabilities                           |        |        |        |        |              |        |             |        | <u>12,541</u><br><u>23,252</u> |
| Other segment information                   |        |        |        |        |              |        |             |        |                                |
| Investment in associates (note 9)           | 1,783  | -      | -      | -      | -            | -      | -           | -      | 1,783                          |
| Share of net profits of associates (note 9) | (35)   | -      | -      | -      | 341          | -      | -           | -      | 306                            |
| Acquisitions property, plant & equipment    | -      | 11     | -      | -      | 5            | 7      | -           | -      | 23                             |
| Depreciation and amortisation expense       | 62     | 12     | 261    | 112    | 20           | 8      | -           | -      | 475                            |

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES****Notes to the Consolidated Financial Statements for the year ended 30 June 2011**

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**21. Segment information (continued)****Reconciliation of reportable segment profit or loss:**

|                                                                          | <b>2011</b>  | <b>2010</b>  |
|--------------------------------------------------------------------------|--------------|--------------|
|                                                                          | <b>\$000</b> | <b>\$000</b> |
| Total profit for reportable segments                                     | 5,827        | 7,075        |
| Other income                                                             | 97           | 120          |
| Overheads                                                                | (4,765)      | (4,423)      |
| Interest                                                                 | (932)        | (1,038)      |
| Consolidated profit/ (loss) before income tax from continuing operations | <u>227</u>   | <u>1,734</u> |

**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, construction, energy and the resources sector.
- The internet media segment develops and maintains web sites and daily news services covering various sectors including mining, energy and 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.

**Segment assets and liabilities:**

Segment assets include all assets used by a segment and consist principally of receivables and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of accounts payable, wages and accrued expenses. Segment assets and liabilities do not include deferred income taxes.

**Inter-segment transfers:**

There are no significant inter-segment transactions at this time.

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES****Notes to the Consolidated Financial Statements for the year ended 30 June 2011**

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**22. Earnings/ (loss) per share (EPS)**

|                                                                                                                          | <b>Consolidated</b> |             |
|--------------------------------------------------------------------------------------------------------------------------|---------------------|-------------|
|                                                                                                                          | <b>2011</b>         | <b>2010</b> |
| <b>(a) Basic earnings/ (loss) per share (cents per share)</b>                                                            | 0.07                | 0.46        |
| <b>(b) Diluted earnings/ (loss) per share (cents per share)</b>                                                          | 0.07                | 0.46        |
| <b>(c) Earnings/ (loss) used in calculating earnings per share</b>                                                       |                     |             |
| Profit/ (loss) attributable to the ordinary equity holders of the company used in calculating basic earnings per share   | 163                 | 1,076       |
| Profit/ (loss) attributable to the ordinary equity holders of the company used in calculating diluted earnings per share | 163                 | 1,076       |
| <b>(d) Weighted average number of shares used as the denominator</b>                                                     |                     |             |
| Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted EPS      | 236,710,493         | 233,281,096 |
| Options                                                                                                                  | -                   | -           |
| Weighted average number of ordinary shares outstanding during the year used in calculation of diluted EPS                | 236,710,493         | 233,281,096 |

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. Details relating to the options are set out in note 16.

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES****Notes to the Consolidated Financial Statements for the year ended 30 June 2011****23. Capital and leasing commitments**

|                                                                                                   | <b>Consolidated</b> |              |
|---------------------------------------------------------------------------------------------------|---------------------|--------------|
|                                                                                                   | <b>2011</b>         | <b>2010</b>  |
|                                                                                                   | <b>\$000</b>        | <b>\$000</b> |
| <b>Finance lease commitments</b>                                                                  |                     |              |
| Payable – Minimum lease payments                                                                  |                     |              |
| Not later than 12 months                                                                          | 35                  | 38           |
| Between 12 months and 5 years                                                                     | 83                  | 117          |
|                                                                                                   | <u>118</u>          | <u>155</u>   |
| Minimum lease payments                                                                            | 118                 | 155          |
| Less future lease charges                                                                         | (11)                | (23)         |
| Present value of minimum lease payments                                                           | <u>107</u>          | <u>132</u>   |
| <b>Operating lease commitments</b>                                                                |                     |              |
| Non-cancellable operating leases contracted for but not capitalised in the financial statements : |                     |              |
| Not later than 12 months                                                                          | 727                 | 730          |
| Between 12 months and 5 years                                                                     | 1,104               | 824          |
|                                                                                                   | <u>1,831</u>        | <u>1,554</u> |

The operating lease commitments relate to the following:

- A property lease at 613-619 Wellington Street, Perth, Western Australia which is a non-cancellable lease with a three-year term that commenced in April 2009.
- A property lease at Albert House, 1 Singer Street, London, United Kingdom which is a non-cancellable lease with a nine year term that commenced in July 2004.

**24. After balance date events**

In September 2010 the Board of Directors of Aspermont Limited formed an independent committee to address a request for compensation that came from two members of the Board, Mr. Andrew Kent and Mr. John Stark.

The independent committee has reviewed and assessed transactions that occurred in 2006 with respect to investments made by Aspermont in debt and equity instruments of Mining Communications Limited ("MCL"). Aspermont made investments in MCL over a period of time beginning in January 2006 that led to the complete acquisition of MCL in June 2008. Some of these investments were made with financial support from Mr. Kent and Mr. Stark.

In July 2011 the independent committee reached an agreement to pay Mr. Kent and Mr. Stark \$0.6 million each as an in-globo settlement of all claims, subject to shareholder approval in the upcoming annual general meeting. These amounts have not been brought to account in these financial reports.

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES****Notes to the Consolidated Financial Statements for the year ended 30 June 2011****25. Business combinations****(a) Summary of acquisition**

On 17 January 2011 the parent entity became the sole shareholder of Kondinin Information Services Pty Ltd ("KIS"). This occurred when KIS repurchased all of the shares held by Grain Growers Limited ("GGL"). Previous to this transaction, the parent entity was a 30% shareholder in KIS and GGL was a 70% shareholder.

This transaction added revenue of \$1,220,000 and a net loss of \$203,000 to the Group's results in the year. Transaction costs were not significant.

Using the valuation implied by the repurchase of shares from GGL, the parent entity recorded an impairment of \$225,699 on the value of its investment in KIS. This impairment left a remaining investment balance in KIS of \$1,203,491. This investment was funded with cash in the previous financial years:

**Impairment  
of Group  
investment in  
KIS**

---

**\$'000**

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|                                              |              |
|----------------------------------------------|--------------|
| Value of KIS investment at January 2011      | 1,429        |
| Valuation of KIS based on GGA share buy-back | <u>1,203</u> |
| Impairment of KIS investment                 | <u>226</u>   |

**(b) Purchase consideration**

The net investment in KIS of \$1,203,491 was paid in cash in 2009 and 2010:

|                                                                 |                     |
|-----------------------------------------------------------------|---------------------|
|                                                                 | <b>\$'000</b>       |
| Purchase consideration:                                         |                     |
| Cash paid                                                       | <u>1,203</u>        |
| Total purchase consideration                                    | <u>1,203</u>        |
| Fair value of net identifiable assets acquired - note (c) below | 28                  |
| Customer/Membership base                                        | 831                 |
| Trademarks                                                      | <u>344</u>          |
|                                                                 | <u>1,203</u>        |
|                                                                 | <b>Consolidated</b> |
|                                                                 | <b>2011</b>         |
|                                                                 | <b>\$'000</b>       |
| Outflow of cash to acquire subsidiary                           |                     |
| Cash consideration paid *                                       | -                   |
| Less: Cash balance acquired                                     | <u>458</u>          |
| Inflow of cash                                                  | <u>458</u>          |

\* \$1,429,190 cash paid in prior years

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES****Notes to the Consolidated Financial Statements for the year ended 30 June 2011**

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**25. Business combinations (continued)**

The parent entity will amortise the Customer / Membership base on a straight line basis over an estimated useful life of five years and the Trademarks over an estimated useful life of ten years. This resulted in amortisation expense of \$86,000 in the current fiscal year.

**(c) Assets and liabilities acquired**

The assets and liabilities arising from the acquisition are as follows:

|                             | <b>Fair Value -<br/>Provisional<br/>Net Assets<br/>Purchased</b> |
|-----------------------------|------------------------------------------------------------------|
|                             | <b>\$'000</b>                                                    |
| Cash                        | 458                                                              |
| Trade receivables           | 417                                                              |
| Other current assets        | 210                                                              |
| Property, plant & equipment | 82                                                               |
| Trade payables              | (255)                                                            |
| Income in advance           | (681)                                                            |
| Employee provisions         | (203)                                                            |
| Net assets                  | <u>28</u>                                                        |

There were no business combinations in the 2010 fiscal year.

## **ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**

### **Directors' Declaration**

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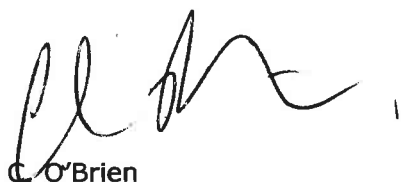
In the directors' opinion:

1. the financial statements and notes set out on pages 22 to 70 and the remuneration report set out on pages 11 to 16 of the Directors' report are in accordance with the *Corporations Act 2001*, including:
  - a) complying with Australian Accounting Standards, the *Corporations Regulation 2001*; and
  - b) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the financial year ended on that date; and
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
3. at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 17 will be able to meet any obligations or liabilities to which they are, or may become liable.

Note 2 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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



**C. O'Brien**  
**Director**

Perth  
31 August 2011

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASPERMONT LIMITED

### Report on the Financial Report

We have audited the accompanying financial report of Aspermont Limited, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

### Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### Independence

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

### Basis for Qualification

Included in Aspermont Ltd's statement of financial position as at 30 June 2011 is an investment in the associate WME Media Pty Limited. This is accounted for under the equity method and carried at \$329,000. Aspermont Limited's share of WME Media Pty Limited's net income/(loss) of (\$19,000) is included in Aspermont Limited's statement of comprehensive income for the year then ended. We were unable to obtain sufficient appropriate evidence to verify the accuracy of Aspermont Limited's share of WME Media Pty Limited's net income/(loss) for the year because we were unable to gain access to the financial information, management and the auditors of WME Media Pty Limited.

Consequently, we were unable to determine whether any adjustments to these amounts were necessary. Given this limitation of scope we cannot, and do not express an opinion on results of the associate included in the statement of comprehensive income for the year ended 30 June 2011, or any consequential impact it may have on the carrying value of the investments.

### Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph:

- (a) the financial report of Aspermont Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

### Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

### Opinion

In our opinion, the Remuneration Report of Aspermont Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd



Brad McVeigh  
Director

Perth, Western Australia  
Dated this 31<sup>st</sup> day of August 2011

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**  
**Additional Information for Listed Public Companies (as at 15<sup>th</sup> August 2011)**

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The following additional information is required by the Australian Securities Exchange Limited in respect of listed companies:

**a) Shareholding**

**Ordinary Share Capital**

236,710,493 (2010: 236,710,493) shares are held by 370 (2010: 383) individual holders. All issued ordinary shares carry one vote per share.

**Distribution of Shareholders Number**

Category (size of holding)

Ordinary shares

|                    | 2011 | 2010 |
|--------------------|------|------|
| 1 – 1,000          | 45   | 46   |
| 1,001 – 5,000      | 30   | 32   |
| 5,001 – 10,000     | 81   | 81   |
| 10,001 – 100,000   | 112  | 124  |
| 100,001 – and over | 102  | 100  |
|                    | 370  | 383  |

The number of shareholdings held with less than marketable parcel is 79 (2010: 68).

**b) Share Options (Unquoted)**

| Number of Options | Number of Holders | Exercise Price | Date of Expiry |
|-------------------|-------------------|----------------|----------------|
| 0                 | 0                 | 0              |                |

**c) Company Secretary**

The name of the Company Secretary is Mr. John R. Detwiler.

**d) Principal Registered Office**

The address of the principal registered office in Australia is  
613-619 Wellington Street, Perth, WA 6000  
Ph +61 8 6263 9100

**e) Register of Securities**

The register of securities is held at the following address:  
Advanced Share Registry  
150 Stirling Highway, Nedlands, WA 6009

**ASPERMONT LIMITED AND ITS CONTROLLED ENTITIES**  
**Additional Information for Listed Public Companies (as at 15<sup>th</sup> August 2011)**

**f) Stock Exchange Listing**

Quotation has been granted for all of the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited.

**g) Substantial Shareholders**

|   | <b>Name</b>                              | <b>Number of<br/>Ordinary fully paid<br/>shares held</b> | <b>% Held of<br/>Issued Ordinary<br/>Capital</b> |
|---|------------------------------------------|----------------------------------------------------------|--------------------------------------------------|
| 1 | Mr. Andrew Kent and beneficial interests | 116,925,000                                              | 49.40%                                           |
| 2 | Mr. John Stark and beneficial interests  | 24,695,000                                               | 10.43%                                           |
| 3 | Cannavo Investments Pty Ltd              | 11,200,000                                               | 4.73%                                            |

**h) 20 Largest Shareholders – Ordinary shares**

|    | <b>Name</b>                       | <b>Number of<br/>Ordinary fully<br/>paid shares held</b> | <b>% Held of<br/>Issued<br/>Ordinary<br/>Capital</b> |
|----|-----------------------------------|----------------------------------------------------------|------------------------------------------------------|
| 1  | Drysdale Investments Limited      | 107,312,500                                              | 45.33%                                               |
| 2  | Allan Dale Real Estate Pty Ltd    | 13,735,000                                               | 5.80%                                                |
| 3  | Cannavo Investments Pty Ltd       | 11,200,000                                               | 4.73%                                                |
| 4  | Annis Trading Limited             | 9,562,500                                                | 4.04%                                                |
| 5  | Glacier Media Inc                 | 8,637,317                                                | 3.65%                                                |
| 6  | National Nominees Limited         | 5,201,010                                                | 2.20%                                                |
| 7  | A & C Gal Investments Pty Limited | 5,041,875                                                | 2.13%                                                |
| 8  | Mr Alan Cowen                     | 5,032,918                                                | 2.13%                                                |
| 9  | Allan Dale Real Estate Pty Ltd    | 5,000,000                                                | 2.11%                                                |
| 10 | Mr John Stark and Mrs Julie Stark | 4,360,000                                                | 1.84%                                                |
| 11 | Mr Robert Miller                  | 3,481,353                                                | 1.47%                                                |
| 12 | Chepan Pty Ltd                    | 3,210,000                                                | 1.36%                                                |
| 13 | Mr Rhoderic Charles Whyte         | 3,000,000                                                | 1.27%                                                |
| 14 | Yarandi Investments Pty Ltd       | 2,473,158                                                | 1.04%                                                |
| 15 | Mr Robert Barrowman               | 2,256,688                                                | 0.95%                                                |
| 16 | Dr Carole Anne Jones              | 2,000,000                                                | 0.84%                                                |
| 17 | B F A Pty Ltd                     | 1,950,000                                                | 0.82%                                                |
| 18 | Mr David Nizol                    | 1,700,603                                                | 0.72%                                                |
| 19 | Mr Thomas George Klinger          | 1,637,241                                                | 0.69%                                                |
| 20 | Peterborough Nominees Pty Ltd     | 1,593,750                                                | 0.67%                                                |
|    |                                   | <b>198,385,913</b>                                       | <b>83.79%</b>                                        |