# Aspermont Limited

## Annual Report 2003

*Australia's leading publisher to the mining and resource industries*

# Directors & Management

## Andrew Kent (Chairman)

This is Mr Kent's fourth year in publishing. Previously he had 12 years experience as the Head of Corporate Development & Risk Management with a large international equities company.

## Lewis Cross (Non Executive Director)

Mr Cross is a Certified Practising Accountant and has been the principal of a Perth accounting firm for 25 years. Mr Cross delivers balance and prudence to the Aspermont group.

## John Stark (Non Executive Director)

Mr Stark is a highly qualified businessman with extensive commercial and investment knowledge. He has experience as a director of both private and public companies and has acquired in excess of 15% of the shares in the company.

## Russell Hardwick (Chief Financial Officer/Company Secretary)

Mr Hardwick has over 10 years commercial and business management experience with a number of Australian companies. During his career he has been involved in the management and direction of ASX-listed companies in both operational and financial roles.

## Chris Bond (Chief Operating Officer)

Mr Bond has held senior management roles in the areas of sales, customer service and operations. He has managed large workgroups with more than 140 staff, and has a strong background in human resources and performance development.

## Daniel Soderstrom (Chief Information Officer)

Mr Soderstrom has experience in the management of application development projects as well as IT infrastructure and administration. He has designed and implemented e-commerce and sales-force automation systems for some of South-East Asia's largest insurance companies.

## Richard Roberts (Managing Editor - Print Division)

Mr Roberts has been a mining/finance journalist and editor for 15 years. Mr Roberts ensures high standards, professional content and a strong work ethic, delivering flair and design creativity to all the Aspermont products.

## James Hamilton (Managing Editor - E-Division)

Mr Hamilton is the founding editor of Aspermont's flagship internet service, MiningNews.net, which was launched in August 2000. A journalist for 18 years, Mr Hamilton began his career in newspapers working for the Daily News, the West Australian, the Countryman and the Kalgoorlie Miner.

# Corporate Directory

**Directors**
Andrew Leslie Kent
John Stark
Lewis George Cross

**Company Secretary**
Russell Paul Hardwick
Lewis George Cross

**Registered Office**
Suite 14, 350 Cambridge Street, Wembley WA 6014
Telephone: (08) 9387 9100 Facsimile: (08) 9383 7460

**Postal Address**
PO Box 78, Leederville, WA 6092

**Share Registry**
Advanced Share Registry Services
Level 7, 200 Adelaide Terrace, Perth WA 6000
Telephone: (08) 9221 7288 Facsimile: (08) 9221 7869

**Bankers**
National Australia Bank Ltd
Suite 7 51-53 Kewdale Road
Welshpool W.A

**Lawyers**
Coulsons Barristers and Solicitors
Level 5, 524 Hay Street, Perth WA 6000

**Auditors**
MSI Marsdens
565 Hay Street, Daglish WA 6008

# Chairman's Report

Dear Fellow Shareholder,

A year ago today I wrote to you about my sustained approach towards the integration of hard and soft copy published products. Notwithstanding the uncertainty and turmoil experienced in the world today Aspermont has managed to achieve significant progress over the past year.

The company has completed its overhaul of senior management, expanded advertising revenues in difficult times, doubled its readership and established a strong subscriber base.

As I write this letter group internet income is now annualising circa 80% higher than the levels recorded for the past 12 months, and climbing rapidly. It is my intention that all existing products within the group will deliver an increase in product revenue of at least 20% in the new financial year.

Aspermont's portfolio of assets continues to include a small but productive mortgage portfolio, a 10% holding in a significant gold mining project, each of which has no further outgoings to the group. The company has also been faced with a difficult legal claim. This coupled with out-of-favour internet development products has resulted in a less than satisfactory shareprice.

We have set about the new financial year with confidence and determination. We keep our eyes firmly fixed on the big picture, which is that we have a world leading position with our core products. We plan to further stimulate the existing print publications and expand our internet news services into trade related sectors of the local market.

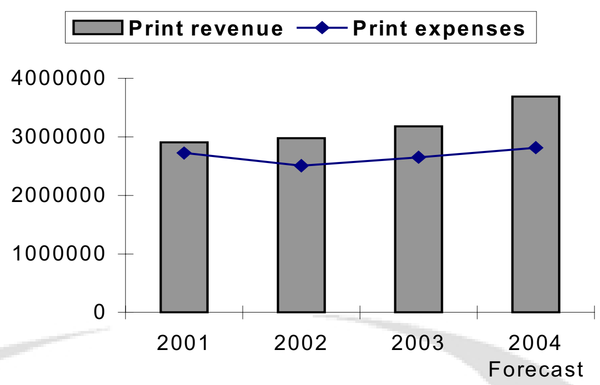
Finally, I would like to thank the Aspermont staff for their valued contribution to the business and to all shareholders for their continued encouragement and support.

Andrew Kent
Chairman/ Managing Director

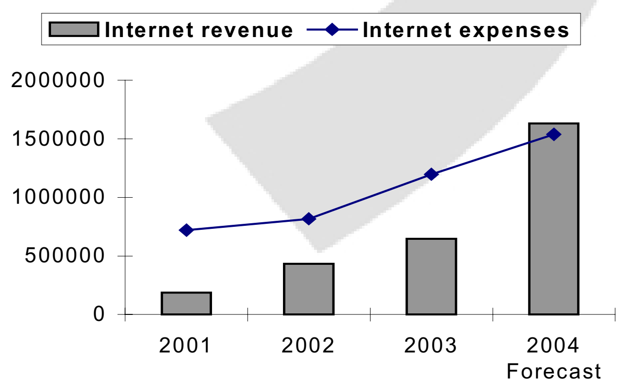
## BUSINESS STRATEGY / CORPORATE OBJECTIVE

- Aspermont's business development plan for the next five years is focused on the delivery of vital information media within existing sectors and expansion into new trade areas.
- The company has successfully integrated internet media products with print publishing and is well down the path toward reaping benefits of the combined businesses.
- This trend will lead to strong revenue growth for the internet news services in the 2003/2004 financial year.
- Aspermont's corporate objective is to continue to develop existing revenue streams, and achieve profitability.
- The company is completing feasibility studies into three new markets and opportunities for its internet news services.

**Print publishing revenue and expenses**




**Internet publishing revenue & expenses**



## REVIEW OF OPERATIONS

Aspermont Limited is Australia's leading publisher to the mining, oil & gas and related sectors. The business incorporates both traditional printed magazines and internet news services. During the past 12 months the company has increased distribution of some of its leading print publications and invested further in the development of internet news services. The company is already recording income from its internet news services nearly double that of the past 12 months.

### Financial Results

During the year the company increased its total revenue by 10.7% to $3,963,000 but incurred a consolidated loss for the economic entity of $1,663,318

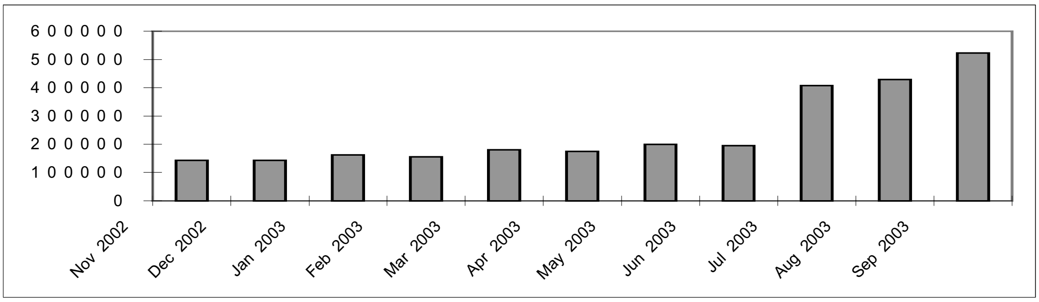
### Key activities during the year

- Internet publishing revenue enjoyed another successful year.
- Establishment of a reliable balance in subscription and advertising revenue.
- Improvement in print magazine revenues & margins.
- Strong market acceptance for the company's internet news services covering the mining, energy and coal mining sectors.
- Successful re-launch of a new comprehensive MiningNews.net website during the year.
- MiningNews.net is now recording over 13 million hits and 500,000 sessions per month (refer following graph).
- Australia's Longwalls magazine successfully increased to three editions per year.
- ResourceStocks successfully increased to five editions per year with plans to publish a sixth edition in the next financial year.
- International Longwall News increased its delivery of daily internet news services to three times per week to cover the expanding longwall mining market.
- EnergyReview.net is now recording over 3 million hits and more than 110,000 sessions per month (refer following graph).

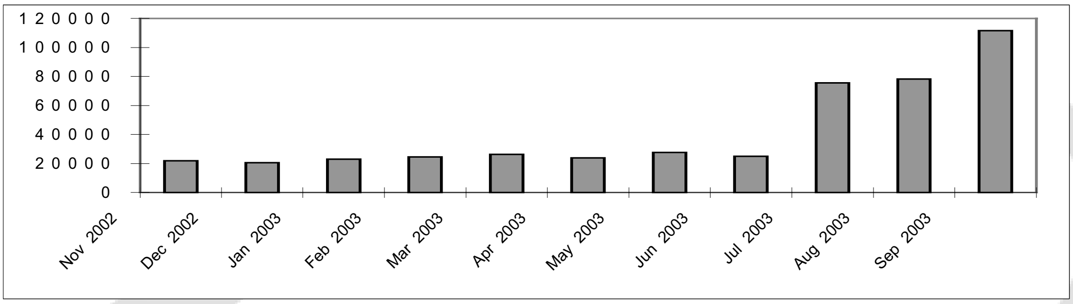
# Review of Operations (continued)

**Internet news services statistics – 365-Day History (number of sessions)**

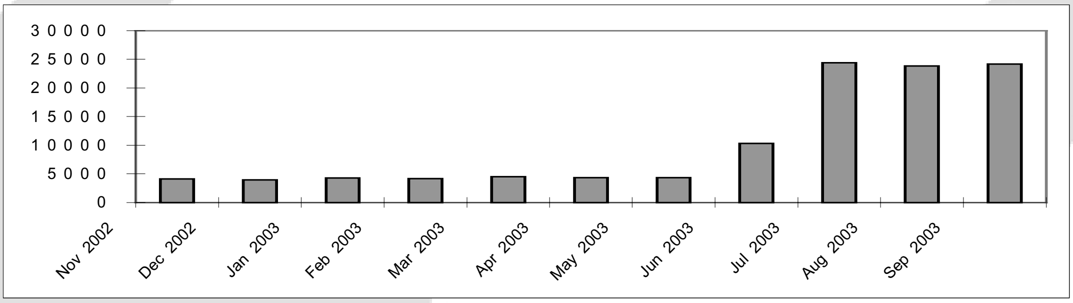
**MiningNews.net**




**EnergyReview.net**




**Longwalls.com**




Source: WebCentral (LiveStats) October 2003

## Outlook

Aspermont has a bright future. Our experience in 2003 has shown that whilst previous results have been impacted by a difficult legal challenge and product development costs, the company's strategies are sound and the revenue growth being experienced by the internet news services will underwrite improvements in earnings in years to come. Group forecasts are for the strongest year ever in the print business and margins are expected to improve. Internet revenues are expected to double and the past three years investment provides the opportunity for the company to enter into other trade-related areas available on a low investment basis.

## Print Publications

**Australia's Mining Monthly** led by experienced managing editor Richard Roberts, is widely acknowledged as the leading industry magazine of its type in the world. It is a unique source of mining industry news and information and features many of the industry's high-profile surveys and studies, contains national and international coverage of mines, mining companies and mining people, and consistently breaks important stories about mining technology and equipment.

**ResourceStocks** is Australia's number one source of investment news for the resources sector. Published five times per annum, the magazine analyses trends, issues and barriers to investing in the resources market. It also publishes detailed profiles of emerging companies across a variety of commodity sectors. The magazine is share price orientated and highly valued by share traders (private and corporate), financial institutions and analysts.

**Australia's Longwalls,** published three times per annum, is the only magazine in the world dedicated to the underground longwall mining sector. Covering a wide range of topics, including mine production, mining methods, health and safety issues, coal price trends and new equipment, the magazine is the most highly regarded underground coal mining publication in Australia.

**Western Contractor/Western Transport**, is the best-read publication covering the full range of activities in the construction, earthmoving, transport and local government sectors. Western Contractor has reported for nearly 20 years on the civil engineering industry - earthmoving, land subdivision and development, installation of services, road construction and maintenance and construction of infrastructure. The company has plans to expand this into a national Contractor publication during the latter part of 2003.

The **Civil Contractors Year Book**, published by Aspermont on behalf of the Civil Contractors Federation, is the exclusive publication for Western Australia's contracting, earthmoving, and road construction and equipment industries. The unique annual incorporates the Civil Construction Equipment Hire Manual, essential information on current issues and trends in the industry and listings/profiles of many leading contractors and suppliers.

## Internet News Services

**www.MiningNews.net** – provides comprehensive mining industry news and analysis covering international mining and exploration, projects, companies, technology, issues and trends.

**www.EnergyReview.net Standard** - is a global energy news service with specialist coverage of projects, companies, technology issues and trends in the Asia/Pacific region. Premium subscribers also receive Australia's most authoritative source of oilfield information. Analyst Energy Review, published weekly in PDF form. Analyst Energy Review carries a detailed summary of the week's news including Australia's most comprehensive drilling information and well reports.

**www.longwalls.com (International Longwall News) -** provides longwall miners and equipment suppliers with timely, accurate and authoritative news and information. International Longwalls news is now published three times per week.

## CORPORATE GOVERNANCE

The Board's primary role is the protection and enhancement of long-term shareholder value. To fulfil this role the board is responsible for the overall corporate governance of the consolidated entity. The board is currently reviewing the main corporate governance practices by reference to the best practice recommendations of the ASX Corporate Governance Council.

The primary responsibilities of the board include: -

- the approval of the annual and half yearly reports.
- the establishment of the long term goals of the company and strategic plans to achieve these goals
- the review and adoption of annual budgets for the financial performance of the company and monitoring of results on a regular basis
- ensuring that the company has implemented adequate systems of internal controls together with appropriate monitoring of compliance activities

The company management structure is:

- The board
- Chief financial officer, chief operating officer and chief information officer reporting directly to the board.
- Senior managers for print publishing, internet publishing and services

The board met as necessary to determine corporate matters and oversee company performance, and communicated regularly.

## AUDIT COMMITTEE

The board as a whole served as the audit committee during the year and addressed all matters that would normally be required to provide an effective forum for communication between the board and the external auditors. The audit committee reviews:

- the annual and half-yearly reports,
- the effectiveness of management information systems,
- the efficiency and effectiveness of the external audit function, including reviewing the audit plans.

## RISK MANAGEMENT

The board is responsible for the company's systems of internal controls. The board constantly monitors the operational and financial aspects of the company's activities and considers recommendations and advice of external auditors and other advisers on the operational and financial risks faced by the company.

## THE ROLE OF SHAREHOLDERS

The board of directors aims to ensure shareholders are informed of all major developments affecting the company. The company has established a pro-active investor relations program and all documents released publicly are made available on the company's web-site www.aspermont.com.

# Director's Report

The directors present their report together with the accounts of Aspermont Limited and the consolidated accounts of the economic entity for the year ended 30 June 2003 and the auditors' report thereon.

**DIRECTORS**
The directors of the company at any time during or since the end of the financial year are.

| Name | Qualifications, Experience and Special Responsibilities |
|---|---|
| Andrew Leslie Kent | Executive Chairman and Managing Director. |
| John Stark | Non - Executive Director |
| Lewis George Cross | Non-Executive Director, Company Secretary |
| Maria Violet Stratton | Resigned 13th June 2003 |

**DIRECTORS' MEETINGS**
The number of directors' meetings and number of meetings attended by each of the directors of the company during the financial year were:

| | DIRECTORS'MEETINGS | |
|---|---|---|
| | Number eligible to attend | Number Attended |
| Andrew L Kent | 4 | 4 |
| Maria V Stratton | 3 | 0 |
| Lewis Cross | 4 | 4 |
| John Stark | 4 | 4 |

In addition to the above meetings of directors, certain matters were approved by circulatory resolutions signed by the directors.

**PRINCIPAL ACTIVITIES**

The consolidated entity's principal activities during the year were to continue to develop the combined print and internet publishing business. Aspermont is an historically successful print publishing company undergoing major change to be profitable in the new dual print and Internet publishing environment. The company is continuing to build its portfolio of products primarily through its low-cost internet solution.

**OPERATING RESULTS**

The consolidated loss for the economic entity after providing for income tax and eliminating outside equity interest amounted to ($1,663,318)   (2002 – $397,000).

Operating revenue for the year ending 30th June 2003 was $3,963,000, up 10.7% on the prior year. The increase in revenue was achieved by increasing the frequency of some of the magazine publications and a strong lift in advertising and subscription sales to the company's internet news services. At the 30th June 2003, the company has carried forward subscription and advertising revenue of $327,715 to be recorded as revenue in the 2003/2004 financial year.

Notwithstanding a continuous flow of repayments from the company's US mortgage book, the directors sought independent advice on the residual loans which resulted in a provision of $167,076 in relation to the carrying value of the US mortgages detailed in the non-current assets. The company sought an independent valuation of the loans and in accordance with accepted accounting practices, the directors resolved that the value of the loans be written down to the fair recoverable value.

The company has also continued to incur significant legal costs of $89,530 mainly in defending the claim against the company by Lechmere Financial Corporation. The company also incurred interest expense of $275,541 including a provision of $175,500 for interest on the claim by Lechmere Financial Corporation.

In July 2002, pursuant to approval at a general meeting of shareholders, the company issued 14,750,000 ordinary shares in lieu of the payment of directors and consulting fees. The company has included in the expenses for the financial year an amount of $737,500 that represents the value of the shares issued in lieu of the cash payment of these fees.

**REVIEW OF OPERATIONS**

The print division, led by the company's flagship product Australia's Mining Monthly, increased revenue from advertising and subscriptions by 6.8% on the prior year to $3,176,000. During the year the company produced a third edition of Australia's Longwalls and increased the ResourceStocks publication frequency to five editions per year.

The company's internet publishing division successfully increased revenue by 49.1% on the prior year to $647,000. This has been a result of increased support for the company's three internet news services covering the mining, energy and coal mining sectors.

**DIVIDENDS**

The directors have recommended that no dividend be declared.

**CHANGES IN STATE OF AFFAIRS**

During the financial year there were no significant changes in the state of affairs of the consolidated entity other than those referred to in this report or the financial statements or notes thereto.

**CHANGES IN CONTROLLED ENTITIES AND DIVISIONS**

N/A

**DIRECTORS REMUNERATION**

| Name | Salary | Fees/Benefits | Total |
|---|---|---|---|
| Andrew Kent | $0 | $537,000 | $537,000 |
| Lewis Cross | $22,000 | $ 3,092 | $ 25,092 |
| Maria Stratton | $0 | $ 25,000 | $ 25,000 |
| John Stark | $0 | (refer below) | (refer below) |

During July 2002 the following shares and options were issued to directors pursuant to approval at the general meeting of shareholders on the 21st June 2002.

**Andrew Kent**
9,000,000 Ordinary shares fully paid @ 5c
9,000,000 10c 2005 Share Options with a independent preferred value of $27,000

**Maria Stratton**
500,000 Ordinary shares fully paid @ 5c

On the 21st November 2002 the board resolved to pay directors fees of $24,000pa to Mr John Stark via 480,000 fully paid shares in Aspermont Limited at 5c per share to be issued annually. As at the date of this report no shares have been issued to Mr Stark.

**DIRECTORS AND AUDITORS INDEMNIFICATION**

The company has paid premiums to insure each of the directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. The amount of the premium was $14,680.00 with a limit of indemnity of $1,000,000 in aggregate.

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 auditor of the company or a related body corporate.

**FUTURE DEVELOPMENTS**

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly this information has not been included in this report.

**AFTER BALANCE DATE EVENTS**

**Legal Proceedings**

The company is the subject of a winding up application in the Federal Court of Australia brought by Lechmere Financial Corporation (Lechmere) on the ground that the company failed to comply with two statutory demands served by Lechmere on 18th January 2002 and 24th July 2002. The total amount demanded by the statutory demands was $955,500 comprising principal of a loan of $780,000 and interest on the loan of $175,500.

Mr Andrew Kent claims against the company that the amounts demanded by Lechmere are due and payable to him. He has commenced proceedings against the company in the supreme court seeking an order that the monies demanded by Lechmere are due and payable to him and in those proceedings has obtained an injunction in terms that restrain the company from paying to Lechmere the amounts demanded by the statutory demands.

**AFTER BALANCE DATE EVENTS (continued)**

The winding up application was heard on the 25 August 2003 and, upon the parties filing written submissions, judgement was reserved. It is expected that judgement will be delivered before 21st October 2003.

The company has opposed the application on the basis that it is solvent and is able to pay its debts as and when they become due and payable, including the monies claimed by Lechmere. Further, it maintains that it is ready, willing and able to pay the monies to Lechmere but is restrained from doing so because of the injunction against it in Mr Kent's proceedings in the supreme court.

**Purchase Option & Repayment Agreement – Peterson Road Ltd**

Aspermont has previously provided advice and introductions for the development of the Lahoca gold project in Hungary. During July 2003 Aspermont entered into a purchase, option and repayment agreement whereby its loan investment would be converted into ordinary shares in St Istvan Gold PLC.

The project has now advanced and St Istvan PLC is expected to be listed in London early in the new year. This has been a small but successful investment that offers the opportunity for possible significant future returns to Aspermont shareholders.

ROUNDING OFF OF AMOUNTS
The parent entity has applied the relief available to it in ASIC Class Order 98/100 and, accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars.

Dated this 24th September 2003

Signed in accordance with a resolution of Directors:

| | |
|---|---|
| Andrew Kent | Lewis Cross |
| **Director** | **Director** |

# Statement of Financial Performance

## (for the year ended 30 June 2003)

| | NOTE | CONSOLIDATED 2003 $000 | CONSOLIDATED 2002 $000 | THE COMPANY 2003 $000 | THE COMPANY 2002 $000 |
|---|---|---|---|---|---|
| **CLASSIFICATION OF EXPENSES BY FUNCTION** | | | | | |
| Sales revenue | 2 | 3,823 | 3,232 | 3,823 | 3,065 |
| Cost of sales | | (2,172) | (2,147) | (2,172) | (1,971) |
| Gross profit | | 1,651 | 1,085 | 1,651 | 1,094 |
| Other revenues from ordinary activities | | 140 | 348 | 140 | 348 |
| Distribution expenses | | (231) | (216) | (231) | (216) |
| Marketing expenses | | (701) | (608) | (701) | (608) |
| Occupancy expenses | | (122) | (100) | (122) | (100) |
| Corporate and administration | | (1,772) | (684) | (1,772) | (684) |
| Other expenses from ordinary activities | | (628) | (226) | (628) | (226) |
| Profit from ordinary activities before income tax expense | 3 | (1,663) | (401) | (1,663) | (392) |
| Income tax expense relating to ordinary activities | 4 | - | - | - | - |
| Profit from ordinary activities after related income tax expense | | (1,663) | (401) | (1,663) | (392) |
| Net profit/(loss) attributable to outside equity interests | | - | 4 | - | - |
| Net profit attributable to members of the parent entity | | (1,663) | (397) | (1,663) | (392) |
| Total revenues, expenses and valuation adjustments attributable to members of the parent entity and recognised directly in equity | | - | - | - | - |
| Total changes in equity other than those resulting from transactions with owners as owners | | (1,663) | (397) | (1,663) | (392) |
| Basic earnings per share (cents per share) | | (1.67c) | (0.5c) | | |
| Diluted earnings per share (cents per share) | | (1.30c) | N/A | | |

The statements of financial performance are to be read in conjunction with the notes to and forming part of the financial statements set out on pages 15 to 38.

# Statement of Financial Position

## (as at 30 June 2003)

| | Note | CONSOLIDATED 2003 $000 | CONSOLIDATED 2002 $000 | THE COMPANY 2003 $000 | THE COMPANY 2002 $000 |
|---|---|---|---|---|---|
| **Current Assets** | | | | | |
| Cash assets | | 1,166 | 1,409 | 1,166 | 1,409 |
| Receivables | 6 | 803 | 687 | 803 | 687 |
| Other financial assets | 7b | 31 | - | 31 | - |
| **Total Current Assets** | | 2,000 | 2,096 | 2,000 | 2,096 |
| **Non-Current Assets** | | | | | |
| Receivables | 6 | 235 | 398 | 235 | 527 |
| Investments accounted for using the equity method | 7a | - | - | 250 | 250 |
| Other financial assets | 7b | - | 80 | - | 80 |
| Property plant and equipment | 8 | 153 | 189 | 153 | 189 |
| Intangible assets | 9 | 2,348 | 2,343 | 2,182 | 2,049 |
| **Total Non-Current Assets** | | 2,736 | 3,010 | 2,820 | 3,095 |
| **TOTAL ASSETS** | | 4,736 | 5,106 | 4,820 | 5,191 |
| **Current Liabilities** | | | | | |
| Payables | 10 | 984 | 756 | 957 | 731 |
| Interest-bearing liabilities | 11 | 780 | 782 | 780 | 782 |
| Provisions | 12 | 89 | 39 | 89 | 39 |
| Other | 13 | 74 | 74 | 74 | 74 |
| **Total Current Liabilities** | | 1,927 | 1,651 | 1,900 | 1,626 |
| **Non-Current Liabilities** | | | | | |
| Interest-bearing liabilities | 11 | 1,050 | 1,000 | 19,313 | 19,263 |
| Provisions | 12 | 30 | - | 30 | - |
| **Total Non-Current Liabilities** | | 1,080 | 1,000 | 19,343 | 19,263 |
| **TOTAL LIABILITIES** | | 3,007 | 2,651 | 21,243 | 20,889 |
| **NET ASSETS/(LIABILITIES)** | | 1,729 | 2,455 | (16,423) | (15,698) |
| **EQUITY** | | | | | |
| Contributed equity | 14 | 33,713 | 32,775 | 33,713 | 32,775 |
| Reserves | 5 | 2,042 | 2,042 | 2,041 | 2,041 |
| Accumulated Losses | 19 | (33,812) | (32,148) | (52,177) | (50,514) |
| Parent entity interest | | 1,943 | 2,669 | (16,423) | (15,698) |
| Outside equity interest | 17 | (214) | (214) | - | - |
| **TOTAL EQUITY (DEFICIENCY)** | | 1,729 | 2,455 | (16,423) | (15,698) |

The statements of financial position are to be read in conjunction with the notes to and forming part of the financial statements set out on pages 15 to 38.

# Statement of Cash Flows

## (for the year ended 30 June 2003)

| | Note | CONSOLIDATED 2003 $000 | CONSOLIDATED 2002 $000 | THE COMPANY 2003 $000 | THE COMPANY 2002 $000 |
|---|---|---|---|---|---|
| **Cash flows used in operating activities** | | | | | |
| Cash receipts in the course of operations | | 3,769 | 3,431 | 3,769 | 3,264 |
| Cash payments in the course of operations | | (4,195) | (3,843) | (4,195) | (3,676) |
| Interest and other costs of finance paid | | (124) | (59) | (124) | (59) |
| Interest received | | 50 | 21 | 50 | 21 |
| Other | | - | - | - | - |
| **Net cash provided by (used in) operating activities** | 18(b) | (500) | (450) | (500) | (450) |
| **Cash flows from investing activities** | | | | | |
| Proceeds from US loans | | - | 51 | - | 51 |
| Proceeds on disposal of Non-current Assets | | - | 42 | - | 42 |
| Proceeds from Loans repaid by other entities | | 182 | - | 182 | - |
| Payments for investments | | (285) | (23) | (285) | (23) |
| Proceeds from sale of equity investments | | 295 | 201 | 295 | 201 |
| Payments for non-current assets | | (185) | (21) | (185) | (21) |
| Proceeds from disposal of non-current assets | | - | - | - | - |
| **Net cash provided by investing activities** | | 7 | 250 | 7 | 250 |
| **Cash flows from financing activities** | | | | | |
| Repayment of borrowings | | - | (321) | - | (321) |
| Proceeds from borrowings | | 50 | 1,000 | 50 | 1,000 |
| Proceeds of share issues during the year | | 200 | 253 | 200 | 253 |
| Payment of dividend | | - | - | - | - |
| Payment of float costs | | - | - | - | - |
| **Net cash provided by/(used in) financing activities** | | 250 | 932 | 250 | 932 |
| Net increase/(decrease) in cash held | | (243) | 732 | (243) | 732 |
| Cash at the beginning of the financial year | | 1,409 | 677 | 1,409 | 677 |
| Cash at the end of the financial year | 18 (a) | 1,166 | 1,409 | 1,166 | 1,409 |

The statements of cash flows are to be read in conjunction with the notes to and forming part of the financial statements set out on pages 15 to 38.

## 1. STATEMENT OF ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The financial report covers the economic entity of Aspermont Limited and controlled entities and Aspermont Limited as an individual parent entity. Aspermont Limited is a listed public company, incorporated and domiciled in Australia. The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**(a) Principles of Consolidation**

The consolidated accounts comprise the accounts of Aspermont Limited and all of its controlled entities. A controlled entity is any entity controlled by Aspermont Limited. Control exists where Aspermont Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Aspermont Limited to achieve the objectives of Aspermont Limited. A list of controlled entities is contained in Note 15 to the accounts.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Where controlled entities have entered or left the economic entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

Outside interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated accounts.

(b) **Income Tax**

The economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the operating profit from ordinary activities adjusted for any permanent differences. Timing differences which arise due to the different accounting periods in which terms of revenue and expense are included in the determination of operating profit before income tax and taxable income are brought to account as either a provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses have not been brought to account because there is uncertainty of realisation of the benefit.

The amount of benefits not 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.

**1. STATEMENT OF ACCOUNTING POLICIES (CONTD)**

(c) **Foreign Currency**

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies are translated at the rates of exchange ruling at balance date. Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account in the profit and loss account in the financial year in which the exchange rates change, as exchange gains or losses.

(d) **Investments**

Non-current investments are measured on the cost basis. The carrying amount of non-current investments is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the quoted market value for listed investments or the underlying net assets for other non-listed investments. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts. Investments in associate companies are recognised in the financial statements by applying the equity method of accounting.

(e) **Provisions**

Provision for Doubtful Debts

The collectability of debts is assessed at year end and provision is made for any doubtful accounts.

(f) **Employee Entitlements**

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 economic entity to employee superannuation funds and are charged as expenses when incurred.

(g) **Intangibles**

**a) 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. Both goodwill and goodwill on consolidation are amortised on a straight-line basis over a period of twenty years. The balances are reviewed annually and any balance representing future benefits for which the realisation is considered to be no longer probable are written off.

## 1. STATEMENT OF ACCOUNTING POLICIES (CONTD)

### (h) Intangibles (Cont'd)

**b) Mastheads**

In the past, mastheads have been carried at cost and were not amortised as the directors were of the opinion that having regard to the duration of the life of the mastheads and their ultimate residual value amortisation would not have been material.

While applicable accounting standards and other professional requirements require that assets such as mastheads be amortised over a period not exceeding twenty years, the directors have decided not to amortise mastheads for the following reasons:-

i) On 21 February 2000, the company issued a prospectus to raise $2,200,000 by the issue of 11,000,000 new shares at an issue price of 20c each;
The issue under the prospectus was fully met and consequently the company's shares were quoted on the Australian Stock Exchange on 27 April 2000 and have remained quoted;

ii) The successful capital raising by the company and the subsequent listing of its shares on the Australian Stock Exchange has significantly increased the market capitalisation of the company and provided an avenue for the sale of its shares;

iii) Since the raising of new capital, the company has significantly enlarged its business through both increased revenues and the acquisition of related business assets;

iv) The increased revenues are the result of improved circulation for publications and rises in advertising revenue; and

v) The company is regarded as a leader in the specialist and technical publishing world.

As a result, the directors are of the opinion that the mastheads have increased in value but, in the light of the matters discussed above and having regard to the requirements of applicable accounting standards, they have determined to retain the mastheads at their existing carrying value and that no provision for their amortisation should be made at this time. The carrying amount is reviewed annually by the directors to ensure that it is not in excess of the recoverable amount. The recoverable amount is assessed based upon the present value of expected future cash flows.

### (i) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation. 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. The recoverable amounts are assessed on the basis of the expected net cash flows and have not been discounted to their present values in determining recoverable amounts. 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:**

| Class of Fixed Asset | Depreciation Rate |
|---|---|
| Plant and equipment | 13.5% - 40% |

**STATEMENT OF ACCOUNTING POLICIES (CONTD)**

**(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 in creditors and will be brought to account and recognised in the accounting period in which the respective magazines or news service subscribed for are published.

**(k) Advertising Revenue**

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

**(l) Cash**

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.

**(m) Leases**

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

**(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 report and directors' report have been rounded off to the nearest $1,000.

| | CONSOLIDATED | | THE COMPANY | |
|---|---|---|---|---|
| | 2003 | 2002 | 2003 | 2002 |
| | $000 | $000 | $000 | $000 |
| **2.. REVENUE** | | | | |
| **Operating activities:** | | | | |
| Sales revenue - subscriptions & advertising | 3,787 | 3,232 | 3,787 | 3,065 |
| Contract income | 34 | 60 | 34 | 60 |
| Interest received or due and receivable from: | | | | |
| other corporations | 50 | 21 | 50 | 21 |
| Consultancy fees | - | 80 | - | 80 |
| Foreign exchange gain | - | - | - | - |
| | 3,871 | 3,393 | 3,871 | 3,226 |
| **Non-operating activities:** | | | | |
| Proceeds from disposal of shares & non-current assets | 333 | 201 | 333 | 201 |
| Excess provisions written back | 35 | 139 | 35 | 139 |
| Discounts on US loans | - | - | - | - |
| Loan forgiven | - | 92 | - | 92 |
| | 368 | 432 | 368 | 432 |

**3. PROFIT FROM ORDINARY ACTIVITIES**

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

| | | | | |
|---|---|---|---|---|
| (a) Revenue and net gains: | | | | |
| Gains on Sale of Investments | 54 | - | 54 | - |
| | 54 | - | 54 | - |

| | CONSOLIDATED | | THE COMPANY | |
|---|---|---|---|---|
| | 2003 | 2002 | 2003 | 2002 |
| | $000 | $000 | $000 | $000 |
| **3. PROFIT FROM ORDINARY ACTIVITIES (CONT'D)** | | | | |
| (b) Expenses: | | | | |
| Cost of sales | 2,172 | 2,147 | 2,172 | 1,971 |
| Bad debts written off | 11 | 12 | 11 | 12 |
| Doubtful debts | 7 | (6) | 7 | (6) |
| Legal costs | 94 | 85 | 94 | 85 |
| Borrowing costs | | | | |
| - related companies | 299 | 58 | 299 | 58 |
| - other companies | - | - | - | - |
| Consulting & Accounting services | 262 | 39 | 262 | 39 |
| Write-down of non-current investments to recoverable amount | 187 | 20 | 187 | 20 |
| Depreciation of plant, equipment and web sites | 88 | 108 | 88 | 108 |
| Directors Fees | 495 | 20 | 495 | 20 |
| Rental expense on operating leases – Minimum lease payments | 71 | 66 | 71 | 66 |
| Movement in provisions for employee entitlements | 79 | 9 | 79 | 9 |
| Foreign exchange loss | 42 | 28 | 42 | 28 |
| (c) Significant Revenues and Expenses | | | | |
| The following significant revenue and expense items are relevant in explaining the financial performance: | | | | |
| Excess provisions written back | 35 | 139 | 35 | 139 |
| Internet advertising & subscriptions | 647 | 434 | 647 | 434 |
| Interest Expense | (275) | (58) | (275) | (58) |
| Legal costs | (94) | (85) | (94) | (85) |
| Write-down of non-current investments to Recoverable amount | (187) | (20) | (187) | (20) |
| Directors Fees | (495) | (20) | (495) | (20) |
| Consulting & Accounting Fees | (262) | (39) | (262) | (39) |
| Settlement of Defamation Claim | - | (8) | - | (8) |
| (d) Remuneration of auditors of the parent entity for | | | | |
| - auditing or reviewing the accounts | 32 | 31 | 32 | 31 |
| - other services | 8 | 39 | 8 | 39 |
| | 40 | 70 | 40 | 70 |

| | CONSOLIDATED 2003 $000 | CONSOLIDATED 2002 $000 | THE COMPANY 2003 $000 | THE COMPANY 2002 $000 |
|---|---|---|---|---|
| **4. TAXATION** | | | | |
| **Income Tax Expense** | | | | |
| The prima facie tax on profit from ordinary activities before tax is reconciled to the income tax as follows: | | | | |
| Prima facie tax payable on profit from ordinary activities calculated at 30% | (499) | (120) | (499) | (119) |
| Tax effect of permanent differences: | | | | |
| • Non-assessable income | 19 | (38) | 19 | (38) |
| • Doubtful debts | (2) | (2) | (2) | (2) |
| • Movement in provision for employee entitlements | 24 | 3 | 24 | 3 |
| • Non-deductible expenditure | 276 | 6 | 276 | 6 |
| • Write downs to recoverable amounts | 57 | - | 57 | - |
| • Current year loss not tax effected | 125 | 151 | 125 | 150 |
| Income tax expense attributable to profit from ordinary activities before income tax | - | - | - | - |

Potential future income tax benefits attributable to tax losses carried forward and timing differences as detailed below have not been brought to account at 30 June 2003, because generally the Directors do not regard realisation of the future income tax benefits as virtually certain within the economic entity and also due to the changeable nature of the taxation climate:

| | CONSOLIDATED 2003 $000 | CONSOLIDATED 2002 $000 | THE COMPANY 2003 $000 | THE COMPANY 2002 $000 |
|---|---|---|---|---|
| Income tax losses | 12,677 | 12,261 | 2,156 | 1,740 |
| Realised capital losses | 2,978 | 2,978 | - | - |
| Unrealised capital losses - external investment | 29 | 29 | 29 | 29 |
| Unrealised capital losses - subsidiary investment | 31,592 | 31,592 | 15,730 | 15,730 |
| | 47,276 | 46,860 | 17,915 | 17,499 |

Future income tax benefits will only be obtained if:

(i) the relevant company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised, or the benefit can be utilised by another controlled entity in accordance with Section 80G of the Income Tax Assessment Act 1936;

(ii) the relevant company and the economic entity continues to comply with the conditions for deductibility imposed by the law; and

(iii) no changes in tax legislation adversely affect the relevant company and the economic entity in realising the benefit.

| | CONSOLIDATED | | THE COMPANY | |
|---|---|---|---|---|
| | 2003 | 2002 | 2003 | 2002 |
| | $000 | $000 | $000 | $000 |

**4. TAXATION (CONT'D)**

Notwithstanding the foregoing in regard to the year ended 30 June 2000, the Directors are of the opinion that that year's profits are able to be successfully offset against prior years' losses brought forward. Accordingly no provision for income tax arising thereon for the year ended 30 June 2000 was raised in the financial report. If these losses should not prove to be available, a liability for income tax in the sums of $220,000 and $238,000 for the economic entity and parent entity respectively could arise. Should assessments be raised in future years in this regard, they will be brought to account in the financial years in which this occurs. The parent entity is taxed as a public company.

| | CONSOLIDATED 2003 $000 | CONSOLIDATED 2002 $000 | THE COMPANY 2003 $000 | THE COMPANY 2002 $000 |
|---|---|---|---|---|
| **5. RESERVES** | | | | |
| **Capital** | | | | |
| Capital profits | 81 | 81 | 81 | 81 |
| Asset revaluation | 1,961 | 1,961 | 1,960 | 1,960 |
| Total reserves | 2,042 | 2,042 | 2,041 | 2,041 |
| **6. RECEIVABLES** | | | | |
| **Current** | | | | |
| Trade debtors | 657 | 570 | 657 | 570 |
| Provision for doubtful debts | (22) | (13) | (22) | (13) |
| Other debtors | 128 | 130 | 128 | 130 |
| Prepaid borrowing expenses | 40 | - | 40 | - |
| | 803 | 687 | 803 | 687 |
| **Non-current** | | | | |
| Loans to controlled entities | - | - | 6,187 | 6,307 |
| Less provision for loss on realisation | - | - | (6,187) | (6,178) |
| Loans to related entities | 138 | 134 | 138 | 134 |
| Less provision for loss on realisation | (7) | (7) | (7) | (7) |
| US mortgages | 104 | 271 | 104 | 271 |
| Less provision for loss on realisation | - | - | - | - |
| **Total Non-current Receivables** | 235 | 398 | 235 | 527 |

The US Mortgages, represent 30 year non-interest bearing loans secured by second mortgages over residential properties in Chandler Arizona, USA, which mature in 2018 which previous management accepted in the course of resolving a dispute. The movement in the net loan balance from $271,000 to $104,000 is a result of an independent valuation of the recoverable value of the loan amount and to reflect movements in the $US/$A exchange rate.

| | CONSOLIDATED 2003 $000 | CONSOLIDATED 2002 $000 | THE COMPANY 2003 $000 | THE COMPANY 2002 $000 |
|---|---|---|---|---|
| **7. INVESTMENTS** | | | | |
| **a.) INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD** | | | | |
| **Non-current** | | | | |
| Associated companies - at cost | - | - | 43,944 | 43,944 |
| Less provision for diminution | - | - | (43,694) | (43,694) |
| | - | - | 250 | 250 |

There have been no movements in these investments during the year.

Refer Note 15 for particulars in relation to associated companies

| | CONSOLIDATED 2003 $000 | CONSOLIDATED 2002 $000 | THE COMPANY 2003 $000 | THE COMPANY 2002 $000 |
|---|---|---|---|---|
| **b.) OTHER FINANCIAL ASSETS** | | | | |
| **Current** | | | | |
| Listed investments at cost | 48 | - | 48 | - |
| Less provision for write-down to recoverable amount | (17) | - | (17) | - |
| | 31 | - | 31 | - |
| Market value of listed investments: | | | | |
| - shares in other corporations | 31 | - | 31 | - |
| **Non-current** | | | | |
| Listed investments at cost | - | 91 | - | 91 |
| Less provision for write-down to recoverable amount | - | (11) | - | (11) |
| | - | 80 | - | 80 |
| Unlisted investments at cost | | | | |
| - Shares in other corporations | 262 | 301 | 262 | 301 |
| Less provision for write-down to recoverable amount | (262) | (301) | (262) | (301) |
| | - | - | - | - |
| Total investments | 31 | 80 | 31 | 80 |

| | CONSOLIDATED 2003 $000 | CONSOLIDATED 2002 $000 | THE COMPANY 2003 $000 | THE COMPANY 2002 $000 |
|---|---|---|---|---|
| **8. PLANT AND EQUIPMENT** | | | | |
| Plant and equipment - at cost | 431 | 378 | 431 | 378 |
| Accumulated depreciation | (319) | (259) | (319) | (259) |
| | 112 | 119 | 112 | 119 |
| Websites – at cost | 156 | 156 | 156 | 156 |
| Accumulated amortisation | (115) | (86) | (115) | (86) |
| | 41 | 70 | 41 | 70 |
| | 153 | 189 | 153 | 189 |

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

| | Plant And Equipment $000 | Websites $000 | Total $000 |
|---|---|---|---|
| Economic Entity: | | | |
| Balance at the beginning of year | 119 | 70 | 189 |
| Additions | 53 | - | 53 |
| Disposals | - | - | - |
| Depreciation expense | (60) | (29) | (89) |
| Carrying amount at the end of year | 112 | 41 | 153 |
| Parent Entity: | | | |
| Balance at the beginning of year | 119 | 70 | 189 |
| Additions | 53 | - | 53 |
| Disposals | - | - | - |
| Depreciation expense | (60) | (29) | (89) |
| Carrying amount at the end of year | 112 | 41 | 153 |

| | CONSOLIDATED 2003 $000 | CONSOLIDATED 2002 $000 | THE COMPANY 2003 $000 | THE COMPANY 2002 $000 |
|---|---|---|---|---|
| **9. INTANGIBLES** | | | | |
| **Goodwill on acquisition** | | | | |
| Balance at beginning of year | 2,450 | 2,438 | 2,154 | 2,154 |
| Added during the year - at cost | - | 12 | - | 0 |
| Balance at end of year | 2,450 | 2,450 | 2,154 | 2,154 |
| Accumulated amortisation | (2,131) | (2,131) | (2,113) | (2,113) |
| | 319 | 319 | 41 | 41 |
| **Masthead - at independent valuation 30th June 1999** | | | | |
| Balance at beginning of year | 1,936 | 1,936 | 1,936 | 1,936 |
| Added during the year | 0 | 0 | 0 | 0 |
| Balance at end of year | 1,936 | 1,936 | 1,936 | 1,936 |
| **Mastheads – at cost** | 93 | 88 | 205 | 72 |
| Total Intangibles | 2,348 | 2,343 | 2,182 | 2,049 |

The independent valuation carried out on 30 June 1999 on behalf of Ernst and Young Corporate Finance Pty Ltd by Mr Martin Alciaturi and Mr Ken Pendergast was on the Australia's Mining Monthly masthead alone.

No valuation has been carried out on the company's other nine mastheads.

| | CONSOLIDATED 2003 $000 | CONSOLIDATED 2002 $000 | THE COMPANY 2003 $000 | THE COMPANY 2002 $000 |
|---|---|---|---|---|
| **10. PAYABLES** | | | | |
| **Current** | | | | |
| Sundry creditors and accrued expenses | 635 | 497 | 580 | 442 |
| Less provision for reduction | (28) | (28) | - | - |
| Subscriptions & Advertising in advance | 328 | 239 | 328 | 239 |
| Other creditors | 49 | 48 | 49 | 50 |
| | 984 | 756 | 957 | 731 |

| | CONSOLIDATED | | THE COMPANY | |
|---|---|---|---|---|
| | 2003 | 2002 | 2003 | 2002 |
| | $000 | $000 | $000 | $000 |
| **11. INTEREST BEARING LIABILITIES:** | | | | |
| **Current** | | | | |
| **Unsecured:** | | | | |
| Bank overdraft | - | - | - | - |
| Related party loans (refer below) | 780 | 782 | 780 | 782 |
| | 780 | 782 | 780 | 782 |

The loan of $780,000 has been recorded, as a related party on the basis of Mr Kent's proceedings in the Supreme Court as detailed in Note 23 & 28 to the financial statements.

| | CONSOLIDATED | | THE COMPANY | |
|---|---|---|---|---|
| | 2003 | 2002 | 2003 | 2002 |
| **Non-Current** | | | | |
| **Unsecured:** | | | | |
| Controlled entities loans (refer below) | - | - | 18,263 | 18,263 |
| Related party loans | 1,050 | 1,000 | 1,050 | 1,000 |
| Other loans | - | - | - | - |
| | 1,050 | 1,000 | 19,313 | 19,263 |

The directors of controlled entities have resolved that controlled entity loans are interest free and repayable only when the parent entity has the financial means to do so.

| | CONSOLIDATED | | THE COMPANY | |
|---|---|---|---|---|
| | 2003 | 2002 | 2003 | 2002 |
| **12. PROVISIONS** | | | | |
| **Current** | | | | |
| Employee entitlements | 89 | 39 | 89 | 39 |
| | 89 | 39 | 89 | 39 |
| **Non-Current** | | | | |
| Long service leave entitlements | 30 | - | 30 | - |
| (a) Aggregate employee entitlements liability | 119 | 39 | 119 | 39 |
| (b) Number of employees at year-end. | 48 | 46 | 48 | 46 |

| | CONSOLIDATED | | THE COMPANY | |
|---|---|---|---|---|
| | 2003 | 2002 | 2003 | 2002 |
| | $000 | $000 | $000 | $000 |
| **13. OTHER** | | | | |
| **Current** | | | | |
| Taxation receipt unallocated. | 74 | 74 | 74 | 74 |
| | 74 | 74 | 74 | 74 |

**14. CONTRIBUTED EQUITY**

| | | | | |
|---|---|---|---|---|
| 102,849,129 (2002 84,099,129) Fully paid ordinary shares (a) | 33,713 | 32,775 | 33,713 | 32,775 |
| (a) Ordinary shares | | | | |
| At the beginning of the reporting period | 32,775 | 32,277 | 32,775 | 32,277 |
| Shares issued during the year: | | | | |
| 4,000,000 (2002: 8,784,000) pursuant to a placement | 200 | 505 | 200 | 505 |
| 14,750,000 (2002: Nil) via the issue of shares in lieu of the payment of directors and consultants fees during the year. | 738 | - | 738 | - |
| Transaction Costs relating to share issue | - | (7) | - | (7) |
| At reporting date | 33,713 | 32,775 | 33,713 | 32,775 |

On the 3rd July 2002 the company issued 18,750,000 ordinary fully paid shares and 9,000,000 10c 2005 options as follows :-

- 4,000,000 ordinary fully paid shares at an issue price of 5 cents to Allandale Holdings Pty Ltd a company associated with a director Mr John Stark,
- 500,000 ordinary fully paid shares at an issue price of 5 cents to Ms Maria Stratton in lieu of the payment of director's fees,.
- 9,000,000 ordinary fully paid shares at an issue price of 5 cents and 9,000,000 10c 2005 options at no cost to Mr Andrew Kent or nominee in lieu of the payment of directors fees,
- 5,250,000 ordinary fully paid shares at an issues price of 5 cents to contractors in lieu of payment for services

All shares issued rank equally with the existing shares of Aspermont Limited.

## 15. PARTICULARS IN RELATION TO CONTROLLED ENTITIES

| | Place of Incorp. | Class Of share | Economic Entity Interest 2003 % | Economic Entity Interest 2002 % | Amount of Investment 2003 $000 | Amount of Investment 2002 $000 | Dividends Received or Receivable 2003 $000 | Dividends Received or Receivable 2002 $000 |
|---|---|---|---|---|---|---|---|---|
| Aspermont Limited | NSW | Ord | 100 | 100 | - | - | - | - |
| **Controlled Entities:** | | | | | | | | |
| International Laser Finance Pty Ltd | NSW | Ord | 100 | 100 | - | - | - | - |
| Financial and 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 | - | - | - | - |
| Darling Downs TV Ltd | QLD | Ord | 54 | 54 | - | - | - | - |
| Eastland Drive-ins Pty Ltd | QLD | Ord | 54 | 54 | - | - | - | - |
| Osmoglen Pty Ltd | QLD | Ord | 54 | 54 | - | - | - | - |
| Zitalane Pty Ltd | QLD | Ord | 54 | 54 | - | - | - | - |
| Hawksbill Pty Ltd | VIC | Ord | 54 | 54 | - | - | - | - |
| Crown Communications (Aust) Pty Ltd | QLD | Ord | 54 | 54 | - | - | - | - |
| Meridian Holdings Ltd | VIC | Ord | 54 | 54 | - | - | - | - |
| Peterson Road Ltd | NSW | Ord | 7 | 7 | | | | |
| Regal Focus Pty Ltd | WA | Ord | 100 | 100 | 250 | 250 | - | - |
| | | | | | 250 | 250 | - | - |

NOTE: The investments in all subsidiary companies have been provided for in full and are written down to $Nil with the exception of Regal Focus Pty Ltd which was acquired on 1 March 2000 for a purchase consideration of $250,000.

| | CONSOLIDATED 2003 $000 | CONSOLIDATED 2002 $000 |
|---|---|---|
| **RESULTS OF ASSOCIATES** | | |
| Share of associate's profit/(loss) before income tax | - | (4) |

| | CONSOLIDATED 2003 $000 | CONSOLIDATED 2002 $000 | THE COMPANY 2003 $000 | THE COMPANY 2002 $000 |
|---|---|---|---|---|
| **16. AMOUNTS PAYABLE/RECEIVABLE IN FOREIGN CURRENCIES** | | | | |
| The Australian dollar equivalents of unhedged amounts payable or received in foreign currencies, calculated at year end exchange rates, are as follows: | | | | |
| *United States dollars* | | | | |
| Amounts receivable | | | | |
| non-current (net of provision for doubtful debts) | 104 | 271 | 104 | 271 |
| **17. OUTSIDE EQUITY INTERESTS** | | | | |
| Ordinary share capital of controlled entities issued to outside equity interests is: | | | | |
| Darling Downs TV Ltd. | 1,949 | 1,949 | | |
| Interest in reserves Darling Downs TV Ltd | 13,909 | 13,909 | | |
| Interest in Accumulated Losses at end of year | | | | |
| ■ Darling Downs TV Ltd | (15,911) | (15,911) | | |
| ■ International Intellectual Capital Pty Ltd | (161) | (161) | | |
| | (16,072) | (16,072) | | |
| **Total outside equity interests** | (214) | (214) | | |
| **18. CASH FLOW INFORMATION** | | | | |
| (a) Reconciliation of Cash | | | | |
| Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows: | | | | |
| Cash at bank and on deposit | 1,166 | 1,409 | 1,166 | 1,409 |
| Bank Overdraft | - | - | - | - |
| | 1,166 | 1,409 | 1,166 | 1,409 |
| (b) **Reconciliation of Operating Profit/(Loss) after tax to net cash provided by operating activities** | | | | |
| **Profit/(Loss) from ordinary activities after income tax** | (1,663) | (401) | (1,663) | (392) |
| • Loss/(Profit) on sale of non current assets | (54) | 44 | (54) | 44 |
| • Depreciation | 88 | 108 | 88 | 108 |
| • Amortisation of goodwill on consolidation | - | - | - | - |
| • Write downs to recoverable amount | 192 | 15 | 192 | 15 |
| • Prov for dim value not required | (34) | (92) | (34) | (92) |
| • Loan Forgiven | - | (93) | - | (93) |
| • Shares issued in lieu of expense payments | 737 | - | 737 | - |

| | CONSOLIDATED 2003 $000 | CONSOLIDATED 2002 $000 | THE COMPANY 2003 $000 | THE COMPANY 2002 $000 |
|---|---|---|---|---|
| **18. NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D)** | | | | |
| **Change in assets and liabilities:** | | | | |
| (Increase)/decrease in accounts receivable | (80) | (28) | (80) | (28) |
| (Decrease)/increase in creditors | 59 | (98) | 59 | (107) |
| (Decrease)/increase in borrowings | 176 | - | 176 | - |
| Increase/(decrease) in current provisions | 49 | 95 | 49 | 95 |
| (Decrease)/Increase in non-current provisions | 30 | - | 30 | - |
| **Nett cash provided by (used in) operating activities** | (500) | (450) | (500) | (450) |

(c). Non-cash Financing and Investing Activities

During the year the company issued 14,750,000 fully paid shares at an issue price of 5c in lieu of the payment of directors and consultants fees.

**19. RETAINED PROFITS**

| | CONSOLIDATED 2003 | CONSOLIDATED 2002 | THE COMPANY 2003 | THE COMPANY 2002 |
|---|---|---|---|---|
| Retained profits at the beginning of the financial year | (32,148) | (31,775) | (50,514) | (50,122) |
| Net profit attributable to the members of the parent entity | (1,663) | (397) | (1,663) | (392) |
| De-consolidation /adjustments | (1) | 24 | - | - |
| Retained profits at the end of the financial year | (33,812) | (32,148) | (52,177) | (50,514) |

**20. DIRECTORS' AND EXECUTIVES' REMUNERATION**

**(a) Remuneration of Directors**

| | CONSOLIDATED 2003 | CONSOLIDATED 2002 | THE COMPANY 2003 | THE COMPANY 2002 |
|---|---|---|---|---|
| Income paid or payable to all directors of the parent entity and each entity in the economic entity by the entities of which they were directors and any related parties | 587 | 83 | 587 | 83 |

| Number of parent entity directors whose income from the parent entity or any related parties was within the following bands | No | No |
|---|---|---|
| $0 - $ 10,000 | 1 | 1 |
| $10,000 - $ 19,999 | - | 1 |
| $20,000 - $ 29,999 | 2 | - |
| $60,000- $ 70,000 | - | 1 |
| $530,000-$540,000 | 1 | - |

On the 21st November 2002 the board resolved to pay directors fees of $24,000p.a to Mr John Stark via 480,000 fully paid shares in Aspermont Limited at 5c per share to be issued annually. As at the date of this report no shares have been issued to Mr Stark.

## 20. DIRECTORS' AND EXECUTIVES' REMUNERATION (CONT'D)

**(b) Remuneration of Executives**

| | | |
|---|---|---|
| The number of executive officers of the company and of controlled entity's whose remuneration from the company or related parties was $100,000 or more | No | No |
| | 1 | 1 |
| Number of executives whose income from the parent entity or any related parties was within the following bands | No | No |
| $100,000- $110,000 | 1 | 1 |

## 21. RELATED PARTY TRANSACTIONS

**a.) Directors Equity Holdings**

The interests of directors of the reporting entity and their director - related entities in shares and options of the consolidated entity at year end are set out below.

| Director | Ordinary Shares | Share Options |
|---|---|---|
| Andrew Kent | 48,000,000 | 53,978,082 |
| Lewis Cross | 1,350,000 | Nil |
| John Stark | 16,983,487 | Nil |

**b.) Loans from Director related Entities:**

| | 2003 $000 | 2002 $000 |
|---|---|---|
| Aggregate of amounts loaned to the company by entities associated with a director, Mr AL Kent | | |
| Current | 780 | 780 |
| Non- Current | 1,050 | 1,000 |

The non-current loans include :-

- June 2005 convertible note – $1,000,000 with an interest rate of 10%.
- June 2006 term loan with the principal amount of $50,000 and an interest rate of 12%.

**21. RELATED PARTY TRANSACTIONS (continued)**

| c.) Other Transactions: | 2003 $000 | 2002 $000 |
|---|---|---|
| The following fees were paid to CrossCorp Accounting, an accounting practice associated with a director, Lewis Cross - | 3 | 43 |

The company has a receivable of $131,032 (2002 - $127,139) due from Peterson Road Limited (previously a controlled entity of Aspermont Limited). Mr Andrew Kent is a director of Peterson Road Limited.

During the year the company paid expenses on behalf of Mr Kent which are included as receivables due to the company. As at 30th June 2003 the balance owing by Mr Kent is $12,889

Pursuant to the general meeting of shareholders on the 11th September 2002 and an authority from Drysdale Investment Limited the following amounts were paid to Mr Kent during the year.
Procurement Fee - $60,000,
Interest on the 2005 Convertible Note - $100,000

During July 2002 and pursuant to approval at the general meeting of shareholders on the 21st June 2002, the following shares were issued to companies associated with directors, in lieu of the payment of consultant fees and services.

| | 2003 $000 | 2002 $000 |
|---|---|---|
| M&P Services Pty Ltd - John Stark<br>2,000,000 Ordinary shares fully paid @ 5c per share | 100 | - |
| Peterborough Nominees Pty Ltd - Lewis Cross<br>1,250,000 Ordinary shares fully paid @ 5c per share | 62 | - |

## 22. FINANCIAL INSTRUMENTS :

**Interest Rate Exposure**

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates and financial liabilities, is as follows:

| | Weighted Average Effective Interest Rate | | Floating Interest Rate | | Fixed Interest Rate Maturing Within 1 Year | | 1 to 5 Years | |
|---|---|---|---|---|---|---|---|---|
| | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 |
| Financial assets | % | % | $000 | $000 | $000 | $000 | $000 | $000 |
| Cash at bank | 4.25 | 4.22 | 1,166 | 1,409 | 0 | 0 | 0 | 0 |
| Total financial assets | | | 1,166 | 1,409 | 0 | 0 | 0 | 0 |
| Financial liabilities | | | | | | | | |
| Related party loans | 12.19 | 11.90 | 0 | 0 | 780 | 780 | 1,050 | 1,042 |
| Total financial liabilities | | | 0 | 0 | 780 | 780 | 1,050 | 1,042 |

**Credit Risk Exposure**

The maximum exposure to credit risk, excluding the value of any collateral or other security at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to and forming part of the financial statements.

The economic entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the economic entity.

**Net Fair Values**

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and notes to and forming part of the financial statements.

## 23. AFTER BALANCE DATE EVENTS

### Legal Proceedings

The company is the subject of a winding up application in the Federal Court of Australia brought by Lechmere Financial Corporation (Lechmere) on the ground that the company failed to comply with two statutory demands served by Lechmere on 18th January 2002 and 24th July 2002. The total amount demanded by the statutory demands was $955,500 comprising principal of a loan of $780,000 and interest on the loan of $175,500.

Mr Andrew Kent claims against the company that the amounts demanded by Lechmere are due and payable to him. He has commenced proceedings against the company in the Supreme Court seeking an order that the monies demanded by Lechmere are due and payable to him and in those proceedings has obtained an injunction in terms that restrain the company from paying to Lechmere the amounts demanded by the statutory demands.

The winding up application was heard on the 25 August 2003 and, upon the parties filing written submissions, judgement was reserved. It is expected that judgement will be delivered before 21st October 2003.

The company has opposed the application on the basis that it is solvent and is able to pay its debts as and when they become due and payable, including the monies claimed by Lechmere. Further, it maintains that it is ready, willing and able to pay the monies to Lechmere but is restrained from doing so because of the injunction against it in Mr Kent's proceedings in the Supreme Court.

### Purchase Option & Repayment Agreement – Peterson Road Ltd

Aspermont has previously provided advice and introductions for the development of the Lahoca gold project in Hungary. During July 2003 Aspermont entered into a purchase, option and repayment agreement whereby its loan investment would be converted into ordinary shares in St Istvan Gold PLC.

The project has now advanced and St Istvan PLC is expected to be listed in London early in the new year. This has been a small but successful investment that offers the opportunity for possible significant future returns to Aspermont shareholders.

**24. SEGMENT INFORMATION.**
The economic entity operates solely in the media publishing industry within Australia.

### INFORMATION ABOUT BUSINESS SEGMENTS
(All amounts $ thousand)

| | Print Media | | Websites | | Eliminations | | Consolidated | |
|---|---|---|---|---|---|---|---|---|
| | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 |
| **REVENUE** | | | | | | | | |
| External sales | 3,176 | 2,974 | 647 | 434 | - | - | 3,823 | 3,408 |
| Inter-segment sales | - | - | - | - | - | - | - | - |
| Total sales revenue | 3,176 | 2,974 | 647 | 434 | - | - | 3,823 | 3,408 |
| Share of net profit or loss/result of associates | - | - | - | - | - | - | - | - |
| Total segment revenue | 3,176 | 2,974 | 647 | 434 | - | - | 3,823 | 3,408 |
| **RESULT** | | | | | | | | |
| Segment result | 524 | 468 | (548) | (382) | - | - | (24) | 86 |
| Unallocated corporate income | | | | | | | 140 | 172 |
| Unallocated corporate expenses | | | | | | | (1,779) | (655) |
| Profit/result from ordinary activities before income tax expense | | | | | | | (1,663) | (397) |
| Income tax expense | | | | | | | - | - |
| Profit/result from ordinary activities after income tax expense | | | | | | | (1,663) | (397) |
| Extraordinary items | | | | | | | - | - |
| Net profit | | | | | | | (1,663) | (397) |

| | Print Media | | Websites | | Eliminations | Consolidated | |
|---|---|---|---|---|---|---|---|
| Segment assets | 3,008 | 3,461 | 237 | 148 | | 3,245 | 3,609 |
| Unallocated corporate assets | | | | | | 1,491 | 1,427 |
| Consolidated total assets | | | | | | 4,736 | 5,036 |
| Segment liabilities | 414 | 544 | 281 | 207 | | 695 | 751 |
| Unallocated corporate liabilities | | | | | | 2,312 | 1,900 |
| Consolidated total liabilities | | | | | | 3,007 | 2,651 |
| Investment in equity method associates included in segment assets | - | - | - | - | | - | - |
| Acquisition of property, plant and equipment and intangible assets | 141 | 5 | 34 | 5 | | 175 | 10 |
| Depreciation | 28 | 32 | 60 | 78 | | 88 | 110 |

## 24. SEGMENT INFORMATION (CONTINUED)

**Business segments**

For management purposes, the Group is organised into two operating divisions within the publishing industry—Print media and Internet media. The divisions are the basis on which the Group reports its primary segment information. The print media segment produces a number of magazines within the mining and resources sector. The Net segment develops and maintains website & daily news services on the Internet. Financial information about business segments is presented in the schedule on the previous page.

**Geographical segments:**

The Group's two divisions are managed and operated solely within Australia.

**Segment revenues and expenses**:

Segment revenues 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, inventories 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 inter-segment transactions at this time.

## 25. EARNINGS PER SHARE

| | CONSOLIDATED 2003 | 2002 |
|---|---|---|
| Basic earnings per share (cents per share) | (1.67c) | (0.50c) |
| Diluted earnings per share (cents per share) | (1.30c) | N/A |
| a. Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS | 99,724,129 | 79,090,161 |
| b. Weighted average number of ordinary shares outstanding during the year used in calculation of diluted EPS | 119,724,129 | N/A |

The following potential ordinary shares are not dilutive- 58,434,924 options expiring 20 April 2005 exercisable at 50c per share.

| | CONSOLIDATED | | THE COMPANY | |
|---|---|---|---|---|
| | 2003 | 2002 | 2003 | 2002 |
| | $000 | $000 | $000 | $000 |
| **26. DIVIDENDS PAID OR PROPOSED** | | | | |
| Proposed final franked ordinary dividend of $Nil (2002: Nil) | - | - | - | - |
| Proposed final unfranked ordinary dividend of $Nil (2002: Nil) | - | - | - | - |
| | - | - | - | - |

As at 30 June 2003, the parent entity's dividend franking account has a balance of $Nil (2002: Nil) adjusted for franking credits arising from payment of income tax payable, payment of proposed dividends and franking credits that may be prevented from distribution in subsequent financial years.

**27. CAPITAL AND LEASING COMMITMENTS**

Operating Lease Commitments:

Non-Cancellable Operating Leases contracted for but not capitalised in the financial statements

| Payable: | | |
|---|---|---|
| — Not later than 1 year | 56 | 70 |
| — Later than 1 year but Not later than 5 years | - | 56 |
| | 56 | 126 |

The company currently has two property leases being

1. Leederville W.A - Is a non-cancellable lease with a five-year term that commenced on 23 February Rent is payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease increased in accordance with CPI on the second, third, fifth, sixth, eighth and ninth anniverasrries of the commencement date. An option exists to renew the lease at the end of the five-year term for an additional term of five years.

2. Wembley W.A - Is a non-cancellable lease with a three-year term that commenced on 01st August 2001. Rent is payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease increased on the second and third anniversaries of the commencement date. An option exists to renew the lease at the end of the three -year term for an additional term of three years.

## 28. CONTINGENT LIABILITIES

A verbal claim that is subject to formal confirmation has been made by a shareholder, Mr T Klinger, in regard to monies owing to him in connection with the settlement of certain of the US Loans (see note 6.). Should the claim be successful, an amount of $36,547 will be payable to him in this regard. This amount has not been brought to account in these financial statements.

The company is the subject of a winding up application in the Federal Court of Australia brought by Lechmere Financial Corporation (Lechmere) on the ground that the company failed to comply with two statutory demands served by Lechmere on 18th January 2002 and 24th July 2002. The total amount demanded by the statutory demands was $955,500 comprising principal of a loan of $780,000 and interest on the loan of $175,500.

Mr Andrew Kent claims against the company that the amounts demanded by Lechmere are due and payable to him. He has commenced proceedings against the company in the Supreme Court seeking an order that the monies demanded by Lechmere are due and payable to him and in those proceedings has obtained an injunction in terms that restrain the company from paying to Lechmere the amounts demanded by the statutory demands.

The winding up application was heard on the 25 August 2003 and, upon the parties filing written submissions, judgement was reserved. It is expected that judgement will be delivered before 21st October 2003.

The company has opposed the application on the basis that it is solvent and is able to pay its debts as and when they become due and payable, including the monies claimed by Lechmere. Further, it maintains that it is ready, willing and able to pay the monies to Lechmere but is restrained from doing so because of the injunction against it in Mr Kent's proceedings in the Supreme Court.

## 29. GOING CONCERN

Although the statement of financial position of the parent entity discloses an excess of liabilities over assets at 30 June 2003 of $16,423,000 this has arisen in prior years from abnormal write-downs of loans with 100% controlled entities which are not currently trading. These loans eliminate on consolidation and the consolidated statement of financial position discloses an excess of assets over liabilities amounting to $1,729,000. Accordingly, the parent entity and economic entity do not have a going concern issue at 30 June 2003.

# Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes thereto:

   (a) comply with accounting standards and the Corporations Act 2001; and

   (b) give a true and fair view of the financial position as at 30th June 2003 and performance for the year ended on that date of the company and economic entity.

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

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

Dated this 24th day of September 2003

Andrew Kent
**Director**

Lewis Cross
**Director**

# Independent Auditor's Report

## to the members of Aspermont Limited

**Scope**

We have audited the financial report of Aspermont Limited and controlled entities for the financial year ended 30 June 2003 as set out on pages 12 to 39.

The financial report includes the consolidated financial statements 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. The Company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Australian accounting standards and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the company's and consolidated entity's financial position and performance as represented by the results of their operations and cash flows.

The audit opinion expressed in this report has been formed on the above basis.

**Audit Opinion**
In our opinion, the financial report of Aspermont Limited is in accordance with:

(a) the Corporations Act 2001, including:

- (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30th June 2003 and of their performance for the year ended on that date; and
- (ii) complying with Accounting Standards and the Corporations' Regulations 2001; and

(b) other mandatory professional reporting requirements.

MSI Marsdens
Perth By

M J Waterson
Partner
Dated at Perth this 25th day of September 2003

The following additional information is required by the Australian Stock Exchange Ltd in respect of listed public companies.

**Shareholding**

**Ordinary Share Capital**

102,849,129 shares are held by 943 individual holders

All issued ordinary shares carry one vote per share

Distribution of Shareholders Number

.

| Category (size of Holding) | Ordinary shares |
|---|---|
| 1 – 1,000 | 496 |
| 1,001 – 5,000 | 80 |
| 5,001 – 10,000 | 151 |
| 10,001 – 100,000 | 144 |
| 100,001 – and over | 72 |
| | 943 |

The number of shareholdings held with less than a marketable parcel is 727.

**Options 50c expiry April 2005 (Unquoted)**

58,434,924 options held by 706 individual holders.

Options do not carry a right to vote

. Distribution of Options Number

| Category (size of Holding) | Options |
|---|---|
| 1 – 1,000 | 524 |
| 1,001 – 5,000 | 90 |
| 5,001 – 10,000 | 15 |
| 10,001 – 100,000 | 51 |
| 100,001 – and over | 26 |
| | 706 |

**Options 10c expiry June 2005 (Unquoted)**

| | |
|---|---|
| 9,000,000 | 1 |

Option Holder Drysdale Investments Limited (an associate of the chairman Mr Andrew Kent)

| **Substantial Shareholders** | Number | % |
|---|---|---|
| The names of substantial holders as at 31st August 2003 are | | |
| Drysdale Investment Limited | 48,000,000 | 46.67 |
| Mr John Stark and beneficial interests | 16,983,487 | 16.51 |

20 Largest Shareholders — Ordinary Shares

| | Name | Number of Ordinary Fully Paid Shares Held | % Held of Issued Ordinary Capital |
|---|---|---|---|
| 1. | Drysdale Investments Ltd | 48,000,000 | 46.67 |
| 2. | Allandale Holdings Pty Ltd | 6,505,000 | 6.32 |
| 3. | Mr John Stark | 5,383,487 | 5.23 |
| 4 | Blackroad Pty Ltd (Petrich Super Fund) | 2,151,838 | 2.09 |
| 5. | M & P Services Pty Limited | 2,105,000 | 2.05 |
| 6 | Mr Thomas George Klinger | 2,023,724 | 1.97 |
| 7. | Chepan Pty Ltd | 2,010,000 | 1.95 |
| 8. | Lechmere Financial Corporation | 1,960,245 | 1.91 |
| 9. | ANZ Nominees Limited | 1,899,646 | 1.85 |
| 10. | Hereford Securities and Management SA | 1,768,648 | 1.72 |
| 11. | Allandale Real Estate Super Fund | 1,400,000 | 1.36 |
| 12. | Peterborough Nominees Pty Ltd | 1,250,000 | 1.21 |
| 13. | Alan Cowen | 1,250,000 | 1.21 |
| 14. | Jimbart Holdings Pty Ltd | 1,000,000 | 0.97 |
| 15. | Locope Pty Ltd | 1,000,000 | 0.97 |
| 16. | Rhoderic Whyte | 857,218 | 0.83 |
| 17. | National Nominees Limited | 822,489 | 0.80 |
| 18. | Barrington Finance Limited | 719,202 | 0.70 |
| 19. | Mark & Jennie Smythe | 669,337 | 0.65 |
| 20. | Gal Investments Pty Ltd | 620,000 | 0.60 |
| | | 83,395,834 | 81.06 |

20 Largest Shareholders — 50c Share Options

| | Name | Number of Ordinary Fully Paid Shares Held | % Held of Issued Ordinary Capital |
|---|---|---|---|
| 1. | Drysdale Investments Ltd | 40,000,000 | 68.45 |
| 2. | Mr Andrew Leslie Kent | 2,205,245 | 3.77 |
| 3. | Mr Thomas George Klinger | 2,023,724 | 3.46 |
| 4. | Lechmere Financial Corporation | 1,960,245 | 3.35 |
| 5. | FAI General Insurance Company Limited | 1,409,150 | 2.41 |
| 6. | Davenham Investments Pty Ltd | 894,837 | 1.53 |
| 7 | ANZ Nominees Limited | 868,245 | 1.49 |
| 8. | Anniss (HK) Trading Company | 780,000 | 1.33 |
| 9. | Barrington Finance Limited | 719,202 | 1.23 |
| 10. | Ms Laura Kent | 500,000 | 0.86 |
| 11. | Ms Jane Kent | 500,000 | 0.86 |
| 12. | Mr Alexander Kent | 500,000 | 0.86 |
| 13. | TCC Nominees – In Australia | 492,837 | 0.84 |
| 14. | Bowyang Nominees Pty Ltd | 463,040 | 0.79 |
| 15. | Westpac Custodian Nominees | 442,822 | 0.76 |
| 16. | Mr Neil Bartholomaeus | 400,000 | 0.68 |
| 17. | Davenham Investments Pty Ltd | 314,349 | 0.54 |
| 18. | Mr Joseph Lieberfreund | 300,000 | 0.51 |
| 19. | Mr Stephen Scarr | 250,000 | 0.43 |
| 20 | Mr Roy McKenzie | 250,000 | 0.43 |
| | | 55,273,696 | 94.58 |

The names of the company secretaries are Mr Russell Hardwick & Mr Lewis Cross
The address of the principal registered office in Australia is
Suite 14, Cambridge Forum,
350 Cambridge Street,
Wembley, WA 6014
(08) 9387 9100

The Register of securities is held at the following address
Advanced Share Reigistry
Level 7, 200 Adelaide Terrace
Perth, WA 600

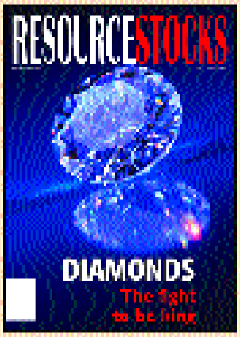
Stock Exchange Listing
Quotation has been granted for all of the ordinary shares of the company on all Member Exchanges of the Australian Stock Exchange Limited.

# Notes

# Products

## Print

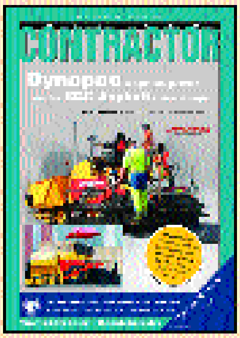

Australia's Mining Monthly




RESOURCESTOCKS


Australia's Longwalls


Builder




Western Contractor/ Western Transport

## Internet

MiningNews.Net

EnergyReview.Net

Analyst Energy Review

International Longwall News

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