

A S P E R M O N T

L I M I T E D

ACN: 000 375 048

A N N U A L

R E P O R T

2004

DIRECTORS & MANAGEMENT

Andrew Kent – Chairman/Managing Director

Mr Kent has over 20 years experience in the stockbroking industry, during which time he gained vast knowledge of small to medium sized businesses. He has been instrumental in expanding the business of Aspermont into other areas of publishing using the successful formula of Australia's Mining Monthly.

Lewis Cross - Non Executive Director

Mr Cross is a Certified Practicing Accountant and has been the principal of a Perth accounting firm for over 25 years. Mr Cross also has experience in mining, construction, property development and publishing and is currently a director of two ASX listed public companies.

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 brings substantial business acumen to the board.

Russell Hardwick - Chief Financial Officer/Company Secretary

Mr Hardwick has over 12 years commercial and business management within a range of national 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 in excess of 140 staff, and has a strong background in human resources and performance development.

Richard Roberts - Group Managing Editor

Mr Roberts has been a mining/finance journalist and editor for 15 years. He worked as a resources reporter on a daily newspaper after completing a journalism cadetship with a leading Australian mining magazine publisher, before becoming editor of a national mining magazine. He joined Australia's Mining Monthly as associate editor in 1992.

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.

CORPORATE DIRECTORY

Directors

Andrew Leslie Kent
John Stark
Lewis George Cross

Company Secretary

Russell Paul Hardwick
Lewis George Cross

Registered Office

613-619 Wellington St Perth W.A 6000
Telephone: (08) 6263 9100 Facsimile: (08) 6263 9148

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

ASPERMONT Limited A.C.N. 000 375 048 AND CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT

CORPORATE GOVERNANCE

The primary role of the Aspermont 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.

Responsibility for managing, directing and promoting the profitable operation and development of the company, consistent with the primary objective of enhancing long term shareholder value, is delegated to the Managing Director, who is accountable to the board.

In March 2004 the Australian Stock Exchange Corporate Governance Council released its Principles of Good Governance and Best Practice Recommendations. The board has reviewed these recommendations and in many cases the company was already achieving the standard required. In some cases the company has not met the recommendations due to these being unduly onerous for a company of this size and its current business development phase.

The following sets out the company's position in relation to corporate governance specifically the 10 principles contained in the ASX Corporate Governance Council's report.

Principle 1: 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 management. The relationship between the board and senior management is important to the group's long-term success. The Board responsibilities include: appointing the Managing Director / Chief Executive Officer and succession planning, approving major strategic plans, monitoring the integrity and consistency of management's control of risk, agreeing business plans and budgets, approving major capital expenditure, acquisitions and divestments, approving funding plans and capital raisings, agreeing corporate goals and reviewing performance against approved plans.

Principle 2: Structure the board to add value

The company has a board of three directors comprising the Managing Director/Chairman and two non-executive directors. Of the three directors the board considers that Mr Lewis Cross is independent after reviewing the ASX Corporate Governance council's definition of independence and considering materiality. Crosscorp Accounting Services of which Mr Cross is the principal does provide minor services to the company at normal commercial rates. Mr Cross is also an experienced company director. The board does not have a majority of independent directors but believes the existing directors have the adequate skills and experience for a company of this size.

The Chairman of the board Mr Andrew Kent also has the role of Chief Executive Officer. The board has considered the best practice recommendations but believes the benefits of Mr Kent's experience and knowledge outweigh the costs of an appointment of an additional director or executive at this point in time. The board will continue to monitor the development of the business and the combined roles of Chairman and Chief Executive Officer. A description of the skills and experience of all the directors is included in the Director's report.

Each Director has the right of access to all relevant company information and to the company's executives and subject to prior consultation with the chairman, may seek independent professional advice at the company's expense.

ASPERMONT Limited A.C.N. 000 375 048 AND CONTROLLED ENTITIES
CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Principle 3: Promote ethical and responsible decision-making

The company has an established policy regarding trading in its securities by directors and officers. Directors and employees must not, directly or indirectly, buy or sell shares or other securities in the company, when in possession of unpublished price sensitive information, which could materially affect the value of those securities. The company also has a formal code of conduct as part of its board charter.

Principal 4: Safeguard integrity in financial reporting

The Executive Chairman and Chief Financial Officer have made the following certifications to the board:

- That the company's financial reports are complete and present a true and fair view, in all material respects of the financial condition and operational results of the company and group.
- That the above statement is founded on a system of internal control and risk management.

Due to its size the board as a whole acts as the audit and risk management committee. The board assesses and reviews external and internal audits and any material issues arising from those audits. It also assesses and reviews the accounting policies and practices of the group as an integral part of reviewing the half year and full year accounts. It also makes recommendations regarding the appointment of external auditors and the level of their fees and provides a facility, if necessary, to discuss any concerns raised by the internal and external auditors independently of management influence.

The external auditors meet privately with the board at least once per year.

Principal 5: Make timely and balanced disclosure

The Company Secretary has been nominated as the person responsible for communications with the Australian Stock Exchange (ASX). The company seeks to provide relevant and timely information to its shareholders and is committed to fulfilling its obligations to the broader market for continuous disclosure. The company aims to ensure timely provision and equal access to material information about the company.

The board has ensured that the procedure for identifying and disclosing material and price sensitive information is in accordance with the Corporations Act 2001 and the ASX Listing Rules. The company does not have a formal written policy regarding disclosure but uses strong communication between the board and management to identify and approve information for disclosure.

The Aspermont Ltd website contains copies of our annual and half year reports, ASX announcements, investor relations publications, briefings and presentations given by executives plus links to information on our products and services.

Principal 6: Respect the rights of shareholders

All information disclosed to the ASX is posted on the company's web site as soon as confirmation is received from the ASX. Shareholders may register on the site to receive electronic notification of releases of information by the company. A copy of the company's annual report and notice of annual general meeting is sent to all shareholders.

For many years the company has requested the external auditor to attend general meetings and this has been supported by the company's auditors, MSI Marsdens.

ASPERMONT Limited A.C.N. 000 375 048 AND CONTROLLED ENTITIES
CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Principal 7: Recognise and manage risk

The Board has in place risk management programs aimed at ensuring the company conducts its operations in a manner that allows risks to be identified, assessed and appropriately managed. The Company Secretary and Chief Operating Officer reporting to the Executive Chairman manage the company's internal controls and risk management. During the year ending June 2004 the company has been reviewing and improving its safety, risk identification and management processes. With the relocation of the company's offices into the CBD Perth location, further work will be undertaken during the next financial year to progress and improve risk analysis, monitoring and mitigation.

Principal 8: Encourage enhanced performance

Due to the size and development phase of the company, the board has no formal performance evaluation policy. The current directors consider that they have a sufficient mix of skills and experience to add value to the company.

The directors are provided access to the following resources: -

- A monthly financial report outlining the results of the operations and key functional areas
- The Company's proposed budget is provided to each director for review and comment
- All board members have unrestricted access to the Executive Chairman, Chief Operating Officer and Chief Financial Officer / Company Secretary.

The key executives complete a performance appraisal each year.

Principal 9: Remunerate fairly and responsibly

The board determines the remuneration of the Managing Director and key executives. The board believes that due to the size of the company, individual salary negotiation is more appropriate than formal remuneration policies. The board reviews market comparisons in determining remunerations and will seek independent external advice as necessary. The Company has an executive option scheme in place that has been previously approved by shareholders.

Non-executive directors are remunerated by way of directors' fees within the limit approved by shareholders. The board determines fees paid to individual board members. Further information on director's and executives remuneration is set out in the director's report and notes to the financial statements.

Principal 10: Recognise the legitimate interests of stakeholders

The Company has a formal code of conduct for the board, management and staff. The directors continue to review the business to determine the most effective and appropriate operating procedures. The company continues to review its risk management programs across health, safety and the commercial operations of the business. The company has in place a comprehensive editorial risk management guideline that is used as the main guide within the publishing business.

**ASPERMONT LIMITED AND CONTROLLED ENTITIES 30 JUNE 2004
DIRECTORS' 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 2004 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

| | |
|--------------------|---|
| Andrew Leslie Kent | Executive Chairman and Managing Director. |
| John Stark | Non - Executive Director |
| Lewis George Cross | Non-Executive Director |

PRINCIPAL ACTIVITIES

The consolidated entity's principal activities during the year were to continue to develop the combined print and internet publishing business. Aspermont has been through a significant development stage with the dual print and internet publishing environment. The company has continued to develop its products principally through its low cost on-line news services.

OPERATING RESULTS / REVIEW OF OPERATIONS

The company has achieved an operating profit of \$65,520 after providing for income tax and eliminating outside equity interest. (2003 loss \$1,663,318).

Operating revenue for the year ending 30th June 2004 was \$5,277,000 up 33.16% on the prior year. The increase in revenue was achieved by continued improvement in the subscription and advertising revenues across both print and on-line products. The company has improved margins across all products particularly in the on-line news services. The internet publishing division covering the mining, energy, construction and longwall sectors successfully increased revenue by 100% on the prior year to \$1,293,000.

DIVIDENDS

The Directors have recommended that no dividend be declared.

CHANGES IN STATE OF AFFAIRS

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

CHANGES IN CONTROLLED ENTITIES AND DIVISIONS

Nil

DIRECTORS' MEETINGS & INFORMATION

Andrew Kent

Experience Director since 1993 and Executive Chairman since 1998. Mr Kent is an experienced businessman and previously had 12 years experience with a large international equities company.

Interest in shares and Options 60,200,000 ordinary shares in Aspermont Ltd and 44,978,082 50c share options and 9,000,000 10c share options.

Lewis Cross

Experience Director since August 2000. Mr Cross is a Certified Practising Accountant and principal of the firm Crosscorp Accounting, which has been established for over 25 years. He holds a Bachelor of Business degree majoring in Accounting from Curtin University and is a Fellow of the Institute of Company Directors.

Interest in shares and Options 1,600,000 ordinary shares in Aspermont Ltd.

John Stark

Experience Director since April 2002. Mr Stark is an experienced and successful businessman with extensive commercial and investment knowledge and is the company's second largest shareholder.

Interest in shares and Options 21,981,580 ordinary shares in Aspermont Ltd.

The number of Directors' meetings and number of meetings attended by each of the Directors of the company during the financial year were:

| Name | DIRECTORS' MEETINGS | |
|---------------|---------------------------|-----------------|
| | Number eligible to attend | Number Attended |
| Andrew L Kent | 5 | 5 |
| Lewis Cross | 5 | 5 |
| John Stark | 5 | 5 |

In addition to the meetings of Directors, certain matters were approved by circulatory resolutions signed by the Directors. All matters in relation to the audit and nomination committees were dealt within normal board meetings and no separate committee meetings were held.

ASPERMONT LIMITED AND CONTROLLED ENTITIES 30 JUNE 2004
DIRECTORS' REPORT (continued)

DIRECTORS AND SENIOR EXECUTIVES EMOLUMENTS

The board is responsible for determining the remuneration policies and packages applicable to the board members and senior executives of the company. The broad remuneration policy is to ensure that the remuneration package properly reflects the person's duties, responsibilities, level of performance and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Details of the nature and amount of each element of the emoluments of each director of the company and four named officers of the consolidated entity receiving the highest emolument are:

Director's emoluments

| Directors | Director's Fees | Total |
|-----------------------------|------------------------|--------------|
| | \$ | \$ |
| <u>Non-Executive</u> | | |
| Lewis Cross | 24,000 | 24,000 |
| John Stark | 52,000 (See below) | 52,000 |
| | | |
| <u>Executive</u> | | |
| Andrew Kent | (See below) | - |

During the year ending 30th June 2003 the company issued Drysdale Investments Ltd a company associated with Mr Andrew Kent, 9,000,000 fully paid ordinary shares and 9,000,000 10c share options in lieu of the payment of director's fees to Mr Kent for the period of 30th April 2000 to the 30th April 2005.

On the 28th February 2004 the company issued Jimblebar Resources NL a company associated with Mr John Stark 960,000 fully paid ordinary shares in lieu of the payment of directors fees to Mr Stark for the period of 02nd April 2002 to 02nd April 2004. The balance of \$4,000 remains to be issued.

Executive's emoluments

| Executives | Salary | Superannuation Contributions | Total |
|-------------------|---------------|-------------------------------------|--------------|
| | \$ | \$ | \$ |
| Mr R.S Roberts | 113,081 | 10,177 | 123,258 |
| Mr R.P Hardwick | 91,554 | 8,239 | 99,793 |
| Mr C.A Bond | 81,229 | 7,311 | 88,540 |
| Mr D.S Soderstrom | 73,636 | 6,627 | 80,263 |

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 \$13,350 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

The directors believe on reasonable grounds that disclosure of information regarding the 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

Executive share option plan

On the 23rd July 2004 the company issued 1,000,000 10c share options pursuant to the Aspermont Executive Option Plan approved by shareholders.

St Istvan plc – Hungarian gold project

Aspermont has previously provided advice and introductions for the development of the Lahoca gold project in Hungary held by St Istvan plc. Aspermont currently holds 11.03% of the issued capital of St Istvan plc based in London. Subsequent to the year end the project continues to advance and the directors of St Istvan plc have advised that they expect the company to be listed on the Alternative Investment Market (AIM) in London later in the 2004 year.

ROUNDING 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 22nd September 2004

Signed in accordance with a resolution of Directors:



Andrew Kent
Director



Lewis Cross
Director

ASPERMONT LIMITED AND CONTROLLED ENTITIES
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2004

| | NOTE | CONSOLIDATED | | THE COMPANY | |
|---|------|---------------|---------------|---------------|---------------|
| | | 2004 \$000 | 2003 \$000 | 2004 \$000 | 2003 \$000 |
| CLASSIFICATION OF EXPENSES BY FUNCTION | | | | | |
| Sales revenue | 2 | 4,747 | 3,823 | 4,747 | 3,823 |
| Cost of sales | | (2,557) | (2,172) | (2,557) | (2,172) |
| ----- | | | | | |
| Gross profit | | 2,190 | 1,651 | 2,190 | 1,651 |
| Other revenues from ordinary activities | | 530 | 140 | 530 | 140 |
| Distribution expenses | | (253) | (231) | (253) | (231) |
| Marketing expenses | | (923) | (701) | (923) | (701) |
| Occupancy expenses | | (137) | (122) | (137) | (122) |
| Corporate and administration | | (782) | (1,772) | (782) | (1,772) |
| Other expenses from ordinary activities | | (559) | (628) | (559) | (628) |
| ----- | | | | | |
| Profit from ordinary activities before income tax expense | 3 | 66 | (1,663) | 66 | (1,663) |
| Income tax expense relating to ordinary activities | 4 | - | - | - | - |
| ----- | | | | | |
| Profit from ordinary activities after related income tax expense | | 66 | (1,663) | 66 | (1,663) |
| ----- | | | | | |
| Net profit/(loss) attributable to outside equity interests | | - | - | - | - |
| ----- | | | | | |
| Net profit attributable to members of the parent entity | | 66 | (1,663) | 66 | (1,663) |
| ----- | | | | | |
| 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 | | 66 | (1,663) | 66 | (1,663) |
| ===== | | | | | |
| Basic earnings per share (cents per share) | | 0.058c | (1.67c) | | |
| Diluted earnings per share (cents per share) | | 0.102c | (1.30c) | | |

The statements of financial performance are to be read in conjunction with the notes to and forming part of the financial statements.

ASPERMONT LIMITED AND CONTROLLED ENTITIES
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2004

| | Note | CONSOLIDATED | | THE COMPANY | |
|---|------|--------------|----------|-------------|----------|
| | | 2004 | 2003 | 2004 | 2003 |
| | | \$000 | \$000 | \$000 | \$000 |
| Current Assets | | | | | |
| Cash assets | | 316 | 1,166 | 316 | 1,166 |
| Receivables | 6 | 1,363 | 803 | 1,363 | 803 |
| Other financial assets | 7b | 140 | 31 | 140 | 31 |
| Total Current Assets | | 1,819 | 2,000 | 1,819 | 2,000 |
| Non-Current Assets | | | | | |
| Receivables | 6 | 97 | 235 | 97 | 235 |
| Investments accounted for using the equity method | 7a | - | - | 250 | 250 |
| Property plant and equipment | 8 | 459 | 153 | 459 | 153 |
| Intangible assets | 9 | 2,348 | 2,348 | 2,182 | 2,182 |
| Total Non-Current Assets | | 2,904 | 2,736 | 2,988 | 2,820 |
| TOTAL ASSETS | | 4,723 | 4,736 | 4,807 | 4,820 |
| Current Liabilities | | | | | |
| Payables | 10 | 1,133 | 984 | 1,106 | 957 |
| Interest-bearing liabilities | 11 | 1,000 | 780 | 1,000 | 780 |
| Provisions | 12 | 122 | 89 | 122 | 89 |
| Other | 13 | 74 | 74 | 74 | 74 |
| Total Current Liabilities | | 2,329 | 1,927 | 2,302 | 1,900 |
| Non-Current Liabilities | | | | | |
| Interest-bearing liabilities | 11 | 76 | 1,050 | 18,263 | 19,313 |
| Provisions | 12 | 35 | 30 | 35 | 30 |
| Total Non-Current Liabilities | | 111 | 1,080 | 18,298 | 19,343 |
| TOTAL LIABILITIES | | 2,440 | 3,007 | 20,600 | 21,243 |
| NET ASSETS/(LIABILITIES) | | 2,283 | 1,729 | (15,793) | (16,423) |
| EQUITY | | | | | |
| Contributed equity | 14 | 34,277 | 33,713 | 34,277 | 33,713 |
| Reserves | 5 | 2,042 | 2,042 | 2,041 | 2,041 |
| Accumulated Losses | 19 | (33,822) | (33,812) | (52,111) | (52,177) |
| Parent entity interest | | 2,497 | 1,943 | (15,793) | (16,423) |
| Outside equity interest | 17 | (214) | (214) | - | - |
| TOTAL EQUITY (DEFICIENCY) | | 2,283 | 1,729 | (15,793) | (16,423) |

The statements of financial position are to be read in conjunction with the notes to and forming part of the financial statements.

ASPERMONT LIMITED AND CONTROLLED ENTITIES
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2004

| | Note | CONSOLIDATED | | THE COMPANY | |
|--|--------|--------------|---------|-------------|---------|
| | | 2004 | 2003 | 2004 | 2003 |
| | | \$000 | \$000 | \$000 | \$000 |
| Cash flows used in operating activities | | | | | |
| Cash receipts in the course of operations | | 4,490 | 3,769 | 4,490 | 3,769 |
| Cash payments in the course of operations | | (4,352) | (4,195) | (4,352) | (4,195) |
| Interest and other costs of finance paid | | (433) | (124) | (433) | (124) |
| Interest received | | 23 | 50 | 23 | 50 |
| Other | | - | - | - | - |
| Net cash provided by (used in) operating activities | 18(b) | (272) | (500) | (272) | (500) |
| Cash flows from investing activities | | | | | |
| Proceeds from Loans repaid by other entities | | - | 182 | - | 182 |
| Payments for investments | | (31) | (285) | (31) | (285) |
| Proceeds from sale of equity investments | | 79 | 295 | 79 | 295 |
| Payments for non-current assets | | (331) | (185) | (331) | (185) |
| Proceeds from disposal of non-current assets | | 18 | - | 18 | - |
| Net cash provided by investing activities | | (265) | 7 | (265) | 7 |
| Cash flows from financing activities | | | | | |
| Proceeds from issue of shares | | 517 | 200 | 517 | 200 |
| Repayment of borrowings | | (830) | - | (830) | - |
| Proceeds from borrowings | | - | 50 | - | 50 |
| Net cash provided by/(used in) financing activities | | (313) | 250 | (313) | 250 |
| Net increase/(decrease) in cash held | | (850) | (243) | (850) | (243) |
| Cash at the beginning of the financial year | | 1,166 | 1,409 | 1,166 | 1,409 |
| Cash at the end of the financial year | 18 (a) | 316 | 1,166 | 316 | 1,166 |

The statements of cash flows are to be read in conjunction with the notes to and forming part of the financial statements.

**ASPERMONT LIMITED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2004**

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 items 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.

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.

**ASPERMONT LIMITED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2004**

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

Current and 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.

**ASPERMONT LIMITED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2004**

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% |

**ASPERMONT LIMITED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2004**

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 services subscribed for are published.

(k) Revenue

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).

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(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.

(o) 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.

p) Adoption of Australian Equivalents to International Financial Reporting Standards

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing 1 January 2005. This requires the production of accounting data for future comparative purposes at the beginning of the next financial year

The economic entity's management, along with its auditors, are assessing the significance of these changes and preparing for their implementation. An IFRS committee has been established to oversee and manage the economic entity's transition to IFRS. We will seek to keep stakeholders informed as to the impact of these new standards as they are finalised.

**ASPERMONT LIMITED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2004**

STATEMENT OF ACCOUNTING POLICIES (CONTD)

Internally Generated Brands

Under the pending AASB 138: Intangible Assets, internally generated brands may not be capitalised to the statement of financial position, but should be expensed in the period in which they are incurred. Current accounting policy is to capitalise these costs. The result of this change may be to derecognise the mastheads that currently are recorded as intangible assets, with an adjustment being made to opening retained earnings.

Goodwill on Consolidation

Under the proposed changes to the IAS 22: Business Combinations, goodwill is to be capitalised to the statement of financial position and subjected to an annual impairment test. Amortisation of goodwill is to be prohibited. Current accounting policy is to amortise goodwill on a straight line basis over a period of twenty years.

Non-current Investments

Under the pending AASB 139: Financial instruments: Recognition and measurement, financial instruments that are classified as available for sale instruments must be carried at fair value. Unrealised gains or losses may be recognised either in income or directly to equity. Current accounting policy is to measure non-current investments at cost, with an annual review by directors to ensure that the carrying amounts are not in excess of the recoverable value of the instrument.

Income Tax

Currently, the economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. Under the Australian equivalent to IAS 12, the economic entity will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing and permanent differences between taxable income and accounting profit.

**ASPERMONT LIMITED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2004**

| | CONSOLIDATED | | THE COMPANY | |
|---|---------------------|--------------|--------------------|--------------|
| | 2004 | 2003 | 2004 | 2003 |
| | \$000 | \$000 | \$000 | \$000 |
| 2. REVENUE | | | | |
| Operating activities: | | | | |
| Sales revenue - subscriptions & advertising | 4,719 | 3,787 | 4,719 | 3,787 |
| Contract income | - | 34 | - | 34 |
| Interest received or due and receivable from: other corporations | 23 | 50 | 23 | 50 |
| Consultancy fees | 462 | - | 462 | - |
| | 5,204 | 3,871 | 5,204 | 3,871 |
| Non-operating activities: | | | | |
| Proceeds from disposal of shares & non-current assets | 79 | 333 | 79 | 333 |
| Excess provisions written back | 37 | 35 | 37 | 35 |
| | 116 | 368 | 116 | 368 |

3. PROFIT FROM ORDINARY ACTIVITIES

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

(a) Expenses:

| | | | | |
|--|-------|-------|-------|-------|
| Cost of sales | 2,557 | 2,172 | 2,557 | 2,172 |
| Bad debts written off | 10 | 11 | 10 | 11 |
| Doubtful debts | 7 | 7 | 7 | 7 |
| Legal costs | 136 | 94 | 136 | 94 |
| Borrowing costs | | | | |
| - related companies | 277 | 299 | 277 | 299 |
| - other companies | - | - | - | - |
| Consulting & Accounting services | 16 | 262 | 16 | 262 |
| Write-down of non-current investments to recoverable amount | 14 | 187 | 14 | 187 |
| Depreciation of plant, equipment and web sites | 107 | 88 | 107 | 88 |
| Directors Fees | 76 | 495 | 76 | 495 |
| Rental expense on operating leases – | | | | |
| Minimum lease payments | 72 | 71 | 72 | 71 |
| Movement in provisions for employee entitlements | 38 | 79 | 38 | 79 |
| Foreign exchange loss | - | 42 | - | 42 |

**ASPERMONT LIMITED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2004**

| CONSOLIDATED | | THE COMPANY | |
|---------------------|--------------|--------------------|--------------|
| 2004 | 2003 | 2004 | 2003 |
| \$000 | \$000 | \$000 | \$000 |

(b) Significant Revenues and Expenses

The following significant revenue and expense items are relevant in explaining the financial performance:

Revenue

| | | | | |
|--------------------------------------|-------|-------|-------|-------|
| Excess provisions written back | 37 | 35 | 37 | 35 |
| Internet advertising & subscriptions | 1,293 | 647 | 1,293 | 647 |
| Print advertising & subscriptions | 3,426 | 3,094 | 3,426 | 3,094 |

Expenses

| | | | | |
|---|-----|-----|-----|-----|
| Interest Expense | 257 | 275 | 257 | 275 |
| Legal costs | 136 | 94 | 136 | 94 |
| Write-down of non-current investments to Recoverable amount | 14 | 187 | 14 | 187 |
| Directors Fees | 76 | 495 | 76 | 495 |
| Consulting & Accounting Fees | 16 | 262 | 16 | 262 |
| Depreciation of plant, equipment and web sites | 107 | 88 | 107 | 88 |

(c) Remuneration of auditors of the parent entity for

| | | | | |
|------------------------------------|-----------|-----------|-----------|-----------|
| Auditing or reviewing the accounts | 29 | 32 | 29 | 32 |
| other services | 2 | 8 | 2 | 8 |
| | 31 | 40 | 31 | 40 |

**ASPERMONT LIMITED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2004**

| | CONSOLIDATED | | THE COMPANY | |
|--|---------------------|--------------|--------------------|--------------|
| | 2004 | 2003 | 2004 | 2003 |
| | \$000 | \$000 | \$000 | \$000 |
| 4. TAXATION | | | | |
| Income Tax Expense | | | | |
| The prima facie tax/(loss) on profit from ordinary activities before tax is reconciled to the income tax as follows: | | | | |
| Prima facie tax payable on profit/(loss) from ordinary activities calculated at 30% | 20 | (499) | 20 | (499) |
| Tax effect of permanent differences: | | | | |
| Increase in income tax expense due to: | | | | |
| • Doubtful debts | 2 | (2) | 2 | (2) |
| • Movement in provision for employee entitlements | 11 | 24 | 11 | 24 |
| • Non-deductible expenditure | 35 | 276 | 35 | 276 |
| • Write downs to recoverable amounts | 4 | 57 | 4 | 57 |
| Decrease in income tax expense due to: | | | | |
| • Non-assessable income | (11) | 19 | (11) | 19 |
| • Prior year losses recouped | (61) | - | (61) | - |
| • Prior year losses not tax effected | - | 125 | - | 125 |
| Income tax expense attributable to profit/(loss) from ordinary activities before income tax | - | - | - | - |

Tax Consolidation

Aspermont and its wholly owned Australian subsidiaries have decided to implement the tax consolidation legislation as of the 30th June 2003. 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 this 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.

**ASPERMONT LIMITED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2004**

| CONSOLIDATED | | THE COMPANY | |
|---------------------|--------------|--------------------|--------------|
| 2004 | 2003 | 2004 | 2003 |
| \$000 | \$000 | \$000 | \$000 |

4. TAXATION (CONT'D)

Future income tax benefit not taken to account

The potential future income tax benefit for the consolidated entity at the applicable rate of 30% arising from the implementation of tax consolidation and the carried forward tax losses has not been recognised as an asset because recovery of tax losses is not virtually certain beyond any reasonable doubt

| | | | | |
|--------------------------------------|-------|---|---|---|
| Tax losses carried forward - revenue | 2,830 | - | - | - |
| Tax losses carried forward - capital | 1,395 | - | - | - |
| | 4,225 | - | - | - |

Other losses

| | | | | |
|---|--------|--------|---|---|
| Unrealised capital losses - external investment | 29 | 29 | - | - |
| Unrealised capital losses - subsidiary investment | 31,592 | 31,592 | - | - |
| | 31,621 | 31,621 | - | - |

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.

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 2004, 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:

Notwithstanding the foregoing, the Directors are of the opinion that in regard to the year ended 30 June 2000, 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.

**ASPERMONT LIMITED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2004**

| | CONSOLIDATED | | THE COMPANY | |
|--|---------------------|--------------|--------------------|--------------|
| | 2004 | 2003 | 2004 | 2003 |
| | \$000 | \$000 | \$000 | \$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 | 645 | 657 | 645 | 657 |
| Provision for doubtful debts | (27) | (22) | (27) | (22) |
| Other debtors | 725 | 128 | 725 | 128 |
| Prepaid borrowing expenses | 20 | 40 | 20 | 40 |
| | 1,363 | 803 | 1,363 | 803 |
| Non-current | | | | |
| Loans to controlled entities | - | - | 6,187 | 6,187 |
| Less provision for loss on realisation | - | - | (6,187) | (6,187) |
| Loans to related entities | - | 138 | - | 138 |
| Less provision for loss on realisation | - | (7) | - | (7) |
| US mortgages | 97 | 104 | 97 | 104 |
| Total Non-current Receivables | 97 | 235 | 97 | 235 |

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 \$104,000 to \$97,000 is a result of repayment of one of the mortgages and an adjustment to the NPV of the loan amount and to reflect movements in the \$US/\$A exchange rate.

**ASPERMONT LIMITED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2004**

| CONSOLIDATED | | THE COMPANY | |
|---------------------|--------------|--------------------|--------------|
| 2004 | 2003 | 2004 | 2003 |
| \$000 | \$000 | \$000 | \$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

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 |
|--------------------------------|---|----|---|----|

Unlisted investments at cost

| | | | | |
|---|-------|-------|-------|-------|
| - Shares in other corporations (see note below) | 402 | 262 | 402 | 262 |
| Less Provision for write-down to recoverable amount | (262) | (262) | (262) | (262) |
| | 140 | - | 140 | - |

| | | | | |
|-------------------|-----|----|-----|----|
| Total Investments | 140 | 31 | 140 | 31 |
|-------------------|-----|----|-----|----|

Note : The Company currently holds 11.03% of the issued capital of St Istvan plc, which is developing the Lahoca Gold project in Hungary. The company has recorded its investment at its historical cost of \$140,000. The project continues to advance and St Istvan PLC is expected to be listed in London later in the 2004 year. These shares are held for resale within the next 12 months.

**ASPERMONT LIMITED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2004**

| | CONSOLIDATED | | THE COMPANY | |
|-------------------------------|---------------------|--------------|--------------------|--------------|
| | 2004 | 2003 | 2004 | 2003 |
| | \$000 | \$000 | \$000 | \$000 |
| 8. PLANT AND EQUIPMENT | | | | |
| Plant and equipment - at cost | 763 | 431 | 763 | 431 |
| Accumulated depreciation | (401) | (319) | (401) | (319) |
| | ----- | ----- | ----- | ----- |
| | 362 | 112 | 362 | 112 |
| | ----- | ----- | ----- | ----- |
| Websites – at cost | 235 | 156 | 235 | 156 |
| Accumulated amortisation | (138) | (115) | (138) | (115) |
| | ----- | ----- | ----- | ----- |
| | 97 | 41 | 97 | 41 |
| | ----- | ----- | ----- | ----- |
| | 459 | 153 | 459 | 153 |
| | ===== | ===== | ===== | ===== |

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 | 112 | 41 | 153 |
| Additions | 332 | 79 | 411 |
| Disposals | - | - | - |
| Depreciation expense | (82) | (23) | (105) |
| Carrying amount at the end of year | ----- | ----- | ----- |
| | 362 | 97 | 459 |
| | ===== | ===== | ===== |

Parent Entity:

| | | | |
|------------------------------------|-------|-------|-------|
| Balance at the beginning of year | 112 | 41 | 153 |
| Additions | 332 | 79 | 411 |
| Disposals | - | - | - |
| Depreciation expense | (82) | (23) | (105) |
| Carrying amount at the end of year | ----- | ----- | ----- |
| | 362 | 97 | 459 |
| | ===== | ===== | ===== |

**ASPERMONT LIMITED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2004**

| | CONSOLIDATED | | THE COMPANY | |
|--|---------------------|--------------|--------------------|--------------|
| | 2004 | 2003 | 2004 | 2003 |
| | \$000 | \$000 | \$000 | \$000 |
| 9. INTANGIBLES | | | | |
| Goodwill on acquisition | | | | |
| Balance at beginning of year | 2,450 | 2,450 | 2,154 | 2,154 |
| Added during the year - at cost | - | - | - | - |
| | <hr/> | | | |
| Balance at end of year | 2,450 | 2,450 | 2,154 | 2,154 |
| | <hr/> | | | |
| Accumulated amortisation | (2,131) | (2,131) | (2,113) | (2,113) |
| | <hr/> | | | |
| | 319 | 319 | 41 | 41 |
| | <hr/> | | | |
| 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 |
| | <hr/> | | | |
| Balance at end of year | 1,936 | 1,936 | 1,936 | 1,936 |
| | <hr/> | | | |
| | 93 | 93 | 205 | 205 |
| | <hr/> | | | |
| Total Intangibles | 2,348 | 2,348 | 2,182 | 2,182 |
| | <hr/> <hr/> | | | |

The independent valuation carried out on 30 June 1999 by Ernst and Young Corporate Finance Pty Ltd was based on the single masthead of Australia's Mining Monthly. No other independent valuation has been carried out on the company's other mastheads.

10. PAYABLES

Current

| | | | | |
|--|-------------|------|-------|-----|
| Sundry creditors and accrued expenses | 589 | 635 | 534 | 580 |
| Less provision for reduction | (28) | (28) | - | - |
| Subscriptions & Advertising in advance | 523 | 328 | 523 | 328 |
| Other creditors | 49 | 49 | 49 | 49 |
| | <hr/> | | | |
| | 1,133 | 984 | 1,106 | 957 |
| | <hr/> <hr/> | | | |

**ASPERMONT LIMITED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2004**

| | CONSOLIDATED | | THE COMPANY | |
|--|---------------------|--------------|--------------------|--------------|
| | 2004 | 2003 | 2004 | 2003 |
| | \$000 | \$000 | \$000 | \$000 |
| 11. INTEREST BEARING LIABILITIES: | | | | |
| Current | | | | |
| Unsecured: | | | | |
| Related party loans (refer below) | 1,000 | 780 | 1,000 | 780 |
| | ----- | ----- | ----- | ----- |
| | 1,000 | 780 | 1,000 | 780 |
| | ===== | ===== | ===== | ===== |

The related party loan is a convertible note with Drysdale Investments Ltd a company associated with Mr Andrew Kent. The significant terms include :-

- o Principal debt \$1,000,000,
- o Interest rate of 10% per annum payable quarterly in arrears,
- o The loan is convertible to 50,000,000 ordinary shares in Aspermont Ltd at a conversion price of 2c per share at any time during the term of the loan at the option of the lender,
- o The term of the loan is three years from 01st July 2002 (expires 30 June 2005).

Non-Current

Unsecured:

| | | | | |
|---|-------|-------|--------|--------|
| Controlled entities loans (refer below) | - | - | 18,263 | 18,263 |
| Related party loans | 76 | 1,050 | - | 1,050 |
| | ----- | ----- | ----- | ----- |
| | 76 | 1,050 | 18,263 | 19,313 |
| | ===== | ===== | ===== | ===== |

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.

12. PROVISIONS

Current

| | | | | |
|-----------------------|-----|----|-----|----|
| Employee entitlements | 122 | 89 | 122 | 89 |
|-----------------------|-----|----|-----|----|

Non-Current

| | | | | |
|---------------------------------|-------|-------|-------|-------|
| Long service leave entitlements | 35 | 30 | 35 | 30 |
| | ===== | ===== | ===== | ===== |

| | | | | |
|---|-----|-----|-----|-----|
| (a) Aggregate employee entitlements liability | 157 | 119 | 157 | 119 |
|---|-----|-----|-----|-----|

| | | | | |
|--------------------------------------|----|----|----|----|
| (b) Number of employees at year-end. | 56 | 48 | 56 | 48 |
|--------------------------------------|----|----|----|----|

**ASPERMONT LIMITED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2004**

| | CONSOLIDATED | | THE COMPANY | |
|-------------------------------|---------------|---------------|---------------|---------------|
| | 2004 \$000 | 2003 \$000 | 2004 \$000 | 2003 \$000 |
| 13. OTHER | | | | |
| Current | | | | |
| Taxation receipt unallocated. | 74 | 74 | 74 | 74 |
| | 74 | 74 | 74 | 74 |

14. CONTRIBUTED EQUITY

| | | | | |
|--|--------|--------|--------|--------|
| 129,639,792 (2003 102,849,129) Fully paid ordinary shares (a) | 34,277 | 33,713 | 34,277 | 33,713 |
|--|--------|--------|--------|--------|

Ordinary shares

| | | | | |
|--|--------|--------|--------|--------|
| At the beginning of the reporting period | 33,713 | 32,775 | 33,713 | 32,775 |
|--|--------|--------|--------|--------|

Shares issued during the year:

| | | | | |
|---|-----|-----|-----|-----|
| (a) 25,830,663 (2003: 4,000,000) pursuant to a placement | 516 | 200 | 516 | 200 |
|---|-----|-----|-----|-----|

| | | | | |
|--|----|-----|----|-----|
| (b) 960,000 (2003: 14,750,000) via the issue of shares in lieu of the payment of directors or consultants fees during the year. | 48 | 738 | 48 | 738 |
|--|----|-----|----|-----|

| | | | | |
|-------------------|--------|--------|--------|--------|
| At reporting date | 34,277 | 33,713 | 34,277 | 33,713 |
|-------------------|--------|--------|--------|--------|

Fully paid ordinary shares issued during the financial year:

- a.) 27th January 2004 - 9,000,000 at an issue price of 2 cents each.
- 20th February 2004 - 4,000,000 at an issue price of 2 cents each
- 5th March 2004 - 12,830,663 at an issue price of 2 cents each.
- b.) 27th January 2004 - 960,000 at an issue price of 5 cents each

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.

ASPERMONT LIMITED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2004

15. PARTICULARS IN RELATION TO CONTROLLED ENTITIES

| | Place of Incorp. | Class Of share | Economic Entity Interest | | Amount of Investment | | Dividends Received or Receivable | |
|--|---------------------|-------------------|--------------------------------|------|-------------------------|-------|--|-------|
| | | | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| | | | % | % | \$000 | \$000 | \$000 | \$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.

**16. AMOUNTS PAYABLE/RECEIVABLE IN
FOREIGN CURRENCIES**

The Australian dollar equivalents of unhedged amounts payable or receivable in foreign currencies, calculated at year end exchange rates, are as follows:

Current

| | | | | |
|--------------------|----|---|----|---|
| Amounts receivable | 56 | - | 56 | - |
|--------------------|----|---|----|---|

Non - Current

| | | | | |
|---|----|-----|----|-----|
| Amounts receivable (net of provision for doubtful debts) | 97 | 104 | 97 | 104 |
|---|----|-----|----|-----|

**ASPERMONT LIMITED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2004**

| | CONSOLIDATED | | THE COMPANY | |
|---|---------------------|----------------|--------------------|----------------|
| | 2004 | 2003 | 2004 | 2003 |
| | \$000 | \$000 | \$000 | \$000 |
| 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 | 316 | 1,166 | 316 | 1,166 |
| | 316 | 1,166 | 316 | 1,166 |
| (b) Reconciliation of Operating Profit/(Loss) after tax to net cash provided by operating activities | | | | |
| Profit/(Loss) from ordinary activities after income tax | 66 | (1,663) | 66 | (1,663) |
| • (Profit) on sale of non current assets | (4) | (54) | (4) | (54) |
| • Depreciation | 114 | 88 | 114 | 88 |
| • Write downs to recoverable amount | 14 | 192 | 14 | 192 |
| • Prov for dim value not required | (37) | (34) | (37) | (34) |
| • Shares issued in lieu of expense payments | 48 | 737 | 48 | 737 |
| Change in assets and liabilities: | | | | |
| (Increase) in accounts receivable | (607) | (80) | (607) | (80) |
| (Increase) in prepayments | (31) | - | (31) | - |
| Increase in creditors | 128 | 59 | 128 | 59 |
| Increase in borrowings | - | 176 | - | 176 |
| Increase in current provisions | 33 | 49 | 33 | 49 |
| Increase in non-current provisions | 4 | 30 | 4 | 30 |
| Nett cash provided used in operating activities | (272) | (500) | (272) | (500) |

**ASPERMONT LIMITED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2004**

| CONSOLIDATED | | THE COMPANY | |
|--------------|-------|-------------|-------|
| 2004 | 2003 | 2004 | 2003 |
| \$000 | \$000 | \$000 | \$000 |

**18. NOTES TO THE STATEMENTS OF
CASH FLOWS (CONT'D)**

(c). Non-cash Financing and Investing Activities

During the year the company issued 960,000 fully paid shares at an issue price of 5c in lieu of the payment of directors fees.

19. RETAINED PROFITS

| | | | | |
|---|----------|----------|----------|----------|
| Retained profits at the beginning of the financial year | (33,812) | (32,148) | (52,177) | (50,514) |
| Net profit attributable to the members of the parent entity | 66 | (1,663) | 66 | (1,663) |
| De-consolidation /adjustments | (76) | (1) | - | - |
| Retained profits at the end of the financial year | (33,822) | (33,812) | (52,111) | (52,177) |

20. DIRECTORS' AND EXECUTIVES' REMUNERATION

(a) Names and positions held of parent entity directors and specified executives in office at any time during the financial year are:

Directors

| | |
|------------|------------------------------------|
| Mr A Kent | Chairman – Chief Executive Officer |
| Mr L Cross | Non - Executive Director |
| Mr J Stark | Non – Executive Director |

Executives

| | |
|-----------------|---|
| Mr R Hardwick | Chief Financial Officer / Company Secretary |
| Mr C Bond | Chief Operating Officer |
| Mr R Roberts | Group Managing Editor |
| Mr D Soderstrom | Chief Information Officer |

**ASPERMONT LIMITED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2004**

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

(b) Remuneration of parent entity directors

2004

| Directors | Director's Fees | Total |
|-----------------------------|------------------------|--------------|
| | \$ | \$ |
| <u>Non-Executive</u> | | |
| Lewis Cross | 24,000 | 24,000 |
| John Stark | 52,000 (See below) | 52,000 |
| <u>Executive</u> | | |
| Andrew Kent | See below | - |

2003

| Directors | Director's Fees | Total |
|-----------------------------|------------------------|--------------|
| | \$ | \$ |
| <u>Non-Executive</u> | | |
| Lewis Cross | 22,000 | 22,000 |
| John Stark | - | - |
| Maria Stratton | 25,000 | 25,000 |
| <u>Executive</u> | | |
| Andrew Kent | 537,000 (See below) | - |

During the year ending 30th June 2003 the company issued Drysdale Investments Ltd a company associated with Mr Andrew Kent, 9,000,000 fully paid ordinary shares and 9,000,000 10c share options in lieu of the payment of director's fees for the period of 30th April 2000 to the 30th April 2005.

On the 28th February 2004 the company issued Jimblebar Resources NL a company associated with Mr John Stark 960,000 fully paid ordinary shares in lieu of the payment of directors fees for the period of 02nd April 2002 to 02nd April 2004. The balance of \$4,000 remains to be issued.

(c) Remuneration of specified executives

2004

| Executives | Salary | Superannuation Contributions | Total |
|-------------------|---------------|-------------------------------------|--------------|
| | \$ | \$ | \$ |
| Mr R. Roberts | 113,081 | 10,177 | 123,258 |
| Mr R.P Hardwick | 91,554 | 8,239 | 99,793 |
| Mr C.A Bond | 81,229 | 7,311 | 88,540 |
| Mr D.S Soderstrom | 73,636 | 6,627 | 80,263 |

**ASPERMONT LIMITED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2004**

(c) Remuneration of specified executives (continued)

2003

| Executives | Salary | Superannuation Contributions | Total |
|-------------------|---------------|-------------------------------------|--------------|
| | \$ | \$ | \$ |
| Mr R. Roberts | 93,060 | 8,375 | 101,435 |
| Mr R.P Hardwick | 89,174 | 8,025 | 97,199 |
| Mr C.A Bond | 77,670 | 6,990 | 84,660 |

(d) Parent entity directors and executives shareholdings and option holdings

Number of shares held by directors and executives

| | Balance 1.7.2003 | Received as remunerationm | Net Change purchased or sold | Balance 30/06/2004 |
|--|-----------------------------|--------------------------------------|---|-------------------------------|
| Directors | | | | |
| Mr A Kent and beneficial interests | 48,000,000 | - | 12,200,000 | 60,200,000 |
| Mr J Stark and beneficial interests | 16,983,487 | 960,000 | 4,038,093 | 21,981,580 |
| Mr L Cross and beneficial interets | 1,350,000 | - | 250,000 | 1,600,000 |
| | | | | |
| Executives | | | | |
| Mr D Soderstrom | - | - | 250,000 | 250,000 |
| Mr R Hardwick and beneficial interests | - | - | 180,000 | 180,000 |

Number of options held by directors and executives

| | Balance 1.7.2003 | Received as remunerationm | Net Change issued/ exercised | Balance 30/06/2004 |
|------------------------------------|-----------------------------|--------------------------------------|---|-------------------------------|
| Directors | | | | |
| Mr A Kent and beneficial interests | 53,978,082 | - | - | 53,978,082 |
| Executives | | | | |
| Nil | - | - | - | - |

(e.) Remuneration practices

The board determines the remuneration of the Managing Director and key executives. The board believes that due to the size of the company, individual salary negotiation is more appropriate than formal remuneration policies. The board reviews market comparisons in determining remunerations and will seek independent external advice as necessary. The Company has an executive option scheme in place that has been previously approved by shareholders. Non-executive directors are remunerated by way of directors' fees within the limit approved by shareholders. The board determines fees paid to individual board members. Further information on director's and executives remuneration is set out in the director's report and notes to the financial statements.

**ASPERMONT LIMITED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2004**

21. RELATED PARTY TRANSACTIONS

a.) Loans from Director related Entities: 2004 2003

Aggregate of amounts payable to directors and their director- related entities.

| | | |
|--------------|-------|-------|
| Current | 1,000 | 780 |
| Non- Current | - | 1,050 |

The current loan is a convertible note with Drysdale Investments Ltd a company associated with Mr Andrew Kent. The significant terms include:-

- o Principal debt \$1,000,000,
- o Interest rate of 10% per annum payable quarterly in arrears,
- o The loan is convertible to 50,000,000 ordinary shares in Aspermont Ltd at a conversion price of 2c per share at any time during the term of the loan at the option of the lender,
- o The term of the loan is three years from 01st July 2002 (expires 30 June 2005).

During the year the term loan of \$50,000 was repaid to Ileveter Pty Ltd a company associated with Mr Andrew Kent.

b.) Other Transactions: 2004 2003

The following fees were paid to Crosscorp Accounting , an accounting practice associated with a director, Lewis Cross. The fees were based on normal commercial rates for works performed.

| | |
|----|---|
| 14 | 3 |
|----|---|

On the 30th April 2004 the company entered into a lease agreement for the new CBD Perth premises with Ileveter Pty Ltd a company associated with Mr Andrew Kent. The terms of the lease are within normal commercial rates and were reviewed and approved by the independent directors.

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:

**ASPERMONT LIMITED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2004**

22. FINANCIAL INSTRUMENTS (continued)

| | Weighted average effective interest rate | | Floating interest rate | | Fixed interest rate maturing within | | | |
|------------------------------------|--|-------|------------------------|-------|-------------------------------------|-------|-------------------|-------|
| | 2004 | 2003 | 2004 | 2003 | One year | | One to five years | |
| | % | % | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Financial Assets | | | | | | | | |
| Cash at Bank | 4.00 | 4.25 | 316 | 1,166 | - | - | - | - |
| Total financial assets | | | 316 | 1,166 | - | - | - | - |
| Financial liabilities | | | | | | | | |
| Interest bearing liabilities | 10.00 | 12.19 | - | - | 1,000 | 780 | - | 1,050 |
| Total financial liabilities | | | | | 1,000 | 780 | - | 1,050 |

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

Share Options

On the 23rd July 2004 the company issued 1,000,000 unlisted 10c share options pursuant to the Aspermont Executive Option Plan.

St Istvan plc – Hungarian gold project

Aspermont has previously provided advice and introductions for the development of the Lahoca gold project in Hungary. Aspermont currently holds 11.03% of the issued capital of St Istvan plc based in London. Subsequent to the year end the project continues to advance and the directors of St Istvan PLC have advised that they expect to be listed on the Alternative Investment Market (AIM) in London later in the 2004 year.

**ASPERMONT LIMITED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2004**

24. SEGMENT INFORMATION.

The economic entity operates solely in the media publishing industry within Australia.

INFORMATION ABOUT BUSINESS SEGMENTS

(All amounts \$ thousand)

| Segments | Revenue | | Results | | Assets | | Liabilities | |
|----------------|--------------|--------------|-----------|----------------|--------------|--------------|--------------|--------------|
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Print Media | 3,426 | 3,176 | 732 | 524 | 3,102 | 3,008 | 558 | 414 |
| Internet Media | 1,293 | 647 | (241) | (548) | 531 | 237 | 511 | 281 |
| Corporate | 558 | 140 | (425) | (1,639) | 1,090 | 1,491 | 1,371 | 2,312 |
| Total | 5,277 | 3,963 | 66 | (1,663) | 4,723 | 4,736 | 2,440 | 3,007 |

Business segments

The above industry segments derive revenue from the following products and services: -

- **Print Media** - Subscriptions and Advertising revenue from the publications covering the mining, contracting and resources sector.
- **Internet Media** - The internet media segment develops and maintains website & daily news services covering mining, energy, construction and longwalls sectors.
- **Corporate** - Corporate advisory and general investment income.

These segments are the basis on which the Group reports its primary segment information. 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.

**ASPERMONT LIMITED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2004**

24. SEGMENT INFORMATION (CONTINUED)

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 inter-segment transactions at this time.

| | CONSOLIDATED | |
|--|---------------------|-------------|
| | 2004 | 2003 |
| 25. EARNINGS PER SHARE | | |
| Basic earnings per share (cents per share) | 0.058c | (1.67c) |
| Diluted earnings per share (cents per share) | 0.102c | (1.30c) |
| a. Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS | 112,627,177 | 99,724,129 |
| b. Weighted average number of ordinary shares outstanding during the year used in calculation of diluted EPS | 162,627,177 | 119,724,129 |

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

| | CONSOLIDATED | | THE COMPANY | |
|---|---------------------|-------------|--------------------|-------------|
| | 2004 | 2003 | 2004 | 2003 |
| 26. DIVIDENDS PAID OR PROPOSED | | | | |
| Proposed final franked ordinary dividend of \$Nil (2003: Nil) | - | - | - | - |
| Proposed final unfranked ordinary dividend of \$Nil (2003: Nil) | - | - | - | - |
| | - | - | - | - |

As at 30 June 2004, the parent entity's dividend franking account has a balance of \$Nil (2003: 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.

**ASPERMONT LIMITED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2004**

**CONSOLIDATED
2004 2003**

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 | 121 | 56 |
| — | Later than 1 year but Not later than 5 years | 775 | - |

| | | |
|--|-----|----|
| | 896 | 56 |
|--|-----|----|

The company currently has one property lease at 613-619 Wellington St Perth W.A. The lease is a non-cancellable lease with a five-year term that commenced on 28th April 2004. Rent is payable monthly in advance and includes a six month rent-free period to the 28th October 2004.

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.

29. GOING CONCERN

The statement of financial position of the parent entity discloses an excess of liabilities over assets at 30 June 2004 of \$15,793,000. 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 \$2,283,000. Accordingly, the parent entity and economic entity do not have a going concern issue at 30 June 2004.

**ASPERMONT LIMITED AND CONTROLLED ENTITIES
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 2004 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 22nd day of September 2004



Andrew Kent
Director



Lewis Cross
Director

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ASPERMONT LIMITED**

Scope

The financial report comprises the statement of financial position, statement of financial performance, statement of cashflows, accompanying notes to the financial statements and the director's declaration for Aspermont Limited for the year ended 30 June 2004. The consolidated entity comprises both the Company and the entities it controlled at the year's end or from time to time during the financial year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We 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 in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether, in all material respects, the financial report presents fairly, in accordance with the Corporation Act 2001, including compliance with Accounting standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included: -

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

ACCOUNTANTS
AND ADVISERS
TO BUSINESS

MEMBERS
OF THE INSTITUTE OF
AUDITORS
AND ACCOUNTANTS
IN AUSTRALIA
MEMBERS OF
THE INSTITUTE OF
ACCOUNTANTS
IN AUSTRALIA

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IN AUSTRALIA



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 2004 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 in Australia

MSI Marsdens
Perth By



M J Waterson
Partner

Dated at Perth this 23rd day of September 2004

**ASPERMONT LIMITED A.C.N. 000 375 048 AND CONTROLLED ENTITIES
ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES
(AS AT 31ST AUGUST 2004)**

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

Shareholding

Ordinary Share Capital

129,639,792 shares are held by 951 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 | 79 |
| 5,001 – 10,000 | 133 |
| 10,001 – 100,000 | 156 |
| 100,001 – and over | 87 |
| | <hr/> |
| | 951 |

The number of shareholdings held with less than a marketable parcel is 708.

Options 50c expiry April 2005 (Unquoted)

58,434,924 options held by 707 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 | 52 |
| 100,001 – and over | 26 |
| | <hr/> |
| | 707 |

Options 10c expiry June 2005 (Unquoted)

9,000,000 No of holders

Option Holder - Drysdale

Investments Limited (an associate
of the chairman Mr Andrew Kent) 1

Options 10c expiry July 2007 (Unquoted)

1,000,000 4

**ASPERMONT LIMITED A.C.N. 000 375 048 AND CONTROLLED ENTITIES
ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES**

| Substantial Shareholders | Number | % |
|---|---------------|----------|
| The names of substantial holders as at 31st August 2004 are | | |
| Mr Andrew Kent and beneficial interests | 60,200,000 | 46.44 |
| Mr John Stark and beneficial Interests | 21,981,580 | 16.96 |

20 Largest Shareholders — Ordinary Shares

| Name | Number of Ordinary Fully Paid Shares Held | % Held of Issued Ordinary Capital |
|--|---|-----------------------------------|
| 1. Drysdale Investments Ltd | 51,000,000 | 39.34 |
| 2. Annis Trading Ltd | 9,000,000 | 6.94 |
| 3. Allandale Holdings Pty Ltd | 7,505,000 | 5.78 |
| 4. Mr John Stark | 6,133,487 | 4.73 |
| 5. ANZ Nominees Ltd | 3,429,646 | 2.64 |
| 6. Chepan Pty Ltd | 3,010,000 | 2.32 |
| 7. Alan Cowen | 2,432,464 | 1.88 |
| 8. M & P Services Pty Limited | 2,105,000 | 1.62 |
| 9. Mr Thomas George Klinger | 2,023,724 | 1.56 |
| 10. Lechmere Financial Corporation | 1,960,245 | 1.51 |
| 11. Hereford Securities and Management SA | 1,768,648 | 1.36 |
| 12. Blackroad Pty Ltd (Petrich Super Fund) | 1,765,738 | 1.36 |
| 13. Peterborough Nominees Pty Ltd | 1,500,000 | 1.16 |
| 14. Allandale Real Estate Super Fund | 1,400,000 | 1.08 |
| 15. Chris Vallas | 1,200,000 | 0.92 |
| 16. Slipline Pty Ltd | 1,160,000 | 0.89 |
| 17. National Nominees Ltd | 1,122,489 | 0.86 |
| 18. Allandale Real Estate Pty Ltd | 1,008,093 | 0.78 |
| 19. Rhoderic Whyte | 1,000,000 | 0.77 |
| 20. M & J Smyth (Smyth Super Fund) | 1,000,000 | 0.77 |
| | 101,524,534 | 78.27 |

**ASPERMONT LIMITED A.C.N. 000 375 048 AND CONTROLLED ENTITIES
 ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES**

20 Largest Shareholders — 50c Share Options

| Name | Number of share options Held | % Held of Issued Options |
|--|------------------------------|--------------------------|
| 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 name of the Company Secretaries are Mr Russell Hardwick & Mr Lewis Cross

The address of the principal registered office in Australia is 613-619 Wellington St Perth
 WA 6000 (08) 6263 9100

The Register of securities is held at the following address

Advanced Share Registry

Western Australia: Level 7 200 Adelaide Terrace, Perth, WA, 6000

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.