



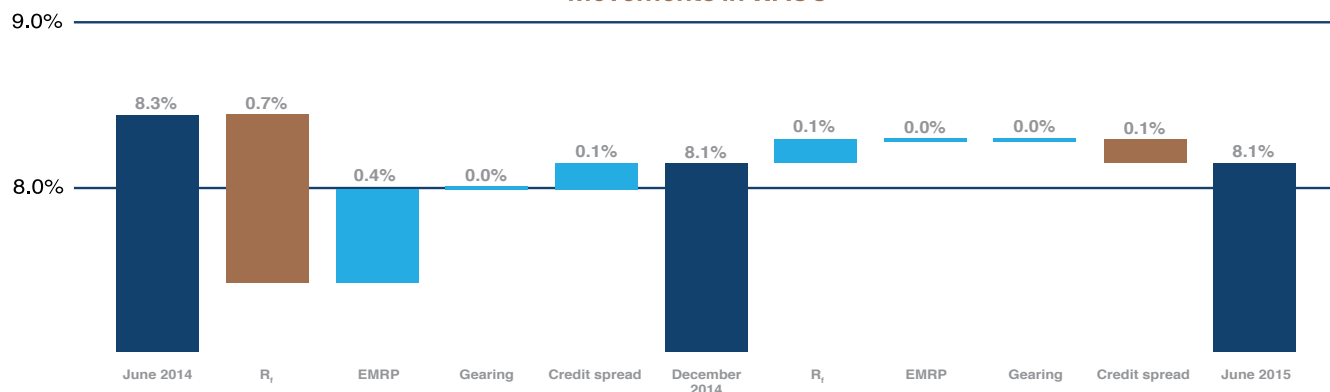
## IMPAIRMENT REMAINS IN FOCUS

For companies with a 30 June reporting deadline, impairment remains a hot topic.

To assist with your planning we provide an early update on how discount rates have changed since 30 June 2014. It will be followed by a more detailed analysis of the appropriate parameters to build-up a discount rate as at 30 June 2015 shortly after that date.

ASIC remains highly focussed on impairment testing and discount rates. Following a review of 30 June 2014 annual reports ASIC Commissioner John Price said, “*The largest number of our inquiries and findings continue to relate to inadequate asset impairment and inappropriate accounting treatments. Preparers of financial reports should focus on these areas and ensure that they provide high quality, useful and meaningful information to investors and others.*” We expect this area to remain a concern for ASIC for June 2015 reporting.

### Movements in WACC



Source: Leadenhall

As flagged in our December 2014 update, a reduction in risk free rates (Government bond yields) over the first six months of the financial year was largely offset by an increase in the market risk premium. Bond yields are now close to their levels of 31 December 2014 and the other components of a discount rate have also been generally stable. Thus market discount rates today generally remain unchanged since 31 December 2014.

Although discount rates have generally been stable over the past year, this will not of course be correct for all businesses and cash generating units. We believe this is an area that will continue to attract significant attention from boards, auditors and ASIC.

For further information on selecting an appropriate discount rate for your company or cash generating units please feel free to call us.

### LEADENHALL

Leadenhall has provided valuation expertise and advice for more than 30 years. We specialise in the valuation of businesses, companies and intellectual property as part of:

- ◆ Independent expert's reports for listed and unlisted public companies
- ◆ Dispute resolution and shareholder determinations
- ◆ Financial reporting including intangible assets and financial instruments
- ◆ Determining taxation consequences
- ◆ Supporting transaction evaluation and other decision making

### THE LEADENHALL DIFFERENCE

Leadenhall doesn't just offer thought leadership; it prides itself on knowledge delivery. You can trust us to go beyond the maths, provide you with a deeper understanding of the assumptions made and produce a valuation that you truly understand. That means you can proceed with certainty, safe in the knowledge that you won't risk your reputation – or the outcome of any transformative business decision you make.

**This is the Leadenhall difference.**

**YOU'LL KNOW, THAT YOU KNOW.**

26 May 2015

For further information, please contact

#### SYDNEY

Richard Norris  
Richard.Norris@Leadenhall.com.au  
+61 2 8823 6224

#### ADELAIDE

Simon Dalgarno  
Simon.Dalgarno@Leadenhall.com.au  
+61 8 8385 2207

#### MELBOURNE

Elena Saarbrucken  
Elena.Saarbrucken@Leadenhall.com.au  
+61 3 9607 1330