



SP Telemedia Limited
ABN 46 093 058 069
and its controlled entities

ASX Appendix 4E and
Preliminary Financial Report
for the year ended 31 July 2009

Lodged with the ASX under Listing Rule 4.3A.

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SP Telemedia Limited
ASX Appendix 4E

Financial Year ended 31 July 2009
(Previous corresponding period: Year ended 31 July 2008)

Results for announcement to the market

Earnings

				\$A'000
Revenue from ordinary activities	up	8%	to	481,169
Net profit / (2008: loss) from ordinary activities after tax attributable to equity holders of the parent	up	194%	to	17,661
Earnings / (2008: loss) per share	up	168%	to	2.6 cents

Dividends

	Amount per security	Franked amount per security
Interim dividend for FY09 (paid 27 May 2009)	1 cent	1 cent
Final dividend for FY09 (payable 18 November 2009)	1 cent	1 cent

The record date for determining entitlement to the final dividend is 21 October 2009.

For the final dividend the DRP (Dividend Reinvestment Plan) discount will be 2.5%.

Commentary on results

The Company has provided a commentary on the results in its Review of Operations which accompanies this report.

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Consolidated income statement
For the year ended 31 July 2009

	2009 \$'000	2008 \$'000
Revenue	481,169	446,449
Cost of sales	(291,406)	(303,345)
Gross profit	189,763	143,104
Other income	-	7,658
Selling and distribution expenses	(42,737)	(50,435)
Administrative expenses	(111,761)	(120,604)
Profit/(loss) from operating activities	35,265	(20,277)
Finance income	1,342	4,565
Finance expenses	(10,284)	(7,952)
Net financing costs	(8,942)	(3,387)
Profit/(loss) before income tax	26,323	(23,664)
Income tax (expense)/benefit	(8,662)	4,731
Profit/(loss) after income tax for the year	17,661	(18,933)
Attributable to:		
Equity holders of the parent	17,661	(18,783)
Minority interest	-	(150)
Profit/(loss) for the year	17,661	(18,933)
Earnings/(loss) per share for earnings/(loss) attributable to the ordinary equity holders of the Company:	Cents	Cents
Basic earnings/(loss) per share	2.6	(3.8)
Diluted earnings/(loss) per share	2.5	(3.8)

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Consolidated statement of recognised income and expense

For the year ended 31 July 2009

	2009 \$'000	2008 \$'000
Foreign exchange translation differences	207	(156)
Income and expense recognised directly in equity	207	(156)
Profit/(loss) for the year	17,661	(18,933)
Total recognised income and expense for the year	17,868	(19,089)
Attributable to:		
Equity holders of the parent	17,868	(18,939)
Minority interest	-	(150)
Total recognised income and expense for the year	17,868	(19,089)

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Consolidated balance sheet

As at 31 July 2009

	2009 \$'000	2008 \$'000
Current assets		
Cash and cash equivalents	17,179	14,053
Trade and other receivables	30,282	64,483
Inventories	705	1,133
Intangible assets	7,315	24,720
Current tax assets	55	-
Prepayments and other assets	6,983	9,814
Total current assets	62,519	114,203
Non-current assets		
Receivables	-	2,804
Property, plant and equipment	135,408	137,594
Intangible assets	324,904	361,089
Prepayments and other assets	993	2,705
Total non-current assets	461,305	504,192
Total assets	523,824	618,395
Current liabilities		
Trade and other payables	75,997	80,917
Loans and borrowings	8,535	22,294
Current tax liabilities	8,023	8,353
Employee benefits	3,066	3,100
Provisions	936	827
Deferred income and other liabilities	25,371	32,459
Total current liabilities	121,928	147,950
Non-current liabilities		
Loans and borrowings	58,429	137,629
Deferred tax liabilities	8,070	17,050
Employee benefits	537	746
Provisions	2,193	156
Deferred income and other liabilities	7,869	8,214
Total non-current liabilities	77,098	163,795
Total liabilities	199,026	311,745
Net assets	324,798	306,650
Equity		
Share capital	389,747	384,693
Reserves (refer notes 5 and 12)	(54,079)	(55,878)
Accumulated losses	(10,870)	(22,165)
Total equity attributable to equity holders of the parent	324,798	306,650
Minority interest	-	-
Total equity	324,798	306,650

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Consolidated statement of cash flows

For the year ended 31 July 2009

	2009 \$'000	2008 \$'000
Cash flows from operating activities		
Cash receipts from customers	549,549	456,155
Cash paid to suppliers and employees	(396,723)	(419,379)
Cash generated from operations	<u>152,826</u>	<u>36,776</u>
Interest received	773	3,438
Interest paid	(9,920)	(5,876)
Income taxes paid	(19,104)	(17,268)
Net cash from operating activities	<u>124,575</u>	<u>17,070</u>
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	34	91
Acquisition of property, plant and equipment	(23,040)	(21,694)
Acquisition of subsidiaries, net of cash acquired	-	(135,565)
Acquisition of minority interest, net of costs	-	(98)
Security deposits paid	(348)	-
Loans to related parties	-	(1,291)
Net cash used in investing activities	<u>(23,354)</u>	<u>(158,557)</u>
Cash flows from financing activities		
Payment of transaction costs on issue of share capital	(17)	(124)
Proceeds from borrowings	-	150,000
Repayment of borrowings	(83,375)	(55,378)
Proceeds from exercise of share options	229	-
Payment of finance lease liabilities	(13,510)	(6,024)
Restricted cash released	80	1,083
Dividends paid	(1,771)	(14,588)
Net cash (used in)/from financing activities	<u>(98,364)</u>	<u>74,969</u>
Net increase/(decrease) in cash and cash equivalents	<u>2,857</u>	<u>(66,518)</u>
Cash and cash equivalents at beginning of period	14,053	80,644
Effect of exchange rate fluctuations on cash held	269	(73)
Cash and cash equivalents at end of period	<u>17,179</u>	<u>14,053</u>

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Preliminary financial report for the year ended 31 July 2009

Notes to the preliminary financial report

Note 1 Basis of preparation of financial report

This preliminary financial report for the year ended 31 July 2009 has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the *Corporations Act 2001*.

The preliminary financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 July 2008 and any public announcements made by SP Telemedia Limited during the reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Unless otherwise stated, the accounting policies adopted have been applied consistently to all periods presented in this preliminary financial report and are consistent with those disclosed in the 31 July 2008 annual report.

Note 2 Segment information

Business segments

The Consolidated Entity operates predominantly in the Australian telecommunications industry.

Geographical segments

The Consolidated Entity operates predominantly within Australia.

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Preliminary financial report for the year ended 31 July 2009

Notes to the preliminary financial report (continued)

Note 3 Results from operating activities

	2009 \$'000	2008 \$'000
Results from operating activities include the following specific items within the line items set out below:		
Other income:		
Lease surrender fee earned in respect of Perth office premises	-	7,398
Cost of sales:		
Amortisation of capitalised deferred subscriber acquisition costs	20,071	32,676
Impairment of capitalised deferred subscriber acquisition costs	2,196	7,453
Selling and distribution expenses:		
Depreciation of plant and equipment	27,193	19,670
Impairment of plant and equipment	-	7,756
Employee benefits	5,274	7,089
Administrative expenses:		
Amortisation of non-current intangible assets	36,075	18,356
Employee benefits	37,712	41,403
Bad and doubtful debts expense	3,438	23,420
Net foreign exchange losses/(gains)	5,171	(2,471)

Note 4 Dividends

Dividends recognised in the period were as follows:

	Cents per share	Total amount \$'000	Franked / unfranked	Date of payment
2009				
Interim FY09 ordinary	1.0	6,842	Franked	27 May 2009
2008				
Interim FY08 ordinary (special)	2.4	9,725	Franked	22 May 2008
Final FY07 ordinary	1.2	4,863	Franked	15 Nov 2007
Total		<u>14,588</u>		

Franked dividends declared or paid during the year were franked at the tax rate of 30%.

The directors have declared a fully franked final FY09 dividend of 1 cent per share. The dividend has a record date of 21 October 2009 and will be paid on 18 November 2009.

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Notes to the preliminary financial report (continued)

Note 5 Share capital

	2009 Shares	2008 Shares	2009 \$'000	2008 \$'000
Opening Balance	684,200,230	405,208,684	384,693	272,837
Ordinary shares issued as part consideration for purchase of 100% of TPG Holdings Limited	-	270,000,003	-	109,350
Ordinary shares issued as consideration for purchase of minority interest of Chariot Limited	-	8,991,543	-	2,630
Transaction costs	-	-	(17)	(124)
Ordinary shares issued under the Dividend Reinvestment Plan	19,400,744	-	5,071	-
Closing Balance	703,600,974	684,200,230	389,747	384,693

Note 6 Earnings per share

	2009 Cents	2008 Cents
Basic earnings/(loss) per share	2.6	(3.8)
Diluted earnings/(loss) per share	2.5	(3.8)
	2009 \$'000	2008 \$'000
Profit/(loss) attributable to ordinary shareholders		
Net profit/(loss)	17,661	(18,933)
Net loss attributable to outside equity interest	-	(150)
Earnings/(loss) used in calculating basic and diluted earnings per share	17,661	(18,783)
	2009 Number	2008 Number
Weighted average number of shares		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	687,655,157	491,641,505
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	694,214,787	491,641,505

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Notes to the preliminary financial report (continued)

Note 7 Net tangible assets

	2009 Cents	2008 Cents
Net tangible asset backing per ordinary share	(1.1)	(16.1)

Note 8 Capital and Reserves

	Share capital \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000	Minority interest \$'000	Total equity \$'000
Balance at 1 August 2007	272,837	(50,627)	10,292	232,502	-	232,502
Minority interest on acquisition of Chariot Limited	-	-	-	-	(1,124)	(1,124)
Total recognised income and expense	-	(156)	(18,783)	(18,939)	(150)	(19,089)
Transfer between reserves	-	(914)	914	-	-	-
Movement in treasury share reserve	-	(204)	-	(204)	-	(204)
Acquisition of minority interest	-	(3,977)	-	(3,977)	1,274	(2,703)
Issue of ordinary shares	111,980	-	-	111,980	-	111,980
Transaction costs	(124)	-	-	(124)	-	(124)
Dividends to shareholders	-	-	(14,588)	(14,588)	-	(14,588)
Balance at 31 July 2008	384,693	(55,878)	(22,165)	306,650	-	306,650
Balance at 1 August 2008	384,693	(55,878)	(22,165)	306,650	-	306,650
Total recognised income and expense	-	207	17,661	17,868	-	17,868
Transfer between reserves	-	(476)	476	-	-	-
Movement in treasury share reserve	-	(181)	-	(181)	-	(181)
Movement in share option reserve	-	2,227	-	2,227	-	2,227
Acquisition of minority interest	-	22	-	22	-	22
Transaction costs	(17)	-	-	(17)	-	(17)
Dividends to shareholders	5,071	-	(6,842)	(1,771)	-	(1,771)
Balance at 31 July 2009	389,747	(54,079)	(10,870)	324,798	-	324,798

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Notes to the preliminary financial report (continued)

Note 9 Comparatives

Certain comparative amounts have been reclassified to conform with the current year's presentation.

Note 10 Contingent Liabilities

The Company (or its subsidiaries) are parties to various legal cases which have arisen in the ordinary course of the business of the Consolidated Entity.

The directors have provided for costs and settlement of certain cases where such amounts can be reliably estimated. In the opinion of directors, the likelihood of significant cash outflows relating to other cases is considered remote.

In the opinion of directors, disclosure of further information about these legal cases would be prejudicial to the interests of the Company.

Note 11 Unaudited Financial Information

The information contained in this preliminary financial report is based on accounts which are in the process of being audited.

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