



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

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

### Dividends

|  | <b>Amount per security</b> | <b>Franked amount per security</b> |
|--|----------------------------|------------------------------------|
| 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.

SP Telemedia Limited and its controlled entities  
Preliminary financial report for the year ended 31 July 2009

**Consolidated income statement**  
For the year ended 31 July 2009

|  | 2009<br>\$'000 | 2008<br>\$'000 |
|--|----------------|----------------|
| Revenue  | 481,169        | 446,449        |
| Cost of sales  | (291,406)      | (303,345)      |
| <b>Gross profit</b>  | <b>189,763</b> | 143,104        |
| Other income   | -              | 7,658          |
| Selling and distribution expenses  | (42,737)       | (50,435)       |
| Administrative expenses  | (111,761)      | (120,604)      |
| <b>Profit/(loss) from operating activities</b>   | <b>35,265</b>  | (20,277)       |
| Finance income   | 1,342          | 4,565          |
| Finance expenses   | (10,284)       | (7,952)        |
| <b>Net financing costs</b>   | <b>(8,942)</b> | (3,387)        |
| <b>Profit/(loss) before income tax</b>   | <b>26,323</b>  | (23,664)       |
| Income tax (expense)/benefit   | (8,662)        | 4,731          |
| <b>Profit/(loss) after income tax for the year</b>   | <b>17,661</b>  | (18,933)       |
| <b>Attributable to:</b>  |                |                |
| Equity holders of the parent   | 17,661         | (18,783)       |
| Minority interest  | -              | (150)          |
| <b>Profit/(loss) for the year</b>  | <b>17,661</b>  | (18,933)       |
| <b>Earnings/(loss) per share for earnings/(loss) attributable to the ordinary equity holders of the Company:</b> | <b>Cents</b>   | <b>Cents</b>   |
| 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<br>\$'000 | 2008<br>\$'000  |
|---|----------------|-----------------|
| Foreign exchange translation differences                | 207            | (156)           |
| <b>Income and expense recognised directly in equity</b> | <b>207</b>     | <b>(156)</b>    |
| <b>Profit/(loss) for the year</b>                       | <b>17,661</b>  | <b>(18,933)</b> |
| <b>Total recognised income and expense for the year</b> | <b>17,868</b>  | <b>(19,089)</b> |
| <b>Attributable to:</b>                                 |                |                 |
| Equity holders of the parent                            | 17,868         | (18,939)        |
| Minority interest                                       | -              | (150)           |
| <b>Total recognised income and expense for the year</b> | <b>17,868</b>  | <b>(19,089)</b> |

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SP Telemedia Limited and its controlled entities  
Preliminary financial report for the year ended 31 July 2009

**Consolidated balance sheet**

As at 31 July 2009

|  | 2009<br>\$'000 | 2008<br>\$'000 |
|--|----------------|----------------|
| <b>Current assets</b>  |                |                |
| 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          |
| <b>Total current assets</b>                                      | <b>62,519</b>  | <b>114,203</b> |
| <b>Non-current assets</b>  |                |                |
| Receivables  | -              | 2,804          |
| Property, plant and equipment                                    | 135,408        | 137,594        |
| Intangible assets  | 324,904        | 361,089        |
| Prepayments and other assets                                     | 993            | 2,705          |
| <b>Total non-current assets</b>                                  | <b>461,305</b> | <b>504,192</b> |
| <b>Total assets</b>  | <b>523,824</b> | <b>618,395</b> |
| <b>Current liabilities</b>                                       |                |                |
| 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         |
| <b>Total current liabilities</b>                                 | <b>121,928</b> | <b>147,950</b> |
| <b>Non-current liabilities</b>                                   |                |                |
| 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          |
| <b>Total non-current liabilities</b>                             | <b>77,098</b>  | <b>163,795</b> |
| <b>Total liabilities</b>   | <b>199,026</b> | <b>311,745</b> |
| <b>Net assets</b>  | <b>324,798</b> | <b>306,650</b> |
| <b>Equity</b>  |                |                |
| Share capital  | 389,747        | 384,693        |
| Reserves (refer notes 5 and 12)                                  | (54,079)       | (55,878)       |
| Accumulated losses   | (10,870)       | (22,165)       |
| <b>Total equity attributable to equity holders of the parent</b> | <b>324,798</b> | <b>306,650</b> |
| <b>Minority interest</b>   | -              | -              |
| <b>Total equity</b>  | <b>324,798</b> | <b>306,650</b> |

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SP Telemedia Limited and its controlled entities  
Preliminary financial report for the year ended 31 July 2009

**Consolidated statement of cash flows**

For the year ended 31 July 2009

|   | 2009<br>\$'000  | 2008<br>\$'000   |
|---|-----------------|------------------|
| <b>Cash flows from operating activities</b>                 |                 |                  |
| 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)         |
| <b>Net cash from operating activities</b>                   | <u>124,575</u>  | <u>17,070</u>    |
| <b>Cash flows from investing activities</b>                 |                 |                  |
| 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)          |
| <b>Net cash used in investing activities</b>                | <u>(23,354)</u> | <u>(158,557)</u> |
| <b>Cash flows from financing activities</b>                 |                 |                  |
| 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)         |
| <b>Net cash (used in)/from financing activities</b>         | <u>(98,364)</u> | <u>74,969</u>    |
| <b>Net increase/(decrease) in cash and cash equivalents</b> | <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)             |
| <b>Cash and cash equivalents at end of period</b>           | <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<br>\$'000 | 2008<br>\$'000 |
|---|----------------|----------------|
| Results from operating activities include the following specific items within the line items set out below: |                |                |
| <b>Other income:</b>  |                |                |
| Lease surrender fee earned in respect of Perth office premises  | -              | 7,398          |
| <b>Cost of sales:</b>   |                |                |
| Amortisation of capitalised deferred subscriber acquisition costs   | 20,071         | 32,676         |
| Impairment of capitalised deferred subscriber acquisition costs   | 2,196          | 7,453          |
| <b>Selling and distribution expenses:</b>   |                |                |
| Depreciation of plant and equipment   | 27,193         | 19,670         |
| Impairment of plant and equipment   | -              | 7,756          |
| Employee benefits   | 5,274          | 7,089          |
| <b>Administrative expenses:</b>   |                |                |
| 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<br>per share | Total<br>amount<br>\$'000 | Franked /<br>unfranked | Date of<br>payment |
|---------------------------------|--------------------|---------------------------|------------------------|--------------------|
| <b>2009</b>                     |                    |                           |                        |                    |
| Interim FY09 ordinary           | 1.0                | 6,842                     | Franked                | 27 May 2009        |
| <b>2008</b>                     |                    |                           |                        |                    |
| Interim FY08 ordinary (special) | 2.4                | 9,725                     | Franked                | 22 May 2008        |
| Final FY07 ordinary             | 1.2                | 4,863                     | Franked                | 15 Nov 2007        |
| <b>Total</b>                    |                    | <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.



SP Telemedia Limited and its controlled entities  
Preliminary financial report for the year ended 31 July 2009

**Notes to the preliminary financial report (continued)**

**Note 5 Share capital**

|  | 2009<br>Shares     | 2008<br>Shares | 2009<br>\$'000 | 2008<br>\$'000 |
|--|--------------------|----------------|----------------|----------------|
| <b>Opening Balance</b>   | <b>684,200,230</b> | 405,208,684    | <b>384,693</b> | 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                                  | <b>19,400,744</b>  | -              | <b>5,071</b>   | -              |
| <b>Closing Balance</b>   | <b>703,600,974</b> | 684,200,230    | <b>389,747</b> | 384,693        |

**Note 6 Earnings per share**

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

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Preliminary financial report for the year ended 31 July 2009

**Notes to the preliminary financial report (continued)**

**Note 7 Net tangible assets**

|   | 2009<br>Cents | 2008<br>Cents |
|---|---------------|---------------|
| Net tangible asset backing per ordinary share | (1.1)         | (16.1)        |

**Note 8 Capital and Reserves**

|   | Share<br>capital<br>\$'000 | Reserves<br>\$'000 | Retained<br>earnings<br>\$'000 | Total<br>\$'000 | Minority<br>interest<br>\$'000 | Total<br>equity<br>\$'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                             | <b>384,693</b>             | <b>(55,878)</b>    | <b>(22,165)</b>                | <b>306,650</b>  | <b>-</b>                       | <b>306,650</b>            |
| 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                             | <b>389,747</b>             | <b>(54,079)</b>    | <b>(10,870)</b>                | <b>324,798</b>  | <b>-</b>                       | <b>324,798</b>            |

SP Telemedia Limited and its controlled entities  
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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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