



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

**ASX Appendix 4D and  
Half Year Financial Report  
31 January 2009**

Lodged with the ASX under Listing Rule 4.2A

**Contents**

	<b>Page</b>
Results for announcement to the market	2
Directors' report	3
Consolidated interim income statement	5
Consolidated interim statement of recognised income and expense	6
Consolidated interim balance sheet	7
Consolidated interim statement of cash flows	8
Condensed notes to the consolidated interim financial statements	9
Directors' declaration	13
Auditor's review report	14
Auditor's independence declaration	16

SP Telemedia Limited  
ASX Appendix 4D – for the half year ended 31 January 2009

2

This information should be read in conjunction with the 31 July 2008 annual report.

**Results for announcement to the market**

**Earnings**

				<b>\$'000</b>
<b>Revenue</b> from ordinary activities	Up	19%	to	241,826
<b>Profit</b> from ordinary activities after tax attributable to members	Up	100%	to	5,058
<b>Net profit</b> for the period attributable to members	Up	100%	to	5,058

**Dividends**

	<b>Cents per Share</b>	<b>Franking</b>	<b>Total amount \$'000</b>
<b>THIS PERIOD</b> Interim Dividend	1.0	100%	6,842
<b>PREVIOUS CORRESPONDING PERIOD</b> Special Dividend (incorporating the interim dividend)	2.4	100%	9,724
Record date for determining entitlement to Interim Dividend			24 April 2009
Date the Interim Dividend is payable			27 May 2009

**Net tangible assets**

	<b>31 Jan 2009</b>	<b>31 Jan 2008</b>
Net tangible assets per security	\$(0.07)	\$0.32

**Explanation of Results**

Please refer to the Review of Operations in the Directors' Report in the attached Financial Statements.

# SP Telemedia Limited and its controlled entities

## Half-year ended 31 January 2009

3

### Directors' report

The directors present their report together with the consolidated financial report for the half-year ended 31 January 2009.

#### Directors

The names of directors of the Company in office at any time during or since the end of the half-year are set out below:

<b>Name</b>	<b>Period of directorship</b>
David Teoh Chairman Executive Director Chief Executive Officer	Director since 2008
Robert D Millner Non-Executive Director	Director since 2000
Denis Ledbury Non-Executive Director	Director since 2000
Alan J Latimer Executive Director	Director since 2008
Joseph Pang Non-Executive Director	Director since 2008

#### Review of operations

The directors of SP Telemedia Limited are pleased to report group earnings before interest, tax, depreciation and amortisation (EBITDA) of \$44.4m and a net profit after tax (NPAT) of \$5.1m for the half year ended 31 January 2009.

These results represent a 264% increase on the EBITDA of \$12.2m achieved in the corresponding period last year and a 104% increase on the \$2.5m NPAT achieved for the same period. These results would be higher except for an unrealised mark-to-market exchange rate loss of \$5.7m (before tax).

#### Cash Flow

The Consolidated Entity has generated a net cash inflow from operations before interest, tax, capex and debt repayments during the half year of \$64.0m. This cash generation has enabled it to make a further \$21m of repayments against its bank debt facility in the period. It is now ahead of its debt repayment schedule by \$25m and the next compulsory debt repayment does not arise until July 2010.

## **Directors' report (continued)**

### **Review of operations (continued)**

#### Interim Dividend

Following the Consolidated Entity's strong cash flow, the directors have also declared a fully franked interim dividend of 1 cent per share, payable on 27 May 2009 to shareholders on the register at 24 April 2009.

With the recent approval of the Dividend Reinvestment Plan, shareholders are for the first time able to elect to reinvest their dividend. The directors have announced that for this interim dividend, the price of shares issued in lieu of dividends will be at a 2.5% discount to the market price (calculated in accordance with the Plan rules).

#### Guidance

With the current EBITDA run-rate in excess of \$8m monthly, the directors have reaffirmed that the Consolidated Entity is on track to achieve its guidance of \$93m EBITDA for the full year.

### **Lead Auditor's Independence Declaration**

The lead auditor's independence declaration is set out on page 16 and forms part of the directors' report for the half-year ended 31 January 2009.

### **Rounding off**

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Dated at Sydney this 24th day of March 2009.

Signed in accordance with a resolution of the directors:



**David Teoh**  
Chairman

SP Telemedia Limited and its controlled entities  
Half-year ended 31 January 2009

5

**Consolidated interim income statement**

For the six months ended 31 January 2009

*In thousands of AUD*

	31 Jan 2009	31 Jan 2008
Revenue	241,826	202,748
Cost of sales	(146,865)	(145,053)
<b>Gross profit</b>	<b>94,961</b>	<b>57,695</b>
Selling and distribution expenses	(23,731)	(24,099)
Administrative expenses	(58,613)	(31,302)
<b>Profit from operating activities</b>	<b>12,617</b>	<b>2,294</b>
Finance income	902	2,838
Finance costs	(6,224)	(1,587)
<b>Net financing (costs)/income</b>	<b>(5,322)</b>	<b>1,251</b>
<b>Profit before income tax</b>	<b>7,295</b>	<b>3,545</b>
Income tax expense	(2,237)	(1,015)
<b>Profit for the period</b>	<b>5,058</b>	<b>2,530</b>
<b>Attributable to:</b>		
Equity holders of the parent	5,058	2,530
Minority interest	-	-
<b>Profit for the period</b>	<b>5,058</b>	<b>2,530</b>
<b>Earnings per share for profit attributable to the ordinary equity holders of the Company:</b>		
Basic earnings per share (cents)	0.7	0.6
Diluted earnings per share (cents)	0.7	0.6

The income statement is to be read in conjunction with the notes to the interim financial statements set out on pages 9 to 12.

SP Telemedia Limited and its controlled entities  
 Half-year ended 31 January 2009

6

**Consolidated interim statement of recognised income and expense**  
 For the six months ended 31 January 2009

*In thousands of AUD*

	31 Jan 2009	31 Jan 2008
Foreign exchange translation differences	214	(35)
<b>Net income and expense recognised directly in equity</b>	214	(35)
<b>Profit for the period</b>	5,058	2,530
<b>Total recognised income and expense for the period</b>	5,272	2,495
<b>Attributable to:</b>		
Equity holders of the parent	5,272	2,495
Minority interest	-	-
<b>Total recognised income and expense for the period</b>	5,272	2,495

The statement of recognised income and expense is to be read in conjunction with the notes to the interim financial statements set out on pages 9 to 12.

# SP Telemedia Limited and its controlled entities

7

Half-year ended 31 January 2009

## Consolidated interim balance sheet

As at 31 January 2009

*In thousands of AUD*

	Note	31 Jan 2009	31 July 2008
<b>Current Assets</b>			
Cash and cash equivalents		18,401	14,053
Trade and other receivables		45,653	64,483
Inventories		1,084	1,133
Intangible assets		14,830	24,720
Current tax assets		597	-
Prepayments and other assets		5,655	9,814
<b>Total current assets</b>		<b>86,220</b>	<b>114,203</b>
<b>Non-current assets</b>			
Receivables		-	2,804
Property, plant and equipment		138,337	137,594
Intangible assets	11	342,255	361,089
Prepayments and other assets		2,064	2,705
<b>Total non-current assets</b>		<b>482,656</b>	<b>504,192</b>
<b>Total assets</b>		<b>568,876</b>	<b>618,395</b>
<b>Current Liabilities</b>			
Trade and other payables		62,422	80,917
Loans and borrowings		19,321	22,294
Current tax liabilities	11	4,482	8,353
Employee benefits		2,842	2,544
Provisions		760	827
Deferred income and other liabilities		29,084	32,459
<b>Total current liabilities</b>		<b>118,911</b>	<b>147,394</b>
<b>Non-current liabilities</b>			
Loans and borrowings		118,083	137,629
Deferred tax liabilities		12,840	17,050
Employee benefits		810	1,302
Provisions		156	156
Deferred income and other liabilities		6,099	8,214
<b>Total non-current liabilities</b>		<b>137,988</b>	<b>164,351</b>
<b>Total liabilities</b>		<b>256,899</b>	<b>311,745</b>
<b>Net assets</b>		<b>311,977</b>	<b>306,650</b>
<b>Equity</b>			
Share capital		384,687	384,693
Reserves	10	(55,841)	(55,878)
Accumulated losses	10	(16,869)	(22,165)
<b>Total equity attributable to equity holders of the parent</b>		<b>311,977</b>	<b>306,650</b>
Minority interest		-	-
<b>Total equity</b>		<b>311,977</b>	<b>306,650</b>

The balance sheet is to be read in conjunction with the notes to the interim financial statements set out on pages 9 to 12.

SP Telemedia Limited and its controlled entities  
Half-year ended 31 January 2009

8

**Consolidated interim statement of cash flows**

For the six months ended 31 January 2009

*In thousands of AUD*

	31 Jan 2009	31 Jan 2008
<b>Cash flows from operating activities</b>		
Cash receipts from customers	282,418	214,132
Cash paid to suppliers and employees	(218,401)	(205,213)
	64,017	8,919
Interest received	521	1,861
Interest paid	(6,021)	(1,014)
Income taxes paid	(11,853)	(15,674)
<b>Net cash from operating activities</b>	46,664	(5,908)
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	18	20
Payment for controlled entity, net of cash acquired	-	(53)
Acquisition of property, plant and equipment	(14,436)	(8,184)
Loans advanced to related parties	-	(1,687)
<b>Net cash outflow from investing activities</b>	(14,418)	(9,904)
<b>Cash flows from financing activities</b>		
Repayment of borrowings from other parties	(23,000)	(8,518)
Restricted cash released	1	554
Payment of transaction costs	(6)	-
Payment of network capacity and finance lease liabilities	(6,114)	(1,413)
Dividends paid	-	(4,862)
<b>Net cash from financing activities</b>	(29,119)	(14,239)
Net increase/(decrease) in cash and cash equivalents	3,127	(30,051)
Cash and cash equivalents at 1 August	14,053	80,644
Effect of exchange rate fluctuations on cash held	1,221	(14)
<b>Cash and cash equivalents at 31 January</b>	18,401	50,579

The statement of cash flows is to be read in conjunction with the notes to the interim financial statements set out on pages 9 to 12.

## Condensed notes to the consolidated interim financial statements

### 1. Reporting entity

SP Telemedia Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company for the six months ended 31 January 2009 comprises the Company and its subsidiaries (together referred to as the "Consolidated Entity").

The consolidated annual financial report for the Consolidated Entity for the year ended 31 July 2008 is available upon request from the Company's registered office at 11-17 Mosbri Crescent, Newcastle NSW 2300.

### 2. Statement of Compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the Corporations Act 2001.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Consolidated Entity for the year ended 31 July 2008.

The consolidated interim financial report was authorised by the directors on 24 March 2009.

The Consolidated Entity is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

### 3. Significant accounting policies

The accounting policies applied by the Consolidated Entity in this consolidated interim financial report are the same as those applied by the Consolidated Entity in its consolidated financial report for the year ended 31 July 2008.

### 4. Basis of measurement

The accounts have been prepared on a going concern basis as there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable based on management's projected cashflows which have been approved by the Board, notwithstanding the fact that the classifications within the 31 January 2009 consolidated balance sheet show a net current liability position.

### 5. Estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 31 July 2008.

**Condensed notes to the consolidated interim financial statements (continued)**

**6. Comparatives**

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

**7. Financial risk management**

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial report as at and for the year ended 31 July 2008.

**8. Material items of expense**

Results from operating activities includes the following expenses within:

<i>In thousands of AUD</i>	<b>6 months to 31 Jan 2009</b>	<b>6 months to 31 Jan 2008</b>
a) Cost of Sales:		
Amortisation of capitalised deferred subscriber acquisition costs	13,162	16,393
b) Selling and distribution expenses:		
Depreciation of plant and equipment	12,839	8,834
Employee benefits	2,833	3,500
Amortisation of advertising contra received as part of the consideration for the sale of media operations	1,000	1,000
c) Administrative expenses:		
Amortisation of non-current intangibles	18,912	1,046
Foreign exchange loss	6,796	87
Bad and doubtful debts expense	3,874	2,123
Employee benefits	20,959	20,501
Write-down of loans and receivables due from Soul Shop Pty Ltd	-	1,558

**9. Segment reporting**

**Business segments**

The Consolidated Entity operates predominantly in the Australian telecommunications industry.

**Geographical segments**

The Consolidated Entity operates predominantly in Australia.

SP Telemedia Limited and its controlled entities  
Half-year ended 31 January 2009

11

Condensed notes to the consolidated interim financial statements (continued)

10. Capital and reserves

Reconciliation of movement in equity  
attributable to equity holders of the parent

Consolidated

*In thousands of AUD*

	Share capital	Revaluation reserve	Share option reserve	Treasury share reserve	Minority interest acquisition reserve	Foreign currency translation reserve	Retained earnings	Total	Minority interest	Total equity
<b>Balance at 1 August 2007</b>	<b>272,837</b>	<b>1,389</b>	<b>440</b>	-	<b>(52,482)</b>	<b>26</b>	<b>10,292</b>	<b>232,502</b>	-	<b>232,502</b>
Total recognised income and expense	-	-	-	-	-	(35)	2,530	2,495	-	2,495
Transfers between reserves	-	(234)	(440)	-	-	-	674	-	-	-
Movement in treasury share reserve	-	-	-	(454)	-	-	-	(454)	-	(454)
Dividends to shareholders	-	-	-	-	-	-	(4,862)	(4,862)	-	(4,862)
<b>Balance at 31 January 2008</b>	<b>272,837</b>	<b>1,155</b>	-	<b>(454)</b>	<b>(52,482)</b>	<b>(9)</b>	<b>8,634</b>	<b>229,681</b>	-	<b>229,681</b>
<b>Balance at 1 August 2008</b>	<b>384,693</b>	<b>915</b>	-	<b>(204)</b>	<b>(56,459)</b>	<b>(130)</b>	<b>(22,165)</b>	<b>306,650</b>	-	<b>306,650</b>
Total recognised income and expense	-	-	-	-	-	214	5,058	5,272	-	5,272
Transfers between reserves	-	(238)	-	-	-	-	238	-	-	-
Movement in treasury share reserve	-	-	-	39	-	-	-	39	-	39
Minority interest on acquisition	-	-	-	-	22	-	-	22	-	22
Transaction costs	(6)	-	-	-	-	-	-	(6)	-	(6)
Dividends to shareholders	-	-	-	-	-	-	-	-	-	-
<b>Balance at 31 January 2009</b>	<b>384,687</b>	<b>677</b>	-	<b>(165)</b>	<b>(56,437)</b>	<b>84</b>	<b>(16,869)</b>	<b>311,977</b>	-	<b>311,977</b>

**Condensed notes to the consolidated interim financial statements (continued)**

**10. Capital and reserves (continued)**

**Dividends**

No dividends were paid by the Consolidated Entity in the current half year ended 31 January 2009. In the comparative half-year ended 31 January 2008, dividends totalling \$4,862,000 were paid (1.2 cents per qualifying ordinary share).

On 24 March 2009 the directors have declared a fully franked interim dividend of 1.0 cents per share for the financial year ending 31 July 2009, payable on 27 May 2009 to shareholders on the register at 24 April 2009.

**11. Adjustment to provisional acquisition accounting**

As noted in the 31 July 2008 annual report, the accounting for the acquisition of TPG Holdings Pty Ltd at that date was provisional pending potential adjustments that could be made to reflect new information obtained about facts and circumstances that existed at the date of acquisition which would have affected measurement of amounts recognised at that date.

During the 6 months ended 31 January 2009, the income tax assessment for TPG Holdings was finalised for the period up until the date of its acquisition by the Company. The income tax payable was \$348,000 higher than the amount provided for in its balance sheet at date of acquisition, resulting in an understatement of goodwill on acquisition of \$348,000.

In this half year report the 31 July 2008 balance sheet comparatives have been adjusted to reflect this amendment, by increasing non-current intangible assets by \$348,000 and increasing current tax liabilities by \$348,000.

**12. Subsequent events**

There has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

## Directors' declaration

In the opinion of the directors of SP Telemedia Limited ("the Company"):

1. the financial statements and notes set out on pages 5 to 12, are in accordance with the Corporations Act 2001 including:
  - (a) giving a true and fair view of the financial position of the Consolidated Entity as at 31 January 2009 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
  - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Sydney this 24th day of March, 2009.

Signed in accordance with a resolution of the directors:



**David Teoh**  
Chairman

## Independent auditor's review report to the members of SP Telemedia Limited

We have reviewed the accompanying half-year financial report of SP Telemedia Limited, which comprises the consolidated interim balance sheet as at 31 January 2009, income statement, statement of recognised income and expense and cash flow statement for the half-year period ended on that date, a statement of accounting policies and other explanatory notes 1 to 12 and the directors' declaration set out on pages 5 to 13 of the Consolidated Entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

### **Directors' responsibility for the half-year financial report**

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Consolidated Entity's financial position as at 31 January 2009 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of SP Telemedia Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

### Conclusion

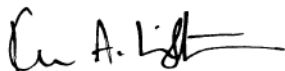
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of SP Telemedia Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Consolidated Entity's financial position as at 31 January 2009 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



KPMG



Kevin Leighton  
Partner

Sydney

24 March 2009



## Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of SP Telemedia Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 January 2009 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

A handwritten signature in black ink, appearing to read 'Kevin Leighton', with a horizontal line extending to the right.

Kevin Leighton  
*Partner*

Sydney

24 March 2009