SALMAT LIMITED
(ABN 11 002 724 638)
Appendix 4E

FULL-YEAR REPORT
For the year ended 30 June 2009

Results for announcement to the market

Revenues from ordinary activities	**Up**	**9.6%**	**to**	**$892.3m**
Profit from ordinary activities after tax attributable to members	**Up**	**168.2%**	**to**	**$34.5m**
Net profit for the period attributable to members	**Up**	**168.2%**	**to**	**$34.5m**

Dividends (distributions)	**Amount per security**	**Franked amount per security**
Final Dividend	**11.0c**	**11.0c**
Interim Dividend (fully franked)	**9.0c**	**9.0c**
Previous corresponding period – final dividend (fully franked)	10.5c	10.5c
Record Date for determining entitlements to dividends		7th September 2009
Dividends payment date		25th September 2009

Explanation of results

Refer to the attached ASX announcement for commentary on the results.

The information contained in this report is to be read in conjunction with the 2009 Annual Report and any announcements to the market by Salmat Limited during the period.

21 August 2009

Salmat delivers with strong result

Salmat Limited (ASX:SLM), Australia's leading outsourced services provider specialising in targeted customer communication solutions, today announced sales revenue of $890.8 million for the year ended 30 June 2009, up 9.7% on the previous year.

EBITA before significant items grew by 34.3% to $78.0 million, which is in line with guidance provided in February 2009 of $75-80 million. This outcome reflects a solid underlying performance across all divisions.

The Board declared a final dividend of 11 cents, giving a full year dividend of 20 cents, an increase of 8.1% on the prior year.

$ million	**Year ended 30 June 2009**	**Year ended 30 June 2008**	**% change**
Sales revenue	890.8	812.0	9.7%
EBITA (before significant items and equity losses)	78.0	58.1	34.3%
Share of equity losses	(0.3)	(0.5)	39.9%
Net profit before significant items	33.0	22.0	49.7%
Significant items	1.5	(9.2)	
Net profit after tax	34.5	12.8	168.2%
Earnings per share (cents)	21.7	9.0	141.1%
Final dividend per share (cents) – fully franked	11.0	10.5	4.8%
Total regular dividends per share for the year (cents) – fully franked	20.0	18.5	8.1%

Revenue for the period increased by 9.7%. The main contributor was a 21.2% increase in BusinessForce revenue on the prior corresponding period to $370.8 million, based on the full year impact of the HPA acquisition accompanied by growth in the underlying business. SalesForce revenue increased by 6.9% to $294.2 million, whereas MediaForce revenue was down 2.2% to $225.7 million.

EBITA before significant items grew by 34.3% to $78.0 million. The main contributor was the full year impact of the HPA acquisition with BusinessForce up 37.3%. EBITA increases for both MediaForce at 6.3% and SalesForce up 30.4% improved as a result of increased volumes and business efficiencies. Corporate expenses reduced by $2 million from the prior corresponding period.

Significant items for the year contributed $1.5 million after tax. The sale and leaseback of premises in Sydney and Brisbane generated a profit of $7.3 million pre tax (tax expense $2.8 million). This contribution was offset by property costs associated with the one-off consolidation of our Hong Kong facilities.

Net profit after tax was up 168.2% on the previous year to $34.5 million.

Earnings per share increased 141.1% to 21.7 cents per share.

Cash flows from operating activities increased from $60.6 million to $80.9 million due to increased EBITDA. Cash flows from investing activities for the year included the proceeds from the sale of property, plant and equipment amounting to $24.0 million. Capital expenditure out of cash flow of $18.0 million was $2.2 million less than the previous year, though approximately $2.9 million of capital expenditure was leased during the year.

As a consequence of the improvement in cash flows, **net debt** was reduced from $219.4 million to $167.5 million compared to the prior corresponding period.

The directors are pleased to declare a **final dividend** of 11 cents per share, fully franked. This brings the total regular dividend payment for the year to 20 cents per share fully franked - an increase of 8.1%. The final dividend has a record date of 7 September 2009 and is payable on 25 September 2009.

“This has been a solid result and each Salmat division has posted EBITA increases, testament to the fact that Salmat’s underlying business model of aggregating organisations’ client communication needs is highly valued. There has been a detailed focus on consolidating and creating operational efficiencies, which has contributed to our profit result,” said Chief Executive Officer Grant Harrod.

“To ensure that Salmat continues to deliver on its key objective of growth, we have made a number of significant strategic changes within the business.

“We have formed a new senior leadership team who are focused on aligning the company so we can leverage existing client relationships to enable further organic growth by extending the suite of services that we offer.”

Mr Harrod confirmed that the CEO succession process was well underway. Current joint Managing Director’s Peter Mattick and Philip Salter will step down on October 1, 2009 to assume Non Executive Director roles and Mr Harrod will assume the Managing Director role from this time.

Operational review

BusinessForce

$ million	Year ended 30 June 2009	Year ended 30 June 2008	% change
Sales revenue	370.8	306.0	21.2 %
EBITA before significant items and equity accounted profits*	41.2	30.0	37.3 %

** Equity accounted profit for year ended 30 June 2009 was $0.03 million (2008: $nil).*

The BusinessForce revenue result, up 21.2% from the previous year, reflects the full year contribution from HPA acquired in November 2007. The synergy benefits of this acquisition have contributed to this strong result, with all key clients being retained in the integration process.

Overall, volumes in the Essential Mail area have remained stable. Volumes across major clients increased, which was offset by volume decreases amongst mid tier and smaller clients and within the discretionary mail area which is consistent with the weakening economy.

Targets that were set for the integration process have been achieved and further savings and reductions in overheads are anticipated moving forward. The site consolidation process is well underway and further opportunities are being explored to create cost efficiencies, with synergy benefits now running at $12 million per annum.

Operations in Hong Kong, the Philippines and Taiwan delivered stable returns despite the challenging environment.

MediaForce

$ million	Year ended 30 June 2009	Year ended 30 June 2008	% change
Sales revenue	225.7	230.9	(2.2 %)
EBITA before significant items and equity accounted losses*	28.2	26.6	6.3%

** Equity accounted loss for year ended 30 June 2009 was $0.3 million (2008: $0.5 million).*

MediaForce revenue fell by 2.2%, due to a strategic decision to exit non-catalogue work together with the removal of pass-through telecommunications revenue. Underlying new business wins and volume improvements across major retail customers was stronger.

EBITA increased by 6.3% on the prior corresponding period. This was impacted by Lasoo incurring a $5.8 million loss for the period due to the continued investment in building the brand, compared to its $7.5 million loss for the prior year where it was classified as a significant item. MediaForce's Targeted Media (catalogue) division delivered an EBITA increase due to a combination of consistent volumes and overhead cost containment.

Overhead savings have been driven by efficiency programs aimed at linking internal functions, processes and operating systems to reduce costs. A review of workflow processes has also positively impacted on the performance of the division.

Salmat InterActive made a strong revenue contribution after taking into account the loss of pass-through revenue, as customers embrace the benefits of a complete digital solution incorporating on-line, SMS and email channels. This has been particularly evident within the retail sector, as they use SMS to link paper-based communication to mobile technology.

The Lasoo and Dynamic Catalogue areas decreased their EBITA loss, with a significant increase in the number of retailers trialling these services. Strategically, it is intended that this will become the pre-eminent, pre-shopping portal with planned expansion of site content and the customer experience. As a business to consumer portal, retailers are starting to embrace the concept of online, and it is anticipated that there will be further uptake in the upcoming year.

Reach Media suffered as a result of NZ's broader economic environment, with volumes and individual pricing being negatively impacted. A major organisational restructure during the year has enabled the business to become cashflow and EBITA positive in the latter part of the year, positioning it strongly for the upcoming period.

There is a major strategic direction within MediaForce to link all the innovative products on offer to enable clients to benefit from a multi-channel marketing program. This is expected to contribute to future organic growth.

SalesForce

$ million	Year ended 30 June 2009	Year ended 30 June 2008	% change
Sales revenue	294.2	275.2	6.9 %
EBITA before significant items	21.8	16.7	30.4%

The SalesForce division showed a 6.9% growth in revenue for the year, with profit increases resulting from improved volumes across the portfolio and cost containment. Within its call centre division, steady growth was recorded across its existing client base and new client wins extended its capability into outbound financial services selling and IT help desk work.

Newer businesses including eLearning, language solutions and the @Home call centre network all showed strong growth, with many existing Salmat clients starting to trial these services. The outsourced field and outbound phone sales business also grew revenue due to an increase in the number of kiosks and expansion within the New Zealand market.

Call centre facilities that have been established in Malaysia are at full capacity and are currently being expanded to meet increased demand as it is recognised as a rapid and fast growing market. The Philippines and New Zealand are also emerging opportunities for the division.

Outlook

"This is an exciting time in Salmat's evolution. The strategic acquisitions and product developments that have occurred to date have created a formidable suite of services and we look forward to using this platform to drive profitable growth.

"The new leadership team recognises the significant opportunities that exist in moving from a transaction focus to a solutions focus. By making available more of our suite of services to more of our markets and effectively cross-selling and bundling our broad range of services to both existing and new clients, we are confident that extensive synergies and opportunities will be uncovered.

"We are also focused on building a stronger BPO presence using our newly established Philippines infrastructure to provide competitive contact centre solutions and back office process outsourcing."

Mr Harrod said that there has been strong interest in Salmat's business to consumer oriented services, particularly where they enable clients to more effectively communicate with their customers on a one-to-one basis.

"These services provide clients not only with an effective marketing tool, but they have the added benefit of providing increased measurability as there is often a direct correlation between investment and return."

Mr Harrod said that in the upcoming year, BusinessForce is expecting volumes to remain steady, SalesForce is likely to show moderate growth and catalogue volumes are expected to increase within the MediaForce division. This confirms consistent trends that have been occurring within the marketplace.

Mr Harrod said that the company will provide further guidance at its AGM in November.

About Salmat

Salmat is Australia's leading outsourced services provider specialising in targeted customer communication solutions. We facilitate our clients' contact with their customers via an unmatched range of communication channel options – including voice, online, print, electronic and mobile - with comprehensive reporting on measurable results.

We have three key divisions, all of which are market leaders:

Salmat BusinessForce manages outsourced business services for large corporate clients, using high end technology to engage consumers through bulk 'essential' and direct marketing communication, via mail, email or online, both outbound and inbound. The division, which seeks to streamline and improve delivery of these regular services, also uses its data management capability to record, store and cross reference large amounts of archive information for clients in Australia, Hong Kong, Taiwan and the Philippines.

Salmat SalesForce engages in more than 100 million conversations per year for its clients through its contact centres. This division applies world-class technology and a highly trained staff to handle inbound and outbound phone, fax, email and online communication. It also provides face-to-face sales teams on behalf of clients in Australia, New Zealand and more recently in Asia. Tailored voice recognition applications and accredited e-Learning training are fuelling further growth.

Salmat MediaForce delivers more than 4.5 billion unaddressed items to homes across Australia every year. The division uses up to date lifestyle and geo-demographic data to maximise the effectiveness of each campaign, and employs the latest technology to provide clients with real time campaign reporting and auditing. Furthermore, MediaForce undertakes promotional mobile and interactive voice response campaigns throughout Australia through its digital communication operation Salmat Interactive.

Within MediaForce, Salmat DigitalForce launched Lasoo.com.au in 2007 and is now the premier online pre-shop service for Australia's retailers. Lasoo provides a strong online presence for promoted items and catalogues, while consumers have a single means of assessing the best price and closest location for their desired purchases. Further growth in this developing sector is coming from Salmat's Dynamic Catalogue software product, which creates searchable catalogues on the retailers' own websites.

Over 30 years we have built a 7,000 plus strong team, experienced in contributing to our clients' growth by helping them to communicate effectively with their customers. This experience, together with our proprietary systems and technology and our strong client relationships, secures Salmat's position as Australia's – and increasingly the region's – leader in customer communication services.

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For more information about the Salmat Group, please visit Salmat's website at www.salmat.com.au.

For further information, please contact:

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Salmat Limited

ABN 11 002 724 638

Annual report
for the year ended 30 June 2009

Salmat Limited ABN 11 002 724 638
Annual report - 30 June 2009

Contents

Directors' report

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Salmat Limited and the entities it controlled at the end of, or during, the year ended 30 June 2009.

Directors

The following persons were directors of Salmat Limited during the financial year and up to the date of this report:

Richard Lee
Peter Mattick
Philip Salter
Grant Harrod
John Thorn
Ian Elliot

Grant Harrod commenced with Salmat on 9 April 2009 and was appointed to the board as an executive director on 29 April 2009.

Principal activities

During the year the principal continuing activities of the Group consisted of:

(a) MediaForce delivers advertising catalogues to homes throughout Australia and New Zealand. Detailed demographic analysis enables us to target the consumers most likely to buy particular products, helping our customers to maximise their sales. MediaForce also includes Salmat Interactive Pty Limited (Australia’s leading provider of hosted mobile and interactive voice response solutions) and dynamic catalogue retail search engine (Lasoo.com.au).

(b) BusinessForce processes and mails bank and credit card statements, accounts and other customised bulk mailings in Australia, Hong Kong, Taiwan and the Philippines. We receive customers' electronic data, process it using smart technology, and print and mail statements, providing significant cost savings.

(c) SalesForce handles inbound and outbound telephone, fax, email and online communications on behalf of our customers, from facilities in Australia, New Zealand, Malaysia and the Philippines. Inbound services include technical support and customer care; while outbound services include telemarketing, direct sales and customer retention. We also facilitate business to business and business to consumer conversations in the UK, USA, New Zealand and Australia through a range of sales support services.

Dividends - Salmat Limited

Dividends paid to members during the financial year were as follows:

	2009 $'000	2008 $'000
Final ordinary dividend for the year ended 30 June 2008 of 10.5 cents (2007 - 10.0 cents) per fully paid share paid on 15 October 2008	**16,673**	11,883
Interim ordinary dividend for the year ended 30 June 2009 of 9.0 cents (2008 - 8.0 cents) per fully paid share paid on 8 April 2009	**14,292**	12,444
	30,965	24,327

Performance indicators

Management and the board monitor the Group's overall performance, from its implementation of the strategic plan through to the performance of the Group against operating plans and financial budgets.

The board, together with management, have identified key performance indicators (KPIs) that are used to monitor performance. Key management monitor KPIs on a regular basis. Directors receive reporting on the critical KPIs for review prior to each monthly board meeting allowing all directors to actively monitor the Group’s performance.

Risk management

The Group takes a proactive approach to risk management. The board has established a risk management policy for the oversight and management of risk and has delegated responsibility for reviewing risk, compliance and internal control to the audit, risk and compliance committee. Management is ultimately responsible to the board for the system of internal control and risk management within the business units. Details of risk mechanisms in place are detailed in the Corporate Governance Statement, which accompanies this report.

Environmental issues

The Groups' operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

The Group is committed to minimising our impact on the environment by responsibly managing both our direct and indirect environmental impacts. The Group has set down a rigorous approach to sourcing and working with suppliers that comply with our environmental criteria.

Review of operations

A review of Group operations and the results for the year ended 30 June 2009 are set out in the Shareholder Review.

Significant changes in the state of affairs

There were no significant changes in the nature of the Group's principal activities during the year.

Matters subsequent to the end of the financial year

Dividends

Since the end of the financial year the directors have recommended the payment of a final ordinary dividend of $17,467,118 (11.0 cents per fully paid share) to be paid on 25 September 2009 out of retained profits at 30 June 2009.

Except for the matter discussed above, no other matter or circumstance has arisen since 30 June 2009 that has significantly affected, or may significantly affect:

(a) the Group's operations in future financial year, or
(b) the results of those operations in future financial year, or
(c) the Group's state of affairs in future financial year.

Likely developments and expected results of operations

Additional comments on expected results of certain operations of the Group are included in this Annual Report under the review of operations.

Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this ASX preliminary final report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

Information on directors

Richard Lee.
Non-executive Chairman (Independent).

Experience and expertise

Richard Lee is deputy chairman of Ridley Corporation, and a non-executive director of CSR Limited and Newcrest Mining Limited. Richard holds a number of other directorships with listed and unlisted entities and is a Fellow and NSW President of the Australian Institute of Company Directors. He also holds degrees in chemical engineering and economics and is a Rhodes Scholar. Richard is also a former chief executive of the NM Rothschild Australia Group, and a former director of NM Rothschild and Sons Limited in London, Singapore and Hong Kong.

Special responsibilities

Chairman of the board.
Member of audit, risk and compliance committee.
Member of remuneration and compensation committee.

Interests in shares and options

383,407 ordinary shares in Salmat Limited.

Peter Mattick
Joint Managing Director.

Experience and expertise

Peter Mattick is a joint founder of Salmat. Peter joined in business with Philip Salter, forming Salmat in 1979. Peter is a Fellow of the Australian Society of Certified Practicing Accountants, a Fellow of the Australian Institute of Company Directors and a member of the Advisory Council for the Institute of Neuromuscular Research.

Interests in shares and options

36,500,393 ordinary shares in Salmat Limited.
495,000 options over ordinary shares in Salmat Limited.

Philip Salter
Joint Managing Director.

Experience and expertise

Philip Salter is a joint founder of Salmat. Philip entered the real estate business in 1977. In 1979, Philip and Peter formed Salmat, developing the business into one of Australasia's leading customer communications companies. Philip is a member of the Company Directors Association of Australia.

Interests in shares and options

36,123,352 ordinary shares in Salmat Limited.
495,000 options over ordinary shares in Salmat Limited.

John Thorn
Non-executive Director (Independent).

Experience and expertise

John Thorn is a director of National Australia Bank Limited, Caltex Australia Limited and Amcor Limited. John is a Fellow of the Institute of Chartered Accountants in Australia and a Fellow of the Australian Institute of Company Directors. John was formerly the national managing Partner of PricewaterhouseCoopers (PwC) in Australia and gained international management experience with PwC’s global firm. John was managing partner of PwC's audit practice and a member of the Australian board of PwC from 1991 to 1994. John has had over 20 years experience as a partner and was responsible for major international and Australian clients.

Special responsibilities

Chairman of audit, risk and compliance committee.
Member of remuneration and compensation committee.

Interests in shares and options

120,601 ordinary shares in Salmat Limited.

Information on directors (continued)

Ian Elliot
Non-executive Director (Independent).

Experience and expertise

Ian is a non-executive director of Hills Industries Limited, former chairman of Promentum Limited and is currently on the board of the National Australia Day Council and a Fellow of the Australian Institute of Company Directors. Ian is also a former chief executive officer of George Patterson Bates and a graduate of the advanced management program of the Harvard Business School.

Special responsibilities

Member of audit, risk and compliance committee.
Chairman of remuneration and compensation committee.

Interests in shares and options

33,435 ordinary shares in Salmat Limited.

Grant Harrod
Chief Executive officer (commenced 9 April 2009)

Experience and expertise

Grant Harrod has most recently served as managing director of Corporate Express Australia Limited, having been appointed to that position in August 2002. Grant joined Corporate Express in 1996 and during that time with the company held a variety of positions including National Manager, Sales and Marketing and General Manager, IT Solutions Division. Prior to joining Corporate Express Grant spent 11 years in the I.T. industry in manufacturing, sales and marketing. Grant also spent several years in the office products industry in sales, marketing and general management.

Interests in shares and options

191,660 ordinary shares in Salmat Limited.

Company secretary

The company secretary is Mr Stephen Bardwell. Mr Bardwell has been company secretary since October 2002. He has had over 25 years in senior commercial roles, and joined the company as group financial controller in 1989, actively participating in the expansion and development of Salmat in both Australia and Asia.

Prior to listing of the Company, he had over ten years experience as secretary of Salmat Group Companies.

Meetings of directors

The numbers of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2009, and the numbers of meetings attended by each director were:

			Meetings of committees			
	Full meetings of directors		Audit, Risk and Compliance		Remuneration and Compensation	
	A	**B**	**A**	**B**	**A**	**B**
Richard Lee	7	7	4	4	6	6
Philip Salter	7	7	**	**	**	**
Peter Mattick	7	7	**	**	**	**
Grant Harrod	2	2	**	**	**	**
John Thorn	7	7	4	4	6	6
Ian Elliot	5	7	3	4	5	6

A = Number of meetings attended
B = Number of meetings held during the time the director held office or was a member of the committee during the year

** = Not a member of the relevant committee

Grant Harrod was appointed director on 29 April 2009.

Remuneration report (audited)

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Service agreements
D Share-based compensation

The information provided under headings A-D outlines the director and executive remuneration of the Company and the Group in accordance with the requirements of Corporations Act 2001 and its Regulations. It also provides the remuneration disclosures required by paragraphs Aus 25.4 to Aus 25.7.2 of AASB 124 Related Party Disclosures, which have been transferred to the Remunerations Report in accordance with Corporations Regulations 2M.6.04. For the purposes of this report Key Management Personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the five executives in the Parent and the Group receiving the highest remuneration.

A Principles used to determine the nature and amount of remuneration

Remuneration Policy

The company policy is to remunerate staff in accordance with market rates in alignment with the individual's duties, responsibilities and performance. The process also accesses comparative market information. At Salmat, we have a team of executives, staff and associates with considerable experience and expertise across our businesses. Our achievements are in no small measure due to their hard work and diligence. As we continue to grow, we create opportunities for current staff as well as employment opportunities for new staff.

The remuneration strategy is administered by the board through the remuneration and compensation committee. The committee consults with external advisers on best practice and appropriate market benchmarks, covering the level of remuneration, split between fixed and variable components and both short and long term incentives.

Remuneration and compensation committee

The remuneration and compensation committee is a committee of the board. The charter adopted by the board is displayed on the Salmat Limited website www.salmat.com.au.

Committee membership consists of the three independent non-executive directors of Salmat Limited. The chairman of the committee is Mr Ian Elliot.

The responsibilities of the committee are as follows:

- Review overall remuneration policies and ensure they are in accordance with current best practice.
- Determine the remuneration arrangements for the joint managing directors and chief executive officer, including their short and long term incentives. Review and approve the joint managing directors and chief executive officer's recommendations for the other senior executives nominated by the joint managing directors.
- Set and review the performance targets for the joint managing directors and chief executive officer. Review and approve the recommended performance targets for other senior executives.

The committee has retained independent advisers to provide information on current best practice (including remuneration levels) for director and executive remuneration. The committee reviews this external remuneration advice in the light of the various individual's performance. The joint managing directors and chief executive officer attend committee meetings to review and recommend remuneration levels for other senior staff.

Non-executive director remuneration

The remuneration policy for non-executive directors is designed to remunerate them at market levels for their time, commitment and responsibilities. The Company is cognisant that it needs to attract and retain well qualified and experienced directors. In the light of the increased time and legal liability imposed upon directors arising from developments in corporate governance, corporate law and the expectations of shareholders generally, the remuneration and compensation committee uses external advice as to an appropriate level of external director fees.

Non-executive directors are paid a director's fee and participate in a deferred share scheme benefit after serving at least five years as a non executive director of the company. The non-executive directors do not receive any retirement or performance related benefits.

Remuneration report (audited) (continued)

Non-executive directors' fees are reviewed annually in June.

The remuneration details of the board are as follows:

- The Chairman received $165,000 per annum.
- The two other non-executive directors received $85,000 per annum.
- Each of the three non-executive directors received in addition $10,000 for each board committee of which they are members; namely the audit, risk and compliance committee and the remuneration and compensation committee.
- All director's fees are inclusive of superannuation entitlements.
- The deferred share scheme entitlement is a once only purchase. This entitlement vests only after serving five years as a director of the Company. It has been set at the cash value of one year's non-executive directors' fees, which was $75,000. The deferred share purchase of the equivalent shares is made following receipt of shareholders approval.

In 2002, the shareholders resolved that the aggregate maximum amount payable to non-executive directors would not exceed $750,000 per annum.

Senior executive remuneration

The remuneration packages of the joint managing directors and executives are constructed to deliver performance and commitment to the company whilst being in line with market for the relevant positions.

Each of the packages include the following:

- A fixed component, which may be allocated to cash, benefits (on a fully absorbed cost to company basis) or superannuation.
- An amount is also allocated to short-term incentives (STIs) based on key performance indicators (KPIs) set for the financial year. The KPIs comprise various measurable goals. The percentage allocated to this component varies according to the relevant position. In the case of the joint managing directors, approximately 35% of their remuneration package is allocated to STIs. STIs are generally linked to financial and strategic outcomes aligned with shareholder returns. These are agreed between the executive and their manager to ensure they are in line with the business targets and goals for the period under review.

A long term incentive component through issuance of share options is another element considered on an annual basis. The issue of options is to encourage company growth along with retention of key executives.

The remuneration packages are based on advice from external remuneration consultants and take into account both short and long-term incentives set to achieve the outcomes required by the board. To this end the board aims to set short-term incentive payments at the 75th percentile of like positions, and reward at this level when superior performance is attained.

Other benefits

The fixed component of the executive directors' and senior executives salary may be split between base salary, superannuation or motor vehicle on a fully absorbed cost to company basis including fringe benefits tax, interest cost, amortisation and running costs. There are no other benefits offered at the expense of the company.

Salmat Employee Option Plan

The Salmat Employee Option Plan was initially established following shareholder approval in October 2002. The continuance of this plan was approved by the shareholders at the November 2005 annual general meeting and again at the October 2008 annual general meeting. The company's use of the option plan is to offer participation to secure the employment of and retention of key employees whilst aligning their goals with those sought by shareholders. The board reviews annually an appropriate quantum for issue to the joint managing directors and chief executive officer. The board also reviews recommendations made by the joint managing directors for issue of options to key executives. This plan has not been utilised for the purposes of long term incentives in the year ended 30 June 2009.

The board administers the Plan in accordance with the plan rules. The terms and conditions of the specific grants to participants are detailed in the plan, refer to part D of this remuneration report.

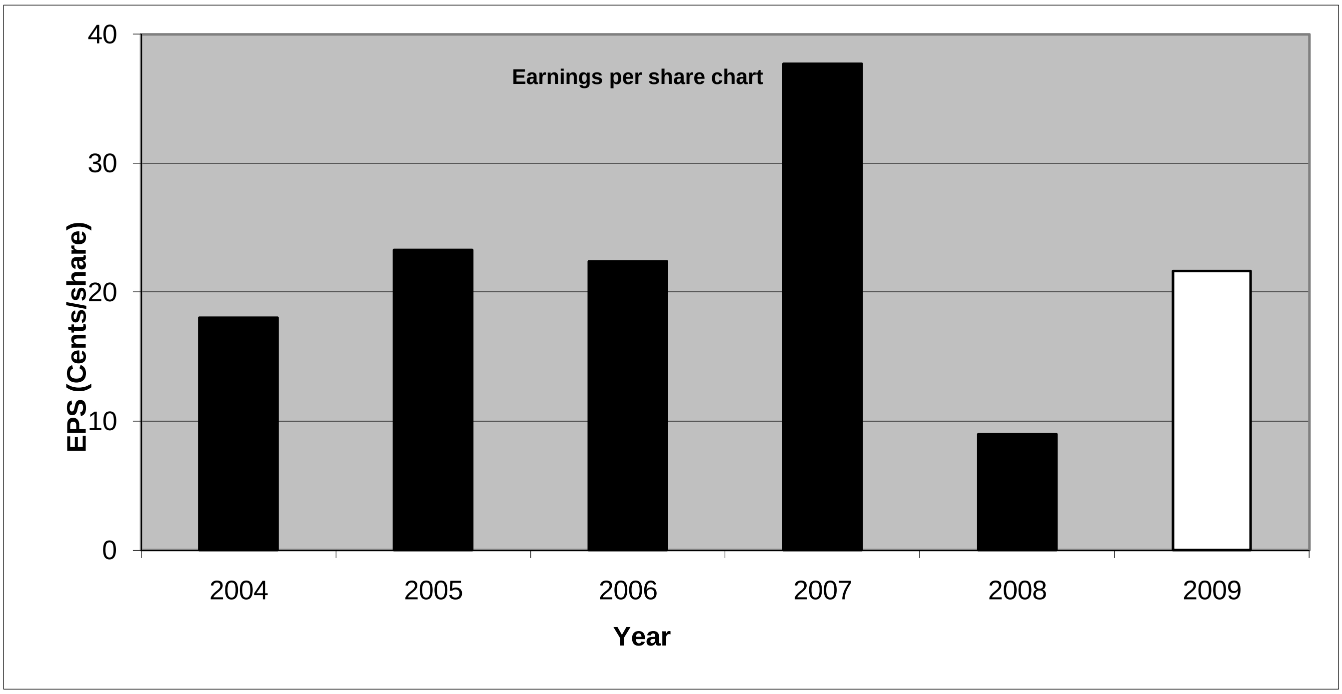
Salmat Deferred Employee Share Plan

In the year ended 30 June 2009, the board decided that long term incentives should be by way of deferred shares under Salmat's Deferred Employee Share Plan.

The board administers the Plan in accordance with the plan rules. The terms and conditions of the specific grants to participants are detailed in the plan, refer to part D of this remuneration report.

Remuneration report (audited) (continued)

The graph below shows the performance of the Group as measured by the Group's Total Shareholder Return (TSR) and the comparison of the Group's TSR (SLM) to the median of the TSR for the small ordinaries on the ASX (XSO) for the past 5 years, including the current period.



Remuneration report (audited) (continued)

B Details of remuneration

Amounts of remuneration

Details of the remuneration of the directors, the key management personnel of the Group (as defined in AASB 124 *Related Party Disclosures)* and specified executives of Salmat Limited and the Salmat Limited Group are set out in the following tables.

The key management personnel of Salmat Limited includes the directors as per pages 3 to 4 above and the following executive officers who have authority and responsibility for planning, directing and controlling the activities of the entity:

- Peter Anson - Chief Operating Officer (appointed September 2008)
- David Besson - Chief Executive Officer, MediaForce
- Peter Boyle - Divisional Director, MediaForce
- Colin Wright - Chief Financial Officer (appointed 1 April 2008 but included as key management personnel from 2 November 2007)
- Kevin Panozza - Divisional Director, SalesForce (departed 30 June 2008)
- Andrew Hume - Chief Operating Officer, SalesForce Contract Centres
- Gary Smith - Chief Operating Officer, SalesForce Direct Sales and Strategic Investments (appointed June 2008)
- Peter Hartley - Chief Executive Officer BusinessForce (appointed 1 December 2008)
- Terry Daly - Divisional Director BusinessForce (from 2 November 2007 to 31 December 2008)
- Geoffrey Court - Manager People and Culture (from 1 July 2008)
- Ashley Fenton - Chief Financial Officer (from 1 July 07 to 31 March 08)

Remuneration report (audited) (continued)

B Details of remuneration (continued)

Amounts of remuneration (continued)

Key management personnel of the company and the Group

2009	Short-term employee benefits			Post-employment benefits	Share-based payments	
Name	Cash salary and fees $	Cash bonus $	Non monetary benefits $	Superannuation $	Shares and options $	Total $
Non-executive directors						
Richard Lee	105,385	-	36,923	42,692	-	185,000
John Thorn	96,330	-	-	8,670	10,961	115,961
Ian Elliot	96,330	-	-	8,670	18,326	123,326
Sub-total non-executive directors	**298,045**	**-**	**36,923**	**60,032**	**29,287**	**424,287**
Executive directors						
Peter Mattick	599,399	450,000	-	100,616	-	1,150,015
Philip Salter	599,399	450,000	-	100,616	-	1,150,015
Grant Harrod	162,515	156,000	3,808	11,416	45,431	379,170
Other key management personnel (Group)						
Peter Anson	370,841	200,000	80,414	20,106	59,247	730,608
David Besson	376,846	220,000	-	14,514	13,881	625,241
Peter Boyle	538,269	220,000	31,759	79,127	-	869,155
Colin Wright	256,421	125,000	30,065	100,000	22,702	534,188
Andrew Hume	435,255	225,000	-	13,744	50,308	724,307
Gary Smith	361,255	150,000	-	13,744	37,449	562,448
Peter Hartley	267,423	140,000	39,897	13,745	37,101	498,166
Terry Daly	987,701	179,440	37,024	619,565	16,095	1,839,825
Geoffrey Court	323,320	50,000	-	13,744	19,566	406,630
Total key management personnel compensation	**5,576,689**	**2,565,440**	**259,890**	**1,160,969**	**331,067**	**9,894,055**

2008	Short-term employee benefits			Post-employment benefits	Share-based payments	
Name	Cash salary and fees $	Cash bonus $	Non monetary benefits $	Superannuation $	Shares and Options $	Total $
Non-executive directors						
Richard Lee	122,339	-	47,846	11,543	4,756	186,484
John Thorn	94,478	-	-	8,503	26,306	129,287
Ian Elliot	94,478	-	-	8,352	18,326	121,156
Sub-total non-executive directors	**311,295**	**-**	**47,846**	**28,398**	**49,388**	**436,927**
Executive directors						
Peter Mattick	596,421	350,000	-	98,683	127,590	1,172,694
Philip Salter	585,777	350,000	-	100,255	127,590	1,163,622
Other key management personnel (Group)						
David Besson	350,772	105,600	-	38,459	61,208	556,039
Peter Boyle	324,492	220,000	33,766	30,973	61,208	670,439
Colin Wright	748,333	63,300	20,503	24,000	3,555	859,691
Kevin Panozza	407,434	240,000	-	13,129	66,749	727,312
Andrew Hume	386,495	240,000	-	13,129	44,922	684,546
Terry Daly	258,873	127,155	59,239	29,713	9,480	484,460
Ashley Fenton	643,864	170,000	-	42,531	10,328	866,723
Total key management personnel compensation	**4,613,756**	**1,866,055**	**161,354**	**419,270**	**562,018**	**7,622,453**

Remuneration report (audited) (continued)
B Details of remuneration (continued)
Amounts of remuneration (continued)

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed remuneration		At risk -STI		At risk - LTI	
	2009 %	2008 %	**2009 %**	2008 %	**2009 %**	2008 %
Executive directors of Salmat Limited						
Peter Mattick	**61**	59	**39**	30	**-**	11
Philip Salter	**61**	59	**39**	30	**-**	11
Grant Harrod	**47**	-	**41**	-	**12**	-
Other key management personnel of the Group						
Peter Anson	**65**	-	**27**	-	**8**	-
David Besson	**63**	70	**35**	19	**2**	11
Peter Boyle	**75**	58	**25**	33	**-**	9
Colin Wright	**72**	72	**24**	26	**4**	2
Kevin Panozza	**-**	58	**-**	33	**-**	9
Andrew Hume	**62**	58	**31**	35	**7**	7
Gary Smith	**67**	-	**26**	-	**7**	-
Peter Hartley	**64**	-	**28**	-	**8**	-
Terry Daly	**89**	71	**10**	26	**1**	3
Geoffrey Court	**83**	-	**12**	-	**5**	-
Ashley Fenton	**-**	58	**-**	40	**-**	2

C Service agreements

Joint managing directors

The joint managing directors each have a three year contract signed in October 2005. The agreements require the joint managing directors to participate in an annual performance review, undertaken by the board. These were extended to 30 October 2009 with the same terms and conditions with the exception of the notice required being varied to three months by either party.

There are no specified entitlements payable as a consequence of early termination. Any entitlements would be those arising under relevant employment legislation in NSW at the relevant time.

The new contract provides for a three month notice period for either party to terminate the agreement. The agreements further provide for termination in the event of continuing illness or incapacity, failure to follow instructions of the board or a material breach. In this case, the amount to be paid would be any balance of the period of notice not given on termination.

The joint managing directors are restrained from working in a business similar to or in competition with, the business of the company in Australia for a period of twelve months after cessation of employment.

Chief executive officer

The chief executive officers' contract is evergreen with tenure subject to six months notice for both parties.

The company can choose to make payment in lieu of notice, which would not exceed the average base salary plus STIs paid in the 12 months before termination.

Commencing remuneration package is $2,125,000 comprising fixed (38%) and at risk (62%) of total. Both fixed and at risk components are subject to annual review.

Other key management personnel

Remuneration and other terms of employment for other key management personnel are formalised in service agreements. Each of these agreements provide for the provision of performance related cash bonuses, and participation, when eligible, in the Salmat Limited Employee Option Plan.

All contracts with executives may be terminated early by either party with between one and three months notice. The key management personnel are not entitled to receive any additional retirement benefits.

Remuneration report (audited) (continued)

D Share-based compensation

Options

The Salmat Employee Option Plan was approved by shareholders at a general meeting in October 2002. The company has a strategy of offering participation in the option plan to aid in the attraction and retention of key employees whilst aligning their goals with that of outcomes in line with that of shareholders. The board reviews annually an appropriate quantum to recommend to shareholders for issue to the joint managing directors. The board also reviews recommendations made by the joint managing directors for issue to key executives.

The board oversees the administration of the plan in accordance with the plan rules. The terms and conditions of the specific grants to participants are detailed in the plan.

The terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting periods are as follows:

Options granted to senior employees in November 04

Compound growth in earnings per share for three financial years prior to exercise date of 10%.

Options granted to senior employees in April 05

Compound growth in earnings per share for three financial years prior to exercise date of 10%.

Options granted to senior employees in April 05

Cumulative earnings per share for the three years ended 30 June 2008 must equal or exceed 84.8 cents, before adjustment, for the performance conditions to be met.

Options granted to senior employees in November 06

Non – Market Vesting Conditions

Options will vest dependant on Salmat Limited achieving a compound 10% per annum increase in earnings per share for the three fiscal years before the first exercise date, where earnings per share is determined as basic earnings per share (after tax).

For the joint managing directors this relates to 100% of options granted. For all others it relates to 50% of options granted.

Market Vesting Conditions

The options will vest dependant on Salmat Limited achieving a Total Shareholder return (TSR) in excess of the S&P/ASX Small Ordinaries Index for the three fiscal years ended 30 June 2009.

In the case of all recipients with the exception of the joint managing directors, this performance condition relates to 50% of the options granted.

Options granted to senior employees in December 06

Vesting conditions are identical to the conditions placed on the November 06 grant with 50% of the options dependant on the Non-Market Condition and 50% of the options dependent on the Market Condition

Options granted to senior employees in November 07

For options issued to joint managing directors at an exercise price of $4.20 cumulative earnings per share (EPS) for the three years ended 30 June 2010 must equal or exceed 85.31 cents. This represents a compound annual growth rate in earnings per share of 10% p.a.

The zero priced option grants made to other executives had the following performance conditions:

Non-Market Vesting Conditions

Earnings per share (EPS) for the three years ended 30 June 2010 must equal or exceed 85.31 cents. This represents a compound annual growth rate in earnings per share of 10% p.a. This performance condition relates to 50% of the options granted.

Market Vesting Conditions

Salmat Limited achieving a Total Shareholder return (TSR) in excess of the S&P/ASX Small Ordinaries Index for the three fiscal years ended 30 June 2010.This performance condition relates to 50% of the options granted

Remuneration report (audited) (continued)
D Share-based compensation (continued)

The terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting periods are as follows:

Grant date	Date vested and exercisable	Expiry date	Exercise price	Value per option at grant date
Nov 04	Nov 07	Nov 09	$4.41	$0.95
Apr 05	Nov 07	Nov 09	$5.05	$0.96
Apr 05	Dec 07	Dec 09	$4.83	$0.96
Apr 05	Dec 08	Dec 10	$4.83	$0.96
Nov 05	Nov 08	Nov 10	$4.00	$0.64
Nov 06	Nov 09	Nov 11	$3.41	$0.96
Nov 06	Nov 09	Nov 11	$3.41	$0.93
Nov 06	Nov 09	Nov 11	$3.41	$0.96
Dec 06	Dec 09	Dec 11	$3.80	$1.00
Dec 06	Dec 09	Dec 11	$3.80	$0.96
Nov 07	Nov 10	Nov 12	$4.20	$0.62
Nov 07	Nov 10	Nov 12	$-	$3.12
Nov 07	Nov 10	Nov 12	$-	$1.65

Options granted under the plan carry no dividend or voting rights.

Details of options over ordinary shares in the Company provided as remuneration to each director of Salmat Limited and each of the key management personnel of the parent entity and the Group are set out below. When exercisable, each option is convertible into one ordinary share of Salmat Limited. Further information on the options is set out in note 47.

Name	Number of options granted during the year		Number of options vested during the year	
	2009	2008	**2009**	2008
Directors of Salmat Limited				
Peter Mattick	-	165,000	-	165,000
Philip Salter	-	165,000	-	165,000
Grant Harrod	-	-	-	-
Other key management personnel of the Group				
Peter Anson	-	20,000	-	20,000
David Besson	-	20,000	-	80,000
Peter Boyle	-	20,000	-	80,000
Colin Wright	-	7,500	-	-
Kevin Panozza	-	20,000	-	100,000
Andrew Hume	-	15,000	-	60,000
Gary Smith	-	10,000	-	-
Peter Hartley	-	7,500	-	-
Terry Daly	-	20,000	-	-
Ashley Fenton	-	20,000	-	80,000

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Remuneration report (audited) (continued)
D Share-based compensation (continued)

Name	Date of exercise of options	Number of ordinary shares issued on exercise of options during the year	
		2009	2008
Directors of Salmat Limited			
Peter Mattick	n/a	-	500,000
Philip Salter	n/a	-	500,000
Grant Harrod	n/a	-	-
Other key management personnel of the Group			
Peter Anson	n/a	-	-
David Besson	n/a	-	-
Peter Boyle	n/a	-	-
Colin Wright	n/a	-	-
Kevin Panozza	n/a	-	-
Andrew Hume	n/a	-	-
Gary Smith	n/a	-	-
Peter Hartley	n/a	-	-
Terry Daly	n/a	-	-

Share-based compensation: Options and deferred employee shares
Further details relating to options and deferred employee shares are set out below.

Name	A Share based remuneration	B Value at grant date $	C Value at exercise date $	E Total of columns B-C $
Directors of Salmat Limited				
Peter Mattick	-%	-	-	-
Philip Salter	-%	-	-	-
Grant Harrod	12.0%	717,815	-	717,815
Other key management personnel of the Group				
Peter Anson	8.1%	127,126	-	127,126
David Besson	2.2%	52,968	-	52,968
Peter Boyle	-%	-	-	-
Colin Wright	4.2%	52,968	-	52,968
Andrew Hume	6.9%	105,935	-	105,935
Gary Smith	6.7%	105,935	-	105,935
Peter Hartley	7.4%	111,234	-	111,234
Terry Daly	0.9%	-	-	-
Geoffrey Court	4.8%	38,136	-	38,136

A = The percentage of the value of remuneration consisting of options, based on the value of options expensed during the current year.
B = The value at grant date calculated in accordance with AASB 2 *Share-based Payment* of options granted during the year as part of remuneration.
C = The value at exercise date of options that were granted as part of remuneration and were exercised during the year, being the intrinsic value of the options at that date.

Remuneration report (audited) (continued)
D Share-based compensation (continued)

Shares under option

Unissued ordinary shares of Salmat Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under option
Nov 04	Nov 09	$4.41	697,500
Apr 05	Nov 09	$5.05	6,500
Apr 05	Dec 09	$4.83	225,000
Apr 05	Dec 10	$4.83	65,000
Nov 06	Nov 11	$3.41	330,000
Nov 06	Nov 11	$3.41	430,000
Nov 06	Nov 11	$3.41	430,000
Dec 06	Dec 11	$3.80	95,000
Dec 06	Dec 11	$3.80	95,000
Nov 07	Nov 12	$-	173,750
Nov 07	Nov 12	$-	173,750
Nov 07	Nov 12	$4.20	330,000
			3,051,500

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

Shares issued on the exercise of options

There were no shares of Salmat Limited issued during the year ended 30 June 2009 on the exercise of options granted under the Salmat Executive Performance Option Plan. No amounts are unpaid on any of the shares.

Salmat Shares issued Under Salmat's Deferred Employee Share Plan

In the year ended 30 June 2009, the board decided that long term incentives to senior managers should be way of deferred shares under Salmat's Deferred Employee Share Plan. The Salmat Deferred Employee Share Plan acquired 569,924 shares in Salmat limited at a cost of $1,902,440 which will vest to senior management upon satisfying the service and employment conditions. Should the hurdles not be met the shares are forfeited.

Grant date	Date vested and exercisable	Expiry date	Value per share at grant date	
Feb 09	Sept 11	Sept 11	$	3.3095
Feb 09	June 11	June 11	$	2.7840
April 09	Oct 12	Oct 12	$	3.7861
April 09	Oct 12	Oct 12	$	3.7044

Details of shares in the Company provided as remuneration to key management personnel of the parent entity and the Group are set out below.

Name	Number of shares granted during the year		Number of shares vested during the year	
	2009	2008	**2009**	2008
Directors of Salmat Limited				
Grant Harrod	**191,660**	-	**-**	-
Other key management personnel of the Salmat Limited				
Peter Anson	**41,725**	-	**-**	-
David Besson	**17,385**	-	**-**	-
Colin Wright	**17,385**	-	**-**	-
Andrew Hume	**34,770**	-	**-**	-
Gary Smith	**34,770**	-	**-**	-
Peter Hartley	**36,509**	-	**-**	-
Geoffrey Court	**12,517**	-	**-**	-

Remuneration report (audited) (continued)
D Share-based compensation (continued)

The assessed fair value at grant date of deferred shares granted to individuals is allocated equally over the period from grant date to vesting date and the amount is included in the remuneration tables. Fair value at grant date are independently determined using a Binomial Approximation Valuation option pricing model and a Monte-carlo simulation model that takes into account share price at grant date and expected price volatility of the underlying share, exercise price, the expected dividend yield and the risk-free interest for the term of the deferred share.

The model inputs for deferred shares issued during the year ended 30 June 2009 included:

(a) deferred shares issued have no exercise price

(b) Expected price volatility of the company's shares: Feb 09 35.51%; Apr 09 35.6%

(c) Expected dividend yield: 6.11%

(d) Risk free interest rate: Feb 09 2.73%; Apr 09 3.56%

(e) Share price at date of grant: Feb 09 $3.30; Apr 09 $3.75

The performance conditions for the achievement of this long term incentive are twofold, being:

Performance condition - No 1

50% of the Shares granted under the Deferred Employee Share Plan will vest if Salmat Limited achieves the Earnings per Share (EPS) hurdle of 66 cents cumulatively for the financial years ended 30 June 2009, 2010 and 2011.

This means that 50% of the deferred shares will vest if Salmat's cumulative EPS for the three years ending 30 June 2011 equals or exceeds 66 cents. However, a scaled approach is being introduced for part achievement. If

75% of the targeted compound EPS increase is achieved (49.5 cents) = 50% of 50% vest

80% of the targeted compound EPS increase is achieved (52.8 cents) = 60% of 50% vest

85% of the targeted compound EPS increase is achieved (56.1 cents) = 70% of 50% vest

90% of the targeted compound EPS increase is achieved (59.4 cents) = 80% of 50% vest

95% of the targeted compound EPS increase is achieved (62.7 cents) = 90% of 50% vest

100% of the targeted compound EPS increase is achieved (66 cents) = 100% of 50% vest

Performance condition - No 2

50% of the shares granted under the Deferred employee Share Plan will vest if Salmat Limited achieves a Total Shareholder Return (TSR) in excess of the S&P/ASX small ordinaries accumulation index for the three fiscal years ending 30 June 2011.

Service condition

The executive must still be employed by the Group at the Performance Condition testing dates for the shares to vest, subject to meeting the Performance Conditions set down.

Insurance of officers

Insurance has been undertaken for the financial year ended 30 June 2009 in respect of work performed by current or past principals, partners, directors and employees.

No indemnification insurance has been undertaken for the auditors of the Company.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Salmat Limited support and have adhered to the principles of corporate governance (as described in this Report). The company's Corporate Governance Statement is published on the Salmat website www.salmat.com.au.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001.*

Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the Group are important.

The board of directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 17.

Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of directors.

Richard Lee
Director

Peter Mattick
Director

Philip Salter
Director

Sydney
21 August 2009

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Auditor's Independence Declaration to the Directors of Salmat Limited

In relation to our audit of the financial report of Salmat Limited for the year ended 30 June 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Rob Lewis
Partner
Sydney
21 August 2009

Salmat Limited
Income statements
For the year ended 30 June 2009

	Notes	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
Revenue from continuing operations	3	**892,285**	813,850	**70,038**	77,830
Other income	4	**-**	2,165	**-**	1,109
Employee benefits expense		**(426,751)**	(399,998)	**(17,106)**	(18,214)
Depreciation and amortisation expense	5	**(35,481)**	(29,898)	**(2,795)**	(3,059)
Freight and distribution		**(128,039)**	(130,821)	**-**	-
Materials usage		**(73,584)**	(67,806)	**-**	-
Property related expenses		**(44,127)**	(32,841)	**(1,154)**	(998)
Equipment		**(71,969)**	(66,982)	**(501)**	(1,545)
Other expenses from ordinary activities		**(40,370)**	(49,183)	**(1,303)**	(2,921)
Finance costs	5	**(19,501)**	(18,526)	**(19,321)**	(18,186)
Share of net loss of associates and joint venture partnership accounted for using the equity method		**(298)**	(496)	**-**	-
Profit before income tax		**52,165**	19,464	**27,858**	34,016
Income tax expense	6	**(17,716)**	(6,617)	**10,103**	10,214
Profit for the year		**34,449**	12,847	**37,961**	44,230

	Notes	Cents	Cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:			
Basic earnings per share	46	**21.7**	9.0
Diluted earnings per share	46	**21.6**	9.0

The above income statements should be read in conjunction with the accompanying notes.

Salmat Limited
Balance sheets
As at 30 June 2009

	Notes	Consolidated 2009 $'000	Consolidated 2008 Restated $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
Current assets					
Cash and cash equivalents	8	**44,214**	35,671	**34,659**	26,044
Trade and other receivables	9	**117,046**	131,315	**-**	-
Inventories	10	**7,921**	8,128	**-**	-
Current tax receivables	11	**-**	1,669	**-**	1,669
Other current assets	12	**5,165**	7,548	**2,196**	2,507
Total current assets		**174,346**	184,331	**36,855**	30,220
Non-current assets					
Receivables	13	**3,672**	3,617	**392,807**	427,847
Investments accounted for using the equity method	14	**1,269**	1,312	**-**	-
Other financial assets	15	**-**	-	**34,233**	34,233
Property, plant and equipment	16	**50,021**	63,850	**4,017**	7,208
Deferred tax assets	17	**20,484**	20,201	**3,282**	1,061
Intangible assets	18	**406,559**	418,377	**918**	918
Other non-current assets	19	**750**	-	**-**	-
Total non-current assets		**482,755**	507,357	**435,257**	471,267
Total assets		**657,101**	691,688	**472,112**	501,487
Current liabilities					
Trade and other payables	20	**94,182**	99,490	**22,294**	21,192
Borrowings	21	**424**	50,022	**-**	50,000
Derivative financial instruments	22	**4,732**	-	**4,732**	-
Current tax liabilities	23	**6,900**	667	**6,164**	-
Provisions	24	**28,552**	20,781	**1,855**	859
Other current liabilities	25	**2,395**	-	**-**	-
		137,185	170,960	**35,045**	72,051
Non-current liabilities					
Payables	26	**861**	2,480	**-**	-
Borrowings	27	**211,278**	205,037	**203,000**	200,000
Deferred tax liabilities	28	**11,107**	14,425	**3**	-
Provisions	29	**10,996**	13,916	**715**	1,097
Retirement benefit obligations	30	**1,407**	130	**-**	-
Other non-current liabilities	31	**3,099**	1,056	**-**	-
Total non-current liabilities		**238,748**	237,044	**203,718**	201,097
Total liabilities		**375,933**	408,004	**238,763**	273,148
Net assets		**281,168**	283,684	**233,349**	228,339
Equity					
Contributed equity	32	**205,640**	207,542	**207,542**	207,542
Reserves	33(a)	**(750)**	2,173	**(1,439)**	547
Retained profits	33(b)	**76,278**	73,969	**27,246**	20,250
Total equity		**281,168**	283,684	**233,349**	228,339

The above balance sheets should be read in conjunction with the accompanying notes.

	Notes	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
Changes in the fair value of cash flow hedges, net of tax	33	**(4,732)**	-	**(4,732)**	-
Actuarial losses on defined benefit plans		**(1,175)**	(214)	**-**	-
Exchange differences on translation of foreign operations	33	**(459)**	(762)	**381**	(671)
Income tax on income and expenses recognised directly in equity		**1,420**	-	**1,420**	-
Net income recognised directly in equity		**(4,946)**	(976)	**(2,931)**	(671)
Profit for the year		**34,449**	12,847	**37,961**	44,230
Total recognised income and expense for the year		**29,503**	11,871	**35,030**	43,559

The above statements of recognised income and expense should be read in conjunction with the accompanying notes.

	Notes	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
Cash flows from operating activities					
Receipts from customers		**1,122,762**	809,934	**7,604**	9,469
Payments to suppliers and employees		**(1,012,117)**	(728,495)	**(18,588)**	(22,968)
		110,645	81,439	**(10,984)**	(13,499)
Dividends received	3	**-**	-	**61,581**	67,000
Interest received	3	**1,506**	1,875	**853**	1,361
Other income received		**-**	1,555	**-**	1,109
Interest paid		**(19,028)**	(15,470)	**(18,848)**	(15,129)
Income taxes paid		**(12,257)**	(8,844)	**(10,519)**	(3,986)
Net cash inflow from operating activities	45	**80,866**	60,555	**22,083**	36,856
Cash flows from investing activities					
Payment for purchase of business, net of cash acquired	40(b)	**-**	(213,998)	**-**	-
Payments for property, plant and equipment		**(18,043)**	(20,187)	**(2,202)**	(1,513)
Proceeds from sale of property, plant and equipment		**24,037**	1,772	**2,598**	35
Payments for investment in associate		**(306)**	-	**-**	-
Loans to related parties		**-**	-	**64,101**	(241,433)
Loans to associate		**-**	(1,374)	**-**	-
Repayment of loans from joint venture		**265**	-	**-**	-
Net cash (outflow) inflow from investing activities		**5,953**	(233,787)	**64,497**	(242,911)
Cash flows from financing activities					
Proceeds from issues of shares and other equity securities		**-**	78,486	**-**	78,486
Proceeds from borrowings		**106,321**	251,387	**106,000**	277,000
Repayment of borrowings		**(153,359)**	(110,000)	**(153,000)**	(110,000)
Finance lease payments		**(171)**	-	**-**	-
Redeemable deposits		**(102)**	-	**-**	-
Dividends paid to company's shareholders	34	**(30,965)**	(15,889)	**(30,965)**	(15,889)
Net cash (outflow) inflow from financing activities		**(78,276)**	203,984	**(77,965)**	229,597
Net increase in cash and cash equivalents		**8,543**	30,752	**8,615**	23,542
Cash and cash equivalents at the beginning of the financial year		**35,671**	4,919	**26,044**	2,502
Effects of exchange rate changes on cash and cash equivalents		**-**	-	**-**	-
Cash and cash equivalents at end of year	8	**44,214**	35,671	**34,659**	26,044

The above cash flow statements should be read in conjunction with the accompanying notes.

Contents of the notes to the financial statements

Corporate Information

The financial report of Salmat Limited (the Company) for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of the directors on 21 August 2009.

Salmat Limited (the parent) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

Registered Office
Level 17, 100 Arthur Street
North Sydney NSW 2060

The nature of the operations and principal activities of the Group are described in the directors report.

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Salmat Limited as an individual entity and the consolidated entity consisting of Salmat Limited and its subsidiaries.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001.*

The financial report has been prepared on a historical costs basis except for derivative financial instruments which are held at fair value.

Compliance with IFRS

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 49.

(b) Principles of consolidation

The consolidated financial statements comprise the financial statements of Salmat Limited (the company) and it's subsidiaries (the Salmat Group also referred to as the Group).

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

A controlled entity is any entity controlled by Salmat Limited. Control exists where Salmat 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 Salmat Limited to achieve the objectives of Salmat Limited.

All intercompany balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation (refer to note 1(h)).

Where controlled entities have entered or left the Group during the year, their operating results have been included from the date control was obtained or until the date control ceased.

Investments are held at the lower of cost and recoverable amount.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

1 Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

Associates (refer to note 43).

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' and joint ventures' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the Group's entity's income statement, while in the consolidated financial statements they reduce the carrying amount of the investment.

(c) Segment reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

(d) Foreign currency translation

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period end exchange rates. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when the fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

As at the reporting date the assets and liabilities of the overseas subsidiaries are translated into the presentation currency of Salmat Limited at the rate of exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rates for the period.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions) and
- all resulting exchange differences are recognised as a separate component of equity.

1 Summary of significant accounting policies (continued)

(d) Foreign currency translation (continued)

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are taken to shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the income statement, as part of the gain or loss on sale where applicable.

(e) Revenue recognition

Revenue from the rendering of a service is recognised by reference to the stage of completion of a contract or contracts in progress at balance date or upon the delivery of the service to the customer.

When rendering services under contract and both the contract outcome and control of the right to be compensated for the services and the stage of completion can be reliably measured, revenue is recognised on a progressive basis as the costs to complete the service contract are performed.

For significant development contracts, sales revenue is recognised on the percentage of completion in instances where the development solution is sold. In instances where the developed solution is retained and licensed by the company for a fixed term, revenue is recognised on an accruals basis in accordance with the terms of the relevant agreement (usually on a fee per transaction basis).

Where payment terms extend beyond 12 months, revenue is discounted to its fair value using the future discounted cashflows. Where the outcome of a contract cannot be reliably estimated, contract costs are expensed as incurred. Where it is probable that the costs will be recovered, revenue is only recognised to the extent of costs incurred.

Stage of completion is measured by reference to an assessment of costs incurred to date as a percentage of estimated total costs for each contract. Costs for this purpose, represent costs that are reflective of services performed to date, or services to be performed.

The Group incurs postage on behalf of its customers, which is on-charged to its customers. Salmat Limited has offset all postage costs incurred against postage revenue in the income statement. This method of disclosure does not result in any effect on profit. For cashflow purposes, the amounts are shown as gross receipts and gross payments.

Dividend revenue is recognised when the right to receive a dividend has been established.

Government grant revenue is recognised when the relevant criteria have been met and there is reasonable assurance that the income will be received. When the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal instalments.

Interest revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

1 Summary of significant accounting policies (continued)

(f) Income tax

The charge for income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability settled. Deferred tax is recognised in the income statement except where it relates to items that may be recognised directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred income tax liabilities are recognised for all taxable permanent differences:

- Except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- In respect of taxable temporary differences associated with investments in subsidiaries. associated and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The amount of benefits 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.

Tax consolidation legislation

Salmat Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Salmat Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Salmat Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Details about the tax funding agreement are disclosed in note 6.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(g) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 38). Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Sale and leaseback of properties

Where properties are disposed and leased back, accounting standard AASB -117 leases applies. Where the leaseback cost is not at market value in a sale and leaseback transaction, any profit on sale is deferred to match the difference in market value of the lease.

1 Summary of significant accounting policies (continued)

(h) Business combinations

Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer to note 1(p)). If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(i) Impairment of non financial assets other than goodwill

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(j) Cash and cash equivalents

For the purpose of the statement of cash flows, cash includes:

- Cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts where a right of offset exists; and
- Investments in money market instruments with less than 14 days to maturity.

1 Summary of significant accounting policies (continued)

(k) Trade receivables

Trade receivables are non-interest bearing, generally have 7-45 day terms and are recognised and carried at amortised cost amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(l) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis and include direct materials, direct labour and an appropriate proportion of fixed and variable overhead expenses.

(m) Investments in associates and joint ventures

The Groups' investment in its associates and joint ventures is accounted for in the financial statements by applying the equity method of accounting. When Salmat has significant influence over an entity that is not jointly controlled, it is deemed an associate. A joint venture entity is one which Salmat jointly controls with one other party in equal proportion.

The investment in the associate and joint venture is carried in the consolidated balance sheet at cost plus post-acquisition changes in Salmat's share of net assets of the associate, less any impairment in value. The consolidated income statement reflects Salmat's share of the results of the operations of the associate.

The associate's and joint venture's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

(n) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)
- hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 22. Movements in the hedging reserve in shareholders' equity are shown in note 33. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the income statement within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in the income statement within other income or other expenses.

1 Summary of significant accounting policies (continued)

(n) Derivatives and hedging activities (continued)

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedge item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other income or other expense.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'finance costs'. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in the income statement within 'sales'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets) the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in profit or loss as cost of goods sold in the case of inventory, or as depreciation in the case of fixed assets.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(iii) Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other income or other expenses.

Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold.

(iv) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement and are included in other income or other expenses.

(o) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

Depreciation

The depreciation amount of all fixed assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

• Bulidings	2.5%
• Plant and Equipment	14.0% to 33.0%
• Leasehold improvements	Over term of lease

1 Summary of significant accounting policies (continued)

(o) Property, plant and equipment (continued)

The assets' residual values, useful lives and amortisation are reviewed, and adjusted if appropriate, at each financial year end.

Impairment

The carrying value of plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount. The recoverable amount of plant and equipment is the greater of fair value less costs to sell, and value in use.

(p) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill acquired in business combinations is not amortised.

From the date of acquisition the Group has up to one year to ascertain the fair value of assets acquired and to amend the goodwill initially recorded (refer note 40).

As at the acquisition date, any goodwill acquired is allocated to each of the cash generating units or group of cash generating units that are expected to benefit form the combination synergies.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Goodwill is tested at least annually for impairment (or more frequently if events or changes in circumstances indicate that the carrying value may be impaired) and is carried at cost less accumulated impairment losses. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Intangibles

Intangible assets acquired are capitalised at cost, unless acquired as part of a business combination in which case they are capitalised at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less provision for impairment

Other intangible assets include both customer contracts and relationships and costs of acquiring and developing business systems.

Useful lives have been established for all non-goodwill intangible assets. Amortisation charges are expensed in the income statement on a straight-line basis over those useful lives. Estimated useful lives are reviewed annually.

the expected useful lives of intangible assets are generally:

- Customer contracts and relationships	5 - 8 years
- Business systems	3 - 5 years

(iii) Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, which varies from 3 to 7 years.

1 Summary of significant accounting policies (continued)

(q) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade payables and other payables are non interest-bearing and are normally settled on supplier agreed terms.

(r) Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in income statement when the liabilities are derecognised.

Borrowing costs are recognised as an expense when incurred.

(s) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Make-good provision

Salmat Limited has recognised a make-good provision on leased premises when it can be reliably estimated and measured.

Surplus lease space

Where premises have been leased on long term contracts and there are no plans to utilise the premises over the remaining life of the lease, the discounted present value of the obligation is provided in the period the property first becomes surplus.

(t) Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Contributions are made by the economic entity to employee superannuation funds and are charged as expenses when incurred.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Once an employee reaches five years of service with the Group an entitlement for long service leave is recognised. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

1 Summary of significant accounting policies (continued)

(t) Employee benefits (continued)

Retirement benefit obligations

The Group operates three defined benefit pension schemes, which require contributions to be made to seperately administered funds.

The cost of providing benefits under the plans is determined seperately for each plan by independent actuarial valuations.

Actuarial gains and losses are recognised immediately in retained earnings.

Employee option plan

Information in relation to these schemes is set out in note 47.

Employee deferred share plan

Information in relation to these schemes is set out in note 47.

(u) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

Treasury shares

Shares in the Group held by the Salmat Employee deferred Share Plan are classified and disclosed as treasury shares and deducted from equity.

(v) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted EPS is calculated as net profit attributable to members divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(w) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;

- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables in the balance sheet.

Cashflows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

(x) Rounding of amounts

The company is of a kind referred to in Class order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

1 Summary of significant accounting policies (continued)

(y) New accounting standards and interpretations

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2009, but have not been applied in preparing this financial report. Other new standards and interpretations have been issued but are not considered to have an impact on the consolidated Group's financial statements.

(i) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 (effective from 1 January 2009)

AASB 8 will result in a change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Salmat Group will adopt AASB 8 from 1 July 2009. It is unlikely to result in a change to how reportable segments are currently presented.

(ii) Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 (effective from 1 January 2009)

The revised AASB 123 has removed the option to expense all borrowing costs and - when adopted - will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Costs relating to pre existing borrowings have been previously expensed. This will continue to happen under the revised standard unless there is a qualifying asset.

(iii) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 (effective from 1 January 2009)

A revised AASB 101 was issued in September 2007 and will become mandatory for the Group's 30 June 2010 financial statements. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Group intends to apply the revised standard from 1 July 2009.

(iv) AASB 2008-1 Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations (effective from 1 January 2009)

AASB 2008-1 clarifies that vesting conditions are service conditions and performance conditions only and that other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group will apply the revised standard from 1 July 2009, but it is not expected to affect the accounting for the Group's share-based payments.

(v) Revised AASB 3 Business Combinations, AASB 127 Consolidated and Separate Financial Statements and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 (effective 1 July 2009)

The revised AASB 3 continues to apply the acquisition method to business combinations, but with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the income statements. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs must be expensed. This is different to the Group's current policy which is set out in note 1(h) above.

The revised AASB 127 requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses, see note 1(b). The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. This is consistent with the Group's current accounting policy if significant influence is not retained.

1 Summary of significant accounting policies (continued)

(y) New accounting standards and interpretations (continued)

The Group will apply the revised standards prospectively to all business combinations and transactions with non-controlling interests from 1 July 2009.

(vi) AASB 2008-7 Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective 1 July 2009)

In July 2008, the AASB approved amendments to AASB 1 *First-time Adoption of International Financial Reporting Standards* and AABS 127 *Consolidated and Separate Financial Statements.* The Group will apply the revised rules prospectively from 1 July 2009. After that date, all dividends received from investments in subsidiaries, jointly controlled entities or associates will be recognised as revenue, even if they are paid out of pre-acquisition profits, but the investments may need to be tested for impairment as a result of the dividend payment. Under the entity's current policy, these dividends are deducted from the cost of the investment. Furthermore, when a new intermediate parent entity is created in internal reorganisations it will measure its investment in subsidiaries at the carrying amounts of the net assets of the subsidiary rather than the subsidiary's fair value.

2 Segment information

(a) Description of segments

Business segments

The Group delivers communications solutions to its customers through the following three businesses:

MediaForce
MediaForce delivers advertising catalogues to homes throughout Australia and New Zealand. Detailed demographic analysis enables us to target the consumers most likely to buy particular products, helping our customers to maximise their sales.

BusinessForce
BusinessForce processes and mails bank and credit card statements, accounts and other customised bulk mailings in Australia, Hong Kong, Taiwan, and the Philippines. We receive customers' electronic data, process it using smart technology, and print and mail statements, providing significant cost savings.

SalesForce
SalesForce handles inbound and outbound telephone, fax, email and other online communications on behalf of our customers, from facilities in Australia, New Zealand and the Malaysia. Inbound services include technical support and customer care; while outbound services include telemarketing, direct sales and customer retention. We also facilitate business-to-business and business-to-consumer conversations in the UK, USA, Asia, New Zealand and Australia, through a range of sales support services.

Accounting Policies

Segment revenues and expenses are those directly attributable to the segments and include any joint venture revenue and expenses where a reasonable basis of allocation exists.

Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories 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, employee entitlements, accrued expenses and provisions. Segment assets and liabilities do not include deferred income taxes.

Intersegment Transfers

Segment revenues, expenses and results include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the Group at arms length. These transfers are eliminated on consolidation.

2 Segment information (continued)

(b) Primary reporting format - business segments

2009	Business Force $'000	MediaForce $'000	SalesForce $'000	Corporate $'000	Consolidated $'000
Segment revenue					
Sales to external customers	370,795	225,747	294,237	-	890,779
Other revenue	279	528	-	699	1,506
Total segment revenue	**371,074**	**226,275**	**294,237**	**699**	**892,285**
EBITA before significant items and equity accounted profit	**41,240**	**28,235**	**21,776**	**(13,241)**	**78,010**
Amortisation expense	(10,257)	-	(245)	(1,310)	(11,812)
Net interest expense	(11,016)	-	(6,979)	-	(17,995)
Share of equity profits	32	(330)	-	-	(298)
Profit before tax excluding significant items	19,999	27,905	14,552	(14,551)	47,905
Income tax expense excluding significant items					(14,926)
Profit after tax excluding significant items					**32,979**
Significant items - net of tax	(3,000)	-	-	4,470	1,470
Net Profit after tax					34,449
Segment assets and liabilities (net of deferred tax balances)					
Segment assets	409,698	37,007	146,280	46,438	639,423
Segment liabilities	199,860	19,045	114,164	33,420	366,489
Other segment information					
Acquisition of plant and equipment	9,115	2,148	7,064	3,698	22,025
Depreciation of segment assets	13,724	2,106	6,245	1,594	23,669
Amortisation of segment assets	10,257	-	245	1,310	11,812
Other non cash (revenue)/expense	32	(330)	-	-	(298)

2 Segment information (continued)

2008	Business Force $'000	MediaForce $'000	SalesForce $'000	Corporate $'000	Consolidated $'000
Segment revenue					
Total sales revenue	305,955	230,866	275,154	-	811,975
Other revenue	324	1,056	-	2,660	4,040
Total segment revenue	**306,279**	**231,922**	**275,154**	**2,660**	**816,015**
EBITA before significant items	**30,043**	**26,564**	**16,702**	**(15,240)**	**58,069**
Amortisation expense	(7,056)	-	(903)	-	(7,959)
Net interest expense	(9,071)	-	(7,580)	-	(16,651)
Share of equity profits	-	(496)	-	-	(496)
Profit before tax excluding significant items	13,916	26,068	8,219	(15,240)	32,963
Income tax expense excluding significant items					(10,927)
Profit after tax excluding significant items					**22,036**
Significant items - net of tax	(3,053)	(6,280)	-	144	(9,189)
Profit after tax					12,847
Segment assets and liabilities (net of deferred tax balances)					
Segment assets (Restated)	428,089	44,315	148,692	50,389	671,485
Segment liabilities (Restated)	243,325	22,121	122,280	5,853	393,579
Other segment information					
Acquisition of plant and equipment	9,429	2,999	6,263	1,496	20,187
Depreciation of segments	12,410	1,412	6,593	1,524	21,939
Amortisation of segment assets	7,056	-	903	-	7,959
Other non cash (revenue)/expense	-	(468)	-	-	(468)

(c) Secondary reporting format - geographical segments

	Segment revenues from sales to external customers		Segment assets (net of deferred tax balances) Restated		Acquisitions of property, plant and equipment	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000
Australia	**838,523**	768,878	**606,422**	643,353	**18,902**	17,727
New Zealand	**21,756**	22,969	**6,595**	4,827	**391**	241
Asia	**27,344**	18,476	**24,439**	21,667	**2,602**	2,054
Other	**3,156**	1,652	**1,967**	1,638	**130**	165
	890,779	811,975	**639,423**	671,485	**22,025**	20,187

Segment revenues are allocated based on the country in which the customer is located. Segment assets and capital expenditure are allocated based on where the assets are located.

3 Revenue

	Consolidated		Parent entity	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
From continuing operations				
Sales revenue				
Services	**890,779**	811,975	**-**	-
Other				
Interest	**1,506**	1,875	**853**	1,361
Dividends	**-**	-	**61,581**	67,000
Management Fees	**-**	-	**7,604**	9,469
	892,285	813,850	**70,038**	77,830

4 Other income

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
Net gain on derivative financial instruments	**-**	1,109	**-**	1,109
Net gain on sale of Deltarg Distribution Systems Limited business to associated entity	**-**	1,056	**-**	**-**
	-	2,165	**-**	1,109

5 Expenses

	Consolidated		Parent entity	
	2009 **$'000**	2008 $'000	**2009** **$'000**	2008 $'000
Depreciation				
Buildings	**119**	308	**-**	-
Plant and equipment	**23,550**	21,631	**1,485**	3,059
Total depreciation	**23,669**	21,939	**1,485**	3,059
Amortisation				
Customer Intangibles	**8,594**	6,657	**-**	-
Other intangibles	**3,218**	1,302	**1,310**	-
Total amortisation	**11,812**	7,959	**1,310**	-
Finance costs				
Interest and finance charges paid/payable	**19,501**	18,526	**19,321**	18,186
Net (gain) / loss on disposal of property, plant and equipment	**366**	2,109	**(2)**	(16)
Rental expense relating to operating leases				
Minimum lease payments	**30,266**	21,353	**-**	-
Foreign exchange gains and losses				
Net foreign exchange losses	**(92)**	326	**-**	-
Defined contribution superannuation expense	**23,285**	21,568	**672**	772
Research and development	**202**	287	**-**	-
Significant items:				
Net property profit	**(4,260)**	-	**-**	-
Integration, restructure and redundancy costs	**-**	8,219	**-**	904
Development of new business concept	**-**	7,445	**-**	-
Gain on sale of Deltarg business	**-**	(1,056)	**-**	-
Gain on derivative financial instruments	**-**	(1,109)	**-**	(1,109)
	(4,260)	13,499	**-**	(205)
Income tax (expense) / benefit	**(2,790)**	4,310	**-**	(61)
	(1,470)	9,189	**-**	(144)

These significant items are relevant in explaining the financial performance:

Net property profit - During the year the Group sold and leased back premises in Sydney and Brisbane generating a profit of $7,260,000 (tax expense $2,790,000). This was offset by one-off property costs associated with relocation of the Group's Hong Kong operations that resulted in an expense of $3,000,000 (nil tax benefit) recognised this year.

6 Income tax expense

(a) Income tax expense

Current tax	**19,897**	8,550	**(9,305)**	(10,261)
Deferred tax	**(2,181)**	(661)	**(798)**	519
Adjustments for current tax of prior periods	**-**	(1,272)	**-**	(472)
	17,716	6,617	**(10,103)**	(10,214)

6 Income tax expense (continued)

	Consolidated		Parent entity	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit from continuing operations before income tax expense	**52,165**	19,464	**27,858**	34,016
Tax at the Australian tax rate of 30% (2008 - 30%)	**15,650**	5,839	**8,357**	10,205
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Other non-allowable items	**480**	1,577	**14**	153
Derecognition of prior year deferred tax asset	**-**	377	**-**	-
Over provision for income tax in prior year	**-**	(1,356)	**-**	(472)
Rebateable fully franked dividends	**-**	-	**(18,474)**	(20,100)
Assessable Capital Gains	**156**	-	**-**	-
Non assessable capital gain	**-**	(634)	**-**	-
Difference in overseas tax rates	**(83)**	564	**-**	-
Prior year tax losses recognised	**-**	85	**-**	-
Tax losses not recognised	**1,424**	165	**-**	-
Share of joint ventures losses not assessable	**89**	-	**-**	-
Total income tax expense	**17,716**	6,617	**(10,103)**	(10,214)

(c) Amounts recognised directly in equity

	Consolidated 2009	Consolidated 2008	Parent entity 2009	Parent entity 2008
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity				
Net deferred tax - debited (credited) directly to equity (notes 17 and 28)	**1,420**	-	**1,420**	-
	1,420	-	**1,420**	-

(d) Tax losses

	Consolidated 2009	Consolidated 2008	Parent entity 2009	Parent entity 2008
Gross unused tax losses for which no deferred tax asset has been recognised	**16,639**	10,071	**-**	-

All unused tax losses were incurred by entities in Hong Kong that are not part of the tax consolidated group.

(e) Unrecognised temporary differences

	Consolidated 2009	Consolidated 2008	Parent entity 2009	Parent entity 2008
Temporary differences relating to investments in subsidiaries for which deferred tax liabilities have not been recognised				
Undistributed earnings	**-**	-	**-**	-

A deferred tax liability has not been recognised in respect of temporary differences arising as a result of the translation of the financial statements of the Group's foreign subsidiaries. The deferred tax liability will only arise in the event of disposal of the subsidiary, and no such disposal is expected in the foreseeable future.

6 Income tax expense (continued)

(f) Tax consolidation legislation

Salmat Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation from 1 July 2003. The accounting policy in relation to this legislation is set out in note 1(f).

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement, which, in the opinion of the directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Salmat Limited.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Salmat Limited for any current tax payable assumed and are compensated by Salmat Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Salmat Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables (see note 39(d)).

7 Net tangible asset backing

	Consolidated	
	2009 **Cents**	2008 Restated Cents
Net tangible asset backing per ordinary share	**(78.2)**	(84.8)

8 Current assets - Cash and cash equivalents

	Consolidated		Parent entity	
	2009 **$'000**	2008 $'000	**2009** **$'000**	2008 $'000
Cash at bank	**44,186**	35,626	**34,658**	26,043
Cash on hand	**28**	45	**1**	1
	44,214	35,671	**34,659**	26,044

(a) Interest rate risk exposure

The Group's and the parent entity's exposure to interest rate risk is discussed in note 48.

9 Current assets - Trade and other receivables

	Consolidated		Parent entity	
	2009 **$'000**	2008 Restated $'000	**2009** **$'000**	2008 $'000
Net trade receivables				
Trade receivables	**109,250**	122,557	**-**	-
Allowance for doubtful receivables	**(814)**	(1,443)	**-**	-
	108,436	121,114	**-**	-
Other receivables	**8,610**	10,201	**-**	-
	117,046	131,315	**-**	-

(a) Impaired trade receivables

As at 30 June 2009 current trade receivables of the Group with a nominal value of $814,000 (2008: $1,443,000) were impaired. The individually impaired receivables mainly relate to customers, which are in an unexpectedly difficult economic situation. It was assessed that a portion of the receivables is expected to be recovered. There were no impaired receivables for the parent in 2009 or 2008.

Movements in the allowance for impairment of receivables are as follows:

	Consolidated 2009 $'000	Consolidated 2008 Restated $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
At 1 July	**1,443**	1,300	**-**	-
HPAL allowance for impaired receivables on date of acquisition	**-**	146	**-**	-
Allowance for impairment recognised during the year	**526**	439	**-**	-
Receivables written off during the year as uncollectible	**(1,721)**	(442)	**-**	-
Bad debts recovered	**566**	-	**-**	-
	814	1,443	**-**	-

The creation and release of the allowance for impaired receivables has been included in 'other expenses' in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

(b) Past due but not impaired

As of 30 June 2009, trade receivables of $12,675,000 (2008 - $30,293,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Consolidated 2009 $'000	Consolidated 2008 Restated $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
1-30 days	**9,317**	24,458	**-**	-
31 - 60 days	**3,124**	3,756	**-**	-
greater than 60 days	**234**	2,079	**-**	-
	12,675	30,293	**-**	-

There are no trade receivables that have had renegotiated terms that would otherwise, without that renegotiation, have been past due or impaired.

Based on the credit history of trade receivables not past due or past due and not impaired, the Group believes that these amounts will be received when due.

The other classes within trade and other receivables do not contain impaired assets and the Group believes that these amounts will be fully recovered.

Related party transactions have been made on normal commercial terms and conditions and at market rates. The average interest rate on loans during the year was 10% (2008: 10.00%).

Outstanding balances are unsecured and are repayable in cash.

(c) Foreign exchange and interest rate risk

Information about the Group's and the parent entity's exposure to exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 48.

(d) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. The Group does not hold any collateral as security. Refer to note 48 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables.

10 Current assets - Inventories

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Raw materials				
At cost	**5,988**	7,432	**-**	-
Provision for obsolescence	**(802)**	(1,938)	**-**	-
	5,186	5,494	**-**	-
Work in progress				
At cost	**2,735**	2,634	**-**	-
	7,921	8,128	**-**	-

(a) Inventory expense

Inventories recognised as expense during the year ended 30 June 2009 amounted to $73,584,000 (2008: $67,806,000) and are included in "materials usage" in the income statement.

11 Current assets - Current tax receivables

Current tax receivable	**-**	1,669	**-**	1,669

12 Current assets - Other current assets

Prepayments	**5,001**	6,736	**2,175**	2,466
Recoverable Deposits	**164**	812	**21**	41
	5,165	7,548	**2,196**	2,507

13 Non-current assets - Receivables

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Net related party receivables				
Related party receivable - joint venture	**3,672**	3,617	**-**	397
Related party receivable - subsidiary	**-**	-	**392,807**	427,450
	3,672	3,617	**392,807**	427,847

(a) Fair values

The fair values and carrying values of non-current receivables are as follows:

	2009		2008	
Group	**Carrying amount**	**Fair value**	Carrying amount	Fair value
	$'000	**$'000**	$'000	$'000
Loans to joint venture	**3,672**	**3,672**	3,617	3,617
Parent entity				
Loans to related parties	**392,807**	**392,807**	427,450	427,450
Loans to joint venture	**-**	**-**	397	397
	392,807	**392,807**	427,847	427,847

(b) Risk exposure

Information about the Group's and the parent entity's exposure to credit risk, foreign exchange and interest rate risk is provided in note 48.

14 Non-current assets - Investments accounted for using the equity method

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Shares in joint venture and associate (note 43)	**1,269**	1,312	**-**	-

(a) Shares in joint venture and associate

Investment in joint venture and associates are accounted for in the consolidated financial statements using the equity method of accounting and are carried at cost by the Group (refer to note 43).

15 Non-current assets - Other financial assets

	Consolidated		Parent entity	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Shares in subsidiaries (note 41)	**-**	-	**34,233**	34,233

These financial assets are carried at cost.

16 Non-current assets - Property, plant and equipment

Consolidated	**Freehold land $'000**	**Freehold buildings $'000**	**Plant and equipment $'000**	**Total $'000**
At 1 July 2007				
Cost	4,350	7,576	139,402	151,328
Accumulated depreciation	-	(2,085)	(97,077)	(99,162)
Net book amount	4,350	5,491	42,325	52,166
Year 30 June 2008 Restated				
Opening net book amount	4,350	5,491	42,325	52,166
Acquisition of subsidiary	-	-	17,317	17,317
Additions	-	-	20,187	20,187
Disposals	-	-	(3,881)	(3,881)
Depreciation charge	-	(308)	(21,631)	(21,939)
Closing net book amount	4,350	5,183	54,317	63,850
At 30 June 2008 Restated				
Cost	4,350	7,576	164,984	176,910
Accumulated depreciation	-	(2,393)	(110,667)	(113,060)
Net book amount	4,350	5,183	54,317	63,850
Year 30 June 2009				
Opening net book amount restated	4,350	5,183	54,317	63,850
Acquisition of subsidiary	-	-	-	-
Additions	-	-	22,025	22,025
Disposals	(4,350)	(5,064)	(3,260)	(12,674)
Depreciation charge	-	(119)	(23,550)	(23,669)
Net exchange difference on translation of financial reports of foreign operations	-	-	489	489
Closing net book amount	-	-	50,021	50,021
At 30 June 2009				
Cost	-	-	158,144	158,144
Accumulated depreciation	-	-	(108,123)	(108,123)
Net book amount	-	-	50,021	50,021

16 Non-current assets - Property, plant and equipment (continued)

Parent entity	**Plant and equipment $'000**
At 1 July 2007	
Cost	33,689
Accumulated depreciation	(24,889)
Net book amount	8,800
Year 30 June 2008	
Opening net book amount	8,800
Additions	1,520
Disposals	(53)
Depreciation charge	(3,059)
Closing net book amount	7,208
At 30 June 2008	
Cost	35,063
Accumulated depreciation	(27,855)
Net book amount	7,208
Year 30 June 2009	
Opening net book amount	7,208
Additions	2,202
Disposals	(3,908)
Depreciation charge	(1,485)
Closing net book amount	4,017
At 30 June 2009	
Cost	30,632
Accumulated depreciation	(26,615)
Net book amount	4,017

17 Non-current assets - Deferred tax assets

	Consolidated		Parent entity	
	2009 $'000	2008 Restated $'000	**2009 $'000**	2008 $'000
The balance comprises temporary differences attributable to:				
Doubtful debts	**215**	434	**-**	-
Employee benefits	**9,339**	9,522	**590**	552
Property, plant & equipment	**96**	1,007	**(313)**	(26)
Deferred capital profit	**1,341**	-	**-**	-
Cash flow hedges	**1,420**	-	**1,420**	-
Amortisation of intangibles	**601**	1,412	**-**	-
Accruals	**5,701**	4,082	**1,425**	524
Other provisions	**1,413**	2,261	**160**	11
Tax losses	**358**	1,483	**-**	-
	20,484	20,201	**3,282**	1,061
Movements:				
Opening balance at 1 July	**20,201**	12,746	**1,061**	1,580
Credited/(charged) to the income statement (note 6)	**(1,137)**	(1,142)	**801**	(519)
Credited to equity	**1,420**	-	**1,420**	-
Acquisition of subsidiary (note 40)	**-**	8,597	**-**	-
Closing balance at 30 June	**20,484**	20,201	**3,282**	1,061

18 Non-current assets - Intangible assets

Consolidated	**Goodwill $'000**	**Other intangible assets $'000**	**Customer Intangible $'000**	**Total $'000**
At 1 July 2007				
Cost	106,737	1,119	5,129	112,985
Accumulated amortisation and impairment	-	(1,090)	(3,448)	(4,538)
Net book amount	106,737	29	1,681	108,447
Year 30 June 2008 Restated				
Opening net book amount	106,737	29	1,681	108,447
Additions	259,617	7,640	50,632	317,889
Amortisation charge	-	(1,302)	(6,657)	(7,959)
Closing net book amount	366,354	6,367	45,656	418,377
At 30 June 2008 Restated				
Cost	366,354	8,759	55,761	430,874
Accumulated amortisation and impairment	-	(2,392)	(10,105)	(12,497)
Net book amount	366,354	6,367	45,656	418,377
Year 30 June 2009				
Opening net book amount restated	366,354	6,367	45,656	418,377
Additions	-	1,310	-	1,310
Acquisition of businesses	-	-	-	-
Writeback of deferred purchase consideration of prior acquisitions	(1,317)	-	-	(1,317)
Amortisation charge	-	(3,218)	(8,593)	(11,811)
Closing net book amount	365,037	4,459	37,063	406,559
At 30 June 2009				
Cost	365,037	10,069	55,761	430,867
Accumulated amortisation and impairment	-	(5,610)	(18,698)	(24,308)
Net book amount	365,037	4,459	37,063	406,559

18 Non-current assets - Intangible assets (continued)

Parent entity	**Goodwill $'000**	**Other intangible assets $'000**	**Total $'000**
At 1 July 2007			
Cost (nil accumulated amortisation)	918	-	918
Year 30 June 2008			
Opening net book amount	918	-	918
Acquisition of subsidiary	-	-	-
Amortisation charge	-	-	-
Closing net book amount	918	-	918
At 30 June 2008			
Cost	918	-	918
Accumulated amortisation and impairment	-	-	-
Net book amount	918	-	918
Year 30 June 2009			
Opening net book amount	918	-	918
Additions	-	1,310	1,310
Amortisation Charge	-	(1,310)	(1,310)
Closing net book amount	918	-	918
At 30 June 2009			
Cost	918	-	918
Accumulated amortisation and impairment	-	-	-
Net book amount	918	-	918

On 2 November 2008, the fair value of the net identifiable assets acquired in respect of HPAL acquisition were finalised. The movement in intangibles during the twelve months ended 30 June 2008 have been restated to reflect adjustments made to net assets acquired on acquisition of HPAL.

Included in customer intangibles is an amount relating to acquisition of HPAL on 2 November 2007. As at 30 June 2009 the carrying amount of these customer intangibles is $36.6m with a remaining amortisation period of 54 months.

(a) Impairment tests for goodwill

Goodwill is allocated to the Group’s cash-generating units (CGUs) identified according to business segment.

A segment-level summary of the goodwill allocation is presented below.

	Business Force $'000	**Media Force** $'000	**Sales Force** $'000	**Total** $'000
2009				
Goodwill	272,944	12,219	79,874	365,037
2008				
Goodwill (restated)	274,271	12,209	79,874	366,354

18 Non-current assets - Intangible assets (continued)

The recoverable amount of a CGU is determined based on value in use using discounted cash-flow calculations. These calculations use cash flow projections based on financial budgets approved by the board covering a five-year period. Cash flows beyond the five-year period are extrapolated using estimated growth rates. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

The discount rate applied to the pre-tax cash flow projections for CGU's is 16.6% (2008: 16.6%). Equivalent post tax is 12% for 2009 and 2008.

The growth rate used to extrapolate cash flows beyond the five-year period is 3% (2008: 5%).

Gross margins are based on the following year's budget, which is approved by the board. These are determined by reference to average gross margins achieved in the year immediately before the budgeted year, then adjusted for expected movements in the respective CGU's.

Key assumptions under value in use calculations for 30 June 2009 and 30 June 2008:

The calculations of value in use for the 3 business segments are sensitive to the following assumptions:

1. Discount rates
2. Loss of a major customer

Discount Rates – Discount rates reflect managements estimate of time value of money and the risks specific to each business unit that are not already reflected in the cash flows. In determining appropriate discount rates for each business unit, regard has been given to the weighted average cost of capital of the Group and specific cash generating business risk specific to that business segment. The same discount rate for all business units is considered appropriate. All business segments are based on an outsourcing model providing support services to similar customers, hence similar level of market risk. Our assumptions are based on a pre tax WACC rate of 16.6% (net of tax 12%).

Loss of a major customer - This assumption is important because as well as using historical trends, management expects the Group's market share of each business segment to be stable over future periods. The loss of a significant customer in any business segment will severely impact on the ability of that segment to maintain expected earnings and cashflow. Each major customer would have a different impact on earnings and profits, so it is not appropriate to discuss sensitivity on loss of a major customer.

Sensitivity to changes in assumptions:

Discount rate assumptions – management recognises that the actual time value of money may vary to what they have estimated. Management notes that the WACC rate would have to increase to 25% for the recoverable amount of the BusinessForce unit valuation to fall below its carrying amount. The other segments continue to have valuations in excess of the carrying value with these changes.

The assumptions noted above have been used for the analysis of each respective CGU within the business segment.

Based on the analysis performed by management the estimated value of the Group's intangible assets exceeds their carrying value by $618,056,000.

(b) Impairment charge

There was no impairment charge in the current year.

19 Non-current assets - Other non-current assets

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Recoverable deposits non current	**750**	-	**-**	-

20 Current liabilities - Trade and other payables

	Consolidated		Parent entity	
	2009	2008 Restated	**2009**	2008
	$'000	$'000	**$'000**	$'000
Trade payables	**25,665**	28,625	**8,747**	14,169
Accrued expenses	**53,271**	57,119	**13,547**	7,023
Other payables	**15,246**	13,746	**-**	-
	94,182	99,490	**22,294**	21,192

Terms and conditions relating to trade payables, accrued expenses and other payables are referred to in note 1 (q) of the accounts.

Outstanding balances at year-end are unsecured and interest free.

(a) Risk exposure

Information about the Group's and the parent entity's exposure to foreign exchange risk is provided in note 48.

21 Current liabilities - Borrowings

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Secured				
Bank loans	**-**	50,000	**-**	50,000
Lease liabilities (note 38)	**424**	22	**-**	-
Total secured current borrowings	**424**	50,022	**-**	50,000

(a) Security and fair value disclosures

Information about the terms and conditions of major borrowings, details of the security relating to each of the secured liabilities and the fair value of each of the borrowings is provided in note 27.

(b) Risk exposures

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 48.

22 Derivative financial instruments

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Current liabilities				
Interest Rate Swap Cash Flow Hedge	**4,732**	-	**4,732**	-

(a) Instruments used by the Group

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest and foreign exchange rates in accordance with the Group's financial risk management policies (refer to note 48).

(i) Interest rate swap contracts - cash flow hedges

Bank loans of the Group currently bear an average variable interest rate of 3.58%. It is policy to protect part of the loans from exposure to increasing interest rates. Accordingly, the Group has entered into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates.

The fixed interest rates range between 3.39% and 8.02%.

The contracts require settlement of net interest receivable or payable each 90 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

The gain or loss from remeasuring the hedging instruments at fair value is deferred in equity in the hedging reserve, to the extent that the hedge is effective, and reclassified into profit and loss when the hedged interest expense is recognised. There was no hedge ineffectiveness in the current or prior year.

(ii) Forward exchange contracts - held for trading

The Group has further entered into forward exchange contracts which are economic hedges but do not satisfy the requirements for hedge accounting. These contracts are subject to the same risk management policies as all other derivative contracts, see note 48 for details. However, they must be accounted for as held for trading.

23 Current liabilities - Current tax liabilities

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Income tax	**6,900**	667	**6,164**	-

24 Current liabilities - Provisions

Employee benefits - long service leave	**11,465**	3,288	**1,146**	154
Employee benefits - annual leave	**17,087**	17,493	**709**	705
	28,552	20,781	**1,855**	859

25 Current liabilities - Other current liabilities

	Consolidated		Parent entity	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Deferred profit	**2,395**	-	**-**	-

Deferred profit relates to profit on sale of the Group's premises in Sydney and Brisbane

26 Non-current liabilities - Payables

Deferred purchase price	**861**	2,480	**-**	-
	861	2,480	**-**	-

The deferred purchase price is carried at amortised cost and represents liabilities for acquisitions with deferred settlement arrangements.

27 Non-current liabilities - Borrowings

Secured				
Bank loans	**208,932**	205,023	**203,000**	200,000
Lease liabilities (note 38)	**2,346**	14	**-**	-
Total secured non-current borrowings	**211,278**	205,037	**203,000**	200,000

(a) Bank loans and bank overdraft

The bank loans are secured by deed of negative pledge and guarantee over the assets of certain group companies.

The loans have been classified as either current or non current based on the expiry date of the loan facility agreements.

The carrying amounts of assets pledged as security for current and non-current borrowings are the full value of the assets held by certain members of the consolidated group.

27 Non-current liabilities - Borrowings (continued)

(b) Financing arrangements

The Group and the parent entity had access to the following undrawn borrowing facilities at the reporting date:

	Consolidated		**Parent entity**	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Floating rate				
Bank overdraft	**13,932**	15,747	**8,000**	10,000
Loan facilities	**250,000**	275,000	**250,000**	275,000
Lease facilities	**10,000**	-	**-**	-
Guarantee facility	**42,465**	40,000	**42,000**	40,000
	316,397	330,747	**300,000**	325,000
Used at balance date				
Bank overdrafts	**5,932**	5,023	**-**	-
Loan facilities	**203,000**	250,000	**203,000**	250,000
Lease facilities	**2,770**	-	**-**	-
Guarantee facility	**41,840**	25,694	**41,446**	17,439
	253,542	280,717	**244,446**	267,439
Unused at balance date				
Bank overdrafts	**8,000**	10,724	**8,000**	10,000
Loan facilities	**47,000**	25,000	**47,000**	25,000
Lease facilities	**7,230**	-	**-**	-
Guarantee facility	**625**	14,306	**554**	22,561
	62,855	50,030	**55,554**	57,561

The bank overdraft facilities may be drawn at any time.

The current interest rates on loan facilities are 3.56% to 3.59% (2008: 8.205% to 8.313%), on lease facilities 8.05% and on bank overdraft 9.25% (2008: 11.75%).

(c) Fair value

The carrying amounts and fair values of borrowings at balance date are:

	At 30 June 2009		At 30 June 2008	
Group	**Carrying amount $'000**	**Fair value $'000**	Carrying amount $'000	Fair value $'000
Bank loans	**208,932**	**215,682**	255,023	261,773
Lease liabilities	**2,770**	**2,770**	36	36
	211,702	**218,452**	255,059	261,809
Parent Entity				
Bank loans	**203,000**	**203,000**	250,000	250,000

(d) Risk exposures

Information about the Group's and parent entity’s exposure to interest rate and foreign currency changes is provided in note 48.

28 Non-current liabilities - Deferred tax liabilities

	Consolidated		Parent entity	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
The balance comprises temporary differences attributable to:				
Inventories	**-**	796	**-**	-
Unrealised foreign exchange gains / (losses)	**-**	2	**3**	-
Unearned income	**103**	-	**-**	-
Intangible assets	**11,004**	13,627	**-**	-
Total deferred tax liabilities	**11,107**	14,425	**3**	-
Movements:				
Opening balance at 1 July	**14,425**	368	**-**	-
Charged/(credited) to the income statement (note 6)	**(3,318)**	(1,803)	**3**	-
Acquisition of subsidiary (note 40)	**-**	15,860	**-**	-
Closing balance at 30 June	**11,107**	14,425	**3**	-

29 Non-current liabilities - Provisions

	Consolidated		Parent entity	
	2009 $'000	2008 Restated $'000	**2009 $'000**	2008 $'000
Employee benefits - long service leave	**3,387**	11,181	**110**	982
Provision for surplus lease space	**4,520**	618	**-**	-
Other provisions - lease makegood	**3,089**	2,117	**605**	115
	10,996	13,916	**715**	1,097

(a) Provision for surplus lease space

The Group has a liability in respect of rental properties which they no longer occupy. A provision has been recognised as the best estimate of the expenditure to settle the required obligation at balance date.

(b) Lease make good provision

The Group has leased properties in various locations across Australia, Asia and New Zealand. In most instances, Salmat is required to make good the premises to the original state they were in when Salmat signed the lease. Salmat is required to record a provision if it can be reliably estimated and measured.

(c) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
Provision for surplus lease space				
Carrying amount at start of year	**618**	-	**-**	-
Additional provision recognised	**3,902**	618	**-**	-
Carrying amount at end of year	**4,520**	618	**-**	-
Other provisions - lease makegood				
Carrying amount at start of year	**2,117**	2,224	**115**	115
Additional provision recognised	**1,288**	188	**615**	-
Unwinding of discount	**(316)**	(295)	**(125)**	-
Carrying amount at end of year	**3,089**	2,117	**605**	115

30 Non-current liabilities - Retirement benefit obligations

(a) Superannuation plan

Group companies contribute to a number of retirement benefit schemes of a defined benefit type.

Taiwan - the Company currently maintains a retirement plan covering regular employees. The plan has a defined benefit format and is financed solely by the Company. The plan provides lump sum benefits upon retirement, disability and voluntary separation after completion of at least five years of service. The benefits are based on the employee's final monthly covered salary and service with the company. The plan is closed to new employees.

Philippines - the Company currently maintains a retirement plan covering regular employees hired prior to 1 January 2006. The plan has a defined benefit format and is financed solely by the Company. The plan provides lump sum benefits upon retirement, death, total and permanent disability, involuntary separation (except for cause) or voluntary separation after completion of at least five years of service. The benefits are based on the employee's final monthly covered salary and service with the company. The plan is closed to new employees.

Government Printing Service - the Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes. These schemes are all defined benefit schemes - at least a component of the final benefit is derived from a multiple of member salary and years of membership. All the Schemes are closed to new members.

There are no defined benefit superannuation plans attributable to the parent entity.

(b) Balance sheet amounts

The amounts recognised in the balance sheet are determined as follows:

	Consolidated		**Parent entity**	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Present value of the defined benefit obligation	**4,559**	4,193	**-**	-
Fair value of defined benefit plan assets	**(3,203)**	(4,059)	**-**	-
	1,356	134	**-**	-
Unrecognised actuarial gains	**51**	(4)	**-**	-
Net liability before adjustment for contributions tax	**1,407**	130	**-**	-

The Group has no legal obligation to settle this liability with an immediate contribution or additional one off contributions. The Group intends to continue to contribute to the defined benefit plans in line with the actuary’s latest recommendations.

Actuarial gains and losses recognised in the year in the statement of recognised income and expense is a loss of $1,175,000 (2008: loss $214,000)

Cumulative actuarial gains and losses recognised in the statement of recognised income and expense is a loss of $864,000 (2008: gain $311,000)

30 Non-current liabilities - Retirement benefit obligations (continued)

(c) Categories of plan assets

The major categories of plan assets are as follows:

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Cash	**324**	308	**-**	-
Equity instruments	**1,754**	2,256	**-**	-
Debt instruments	**454**	604	**-**	-
Property	**291**	421	**-**	-
Other assets	**380**	470	**-**	-
	3,203	4,059	**-**	-

(d) The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Reconciliations

Reconciliation of the present value of the defined benefit obligation, which is partly funded:				
Balance at the beginning of the year	**4,193**	4,678	**-**	-
Current service cost	**137**	154	**-**	-
Interest cost	**256**	277	**-**	-
Contributions by plan participants	**24**	71	**-**	-
Actuarial (gains) and losses	**396**	(1,200)	**-**	-
Foreign currency exchange rate changes	**62**	(45)	**-**	-
Benefits paid	**(509)**	(341)	**-**	-
Other	**-**	599	**-**	-
Balance at the end of the year	**4,559**	4,193	**-**	-
Reconciliation of the fair value of plan assets:				
Balance at the beginning of the year	**4,059**	4,883	**-**	-
Expected return on plan assets	**317**	359	**-**	-
Actuarial gains and (losses)	**(857)**	(1,480)	**-**	-
Foreign currency exchange rate changes	**24**	(103)	**-**	-
Contributions by Group companies	**29**	71	**-**	-
Contributions by plan participants	**24**	71	**-**	-
Benefits paid	**(393)**	(341)	**-**	-
Other	**-**	599	**-**	-
Balance at the end of the year	**3,203**	4,059	**-**	-

30 Non-current liabilities - Retirement benefit obligations (continued)

(e) Amounts recognised in income statement

The amounts recognised in the income statement are as follows:

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Current service cost	**141**	173	**-**	-
Interest cost	**255**	281	**-**	-
Expected return on plan assets	**(315)**	(360)	**-**	-
Net actuarial losses (gains) recognised in year	**78**	41	**-**	-
Total included in employee benefits expense	**159**	135	**-**	-
Actual return on plan assets	**(380)**	(327)	**-**	-

(f) Amounts recognised in statements of recognised income and expense

Actuarial loss recognised in the year	**1,175**	214	**-**	-

(g) Principal actuarial assumptions

Principal actuarial assumptions

The principal actuarial assumptions used (expressed as weighted averages) were as follows:

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
Australia				
Discount rate	**5.6%**	6.6%	**- %**	- %
Expected return on plan assets	**8.1%**	8.3%	**- %**	- %
Future salary increases from July 2008	**3.5%**	3.5%	**- %**	- %
Taiwan				
Discount rate	**2.4%**	2.8%	**- %**	- %
Expected return on plan assets	**1.5%**	3.0%	**- %**	- %
Future salary increases	**2.5%**	2.8%	**- %**	- %
Philippines				
Discount rate	**9.1%**	8.0%	**- %**	- %
Expected return on plan assets	**7.0%**	7.0%	**- %**	- %
Future salary increases	**5.0%**	7.0%	**- %**	- %

Employer contributions to the defined benefit section of the plan are based on recommendations by the plan's actuary. Actuarial assessments are made at no more than three yearly intervals, and the last such assessment was made as at 30 June 2006.

The objective of funding is to ensure that the benefit entitlements of members and other beneficiaries are fully funded by the time they become payable. To achieve this objective, the actuary has adopted a method of funding benefits known as the aggregate funding method. This funding method seeks to have benefits funded by means of a total contribution, which is expected to be a constant percentage of members' salaries over their working lifetimes.

Using the funding method described above and the abovementioned actuarial assumptions as to the plans' future experience, the plan's actuary has not recommended that additional contributions beyond the current contribution level be made.

31 Non-current liabilities - Other non-current liabilities

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Deferred profit	**3,099**	1,056	**-**	-

The deferred profit relates to profit on sale of a subsidiaries business to an associated entity Reach Media NZ Limited $1,025,000 (2008:$1,056,000) and profit on sale of group's premises in Sydney and Brisbane $2,074,000 (2008: $nil).

32 Contributed equity

	Parent entity		Parent entity	
	2009	2008	**2009**	2008
	Shares	Shares		
	'000	'000	**$'000**	$'000
(a) Share capital				
Ordinary shares				
Fully paid	**158,792**	158,792	**207,542**	207,542

(b) Movements in ordinary share capital:

Date	Details	Shares '000	$'000
1 July 2007	Opening balance	117,755	34,019
	Exercise of options under the Salmat Executive Performance Option Plan	1,128	2,618
	Shares issued on acquisition of HPAL Limited	18,704	86,598
	Institutional placement	17,857	75,000
	Dividend reinvestment plan issues	2,757	8,438
	Employee share purchase plan	591	2,071
	Transaction costs arising on share issue	-	(1,202)
30 June 2008	Balance	158,792	207,542
1 July 2008	Opening balance	158,792	207,542
	Exercise of options under the Salmat Executive Performance Option Plan	-	-
	Employee share purchase plan	-	-
	Transaction costs arising on share issue		-
30 June 2009	**Total contributed equity - parent entity**	**158,792**	**207,542**
	Less treasury shares (note 32(d))	570	1,902
	Total contributed equity - consolidated	**158,222**	**205,640**

(c) Ordinary shares
The Company does not have authorised capital or par value in respect of its issued shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regards to the Company's residual assets.

32 Contributed equity (continued)

(d) Treasury shares

Treasury shares are shares in Salmat Limited that are held by the Salmat Executive Performance Option Plan and are deducted from equity (see note 47 for further information).

Date	Details	Shares '000	$'000
1 July 2007 and 30 June 2008	Opening balance	-	-
	Acquisition of shares by the Trust	570	1,902
30 June 2009	Balance	570	1,902

(e) Employee share scheme

Information relating to the employee share scheme, including details of shares issued under the scheme, is set out in note 47.

(f) Options

Information relating to the Salmat Executive Performance Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in note 47.

(g) Capital risk management

The Group's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistently with others in the industry, the Group and the parent entity monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet (including minority interest) plus net debt.

The gearing ratios at 30 June 2009 and 30 June 2008 were as follows:

	Consolidated		Parent entity	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Total borrowings	**211,702**	255,059	**203,000**	250,000
Less: cash and cash equivalents (8)	**(44,214)**	(35,671)	**(34,659)**	(26,044)
Net debt	**167,488**	219,388	**168,341**	223,956
Total equity	**281,168**	283,684	**233,349**	228,339
Total capital	**448,656**	503,072	**401,690**	452,295
Gearing ratio	**37.3%**	43.6%	**41.9%**	49.5%

The reduction in gearing ratio during 2009 resulted from improved working capital management, lower borrowings due to sale of freehold land and buildings and improved cash flow from higher revenues as a result of HPA acquisition.

33 Reserves and retained profits

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
(a) Reserves				
Hedging reserve - cash flow hedges	**(3,312)**	-	**(3,312)**	-
Share-based payments reserve	**4,018**	3,170	**1,371**	1,430
Foreign currency translation reserve	**(1,456)**	(997)	**502**	(883)
	(750)	2,173	**(1,439)**	547
Movements:				
Hedging reserve - cash flow hedges				
Balance 1 July	**-**	-	**-**	-
Revaluation - gross (note 22)	**(4,732)**	-	**(4,732)**	-
Deferred tax	**1,420**	-	**1,420**	-
Balance 30 June	**(3,312)**	-	**(3,312)**	-
Movements:				
Share-based payments reserve				
Balance 1 July	**3,170**	2,093	**1,430**	976
Shares and options expense	**848**	1,077	**(59)**	454
Balance 30 June	**4,018**	3,170	**1,371**	1,430
Movements:				
Foreign currency translation reserve				
Balance 1 July	**(997)**	(235)	**(883)**	(212)
Currency translation differences arising during the year :	**(459)**	(762)	**381**	(671)
Balance 30 June	**(1,456)**	(997)	**(502)**	(883)

(b) Retained profits

Movements in retained profits were as follows:

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
Opening retained earnings	**73,969**	85,663	**20,250**	347
Net profit for the year	**34,449**	12,847	**37,961**	44,230
Dividends	**(30,965)**	(24,327)	**(30,965)**	(24,327)
Actuarial (losses) on defined benefit plans recognised directly in retained earnings	**(1,175)**	(214)	**-**	-
Balance 30 June	**76,278**	73,969	**27,246**	20,250

33 Reserves and retained profits (continued)

(c) Nature and purpose of reserves

(i) Hedging reserve - cash flow hedges

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, as described in note 1(n). Amounts are recognised in profit and loss when the associated hedged transaction affects profit and loss.

(ii) Share-based payments reserve

The share based payments reserve is used to recognise the amortised portion of the fair value of options issued but not exercised.

(iii) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve, as described in note 1(d). The reserve is recognised in income statement when the net investment is disposed of.

34 Dividends

	Consolidated and Parent	
	2009	2008
	$'000	$'000
(a) Ordinary shares		
Final ordinary dividend of 10.5 cents (2008: 10.0 cents) per share, fully franked, was paid on 15 October 2008.	**16,673**	11,883
Interim ordinary dividend for the year ended 30 June 2009 of 9.0 cents (2008: 8.0 cents) per share, fully franked, was paid on 8 April 2009.	**14,292**	12,444
Total dividends provided for or paid	**30,965**	24,327
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the years ended 30 June 2009 and 2008 were as follows:		
Paid in cash	**30,965**	15,889
Satisfied by issue of shares	**-**	8,438
	30,965	24,327

(b) Dividends not recognised at year end

In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 11.0 cents per fully paid ordinary share (2008: 10.5 cents). This dividend will be fully franked to 100% at 30% corporate tax rate.	**17,467**	16,673

34 Dividends (continued)

(c) Franked dividends

The franked portions of the final dividends recommended after 30 June 2009 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 June 2009.

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2008 - 30%)	**66,065**	66,975	**66,065**	66,975

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

(a) franking credits that will arise from the payment of the amount of the provision for income tax

(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date, and

(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

35 Key management personnel disclosures

(a) Key management personnel compensation

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Short-term employee benefits	**8,402,019**	6,641,165	**8,402,019**	6,641,165
Post-employment benefits - Defined contribution fund contributions	**1,160,969**	419,270	**1,160,969**	419,270
Share based payments	**331,067**	562,018	**331,067**	562,018
	9,894,055	7,622,453	**9,894,055**	7,622,453

Detailed remuneration disclosures are provided in sections A-C of the remuneration report on pages 5 to 10.

(b) Equity instrument disclosures relating to key management personnel

(i) Option holdings

The numbers of options over ordinary shares in the company held during the financial year by each director of Salmat Limited and other key management personnel of the Group, including their personally related parties, are set out below.

2009

Name	*Balance at start of the year*	*Granted as compensation*	*Exercised*	*Forfeited*	*Balance at end of the year*	*Vested and exercisable*	*Unvested*
Directors of Salmat Limited							
Philip Salter	660,000	-	-	(165,000)	495,000	-	495,000
Peter Mattick	660,000	-	-	(165,000)	495,000	-	495,000
Grant Harrod	-	-	-	-	-	-	-
Other key management personnel of the Group							
Peter Anson	180,000	-	-	(40,000)	140,000	-	140,000
David Besson	260,000	-	-	(80,000)	180,000	-	180,000
Peter Boyle	260,000	-	-	(80,000)	180,000	-	180,000
Colin Wright	7,500	-	-	-	7,500	-	7,500
Andrew Hume	240,000	-	-	(40,000)	200,000	-	200,000
Gary Smith	80,000	-	-	(30,000)	50,000	-	50,000
Peter Hartley	22,500	-	-	(10,000)	12,500	-	12,500
Terry Daly	20,000	-	-	-	20,000	-	20,000
Geoffrey Court	40,000	-	-	(5,000)	35,000	-	35,000

35 Key management personnel disclosures (continued)

2008

Name	*Balance at start of the year*	*Granted as compensation*	*Exercised*	*Forfeited*	*Balance at end of the year*	*Vested and exercisable*	*Unvested*
Directors of Salmat Limited							
Philip Salter	995,000	165,000	(500,000)	-	660,000	165,000	495,000
Peter Mattick	995,000	165,000	(500,000)	-	660,000	165,000	495,000
Other key management personnel of the Group							
David Besson	240,000	20,000	-	-	260,000	80,000	180,000
Peter Boyle	240,000	20,000	-	-	260,000	80,000	180,000
Colin Wright	-	7,500	-	-	7,500	-	7,500
Kevin Panozza	260,000	20,000	-	-	280,000	-	280,000
Andrew Hume	225,000	15,000	-	-	240,000	-	240,000
Terry Daly	-	20,000	-	-	20,000	-	20,000
Ashley Fenton	240,000	20,000	-	(100,000)	160,000	80,000	80,000

(ii) Share holdings

The numbers of shares in the company held during the financial year by each director of Salmat Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2009

Name	*Balance at the start of the year*	*Received during the year on the exercise of options*	*Granted as compensation*	*Forfeited*	*Other changes during the year*	*Balance at the end of the year*
Directors of Salmat Limited						
Ordinary shares						
Richard Lee	375,479	-	-	-	7,928	383,407
Peter Mattick	36,500,393	-	-	-	-	36,500,393
Philip Salter	36,107,477	-	-	-	15,875	36,123,352
John Thorn	110,601	-	-	-	10,000	120,601
Ian Elliot	33,435	-	-	-	-	33,435
Grant Harrod	-	-	191,660	-	-	191,660
Other key management personnel of the Group						
Ordinary shares						
Peter Anson	31,919	-	41,725	-	(20,000)	53,644
David Besson	229,706	-	17,385	-	(28,542)	218,549
Peter Boyle	524,723	-	-	-	(275,834)	248,889
Colin Wright	15,412	-	17,385	-	12,607	45,404
Andrew Hume	-	-	34,770	-	-	34,770
Gary Smith	35,728	-	34,770	-	-	70,498
Peter Hartley	5,239	-	36,509	-	2,917	44,665
Terry Daly	24,525	-	-	-	31,884	56,409
Geoffrey Court	17,329	-	12,517	-	-	29,846

2008 *Name*	*Balance at the start of the year*	*Received during the year on the exercise of options*	*Granted as compensation*	*Forfeited*	*Other changes during the year*	*Balance at the end of the year*
Directors of Salmat Limited						
Ordinary shares						
Richard Lee	362,201	-	-	-	13,278	375,479
Peter Mattick	34,798,952	500,000	-	-	1,201,441	36,500,393
Philip Salter	34,574,418	500,000	-	-	1,033,059	36,107,477
John Thorn	100,601	-	-	-	10,000	110,601
Ian Elliot	33,435	-	-	-	-	33,435
Other key management personnel of the Group						
Ordinary shares						
David Besson	167,221	-	-	-	62,485	229,706
Peter Boyle	83,334	-	-	-	441,389	524,723
Ashley Fenton	93,334	-	-	-	(52,138)	41,196
Kevin Panozza	-	-	-	-	-	-
Andrew Hume	-	-	-	-	-	-
Terry Daly	-	-	-	-	24,525	24,525
Colin Wright	-	-	-	-	15,412	15,412

36 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated		**Parent entity**	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
(a) Audit services				
Amounts received or due and receivable by Ernst & Young (Australia) for:				
Audit or review of the financial report of the entity and any other entity in the consolidated group	**582**	525	**582**	525
Ernst & Young overseas firms for the audit or review of financial reports of subsidiary entities	**74**	30	**74**	-
Total remuneration for audit services	**656**	555	**656**	525
(b) Other services				
Ernst & Young (Australian)				
Assurance related services				
Other services	**42**	75	**42**	-
Taxation services				
Ernst & Young (Australia)				
Tax compliance services, including review of company income tax returns	**429**	242	**429**	202
Total remuneration for non-audit services	**471**	317	**471**	202

It is the Group's policy to employ Ernst & Young on assignments additional to their statutory audit duties where Ernst & Young's expertise and experience with the Group are important.

37 Contingencies

Legal Proceedings

The Group has been involved from time to time in various claims and legal proceedings arising from the conduct of its business. There are currently no claims or proceedings, either individually or in aggregate, which are likely to have a material effect on the Group's or Salmat's financial position. The Company maintains insurance cover to minimise the potential effects of such claims, and where appropriate, provisions have been made.

Guarantees

Cross guarantees given by Salmat Limited as described in note 42.

38 Commitments

(a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Property, plant and equipment				
Payable:				
Within one year	**3,290**	6,376	**140**	2,084
	3,290	6,376	**140**	2,084

The Group leases various offices and warehouses under non-cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	**31,207**	24,927	**1,256**	1,124
Later than one year but not later than five years	**67,231**	69,882	**3,367**	4,286
Later than five years	**30,102**	26,531	**-**	515
	128,540	121,340	**4,623**	5,925

(i) Finance leases

The Group leases various plant and equipment under finance lease expiring within four to five years.

Commitments in relation to finance leases are payable as follows:				
Within one year	**627**	22	**-**	-
Later than one year but not later than five years	**2,783**	14	**-**	-
Minimum lease payments	**3,410**	36	**-**	-
Future finance charges	**(640)**	-	**-**	-
Recognised as a liability	**2,770**	-	**-**	-
Representing lease liabilities:				
Current (note 21)	**424**	22	**-**	-
Non-current (note 27)	**2,346**	14	**-**	-
	2,770	36	**-**	-

39 Related party transactions

(a) Parent entities

The parent entity within the Group is Salmat Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 41.

During the year the company advanced and repaid loans, sold and purchased services and provided accounting and administrative assistance to related entities and its wholly-owned controlled entities. All transactions with related entities and with wholly-owned controlled entities are made on commercial terms and conditions, except for loans that are non-interest bearing. Dividends and management fees paid by wholly owned controlled entities to the parent are disclosed in note 3.

(c) Other transactions with key management personnel or entities related to them

Information on transactions with key management personnel or entities related to them, other than compensation, are set out below.

	Consolidated		**Parent entity**	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Trade payables				
Peter Mattick or related entities				
Provision of printing services to the Group	**1,346,952**	1,965,395	**-**	-

(d) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated 2009 $'000	Consolidated 2008 $'000	**Parent entity 2009 $'000**	Parent entity 2008 $'000
Non-current receivables (loans)				
Subsidiaries	**-**	-	**392,807**	427,450
Joint venture - Reach Media NZ Limited	**3,672**	3,617	**-**	-

(e) Terms and conditions

All transactions with key management personnel and entities related to them were made on normal commercial terms and conditions and at market rates.

40 Business combination

Current period

(a) Summary of acquisitions

During the year no new businesses were acquired by the Group:

Prior period

On 2 November 2007 Salmat completed the acquisition of HPAL Limited (HPAL) under the scheme of arrangement between HPAL and the holders of fully paid ordinary shares in HPAL. Details of consideration paid and fair value of the net identifiable assets acquired are contained in the June 2008 financial report.

On 2 November 2008, the fair value of the net identifiable assets acquired were finalised. The amounts included in the table below for HPAL represent the final adjustments to the net identifiable assets on receipt upon final determination of HPAL assets and liabilities.

Adjustments for HPAL fair value since 30 June 2008:

	$'000
Adjustment to fair value of net identifiable assets acquired (refer below)	(1,809)
Increase to goodwill arising on acquisition	1,809
Changes to fair value of net identifiable assets acquired	
Trade and other receivables	(283)
Plant and equipment	(299)
Deferred tax assets	2,023
Trade and other payables	(3,250)
Adjustments to net identifiable assets acquired	**(1,809)**

The June 2008 balance sheet has been adjusted to reflect the fair value of net assets acquired per above table but not recognised at time of preparing June 2008 financial statements. (See table below for reconciliation of these adjustments).

Restatement of balance sheet due to changes in valuation of net identifiable assets acquired.

	30 June 2009 $'000
Adjustment to opening identifiable assets acquired in the 30 June 2008 accounts:	
Net assets as previously reported	283,684
Adjustments to opening balances:	
Trade and other receivables	(283)
Plant and equipment	(299)
Deferred tax assets	2,023
Intangible assets	1,809
Trade and other payables	(3,250)
Total	**283,684**

The breakdown of adjustment to intangible assets has been included in note 18 of these accounts. There has been no adjustment to profit and loss or equity accounts as a result of these restatements.

(a) Summary of original acquisition

During the year the following businesses were acquired which provided additional capabilities and revenue stream to the Group:

HPAL Limited

40 Business combination (continued)

On 2 November 2007 Salmat completed the acquisition of HPAL Limited (HPAL) under the scheme of arrangement between HPAL and the holders of fully paid ordinary shares in HPAL. Consideration paid for the acquisition consisted of $212,465,037 in cash and 18,703,865 ordinary shares at an issue price of $4.63 per share pursuant to the Scheme of Arrangement.

Information in respect of HPAL contribution to revenue and profit and loss of the combined entity has not been disclosed as it is considered impracticable to do so.

Other acquisitions

Other acquisitions were for Local Dealer Networks (LDNs).

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

	HPAL $'000	**Other $'000**	**Total $'000**
Purchase consideration: (refer to (b) below):			
Cash paid	212,465	440	212,905
Shares issued	86,598	-	86,598
Deferred consideration	-	(643)	(643)
Costs associated with the acquisition	4,300	(143)	4,157
Total consideration	**303,363**	**(346)**	**303,017**
Fair value of net identifiable assets acquired (refer to (c) below)	45,209	-	45,209
Goodwill arising on acquisition (refer to (c) below and note 18)	**258,154**	**(346)**	**257,808**

(b) Purchase consideration

	HPAL $'000	**Other $'000**	**Total $'000**
The net cash outflow on acquisition is as follows:			
Cash consideration	216,765	(346)	216,419
Deferred consideration	-	643	643
Net cash acquired	(3,064)	-	(3,064)
Net cash outflow	**213,701**	**297**	**213,998**

40 Business combination (continued)

(c) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	Carrying Value $'000	Fair Value $'000
Fair value of net identifiable assets acquired		
Cash and cash equivalents	**3,064**	**3,064**
Trade and other receivables	**28,349**	**28,349**
Inventories	**2,854**	**2,854**
Plant and equipment	**14,990**	**17,616**
Deferred tax assets	**6,574**	**6,574**
Other assets	**2,532**	**2,532**
Intangible assets: customer relationships	**-**	**50,600**
Intangible asset: software	**-**	**7,640**
Trade and other payables	**(13,837)**	**(13,837)**
Interest bearing liabilities	**(25,023)**	**(25,023)**
Deferred tax liability on customer relationships	**-**	**(15,180)**
Provisions	**(16,487)**	**(19,980)**
Net identifiable assets acquired	**3,016**	**45,209**

The amounts recognised on acquisition presented above represent the provisional assessments of the fair value of identifiable assets and liabilities acquired on acquisition. These amounts will be finalised within twelve months from the respective date for each acquisition. The above amounts are only provisional subject to receipt of final board determination of HPAL Limited assets and liabilities.

The key factors contributing to the goodwill recognised for HPAL Limited relate to the company's strong position in the business processing outsourcing market and synergies expected to arise upon integration.

41 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name of entity	**Country of incorporation**	**Class of shares**	**Equity holding ****	
			2009	2008
			%	%
Salmat Document Management Solutions Pty Limited *	Australia	Ordinary	**100**	100
SDS Data Insights Pty Limited	Australia	Ordinary	**100**	100
Salmat MediaForce Pty Limited	Australia	Ordinary	**100**	100
Letterbox Distribution Network Pty Limited *	Australia	Ordinary	**100**	100
Salmat SalesForce Pty Limited *	Australia	Ordinary	**100**	100
SalesForce Australia Pty Ltd *	Australia	Ordinary	**100**	100
Pardrive Pty Limited	Australia	Ordinary	**100**	100
SalesForce Services Pty Ltd	Australia	Ordinary	**100**	100
Salmat International Pty Limited	Australia	Ordinary	**100**	100
Deltarg Distribution Systems Limited	New Zealand	Ordinary	**100**	100
Salmat Asia Limited	Hong Kong	Ordinary	**100**	100
Salmat Mauritius Limited	Mauritius	Ordinary	**100**	100
Salmat Asia Pacific Pte Limited	Singapore	Ordinary	**100**	100
Salmat Philippines Inc.	Philippines	Ordinary	**100**	100
Salmat (China) Limited	Hong Kong	Ordinary	**100**	100
SalesForce New Zealand Limited	New Zealand	Ordinary	**100**	100
VeCommerce Limited	Australia	Ordinary	**100**	100
Tri Screen Entertainment Pty Limited	Australia	Ordinary	**100**	100
Salmat Interactive Pty Limited (Formerly Dialect Interactive Pty Limited)	Australia	Ordinary	**100**	100
Scitec Technology Pty Limited***	Australia	Ordinary	**-**	100
Scitec Staff Superannuation Plan Pty Limited***	Australia	Ordinary	**-**	100
Scitec Marketing Pty Limited***	Australia	Ordinary	**-**	100
VeCommerce (NZ) Limited	New Zealand	Ordinary	**100**	100
VeCommerce (UK) Limited	UK	Ordinary	**100**	100
VeCommerce Inc	USA	Ordinary	**100**	100
Scitec Americas Inc	USA	Ordinary	**100**	100
Scitec Communication Systems. Inc***	USA	Ordinary	**-**	100
Scitec Communication Research. Inc***	USA	Ordinary	**-**	100
Agarap Pty Limited***	Australia	Ordinary	**-**	100
Scitec Australia Pty Limited***	Australia	Ordinary	**-**	100
Salmat Print on Demand Pty Limited	Australia	Ordinary	**100**	100
Salmat Administrative Services Pty Limited	Australia	Ordinary	**100**	100
Lasoo Pty Limited (formerly Razoo Media Pty Limited)	Australia	Ordinary	**100**	100
SalesForce Global Pty Limited	Australia	Ordinary	**100**	100
SalesForce Direct Sales Pty Limited	Australia	Ordinary	**100**	100
Voice Link Pty Limited***	Australia	Ordinary	**-**	100
HPAL Limited	Australia	Ordinary	**100**	100
Direct Headquarters Pty Limited	Australia	Ordinary	**100**	100
Hermes Precisa Pty Limited	Australia	Ordinary	**100**	100
HPA Unit Trust	Australia	Ordinary	**100**	100
SalesForce Contact Centres SDN BHD	Malaysia	Ordinary	**100**	100
Salmat HPA Pty Limited	Australia	Ordinary	**100**	-
A.C.N 133 915 321 Pty Limited	Australia	Ordinary	**100**	-
A.C.N. 137 918 577	Australia	Ordinary	**100**	-
Salmat BusinessForce Pty Limited	Australia	Ordinary	**100**	-
Salmat Services Inc	Philippines	Ordinary	**100**	-

* These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission. For further information refer to note 42.

** The proportion of ownership interest is equal to the proportion of voting power held.

*** These companies were deregistered during the year ended 30 June 2009.

42 Deed of cross guarantee

Salmat Limited and the following controlled entities are parties to a deed of cross guarantee under which each company guarantees the debts of the others.

- Salmat Document Management Solutions Pty Limited
- Letterbox Distribution Network Pty Limited
- Salmat MediaForce Pty Limited
- Salmat SalesForce Pty Limited
- SalesForce Australia Pty Ltd
- Salmat Interactive Pty Limited
- VeCommerce Limited
- Salmat Print on Demand Pty Limited
- Direct Headquarters Pty Limited
- Hermes Precisa Pty Limited
- HPAL Limited
- SDS Data Insights Pty Limited
- Pardrive Pty Limited
- SalesForce Services Pty Ltd
- Salmat International Pty Limited
- Tri-Screen Entertainment Pty Limited
- Salmat Administrative Services Pty Limited
- Lasoo Pty Limited
- SalesForce Global Pty Limited
- SalesForce Direct sales Pty Limited
- Salmat BusinessForce Pty Limited
- Salmat HPA Pty Limited

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

(a) Consolidated income statement and a summary of movements in consolidated retained profits

The above companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by Salmat Limited, they also represent the 'Extended Closed Group'.

Set out below is a consolidated income statement and a summary of movements in consolidated retained profits for the year ended 30 June 2009 of the Closed Group.

	2009 $'000	2008 $'000
Income statement		
Profit before income tax	**56,048**	23,650
Income tax expense	**(16,485)**	(9,795)
Profit for the year	**39,563**	13,855
Summary of movements in consolidated retained profits		
Retained profits at the beginning of the financial year	**57,114**	67,816
Profit for the year	**39,563**	13,855
Change of entities within the closed group	**34,864**	-
Items recognised direct in equity	**(1,175)**	(228)
Dividends provided for or paid	**(30,965)**	(24,329)
Retained profits at the end of the financial year	**99,401**	57,114

42 Deed of cross guarantee (continued)

(b) Balance sheet

Set out below is a consolidated balance sheet as at 30 June 2009 of the Closed Group.

	2009 $'000	2008 $'000
Current assets		
Cash and cash equivalents	**36,937**	31,468
Trade and other receivables	**144,216**	124,803
Inventories	**6,809**	6,524
Current tax receivables	**-**	1,657
Other current assets	**9,322**	7,662
Total current assets	**197,284**	172,114
Non-current assets		
Receivables	**-**	7,464
Other financial assets	**8,737**	7,601
Property, plant and equipment	**43,417**	52,070
Deferred tax assets	**19,135**	17,066
Intangible assets	**404,190**	391,209
Total non-current assets	**475,479**	475,410
Total assets	**672,763**	647,524
Current liabilities		
Trade and other payables	**96,094**	94,539
Borrowings	**424**	50,005
Current tax liabilities	**6,164**	-
Provisions	**30,040**	19,235
Total current liabilities	**132,722**	163,779
Non-current liabilities		
Payables	**5,593**	2,891
Borrowings	**205,346**	200,000
Provisions	**11,107**	13,817
Retirement benefit obligations	**-**	-
Deferred tax liabilities	**11,104**	734
Total non-current liabilities	**233,150**	217,442
Total liabilities	**365,872**	381,221
Net assets	**306,891**	266,303
Equity		
Contributed equity	**207,542**	207,542
Reserves	**(52)**	1,647
Retained profits	**99,401**	57,114
Total equity	**306,891**	266,303

43 Investments in associates and joint ventures

(a) Carrying amounts

Information relating to joint ventures and associates is set out below.

Name of company	Principal activity	Ownership interest		Consolidated		Parent entity	
		2009	2008	**2009**	2008	**2009**	2008
		%	%	**$'000**	$'000	**$'000**	$'000
Unlisted							
Reach Media NZ Limited, New Zealand	Unaddressed Mail Distribution	**50**	50	**938**	1,312	**-**	-
MailForce Document Solutions Pty Limited	Print, Mail and Document Solutions	**30**	-	**331**	-	**-**	-
				1,269	1,312	**-**	-

The reporting date of the above entities is 30 June.

There were no impairment losses relating to the investment in the joint venture and no capital commitments or contingent liabilities relating to the joint venture.

(b) Movements in carrying amounts

	Consolidated	
	2009	2008
	$'000	$'000
Carrying amount at the beginning of the financial year	**1,312**	-
Amount invested in current year	**306**	1,808
Share of profits recognised, after income tax	**(298)**	(496)
Net exchange differences	**(51)**	-
Carrying amount at the end of the financial year	**1,269**	1,312

(c) Fair value of unlisted investments in associates

Reach Media NZ Limited	**938**	1,312
MailForce Document Solutions Pty Limited	**331**	-
	1,269	1,312

43 Investments in associates and joint ventures (continued)

(d) Summarised financial information of associates

The Group's share of the results of its principal associates and its aggregated assts (including goodwill) and liabilities are as follows:

		Group's share of:			
	Ownership Interest %	**Assets $'000**	**Net Assets $'000**	**Revenues $'000**	**Profit $'000**
2009					
Reach Media NZ Limited, New Zealand	50	5,391	611	14,667	(330)
MailForce Document Solutions Pty Ltd	30	384	344	293	32
		5,775	955	14,960	(298)
2008					
Reach Media NZ Limited, New Zealand	50	6,388	1,085	12,083	(496)

44 Events occurring after the balance sheet date

(a) Dividends

Since 30 June 2009 the directors have recommended the payment of a final ordinary dividend of $17,467,118 (11.0 cents per fully paid share) to be paid on 25 September 2009 out of profits at 30 June 2009.

Except for the matters discussed above, no other matter or circumstance has arisen since 30 June 2009 that has significantly affected, or may significantly affect:

(i) the Group's operations in future financial years, or

(ii) the results of those operations in future financial years, or

(iii) the Group's state of affairs in future financial years.

45 Reconciliation of profit after income tax to net cash inflow from operating activities

	Consolidated		Parent entity	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Profit for the year	**34,449**	12,847	**37,961**	44,230
Depreciation and amortisation	**35,481**	29,898	**2,795**	3,059
Non-cash employee benefits expense - share-based payments	**848**	1,077	**(59)**	454
Net loss / (gain) on sale of non-current assets	**(6,894)**	2,109	**(2)**	(16)
Share of losses / (profits) of associates not received as dividends or distributions	**298**	496	**-**	-
Profit on disposal of assets to associate	**-**	(989)	**-**	-
Change in operating assets and liabilities, net of effects from purchase of controlled entities				
Decrease / (Increase) in trade and other receivables	**11,716**	(2,041)	**-**	-
Decrease in inventories	**207**	3,456	**-**	-
(Decrease) / Increase in other financial assets	**471**	(1,677)	**291**	(1,230)
Decrease / (Increase) in deferred tax assets	**1,138**	1,142	**(801)**	519
(Increase) / Decrease in related party balances	**-**	-	**(27,657)**	(11,582)
Increase / (Decrease) in trade and other payables	**(5,413)**	24,337	**1,105**	6,556
Increase / (Decrease) in provision for income taxes payable	**7,902**	(1,560)	**7,833**	(4,815)
(Decrease) / Increase in provision for deferred income tax	**(3,318)**	(1,809)	**3**	-
(Decrease) / Increase in other provisions	**3,981**	(6,731)	**614**	(319)
Net cash (outflow) inflow from operating activities	**80,866**	60,555	**22,083**	36,856

46 Earnings per share

	Consolidated	
	2009	2008
(a) Basic earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the company	**21.7**	9.0
(b) Diluted earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the company	**21.6**	9.0

(c) Reconciliation of Net Profit before amortisation

	Consolidated	
	2009	2008
	$'000	$'000
Basic earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**34,449**	12,847
Diluted earnings per share		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**34,449**	12,847

(d) Weighted average number of ordinary shares used in the calculation of basic EPS

	Consolidated	
	2009	2008
	Quantity	Quantity
	'000	'000
Weighted average number of shares on issue used to calculate basic EPS	**158,792**	142,436
Effect of dilutive securities - weighted average number of options outstanding	**348**	562
Weighted average number of ordinary shares outstanding during the year used in the calculation of dilutive EPS	**159,140**	142,998

(e) Information concerning the classification of securities

Options granted to employees are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in note 47.

47 Share-based payments

(a) Employee Option Plan

The Salmat Executive Performance Option Plan allows the company to grant options over shares to key executives. The board may offer options to purchase shares to eligible executives having regard to actual and potential contribution to the company, as determined by the board from time to time. The consideration for options is an amount equal to the exercise price, but payment is deferred until the options are exercised. Options generally may not be transferred. Quotation of options on the ASX will not be sought. However, the company will apply for official quotation of shares issued on the exercise of options. Shares issued on the exercise of options will rank equally with other shares of the company.

The exercise price applicable to the option shall, at the discretion of the directors, be determined by reference to:
– In the case of options issued prior to the company being listed on ASX, the price at which shares are offered under the Prospectus dated 18 October 2002; or
– In other cases, the weighted average market price of shares during the five trading days up to and including the date of grant of the option or such other date or period as the board considers appropriate.

An option may only be exercised by a date to be determined by the board from time to time but not exceeding 10 years after the date the option is granted, subject to applicable performance hurdles and other exercise restrictions.

An unexercised option will lapse on the earlier of the expiry of 10 years (or such earlier date as determined by the board) from the date of its issue to the eligible executive, or the date six months after the eligible executive dies, retires, is made redundant or becomes disabled, or the date one month after the eligible executive ceases to be employed by Salmat for any other reason.

Share options do not carry any voting rights or the right to dividends.

Set out below are summaries of options granted under the plan:

Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
Consolidated and parent entity - 2009								
Nov 04	Nov 09	$4.41	777,500	-	-	(80,000)	697,500	697,500
Apr 05	Nov 09	$5.05	6,500	-	-	-	6,500	6,500
Apr 05	Dec 09	$4.83	245,000	-	-	(20,000)	225,000	225,000
Apr 05	Dec 10	$4.83	65,000	-	-	-	65,000	65,000
Nov 05	Nov 10	$4.00	1,024,000	-	-	(1,024,000)	-	-
Nov 06	Nov 11	$3.41	330,000	-	-	-	330,000	-
Nov 06	Nov 11	$3.41	935,000	-	-	(75,000)	860,000	-
Dec 06	Dec 11	$3.80	190,000	-	-	-	190,000	-
Nov 07	Nov 12	$-	381,250	-	-	(33,750)	347,500	-
Nov 07	Nov 12	$4.20	330,000	-	-	-	330,000	-
Total			4,284,250	-	-	(1,232,750)	3,051,500	994,000
Weighted average exercise price			$3.61	$-	$-	$3.89	$3.50	$-

47 Share-based payments (continued)

Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
Consolidated and parent entity - 2008								
Nov 02	Oct 07	$2.10	333,332	-	(333,332)	-	-	-
Nov 02	Oct 07	$2.30	346,667	-	(346,667)	-	-	-
Nov 02	Oct 07	$2.50	448,337	-	(448,337)	-	-	-
Nov 04	Nov 09	$4.41	790,500	-	-	(13,000)	777,500	777,500
Apr 05	Nov 09	$5.05	6,500	-	-	-	6,500	6,500
Apr 05	Dec 09	$4.83	245,000	-	-	-	245,000	245,000
Apr 05	Dec 10	$4.83	65,000	-	-	-	65,000	-
Nov 05	Nov 10	$4.00	1,054,000	-	-	(30,000)	1,024,000	-
Nov 06	Nov 11	$3.41	330,000	-	-	-	330,000	-
Nov 06	Nov 11	$3.41	1,060,000	-	-	(125,000)	935,000	-
Dec 06	Nov 11	$3.80	210,000	-	-	(20,000)	190,000	-
Nov 07	Nov 12	$-	-	412,500	-	(31,250)	381,250	-
Nov 07	Nov 12	$4.20	-	330,000	-	-	330,000	-
Total			4,889,336	742,500	(1,128,336)	(219,250)	4,284,250	1,029,000
Weighted average exercise price			$3.56	$1.87	$2.32	$3.10	$3.61	$4.51

Options may only be exercised within the limitations imposed by the Corporations Act 2001 and the Australian Stock Exchange Listing Rules. Under the Australian Stock Exchange Listing Rules, options may not be issued to Company Directors under an employee incentive scheme without specific shareholder approval.

The market price of the company's shares at 30 June 2009 was $3.59 (2008: $2.81)

Fair value of options granted
There were no options granted during the year.

(b) Employee share plans

Exempt Employee Share Plan

The Salmat Exempt Employee Share Plan is open to all full-time or permanent part-time Australian employees with more than three months service and allows for the purchase of up to $1,000 worth of shares per annum per eligible employee.

Participants will not be permitted to dispose of their shares until three years after the date of acquisition unless they leave the company. An initial offer was made by Salmat to qualifying employees on the basis that the company will match (at no cost to the employee) the contribution made by an employee, such contributions being limited to a maximum of $500 each.

Ordinary shares carry one vote per share and carry the right to dividends.

Deferred Employee Share Plan

The Salmat Deferred Employee Share Plan allows invited eligible employees (including Directors) to receive shares as a bonus/incentive or as a remuneration sacrifice.

Participants will not be permitted to dispose of their shares unless any pre-specified hurdle conditions are satisfied. Participants may forfeit their shares if they cease to be an employee at a time when any vesting or performance criteria have not been satisfied.

Ordinary shares carry one vote per share and carry the right to dividends.

47 Share-based payments (continued)

	2009 Number of shares '000	2008 Number of shares '000
Exempt Employee Share Plan		
Opening balance	**227**	41
Transfers/disposals	**(30)**	(16)
Acquisitions	**201**	202
Deferred Employee Share Plan		
Opening balance	**1,513**	1,260
Transfers/disposals	**(497)**	(285)
Acquisitions	**605**	538
	2,019	1,740

48 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. There has been no significant change in the Group's risk profile from the prior year. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange rate risks, ageing analysis for credit risk.

Risk management is carried out in accordance with policies approved by the board of directors. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investment of excess liquidity.

The Group and the parent entity hold the following financial instruments:

	Consolidated		**Parent entity**	
	2009 $'000	2008 Restated $'000	**2009 $'000**	2008 $'000
Financial assets				
Cash and cash equivalents	**44,214**	35,671	**34,659**	26,044
Trade and other receivables	**120,718**	134,932	**392,807**	427,450
Other financial assets	**914**	812	**21**	41
	165,846	171,415	**427,487**	453,535
Financial liabilities				
Trade and other payable	**94,182**	99,490	**22,294**	21,192
Borrowings	**211,702**	255,059	**203,000**	250,000
Derivative financial instruments	**4,732**	-	**4,732**	-
	310,616	354,549	**230,026**	271,192

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than in the respective functional currencies of the Salmat entities. The Group's income and operating cash flows are not materially exposed to any particular foreign currency.

Management has set up a policy requiring group companies to manage their foreign exchange risk against their functional currency. The Group companies are required to hedge their foreign exchange risk exposure arising from future commercial transactions and recognised assets and liabilities using forward contracts transacted with Group Treasury.

Forward contracts, transacted with Group Treasury, are used to manage foreign exchange risk. Group Treasury is responsible for managing exposures in each foreign currency by using external forward currency contracts.

All borrowings are in the functional currency of the borrowing entity.

48 Financial risk management (continued)

The Group's exposure to foreign currency risk at the reporting date was as follows:

	30 June 2009		30 June 2008	
	USD $'000	**GBP $'000**	USD $'000	GBP $'000
Trade receivables	**70**	**8**	160	492

Group sensitivity

Based on the financial instruments held at 30 June 2009, had the Australian dollar weakened/strengthened by 10% against the currencies detailed in the above table with all other variables held constant, the Group's post-tax profit for the year would have been $8,107 higher/$6,633 lower (2008 - $50,716 higher/$41,495 lower), mainly as a result of foreign exchange gains/(losses) on translation of foreign currency denominated receivables in the above table.

Parent entity sensitivity

The Parent entity had no foreign exchange exposure as at 30 June 2009 and 30 June 2008.

(ii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable interest rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group's treasury policy requires interest rate swaps to be entered into to manage cash flow risks associated with borrowings with variable interest rates. The current policy is for between 70% to 100% of borrowings to be hedged for 12 months, 30% to 100% to be hedged for second year and 20% to be hedged for third year. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates.

At 30 June 2009 the Group had interest rate swaps with a notional principal of $200million covering the period to 1 July 2009, interest rate swaps with a notional principal of $160million covering the year ended 30 June 2010 and $110million covering the four months to October 2010 when our loan facilities expire.

As at the reporting date, the Group had the following variable rate borrowings:

	30 June 2009		30 June 2008	
	Weighted average interest rate %	**Balance $'000**	Weighted average interest rate %	Balance $'000
Bank overdrafts and bank loans	**3.6%**	208,932	8.4%	255,059
Interest rate swaps (notional principal amount)	**8.0%**	(200,000)	- %	-
Net exposure to cash flow interest rate risk		8,932		255,059

Group sensitivity

At 30 June 2009, if interest rates had changed by - /+100 basis points from the year end rates with all other variables held constant, post tax profit for the year would have been $0.06million lower/higher (2008 - change of 100 bps: $2.5million lower/higher), mainly as a result of higher/lower interest expense on borrowings. Equity would have been $0.06million lower/higher (2008 - $2.5million lower/higher).

Parent entity sensitivity

At 30 June 2009, if interest rates had changed by -/+100 basis points from the year end rates with all other variables held constant, post tax profit for the year would have been $0.02million lower/higher (2008 - change of 100 bps: $2.5million lower/higher), mainly as a result of higher/lower interest expense on borrowings. Equity would have been $0.02million lower/higher (2008 - $2.5million lower/higher).

48 Financial risk management (continued)

(b) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Salmat has a Credit Policy which provides the guidelines for the management of credit risk. The guidelines provide for the manner in which the credit risk of customers is assessed and the use of credit ratings and other information in order to set appropriate account limits. Customers that do not meet minimum credit criteria are required to pay up front. Customers who fail to meet their account terms are reviewed for continuing credit worthiness.

The company has taken out a debtor insurance policy. Specific debtors up to $1million are covered subject to one off excess of $350,000 and unspecified debtors of up to $250,000 are also provided for under the policy.

Credit risk on derivative contracts is minimised by principally dealing with large banks with an appropriate credit rating

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised on page 82. As at 30 June 2009, the Group's exposure to customers with a balance greater than $1million totalled $42.3million (2008:$46.7million). The Group does not consider that there is any significant concentration of credit risk.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic nature of the underlying businesses, Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available with a variety of counterparties. Surplus funds are generally only invested in instruments that are tradeable in highly liquid markets.

Maturities of financial liabilities

The tables below analyse the Group's and the parent entity's financial liabilities, net and gross settled derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group - At 30 June 2009	**Less than 6 months**	**6 - 12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total contractual cash flows**	**Carrying Amount (assets)/ liabilities**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-derivatives							
Non-interest bearing	94,182	-	-	-	-	94,182	94,182
Variable rate	320	306	209,545	2,170	-	212,341	211,702
Total non-derivatives	94,502	306	209,545	2,170	-	306,523	305,884
Derivatives							
Net settled (interest rate swaps)	-	-	4,732	-	-	4,732	4,732
Total derivatives	-	-	4,732	-	-	4,732	4,732
Group - At 30 June 2008							
Non-derivatives							
Non-interest bearing	99,940	-	-	-	-	99,940	99,940
Variable rate	50,022	-	-	205,037	-	255,059	255,059
Total non-derivatives	149,962	-	-	205,037	-	354,999	354,999

48 Financial risk management (continued)

Parent - At 30 June 2009	**Less than 6 months**	**6 - 12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total contractual cash flows**	**Carrying Amount (assets)/ liabilities**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-derivatives							
Non-interest bearing	22,294	-	-	-	-	22,294	22,294
Variable rate	-	-	203,000	-	-	203,000	203,000
Total non-derivatives	22,294	-	203,000	-	-	225,294	225,294
Derivatives							
Net settled (interest rate swaps)	-	-	4,732	-	-	4,732	4,732
Total derivatives	-	-	4,732	-	-	4,732	4,732
Parent - At 30 June 2008							
Non-derivatives							
Non-interest bearing	21,192	-	-	-	-	21,192	21,192
Variable rate	50,000	-	-	200,000	-	250,000	250,000
Total non-derivatives	71,192	-	-	200,000	-	271,192	271,192

(d) Cash flow and fair value interest rate risk

The Group’s income and operating cash flows are not materially exposed to changes in market interest rates.

The Group's interest-rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk.

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

(e) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

Derivative contracts classified as held for trading are fair valued by comparing the contracted rate to the current market rate for a contract with the same remaining period to maturity.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the reporting date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

49 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy. The recoverable amounts of cash-generating units have been determined based on discounted cash flow calculations. These calculations require the use of assumptions. Refer to note 18.

Income taxes

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Binomial Approximation Option Valuation model together with a Monte-carlo simulation model. Refer to note 47.

Defined benefit plans

Various actuarial assumptions are required when determining the Group's pension obligations. Refer to note 30.

In the directors' opinion:

(a) the financial statements and pages 18 to 86 are in accordance with the *Corporations Act 2001,* including:
   (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
   (ii) giving a true and fair view of the company's and Group's financial position as at 30 June 2009 and of their performance, as represented by the results of their operations, changes in equity and their cash flows, for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(c) the audited remuneration disclosures set out on pages 5 to 15 of the directors' report comply with Accounting Standards AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001*; and

(d) at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 42 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 42.

For the financial period ending 30 June 2009, the directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001.*

This declaration is made in accordance with a resolution of the directors.

Richard Lee
Director

Peter Mattick
Director

Philip Salter
Director

Sydney
21 August 2009

Ernst & Young

Independent audit report to members of Salmat Limited

Report on the Financial Report

We have audited the accompanying financial report of Salmat Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of recognised income and expense and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the 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. In Note 1, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. The Auditor's Independence Declaration would have been expressed in the same terms if it had been given to the directors at the date this auditor's report was signed. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

1. the financial report of Salmat Limited is in accordance with the Corporations Act 2001, including:

   i giving a true and fair view of the financial position of Salmat Limited and the consolidated entity at 30 June 2009 and of their performance for the year ended on that date; and

   ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 15 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Salmat Limited for the year ended 30 June 2009, complies with section 300A of the Corporations Act 2001.

Ernst & Young

Rob Lewis
Partner
Sydney
21 August 2009