SALMAT LIMITED

HALF-YEAR FINANCIAL REPORT
For the six months ended 31 December 2009

Contents

Appendix 4D 2
Directors' Report 8
Auditor's Independence Declaration to the Directors of Salmat Limited 9
Statement of Comprehensive Income 10
Statement of Financial Position 12
Statement of Cash Flows 14
Notes to the Financial Statements 15
Directors' Declaration 21
Independent Auditor's Report to Members of Salmat Limited 22

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

HALF-YEAR REPORT
31 December 2009

Results for announcement to the market

	Percentage Change %		Amount
Revenues from ordinary activities	**(0.4)%**	**to**	**$453.0m**
Profit before amortisation, depreciation, borrowing costs, significant items and income tax (EBITDA)	**13.0%**	**to**	**$57.0m**
Net profit for the period before significant items after tax	**48.5%**	**to**	**$23.5m**
Net profit after tax	**21.9%**	**to**	**$24.3m**

Dividends (distributions)	**Amount per security**	**Franked amount per security**
Interim Dividend	11.0c	11.0c
Record Date for determining entitlements to dividends		16 March 2010
Dividends payment date		9 April 2010

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.

ASX/media release

25 February 2010

Salmat delivers 22% earnings growth

Salmat Limited (ASX:SLM), Australia's leading customer communications specialist, today announced earnings growth of 22%.

Highlights:

- *EBITA before significant items was up 17%. EBITA margin as a percentage of revenue increased by 150 basis points.*
- *Revenue declined 0.4%. Adjusted revenue increased by 1.9%.*
- *Net profit after tax was up 22%.*
- *Cashflow improved through continued strong working capital management.*
- *Salmat refinanced all of its senior debt facilities.*
- *Board confirms interim dividend of 11 cents up 22%.*

Financials:

$ million	Half year to 31 Dec 2009	Half year to 31 Dec 2008	Dec 09 v Dec 08 % change
Revenue	453.0	454.6	(0.4)%
EBITDA (before significant items)	57.0	50.5	+ 13%
EBITA (before significant items)	45.5	39.0	+ 17%
Net profit after tax (before significant items)	23.5	15.8	+ 49%
Significant items (after tax)	0.8	4.1	
Net profit after tax	24.3	19.9	+ 22%
Earnings per share (cents)	15.4	12.5	+ 22%
Interim dividend per share (cents) – fully franked	11.0	9.0	+ 22%

Revenue - the group's revenue reduced by 0.4% compared to the prior corresponding period. After taking into account foreign exchange impacts and strategic decisions to exit from non-catalogue distribution and pass through telco revenue in Salmat Interactive, revenue growth on a like-by-like basis was up 2%. Customer Contact Solutions revenue was up 5.3% to $153.4 million, Targeted Media Solutions revenue grew by 0.4% to $118.7 million and Business Process Outsourcing revenue decreased by 5.1% for the half.

EBITA – both Targeted Media Solutions and Business Process Outsourcing had strong margin improvement in the first half. Customer Contact Centre EBITA fell as a result of delays in new business projects within the speech solutions area and upfront investment associated with new business won in learning solutions and contact centres.

Significant items income decreased with the recognition of deferred profit on the sale and leaseback of property in Brisbane and Sydney. The majority of profit was recognised at the time of sale during the prior corresponding period.

Net profit after tax was $24.3 million for the first half. This was up 21.9% driven by improvement in underlying earnings and reduced financing costs.

Earnings per share increased 22.4% to 15.4 cents per share.

The directors are pleased to declare an **interim dividend** of 11 cents per share fully franked, a 22% increase on the previous year. The interim dividend has a record date of 16 March 2010 and is payable on 9 April 2010.

"This is a pleasing result and Salmat continues to show strong earnings growth in a volatile market environment," said Managing Director and Chief Executive Officer Grant Harrod.

"We continue to focus on driving profitable growth via our unique multi-channel communications model and improving efficiencies across all areas of the business as evidenced by our profit result.

"The diverse range of services offered across Salmat allows us to be both resilient and responsive. Trends likely to impact one side of the business can be offset by other divisions as we continue to refine and develop our communication service offerings to provide our customers' with competitive differentiation."

Capital management

Net debt was further reduced during the half year, from $167.4 million at 30 June 2009 to $156.2 million at 31 December 2009 due to strong cash flow and working capital management.

On 23 December 2009, Salmat refinanced its major existing debt facilities with total commitments of $250 million. The previous syndicated facilities were replaced with bilateral facilities provided by three Australian banks. Total available borrowings are now $210 million under each of the new facilities and have been evenly split between two and three years from the date of signing.

At 31 December 2009 the new facility was undrawn. Subsequent to year end, on 4 February 2010 the new facility was drawn to $180 million to enable the group to repay all current borrowings under the old syndicated facility and this was then cancelled.

Operational review

Business Process Outsourcing

$ million	Half year to 31 Dec 2009	Half year to 31 Dec 2008	Dec 09 v Dec 08 % change
Revenue	180.9	190.6	(5.1)%
Adjusted revenue	180.9	187.5	(3.4)%
EBITA	22.4	20.6	+ 8.9%

Business Process Outsourcing revenue for the first half was down by 5.1% due to volume decreases and a negative foreign exchange impact of $1.6 million.

Total mail volumes were down 4% in the half, as discretionary mail continued to be impacted by the macro environment. Essential mail volumes, particularly in financial services clients, were also impacted.

The EBITA improvement was largely driven by operational and integration efficiencies across the business and synergy targets for the HPA integration continue to be achieved.

e-Solutions performed strongly and we anticipate significant uptake of our imaging and scanning services in the second half.

Customer Contact Solutions

$ million	Half year to 31 Dec 2009	Half year to 31 Dec 2008	Dec 09 v Dec 08 % change
Revenue	153.4	145.7	+ 5.3%
EBITA	9.7	10.6	(8.9)%

Customer Contact Solutions delivered a strong revenue result for the half year with the @Home network together with the offshore call centre facilities in Malaysia and New Zealand showing increases.

Within the Australian contact centre operations, EBITA was negatively impacted by resourcing and facilities investment required for new business won.

Within the learning and speech solutions area, EBITA was impacted with the investment in a new business sales team. With a steady pipeline of opportunities and new business won, it is anticipated that this unit will have a strong second half and continued growth thereafter.

Speech solutions also has a strong pipeline of new business revenue, however EBITA for the first half was impacted due to customers' delaying implementation. Recent new business won will flow through in the second half.

Targeted Media Solutions

$ million	Half year to 31 Dec 2009	Half year to 31 Dec 2008	Dec 09 v Dec 08 % change
Revenue	118.7	118.3	+ 0.4%
Adjusted revenue	118.7	109.8	+ 8.2%
EBITA	20.7	14.7	+ 40.5%

All areas within Targeted Media Solutions performed well during the half, with increased take-up by retailers and corporates.

In addition, Lasoo doubled its revenue for the period, with traffic growing substantially as retailers continue to recognise online as an important part of their media mix. In the month of December alone, there were over 1.7 million visits to the Lasoo website. As previously stated, Lasoo is on track to break even by June 2011.

The Interactive division, including SMS and email marketing channels, continued its strong performance as retail clients' embrace mobile technology as a more effective one-to-one customer communications channel.

Outlook

"For financial year 2010 we outlined several areas of focus. They included fully realising remaining HPA synergies in the BPO business; a solid Christmas trading period for TMS supported by retail catalogue activity and improvements in Lasoo; and investment in CCS continuing into the second half, initiating a number of activities to bring profit growth in line with revenue growth," said Managing Director and CEO Grant Harrod.

"We have made solid progress in each of these areas and we are confident that we will achieve a strong second half. On this basis, we continue to commit to our guidance to $85-90 million EBITA for the full year before significant items."

About Salmat

Salmat is Australia's leading customer communications specialist. 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:

Business Process Outsourcing (BPO) 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.

Customer Contact Solutions (CCS) 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 learning and development training is fuelling further growth.

Targeted Media Solutions (TMS) 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, TMS undertakes promotional mobile and interactive voice response campaigns throughout Australia through its digital communication operation.

Within TMS, Salmat launched Lasoo.com.au in 2007 which 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 Dynamic Catalogue software, which creates searchable catalogues on the retailers' own websites.

Over 30 years we have built a 7,000 plus 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.

-- ends –-

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

For further information, please contact:

Grant Harrod	*Chad Barton*
Chief Executive Officer	*Chief Financial Officer*
+612 9928 6500	*+612 9928 6500*

The Directors present their report on the consolidated entity consisting of Salmat Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2009.

DIRECTORS

The names of the Directors of Salmat Limited in office during the half-year and until the date of this report are as follows:

Richard Lee
Peter Mattick
Philip Salter
Fiona Balfour (appointed 1 January 2010)
Ian Elliot
Grant Harrod
John Thorn

REVIEW OF OPERATIONS

Revenue from continuing operations for the half-year was $453.6m, a decrease of $1.9m over the previous corresponding period. Profit before tax for the half year of $35.1m was $4.8m more than the previous corresponding period. The current period included a deferred gain on the sale and leaseback of land and buildings of $0.8m after tax relating to significant items as set out in note 3.

EVENTS OCCURRING AFTER BALANCE DATE

On 4th February 2010, the existing syndicated facility of $200 million was repaid and cancelled and total debt facilities of $250m were replaced with the new $210m long term bilateral facility. Salmat drew down $180 million of the new facility.

Since the December 2009 half year end the directors have recommended the payment of an interim ordinary dividend of $17.5m (11.0 cents per fully paid share) to be paid on 9 April 2010 out of retained profits at 31 December 2009. The dividend is 100% franked at the corporate tax rate. A record date of 16 March 2010 has been set for the dividends due to be paid on 9 April 2010.

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 9.

ROUNDING OF AMOUNTS

The company is an entity to which ASIC Class order 98/0100 applies. Accordingly, amounts in the financial statements have been rounded to the nearest thousand dollars.

Signed this 25th day of February 2010 in accordance with a resolution of the Board of Directors.

Grant Harrod
Chief Executive Officer

Richard Lee
Chairman

ERNST & YOUNG

Ernst & Young Centre
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
www.ey.com/au

Auditor's Independence Declaration to the Directors of Salmat Limited

In relation to our review of the financial report of Salmat Limited for the half-year ended 31 December 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

Rob Lewis
Partner
25 February 2010

Liability limited by a scheme approved under
Professional Standards Legislation.

SALMAT LIMITED
Statement of comprehensive income
For the half year ended 31 December 2009

	Note	Consolidated Half Year Ended 31 Dec 2009 $000	Consolidated Half Year Ended 31 Dec 2008 $000
Sales revenues		452,971	454,568
Revenues from other activities		627	964
Revenue from continuing operations		**453,598**	**455,532**
Employee benefits expenses		(218,829)	(214,018)
Depreciation and amortisation expense		(16,759)	(17,205)
Freight and distribution		(65,265)	(66,669)
Materials usage		(33,176)	(37,801)
Property related expenses		(19,683)	(20,302)
Equipment related expenses		(30,909)	(37,084)
Other expenses from ordinary activities		(28,237)	(28,096)
Finance costs		(6,982)	(9,846)
Profit on disposal of land and buildings		1,198	5,902
Share of net profits/(loss) of associates accounted for using the equity method		155	(149)
Profit before income tax		**35,111**	**30,264**
Income tax expense		(10,820)	(10,344)
Profit attributable to members of Salmat Limited		**24,291**	**19,920**
Earnings per share for profit attributable to the ordinary equity holders of the company			
Basic earnings per share (cents per share)	5	**15.35**	**12.54**
Diluted earnings per share (cents per share)	5	15.32	12.51

SALMAT LIMITED
Statement of comprehensive income
For the half year ended 31 December 2009

	Consolidated	
	Half Year Ended 31 Dec 2009 $000	**Half Year Ended 31 Dec 2008 $000**
Net profit for the period	**24,291**	**19,920**
Other comprehensive income		
Changes in the fair value of cash flow hedges	2,616	(9,208)
Income tax relating to changes in fair value of cash flow hedges	(785)	2,762
Exchange differences on translation of foreign operations	(670)	690
Actuarial loss on defined benefit plans	-	(1,798)
Other comprehensive income for the period	**1,161**	**(7,554)**
Total comprehensive income for the period attributable to members of Salmat Limited	**25,452**	**12,366**

SALMAT LIMITED
Statement of Financial Position
As at 31 December 2009

	Note	As at 31 Dec 2009 $000	Consolidated As at 30 Jun 2009 $000	As at 31 Dec 2008 $000
Current Assets				
Cash and cash equivalents		46,668	44,214	22,216
Trade and other receivables		109,915	117,046	128,700
Inventories		8,536	7,921	8,694
Other current assets		7,576	5,165	8,378
Total Current Assets		**172,695**	174,346	**167,988**
Non-Current Assets				
Receivables		3,631	3,672	3,849
Investments accounted for using the equity method		1,098	1,269	1,412
Property, plant and equipment		45,113	50,021	55,374
Deferred tax assets		19,252	20,484	25,101
Intangible assets	8	401,844	406,559	413,126
Other non-current assets		692	750	170
Total Non-Current Assets		**471,630**	482,755	**499,032**
Total Assets		**644,325**	657,101	**667,020**
Current Liabilities				
Trade and other payables		85,732	94,182	97,178
Borrowings	9	195,438 *	424	7,237
Derivative financial instrument		2,116	4,732	9,944
Current tax liabilities		9,361	6,900	8,684
Provisions		28,406	28,552	30,626
Other current liabilities		2,235	2,395	-
Total Current Liabilities		**323,288**	137,185	**153,669**
Non-Current Liabilities				
Payables		461	861	5,686
Borrowings	9	7,471 *	211,278	206,225
Deferred tax liabilities		9,972	11,107	12,237
Provisions		10,293	10,996	6,265
Retirement benefit obligations		1,386	1,407	2,048
Other non-current liabilities		1,735	3,099	1,056
Total Non-Current Liabilities		**31,318**	238,748	**233,517**
Total Liabilities		**354,606**	375,933	**387,186**
Net Assets		**289,719**	281,168	**279,834**
Equity				
Contributed equity	7	205,657	205,640	207,542
Reserves		960	(750)	(3,127)
Retained profits		83,102	76,278	75,419
Total Equity		**289,719**	281,168	**279,834**

*The current interest bearing liability was extinguished and repaid on 4 February 2010. This debt was replaced by a new financing facility that was agreed on 23 December 2009 and drawn down on 4 February 2010.

	Consolidated			
	Contributed Equity $000	Retained Profits $000	Reserves $000	Total $000
Balance at 1 July 2008	**207,542**	**73,969**	**2,173**	**283,684**
Total comprehensive income for the period attributable to members of Salmat Limited	-	19,920	(7,554)	12,366
Transactions with owners in their capacity as owners:				
Cost of share-based payments	-	-	456	456
Dividends paid	-	(16,672)	-	(16,672)
Balance at 31 December 2008	**207,542**	**77,217**	**(4,925)**	**279,834**
Balance at 1 July 2009	**205,640**	**76,278**	**(750)**	**281,168**
Total comprehensive income for the period attributable to members of Salmat Limited	-	24,291	1,161	25,452
Transactions with owners in their capacity as owners:				
Exercise of options under the Salmat Executive Performance Option Plan	17	-	-	17
Cost of share-based payments	-	-	549	549
Dividends paid	-	(17,467)	-	(17,467)
Balance at 31 December 2009	**205,657**	**83,102**	**960**	**289,719**

	Consolidated	
	Half Year Ended 31 Dec 2009 $000	**Half Year Ended 31 Dec 2008 $000**
Cash Flows from Operating Activities		
Receipts from customers *	573,662	564,041
Payments to suppliers and employees *	(521,042)	(513,784)
Interest received	476	964
Interest paid	(7,824)	(10,624)
Income tax paid	(9,047)	(4,916)
Net cash provided by operating activities	**36,225**	**35,681**
Cash Flows from Investing Activities		
Proceeds from sale of plant and equipment	47	23,107
Loans repaid by associated entity	194	200
Acquisition of subsidiary/business	(400)	-
Investment in Associate	-	(300)
Payments for plant and equipment	(7,959)	(10,471)
Net cash (used in) / provided by investing activities	**(8,118)**	**12,536**
Cash Flows from Financing Activities		
Proceeds from issue of shares and other securities	17	-
Proceeds from borrowings	-	65,000
Repayment of borrowings	(8,000)	(110,000)
Finance lease payments	(203)	-
Dividends paid to company's shareholders	(17,467)	(16,672)
Net cash used in financing activities	**(25,653)**	**(61,672)**
Net increase / (decrease) in cash held	**2,454**	**(13,455)**
Cash and cash equivalents at the beginning of the period	44,214	35,671
Cash and cash equivalents at the end of the period	**46,668**	**22,216**

* Includes amounts relating to postage disbursements and is inclusive of goods and services tax.

1. BASIS OF PREPARATION OF HALF-YEAR REPORT

This general purpose financial report for the interim half-year reporting period ending 31 December 2009 has been prepared in accordance with Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Act 2001 and other mandatory professional reporting requirements*.

This interim financial report does not include the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2009 and any public announcements made by Salmat Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Apart from the changes in accounting policies noted below, the accounting policies are consistent with those of the previous financial year and corresponding interim reporting period.

Changes in accounting policies

The following amending Standards have been adopted from 1 July 2009. Adoption of these standards did not have any effect on the financial position or performance of the Group. The amended operating segment standard has not resulted in any changes to classification of operating segments, nor line items disclosed.

- AASB 8 *Operating Segments*
- AASB 101 *Revised Presentation of Financial Statements*
- AASB *3 Business Combinations (revised 2008)*

2. SEGMENT INFORMATION

(a) Business Segments

The group has identified its operating segments based on the internal reports that are reviewed and used by the Chief Executive Officer (the chief operating decision maker) in assessing performance and in determining the allocation of resources. The Chief Executive Officer has identified three reportable segments which are as follows:

Targeted Media Solutions

Targeted Media Solutions (TMS) 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, TMS undertakes promotional mobile and interactive voice response campaigns throughout Australia through its digital communication operation.

Within TMS, Salmat launched Lasoo.com.au in 2007 which 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 Dynamic Catalogue software, which creates searchable catalogues on the retailers' own websites.

Business Process Outsourcing

Business Process Outsourcing (BPO) 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.

Customer Contact Solutions

Customer Contact Solutions (CCS) 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 learning and development training is fuelling further growth.

Corporate Costs

Corporate costs are those costs which are managed on a group basis and not allocated to business segments. They include costs of strategic planning decisions, compliance costs and treasury related activities.

2. SEGMENT INFORMATION (Continued)

(b) Financial Performance by Business Segment

The segment information provided to the Chief Executive Officer for the reportable segments for the six months ended 31 December 2009 is as follows:

Six months to 31 Dec 2009	Business Process Outsourcing $000	Targeted Media Solutions $000	Customer Contact Solutions $000	Corporate Costs $000	Total $000
Segment Revenue					
Sales to external customers	180,875	118,737	153,359		452,971
Interest revenue					627
Total revenue per statement of comprehensive income					453,598
Segment EBITA before significant items	22,419	20,671	9,692	(7,247)	45,535
Reconciliation of segment EBITA to income statement					
Amortisation expense					(5,267)
Net finance costs					(6,355)
Significant items – refer note 3					1,198
Profit before income tax					35,111
Income tax expense					(10,820)
Profit attributable to members of Salmat Limited					24,291

Six months to 31 Dec 2008	Business Process Outsourcing $000	Targeted Media Solutions $000	Customer Contact Solutions $000	Corporate Costs $000	Total $000
Segment Revenue					
Sales to external customers	190,558	118,316	145,694		454,568
Interest revenue					964
Total revenue per statement of comprehensive income					455,532
Segment EBITA before significant items	20,580	14,717	10,644	(6,896)	39,045
Reconciliation of segment EBITA to income statement					
Amortisation expense					(5,801)
Net finance costs					(8,882)
Significant items – refer note 3					5,902
Profit before income tax					30,264
Income tax expense					(10,344)
Profit attributable to members of Salmat Limited					19,920

	Consolidated	
	Half Year Ended 31 Dec 2009 $000	**Half Year Ended 31 Dec 2008 $000**

3. PROFIT BEFORE INCOME TAX

Profit from ordinary activities before related income tax expense includes the following items of expense/(income) which, together with other disclosures in this report, are relevant in explaining the financial performance for the half-year:

Significant items included in total expenses

	Half Year Ended 31 Dec 2009 $000	Half Year Ended 31 Dec 2008 $000
Sale of land and buildings[1]	1,198	5,902
Significant items before tax	1,198	5,902
Income tax	(359)	(1,770)
Significant items after tax	839	4,132

[1] In the six months ended 31 December 2008 the group sold and leased back its land and buildings. There is approximately $2.7m deferred profit (before tax) in respect of sale and lease back of land and buildings to be recognised in future periods.

4. DIVIDENDS

(a) Dividends paid during the half-year [2]

	Half Year Ended 31 Dec 2009 $000	Half Year Ended 31 Dec 2008 $000
Final fully franked ordinary dividend of 11.0 cents (2008: 10.5 cents) per share	17,467	16,672
Dividends paid as per Statement of Cash Flows	**17,467**	**16,672**

(b) Dividends proposed but not recognised as a liability at the end of the half year

	Half Year Ended 31 Dec 2009 $000	Half Year Ended 31 Dec 2008 $000
Since the end of the half-year, the Directors' have recommended the payment of an interim dividend of 11.0 cents per share (2009: 9.0 cents per share). A record date of 16 March 2010 has been set. The aggregate amount of the proposed interim dividend which is expected to be paid on 9 April 2010 is: [2]	**17,468**	**14,291**

[2] All dividends franked to 100% at 30% corporate tax rate.

5. EARNINGS PER SHARE

	Six Months to 31 Dec 2009 $000	Six Months to 31 Dec 2008 $000
(a) Reconciliation of Earnings to Net Profit		
Net profit after tax attributable to members of Salmat Limited	24,291	19,921
Earnings used in the calculation of diluted EPS	**24,291**	**19,921**
(b) Weighted average number of ordinary shares used in the calculation of basic EPS	**Quantity '000**	**Quantity '000**
Weighted average number of shares on issue (excluding treasury shares) used to calculate basic EPS	158,222	158,792
Effect of dilutive securities - weighted average number of options outstanding	355	380
Weighted average number of ordinary shares (excluding treasury shares) used in the calculation of dilutive EPS	**158,577**	**159,172**
(c) Earnings per share	**15.4c**	**12.5c**

6. NET TANGIBLE ASSET BACKING

Net tangible asset backing per ordinary share	**(0.71)c**	**(0.84)c**

7. EQUITY SECURITIES ISSUED

Issue of ordinary shares during the half-year

	Quantity '000		$000	
	31 Dec 2009	31 Dec 2008	**31 Dec 2009**	31 Dec 2008
Opening balance	158,792	158,792	207,542	207,542
Exercise of options issued under the Salmat Executive Performance Option Plan	5	-	17	-
Total contributed equity – parent entity	158,797	158,792	207,559	207,542
Less treasury shares	(570)	-	(1,902)	-
Closing Balance	**158,227**	**158,792**	**205,657**	**207,542**

8. INTANGIBLES

	Consolidated			
	Goodwill $000	**Other Intangible Assets** $000	**Customer Intangible** $000	**Total** $000
Balance at 1 July 2008	366,354	6,367	45,656	418,377
Additions	-	550	-	550
Amortisation charge	-	(1,504)	(4,297)	(5,801)
Balance at 31 December 2008	366,354	5,413	41,359	**413,126**
Balance at 1 July 2009	365,037	4,459	37,063	406,559
Additions	-	552	-	552
Amortisation charge	-	(981)	(4,286)	(5,267)
Balance at 31 December 2009	365,037	4,030	32,777	**401,844**

9. BORROWINGS

The borrowings presented on the statement of financial position and classified as current represent the original syndicated facility, which was due to be repaid in October 2010. On 23 December 2009, Salmat entered into a new replacement bilateral agreement provided by three Australian banks for $210 million. These borrowing are split into two tranches with $105 million being due 23 December 2011 and $105 million being due 23 December 2012. Whilst this debt was available to Salmat at 31 December 2009, it had not been drawn down.

Had this debt been drawn down and the syndicated facilities been repaid, these borrowings would have been classified as non-current. This would mean that the statement of financial position would have moved from a net current liability position of $150.6 million to a net current asset position of $24.4 million.

On 4th February 2010, the existing syndicated facility of $200 million was repaid and cancelled and total debt facilities of $250m were replaced by the new $210m long term bilateral facility. Salmat drew down $180 million of the new facility.

The group’s interest rate hedging policy remained unchanged and interest rate hedges have been taken out to ensure our new facility is sufficiently hedged and satisfies the requirements of our policy to ensure we can continue to adopt hedge accounting.

10. CONTINGENCIES

The Salmat Group has been involved from time to time in various claims and legal proceedings arising from the conduct of its business. The Company does not consider the outcome of any proceedings, either individually or in aggregate, are likely to have a material effect on its financial position. The Company maintains insurance cover to minimise the potential effects of such claims, and where appropriate, provisions have been made.

11. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Since the December 2009 half year end the directors have recommended the payment of an interim ordinary dividend of $17.5m (11.0 cents per fully paid share) to be paid on 9 April 2010 out of retained profits at 31 December 2009.

On 4th February 2009 the group repaid its current borrowings – Refer note 9.

The Directors of the company declare that:

1. The financial statements and notes, as set out on pages 10 to 20:

   (a) Comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and

   (b) Give a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date.

2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Signed this 25th day of February 2010 on behalf of the Board.

Grant Harrod
Chief Executive Officer

Richard Lee
Chairman

ERNST & YOUNG

Ernst & Young Centre
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
www.ey.com/au

Independent Auditor's Report to Members of Salmat Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Salmat Limited (the company), which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

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

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

Independence

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

Conclusion

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

i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and

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

Ernst & Young

Rob Lewis
Partner
Sydney

25 February 2010