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Company Announcements Office  
Australian Stock Exchange Limited  
Level 6  
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SYDNEY NSW 2000

***By electronic lodgement***

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**PRELIMINARY FINAL REPORT**

Following is the preliminary final report (Appendix 4E), for the year ending 30 June 2009.

Yours faithfully

**For and on behalf of West Australian Newspapers Holdings Limited**

**Peter Bryant  
Company Secretary**

**0417 559 117**

**West Australian Newspapers Holdings Limited**  
A.B.N. 91 053 480 845

**Appendix 4E**

**Preliminary final report - 30 June 2009**

**Preliminary final report - 30 June 2009**

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Lodged with the ASX under Listing Rule 4.3A.

This information should be read in conjunction with the 30 June 2008 Annual Report

# West Australian Newspapers Holdings Limited

A.B.N. 91 053 480 845

## Results for announcement to the market for the year ended 30 June 2009

*Extracts from this report for announcement to the market*

In order for investors to make an informed assessment of the Entity's financial performance and financial position, the "Normalised" numbers are also shown below. "Normalised" refers to the "As reported" numbers adjusted for the noteworthy items (note 3(d)) and for the effects of the discontinued operation during the previous financial year (note 7).

The "As reported" numbers are those disclosed in accordance with accounting standards.

|   |                       | <i>Normalised</i><br>\$'000 |                       | <b>As reported</b><br>\$'000 |
|---|-----------------------|-----------------------------|-----------------------|------------------------------|
| Revenue from continuing operations            | <i>down 11.25% to</i> | 418,619                     | <i>down 11.25% to</i> | 418,619                      |
| Profit from continuing operations             | <i>down 20.39% to</i> | 97,091                      | <i>down 25.19% to</i> | 87,244                       |
| Profit attributable to members of the Company | <i>down 20.39% to</i> | 97,091                      | <i>down 20.64% to</i> | 87,244                       |

### Dividends

Details of dividends declared or paid during or subsequent to the year ended 30 June 2009 are as follows:

| Type                            | Record date*   | Date payable    | Amount per security | Franked amount per security |
|---------------------------------|----------------|-----------------|---------------------|-----------------------------|
| Final dividend - 2008           | 16/09/08       | 30/09/08        | 32 cents            | 32 cents                    |
| Interim dividend - 2009         | 9/03/09        | 31/03/09        | 23 cents            | 23 cents                    |
| <b>Final dividend - 2009 **</b> | <b>9/09/09</b> | <b>30/09/09</b> | <b>10 cents</b>     | <b>10 cents</b>             |

\* Record date for determining entitlements to the dividend.

\*\* The final dividend - 2009 has not been recognised as a liability at year end.

**For an explanation of revenue, profit from continuing operations and dividends, see commentary on Group results.**



**WEST AUSTRALIAN NEWSPAPERS HOLDINGS LIMITED**  
A.B.N. 91 053 480 845

**COMMENTARY ON GROUP RESULTS  
FOR THE 12 MONTHS TO 30 JUNE 2009**

WAN today announced a profit after tax of \$87.2 million for the 12 months to 30 June 2009 (normalised net profit of \$97.1 million before one-off organisational restructuring costs of \$9.9 million), and declared a final dividend of 10 cents per share, fully franked.

The very difficult trading conditions that prevailed at the start of the calendar year have stabilised, albeit at a lower level than the first half of last year

Highlights of the year's result include:

- For the second successive quarter, internal circulation estimates for Monday to Friday and Saturday editions both show year on year growth.
- Successful implementation of an organisational restructure, incorporating a voluntary redundancy program.
- Restructuring of digital operations and formation of Yahoo!7 alliance, our co-branded digital site, which will launch shortly.
- Strong growth in the Quokka publication and steady performances in the magazines and radio operations.
- Effective cost management with costs in *The West Australian* down 4.7% on the prior year.

WAN CEO, Chris Wharton, said :

“Although we continue to experience difficult trading conditions we feel fortunate to be in WA. We are beginning to see the benefit of new projects announced in the resource sector. They promise prosperity in this State, even during the course of this recession.

The company has pursued a program to improve cost competitiveness, which is ongoing.

A new editor was appointed in March and the long term slide in circulation was halted in the March quarter, when The West recorded its first across the board circulation increase in eight years.

I am confident, based on internal estimates, that the good circulation story will be sustained in the next audit period”.

| WANH GROUP SUMMARY   | 12 Months to 30 June 2009 |                |               |
|--|---------------------------|----------------|---------------|
|  | 2008/09<br>\$M            | 2007/08<br>\$M | Variance<br>% |
| <b>RESULTS FROM CONTINUING OPERATIONS</b>  |                           |                |               |
| Earnings before Depreciation, Interest, Tax and Noteworthy Items (EBITDA)  | 175.4                     | 219.4          | (20.1)        |
| Depreciation   | (20.5)                    | (21.1)         |               |
| Earnings before Interest, Tax and Noteworthy Items (EBIT)  | 154.9                     | 198.3          | (21.9)        |
| Net Interest Expense   | (18.7)                    | (27.1)         |               |
| Earnings before Tax and Noteworthy Items   | 136.2                     | 171.2          | (20.5)        |
| Tax  | (39.1)                    | (49.3)         |               |
| <b>Net Profit before Noteworthy Items (Normalised*)</b>  | 97.1                      | 121.9          | (20.4)        |
| Noteworthy Items (After Tax)   | (9.9)                     | (5.3)          |               |
| <b>Net Profit from Continuing Operations</b>   | 87.2                      | 116.6          | (25.2)        |
| <b>RESULTS FROM DISCONTINUED OPERATIONS</b>  |                           |                |               |
| Hoyts trading results (after tax)  | -                         | 3.5            | N/A           |
| Loss on disposal of Hoyts  | -                         | (10.2)         | N/A           |
| <b>NET PROFIT (AS REPORTED)</b>  | 87.2                      | 109.9          | (20.6)        |
| <b>EARNINGS PER SHARE (CENTS)</b>  |                           |                |               |
| Continuing Operations (Normalised*)  | 46.2¢                     | 58.3¢          | (20.4)        |
| Continuing Operations  | 41.5¢                     | 55.7¢          | (25.2)        |
| As reported  | 41.5¢                     | 52.5¢          | (20.6)        |
| * Normalised for Accelerated Depreciation and Redundancies in 2007/08 and restructuring provision in 2008/09. All variance percentages are based on full numbers, not rounded numbers. |                           |                |               |

| WANH BUSINESS UNIT RESULTS   | 12 Months to 30 June 2009 |                |               |
|--|---------------------------|----------------|---------------|
|  | 2008/09<br>\$M            | 2007/08<br>\$M | Variance<br>% |
| <b>Revenue from Continuing Operations (excluding Interest and Dividends)</b>                   |                           |                |               |
| The West Australian  | 317.3                     | 366.4          | (13.4)        |
| The West Magazines   | 16.5                      | 16.7           | (1.5)         |
| Digital Publishing   | 1.3                       | 1.2            | 17.0          |
| Regionals  | 45.9                      | 48.5           | (5.4)         |
| ColourPress  | 8.7                       | 9.6            | (8.9)         |
| Quokka   | 11.6                      | 10.3           | 12.9          |
| Radio  | 8.3                       | 8.2            | 1.0           |
| West Australian Publishers   | 3.5                       | 4.4            | (22.0)        |
| Other  | 4.9                       | 5.1            | (3.2)         |
| <b>TOTAL</b>   | <b>418.0</b>              | <b>470.4</b>   | <b>(11.1)</b> |
| <b>Earnings from Continuing Operations before Interest, Tax (EBIT) and Noteworthy Items</b>    |                           |                |               |
| The West Australian  | 137.6                     | 177.9          | (22.6)        |
| The West Magazines   | 5.0                       | 4.9            | 1.2           |
| Digital Publishing   | (5.1)                     | (4.2)          | (20.5)        |
| Regionals  | 11.3                      | 12.1           | (7.1)         |
| ColourPress  | (0.1)                     | (1.5)          | 92.1          |
| Quokka   | 4.3                       | 3.3            | 32.3          |
| Radio  | 2.5                       | 2.5            | 0.8           |
| West Australian Publishers   | 1.1                       | 1.4            | (24.5)        |
| Community Newspaper (49.9%)*   | 4.3                       | 6.4            | (33.3)        |
| Corporate Costs and Other  | (6.0)                     | (4.5)          | (33.7)        |
| <b>TOTAL</b>   | <b>154.9</b>              | <b>198.3</b>   | <b>(21.9)</b> |
| * Profit After Tax<br>All variance percentages are based on full numbers, not rounded numbers. |                           |                |               |

Following are comments on the trading performance of the main business units for the 12 months.

## THE WEST AUSTRALIAN

Normalised EBIT for *The West Australian* was 22.6% below the prior year.

Total revenue fell 13.4% to \$317.3 million. Net advertising revenue fell 15.8% to \$236.8 million and circulation revenue fell 5.3% to \$70.3 million.

Total gross advertising in *The West Australian* fell 15.7% in the 12 months, with a 14.9% decrease in volume and a 0.8% decrease in the average advertising rate per column centimetre.

| <b>GROSS ADVERTISING REVENUE GROWTH BY CATEGORY IN THE WEST AUSTRALIAN IN THE 12 MONTHS TO 30 JUNE 2009</b> |                                  |
|---|----------------------------------|
|   | <b>Increase / Decrease<br/>%</b> |
| Display National  | (3.1)                            |
| Display Local   | (17.9)                           |
| <b>TOTAL DISPLAY</b>  | <b>(13.1)</b>                    |
| Classifieds Real Estate   | (18.4)                           |
| Classifieds Employment  | (42.8)                           |
| Classifieds Motors  | (10.5)                           |
| Classifieds Other   | (0.5)                            |
| <b>TOTAL CLASSIFIEDS</b>  | <b>(20.9)</b>                    |
| New Homes   | 30.2                             |
| <b>TOTAL GROSS ADVERTISING</b>  | <b>(15.7)</b>                    |

Total Display revenue fell 13.1% with National Display down 3.1% and Local Display down 17.9%. Total Classifieds revenue fell by 20.9% with Employment decreasing by 42.8% and Motors falling by 10.5%. Real Estate was down 18.4% and New Homes performed strongly with revenue 30.2% above the prior period.

Circulation revenue in *The West Australian* fell by 5.3%, partly as a result of the introduction of a new distributor compensation arrangement from the beginning of July. The number of copies sold was 0.7% less than the prior year and an increase in telemarketing activity led to a rise in the number of discounted copies sold. The quarterly circulation numbers are as follows:

| <b>CIRCULATION COPIES SOLD</b>                |               |                         |                  |
|---|---------------|-------------------------|------------------|
|   |               | <b>Saturday Edition</b> | <b>Mon - Fri</b> |
| Apr - Jun 08                                  | ABC Audit     | 342,787                 | 195,033          |
| Jul - Sep 08                                  | ABC Audit     | 336,532                 | 194,862          |
| Oct - Dec 08                                  | ABC Audit     | 336,287                 | 192,964          |
| Jan - Mar 09                                  | ABC Audit     | 348,824                 | 199,707          |
| Apr - Jun 09                                  | Internal Data | 343,677                 | 197,508          |
| % Increase on Corresponding Quarter Last Year |               | 0.3%                    | 1.3%             |

## EXPENSES

Expenses in *The West Australian* for the 12 months ended 30 June 2009 fell 4.7% to \$179.7 million.

| <b>EXPENSES IN THE WEST AUSTRALIAN<br/>12 MONTHS TO 30 JUNE 2009</b> |                |                |                 |
|--|----------------|----------------|-----------------|
|  | <b>2008/09</b> | <b>2007/08</b> | <b>Variance</b> |
|  | <b>\$M</b>     | <b>\$M</b>     | <b>%</b>        |
| Total Personnel Costs  | 74.4           | 71.7           | (3.8)           |
| Newsprint  | 39.5           | 47.7           | 17.1            |
| Distribution   | 14.5           | 15.9           | 9.2             |
| Depreciation   | 18.0           | 18.5           | 2.4             |
| Other  | 33.3           | 34.7           | 4.1             |
| <b>TOTAL</b>   | <b>179.7</b>   | <b>188.5</b>   | <b>4.7</b>      |

All variance percentages are based on full numbers, not rounded numbers.

Personnel costs rose in the 12 months, by 3.8%.

All other costs decreased in the 12 months, with Newsprint down by 17.1% due to a 7% price reduction, a 7.8% decrease in paging and a reduction in printing waste. Distribution costs reduced by 9.2%, partly as a result of rescheduling transport logistics.

## THE WEST MAGAZINES

The West Magazines achieved a 1.2% increase in EBIT to \$5.0 million on a 1.5% reduction in revenue to \$16.5 million.

## DIGITAL PUBLISHING

Digital publishing recorded a loss of \$5.1 million for the 12 months. However, the rate of loss has shown a steady improvement each quarter. The revenue and cost saving benefits to flow from the Yahoo!7 arrangement should start to appear in the first quarter of the next financial year, when the new site will be fully operational.

## REGIONALS

Good growth in the resources centres in Western Australia was offset by weak conditions in the South West of the state. Revenue fell by 5.4% to \$45.9 million, while EBIT was down 7.1% to \$11.3 million.

## COLOURPRESS

ColourPress is predominantly an internal printer, operating on a nil profit margin basis for internal work. During the year ColourPress incurred a marginal loss of \$0.1 million. From the start of the 2009/10 financial year, ColourPress results will be included in the "other" category and not separately disclosed.

## **QUOKKA**

Quokka, which was revamped into a tabloid product last year, has achieved a 12.9% increase in revenue and a 32.3% increase in EBIT to \$4.3 million. Strong growth was achieved in the motor vehicles category and paid circulation has increased 5.0% over the prior year.

## **RADIO**

The radio operations achieved a 1.0% increase in revenue and a steady EBIT of \$2.5 million.

## **COMMUNITY NEWSPAPERS (49.9%)**

Net profit after tax declined 33.3% to \$4.3 million.

For further information:

Mr Chris Wharton  
Chief Executive Officer

Mr Tom Garven  
Chief Financial Officer

# West Australian Newspapers Holdings Limited

## Consolidated income statement for the year ended 30 June 2009

|  | Notes | As reported    |                |
|--|-------|----------------|----------------|
|  |       | 2009<br>\$'000 | 2008<br>\$'000 |
| <b>Revenue</b>   | 3(a)  | 418,619        | 471,683        |
| Other income   | 3(b)  | 40             | 5,406          |
| Expenses excluding finance costs   | 3(c)  | (279,830)      | (293,067)      |
| Finance costs  |       | (21,011)       | (29,254)       |
| Share of net profit of associate accounted for using the equity method   | 11    | 4,277          | 6,416          |
| <b>Profit before income tax</b>  |       | 122,095        | 161,184        |
| Income tax expense   | 5(a)  | (34,851)       | (44,569)       |
| <b>Profit from continuing operations</b>   |       | 87,244         | 116,615        |
| Net loss from discontinued operations  | 7(b)  | -              | (6,680)        |
| <b>Profit attributable to equity holders of West Australian Newspapers Holdings Limited</b>                                |       | 87,244         | 109,935        |
|  |       | 2009           | 2008           |
| <b>Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company</b> |       |                |                |
| Basic earnings per share   |       | 42.1 cents     | 56.7 cents     |
| Diluted earnings per share   |       | 41.5 cents     | 55.7 cents     |
| <b>Earnings per share for profit attributable to the ordinary equity holders of the Company</b>                            |       |                |                |
| Basic earnings per share   |       | 42.1 cents     | 53.4 cents     |
| Diluted earnings per share   |       | 41.5 cents     | 52.5 cents     |

*The above consolidated income statement should be read in conjunction with the accompanying notes.*

*Refer to page 9 for the Addendum to consolidated income statement which sets out the "Normalised" numbers. "Normalised" refers to the "As reported" numbers adjusted for the noteworthy items (note 3(d)) and for the effects of the discontinued operation during the previous financial year (note 7).*

## West Australian Newspapers Holdings Limited

### Addendum to consolidated income statement for the year ended 30 June 2009

In order for investors to make an informed assessment of the Entity's financial performance and financial position, the "Normalised" numbers are also shown below. "Normalised" refers to the "As reported" numbers adjusted for the noteworthy items (note 3(d)) and for the effects of the discontinued operation during the previous financial year (note 7).

|  | Normalised |            |
|--|------------|------------|
|  | 2009       | 2008       |
|  | \$'000     | \$'000     |
| <b>Revenue</b>   | 418,619    | 471,683    |
| Other income   | 40         | 148        |
| Expenses excluding finance costs   | (265,763)  | (277,742)  |
| Finance costs  | (21,011)   | (29,254)   |
| Share of net profit of associate accounted for using the equity method                           | 4,277      | 6,416      |
| <b>Profit before income tax</b>  | 136,162    | 171,251    |
| Income tax expense   | (39,071)   | (49,295)   |
| <b>Normalised profit attributable to members of West Australian Newspapers Holdings Limited</b>  | 97,091     | 121,956    |
|  | 2009       | 2008       |
| <b>Normalised earnings per share attributable to the ordinary equity holders of the Company:</b> |            |            |
| Basic earnings per share   | 46.8 cents | 59.3 cents |
| Diluted earnings per share   | 46.2 cents | 58.3 cents |

# West Australian Newspapers Holdings Limited

## Consolidated balance sheet as at 30 June 2009

|   | Notes | 2009<br>\$'000 | 2008<br>\$'000 |
|---|-------|----------------|----------------|
| <b>ASSETS</b>                                     |       |                |                |
| <b>Current assets</b>                             |       |                |                |
| Cash and cash equivalents                         |       | 14,982         | 9,522          |
| Trade and other receivables                       |       | 53,592         | 73,777         |
| Inventories                                       |       | 12,270         | 12,711         |
| Derivative financial instruments                  |       | -              | 4,913          |
| <b>Total current assets</b>                       |       | <b>80,844</b>  | <b>100,923</b> |
| <b>Non-current assets</b>                         |       |                |                |
| Investments accounted for using the equity method |       | 11,609         | 11,882         |
| Available-for-sale financial assets               |       | 777            | 777            |
| Derivative financial instruments                  |       | -              | 4,321          |
| Property, plant and equipment                     |       | 224,303        | 237,086        |
| Intangible assets                                 |       | 130,023        | 127,532        |
| <b>Total non-current assets</b>                   |       | <b>366,712</b> | <b>381,598</b> |
| <b>Total assets</b>                               |       | <b>447,556</b> | <b>482,521</b> |
| <b>LIABILITIES</b>                                |       |                |                |
| <b>Current liabilities</b>                        |       |                |                |
| Trade and other payables                          |       | 25,685         | 27,388         |
| Derivative financial instruments                  |       | 4,137          | -              |
| Current tax liabilities                           |       | 6,692          | 3,788          |
| Provision for restructuring costs                 |       | 14,030         | 498            |
| Other provisions                                  |       | 5,430          | 5,444          |
| Other liabilities                                 |       | 825            | 481            |
| <b>Total current liabilities</b>                  |       | <b>56,799</b>  | <b>37,599</b>  |
| <b>Non-current liabilities</b>                    |       |                |                |
| Borrowings  |       | 318,000        | 342,000        |
| Deferred tax liabilities                          |       | 3,988          | 9,723          |
| Provisions  |       | 966            | 819            |
| <b>Total non-current liabilities</b>              |       | <b>322,954</b> | <b>352,542</b> |
| <b>Total liabilities</b>                          |       | <b>379,753</b> | <b>390,141</b> |
| <b>Net assets</b>                                 |       | <b>67,803</b>  | <b>92,380</b>  |
| <b>EQUITY</b>                                     |       |                |                |
| Contributed equity                                |       | 100,949        | 88,037         |
| Reserves  |       | (2,747)        | 8,085          |
| Accumulated deficit                               | 4     | (30,399)       | (3,742)        |
| <b>Total equity</b>                               |       | <b>67,803</b>  | <b>92,380</b>  |

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

## West Australian Newspapers Holdings Limited

### Consolidated statement of changes in equity for the year ended 30 June 2009

|   | Notes | 2009<br>\$'000   | 2008<br>\$'000   |
|---|-------|------------------|------------------|
| <b>Total equity at the beginning of the year</b>  |       | <u>92,380</u>    | <u>85,611</u>    |
| Changes in the fair value of cash flow hedges, net of tax   |       | (9,360)          | 1,019            |
| Profit for the year   |       | <u>87,244</u>    | <u>109,935</u>   |
| <b>Total recognised income and expense for the year</b>   |       | <u>77,884</u>    | <u>110,954</u>   |
| Transactions with equity holders in their capacity as equity holders:   |       |                  |                  |
| (Decrease)/increase in equity compensation reserve  |       | (1,472)          | 1,033            |
| Proceeds relating to shares issued pursuant to the<br>executive and employee share purchase plans                     |       | 362              | 2,286            |
| Dividend reinvestment plan issues   |       | 12,550           | -                |
| Dividends paid  | 6     | <u>(113,901)</u> | <u>(107,504)</u> |
| <b>Total transactions with equity holders in their capacity<br/>as equity holders:</b>                                |       | <u>(102,461)</u> | <u>(104,185)</u> |
| <b>Total equity at the end of the year attributable to members<br/>of West Australian Newspapers Holdings Limited</b> |       | <u>67,803</u>    | <u>92,380</u>    |

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.*

# West Australian Newspapers Holdings Limited

## Consolidated cash flow statement for the year ended 30 June 2009

|  | Notes | 2009<br>\$'000  | 2008<br>\$'000  |
|--|-------|-----------------|-----------------|
| <b>Cash flows from operating activities</b>  |       |                 |                 |
| Receipts from customers (inclusive of goods and services tax)                                  |       | 472,348         | 517,857         |
| Payments to suppliers and employees (inclusive of goods and services tax)                      |       | (289,273)       | (318,321)       |
|  |       | <hr/>           | <hr/>           |
|  |       | 183,075         | 199,536         |
| Dividends received   |       | 4,550           | 5,750           |
| Interest received  |       | 589             | 1,326           |
| Finance costs  |       | (21,154)        | (28,513)        |
| Income taxes paid  |       | (33,671)        | (40,193)        |
|  |       | <hr/>           | <hr/>           |
| <b>Net cash inflow from operating activities</b>   | 12    | <hr/> 133,389   | <hr/> 137,906   |
| <b>Cash flows from investing activities</b>  |       |                 |                 |
| Payment for computer software  |       | (4,726)         | (3,817)         |
| Payments for property, plant and equipment   |       | (5,835)         | (20,013)        |
| Proceeds from sale of property, plant and equipment  |       | 7,616           | 2,384           |
| Proceeds from sale of interest in jointly controlled entity                                    | 7(b)  | -               | 145,797         |
|  |       | <hr/>           | <hr/>           |
| <b>Net cash (outflow)/inflow from investing activities</b>                                     |       | <hr/> (2,945)   | <hr/> 124,351   |
| <b>Cash flows from financing activities</b>  |       |                 |                 |
| Proceeds relating to shares issued pursuant to the executive and employee share purchase plans |       | 362             | 2,286           |
| Proceeds from borrowings   |       | 205,000         | 385,000         |
| Repayment of borrowings  |       | (229,000)       | (546,000)       |
| Dividends paid to Company's shareholders   |       | (101,346)       | (107,504)       |
|  |       | <hr/>           | <hr/>           |
| <b>Net cash outflow from financing activities</b>  |       | <hr/> (124,984) | <hr/> (266,218) |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                                    |       | 5,460           | (3,961)         |
| Cash and cash equivalents at the beginning of the year   |       | <hr/> 9,522     | <hr/> 13,483    |
| <b>Cash and cash equivalents at end of the year</b>  |       | <hr/> 14,982    | <hr/> 9,522     |

*The above consolidated cash flow statement should be read in conjunction with the accompanying notes.*

# West Australian Newspapers Holdings Limited

## Notes to the preliminary final report - 30 June 2009

### 1. Basis of preparation of preliminary final report

This preliminary final report has been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

This preliminary final report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the last annual report and any public announcements to the market made by the Company during the reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the listing rules of the Australian Stock Exchange.

The accounting policies adopted are consistent with those of the previous financial year.

#### *Historical cost convention*

This report has been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and derivative instruments at fair value.

#### *Comparatives*

Comparative information is reclassified where appropriate to enhance comparability.

### 2. Segment information

The Group operates predominantly in one business segment for primary reporting being the publishing industry. The Group previously also operated in the cinema exhibition, cinema advertising and film distribution industry up until the disposal of its interest in Hoyts during the previous financial year. The business segments operate predominantly in one geographical segment being Australia.

#### Primary reporting format - business segments

|   | Publishing<br>\$'000 | Other<br>\$'000 | Consolidated<br>\$'000 |
|---|----------------------|-----------------|------------------------|
| <b>2009</b>                                   |                      |                 |                        |
| <b>Segment revenue</b>                        |                      |                 |                        |
| Sales to external customers                   | 397,352              | 20,209          | 417,561                |
| Intersegment sales (a)                        | -                    | 22,961          | 22,961                 |
| Total sales revenue                           | 397,352              | 43,170          | 440,522                |
| Other revenue                                 | 469                  | -               | 469                    |
| Total segment revenue                         | 397,821              | 43,170          | 440,991                |
| Intersegment elimination                      |                      |                 | (22,961)               |
| Unallocated revenue                           |                      |                 | 589                    |
| Consolidated revenue                          |                      |                 | 418,619                |
| <b>Segment result</b>                         | 144,346              | 2,607           | 146,953                |
| Unallocated revenue less unallocated expenses |                      |                 | (24,858)               |
| Profit before income tax                      |                      |                 | 122,095                |
| Income tax expense                            |                      |                 | (34,851)               |
| Profit for the year                           |                      |                 | 87,244                 |

# West Australian Newspapers Holdings Limited

## Notes to the preliminary final report - 30 June 2009 (continued)

### 2. Segment information (continued)

#### Primary reporting format - business segments (continued)

|                            | Publishing<br>\$'000 | Other<br>\$'000 | Consolidated<br>\$'000 |
|----------------------------|----------------------|-----------------|------------------------|
| <b>2009 (continued)</b>    |                      |                 |                        |
| <b>Segment assets</b>      | 425,902              | 21,566          | 447,468                |
| Unallocated assets         |                      |                 | 88                     |
| Total assets               |                      |                 | 447,556                |
| <b>Segment liabilities</b> | 42,906               | 2,068           | 44,974                 |
| Unallocated liabilities    |                      |                 | 334,779                |
| Total liabilities          |                      |                 | 379,753                |

#### Other segment information

|  |        |     |        |
|--|--------|-----|--------|
| Investment in associate  | 11,609 | -   | 11,609 |
| Share of net profit of associate   | 4,277  | -   | 4,277  |
| Acquisitions of property, plant and equipment,<br>intangibles and other non-current segment assets | 10,316 | 245 | 10,561 |
| Depreciation and amortisation expense  | 19,872 | 657 | 20,529 |
| Impairment of trade receivables  | 510    | 32  | 542    |

|                                | Publishing<br>\$'000 | Other<br>\$'000 | Total<br>continuing<br>operations<br>\$'000 | Discontinued<br>operation -<br>Cinemas<br>(Hoyts)<br>\$'000 | Consolidated<br>\$'000 |
|--------------------------------|----------------------|-----------------|---|---|------------------------|
| <b>2008</b>                    |                      |                 |   |   |                        |
| <b>Segment revenue</b>         |                      |                 |   |   |                        |
| Sales to external<br>customers | 448,398              | 21,531          | 469,929                                     | -   | 469,929                |
| Intersegment sales (a)         | -                    | 24,995          | 24,995                                      | -   | 24,995                 |
| Total sales revenue            | 448,398              | 46,526          | 494,924                                     | -   | 494,924                |
| Other revenue                  | 428                  | -               | 428   | -   | 428                    |
| Total segment revenue          | 448,826              | 46,526          | 495,352                                     | -   | 495,352                |
| Intersegment elimination       |                      |                 | (24,995)                                    | -   | (24,995)               |
| Unallocated revenue            |                      |                 | 1,326                                       | -   | 1,326                  |
| Consolidated revenue           |                      |                 | 471,683                                     | -   | 471,683                |

# West Australian Newspapers Holdings Limited

## Notes to the preliminary final report - 30 June 2009 (continued)

### 2. Segment information (continued)

#### Primary reporting format - business segments (continued)

|   | Publishing<br>\$'000 | Other<br>\$'000 | Total<br>continuing<br>operations<br>\$'000 | Discontinued<br>operation -<br>Cinemas<br>(Hoyts)<br>\$'000 | Consolidated<br>\$'000 |
|---|----------------------|-----------------|---|---|------------------------|
| <b>2008 (continued)</b>   |                      |                 |   |   |                        |
| <b>Segment result</b>   | 189,867              | 6,402           | 196,269                                     | (5,170)   | 191,099                |
| Unallocated revenue less<br>unallocated expenses  |                      |                 | (35,085)                                    | -   | (35,085)               |
| Profit/(loss) before<br>income tax  |                      |                 | 161,184                                     | (5,170)   | 156,014                |
| Income tax expense  |                      |                 | (44,569)                                    | (1,510)   | (46,079)               |
| Profit/(loss) for the year  |                      |                 | 116,615                                     | (6,680)   | 109,935                |
| <b>Segment assets</b>   | 440,073              | 33,053          | 473,126                                     | -   | 473,126                |
| Unallocated assets  |                      |                 | 9,395                                       | -   | 9,395                  |
| Total assets  |                      |                 | 482,521                                     | -   | 482,521                |
| <b>Segment liabilities</b>  | 28,768               | 3,286           | 32,054                                      | -   | 32,054                 |
| Unallocated liabilities   |                      |                 | 358,087                                     | -   | 358,087                |
| Total liabilities   |                      |                 | 390,141                                     | -   | 390,141                |
| <b>Other segment information</b>  |                      |                 |   |   |                        |
| Investments in associate<br>and jointly controlled entity   | 11,882               | -               | 11,882                                      | -   | 11,882                 |
| Share of net profits of<br>associate and jointly<br>controlled entity                                       | 6,416                | -               | 6,416                                       | 3,523   | 9,939                  |
| Acquisitions of property,<br>plant and equipment,<br>intangibles and other<br>non-current segment<br>assets | 19,343               | 323             | 19,666                                      | -   | 19,666                 |
| Depreciation and<br>amortisation expense  | 31,925               | 789             | 32,714                                      | -   | 32,714                 |
| Impairment of inventories   | 242                  | -               | 242   | -   | 242                    |
| Impairment of trade<br>receivables  | 335                  | 14              | 349   | -   | 349                    |

(a) Intersegment transfers

Segment revenues, expenses and results, include transfers between segments. Such transfers are priced on an "arm's-length" basis and are eliminated on consolidation.

# West Australian Newspapers Holdings Limited

## Notes to the preliminary final report - 30 June 2009 (continued)

|   | 2009<br>\$'000 | 2008<br>\$'000 |
|---|----------------|----------------|
| <b>3. Revenue and expenses</b>  |                |                |
| <b>(a) Revenue from continuing operations</b>   |                |                |
| <i>Sales revenue</i>  |                |                |
| Advertising   | 311,952        | 358,658        |
| Circulation   | 81,310         | 84,852         |
| Commercial printing   | 9,502          | 10,695         |
| Rendering of services   | 10,070         | 10,929         |
| Other   | 4,727          | 4,795          |
|   | <hr/>          | <hr/>          |
|   | 417,561        | 469,929        |
| <i>Other revenue</i>  |                |                |
| Interest  | 589            | 1,326          |
| Rents   | 469            | 428            |
|   | <hr/>          | <hr/>          |
|   | 1,058          | 1,754          |
| Revenue from continuing operations (excluding share of equity<br>accounted net profit of associate and jointly controlled entity) |                |                |
|   | <hr/>          | <hr/>          |
|   | 418,619        | 471,683        |
| <b>(b) Other income</b>   |                |                |
| Net gain on disposal of property, plant and equipment<br>and computer software  | 40             | 5,406          |
|   | <hr/>          | <hr/>          |
| Refer note 3(d) for noteworthy items included in other income.  |                |                |
| <b>(c) Expenses excluding finance costs</b>   |                |                |
| Depreciation and amortisation   |                |                |
| Normal  | (20,529)       | (21,175)       |
| Accelerated - note 3(d)   | -              | (11,539)       |
| Editorial contributions   | (3,211)        | (3,158)        |
| Electricity   | (2,016)        | (2,080)        |
| Expenses relating to additional general meeting<br>in April 2008 - note 3(d)  | -              | (3,395)        |
| Maintenance agreements  | (3,833)        | (3,598)        |
| Marketing and promotion expenses  | (6,378)        | (6,425)        |
| Newsprint consumed  | (55,357)       | (64,030)       |
| News services   | (2,848)        | (2,559)        |
| Personnel costs including payroll tax   |                |                |
| Normal  | (114,675)      | (111,837)      |
| Employee redundancies and other personnel costs - note 3(d)   | (13,672)       | (149)          |
| Printing services - external  | (1,243)        | (3,104)        |
| Raw materials and consumables used (excluding newsprint)  | (9,409)        | (11,319)       |
| Repairs and maintenance   | (2,888)        | (2,341)        |
| Road and air freight  | (17,559)       | (18,996)       |
| Other expenses from ordinary activities   | (26,212)       | (27,362)       |
|   | <hr/>          | <hr/>          |
|   | (279,830)      | (293,067)      |

Refer note 3(d) for noteworthy items included in expenses excluding finance costs.

# West Australian Newspapers Holdings Limited

## Notes to the preliminary final report - 30 June 2009 (continued)

|  | 2009<br>\$'000  | 2008<br>\$'000  |
|--|-----------------|-----------------|
| <b>3. Revenue and expenses (continued)</b>   |                 |                 |
| <b>(d) Noteworthy items</b>  |                 |                 |
| Profit before income tax expense includes the following specific net gains and expenses whose disclosure is relevant in explaining the financial performance of the Group:   |                 |                 |
| <i>Gains</i>   |                 |                 |
| Net gain on disposal of property, plant and equipment on relocation of the operations of the commercial printing operations  | -               | 5,258           |
| <i>Expenses</i>  |                 |                 |
| Accelerated depreciation on Herdsman printing equipment  | -               | (11,539)        |
| Write-offs related to the production upgrade at Herdsman   | -               | (242)           |
| Restructuring costs  |                 |                 |
| Personnel costs including employee redundancy provisions and payments  | (13,672)        | (149)           |
| Other  | (395)           | -               |
| Expenses relating to general meeting (i)   | -               | (3,395)         |
|  | <u>(14,067)</u> | <u>(15,325)</u> |
|  | <u>(14,067)</u> | <u>(10,067)</u> |
| <br>   |                 |                 |
| (i) The general meeting held on 23 April 2008 caused the Consolidated Entity to incur costs associated, not only with the meeting itself, but also with the need to ensure that shareholders were fully informed of the issues at stake and to encourage shareholders to participate in the process. |                 |                 |
| <br>   |                 |                 |
| The noteworthy items are included in other income (note3(b)) and expenses excluding finance costs (note 3(c)).   |                 |                 |
| Also of note is the result of the discontinued operation during the previous financial year (note 7).  |                 |                 |
| <br>   |                 |                 |
| <b>4. Consolidated accumulated deficit</b>   |                 |                 |
| Accumulated deficit at the beginning of the financial year   | (3,742)         | (6,173)         |
| Net profit attributable to members of West Australian Newspapers Holdings Limited  | 87,244          | 109,935         |
| Dividends paid (note 6(a))   | (113,901)       | (107,504)       |
|  | <u>(30,399)</u> | <u>(3,742)</u>  |
| <br>   |                 |                 |
| <b>5. Income tax expense</b>   |                 |                 |
| <b>(a) Income tax expense</b>  |                 |                 |
| Current tax  | (37,411)        | (34,112)        |
| Deferred tax   | 1,724           | (12,499)        |
| Adjustments for current tax of prior periods   | 836             | 532             |
|  | <u>(34,851)</u> | <u>(46,079)</u> |

# West Australian Newspapers Holdings Limited

## Notes to the preliminary final report - 30 June 2009 (continued)

|   | 2009<br>\$'000  | 2008<br>\$'000  |
|---|-----------------|-----------------|
| <b>5. Income tax expense (continued)</b>  |                 |                 |
| <b>(a) Income tax expense (continued)</b>   |                 |                 |
| Income tax is attributable to:  |                 |                 |
| Profit from continuing operations   | (34,851)        | (44,569)        |
| Profit from discontinued operations   | -               | (1,510)         |
|   | <u>(34,851)</u> | <u>(46,079)</u> |
| <br>  |                 |                 |
| <b>(b) Numerical reconciliation of income tax expense to prima facie tax payable</b>  |                 |                 |
| Profit from continuing operations before income tax expense   | 122,095         | 161,184         |
| Loss from discontinued operations before income tax expense   | -               | (5,170)         |
|   | <u>122,095</u>  | <u>156,014</u>  |
| <br>  |                 |                 |
| Tax at the Australian tax rate of 30% (2008 - 30%)  | (36,629)        | (46,804)        |
| Tax effect of amounts which are not (deductible)/ taxable in calculating taxable income:  |                 |                 |
| Capital losses not recognised - net   | -               | (1,592)         |
| Building construction allowance   | 683             | 407             |
| Non-deductible depreciation and amortisation  | (521)           | (342)           |
| Non-deductible expenses   | (503)           | (442)           |
| Non-taxable profit on sale of land and buildings  | -               | 237             |
| Share of net profit of associate  | 1,283           | 1,925           |
|   | <u>(35,687)</u> | <u>(46,611)</u> |
| Adjustments for current tax of prior periods  | 836             | 532             |
|   | <u>(34,851)</u> | <u>(46,079)</u> |
| <br>  |                 |                 |
| <b>6. Dividends</b>   |                 |                 |
| <b>(a) Dividends paid</b>   |                 |                 |
| Final ordinary dividend for the year ended 30 June 2008 of 32 cents per share (2007 - 31 cents), fully franked based on tax paid @ 30%, paid on 30 September 2008 (2007 - 28 September 2007)  | 66,244          | 64,052          |
| <br>  |                 |                 |
| Interim ordinary dividend for the year ended 30 June 2009 of 23 cents per share (2008 - 21 cents), fully franked based on tax paid @ 30%, paid on 31 March 2009 (2008 - 31 March 2008)  | 47,657          | 43,452          |
|   | <u>113,901</u>  | <u>107,504</u>  |
| <br>  |                 |                 |
| <b>(b) Dividends not recognised at year end</b>   |                 |                 |
| In addition to the above dividends, since year end the directors have declared a final dividend of 10 cents per ordinary share (2008 - 32 cents), fully franked based on tax paid @ 30%. The aggregate amount of the dividend payable on 30 September 2009, but not recognised as a liability at year end, is | 21,061          | 66,233          |

There is a dividend reinvestment plan in operation.

# West Australian Newspapers Holdings Limited

## Notes to the preliminary final report - 30 June 2009 (continued)

### 7. Discontinued operation

#### (a) Description

During the previous financial year, on 23 September 2007, the Group announced that it had entered into an agreement with Pacific Equity Partners for the sale of its interest in The Hoyts Group, a jointly controlled entity. The sale was completed on 5 December 2007. The jointly controlled entity is recorded as a discontinued operation in this financial report.

|   | 2008<br>\$'000   |
|---|------------------|
| <b>(b) Financial performance and cash flow information</b>  |                  |
| Share of profit before income tax of jointly controlled entity using the equity method (to 23 September 2007) | 5,033            |
| Income tax expense  | <u>(1,510)</u>   |
|   | 3,523            |
| Loss on disposal of interest in jointly controlled entity   | <u>(10,203)</u>  |
| <b>Loss from discontinued operation</b>   | <u>(6,680)</u>   |
| <br>  |                  |
| <b>Net cash inflow from the sale of the interest in jointly controlled entity</b>                             | <u>145,797</u>   |
| <br>  |                  |
| <b>(c) Carrying amount of asset</b>   |                  |
| Balance at the beginning of the financial year  | 145,000          |
| Share of profit after income tax  | 3,523            |
| Reclassification of deferred tax impact   | <u>7,477</u>     |
| Carrying amount of the interest in jointly controlled entity at 23 September 2007                             | <u>156,000</u>   |
| <br>  |                  |
| <b>(d) Details of the sale of the interest in jointly controlled entity</b>                                   |                  |
| Net cash consideration received   | 148,449          |
| Working capital adjustment paid   | <u>(2,652)</u>   |
| Net consideration received  | 145,797          |
| Carrying amount of net asset sold   | <u>(156,000)</u> |
| Loss on sale before income tax  | <u>(10,203)</u>  |

A capital loss arising from the sale of the interest in the jointly controlled entity has not been recognised as a deferred tax asset.

|   | 2009 | 2008 |
|---|------|------|
| <b>8. Asset backing</b>                       |      |      |
| Net tangible asset backing per ordinary share | -    | -    |

# West Australian Newspapers Holdings Limited

## Notes to the preliminary final report - 30 June 2009 (continued)

### 9. Control gained over entities during the current period

There was no control gained over entities having material effect during the current or previous period.

### 10. Loss of control of entities during the current period

There was no loss of control of entities during the current period.

Refer note 7 for information relating to the sale of the Consolidated Entity's interest in The Hoyts Group, a jointly controlled entity, during the previous period.

### 11. Associates and jointly controlled entities

The Group has a material interest in the following entities:

| Name                          | Ownership interest |      | Contribution to net profit |              |
|-------------------------------|--------------------|------|----------------------------|--------------|
|                               | 2009               | 2008 | 2009                       | 2008         |
|                               | %                  | %    | \$'000                     | \$'000       |
| Community Newspaper Group Ltd | 49.9               | 49.9 | 4,277                      | 6,416        |
| Hoyts Cinemas Group (i)       | -                  | -    | -                          | 3,523        |
|                               |                    |      | <u>4,277</u>               | <u>9,939</u> |

(i) Included in results from discontinued operation (note 7(b)).

### 12. Reconciliation of profit after income tax to net cash inflow from operating activities

|  | 2009           | 2008           |
|--|----------------|----------------|
|  | \$'000         | \$'000         |
| Profit for the year  | 87,244         | 109,935        |
| Non-cash items   |                |                |
| Depreciation and amortisation  | 20,529         | 32,714         |
| Net gain on sale of non-current assets   | (40)           | (5,406)        |
| Share of associated and jointly controlled entities' net profit not received as cash dividends/distributions | -              | (4,189)        |
| Dividend received from associate in excess of share of equity accounted net profit                           | 273            | -              |
| Loss on disposal of interest in jointly controlled entity  | -              | 10,203         |
| Non-cash employee benefits expense - share-based payments  | (1,472)        | 1,033          |
| Changes in operating assets and liabilities  |                |                |
| Decrease in receivables  | 12,389         | 89             |
| Decrease/(increase) in inventories   | 441            | (1,465)        |
| (Increase)/decrease in other operating assets  | (186)          | 223            |
| Decrease in payables   | (978)          | (9,436)        |
| Increase in other operating liabilities  | 344            | 311            |
| Increase/(decrease) in tax liabilities   | 2,904          | (648)          |
| (Decrease)/increase in net deferred tax liabilities  | (1,724)        | 5,024          |
| Increase/(decrease) in other provisions  | 13,665         | (482)          |
| Net cash inflow from operating activities  | <u>133,389</u> | <u>137,906</u> |

# West Australian Newspapers Holdings Limited

## Preliminary final report - 30 June 2009

### Compliance statement

1. This report is based on accounts to which one of the following applies.

The accounts have been audited.

The accounts have been subject to review.

The accounts are in the process of being audited.

The accounts have not yet been audited or reviewed.

2. The Entity has a formally constituted audit committee.

This preliminary final report was approved by resolution of the board of directors on 7 August 2009.



P.J. BRYANT  
Company Secretary

7 August 2009