

Appendix 4B

Half yearly/preliminary final report

Introduced 30/6/2002.

Name of entity

PowerTel Limited

ABN or equivalent company reference

69 001 760 103

Half yearly
(tick)

Preliminary
final (tick)

√

Half year/financial year ended ('current period')

Twelve months to 31 December 2002

For announcement to the market

Extracts from this report for announcement to the market (see note 1).

\$A'000

Revenues from ordinary activities (<i>item 1.1</i>)	up	105.8%	to	102,522
(Loss) from ordinary activities after tax attributable to members (<i>item 1.22</i>)	up	87.8%	to	(161,939)
(Loss) from extraordinary items after tax attributable to members (<i>item 2.5(d)</i>)	gain (loss) of	-		-
Net (loss) for the period attributable to members (<i>item 1.11</i>)	up	87.8%	to	(161,939)
Dividends (distributions)		Amount per security		Franked amount per security
Final dividend (<i>Preliminary final report only - item 15.4</i>) Interim dividend (<i>Half yearly report only - item 15.6</i>)		Nil¢		Nil¢
Previous corresponding period (<i>Preliminary final report - item 15.5; half yearly report - item 15.7</i>)		Nil¢		Nil¢
<p>⁺Record date for determining entitlements to the dividend, (in the case of a trust, distribution) (<i>see item 15.2</i>)</p> <div style="border: 1px solid black; width: 300px; height: 30px; margin-left: 100px; text-align: center; padding: 5px;">N/A</div>				
<p>Brief explanation of any of the figures reported above (see Note 1) and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:</p> <p>The loss for the period attributable to members noted above is after a write down of \$106.9 million of non current assets to recoverable amount.</p>				

+ See chapter 19 for defined terms.

Condensed consolidated statement of financial performance

	Current period - \$A'000	Previous corresponding period - \$A'000
1.1 Revenues from ordinary activities (<i>see items 1.23 -1.25</i>)	102,522	49,807
1.2 Expenses from ordinary activities (<i>see items 1.26 & 1.27</i>)	255,005	129,459
1.3 Borrowing costs	9,456	6,571
1.4 Share of net profits (losses) of associates and joint venture entities (<i>see item 16.7</i>)	-	-
1.5 Profit (loss) from ordinary activities before tax	(161,939)	(86,223)
1.6 Income tax on ordinary activities (<i>see note 4</i>)	-	-
1.7 Profit (loss) from ordinary activities after tax	(161,939)	(86,223)
1.8 Profit (loss) from extraordinary items after tax (<i>see item 2.5</i>)	-	-
1.9 Net profit (loss)	(161,939)	(86,223)
1.10 Net profit (loss) attributable to outside ⁺ equity interests	-	-
1.11 Net profit (loss) for the period attributable to members	(161,939)	(86,223)
Non-owner transaction changes in equity		
1.12 Increase (decrease) in revaluation reserves		
1.13 Net exchange differences recognised in equity		
1.14 Other revenue, expense and initial adjustments recognised directly in equity (attach details)		
1.15 Initial adjustments from UIG transitional provisions		
1.16 Total transactions and adjustments recognised directly in equity (items 1.12 to 1.15)	-	-
1.17 Total changes in equity not resulting from transactions with owners as owners	Nil	Nil

Earnings per security (EPS)		Current period	Previous corresponding Period
1.18	Basic EPS	(18.7) cents	(10.5) cents
1.19	Diluted EPS	(15.8) cents	(8.8) cents

+ See chapter 19 for defined terms.

Notes to the condensed consolidated statement of financial performance

Profit (loss) from ordinary activities attributable to members

	Current period - \$A'000	Previous corresponding period - \$A'000
1.20 Profit (loss) from ordinary activities after tax (<i>item 1.7</i>)	(161,939)	(86,223)
1.21 Less (plus) outside ⁺ equity interests	-	-
1.22 Profit (loss) from ordinary activities after tax, attributable to members	(161,939)	(86,223)

Revenue and expenses from ordinary activities

(*see note 15*)

	Current period - \$A'000	Previous corresponding period - \$A'000
1.23 Revenue from sales or services	101,964	47,988
1.24 Interest revenue	558	1,819
1.25 Other relevant revenue	-	-
1.26 Details of relevant expenses		
Expenses from Ordinary Activities		
Direct Costs of Providing Services	(64,959)	(36,357)
Staff and Related Costs	(28,822)	(38,756)
Network Operating & Maintenance Costs	(2,295)	(3,142)
Occupancy	(3,319)	(3,152)
Borrowing costs	(9,456)	(6,571)
Other Operating Expenses	(4,990)	(9,390)
Significant Items		
Write down of non-current assets to recoverable amount	(106,890)	-
Restructuring Costs	-	(1,563)
Diminution in Value of Shares	(2,241)	(1,290)
1.27 Depreciation and amortisation excluding amortisation of intangibles (<i>see item 2.3</i>)	(38,437)	(32,757)
Capitalised outlays		
1.28 Interest costs capitalised in asset values	122	230
1.29 Outlays capitalised in intangibles (unless arising from an ⁺ acquisition of a business)	-	-

+ See chapter 19 for defined terms.

Consolidated retained profits

	Current period - \$A'000	Previous corresponding period - \$A'000
1.30 Retained profits (accumulated losses) at the beginning of the financial period	(257,867)	(171,644)
1.31 Net profit (loss) attributable to members (<i>item 1.11</i>)	(161,939)	(86,223)
1.32 Net transfers from (to) reserves (<i>details if material</i>)	-	-
1.33 Net effect of changes in accounting policies	-	-
1.34 Dividends and other equity distributions paid or payable	-	-
1.35 Retained profits (accumulated losses) at end of financial period	(419,806)	(257,867)

Intangible and extraordinary items

		<i>Consolidated - current period</i>			
		Before tax \$A'000	Related tax \$A'000	Related outside + equity interests \$A'000 (c)	Amount (after tax) attributable to members \$A'000 (d)
		(a)	(b)		
2.1	Amortisation of goodwill	-	-	-	-
2.2	Amortisation of other intangibles	3,052	-	-	3,052
2.3	Total amortisation of intangibles	3,052	-	-	3,052
2.4	Extraordinary items (details)	-	-	-	-
2.5	Total extraordinary items	-	-	-	-

Comparison of half year profits

(Preliminary final report only)

	Current year - \$A'000	Previous year - \$A'000
3.1 Consolidated profit (loss) from ordinary activities after tax attributable to members reported for the 1st half year (item 1.22 in the half yearly report)	(32,371)	(46,955)
3.2 Consolidated profit (loss) from ordinary activities after tax attributable to members for the 2nd half year	(129,568)	(39,268)

+ See chapter 19 for defined terms.

Condensed consolidated statement of financial position		At end of current period \$A'000	As shown in last annual report \$A'000	As in last half yearly report \$A'000
Current assets				
4.1	Cash	11,703	16,486	12,247
4.2	Receivables	22,370	13,507	23,904
4.3	Investments	-	-	-
4.4	Inventories	-	-	-
4.5	Tax assets	-	-	-
4.6	Other (provide details if material)	-	-	-
4.7	Total current assets	34,073	29,993	36,151
Non-current assets				
4.8	Receivables	1,581	15,251	13,100
4.9	Investments (equity accounted)	-	-	-
4.10	Other investments	1,731	3,972	2,037
4.11	Inventories	-	-	-
4.12	Exploration and evaluation expenditure capitalised (<i>see para .71 of AASB 1022</i>)	-	-	-
4.13	Development properties (+mining entities)	-	-	-
4.14	Other property, plant and equipment (net)	179,493	257,264	244,658
4.15	Intangibles (net)	-	42,485	40,960
4.16	Tax assets	-	-	-
4.17	Other (provide details if material)	-	-	-
4.18	Total non-current assets	182,805	318,972	300,755
4.19	Total assets	216,878	348,965	336,906
Current liabilities				
4.20	Payables	30,643	27,404	31,083
4.21	Interest bearing liabilities	84,789	6,706	3,104
4.22	Tax liabilities	-	-	-
4.23	Provisions exc. tax liabilities	1,010	1,165	1,160
4.24	Other (provide details if material)	-	-	-
4.25	Total current liabilities	116,442	35,275	35,347
Non-current liabilities				
4.26	Payables	-	-	-
4.27	Interest bearing liabilities	16,000	71,000	90,647
4.28	Tax liabilities	-	-	-
4.29	Provisions exc. tax liabilities	283	219	225
4.30	Other (provide details if material)	7,838	4,217	4,804
4.31	Total non-current liabilities	24,121	75,436	95,676

+ See chapter 19 for defined terms.

4.32	Total liabilities	140,563	110,711	131,023
4.33	Net assets	76,315	238,254	205,883
	Equity			
4.34	Capital/contributed equity	496,121	496,121	496,121
4.35	Reserves	-	-	-
4.36	Retained profits (accumulated losses)	(419,806)	(257,867)	(290,238)
4.37	Equity attributable to members of the parent entity	76,315	238,254	205,883
4.38	Outside ⁺ equity interests in controlled entities	-	-	-
4.39	Total equity	76,315	238,254	205,883
4.40	Preference capital included as part of 4.37	75,000	75,000	75,000

Notes to the condensed consolidated statement of financial position

Exploration and evaluation expenditure capitalised

(To be completed only by entities with mining interests if amounts are material. Include all expenditure incurred.)

	Current period \$A'000	Previous corresponding period - \$A'000
5.1 Opening balance	N/A	N/A
5.2 Expenditure incurred during current period		
5.3 Expenditure written off during current period		
5.4 Acquisitions, disposals, revaluation increments, etc.		
5.5 Expenditure transferred to Development Properties		
5.6 Closing balance as shown in the consolidated balance sheet (item 4.12)		

+ See chapter 19 for defined terms.

Development properties

(To be completed only by entities with mining interests if amounts are material)

	Current period \$A'000	Previous corresponding period - \$A'000
6.1 Opening balance	N/A	N/A
6.2 Expenditure incurred during current period		
6.3 Expenditure transferred from exploration and evaluation		
6.4 Expenditure written off during current period		
6.5 Acquisitions, disposals, revaluation increments, etc.		
6.6 Expenditure transferred to mine properties		
6.7 Closing balance as shown in the consolidated balance sheet (item 4.13)		

+ See chapter 19 for defined terms.

Condensed consolidated statement of cash flows

		Current period \$A'000	Previous corresponding period - \$A'000
Cash flows related to operating activities			
7.1	Receipts from customers	89,866	46,440
7.2	Payments to suppliers and employees	(92,695)	(93,708)
7.3	Dividends received from associates	-	-
7.4	Other dividends received	-	-
7.5	Interest and other items of similar nature received	558	1,819
7.6	Interest and other costs of finance paid	(6,576)	(11,103)
7.7	Income taxes paid	-	-
7.8	Other (provide details if material)	-	-
7.9	Net operating cash flows	(8,847)	(56,552)
Cash flows related to investing activities			
7.10	Payment for purchases of property, plant and equipment	(18,903)	(68,649)
7.11	Proceeds from sale of property, plant and equipment	-	-
7.12	Payment for purchases of equity investments	-	(4,693)
7.13	Proceeds from sale of equity investments	-	391
7.14	Loans to other entities	-	-
7.15	Loans repaid by other entities	-	-
7.16	Other (provide details if material)	-	-
7.17	Net investing cash flows	(18,903)	(72,951)
Cash flows related to financing activities			
7.18	Proceeds from issues of ⁺ securities (shares, options, etc.)	-	111,474
7.19	Proceeds from borrowings	23,500	71,000
7.20	Repayment of borrowings	(533)	(70,537)
7.21	Dividends paid	-	-
7.22	Other (provide details if material)	-	-
7.23	Net financing cash flows	22,967	111,937
7.24	Net increase (decrease) in cash held	(4,783)	(17,566)
7.25	Cash at beginning of period (see Reconciliation of cash)	16,486	34,052
7.26	Exchange rate adjustments to item 7.25.	-	-
7.27	Cash at end of period (see Reconciliation of cash)	11,703	16,486

+ See chapter 19 for defined terms.

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. *(If an amount is quantified, show comparative amount.)*

N/A

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current period \$A'000	Previous corresponding period - \$A'000
8.1 Cash on hand and at bank	4	4
8.2 Deposits at call	9,805	14,592
8.3 Bank overdraft	-	-
8.4 Other (provide details)	1,894	1,890
8.5 Total cash at end of period (item 7.27)	11,703	16,486

Other notes to the condensed financial statements

Ratios	Current period	Previous corresponding Period
9.1 Profit before tax / revenue Consolidated profit (loss) from ordinary activities before tax (item 1.5) as a percentage of revenue (item 1.1)	(158%)	(173%)
9.2 Profit after tax / ⁺equity interests Consolidated net profit (loss) from ordinary activities after tax attributable to members (item 1.11) as a percentage of equity (similarly attributable) at the end of the period (item 4.37)	(212%)	(36%)

Earnings per security (EPS)

10. Details of basic and diluted EPS reported separately in accordance with paragraph 9 and 18 of *AASB 1027: Earnings Per Share* are as follows.

Basic Loss per share is determined by dividing the net loss after tax and after preference dividends by the weighted average number of ordinary shares outstanding during the financial year. Diluted loss per share includes preference shares in the above calculation.

Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS:

Current period : 865,115,589
Previous corresponding Period : 823,430,083

+ See chapter 19 for defined terms.

NTA backing <i>(see note 7)</i>	Current period	Previous corresponding Period
11.1 Net tangible asset backing per ⁺ ordinary security	0.15 cents	13.96 cents

Discontinuing Operations

(Entities must report a description of any significant activities or events relating to discontinuing operations in accordance with paragraph 7.5 (g) of AASB 1029: Interim Financial Reporting, or, the details of discontinuing operations they have disclosed in their accounts in accordance with AASB 1042: Discontinuing Operations (see note 17).)

12.1 Discontinuing Operations

N/A

Control gained over entities having material effect

13.1 Name of entity (or group of entities)	N/A
13.2 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was ⁺ acquired	\$
13.3 Date from which such profit has been calculated	
13.4 Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	\$

Loss of control of entities having material effect

14.1 Name of entity (or group of entities)	N/A
14.2 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control	\$
14.3 Date to which the profit (loss) in item 14.2 has been calculated	
14.4 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period	\$
14.5 Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	\$

+ See chapter 19 for defined terms.

Dividends (in the case of a trust, distributions)

- 15.1 Date the dividend (distribution) is payable N/A
- 15.2 ⁺Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if ⁺securities are not ⁺CHES approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if ⁺securities are ⁺CHES approved)
- 15.3 If it is a final dividend, has it been declared?
(Preliminary final report only)

Amount per security

		Amount per security	Franked amount per security at % tax (see note 4)	Amount per security of foreign source dividend
15.4	<i>(Preliminary final report only)</i> Final dividend: Current year	Nil ¢	Nil ¢	Nil ¢
15.5	Previous year	Nil ¢	Nil ¢	Nil ¢
15.6	<i>(Half yearly and preliminary final reports)</i> Interim dividend: Current year	Nil ¢	Nil ¢	Nil ¢
15.7	Previous year	Nil ¢	Nil ¢	Nil ¢

Total dividend (distribution) per security (interim plus final)

(Preliminary final report only)

	Current year	Previous year
15.8 ⁺ Ordinary securities	Nil ¢	Nil ¢
15.9 Preference ⁺ securities	Nil ¢	Nil ¢

**Half yearly report - interim dividend (distribution) on all securities or
Preliminary final report - final dividend (distribution) on all securities**

	Current period \$A'000	Previous corresponding period - \$A'000
15.10 ⁺ Ordinary securities <i>(each class separately)</i>	Nil	Nil
15.11 Preference ⁺ securities <i>(each class separately)</i>	Nil	Nil
15.12 Other equity instruments <i>(each class separately)</i>	Nil	Nil
15.13 Total	Nil	Nil

+ See chapter 19 for defined terms.

The ⁺dividend or distribution plans shown below are in operation.

Nil

The last date(s) for receipt of election notices for the ⁺dividend or distribution plans

N/A

Any other disclosures in relation to dividends (distributions). *(For half yearly reports, provide details in accordance with paragraph 7.5(d) of AASB 1029 Interim Financial Reporting)*

Nil

Details of aggregate share of profits (losses) of associates and joint venture entities

Group's share of associates' and joint venture entities':	Current period \$A'000	Previous corresponding period - \$A'000
16.1 Profit (loss) from ordinary activities before tax	N/A	N/A
16.2 Income tax on ordinary activities		
16.3 Profit (loss) from ordinary activities after tax		
16.4 Extraordinary items net of tax		
16.5 Net profit (loss)		
16.6 Adjustments		
16.7 Share of net profit (loss) of associates and joint venture entities		

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities. *(If the interest was acquired or disposed of during either the current or previous corresponding period, indicate date of acquisition ("from dd/mm/yy") or disposal ("to dd/mm/yy").)*

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss) (item 1.9)	
	Current period	Previous corresponding period	Current period \$A'000	Previous corresponding period - \$A'000
17.1 Equity accounted associates and joint venture entities				
17.2 Total				
17.3 Other material interests				
Macquarie Corporate Telecommunications Holdings Ltd	10%	10%	(2,241)	(721)
17.4 Total	10%	10%	(2,241)	(721)

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current period

(Description must include rate of interest and any redemption or conversion rights together with prices and dates)

Category of ⁺ securities	Total number	Number quoted	Issue price per security (see note 14) (cents)	Amount paid up per security (see note 14) (cents)
18.1 Preference ⁺securities <i>(description)</i>				
Cumulative at 10% convertible	159,574,468		0.47	0.47
18.2 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks, redemptions				
18.3 ⁺Ordinary securities	866,428,645	866,428,645		
18.4 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks	1,592,244	1,592,244	-	-
18.5 ⁺Convertible debt securities <i>(description and conversion factor)</i>				
18.6 Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted				

+ See chapter 19 for defined terms.

18.7	Options <i>(description and conversion factor)</i>		<i>Exercise Price</i>	<i>Expiry Date (if any)</i>
	Employee Options	200,000	2.16	6/5/2004
	Employee Options	3,296,671	2.32	1/12/2007 to 1/12/2009
	Employee Options	3,675,000	0.70	27/3/2002 to 27/3/2006
	Employee Options	151,667	2.43	20/12/2007 to 20/12/2009
	Employee Options	200,000	0.67	15/5/2002 to 15/5/2006
	Employee Options	333,000	0.56	27/3/2002 to 27/3/2006
	Employee Options	50,000	0.34	24/7/2002 to 24/7/2006
18.8	Issued during current period	-		
18.9	Exercised during current period	-		
18.10	Expired during current period			
	Employee Options	635,001	2.32	1/12/2007 to 1/12/2009
	Employee Options	2,410,000	0.70	27/3/2002 to 27/3/2006
	Employee Options	50,000	0.67	15/5/2002 to 15/5/2006
18.11	Debentures <i>(description)</i>			
18.12	Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted	-		

+ See chapter 19 for defined terms.

18.13 Unsecured notes <i>(description)</i>	-	
18.14 Changes during current period		
(a) Increases through issues		
(b) Decreases through securities matured, converted		

Segment reporting

(Information on the business and geographical segments of the entity must be reported for the current period in accordance with *AASB 1005: Segment Reporting* and for half year reports, *AASB 1029: Interim Financial Reporting*. Because entities employ different structures a pro forma cannot be provided. Segment information in the layout employed in the entity's ⁺accounts should be reported separately and attached to this report.)

PowerTel Limited operates in one business segment being broadband telecommunications and in one geographical segment being Australia.

Comments by directors

(Comments on the following matters are required by ASX or, in relation to the half yearly report, by *AASB 1029: Interim Financial Reporting*. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) and may be incorporated into the directors' report and statement. For both half yearly and preliminary final reports, if there are no comments in a section, state NIL. If there is insufficient space to comment, attach notes to this report.)

Basis of financial report preparation

19.1

This report has been prepared in accordance with the accounting policies adopted by the consolidated entity as described in its last annual report. Refer to Note 19.3 for further details.

19.2 Material factors affecting the revenues and expenses of the economic entity for the current period. In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations.

The consolidated entity recorded a loss on ordinary activities after income tax for the year ended 31 December 2002 of \$161.9 million (year ended 31 December 2001, loss \$86.2 million) after a write down of non current assets to recoverable amount of \$106.9 million (year ended 31 December 2001, \$1.6 million).

Revenue

Total revenue for the year increased to \$102.5 million (year ended 31 December 2001, \$49.8 million). The increase in revenue was due to new customers being brought onto the company's network and the commencement of transmission of voice traffic under the strategic alliance with Macquarie Corporate Telecommunications Holdings Ltd (Macquarie).

In 2001, PowerTel Limited entered into a strategic alliance with Macquarie where PowerTel will provide to Macquarie access to its network, which will progressively increase the handling of Macquarie's voice traffic. The transmission of Macquarie voice traffic to the PowerTel network commenced in January 2002 and increased to anticipated monthly volumes by mid 2002.

Gross Margin

⁺ See chapter 19 for defined terms.

The gross margin improved to 36.3% from 24.2% in the corresponding prior period. The improved margins were a result of steps taken to change the customer base towards more profitable customers and a more profitable mix of products.

Operating Expenses

Operating expenses decreased by 27.8% over the previous corresponding period. The decrease was mainly due to decreased salary costs and maintenance costs. These costs decreased due to a number of cost cutting initiatives undertaken in the middle and late 2001 as well as an ongoing process improvement programme throughout 2002 to keep costs at the most efficient level.

Writedown of non-current assets to recoverable amount

It is an Australian Accounting Standard requirement that the recoverability of non-current assets be assessed on a regular basis. In common with other telecommunication companies the company has continued to experience a highly competitive market with depressed demand for telecommunication services.

Following an assessment of the recoverability of non current assets, a write down of \$106.9 million to non current assets has been recognised in 2002. This write down is based on an assessment of the recoverable amount of individual assets as well as a review of the level of future benefits expected to be generated by the plant and equipment currently owned by PowerTel.

Economic Dependency

At the end of the previous financial year, the consolidated entity entered into a strategic alliance with Macquarie. A significant portion of the consolidated entity's operating revenue for the year ended 31 December 2002, was received from Macquarie under this strategic alliance.

Financing arrangements

In March 2002, in conjunction with a review of the company's capital expenditure and working capital requirement projections and a revision to the business plan, the company renegotiated the finance facility with the banking syndicate. The revised business plan was based on revenue forecasts, which required reduced capital expenditure, and operating costs, a result of which was a reduced finance facility requirement. The renegotiated finance facility was subject to restrictions on monthly drawdowns and meeting certain revised covenants consistent with the revised business plan, to be applied from March 2002 onwards. The renegotiated finance facility included the following terms;

- (i) a reduction in the total facility amount from \$150 million to \$100 million
- (ii) an agreement between Wiltel and the banking syndicate that Wiltel will provide a contribution of \$16 million in subordinated debt for the purpose of meeting PowerTel's funding requirements to 1 September 2002.
- (iii) an agreement to provide access to the undrawn amount of \$29 million, under the revised facility, from and not earlier than 1 September 2002.

The company received from Wiltel an amount of \$16 million as convertible debt subordinated to the finance facility on 28 February 2002.

All conditions from the period of March 2002 to 1 September 2002 were met by PowerTel and drawdowns of A\$7.5 million from the finance facility recommenced in September and October 2002. Refer to section 19.3 for further details.

19.3 A description of each event since the end of the current period which has had a material effect and which is not already reported elsewhere in this Appendix or in attachments, with financial effect quantified (if possible).

+ See chapter 19 for defined terms.

Financing arrangements

In January 2003, PowerTel breached certain covenants of the finance facility by not achieving revenue and EBITDA targets in respect of the quarter ended 31 December 2002. The banking syndicate has waived the covenant breaches.

PowerTel is currently in discussions with the banking syndicate in relation to a revised business plan which includes revised covenants in the future. PowerTel is also currently in discussions with investors seeking additional funding for the company. There is some uncertainty as to whether the company will be able to renegotiate the finance facility with the banking syndicate on satisfactory terms or secure additional funding. Notwithstanding the current uncertainty, the Directors have considered the requirements of the Australian Accounting Standards and prepared the accounts on a going concern basis.

As a consequence, the financial report does not take account of further adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classifications of liabilities, that might be necessary should the consolidated entity not renegotiate the finance facility or obtain additional sources of funding, and therefore continue to operate as a going concern and pay its debts as and when they become due and payable.

In accordance with Accounting Standards, the balance of the non-current amounts due for repayment after 31 December 2003 under the finance facility, totaling \$74.6 million has been reclassified as a current interest bearing liability. The company will reclassify this debt to non current when satisfactory renegotiation of the finance facility with the banking syndicate has been achieved.

19.4 Franking credits available and prospects for paying fully or partly franked dividends for at least the next year.

NIL

+ See chapter 19 for defined terms.

19.5 Unless disclosed below, the accounting policies, estimation methods and measurement bases used in this report are the same as those used in the last annual report. Any changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows. (Disclose changes and differences in the half yearly report in accordance with *AASB 1029: Interim Financial Reporting*. Disclose changes in accounting policies in the preliminary final report in accordance with *AASB 1001: Accounting Policies-Disclosure*).

Recoverable amounts of non current assets

In determining recoverable amount, the expected net cash flows have been discounted at their present value using a market determined risk adjusted discount rate of 22.5% (31 December 2001; 13%)

19.6 Revisions in estimates of amounts reported in previous interim periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous +annual reports if those revisions have a material effect in this half year.

NIL

19.7 Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last + annual report.

NIL

Additional disclosure for trusts

20.1 Number of units held by the management company or responsible entity or their related parties.

N/A

20.2 A statement of the fees and commissions payable to the management company or responsible entity.

Identify:

- initial service charges
- management fees
- other fees

+ See chapter 19 for defined terms.

Annual meeting

(Preliminary final report only)

The annual meeting will be held as follows:

Place

Museum of Sydney

Date

TBA

Time

TBA

Approximate date the ⁺annual report will be available

TBA

Compliance statement

- 1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX (see note 12).

Identify other standards used

- 2 This report, and the ⁺accounts upon which the report is based (if separate), use the same accounting policies.

- 3 This report does give a true and fair view of the matters disclosed (see note 2).

- 4 This report is based on ⁺accounts to which one of the following applies.

(Tick one)

The ⁺accounts have been audited.

The ⁺accounts have been subject to review.



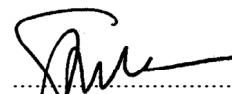
The ⁺accounts are in the process of being audited or subject to review.

The ⁺accounts have *not* yet been audited or reviewed.

- 5 If the audit report or review by the auditor is not attached, details of any qualifications are attached. *(Half yearly report only - the audit report or review by the auditor must be attached to this report if this report is to satisfy the requirements of the Corporations Act.)*

- 6 The entity has a formally constituted audit committee.

Sign here:


.....
(Director)

Date: 14 March 2003.....

Print name: Stephen Butler

⁺ See chapter 19 for defined terms.

Notes

1. **For announcement to the market** The percentage changes referred to in this section are the percentage changes calculated by comparing the current period's figures with those for the previous corresponding period. Do not show percentage changes if the change is from profit to loss or loss to profit, but still show whether the change was up or down. If changes in accounting policies or procedures have had a material effect on reported figures, do not show either directional or percentage changes in profits. Explain the reason for the omissions in the note at the end of the announcement section. Entities are encouraged to attach notes or fuller explanations of any significant changes to any of the items in page 1. The area at the end of the announcement section can be used to provide a cross reference to any such attachment.
2. **True and fair view** If this report does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the entity must attach a note providing additional information and explanations to give a true and fair view.
3. **Condensed consolidated statement of financial performance**
 - Item 1.1 The definition of "revenue" and an explanation of "ordinary activities" are set out in *AASB 1004: Revenue*, and *AASB 1018: Statement of Financial Performance*.
 - Item 1.6 This item refers to the total tax attributable to the amount shown in item 1.5. Tax includes income tax and capital gains tax (if any) but excludes taxes treated as expenses from ordinary activities (eg, fringe benefits tax).
4. **Income tax** If the amount provided for income tax in this report differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the entity must explain in a note the major items responsible for the difference and their amounts. The rate of tax applicable to the franking amount per dividend should be inserted in the heading for the column "Franked amount per security at % tax" for items 15.4 to 15.7.
5. **Condensed consolidated statement of financial position**

Format The format of the consolidated statement of financial position should be followed as closely as possible. However, additional items may be added if greater clarity of exposition will be achieved, provided the disclosure still meets the requirements of *AASB 1029: Interim Financial Reporting*, and *AASB 1040: Statement of Financial Position*. Also, banking institutions, trusts and financial institutions may substitute a clear liquidity ranking for the Current/Non-Current classification.

Basis of revaluation If there has been a material revaluation of non-current assets (including investments) since the last ⁺annual report, the entity must describe the basis of revaluation adopted. The description must meet the requirements of *AASB 1010: Accounting for the Revaluation of Non-Current Assets*. If the entity has adopted a procedure of regular revaluation, the basis for which has been disclosed and has not changed, no additional disclosure is required.
6. **Condensed consolidated statement of cash flows** For definitions of "cash" and other terms used in this report see *AASB 1026: Statement of Cash Flows*. Entities should follow the form as closely as possible, but variations are permitted if the directors (in the case of a trust, the

+ See chapter 19 for defined terms.

- management company) believe that this presentation is inappropriate. However, the presentation adopted must meet the requirements of *AASB 1026*. ⁺Mining exploration entities may use the form of cash flow statement in Appendix 5B.
7. **Net tangible asset backing** Net tangible assets are determined by deducting from total tangible assets all claims on those assets ranking ahead of the ⁺ordinary securities (ie, all liabilities, preference shares, outside ⁺equity interests etc). ⁺Mining entities are *not* required to state a net tangible asset backing per ⁺ordinary security.
 8. **Gain and loss of control over entities** The gain or loss must be disclosed if it has a material effect on the ⁺accounts. Details must include the contribution for each gain or loss that increased or decreased the entity's consolidated profit (loss) from ordinary activities and extraordinary items after tax by more than 5% compared to the previous corresponding period.
 9. **Rounding of figures** This report anticipates that the information required is given to the nearest \$1,000. If an entity reports exact figures, the \$A'000 headings must be amended. If an entity qualifies under ASIC Class Order 98/0100 dated 10 July 1998, it may report to the nearest million dollars, or to the nearest \$100,000, and the \$A'000 headings must be amended.
 10. **Comparative figures** Comparative figures are to be presented in accordance with *AASB 1018* or *AASB 1029 Interim Financial Reporting* as appropriate and are the unadjusted figures from the latest annual or half year report as appropriate. However, if an adjustment has been made in accordance with an accounting standard or other reason or if there is a lack of comparability, a note explaining the position should be attached. For the statement of financial performance, *AASB 1029 Interim Financial Reporting* requires information on a year to date basis in addition to the current interim period. Normally an Appendix 4B to which *AASB 1029 Interim Financial Reporting* applies would be for the half year and consequently the information in the current period is also the year to date. If an Appendix 4B Half yearly version is produced for an additional interim period (eg because of a change of reporting period), the entity must provide the year to date information and comparatives required by *AASB 1029 Interim Financial Reporting*. This should be in the form of a multi-column version of the consolidated statement of financial performance as an attachment to the additional Appendix 4B.
 11. **Additional information** An entity may disclose additional information about any matter, and must do so if the information is material to an understanding of the reports. The information may be an expansion of the material contained in this report, or contained in a note attached to the report. The requirement under the listing rules for an entity to complete this report does not prevent the entity issuing reports more frequently. Additional material lodged with the ⁺ASIC under the Corporations Act must also be given to ASX. For example, a director's report and declaration, if lodged with the ⁺ASIC, must be given to ASX.
 12. **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if one exists) must be complied with.
 13. **Corporations Act financial statements** This report may be able to be used by an entity required to comply with the Corporations Act as part of its half-year financial statements if prepared in accordance with Australian Accounting Standards.

⁺ See chapter 19 for defined terms.

14. **Issued and quoted securities** The issue price and amount paid up is not required in items 18.1 and 18.3 for fully paid securities.
15. **Details of expenses** *AASB 1018* requires disclosure of expenses from ordinary activities according to either their nature or function. For foreign entities, there are similar requirements in other accounting standards accepted by ASX. *AASB ED 105* clarifies that the disclosures required by *AASB 1018* must be either *all* according to nature or *all* according to function. Entities must disclose details of expenses using the layout (by nature or function) employed in their ⁺accounts.

The information in lines 1.23 to 1.27 may be provided in an attachment to Appendix 4B.

Relevant Items *AASB 1018* requires the separate disclosure of specific revenues and expenses which are not extraordinary but which are of a size, nature or incidence that disclosure is *relevant* in explaining the financial performance of the reporting entity. The term “relevance” is defined in *AASB 1018*. There is an equivalent requirement in *AASB 1029: Interim Financial Reporting*. For foreign entities, there are similar requirements in other accounting standards accepted by ASX.

16. **Dollars** If reporting is not in A\$, all references to \$A must be changed to the reporting currency. If reporting is not in thousands of dollars, all references to “000” must be changed to the reporting value.

17. **Discontinuing operations**

Half yearly report

All entities must provide the information required in paragraph 12 for half years beginning on or after 1 July 2001.

Preliminary final report

Entities must either provide a description of any significant activities or events relating to discontinuing operations equivalent to that required by paragraph 7.5 (g) of *AASB 1029: Interim Financial Reporting*, or, the details of discontinuing operations they are required to disclose in their ⁺accounts in accordance with *AASB 1042 Discontinuing Operations*.

In any case the information may be provided as an attachment to this Appendix 4B.

18. **Format**

This form is a Word document but an entity can re-format the document into Excel or similar applications for submission to the Companies Announcements Office in ASX.

⁺ See chapter 19 for defined terms.