

25 July 2008

ASX Online
Australian Stock Exchange Limited
20 Bridge Street
Sydney NSW 2000

Dear Sir / Madam

RE: SALMAT PROVIDES GUIDANCE UPDATE

Salmat Limited acquired HPAL Limited (HPA) in November 2007. Revenue from HPA continues to make a strong contribution to the BusinessForce division. There have been no significant client losses since the acquisition of the business and the revenue and profit contribution from BusinessForce is in line with our forecasts. Now that we are eight months into the integration, we are more confident that the ongoing synergy benefits identified earlier will be at the upper end of the \$10 to \$15 million range and will be captured over the next eighteen months. The integration is proceeding well, with significant progress already made in areas including site consolidation, equipment rationalisation and corporate expense reduction.

Salmat is required to assess the fair value of HPA assets and determine any related amortisation charges. We have now completed the fair value calculations and can confirm that approximately \$7 million of amortisation costs will be taken up in the FY08 result. This relates to the eight months of the financial year since the acquisition of HPA.

As previously disclosed, Salmat's FY08 net profit after tax will be affected by development and launch costs for Lasoo, our online digital media site, and integration and restructuring costs mainly associated with the purchase of HPA, both of which will be identified as significant items. In addition, the FY08 result will bear higher interest and amortisation costs flowing from the HPA acquisition. In contrast, the preceding year benefited from the significant one-off gain of approximately \$25 million from the sale of the Philippines joint venture.

The Lasoo launch has also proceeded well. Increased advertising spend for the Lasoo site will result in a full year pre-tax loss of approximately \$7 million, compared to the \$4.1 million incurred in the first half of the year.

Salmat is pleased to confirm that its full year result for the year ending 30 June 2008 is still expected to be at the mid-point of the earnings before interest, tax and amortisation (EBITA) (before significant items) range of \$55 to \$60 million, as indicated to the market in February 2008. This outcome would represent an increase in EBITA before significant items of around 23% on the prior year.

Salmat advises that its net profit after tax for FY08, having been impacted by deductions including those set out above, is expected to be in the range of \$11 to \$13 million.

Salmat will be releasing its full year audited results on 22 August 2008, at which time greater detail will be provided on operational performance.



Colin Wright
CHIEF FINANCIAL OFFICER

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