

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

14. INTANGIBLE ASSETS (CONTINUED)

(a) As at 30 June 2014, we had software assets under development amounting to \$214 million (2013: \$345 million). As these assets were not installed and ready for use, there is no amortisation being charged on the amounts.

(b) Includes \$19 million (2013: \$36 million) of capitalised borrowing costs directly attributable to software assets.

(c) During financial year 2013, we renewed our existing 800Mhz and 1800Mhz spectrum licences for \$779 million.

(d) During financial year 2005, we entered into an arrangement with our joint venture, Reach Ltd (Reach), and our co-shareholder PCCW, whereby Reach's international cable capacity was allocated between us and PCCW under an indefeasible right of use (IRU) agreement, including committed capital expenditure for the period until 2018.

The IRU is amortised over the contract periods for the capacity on the various international cable systems, which range from 5 to 22 years. The IRU is deemed to be an extension of our investment in Reach. The IRU has a carrying value of nil in the consolidated financial statements due to the recognition of equity accounted losses in Reach.

(e) The majority of the deferred expenditure relates to the deferral of direct incremental costs of establishing a customer contract, which are amortised to goods and services purchased in the income statement. In addition, the deferred expenditure includes basic access installation and connection fees for in place and new services.

(f) During financial year 2014, we disposed of our interests in the Sensis Group and the CSL Group. Refer to notes 12 and 20 for further details.

(g) As at 30 June 2014, Sequel Media Group's assets and liabilities were classified as held for sale. Impairment loss of \$12 million was recognised against goodwill for the Sequel Media cash generating units (CGU). Refer to notes 12 and 21 for further details.

(h) During financial year 2014, and following its classification as assets and liabilities held for sale at 31 December 2013 and subsequent disposal on 28 February 2014, we recognised an impairment charge of \$150 million against goodwill for the Sensis Group and Location Navigation CGUs. Refer to notes 12 and 21 for further details.