



ASX RELEASE

25 February 2021

**APPENDIX 4D
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

Results for Announcement to the Market (All comparisons to 31 December 2019)

Key Financial Information	\$'000	up/down	% movement
Revenue from ordinary activities	258,497	Down	16.1%
Net profit from ordinary activities after tax (including significant items)	32,488	Up	59.3%
Net profit from ordinary activities after tax (excluding significant items)	32,488	Up	22.0%

Dividend Information	Amount per share	Franked amount per share	Tax rate for franking credit
Final FY2020 dividend per share (cents)	-	-	-
Interim FY2021 dividend per share (cents)	-	-	-

The dividend reinvestment plan has been suspended.

The Group confirmed there was no final dividend paid for the year ended 30 June 2020, and there will be no interim dividend paid for the year ending 30 June 2021.

	31 Dec 20	31 Dec 19
Net Tangible Assets Per Security	\$(0.60)	\$(0.47)

Additional Appendix 4D disclosure requirements can be found in the directors' report, financial statements and notes to the financial statements contained in the Southern Cross Austereo Interim Financial Report for the half year ended 31 December 2020. This report is based on the consolidated Interim Financial Report for the half year ended 31 December 2020 which has been reviewed by PricewaterhouseCoopers with the Independent Auditor's Review Report included in the Interim Financial Report.

Approved for release by the Board.

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Southern Cross Austereo comprises Southern Cross Media Group Limited and its subsidiaries.

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SOUTHERN CROSS AUSTereo

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

Southern Cross Austereo comprises Southern Cross Media Group Limited and its subsidiaries. Southern Cross Media Group Limited is a company limited by shares and incorporated and domiciled in Australia. The registered office of Southern Cross Media Group Limited is Level 2, 257 Clarendon Street, South Melbourne, Victoria 3205 Australia. Tel: +61 3 9252 1019.

Directors' Report.....	1
Directors	1
Principal Activities	1
Review and Results of Operations	1
Significant Items	2
Dividends	2
Significant Changes in State of Affairs	2
Events Occurring After Balance Sheet Date	2
Directors' Holdings of Shares	2
Auditor's Independence Declaration	3
Statement of Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity.....	6
Statement of Cash Flows	7
Notes to the Financial Statements.....	8
1. Summary of Significant Accounting Policies	8
2. Segment Information	9
3. Revenue	10
4. Significant Items	10
5. Government Grants	10
6. Income Tax Expense	11
7. Dividends Paid	12
8. Non-Current Assets – Intangible Assets	13
9. Derivative Financial Instruments	14
11. Contributed Equity	15
12. Events Occurring after Balance Sheet Date	16
13. Other Accounting Policies	16
Directors' Declaration	17
Independent auditor's review report to the members of Southern Cross Media Group Limited	18

Directors' Report

The Directors of Southern Cross Media Group Limited ("the Company") submit the following report for Southern Cross Austereo, being Southern Cross Media Group Limited and its subsidiaries ("the Group"), for the half year ended 31 December 2020. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Directors

The following persons were Directors of the Company during the whole of the financial half year, unless otherwise stated, and up to the date of this report:

- Rob Murray (appointed Chairman 19 August 2020)
- Peter Bush (Chairman until 19 August 2020; resigned 30 October 2020)
- Grant Blackley (Managing Director)
- Glen Boreham
- Carole Campbell (appointed 1 September 2020)
- Ido Leffler (appointed 30 October 2020)
- Heith Mackay-Cruise (appointed 30 October 2020)
- Helen Nash
- Leon Pasternak (resigned 30 October 2020)
- Melanie Willis

Principal Activities

The principal activities of the Group during the course of the financial half year were the creation of audio content for distribution on broadcast (AM, FM and DAB radio) and digital networks. The group also broadcasts free to air television content in regional markets. These media assets are monetised via revenue generated from the development and sale of advertising solutions for clients.

There were no changes in the nature of the Group during the half year.

Review and Results of Operations

The Group reported revenue of \$258.5 million for the 6 month period ended 31 December 2020, a decrease of 16.1% from \$308.1 million for the same period in the prior year. EBITDA for the 6 months was \$75.3 million increasing 11.6% from \$67.5 million for the same period in the prior year. EBITDA for the period included government grants, for JobKeeper and Public Interest News Gathering, totalling \$35.4 million as described in Note 5 "Government Grants" to the Financial Statements. Net profit after tax was \$32.5 million for the 6 months ended 31 December 2020, from a net profit after tax of \$20.4 million in the same period in the prior year.

EBITDA is a measure that, in the opinion of the directors, is a useful supplement to net profit in understanding the cash flow generated from operations and available for payment of income taxes, debt service and capital expenditure. EBITDA is useful to investors because analysts and other members of the investment community largely view EBITDA as a widely recognised measure of operating performance. EBITDA disclosed within the Directors' Report is equivalent to "Profit before depreciation, amortisation, interest, fair value movements on financial derivatives and income tax expense for the half year" included within the Statement of Comprehensive Income.

Significant Items

In the 6 months to 31 December 2020 there were no significant items to report.

Dividends

On 6 April 2020, the Group confirmed there would be no final dividend paid for the year ended 30 June 2020. Further, there has been no interim dividend declared for the half year ended 31 December 2020. Subject to there being no material adverse change in advertising markets, the Directors intend to recommence dividends by paying a final dividend for the 2021 financial year. Any decision to pay a final dividend will be announced upon release of the full year results in August 2021.

Significant Changes in State of Affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group that occurred during the half year under review.

Events Occurring After Balance Sheet Date

Events occurring after balance date are outlined in Note 12 "Events Occurring after Balance Sheet Date" to the Financial Statements.

Directors' Holdings of Shares

The aggregate number of Company fully paid shares held directly, indirectly or beneficially by directors of the Company at the date of this report is 486,513 (30 June 2020: 6,888,514). A one for ten share consolidation occurred on 6th November 2020).

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3.

Signed in accordance with resolutions of the directors of Southern Cross Media Group Limited.



Rob Murray
Chairman
Southern Cross Media Group Limited
Sydney, Australia
25 February 2021



Grant Blackley
Managing Director
Southern Cross Media Group Limited
Sydney, Australia
25 February 2021



Auditor's Independence Declaration

As lead auditor for the review of Southern Cross Media Group Limited for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Southern Cross Media Group Limited and the entities it controlled during the period.

A handwritten signature in blue ink that reads 'Trevor Johnston'.

Trevor Johnston
Partner
PricewaterhouseCoopers

Melbourne
25 February 2021

INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

Statement of Comprehensive Income

	Note	Consolidated	
		1 Jul 20 -31 Dec 20 \$'000	1 Jul 19 -31 Dec 19 \$'000
Revenue from continuing operations	3	258,497	308,108
Broadcast and production costs		(61,084)	(63,371)
Employee expenses	5	(58,570)	(103,584)
Selling costs		(31,108)	(37,214)
Occupancy costs		(6,671)	(4,692)
Promotions and marketing		(6,042)	(7,168)
Administration costs		(20,810)	(25,087)
Other Income		672	124
Share of net profit/(losses) of investments accounted for using the equity method		443	417
Profit before depreciation, amortisation, interest, fair value movements on financial derivatives and income tax expenses for the half year from continuing operations		75,327	67,533
Depreciation and amortisation expense		(15,889)	(19,268)
Impairment of Investments		-	(3,350)
Interest expense and other borrowing costs		(12,934)	(14,317)
Interest revenue		1,002	199
Profit before income tax expense for the half year from continuing operations		47,506	30,797
Income tax expense from continuing operations	6	(15,018)	(10,377)
Profit from continuing operations after income tax for the half year		32,488	20,420
<i>Other comprehensive income for the half year that may be reclassified to profit or loss:</i>			
Changes to fair value of cash flow hedges, net of tax		1,961	505
Total comprehensive profit for the half year attributable to shareholders		34,449	20,925
Earnings per share attributable to the ordinary equity holders of the Company:			
Basic earnings per share		12.3	18.0
Diluted earnings per share		12.3	18.0

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

Statement of Financial Position

		Consolidated	
	Note	31 Dec 20 \$'000	30 Jun 20 \$'000
Current assets			
Cash and cash equivalents		236,561	271,431
Receivables		97,267	84,384
Current tax asset		-	5,112
Total current assets		333,828	360,927
Non-current assets			
Receivables		13,312	13,725
Right-of-use asset		115,922	122,868
Investments		5,206	5,323
Property, plant and equipment		90,589	96,853
Intangible assets	8	947,956	948,047
Total non-current assets		1,172,985	1,186,816
Total assets		1,506,813	1,547,743
Current liabilities			
Payables		54,428	34,263
Deferred Income		11,440	8,738
Provisions		16,132	13,913
Borrowings	10	25,000	25,000
Leases liability		7,527	6,370
Derivative financial instruments	9	101	2,353
Current tax liability		5,547	-
Total current liabilities		120,175	90,637
Non-current liabilities			
Deferred Income		91,063	92,013
Provisions		5,546	4,687
Borrowings	10	276,972	376,703
Lease liability		121,411	126,581
Deferred tax liability		262,293	264,096
Derivative financial instruments	9	4,077	4,629
Total non-current liabilities		761,362	868,709
Total liabilities		881,537	959,346
Net assets		625,276	588,397
Equity			
Contributed equity	11	1,542,884	1,540,569
Reserves		1,626	(450)
Other equity transaction		(77,406)	(77,406)
Accumulated losses		(842,126)	(874,614)
Equity attributable to equity holders		624,978	588,099
Non-controlling interest		298	298
Total equity		625,276	588,397

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

Statement of Changes in Equity

2020

	Contributed equity \$'000	Share- based payment reserve \$'000	Hedge reserve \$'000	Other equity transactions \$'000	(Accumulated losses) /retained profits \$'000	Total \$'000	Non- controlling interest \$'000	Total equity \$'000
Total equity at 1 July 2020	1,540,569	4,436	(4,886)	(77,406)	(874,614)	588,099	298	588,397
Profit for the half year	-	-	-	-	32,488	32,488	-	32,488
Other comprehensive income	-	-	1,961	-	-	1,961	-	1,961
Total comprehensive income	-	-	1,961	-	32,488	34,449	-	34,449
Transactions with equity holders in their capacity as equity holders:								
Contributions of equity net of transaction costs	2,315	-	-	-	-	2,315	-	2,315
Employee share entitlements	-	115	-	-	-	115	-	115
Dividends paid	-	-	-	-	-	-	-	-
	-	115	-	-	-	2,430	-	2,430
Total equity at 31 December 2020	1,542,884	4,551	(2,925)	(77,406)	(842,126)	624,978	298	625,276

2019

	Contributed equity \$'000	Share- based payment reserve \$'000	Hedge reserve \$'000	Other equity transactions \$'000	(Accumulated losses) /retained profits \$'000	Total \$'000	Non- controlling interest \$'000	Total equity \$'000
Total equity at 1 July 2019	1,379,736	5,765	(5,269)	(77,406)	(868,708)	434,118	298	434,416
Profit for the half year	-	-	-	-	20,420	20,420	-	20,420
Other comprehensive income	-	-	505	-	-	505	-	505
Total comprehensive income	-	-	505	-	20,420	20,925	-	20,925
Transactions with equity holders in their capacity as equity holders:								
Employee share entitlements	-	190	-	-	-	190	-	190
Payments on maturity of Long Term Incentive Plan	-	(612)	-	-	(244)	(856)	-	(856)
Dividends paid	-	-	-	-	(30,761)	(30,761)	-	(30,761)
	-	(422)	-	-	(31,005)	(31,427)	-	(31,427)
Total equity at 31 December 2019	1,379,736	5,343	(4,764)	(77,406)	(879,293)	423,616	298	423,914

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

		Consolidated	
	Note	1 Jul 20 - 31 Dec 20 \$'000	1 Jul 19 - 31 Dec 19 \$'000
Cash flows from operating activities			
Receipts from customers		275,390	357,773
Payments to suppliers and employees		(231,820)	(295,559)
Government grants received	5	40,702	-
Interest received from external parties		1,117	199
Tax paid		(4,688)	(15,814)
Net cash inflows from operating activities		80,701	46,599
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(4,440)	(10,062)
Payments for purchase of investments and intangibles		(43)	(28,385)
Proceeds from sale of property, plant and equipment		1,552	921
Payment for purchase of investments		-	(1,908)
Dividends received from equity accounted investments		560	-
Net cash flows used in investing activities		(2,371)	(39,434)
Cash flows from financing activities			
Dividends paid to security holders	7	-	(30,761)
Net proceeds / (repayment) of borrowings from external parties		(100,000)	28,000
Interest paid to external parties		(10,501)	(9,934)
Principal elements of lease payments		(2,699)	(4,315)
Net cash flows used in financing activities		(113,200)	(17,010)
Net decrease in cash and cash equivalents		(34,870)	(9,845)
Cash assets at the beginning of the half year		271,431	32,387
Cash assets at the end of the half year		236,561	22,542

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies

This condensed consolidated interim financial report for the half year reporting period ended 31 December 2020 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial 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 annual report of the Company for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Basis of Preparation

i) Compliance with IFRS

Compliance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* ensures that the interim financial report complies with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB). Consequently, this interim financial report has also been prepared in accordance with and complies with IAS 34 *Interim Financial Reporting* as issued by the IASB.

ii) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) at fair value through profit or loss. All amounts are presented in Australian dollars, unless otherwise noted.

iii) Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period.

Rounding of Amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' Report and Financial Report. Amounts have been rounded off in accordance with the Instrument to the nearest thousand dollars, unless otherwise indicated.

Critical Accounting Estimates and Judgement

The preparation of the interim financial report in accordance with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires the Group to exercise judgement in the process of applying the accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The Group believes the estimates used in the preparation of the interim financial report are reasonable. Actual results in the future may differ from those reported.

The critical estimates and judgements adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Notes to the Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Notes to the financial statements

Notes relating to individual line items in the financial statements now include accounting policy information where it is considered relevant to an understanding of these items, as well as information about critical accounting estimates and judgements. Details of the impact of new accounting policies and all other accounting policy information are disclosed at the end of the financial report in note 13.

2. Segment Information

AASB 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

The Group has determined operating segments are based on the information reported to the Group CEO and the Company Board of Directors. In line with AASB 8 *Operating Segments* the Group then determines its reporting segments and has determined that it has two reporting segments being:

- Audio, comprising metro and regional radio, podcasting and other related businesses
- Television, comprising the regional television business

	Audio		Television		Corporate		Consolidated	
	1 Jul 20- 31 Dec 20 \$'000	1 Jul 19- 31 Dec 19 \$'000	1 Jul 20- 31 Dec 20 \$'000	1 Jul 19- 31 Dec 19 \$'000	1 Jul 20- 31 Dec 20 \$'000	1 Jul 19- 31 Dec 19 \$'000	1 Jul 20- 31 Dec 20 \$'000	1 Jul 19- 31 Dec 19 \$'000
Segment Revenue	173,260	210,889	84,942	96,152	295	1,067	258,497	308,108
National Revenue	94,880	113,169	51,938	54,349	-	-	146,818	167,518
Local Revenue	63,335	80,249	27,376	34,562	-	-	90,711	114,811
Other Revenue	15,045	17,471	5,628	7,241	295	1,067	20,968	25,779
Total Revenue	173,260	210,889	84,942	96,152	295	1,067	258,497	308,108
EBITDA / Segment Result	70,744	65,120	19,515	14,146	(14,932)	(11,733)	75,327	67,533
EBITDA % of Revenue	40.8%	30.9%	23.0%	14.7%	-	-	29.1%	21.9%
Depreciation and Amortisation	-	-	-	-	-	-	(15,889)	(19,268)
Impairment of investments	-	-	-	-	-	(3,350)	-	(3,350)
Statutory EBIT / Segment Result	-	-	-	-	-	-	59,438	44,915
Financing costs	-	-	-	-	-	-	(11,932)	(14,118)
Income tax expense	-	-	-	-	-	-	(15,018)	(10,377)
Profit for the half year attributable to shareholders	-	-	-	-	-	-	32,488	20,420

Notes to the Financial Statements (continued)

3. Revenue

The profit before income tax from continuing operations included the following specific items of revenue:

	Consolidated	
	1 Jul 20 - 31 Dec 20	1 Jul 19 - 31 Dec 19
	\$'000	\$'000
Revenue from continuing operations		
Sales revenue	258,308	307,323
Rental revenue	189	785
Total revenue from continuing operations	258,497	308,108

4. Significant Items

The net profit after tax includes the following items whose disclosure is relevant in explaining the financial performance of the Group. Significant items are those items of such a nature or size that separate disclosure will assist users to understand the financial statements. There were no significant items in the current period.

	Consolidated	
	1 Jul 20 - 31 Dec 20	1 Jul 19 - 31 Dec 19
	\$'000	\$'000
Restructuring charges (after tax)	-	(2,031)
Impairment of Investment	-	(3,350)
Modification loss on refinancing (after tax)	-	(820)
Total significant items included in net profit after tax	-	(6,201)

5. Government Grants

As part of its response to COVID-19, in March 2020 the Australian Government announced various stimulus measures resulting from the economic fallout due to the coronavirus lockdown.

JobKeeper

The Group determined it was eligible to receive the initial Jobkeeper Payment Scheme ("JobKeeper") for the period April to September 2020.

The initial JobKeeper payments were a wage subsidy whereby employers who qualify for the stimulus receive \$1,500 per fortnight for each eligible employee who was employed by the company during the period April 2020 to September 2020. Further to the initial Jobkeeper wage subsidy, the scheme was extended for two further quarters, albeit at lower rates. The Group has determined that it is eligible to receive the first period of the extension from 28 September 2020 to 3 January 2021.

The JobKeeper extension is a two-tier wage subsidy. In the first extension quarter, employers who qualify for the stimulus receive \$1,200 per fortnight for each eligible employee, who worked for 80 hours or more in the reference period; and \$750 per fortnight for eligible employees who worked less than 80 hours in the reference period.

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2020

The Group has determined it is not eligible for the second extension period from January 2021 to March 2021.

PING

The Group applied and was found eligible for funding of approximately \$10 million under the Commonwealth Government's Public Interest News Gathering (PING) program.

In September, the Group received \$9.2 million, or approximately 90% of the PING funding for the period from September 2020 to August 2021. The PING program is a Government incentive to support commercial television, radio and newspaper businesses in regional Australia during COVID-19.

JobKeeper and PING payments are government grants and are accounted for under AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*.

Government Grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. The impact on the Statement of Comprehensive Income is shown below.

	Consolidated	
	2020	2019
	\$'000	\$'000
JobKeeper Payments	31,908	-
PING Program	3,443	-
Employee Costs	(93,921)	(103,584)
Total employee costs after Government Assistance	(58,570)	(103,584)

6. Income Tax Expense

	Consolidated	
	1 Jul 20 - 31 Dec 20	1 Jul 19 - 31 Dec 19
	\$'000	\$'000
Income tax expense		
Current tax		
Current tax on profits for the year	14,319	6,983
Adjustments for current tax of prior periods	297	1,489
Total current tax expense	14,616	8,472
Deferred income tax		
Increase/(decrease) in net deferred tax liabilities	309	3,722
Adjustment for deferred tax of prior periods	93	(1,817)
Total deferred tax (credit)/expense	402	1,905
Income tax expense	15,018	10,377

Notes to the Financial Statements (continued)

7. Dividends Paid

	Consolidated	
	1 Jul 20 - 31 Dec 20 \$'000	1 Jul 19 - 31 Dec 19 \$'000
The dividends were paid/payable as follows:		
Final dividend paid for the year ended 30 June 2019 – fully franked at the tax rate of 30% and paid in cash	-	30,761
	-	30,761
	Cents per share	Cents per share
Final dividend paid for the year ended 30 June	-	4.0

On 6 April 2020, the Group confirmed there would be no final dividend paid for the year ended 30 June 2020. Further, there has been no interim dividend declared for the half year ended 31 December 2020. Subject to there being no material adverse change in advertising markets, the Directors intend to recommence dividends by paying a final dividend for the 2021 financial year. Any decision to pay a final dividend will be announced upon release of the full year results in August 2021.

Notes to the Financial Statements (continued)

8. Non-Current Assets – Intangible Assets

Consolidated	Goodwill	Broadcasting Licences	Brands and Trademarks	Customer Contracts	Total
31 December 2020	\$'000	\$'000	\$'000	\$'000	\$'000
Cost	362,088	1,502,031	90,076	3,577	1,957,772
Accumulated amortisation expense	-	-	-	(2,508)	(2,508)
Accumulated impairment expense	(352,129)	(630,331)	(24,848)	-	(1,007,308)
Net carrying amount	9,959	871,700	65,228	1,069	947,956

Movement

Net carrying amount at 30 June 2020	9,959	871,700	65,185	1,203	948,047
Additions	-	-	43	-	43
Amortisation expense	-	-	-	(134)	(134)
Net carrying amount at end of period	9,959	871,700	65,228	1,069	947,956

Consolidated	Goodwill	Broadcasting Licences	Brands and Trademarks	Customer Contracts	Total
31 December 2019	\$'000	\$'000	\$'000	\$'000	\$'000
Cost	362,088	1,501,631	89,982	3,577	1,957,278
Accumulated amortisation expense	-	-	-	(2,240)	(2,240)
Accumulated impairment expense	(352,129)	(630,331)	(24,848)	-	(1,007,308)
Net carrying amount	9,959	871,300	65,134	1,337	947,730

Movement

Net carrying amount at 30 June 2019	-	852,893	65,067	-	917,960
Additions	-	-	67	-	67
Acquisition of subsidiaries	9,959	18,407	-	1,337	29,703
Net carrying amount at end of period	9,959	871,300	65,134	1,337	947,730

The 31 December 2019 balances relating to the Redwave acquisition, disclosed above in Acquisition of subsidiaries, have been adjusted to reflect the finalisation of the purchase price allocation completed by 30 June 2020.

Impairment of goodwill and intangible assets with indefinite useful lives

The value of licences, trademarks, brands and goodwill is allocated to the Group's cash generating units ("CGUs") identified as Audio, being the regional and metro free-to-air commercial radio broadcasting and related operations and Television, being the regional television broadcasting operations.

The Group tests at least annually whether goodwill and intangible assets with indefinite useful lives have suffered any impairment and when there is an indication of impairment. The tests incorporate assumptions regarding future events which may or may not occur, resulting in the need for future revisions of estimates.

Notes to the Financial Statements (continued)

9. Derivative Financial Instruments

	Consolidated	
	31 Dec 20	30 Jun 20
	\$'000	\$'000
Interest rate swap contracts – current liability	101	2,353
Interest rate swap contracts – non current liability	4,077	4,629
Total derivative financial instruments	4,178	6,982

Hedge accounting

The Group designated interest rate swaps held as cash flow hedges and has applied hedge accounting.

The Group documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking the hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items.

The fair values of derivative financial instruments used for hedging purposes are presented within the balance sheet. Movements in the hedging reserve are shown within the Statement of Changes in Equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

In 2017 the Group entered into \$200 million of interest rate swap contracts under which it is obliged to receive interest at variable rates and pay interest at fixed rates starting in January 2018 at an average fixed rate of 2.43%. These interest rate swap contracts expired on 8 January 2021. In 2018 the Group entered into \$100 million of interest rate swap contracts under which it is obliged to receive interest at variable rates and pay interest at fixed rates starting in January 2018 at an average fixed rate of 2.25%. These interest rate swap contracts will expire in January 2022. In the 2020 financial year the Group entered into \$100 million of interest rate swap contracts under which it is obliged to receive interest at variable rates and pay interest at fixed rates starting in January 2021 at an average fixed rate of 1.04%. These interest rate swap contracts will expire in January 2023.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Comprehensive Income.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within “interest expense and other borrowing costs”. When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

Notes to the Financial Statements (continued)

10. Borrowings

	Consolidated	
	31 Dec 20	30 Jun 20
	\$'000	\$'000
Current secured borrowings		
Committed and drawn current bank facilities	25,000	25,000
Total secured current interest bearing liabilities	25,000	25,000
Non-current secured borrowings		
Total committed non-current bank facilities	335,000	435,000
Undrawn facilities	(57,000)	(57,000)
Drawn bank facilities	278,000	378,000
Borrowing costs	(1,028)	(1,297)
Total secured non-current interest bearing liabilities	276,972	376,703
Total current and non-current borrowings	301,972	401,703

For all non-current borrowings, the carrying amount approximates fair value in the balance sheet.

At 31 December 2020 the Group had a \$25 million one-year facility expiring 8 January 2021 and a \$335 million three-year facility expiring 8 January 2023. On 8 January 2021, the Group repaid the \$25 million current borrowing and the one-year facility was terminated. On the same date, the Group repaid a further \$75 million of the non-current borrowing, leaving non-current borrowings of \$203 million, with a further \$132 million committed but undrawn.

11. Contributed Equity

	Consolidated	
	31 Dec 20	30 Jun 20
	\$'000	\$'000
Ordinary Shares	1,542,884	1,540,569
Contributed equity	1,542,884	1,540,569

	1 Jul 20	1 Jul 19	1 Jul 20	1 Jul 19
	- 31 Dec 20	- 31 Dec 19	- 31 Dec 20	- 31 Dec 19
	\$'000	\$'000	Number of securities	Number of securities
			'000	'000
On issue at the beginning of the half year	1,540,569	1,379,736	2,642,106	769,014
One for 10 share consolidation	-	-	(2,377,892)	-
Contributions of equity net of transaction costs	2,315	-	-	-
On issue at the end of the financial year	1,542,884	1,379,736	264,214	769,014

On 6 November 2020 the Group announced completion of the one for ten share consolidation which was approved by shareholders at the AGM on 30 October 2020.

12. Events Occurring after Balance Sheet Date

Other than matters outlined elsewhere in this report, no matters or circumstances have arisen since the end of the half year that have significantly affected or may significantly affect the operations of the Group, the results of these operations in future financial years or the state of affairs of the Group in periods subsequent to the half year ended 31 December 2020.

13. Other Accounting Policies

No new accounting standards were introduced in the current period.

Directors' Declaration

The directors of the Company declare that:

- (a) the financial statements and notes set out on pages 4 to 16 are in accordance with the Corporations Act 2001, including:
- (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the financial position of the Group as at 31 December 2020 and the financial performance of the Group, as represented by the results of its operations, changes in equity, and cash flows, for the interim financial period ended on that date; and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors of Southern Cross Media Group Limited.



Rob Murray
Chairman
Sydney, Australia
25 February 2021



Grant Blackley
Director
Sydney, Australia
25 February 2021



Independent auditor's review report to the members of Southern Cross Media Group Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Southern Cross Media Group Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Southern Cross Media Group Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibility for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the

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half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

A handwritten signature in blue ink, appearing to read 'PricewaterhouseCoopers', written over a light blue horizontal line.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'Trevor Johnston', written over a light blue horizontal line.

Trevor Johnston
Partner

Melbourne
25 February 2021