

APPENDIX 4D

Half Year Report

Name of entity: **Southern Cross Media Group (“SCMG”)** ABN. 91 116 024 536

1. Details of the reporting period

Current Period: 1 July 2010 - 31 December 2010

Previous Corresponding Period: 1 July 2009 - 31 December 2009

2. Results for announcement to the market

			\$A'000
2.1 Revenues from ordinary activities from continuing operations	Up	5.0%	to 218,713
2.2 Net profit/(loss) for the half year from continuing operations	Up	36.5%	to 33,606
2.3 Net profit/(loss) for the period attributable to security holders	Up	n/a	to 33,606
2.4 Dividends (distributions)	Amount per security	Franked amount per security	
<i>Current Period:</i>			
Interim dividend 2011	7.0 ¢	100%	
Final dividend 2010	6.2 ¢	100%	
<i>Previous Corresponding Period:</i>			
Interim distribution 2010	3.5 ¢	Nil	
Final distribution 2009	3.2 ¢	Nil	
2.5 Record date for determining entitlements to the dividend / distribution	11 th March 2011		
2.6 Provide a brief explanation of any of the figures reported above necessary to enable the figures to be understood:			
Refer to attached interim financial report			

3. Net tangible assets per security

	Current period	Previous corresponding period
Net tangible asset backing per security	(\$0.06)	(\$0.10)

* Under the listing rules NTA Backing must be 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).

4. Control gained or lost over entities during the period

None.

5. Details of dividends/distributions

Refer to attached interim financial report (Directors Report and Note 3: Dividends and Distributions Paid and Proposed)

6. Details of dividend/distribution reinvestment plan

The SCMG Distribution and Dividend Reinvestment Plan (“DRP”) was reopened on 3rd September 2010. Under the plan shareholders with a registered address in either Australia or New Zealand may elect to reinvest all or some of their dividend in additional ordinary shares of SCMG at a discount of up to 10%. Full details of the plan can be found in the market announcement dated 3 September 2010.

7. Details of associates and joint venture entities

As at 31 December 2010 the following entities were held as an associate and equity accounted:

Name of company	Country of origin	Principal activity	Ownership interest %
Radio Newcastle Pty Limited	Australia	Commercial radio broadcasting	50
Gold Coast Translator Pty Ltd	Australia	Rental of a transmission facility	25
Regional Tam Pty Ltd	Australia	Acquisition and distribution of TV ratings	36
Tasmanian Digital Television Pty Ltd	Australia	Operation of a TV station - Tasmania	50
Darwin Digital Television Pty Ltd	Australia	Operation of a TV station - Darwin	50
Eastern Australia Satellite Broadcasters Pty Ltd	Australia	Fund and operate remote area digital TV services	50

8. Accounting standards used by foreign entities

Australian Accounting Standards.

9. Qualification of audit / review

N/A as no qualification. Refer attached interim report for review report.

SOUTHERN CROSS MEDIA GROUP
(FORMERLY KNOWN AS MACQUARIE MEDIA GROUP)

**INTERIM FINANCIAL REPORT FOR THE HALF YEAR
ENDED 31 DECEMBER 2010**



Southern Cross Media Group (SCMG) (formerly known as Macquarie Media Group) comprises Southern Cross Media Group Limited (SCMGL) (formerly known as Macquarie Media Holdings Limited) and its respective subsidiaries.

SCMGL is a company limited by shares and incorporated and domiciled in Australia. The registered office of SCMGL is Level 2, 70 Park Street, South Melbourne, Victoria 3205, Australia.

This report is not an offer or invitation for subscription or purchase of or a recommendation of securities. It does not take into account the investment objectives, financial situation and particular needs of the investor. Before making an investment in SCMG, the investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment adviser if necessary.

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Interim Financial Report

for half year ended 31 December 2010

Contents

Directors' Report.....	2
Directors	2
Principal Activities	2
Review and Results of Operations	2
Distributions and Dividends.....	2
Significant Changes in State of Affairs	2
Events Occurring After Balance Sheet Date	2
Directors' Holdings of Shares.....	3
Auditor's Independence Declaration	3
Rounding of Amounts in the Directors' Report and the Interim Financial Report.....	3
Auditor's Independence Declaration.....	4
Consolidated Statement of Comprehensive Income	5
Consolidated Statement of Financial Position	6
Consolidated Statement of Changes in Equity	7
Consolidated Statement of Cash Flows.....	8
Notes to the Financial Statements.....	9
1 Summary of Significant Accounting Policies	9
2 Profit/(Loss) for the Half Year	11
3 Distributions Paid and Proposed.....	12
4 Non-current Assets – Intangible Assets	12
5 Contributed Equity	14
6 Discontinued Operations	14
7 Segment Information	16
8 Taxation.....	16
9 Events Occurring after Balance Sheet Date.....	16
Directors' Declaration – Southern Cross Media Group Limited	18
Independent auditor's review report	19

Directors' Report

for half year ended 31 December 2010

Directors' Report

The directors of Southern Cross Media Group Limited ("SCMGL" or the "Company" or the "Parent Entity") submit the following report for Southern Cross Media Group, being Southern Cross Media Group Limited and its subsidiaries ("SCMG" or "the Group"), for the half year ended 31 December 2010. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

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

- Max Moore-Wilton (Chairman)
- Leon Pasternak
- Chris de Boer
- Tony Bell
- Michael Carapiet

Principal Activities

The principal activities of SCMG during the course of the financial half year were the broadcasting of regional free to air commercial TV and radio stations across Australia, advertising sales on TV and radio and management of online radio content. Publishing community newspapers within the United States of America (USA) was also a principal activity of the business until the sale of American Consolidated Media LLC (ACM) in June 2010.

Review and Results of Operations

SCMG delivered further operational improvement during the half year ended 31 December 2010 increasing operating revenues by 5% to \$218.7m (\$208.3m for the half year to 31 December 2009) and Net Profit After Tax, excluding discontinued operations, increased by 36.5% to \$33.6m over the prior corresponding period.

Expenses were contained to a 1% increase over the prior period totalling \$150.2m against \$148.6m in the prior corresponding period.

Further commentary can be found in the Investor Presentation accompanying this report.

Distributions and Dividends

The final distribution for the year ended 30 June 2010 was 6.2 cents per fully paid share and was paid on 8 October 2010 by SCMGL. Since the end of the half year ended 31 December 2010 the directors have recommended the payment of an interim ordinary dividend of 7.0 cents per fully paid share (31 December 2009 interim distribution: 3.5 cents per stapled security). The interim dividend will be paid on 25th May 2011 by SCMGL.

Significant Changes in State of Affairs

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

Events Occurring After Balance Sheet Date

On 31 January 2011 the company announced that it had executed an implementation agreement with Austereo Group Limited (Austereo) under which a wholly owned subsidiary of SCMGL will make an offer for all the shares in Austereo. The proposed transaction will be implemented by way of an off-market takeover, with Austereo shareholders having the choice of receiving \$2.00 cash per share or an entitlement to 0.95 SCMGL shares for every Austereo share, together with the intended \$0.05 per share dividend announced by Austereo. SCMGL will pay accepting Austereo shareholders' an additional \$0.10 per Austereo share if the 90% compulsory acquisition threshold is reached which will entitle SCMGL to proceed with compulsory acquisition. Assuming 100% of the shares in Austereo are acquired, this values Austereo at approximately \$724 million.

Directors' Report

for half year ended 31 December 2010

Events Occurring after Balance Sheet Date (continued)

The transaction will be funded through a combination of a new senior debt facility of up to \$755 million maturing in 2015 (which will be partly used to refinance SCMGL's and Austereo's existing debt) and an equity bridge of up to \$540 million. The equity bridge facility will be repaid by way of an accelerated renounceable entitlement offer which will be fully underwritten. The entitlement offer will be open to Austereo shareholders that have selected to take the scrip consideration and remain registered as shareholders of SCMGL on the record date for the entitlement.

The offer is conditional on SCMGL acquiring 50.1% of Austereo shares and receiving regulatory approvals from the Australian Competition and Consumer Commission ("ACCC") and the Australian Communications and Media Authority ("ACMA").

The Austereo Directors will unanimously recommend that shareholders accept the Offer, in the absence of a superior proposal. The Austereo Directors, intend to accept the Offer in respect of the Austereo shares to which they are beneficially entitled, in the absence of a superior proposal.

In relation to the proposed takeover, SCMGL has entered into a call option with Village Roadshow Limited to acquire shares representing 14.9% of outstanding Austereo shares at \$2.00 per share (with Village entitled to the intended dividend), and is exercisable when the offer is unconditional or a competing offer (with a cash alternative of at least \$2.15 less the intended dividend) is made and becomes unconditional for Austereo.

No other matters or circumstances have arisen since the end of the half year that have significantly affected or may significantly affect the operations of SCMGL the results of these operations in future financial years or the state of affairs of those entities in periods subsequent to the half year ended 31 December 2010.

Directors' Holdings of Shares

The aggregate number of SCMG fully paid shares held directly, indirectly or beneficially by directors of SCMGL at the date of this report is 2,357,293 (30 June 2010: 2,357,293).

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 5.

Rounding of Amounts in the Directors' Report and the Interim Financial Report

SCMG is a kind referred to in Class Order 98/100, as amended by Class Order 04/667 and Class Order 05/641, issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the directors' report and interim financial report. Amounts in the directors' report and the interim financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, unless otherwise indicated.

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



Max Moore-Wilton
Chairman
Southern Cross Media Group Limited
Sydney, Australia
21 February 2011

Chris de Boer
Director
Southern Cross Media Group Limited
Sydney, Australia
21 February 2011

Auditor's Independence Declaration

As lead auditor for the review of Southern Cross Media Group Limited for the half year ended 31 December 2010, 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.



Wayne Andrews
Partner
PricewaterhouseCoopers

Sydney
21 February 2011

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Interim Financial Report

for half year ended 31 December 2010

Consolidated Statement of Comprehensive Income

	Note	1 Jul 10 - 31 Dec 10 \$'000	1 Jul 09 - 31 Dec 09 \$'000
Revenue from continuing operations	2	218,713	208,253
Broadcast and production costs		(59,665)	(56,414)
Employee expenses		(48,017)	(46,011)
Selling costs		(13,897)	(12,270)
Occupancy costs		(8,437)	(7,827)
Promotions and marketing		(2,871)	(3,524)
Management fee expense	2	-	(2,567)
Administration costs		(17,308)	(20,025)
Share of net profits of investments accounted for using the equity method		1,069	1,079
Profit before depreciation, amortisation, interest, fair value movements on financial derivatives and income tax expense from continuing operations		69,587	60,694
Depreciation and amortisation expense	2	(9,965)	(11,101)
Interest expense	2	(16,555)	(42,456)
Interest revenue	2	1,147	6,577
Other Income - Fair value gains on financial derivatives – interest rate swaps	2	3,360	18,673
Profit before income tax expense from continuing operations		47,574	32,387
Income tax expense from continuing operations		(13,968)	(7,770)
Profit from continuing operations after income tax for the half year		33,606	24,617
Loss from discontinued operations	6	-	(172,685)
Profit / (Loss) for the half year attributable to SCMGL shareholder/stapled security holders		33,606	(148,068)
Other comprehensive (loss) / income			
Exchange differences on translation of foreign operations		-	(3,989)
Other comprehensive (loss) / income for the half year, net of tax		-	(3,989)
Total comprehensive loss for the year attributable to SCMGL shareholders / stapled security holders		33,606	(152,057)
Earnings / (Loss) per share attributable to the ordinary equity holders of SCMGL / stapled security holders:			
Basic earnings/loss per share		8.9	(55.6)
Diluted earnings/loss per share		8.9	(55.6)

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

Interim Financial Report

as at 31 December 2010

Consolidated Statement of Financial Position

	Note	31 Dec 10 \$'000	30 Jun 10 \$'000
Current assets			
Cash and cash equivalents		46,957	38,116
Receivables		83,391	84,328
Non-current assets held for sale		5,204	-
Total current assets		135,552	122,444
Non-current assets			
Receivables		4,739	477
Investments accounted for using the equity method		29,812	29,643
Property, plant and equipment		141,919	147,933
Intangible assets	4	1,064,460	1,064,768
Deferred tax assets		22,184	30,566
Total non-current assets		1,263,114	1,273,387
Total assets		1,398,666	1,395,831
Current liabilities			
Payables		44,835	56,188
Provisions		10,349	10,180
Current tax liabilities		5,586	-
Borrowings		192	281
Derivative financial instruments		-	1,228
Total current liabilities		60,962	67,877
Non-current liabilities			
Provisions		3,632	3,692
Borrowings		289,366	287,544
Retirement benefit obligations		165	165
Derivative financial instruments		2,033	4,164
Total non-current liabilities		295,196	295,565
Total liabilities		356,158	363,442
Net assets/(liabilities)		1,042,508	1,032,389
Equity			
Contributed equity	5	1,225,400	1,225,400
Reserves		(339)	(339)
Other equity transaction		(77,406)	(77,406)
(Accumulated losses) / retained profits		(105,445)	(115,564)
Equity attributable to equity holders of SCMGL		1,042,210	1,032,091
Non-controlling interest		298	298
Total equity		1,042,508	1,032,389

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

Interim Financial Report

for half year ended 31 December 2010

Consolidated Statement of Changes in Equity

	Contributed equity \$'000	Reserves \$'000	Other equity transactions \$'000	Accumulated losses \$'000	Total \$'000	Non-controlling Interest \$'000	Total equity \$'000
Total equity at 1 July 2010	1,225,400	(339)	(77,406)	(115,564)	1,032,091	298	1,032,389
Profit for the half year	-	-	-	33,606	33,606	-	33,606
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	33,606	33,606	-	33,606
Transactions with equity holders in their capacity as equity holders:							
Employee share entitlements	-	-	-	-	-	-	-
Buy-backs	-	-	-	-	-	-	-
Capital raising	-	-	-	-	-	-	-
Cost of raising capital/buy backs	-	-	-	-	-	-	-
Distributions provided for or paid	-	-	-	(23,487)	(23,487)	-	(23,487)
Transfer to/(from) capital reserve	-	-	-	-	-	-	-
	-	-	-	(23,487)	(23,487)	-	(23,487)
Total equity at 31 December 2010	1,225,400	(339)	(77,406)	(105,445)	1,042,210	298	1,042,508

	Contributed equity \$'000	Reserves \$'000	Other equity transactions \$'000	Accumulated losses \$'000	Total \$'000	Non-controlling Interest \$'000	Total equity \$'000
Total equity at 1 July 2009	941,415	(100,642)	(77,406)	79,458	842,825	298	843,123
Loss for the half year	-	-	-	(148,068)	(148,068)	-	(148,068)
Exchange differences on translation of foreign operations	-	(3,989)	-	-	(3,989)	-	(3,989)
Total comprehensive income	-	(3,989)	-	(148,068)	(152,057)	-	(152,057)
Transactions with equity holders in their capacity as equity holders:							
Employee share entitlements	-	27	-	-	27	-	27
Buy-backs	(2,205)	-	-	-	(2,205)	-	(2,205)
Capital raising	293,584	-	-	-	293,584	-	293,584
Cost of raising capital/buy backs	(7,207)	-	-	-	(7,207)	-	(7,207)
Distributions provided for or paid	-	-	-	(13,259)	(13,259)	-	(13,259)
Transfer to/(from) capital reserve	-	30,279	-	(30,279)	-	-	-
	284,172	-	-	(43,538)	270,940	-	270,940
Total equity at 31 December 2009	1,225,587	(74,325)	(77,406)	(112,148)	961,708	298	962,006

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

Interim Financial Report

for half year ended 31 December 2010

Consolidated Statement of Cash Flows

	1 Jul 10 - 31 Dec 10 \$'000	1 Jul 09 - 31 Dec 09 \$'000
Cash flows from operating activities		
Receipts from customers	237,123	268,322
Payments to suppliers/employees	(183,899)	(212,775)
Government grants received	725	1,132
Responsible entity / manager base fees paid	-	-
Interest received from external parties	1,147	7,081
Distributions received from associates	900	1,850
Tax paid	-	-
Net cash flows from operating activities	55,996	65,610
Cash flows from investing activities		
Payments for purchase of property, plant and equipment	(8,897)	(2,726)
Proceeds from sale of property, plant and equipment	64	116
Payments for intangibles	(14)	-
Proceeds from sale of financial assets	-	31
Net cash flows from investing activities	(8,847)	(2,579)
Cash flows from financing activities		
Distributions paid to security holders	(23,487)	(6,117)
Repayment of borrowings from external parties	-	(535,000)
Proceeds from capital raising	-	293,584
Payments for buy backs	-	(2,205)
Costs of raising capital raising / buy backs	-	(7,473)
Finance lease payments	(55)	(87)
Interest paid to external parties	(14,766)	(41,198)
Payments on settlement of derivative financial instruments – interest rate swaps	-	(6,703)
Net cash flows from financing activities	(38,308)	(305,199)
Net (decrease)/ increase in cash and cash assets held	8,841	(242,168)
Cash assets at the beginning of the half-year	38,116	347,070
Exchange rate movements	-	(460)
Cash assets at the end of the half-year	46,957	104,442

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

Interim Financial Report

for half year ended 31 December 2010

Notes to the Financial Statements

1 Summary of Significant Accounting Policies

This general purpose interim financial report for the half year reporting period ended 31 December 2010 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 SCMG, for the year ended 30 June 2010 and any public announcements made by SCMG 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, except as set out in note 1(d) below:

(a) Basis of Preparation

On 18 March 2010, the corporatisation transaction was completed which resulted in a simplification of the corporate structure from a triple stapled structure to a single holding company structure. Prior to this date, the consolidated financial statements of Southern Cross Media Group (formerly Macquarie Media Group) consisted of Southern Cross Media Trust (formerly Macquarie Media Trust) and the entities it controlled, including both Southern Cross Media Group Limited (formerly Macquarie Media Holdings Limited) and the entities it controlled and Southern Cross Media International Limited (formerly Macquarie Media International Limited) and the entities it controlled. Following the corporatisation, the consolidated financial statements of Southern Cross Media Group consist of Southern Cross Media Group Limited and its controlled entities. Other than changes to the internal structure of Southern Cross Media Group, there is no impact on Southern Cross Media Group as a result of the corporatisation transaction, and as such it is appropriate to present the consolidated financial statements of Southern Cross Media Group as a continuation of Macquarie Media Group. As a result, comprehensive income and equity previously presented as attributable to equity holders of each of the stapled entities has been aggregated and presented as attributable to equity holders of SCMGL.

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.

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.

Comparative figures

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

Interim Financial Report

for half year ended 31 December 2010

1 Summary of Significant Accounting Policies (continued)

(b) Rounding of Amounts

SCMG is a kind referred to in Class Order 98/100, as amended by Class Order 04/667 and Class Order 05/641, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the interim financial report. Amounts in the interim financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(c) 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 management 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. Management 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 estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Impairment of goodwill and intangible assets with indefinite useful lives

In accordance with the Group's accounting policy 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. There are also judgements involved in determination of cash generating units.

(ii) Share based payments

The Group provides incentives to certain employees via share based payment entitlements. The fair value of entitlements is determined in accordance with the accounting policy in note 1(m)(ii) of the financial report for the year ended 30 June 2010. If certain assumptions used in the fair value calculation were to change, there would be an impact on the statement of comprehensive income in future financial periods.

(iii) Retirement benefit assets/obligations

The asset/liability in respect of the defined benefit superannuation plan is calculated as the deficit/surplus of the fair value of the defined benefit plan assets over the present value of the defined benefit obligation. The key assumptions used in determining the retirement benefit asset are described in note 23 of the financial report for the year ended 30 June 2010 and have not changed significantly since that date.

(iv) Income taxes

The Group has utilised tax losses against current and prior period taxable income. This is based on an assumption that the use of these losses is probable. If this assumption was to change, income tax provisions would increase by a corresponding amount.

(v) Derivative financial instruments

The fair values of over-the-counter derivatives are determined using valuation techniques adopted by the directors with assumptions that are based on market conditions existing at each balance sheet date. The fair values of interest rate swaps are calculated as the present values of the estimated future cash flows.

Interim Financial Report

for half year ended 31 December 2010

1 Summary of Significant Accounting Policies (continued)

(d) Impact of new accounting policies

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant to the Group include:

- (i) Amendments to AASB 5, 8, 101, 107, 117, 118, 136 and 139 as a consequence of AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*

The adoption of these amendments has not resulted in any changes to the Group's accounting policies and has no affect on the amounts reported for the current or prior periods.

2 Profit/(Loss) for the Half Year

The operating profit/(loss) before income tax included the following specific items of revenue, other income and expenses:

	1 Jul 10 - 31 Dec 10 \$'000	1 Jul 09 - 31 Dec 09 \$'000
Revenue		
Sales revenue	217,988	207,121
Other revenue		
Government grant revenue	725	1,132
	218,713	208,253
Interest revenue		
External banks	1,147	6,577
Other Income - Net fair value gains on financial derivatives – interest rate swaps		
Total fair value gains	3,360	18,673
Management fees		
Base fee expense - Responsible Entity / Manager	-	2,567
Depreciation		
Land & buildings	574	561
Plant & equipment	8,662	9,688
Leasehold improvements	332	300
Plant & equipment under finance leases	75	69
Total depreciation	9,643	10,618
Amortisation		
Customer relationships	322	483
Total amortisation	322	483
Total depreciation and amortisation	9,965	11,101
Finance costs		
Interest expense and other borrowing costs		
External banks	16,508	42,436
Finance charges on capitalised leases	47	20
Total finance costs	16,555	42,456

Interim Financial Report

for half year ended 31 December 2010

3 Distributions Paid and Proposed

	1 Jul 10 - 31 Dec 10 \$'000	1 Jul 09 - 31 Dec 09 \$'000
The distributions were paid / payable as follows:		
Final distribution paid for the year ended 30 June	23,487	6,117
Interim distribution proposed and subsequently paid for the period ended 31 December	26,518	13,259
	Cents per share	Cents per share/stapled security
Final distribution paid for the year ended 30 June	6.2	3.2
Interim distribution proposed and subsequently paid for the period ended 31 December	7.0	3.5

Distributions were paid by SCMGL (2009: Distributions were paid by SCMT)

4 Non-current Assets - Intangible Assets

	As at 31 Dec 10 \$'000	As at 30 Jun 10 \$'000
Commercial radio/TV broadcast licences – at cost	768,483	768,483
Mastheads and Tradenames – at cost	109	95
Total Mastheads and Tradenames – net	109	95
Customer relationships – at cost	2,900	2,900
Less accumulated amortisation and impairment charges	(2,900)	(2,578)
Total customer relationships – net	-	322
Goodwill – at cost	295,868	295,868
Total goodwill – net	295,868	295,868
Total intangibles – at cost	1,067,360	1,067,346
Less total accumulated amortisation and impairment charges	(2,900)	(2,578)
Total intangibles – net	1,064,460	1,064,768

Interim Financial Report

for half year ended 31 December 2010

4 Non-current Assets - Intangible Assets (continued)

	As at 31 Dec 10 \$'000	As at 30 Jun 10 \$'000
Commercial radio/TV broadcast licences		
Carrying amount at the beginning of the financial year	768,483	768,483
Carrying amount at the end of the financial period	768,483	768,483
Mastheads and Tradenames		
Carrying amount at the beginning of the financial year	95	72,348
Additions	14	18
Amortisation expense	-	(18)
Impairment loss – discontinued operations	-	(29,034)
Deconsolidation of subsidiary	-	(38,264)
Foreign currency exchange differences – discontinued operations	-	(4,955)
Carrying amount at the end of the financial period	109	95
Non-competitve agreements – discontinued operations		
Carrying amount at the beginning of the financial year	-	955
Amortisation expense	-	(302)
Impairment loss	-	(205)
Deconsolidation of subsidiary	-	(217)
Foreign currency exchange differences	-	(231)
Carrying amount at the end of the financial period	-	-
Customer relationships		
Carrying amount at the beginning of the financial year	322	57,671
Amortisation expense	(322)	(6,880)
Impairment loss – discontinued operations	-	(23,107)
Deconsolidation of subsidiary	-	(23,615)
Foreign currency exchange differences – discontinued operations	-	(3,747)
Carrying amount at the end of the financial period	-	322
Goodwill		
Carrying amount at the beginning of the financial year	295,868	417,552
Impairment loss – discontinued operations	-	(108,835)
Foreign currency exchange differences – discontinued operations	-	(12,849)
Carrying amount at the end of the financial period	295,868	295,868
Total intangibles – net	1,064,460	1,064,768

(a) Impairment tests for licences, masthead, tradenames and goodwill

The value of licences, mastheads, tradenames and goodwill is allocated to the Group's cash generating unit ("CGU"), identified as the Australian free to air broadcasting business.

The recoverable amount of the Australian free to air broadcasting CGU at 30 June 2010 was determined based on a value in use discounted cash flow ("DCF") model.

Based on a review by management no impairment indicators have been identified for this business for the period ended 31 December 2010.

Prior to 30 June 2010, the Group also had licences, mastheads, tradenames and goodwill allocated to regional CGU groups in the United States community newspaper segment. At 31 December 2009, the recoverable amount of the CGUs was determined based on the fair value less cost to sell as this was higher than that based on the value in use method and an impairment charge of \$170.6 million was made at 31 December 2009.

Interim Financial Report

for half year ended 31 December 2010

5 Contributed Equity

	As at 31 Dec 10 \$'000	As at 30 Jun 10 \$'000
Ordinary Shares	1,225,400	1,225,400
Contributed equity	1,225,400	1,225,400

	1 Jul 10 - 31 Dec 10 \$'000	1 Jul 09 - 31 Dec 09 \$'000
On issue at the beginning of the half year	1,225,400	941,415
Buy backs	-	(2,205)
Capital raising	-	293,584
Cost of raising capital/buy backs	-	(7,207)
On issue at the end of the half year	1,225,400	1,225,587

	Number of Securities	
	'000	'000
On issue at the beginning of the half year	378,828	190,998
Buy backs	-	(1,588)
Capital Raising	-	189,409
On issue at the end of the half year	378,828	378,819

6 Discontinued Operations

(a) Description

On 30 June 2010, SCMG announced that ACM had entered into a restructuring agreement ("Agreement") with its lenders due to ACM's breach of certain covenants under its USD\$133.7 million business level bank facility. Under this Agreement, ACM lenders acquired a 90% equity interest and 100% of the voting rights in ACM, while SCMG has retained a 10% non-voting equity interest in ACM. SCMG is released from all claims attaching to the ACM facility and SCMG has not provided any guarantees or security in favour of ACM or its lenders.

Financial information relating to the discontinued operation for the comparative half year period is set out below.

Interim Financial Report

for half year ended 31 December 2010

6 Discontinued Operations (continued)

(b) Financial performance and cash flow information

The comparative loss and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current period.

Financial performance

	Consolidated	
	SCMG 1 Jul 10 – 31 Dec 10 \$'000	SCMG 1 Jul 09 – 31 Dec 09 \$'000
Revenue	-	50,071
Other income	-	2,220
Expenses	-	(59,131)
Impairment loss	-	(170,575)
Loss before income tax	-	(177,415)
Income tax benefit	-	4,730
Total loss from discontinued operations	-	(172,685)

Cash flow information

	Consolidated	
	SCMG 1 Jul 10 – 31 Dec 10 \$'000	SCMG 1 Jul 09 – 31 Dec 09 \$'000
Net cash inflow from operating activities	-	8,493
Net cash outflow from investing activities	-	(235)
Net cash outflow from financing activities	-	(5,497)
Net increase in cash generated from discontinued operations	-	2,761

Interim Financial Report

for half year ended 31 December 2010

7 Segment Information

(a) Description of operating segments

The Group has adopted AASB8 *Operating Segments* with effect from 1 July 2009. AASB 8 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 chief operating decision maker is the SCMG CEO and the SCMGL Board of Directors ("SCMGL Board"). The SCMGL Board has determined that the SCMG business has one operating segment being the free to air commercial radio and television broadcasting ("free to air broadcasting") segment included in the SCM group of companies. During the prior year there was a second operating segment, being the community newspapers segment included in the ACM group of companies.

Free to air broadcasting

Free to air broadcasting consists of the broadcasting of regional free to air commercial TV and radio stations across Australia, advertising sales on TV and radio and management of online radio content.

Community newspapers

The community newspapers businesses of ACM are located in the United States of America (USA). This segment became a discontinued operation on 30 June 2010. As a result the segment information within this note does not include any amounts for this discontinued operation.

With the discontinuation and disposal of the community newspaper segment, free to air broadcasting is the only remaining segment. As a result the information required to be disclosed per AASB 8 is contained on the face of the Statement of Comprehensive Income and the Statement of Financial Position.

8 Taxation

SCMGL is currently the subject of a specific issue tax audit by the Australian Taxation Office ("ATO") in relation to the income years ended 30 June 2006 to 30 June 2009.

As part of the audit, consistent with the ATO's specific focus on the application of specific debt/equity rules to stapled groups under its Compliance Program for the 2010/2011 year, the tax deductibility of dividend payments on certain redeemable preference shares ("RPS") issued by SCMGL is being considered.

At this stage, SCMGL is working with the ATO to provide all relevant information regarding its position. SCMGL is comfortable with the position taken that the dividend payments on the redeemable preference shares are deductible and regards a provision as not necessary.

The amount of dividend payments on the RPS to date is \$153.3 million. Should an adverse finding be determined and sustained by ATO it will, result in additional primary tax payable by SCMGL of approximately \$40 million (taking into account the utilisation of SCMGL's carried forward revenue losses of \$5 million tax effected) plus any interest and penalties.

9 Events Occurring after Balance Sheet Date

On 31 January 2011 the company announced that it had executed an implementation agreement with Austereo Group Limited (Austereo) under which a wholly owned subsidiary of SCMGL will make an offer for all the shares in Austereo. The proposed transaction will be implemented by way of an off-market takeover, with Austereo shareholders having the choice of receiving \$2.00 cash per share or an entitlement to 0.95 SCMGL shares for every Austereo share, together with the intended \$0.05 per share dividend announced by Austereo. SCMGL will pay accepting Austereo shareholders' an additional \$0.10 per Austereo share if the 90% compulsory acquisition threshold is reached which will entitle SCMGL to proceed with compulsory acquisition. Assuming 100% of the shares in Austereo are acquired, this values Austereo at approximately \$724 million.

Interim Financial Report

for half year ended 31 December 2010

9 Events Occurring after Balance Sheet Date (continued)

The transaction will be funded through a combination of a new senior debt facility of up to \$755 million maturing in 2015 (which will be partly used to refinance SCMGL's and Austereo's existing debt) and an equity bridge of up to \$540 million. The equity bridge facility will be repaid by way of an accelerated renounceable entitlement offer which will be fully underwritten. The entitlement offer will be open to Austereo shareholders that have selected to take the scrip consideration and remain registered as shareholders of SCMGL on the record date for the entitlement.

The offer is conditional on SCMGL acquiring 50.1% of Austereo shares and receiving regulatory approvals from the Australian Competition and Consumer Commission ("ACCC") and the Australian Communications and Media Authority ("ACMA").

The Austereo Directors will unanimously recommend that shareholders accept the Offer, in the absence of a superior proposal. The Austereo Directors, intend to accept the Offer in respect of the Austereo shares to which they are beneficially entitled, in the absence of a superior proposal.

In relation to the proposed takeover, SCMGL has entered into a call option with Village Roadshow Limited to acquire shares representing 14.9% of outstanding Austereo shares at \$2.00 per share (with Village entitled to the intended dividend), and is exercisable when the offer is unconditional or a competing offer (with a cash alternative of at least \$2.15 less the intended dividend) is made and becomes unconditional for Austereo.

No other matters or circumstances have arisen since the end of the half year that have significantly affected or may significantly affect the operations of SCMGL the results of these operations in future financial years or the state of affairs of those entities in periods subsequent to the half year ended 31 December 2010.

Interim Financial Report

for half year ended 31 December 2010

Directors' Declaration - Southern Cross Media Group Limited

On the Interim Financial Report of Southern Cross Media Group Limited

The directors of Southern Cross Media Group Limited ("SCMGL") declare that the interim financial report of SCMGL and its subsidiaries (the "SCMGL Group") and notes set out on pages [x] to [xx] is in accordance with the *Corporations Act 2001*, including:

- a) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- b) giving a true and fair view of the financial position of the SCMGL Group as at 31 December 2010 and the financial performance of the SCMGL 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
- c) there are reasonable grounds to believe that SCMGL 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.



Max Moore-Wilton
Chairman
Sydney, Australia
21 February 2011



Chris de Boer
Director
Sydney, Australia
21 February 2011

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Southern Cross Media Group Limited, which comprises the consolidated statement of financial position as at 31 December 2010, and 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, selected explanatory notes and the directors' declaration for Southern Cross Media Group (the consolidated entity). The consolidated entity comprises both Southern Cross Media Group Limited (the company) and the entities it controlled during that half-year.

Directors' responsibility 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 (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Southern Cross Media Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. 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.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

**Independent auditor's review report to the members of
Southern Cross Media Group Limited (continued)**

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Wayne Andrews

Wayne Andrews
Partner

Sydney
21 February 2011