SOUTHERN CROSS AUSTEREO

ABN 91 116 024 536
APPENDIX 4D [RULE 4.2A.3]
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

Results for Announcement to the Market
(All comparisons to 31 December 2010)

Key Financial Information	**$'000**	**up/down**	**% movement**
Revenue from ordinary activities	362,553	up	66%
Profit / (loss) from ordinary activities after tax attributable to members	94,037	up	180%
Net profit / (loss) after tax attributable to members	94,037	up	180%

Dividend Information	**Amount per share cents**	**Franked amount per share cents**	**Tax rate for franking credit**
Final 2011 dividend per share (paid 20 October 2011)	3.0	3.0	30%
Interim 2012 dividend per share (to be paid 19 April 2012)	5.0	5.0	30%

Interim 2012 dividend dates

Ex-dividend date	23 March 2012
Record date	29 March 2012
Payment date	19 April 2012

	31 Dec 11	**31 Dec 10**
Net tangible assets per security	$(0.66)	$ (0.06)

Dividend Reinvestment Plan
The Southern Cross Austereo Dividend Reinvestment Plan ("DRP") was reopened during the year.
The Details of the plan are available on our website www.scmediagroup.com.au under the "Investor Centre – Distribution and DRP" tab.
Shares are issued at no discount.
The last date for the receipt of an election notice for participation in the DRP is 29 March 2012.

1
Southern Cross Austereo comprises Southern Cross Media Group Limited and its subsidiaries.

Associates and joint ventures

Name of company	Principal activity	Ownership interest % 31 Dec 11	Ownership interest % 31 Dec 10
Radio Newcastle Pty Ltd [1]	Commercial radio broadcasting	100.00	50.00
Gold Coast Translator Pty Ltd	Rental of a transmission facility	25.00	25.00
Regional Tam Pty Ltd	Acquisition and distribution of TV ratings	36.00	36.00
Tasmanian Digital Television Pty Ltd	Operation of a TV station - Tasmania	50.00	50.00
Darwin Digital Television Pty Ltd	Operation of a TV station – Darwin	50.00	50.00
Sydney FM Facilities Pty Ltd	Rental of a transmission facility	50.00	-
Melbourne FM Facilities Pty Ltd	Rental of a transmission facility	50.00	-
Perth FM Facilities Pty Ltd [2]	Rental of a transmission facility	66.72	-
Digital Radio Broadcasting Sydney Pty Ltd	Digital radio	22.60	-
Digital Radio Broadcasting Melbourne Pty Ltd [3]	Digital radio	18.23	-
Digital Radio Broadcasting Brisbane Pty Ltd	Digital radio	35.00	-
Digital Radio Broadcasting Adelaide Pty Ltd	Digital radio	33.30	-
Digital Radio Broadcasting Perth Pty Ltd	Digital radio	33.30	-

Notes
1 With the acquisition of Austereo, the group now holds a 100% investment in Radio Newcastle Pty Ltd and it has therefore been consolidated since the date of acquisition.
2 Whilst more than 50% of Perth FM Facilities Pty Ltd is owned by the Group, it does not control the voting rights as all shareholders are required to agree on material operating matters.
3 Due to the nature and treatment of the Digital Radio Broadcasting operations, the 18.2% investment in Digital Radio Broadcasting Melbourne Pty Ltd has been recognised as an associate.

This report is based on the consolidated Interim Financial Report for the Half Year Ended 31 December 2011 which has been reviewed by PricewaterhouseCoopers with the Independent Auditor's Review Report included in the Interim Financial Report.

SOUTHERN CROSS AUSTEREO

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2011

SOUTHERN CROSS AUSTEREO

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SOUTHERN CROSS AUSTEREO

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 2011. 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:

- Max Moore-Wilton (Chairman)
- Leon Pasternak
- Chris de Boer
- Tony Bell
- Michael Carapiet
- Peter Harvie (appointed 1 August 2011)
- Marina Darling (appointed 12 September 2011)

Principal Activities

The principal activities of the Group during the course of the financial half year were the creation and broadcasting of content on free to air commercial radio (FM and digital), TV and online media platforms across Australia. 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 newly combined Southern Cross Austereo group delivered an increase in revenue of 65.8% to $362.5 million, up from $218.7 million in the prior half year. The combined group focussed on achieving operational efficiencies resulting in an increase in EBITDA of 77.2% to $123.3 million, up from $69.6 million in the prior half year. Net profit after tax was up by 179.8% to $94.0 million, up from $33.6 million in the prior half year. The increase in net profit after tax has been impacted by a $39.5 million income tax benefit recognised as a result of the companies acquired in the Austereo business combination entering into the tax consolidated group of Southern Cross Media Group Limited. Refer to note 3 for further information on this tax benefit.

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 services 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 and has been subject to review by our auditors.

Distributions and Dividends

The final dividend for the year ended 30 June 2011 was 3.0 cents per fully paid share, fully franked and was paid on 20 October 2011 by the Company. Since the end of the financial half year ended 31 December 2011 the directors have recommended the payment of an interim ordinary dividend of 5.0 cents per fully paid share, fully franked (31 December 2010 interim dividend: 7.0 cents per fully paid share, fully franked). The interim dividend will be paid on 19 April 2012 by the Company.

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

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 the Group, 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 2011.

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 4,572,264 (30 June 2011: 4,268,106).

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.

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

The Company is a kind referred to in Class Order 98/100, 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
27 February 2012

Chris de Boer
Director
Southern Cross Media Group Limited
Sydney, Australia
27 February 2012

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Auditor's Independence Declaration

As lead auditor for the audit of Southern Cross Media Group Limited for the half-year ended 31 December 2011, 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.

Chris Dodd
Partner
PricewaterhouseCoopers

Melbourne
27 February 2012

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Statement of Comprehensive Income

	Note	1 Jul 11 -31 Dec 11 $'000	1 Jul 10 - 31 Dec 10 $'000
Revenue from continuing operations	2	362,553	218,713
Broadcast and production costs		(62,440)	(55,601)
Employee expenses		(88,267)	(40,282)
Selling costs		(37,432)	(25,787)
Occupancy costs		(16,785)	(9,395)
Promotions and marketing		(5,847)	(1,539)
Administration costs		(28,132)	(17,591)
Share of net profits/(losses) of investments accounted for using the equity method		(350)	1,069
Profit before depreciation, amortisation, interest, fair value movements on financial derivatives and income tax expense for the half year		123,300	69,587
Depreciation and amortisation expense	2	(16,833)	(9,965)
Interest expense and other borrowing costs	2	(31,026)	(16,555)
Interest revenue	2	992	1,147
Fair value gains on financial derivatives – interest rate swaps	2	-	3,360
Profit before income tax expense for the half year		76,433	47,574
Income tax benefit/(expense)	3	17,604	(13,968)
Profit after income tax for the half year		94,037	33,606
Other comprehensive (loss)/income			
Other comprehensive (loss)/income for the half year, net of tax		(9,745)	-
Total comprehensive profit for the half year attributable to shareholders		84,292	33,606
Earnings per share attributable to the ordinary equity holders of the Company:			
Basic earnings per share		13.3	8.9
Diluted earnings per share		13.3	8.9

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

Statement of Financial Position

	Note	31 Dec 11 $'000	Restated 30 June 11 $'000
Current assets			
Cash and cash equivalents		78,230	31,644
Receivables		137,394	138,796
Total current assets		215,624	170,440
Non-current assets			
Receivables		6,786	3,750
Investments accounted for using the equity method		10,879	11,198
Property, plant and equipment		177,705	183,678
Intangible assets	5	2,037,108	2,036,929
Other financial assets		169	200
Deferred tax assets		19,890	-
Total non-current assets		2,252,537	2,235,755
Total assets		2,468,161	2,406,195
Current liabilities			
Payables		116,210	111,134
Provisions		19,237	20,199
Borrowings		12,154	116
Current tax liabilities		16,289	14,969
Derivative financial instruments		97	441
Total current liabilities		163,987	146,859
Non-current liabilities			
Provisions		13,457	13,796
Borrowings		698,622	708,472
Deferred tax liabilities		-	20,584
Derivative financial instruments		19,695	6,722
Other		375	-
Total non-current liabilities		732,149	749,574
Total liabilities		896,136	896,433
Net assets		1,572,025	1,509,762
Equity			
Contributed equity	6	1,686,878	1,688,149
Reserves		(8,925)	404
Other equity transaction		(77,406)	(77,406)
Accumulated losses		(28,820)	(101,683)
Equity attributable to equity holders		1,571,727	1,509,464
Non-controlling interest		298	298
Total equity		1,572,025	1,509,762

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

Statement of Changes in Equity

	Contributed equity	Reserves	Other equity transactions	(Accumulated losses) /retained profits	Total	Non-controlling interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Total equity at 1 July 2011	1,688,149	404	(77,406)	(112,446)	1,498,701	298	1,498,999
Restatement of comparatives for business combinations	-	-	-	10,763	10,763	-	10,763
Restated total equity at 1 July 2011	1,688,149	404	(77,406)	(101,683)	1,509,464	298	1,509,762
Profit for the half year	-	-	-	94,037	94,037	-	94,037
Other comprehensive income	-	(9,745)	-	-	(9,745)	-	(9,745)
Total comprehensive income	-	(9,745)	-	94,037	84,292	-	84,292
Transactions with equity holders in their capacity as equity holders:							
Employee share entitlements	-	416	-	-	416	-	416
Buy back of company shares	(1,271)	-	-	-	(1,271)	-	(1,271)
Dividends provided for or paid	-	-	-	(21,174)	(21,174)	-	(21,174)
	(1,271)	416	-	(21,174)	(22,029)	-	(22,029)
Total equity at 31 December 2011	1,686,878	(8,925)	(77,406)	(28,820)	1,571,727	298	1,572,025

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Statement of Changes in Equity (continued)

	Contributed equity	Reserves	Other equity transactions	(Accumulated losses) /retained profits	Total	Non-controlling interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'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
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	33,606	33,606	-	33,606
Transactions with equity holders in their capacity as equity holders:							
Dividends provided for or paid	-	-	-	(23,487)	(23,487)	-	(23,487)
	-	-	-	(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

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

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Statement of Cash Flows

	Note	1 Jul 11 - 31 Dec 11 $'000	1 Jul 10 - 31 Dec 10 $'000
Cash flows from operating activities			
Receipts from customers		395,856	237,123
Payments to suppliers/employees		(269,894)	(183,899)
Government grants received		160	725
Interest received from external parties		992	1,147
Dividends received from associates		-	900
Tax paid		(17,374)	-
Net cash flows from operating activities		109,740	55,996
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(10,668)	(8,897)
Proceeds from sale of property, plant and equipment		30	64
Dividends received from investments		92	-
Payments for intangibles		(401)	(14)
Net cash flows used in investing activities		(10,947)	(8,847)
Cash flows from financing activities			
Dividends paid to security holders	4	(21,174)	(23,487)
Payments for buy back of company shares		(948)	-
Finance lease payments		(97)	(55)
Interest paid to external parties		(29,988)	(14,766)
Net cash flows used in financing activities		(52,207)	(38,308)
Net increase in cash and cash assets held		46,586	8,841
Cash assets at the beginning of the half-year		31,644	38,116
Cash assets at the end of the half-year		78,230	46,957

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 2011 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 2011 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, except as set out in note 1(f) below:

(a) Basis of Preparation

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. All amounts are presented in Australian dollars, unless otherwise noted.

Comparative figures

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

(b) Rounding of Amounts

The Company is a kind referred to in Class Order 98/100, 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:

Notes to the Financial Statements (continued)

(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) 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.

(d) Business combinations – revised fair values

As the acquisition of Austereo Group Limited ("Austereo") took place close to the 30 June 2011 year end, the information required to value the acquisition was incomplete. The initial accounting for Austereo was therefore determined provisionally in the 30 June 2011 annual report. In accordance with IFRS 3 *Business Combinations*, adjustments to the initial provisional accounting for the Austereo acquisition disclosed in the 2011 annual report have been recognised as if the final accounting for the business combination had been completed at the acquisition date. Comparative information for 30 June 2011 has therefore been adjusted, with the effect being an increase in reported net profit after tax of $10.8 million. Further information is given in note 7.

(e) Hedge accounting

The Group designated interest rates swaps held as at 1 July 2011 as cash flow hedges and has applied hedge accounting from this date.

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.

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 profit or loss.

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".

Notes to the Financial Statements (continued)

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.

(f) Impacts of standards issued but not yet applied

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed. The Group has not yet decided when to adopt AASB 9.

Notes to the Financial Statements (continued)

2. Profit for the Half Year

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

	1 Jul 11 - 31 Dec 11 $'000	1 Jul 10 - 31 Dec 10 $'000
Revenue from continuing operations		
Sales revenue	362,301	217,988
Other revenue		
Government grant revenue	160	725
Rental revenue	92	-
	362,553	218,713
Interest revenue		
External banks	992	1,147
Net fair value gains on financial derivatives – interest rate swaps		
Total fair value gains	-	3,360
Depreciation		
Land & buildings	541	574
Plant & equipment	15,123	8,662
Leasehold improvements	886	332
Plant & equipment under finance leases	61	75
Total depreciation	16,611	9,643
Amortisation		
Customer contracts	222	-
Customer relationships	-	322
Total amortisation	222	322
Total depreciation and amortisation expense	16,833	9,965
Interest expense and other borrowing costs		
External banks	28,741	16,508
Amortisation of borrowing costs	2,257	1,742
Finance charges on capitalised leases	28	47
Total interest expense and other borrowing costs	31,026	16,555

Notes to the Financial Statements (continued)

3. Income Tax Benefit/(Expense)

	1 Jul 11 - 31 Dec 11 $'000	1 Jul 10 - 31 Dec 10 $'000
Income tax benefit/(expense)		
Current Tax	(22,300)	(5,585)
Deferred Tax	39,904	(8,383)
	17,604	(13,968)
Deferred income tax expense included in income tax benefit/(expense) comprises:		
Decrease in net deferred tax assets	(1,744)	(8,383)
Adjustment for prior years	2,121	-
Adjustment for reset tax cost base on tax consolidation	39,527	-
	39,904	(8,383)

On 29 March 2011, the Group acquired a controlling interest in the share capital of Austereo, a leading Australian commercial radio broadcaster with stations in all mainland Australian state capital cities. On 17 May 2011, the Group acquired 100% of the share capital of Austereo, including gaining 100% ownership of Radio Newcastle Pty Ltd ("Radio Newcastle"). As it was not known at 29 March 2011 that the Group would gain 100% ownership of Austereo and Radio Newcastle, deferred tax assets and liabilities at acquisition were calculated with reference to the existing tax cost bases of those assets and liabilities. When 100% ownership was achieved and the Austereo group and Radio Newcastle joined the Southern Cross Media Group Limited tax consolidated group, tax cost bases were reset, resulting in an income tax benefit of $39.5 million being recognised in profit for the half year ended 31 December 2011.

4. Dividends Paid and Proposed

	1 Jul 11 - 31 Dec 11 $'000	1 Jul 10 - 31 Dec 10 $'000
The dividends were paid/payable as follows:		
Final dividend paid for the year ended 30 June – fully franked at the tax rate of 30%	21,174	23,487
	21,174	23,487
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the half years ended 31 December 2011 and 31 December 2010 were as follows:		
Paid in cash	21,174	23,487
Satisfied by way of shares	-	-
	21,174	23,487
	Cents per share	Cents per share
Final dividend paid for the year ended 30 June	3.0	6.2

Notes to the Financial Statements (continued)

5. Non-current Assets – Intangible Assets

	31 Dec 11 $'000	Restated 30 Jun 11 $'000
Commercial radio/TV broadcast licences – at cost	1,595,282	1,595,282
Less impairment charges	-	-
Total licences - net	1,595,282	1,595,282
Tradenames – at cost	134	117
Less accumulated amortisation and impairment charges	-	-
Total Tradenames – net	134	117
Customer relationships – at cost	2,900	2,900
Less accumulated amortisation and impairment charges	(2,900)	(2,900)
Total customer relationships – net	-	-
Brands – at cost	88,900	88,900
Less accumulated amortisation and impairment charges	-	-
Total brands – net	88,900	88,900
Customer contracts – at cost	1,000	1,000
Less accumulated amortisation and impairment charges	(333)	(111)
Total customer contracts – net	667	889
Goodwill – at cost	352,125	351,741
Less impairment charges	-	-
Total goodwill – net	352,125	351,741
Total intangibles – at cost	2,040,341	2,039,940
Less total accumulated amortisation and impairment charges	(3,233)	(3,011)
Total intangibles – net	2,037,108	2,036,929

Notes to the Financial Statements (continued)

	31 Dec 11 $'000	Restated 30 Jun 11 $'000
Commercial radio/TV broadcast licences		
Carrying amount at the beginning of the financial year	1,595,282	768,483
Acquisition of subsidiaries (refer to note 7)	-	826,799
Carrying amount at the end of the financial period	1,595,282	1,595,282
Tradenames		
Carrying amount at the beginning of the financial year	117	95
Additions	17	22
Carrying amount at the end of the financial period	134	117
Customer relationships		
Carrying amount at the beginning of the financial year	-	322
Amortisation expense	-	(322)
Carrying amount at the end of the financial period	-	-
Brands		
Carrying amount at the beginning of the financial year	88,900	-
Acquisition of subsidiaries (refer to note 7)	-	88,900
Carrying amount at the end of the financial period	88,900	88,900
Customer contracts		
Carrying amount at the beginning of the financial year	889	-
Acquisition of subsidiaries (refer to note 7)	-	1,000
Amortisation expense	(222)	(111)
Carrying amount at the end of the financial period	667	889
Goodwill		
Carrying amount at the beginning of the financial year	351,741	295,868
Additions	384	55,873
Carrying amount at the end of the financial period	352,125	351,741
Total intangibles – net	2,037,108	2,036,929

(a) Impairment tests for licences, tradenames and goodwill

The value of licences, tradenames and goodwill is allocated to the Group's cash generating unit ("CGU"), identified as regional free to air commercial radio and television broadcasting ("Regional free to air broadcasting") and metropolitan free to air commercial radio broadcasting ("Metro free to air broadcasting").

Goodwill and intangible assets are assessed for impairment at leaset annually or more frequently if events and circumstances dictate.

Notes to the Financial Statements (continued)

6. Contributed Equity

	31 Dec 11 $'000	Restated 30 Jun 11 $'000
Ordinary Shares	1,686,878	1,688,149
Contributed equity	1,686,878	1,688,149

	1 Jul 11 - 31 Dec 11 $'000	1 Jul 10 - 31 Dec 10 $'000
On issue at the beginning of the half year	1,688,149	1,225,400
Buy back of company shares	(1,271)	-
On issue at the end of the half year	1,686,878	1,225,400

	Number of Securities '000	Number of Securities '000
On issue at the beginning of the half year	705,712	378,828
Buy back of company shares	(1,172)	-
Issue of shares for Long Term Investment Plan	54	-
On issue at the end of the half year	704,594	378,828

7. Business Combinations

On 29 March 2011, the Group acquired a controlling interest in the share capital of Austereo, a leading Australian commercial radio broadcaster with stations in all mainland Australian state capital cities. On 17 May 2011, the Group acquired 100% of the share capital of Austereo, including gaining 100% ownership of Radio Newcastle. The purchase price of the acquisition was $723.7 million.

As the acquisition of Austereo took place close to the 30 June 2011 year end, the information required to value the acquisition was incomplete. The initial accounting for Austereo was therefore determined provisionally in the 30 June 2011 annual report. In accordance with IFRS 3 *Business Combinations*, adjustments to the initial provisional accounting for the Austereo acquisition disclosed in the 2011 annual report have been recognised as if the final accounting for the business combination had been completed at the acquisition date. Comparative information for 30 June 2011 has therefore been adjusted, with the effect being an increase in reported net profit after tax of $10.8 million related to the gain on disposal and acquisition of Radio Newcastle.

Notes to the Financial Statements (continued)

The revised net assets acquired in the business combination, and the goodwill arising, are as follows:

Austereo	Final fair value recognised on acquisition $'000	Provisional fair value recognised on acquisition $'000
Current assets		
Cash and cash equivalents	1,533	1,533
Trade and other receivables	52,016	51,984
Other current assets	1,647	1,647
Non-current assets		
Receivables	332	332
Investments accounted for using the equity method	33,726	7,883
Other financial assets	251	541
Property, plant and equipment	40,296	40,296
Intangible assets – radio licences	772,400	869,953
Intangible assets – brands	88,900	-
Intangible assets – customer contracts	1,000	-
Deferred tax assets	-	5,843
Current liabilities		
Trade and other payables	(43,173)	(42,157)
Income tax payable	(5,290)	(5,290)
Provisions	(8,382)	(8,270)
Other	(929)	(929)
Non-current liabilities		
Interest bearing loans and borrowings	(204,600)	(204,600)
Deferred tax liabilities	(31,206)	(32,398)
Provisions	(8,284)	(1,507)
Other	(1,828)	(1,828)
Derivatives	(399)	(355)
Fair value of identifiable net assets	688,010	682,678
Goodwill arising on acquisition	35,733	41,065
	723,743	723,743
Cash payment	722,572	722,572
Fair value of shares issued	1,171	1,171
	723,743	723,743
Costs associated with the acquisition, recognised as an expense in other expenses	6,300	6,300
Contingent consideration	-	-
	730,043	730,043
Cash outflow on acquisition to date		
Consideration paid in cash	722,572	722,572
Less: cash and cash equivalent balances acquired	(1,533)	(1,533)
	721,039	721,039

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Notes to the Financial Statements (continued)

Explanation of material fair value adjustments

(a) Equity accounted investment in Radio Newcastle has been adjusted to reflect 50% of the fair market value of the business based on its current earnings and its implied enterprise value based on the earnings multiple applicable in the Austereo acquisition.

(b) Identifiable intangible assets recognised are in respect of radio and broadcasting licences, brand and a customer contract. Radio and broadcasting licences and brand have indefinite lives, and therefore are subject to impairment testing annually. The customer contract has a useful life of 2.8 years and is being amortised over the life of the contract.

(c) Deferred tax assets and deferred tax liabilities were adjusted to correctly reflect the differences between accounting and tax values as at the date of acquisition. In accordance with AASB 112 *Income Taxes*, the Group has elected to offset deferred tax assets against deferred tax liabilities.

(d) Various non-current provisions for leases as required under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* were adjusted to reflect fair value at the date of acquisition.

(e) The consequence of the finalisation of the fair values, including tax, is a reduction in goodwill of $5.3 million. Goodwill arose in the acquisition of Austereo because the consideration paid for the combination effectively included amounts in relation to the benefit of expected revenue and cost synergies and workforce valuation. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Included in Austereo's final fair value for "investments accounted for using the equity method" is a 50% interest in Radio Newcastle of $31.9 million as noted at 7(a) above. As the Group already held the remaining 50% interest in Radio Newcastle, the acquisition of Austereo resulted in the combined group owning 100% of Radio Newcastle. As a result, effective 29 March 2011 Radio Newcastle has been consolidated as a subsidiary.

To account for this, the existing equity interest is treated as if it were disposed of and reacquired at fair value on the acquisition date, with any gain or loss resulting from the difference between fair value and carrying value being recognised in the profit or loss. The impact of Southern Cross Austereo recognising the uplift in the value of the 50% investment in Radio Newcastle at 29 March 2011 is as follows:

Southern Cross Austereo	**Final fair value recognised on acquisition**	**Provisional fair value recognised on acquisition**
	$'000	**$'000**
Fair value of previously held 50% ownership interest	31,900	20,962
Equity accounted value of 50% ownership interest	(20,962)	(20,962)
Net gain recognised in profit and loss	10,938	-

Notes to the Financial Statements (continued)

As the acquirer must recognise adjustments to the provisional amounts as if the accounting for the acquisition had been completed at the acquisition date and therefore revise comparative information for prior periods, this gain has been recognised in the restated net profit after tax for the financial year ended 30 June 2011.

Radio Newcastle has been treated as a separate business combination effective 29 March 2011. In accordance with IFRS 3 *Business Combinations*, adjustments to the initial provisional accounting for the Radio Newcastle acquisition disclosed in the 2011 annual report have been recognised as if the final accounting for the business combination had been completed at the acquisition date. Comparative information for 30 June 2011 has therefore been adjusted.

The revised net assets acquired in the business combination, and the goodwill arising, are as follows:

Radio Newcastle	Final fair value recognised on acquisition	Provisional fair value recognised on acquisition
	$'000	$'000
Current assets		
Cash and cash equivalents	2	2
Trade and other receivables	2,325	2,325
Non-current assets		
Receivables	3,443	3,443
Property, plant and equipment	1,941	1,941
Intangible assets – radio licences	54,400	3,836
Deferred tax assets	-	360
Other	1,085	1,085
Current liabilities		
Trade and other payables	(2,440)	(2,440)
Income tax payable	(730)	(730)
Provisions	(704)	(704)
Non-current liabilities		
Interest bearing loans and borrowings	(17)	(17)
Deferred tax liabilities	(15,601)	(736)
Provisions	(45)	(45)
Fair value of identifiable net assets	43,659	8,320
Goodwill arising on acquisition	20,141	18,699
	63,800	27,019

SOUTHERN CROSS AUSTEREO

Notes to the Financial Statements (continued)

Explanation of material fair value adjustments

(a) Identifiable intangible assets recognised are in respect of radio and broadcasting licences. Radio and broadcasting licences have indefinite lives, and therefore are subject to impairment testing annually.

(b) Deferred tax assets and deferred tax liabilities were adjusted to correctly reflect the differences between accounting and tax values as at the date of acquisition. In accordance with AASB 112, the Group has elected to offset deferred tax assets against deferred tax liabilities.

8. Segment Information

(a) Description of operating segments

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 Group CEO and the Company Board of Directors. The Board has determined that the Group has two operating segments being the Regional free to air broadcasting segment and the Metro free to air broadcasting segment.

As the segments have similar economic characteristics, the two operating segments have been aggregated, as permitted under AASB 8, to form one reportable segment, being “free to air broadcasting”.

Free to air broadcasting

Free to air broadcasting consists of the commercial radio, television and online broadcasting business held throughout Australia. Revenue is generated from the development and sale of advertising solutions for clients on these mediums.

With free to air broadcasting as the only reporting segment in both the current and prior financial half years, 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.

9. Taxation

The Company 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 the Company is being considered.

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

The amount of dividend payments on the RPS to date is $153.3 million. Should an adverse finding be determined and sustained by the ATO it will result in additional primary tax payable by the Company of approximately $46 million plus any interest and penalties.

10. Events Occurring after Balance Sheet Date

No matter or circumstances have arisen since the end of the financial half year that have significantly affected or may significantly affect the operations of the Group, the results of those operations in future years or the state of affairs of those entities in periods subsequent to the financial half year ended 31 December 2011.

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Directors' Declaration

The directors of the Company declare that:

(a) the financial statements and notes set out on pages 9 to 20 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 2011 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.

Max Moore-Wilton
Chairman
Sydney, Australia
27 February 2012

Chris de Boer
Director
Sydney, Australia
27 February 2012

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 statement of financial position as at 31 December 2011 and the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Southern Cross Austereo (the consolidated entity). The consolidated entity comprises the company and the entities it controlled 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 a 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 2011 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. 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.

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO BOX 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

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 2011 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of the company for the half-year ended 31 December 2011 included on Southern Cross Austereo's web site. The company's directors are responsible for the integrity of the Southern Cross Austereo web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

PricewaterhouseCoopers

PricewaterhouseCoopers

Chris Dodd
Partner

27 February 2012