

SOUTHERN CROSS AUSTEREO

ABN 91 116 024 536

APPENDIX 4D [RULE 4.2A.3]

FOR THE HALF YEAR ENDED 31 DECEMBER 2012

Results for Announcement to the Market (All comparisons to 31 December 2011)

Key Financial Information	\$'000	up/down	% movement
Revenue from ordinary activities	327,683	down	10%
Profit / (loss) from ordinary activities after tax attributable to members	45,125	down	52%
Net profit / (loss) after tax attributable to members	45,125	down	52%

Dividend Information	Amount per share cents	Franked amount per share cents	Tax rate for franking credit
Final 2012 dividend per share (paid 19 October 2012)	5.0	5.0	30%
Interim 2013 dividend per share (to be paid 26 April 2013)	4.5	4.5	30%

Interim 2013 dividend dates

Ex-dividend date	1 April 2013
Record date	5 April 2013
Payment date	26 April 2013

	31 Dec 12	31 Dec 11
Net tangible assets per security	\$(0.69)	\$ (0.66)

Dividend Reinvestment Plan

The Southern Cross Austereo Dividend Reinvestment Plan ("DRP") will operate in respect of the Interim dividend. The Details of the plan are available on our website www.southerncrossaustereo.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 5 April 2013.

Associates and joint ventures

Name of company	Principal activity	Ownership interest %	
		31 Dec 12	31 Dec 11
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
Central Digital Television Pty Limited	Operation of a TV station – Central	50.00	50.00
Eastern Australia Satellite Broadcasters Pty Ltd	Building of digital regional assets	50.00	50.00
All Asia Radio Technologies Sdn Bhd	Dormant entity	50.00	50.00
Canberra FM Radio Pty Ltd	Dormant entity	50.00	50.00
Black Mountain Broadcasters Pty Ltd	Dormant entity	50.00	50.00
Sydney FM Facilities Pty Ltd	Rental of a transmission facility	50.00	50.00
Melbourne FM Facilities Pty Ltd	Rental of a transmission facility	50.00	50.00
Perth FM Facilities Pty Ltd ¹	Rental of a transmission facility	66.72	66.72
Digital Radio Broadcasting Sydney Pty Ltd	Digital radio	22.60	22.60
Digital Radio Broadcasting Melbourne Pty Ltd ²	Digital radio	18.23	18.23
Digital Radio Broadcasting Brisbane Pty Ltd	Digital radio	25.00	25.00
Digital Radio Broadcasting Adelaide Pty Ltd	Digital radio	33.30	33.30
Digital Radio Broadcasting Perth Pty Ltd	Digital radio	33.30	33.30
Digital Music Distribution Pty Ltd	Digital Music Distribution	33.33	-
Get Outside Group Pty Ltd	Media Entertainment Business	50.00	-

Entities which control has been gained during the period

Name of company	Principal activity	Ownership interest %	Date control gained
		31 Dec 12	
SCMG Investments Pty Ltd	Investment company	100.00	20-Aug-2012

Notes

¹ 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.

2 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.

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 2012. This report is based on the consolidated Interim Financial Report for the Half Year Ended 31 December 2012 which has been reviewed by PricewaterhouseCoopers with the Independent Auditor's Review Report included in the Interim Financial Report.

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SOUTHERN CROSS AUSTEREO
INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2012



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INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER

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 2012. 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
- Marina Darling

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

Whilst there has been a decline in revenue and subsequent profitability performance year on year, the financial strength of the business is undiminished. The Southern Cross Austereo Group reported revenue of \$327.7 million, a fall of 9.6% from \$362.5 million in the prior half year. EBITDA was \$104.2 million, down from \$123.3 million in the prior half year. Net profit after tax was down by 52.0% to \$45.1 million, down from \$94.0 million in the prior half year. The decrease in net profit after tax has been impacted by the one off \$39.5 million income tax benefit recognised in the prior half year 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.

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER

Distributions and Dividends

The final dividend for the year ended 30 June 2012 was 5.0 cents per fully paid share, fully franked and was paid on 19 October 2012 by the Company. Since the end of the financial half year ended 31 December 2012 the directors have recommended the payment of an interim ordinary dividend of 4.5 cents per fully paid share, fully franked (31 December 2011 interim dividend: 5.0 cents per fully paid share, fully franked). The interim dividend will be paid on 26 April 2013 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

In connection with the acquisition of Austereo Group Limited, Southern Cross Austereo is required by the Australian Communications and Media Authority ("ACMA") to divest in Sunshine Coast Broadcasters Pty Ltd by 25 March 2013. These assets have been held at their carrying value on the balance sheet at 31 December 2012 and the financial effects of the above transaction have not been brought to account at 31 December 2012. The gain on sale recognised from the transaction will be brought into the accounts for the full year ended 30 June 2013.

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 2012.

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 4,685,596 (30 June 2012: 4,577,948).

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
18 February 2013

Chris de Boer
Director
Southern Cross Media Group Limited
Sydney, Australia
18 February 2013



Auditor's Independence Declaration

As lead auditor for the review of Southern Cross Media Group Limited for the half year ended 31 December 2012, 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 black ink, appearing to read 'Chris Dodd', written over a light blue horizontal line.

Chris Dodd
Partner
PricewaterhouseCoopers

Melbourne
18 February 2013

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER

Statement of Comprehensive Income

	Note	1 Jul 12 -31 Dec 12 \$'000	1 Jul 11 - 31 Dec 11 \$'000
Revenue from continuing operations	2	327,683	362,553
Broadcast and production costs		(54,556)	(62,440)
Employee expenses		(88,521)	(88,671)
Selling costs		(33,728)	(37,432)
Occupancy costs		(15,099)	(16,785)
Promotions and marketing		(4,640)	(5,847)
Administration costs		(26,628)	(27,728)
Share of net losses of investments accounted for using the equity method		(310)	(350)
Profit before depreciation, amortisation, interest, fair value movements on financial derivatives and income tax expense for the half year		104,201	123,300
Depreciation and amortisation expense	2	(12,867)	(16,833)
Interest expense and other borrowing costs	2	(28,412)	(31,026)
Interest revenue	2	2,053	992
Profit before income tax expense for the half year		64,975	76,433
Income tax benefit/(expense)	3	(19,850)	17,604
Profit after income tax for the half year		45,125	94,037
Other comprehensive (loss)/income			
Other comprehensive (loss)/income for the half year, net of tax, that will be reclassified to profit and loss		115	(9,745)
Total comprehensive profit for the half year attributable to shareholders		45,240	84,292
Earnings per share attributable to the ordinary equity holders of the Company:			
Basic earnings per share		6.4	13.3
Diluted earnings per share		6.4	13.3

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

Statement of Financial Position

	Note	31 Dec 12 \$'000	30 June 12 \$'000
Current assets			
Cash and cash equivalents		83,765	97,175
Receivables		128,263	132,623
Assets classified as held for sale	7	11,796	-
Total current assets		223,824	229,798
Non-current assets			
Receivables		5,730	5,796
Investments accounted for using the equity method		12,090	10,581
Property, plant and equipment		168,934	172,517
Intangible assets	5	2,026,558	2,036,890
Other financial assets		141	141
Deferred tax assets		13,678	19,143
Total non-current assets		2,227,131	2,245,068
Total assets		2,450,955	2,474,866
Current liabilities			
Payables		106,132	118,244
Provisions		19,331	21,657
Borrowings		20,549	16,228
Current tax liabilities		42,082	56,942
Derivative financial instruments		1,066	-
Total current liabilities		189,160	213,071
Non-current liabilities			
Provisions		10,849	12,388
Borrowings		684,714	690,788
Derivative financial instruments		22,088	24,249
Total non-current liabilities		717,651	727,425
Total liabilities		906,811	940,496
Net assets		1,544,144	1,534,370
Equity			
Contributed equity	6	1,686,878	1,686,878
Reserves		(11,665)	(12,336)
Other equity transaction		(77,406)	(77,406)
Accumulated losses		(53,961)	(63,064)
Equity attributable to equity holders		1,543,846	1,534,072
Non-controlling interest		298	298
Total equity		1,544,144	1,534,370

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

Statement of Changes in Equity

	Contributed equity \$'000	Reserves \$'000	Other equity transactions \$'000	(Accumulated losses) /retained profits \$'000	Total \$'000	Non-controlling interest \$'000	Total equity \$'000
Total equity at 1 July 2012	1,686,878	(12,336)	(77,406)	(63,064)	1,534,072	298	1,534,370
Restatement of comparatives movement in	-	-	-	(779)	(779)	-	(779)
Restated total equity at 1 July 2012	1,686,878	(12,336)	(77,406)	(63,843)	1,533,293	298	1,533,591
Profit for the half year	-	-	-	45,125	45,125	-	45,125
Other comprehensive income	-	115	-	-	115	-	115
Total comprehensive income	-	115	-	45,125	45,240	-	45,240
Transactions with equity holders in their capacity as equity holders:							
Employee share entitlements	-	556	-	-	556	-	556
Dividends paid	-	-	-	(35,243)	(35,243)	-	(35,243)
	1,686,878	556	-	(35,243)	(34,687)	-	(34,687)
Total equity at 31 December 2012	1,686,878	11,665	(77,406)	(53,961)	1,543,846	298	1,544,144

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER

Statement of Changes in Equity (continued)

	Contributed equity \$'000	Reserves \$'000	Other equity transactions \$'000	(Accumulated losses) /retained profits \$'000	Total \$'000	Non-controlling interest \$'000	Total equity \$'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 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

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

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER

Statement of Cash Flows

	Note	1 Jul 12 - 31 Dec 12 \$'000	1 Jul 11 - 31 Dec 11 \$'000
Cash flows from operating activities			
Receipts from customers		364,172	395,856
Payments to suppliers/employees		(270,515)	(269,894)
Government grants received		225	160
Interest received from external parties		2,053	992
Tax paid		(29,270)	(17,374)
Net cash flows from operating activities		<u>66,665</u>	<u>109,740</u>
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(9,659)	(10,668)
Proceeds from sale of property, plant and equipment		1,707	30
Dividends received from investments		-	92
Payments for intangibles		(6)	(401)
Payments for purchase of investments		(1,010)	-
Net cash flows used in investing activities		<u>(8,968)</u>	<u>(10,947)</u>
Cash flows from financing activities			
Dividends paid to security holders	4	(35,243)	(21,174)
Repayment of borrowings from external parties		(6,000)	-
Payments for buy back of company shares		-	(948)
Finance lease payments		(391)	(97)
Interest paid to external parties		(29,473)	(29,988)
Net cash flows used in financing activities		<u>(71,107)</u>	<u>(52,207)</u>
Net increase in cash and cash assets held		(13,410)	46,586
Cash assets at the beginning of the half-year		<u>97,175</u>	<u>31,644</u>
Cash assets at the end of the half-year		<u>83,765</u>	<u>78,230</u>

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

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER

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 2012 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 2012 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.

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER

Notes to the Financial Statements (continued)

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) Income taxes

The Group is subject to income taxes in Australia and in some of its foreign operations. Currently the Group has raised a current provision for income tax in respect of amended tax assessments raised by the ATO in respect of disallowed deductions on redeemable preference shares between 2006 and 2009. Southern Cross Austereo has objected against the assessments. Should Southern Cross Austereo be successful in its objection against the amended assessments, the tax liability will be reversed to the profit or loss.

(d) Non-current assets held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will

be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount

and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when

the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

(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.

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER

Notes to the Financial Statements (continued)

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".

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

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2012 reporting periods. The Group's assessment of the impact of relevant new standards and interpretations is set out below.

- AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013)
- AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets (effective from 1 January 2012)
- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Key Management Personnel Disclosure Requirements (effective from 1 July 2013)
- AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective from 1 January 2013)
- AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)
- AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (effective 1 July 2012)
- Revised AASB 119 Employee Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 and AASB 2011-11 Amendments to AASB 119 arising from Reduced Disclosure Requirements (effective 1 January 2013)
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) (effective 1 July 2014) and Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) (effective 1 July 2013)

The Company currently does not expect that any adjustments will be necessary as a result of applying these revised accounting standards. The impact on future transactions will need to be assessed as they occur.

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER

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 12 - 31 Dec 12 \$'000	1 Jul 11 - 31 Dec 11 \$'000
Revenue from continuing operations		
Sales revenue	324,628	359,280
Dividend income	-	92
Government grant revenue	225	160
Rental revenue	2,830	3,021
	<u>327,683</u>	<u>362,553</u>
Interest revenue		
External banks	<u>2,053</u>	<u>992</u>
Depreciation		
Land & buildings	496	541
Plant & equipment	11,096	15,123
Leasehold improvements	1,016	886
Plant & equipment under finance leases	37	61
Total depreciation	<u>12,645</u>	<u>16,611</u>
Amortisation		
Customer contracts	<u>222</u>	<u>222</u>
Total amortisation	<u>222</u>	<u>222</u>
Total depreciation and amortisation expense	<u>12,867</u>	<u>16,833</u>
Interest expense and other borrowing costs		
External banks	26,137	28,741
Amortisation of borrowing costs	2,257	2,257
Finance charges on capitalised leases	18	28
Total interest expense and other borrowing costs	<u>28,412</u>	<u>31,026</u>

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER

Notes to the Financial Statements (continued)

3. Income Tax Benefit/(Expense)

	1 Jul 12 - 31 Dec 12 \$'000	1 Jul 11 - 31 Dec 11 \$'000
Income tax benefit/(expense)		
Current Tax	(19,272)	(22,300)
Deferred Tax	(578)	39,904
	(19,850)	17,604
Deferred income tax expense included in income tax benefit/(expense) comprises:		
Decrease in net deferred tax assets	(3,216)	(1,744)
Adjustment for prior years	2,638	2,121
Adjustment for reset tax cost base on tax consolidation	-	39,527
	(578)	39,904

In the prior half year period, when 100% ownership was gained of the Austereo Group and Radio Newcastle, they joined the Southern Cross Media Group Limited tax consolidated group and 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 12 - 31 Dec 12 \$'000	1 Jul 11 - 31 Dec 11 \$'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%	35,243	21,174
	35,243	21,174
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the half years ended 31 December 2012 and 31 December 2011 were as follows:		
Paid in cash	35,243	21,174
	35,243	21,174
	Cents per share	Cents per share
Final dividend paid for the year ended 30 June	5.0	3.0

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER

Notes to the Financial Statements (continued)

5. Non-current Assets – Intangible Assets

	31 Dec 12 \$'000	30 Jun 12 \$'000
Commercial radio/TV broadcast licences – at cost	1,585,162	1,595,282
Less impairment charges	-	-
Total licences - net	1,585,162	1,595,282
Tradenames – at cost	145	139
Less accumulated amortisation and impairment charges	-	-
Total Tradenames – net	145	139
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	(778)	(555)
Total customer contracts – net	222	445
Goodwill – at cost	352,129	352,124
Less impairment charges	-	-
Total goodwill – net	352,129	352,124
Total intangibles – at cost	2,027,336	2,037,445
Less total accumulated amortisation and impairment charges	(778)	(555)
Total intangibles – net	2,026,558	2,036,890

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER

Notes to the Financial Statements (continued)

	31 Dec 12 \$'000	30 Jun 12 \$'000
Commercial radio/TV broadcast licences		
Carrying amount at the beginning of the financial year	1,595,282	1,595,282
Asset Held for Sale (refer to note 7)	(10,120)	-
Carrying amount at the end of the financial period	1,585,162	1,595,282
Tradenames		
Carrying amount at the beginning of the financial year	139	117
Additions	6	22
Carrying amount at the end of the financial period	145	139
Brands		
Carrying amount at the beginning of the financial year	88,900	88,900
Acquisition of subsidiaries	-	-
Carrying amount at the end of the financial period	88,900	88,900
Customer contracts		
Carrying amount at the beginning of the financial year	445	889
Acquisition of subsidiaries	-	-
Amortisation expense	(223)	(444)
Carrying amount at the end of the financial period	222	445
Goodwill		
Carrying amount at the beginning of the financial year	352,124	351,741
Additions	5	383
Carrying amount at the end of the financial period	352,129	352,124
Total intangibles – net	2,026,558	2,036,890

(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 least annually or more frequently if events and circumstances dictate.

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER

Notes to the Financial Statements (continued)

6. Contributed Equity

	31 Dec 12 \$'000	30 Jun 12 \$'000
Ordinary Shares	1,686,878	1,686,878
Contributed equity	1,686,878	1,686,878

	1 Jul 12 - 31 Dec 12 \$'000	1 Jul 11 - 31 Dec 11 \$'000
On issue at the beginning of the half year	1,686,878	1,688,149
Buy back of company shares	-	(1,271)
On issue at the end of the half year	1,686,878	1,686,878

	Number of Securities '000	Number of Securities '000
On issue at the beginning of the half year	704,594	705,712
Buy back of company shares	-	(1,172)
Issue of shares for Long Term Investment Plan	264	54
On issue at the end of the half year	704,858	704,594



INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER

Notes to the Financial Statements (continued)

7. Assets Held for Sale

In connection with the acquisition of Austereo Group Limited, the Australian Communications and Media Authority (“ACMA”) accepted an enforceable undertaking of the Broadcasting Services Act 1992 (“the BSA”) by Southern Cross Austereo in respect of the commercial radio broadcasting licences in the Radio Licence Area Nambour RA1. Under the BSA, Southern Cross Austereo is required to divest in the two commercial FM radio broadcasting licences in the Sunshine Coast Nambour RA1 area by 25 March 2013 and, as at 31 December 2012, final negotiations for the sale were in progress. At 31 December 2012, Sunshine Coast Broadcasters Pty Ltd was classified as a disposal group held for sale.

The major classes of assets and liabilities of Sunshine Coast Broadcasters Pty Ltd classified as held for sale as at 31 December are as follows:

	31 Dec 12 \$'000
Assets	
Trade and other receivables	1,343
Other current assets	10,739
Assets classified as held for sale	12,082
Liabilities	
Trade and other payables	104
Provisions	182
Liabilities directly associated with assets classified as held for sale	286
Net assets directly associated with disposal group	11,796

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 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.

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER

Notes to the Financial Statements (continued)

9. Events Occurring after Balance Sheet Date

In connection with the acquisition of Austereo Group Limited, Southern Cross Austereo is required by the ACMA to divest in Sunshine Coast Broadcasters Pty Ltd by 25 March 2013. These assets have been held at their carrying value on the balance sheet at 31 December 2012 and the financial effects of the above transaction have not been brought to account at 31 December 2012. The gain on sale recognised from the transaction will be brought into the accounts for the full year ended 30 June 2013.

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 2012.

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER

Directors' Declaration

The directors of the Company declare that:

- (a) the financial statements and notes set out on pages 4 to 18 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 2012 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
18 February 2013



Chris de Boer
Director
Sydney, Australia
18 February 2013



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 (the company), which comprises the statement of financial position at 31 December 2012, and the statement of comprehensive income, 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 both 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 internal 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 2012 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

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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 2012 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 2012 included on Southern Cross Austereo's web site. The company's directors are responsible for the integrity of the Southern Cross Austereo's 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.

A stylized, handwritten signature of PricewaterhouseCoopers in black ink.

PricewaterhouseCoopers

A stylized, handwritten signature of Chris Dodd in black ink.

Chris Dodd
Partner

Melbourne
18 February 2013