SOUTHERN CROSS AUSTEREO

ANNUALREPORT 2013

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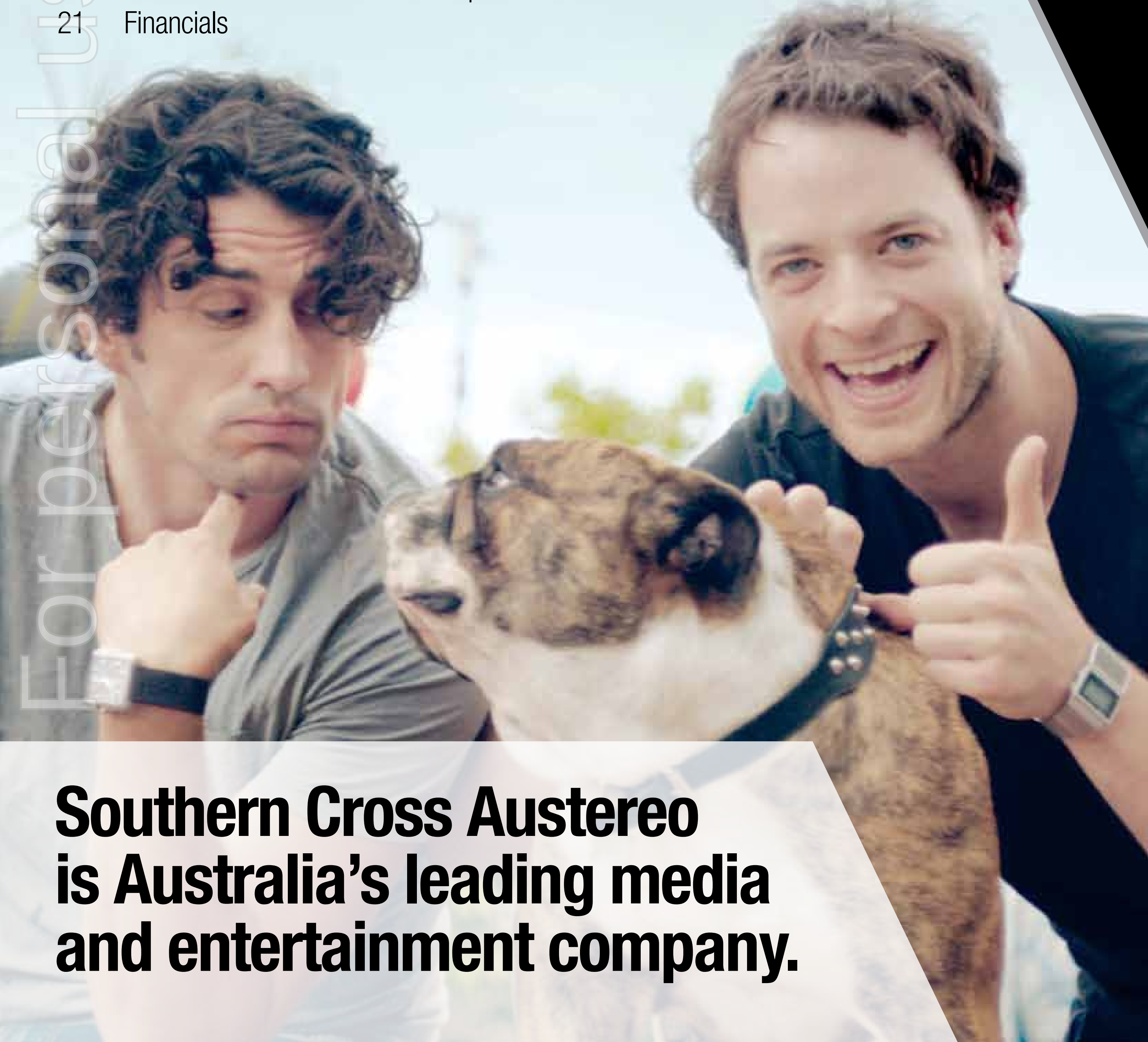


Southern Cross Austereo is Australia's leading media and entertainment company.

REACHING MORE AUSTRALIANS THAN ANY OTHER MEDIA COMPANY

4.6M

SOUTHERN CROSS AUSTEREO REACHES OVER 4.6 MILLION PEOPLE IN THE 5 METRO MARKETS EACH WEEK[1]

44%

SOUTHERN CROSS AUSTEREO REACHES 44% OF 25–39 YEAR OLD AND 41% OF 25–54 YEAR OLD METRO LISTENERS EACH WEEK[1]

3M

THE TODAY NETWORK REACHES OVER 3 MILLION AUSTRALIANS EVERY WEEK[1]

2.1M

THE TRIPLE M NETWORK REACHES OVER 2.1 MILLION AUSTRALIANS EACH WEEK[1]

2M+

ON AVERAGE, SOUTHERN CROSS TEN REACHES 2,185,688 PEOPLE EVERY DAY[2]

1ST

SOUTHERN CROSS AUSTEREO HAS THE TOP TWO RADIO BRANDS ON MOBILE (RANKED ON DAILY AVERAGE MOBILE UBS)[3]

13TH

SOUTHERN CROSS AUSTEREO IS ONE OF AUSTRALIA'S TOP 20 ONLINE PUBLISHERS AND IS THE 13TH BIGGEST MOBILE PUBLISHER[4]

71%

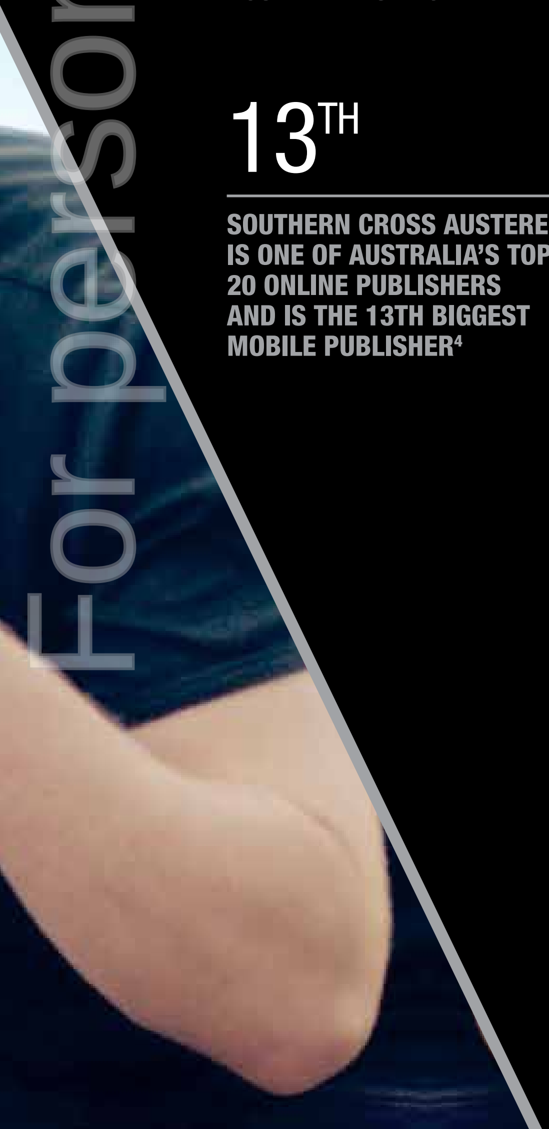
SOUTHERN CROSS AUSTEREO HAS 71% SHARE OF THE AUSTRALIAN SOCIAL RADIO MARKET ON FACEBOOK[5]

79%

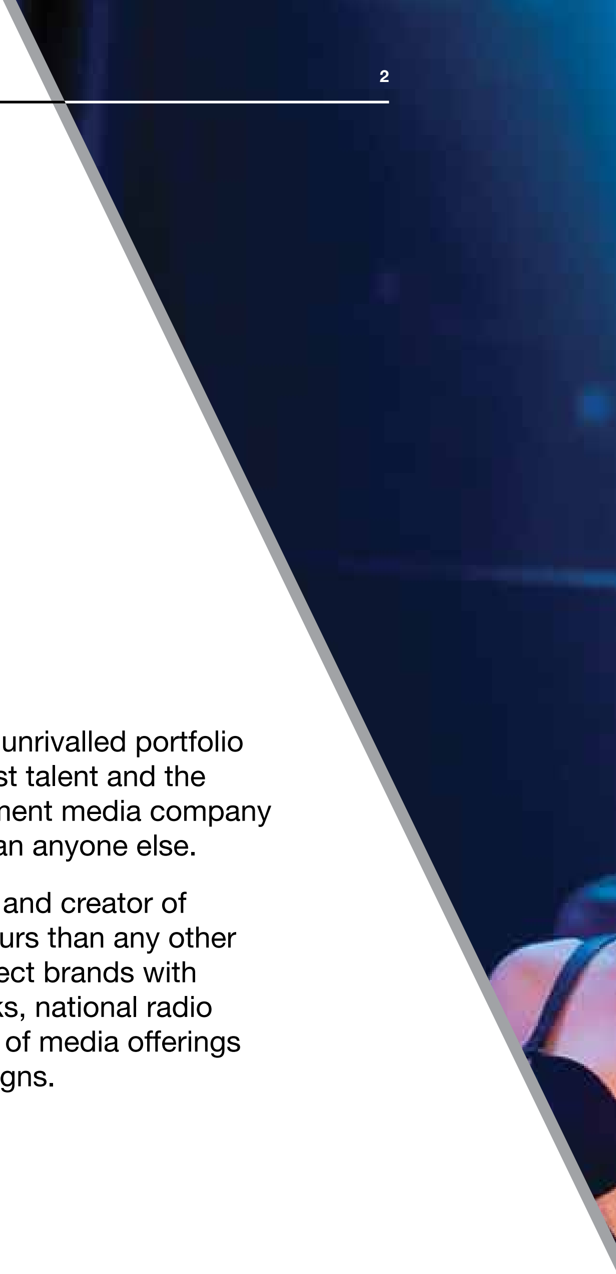
SOUTHERN CROSS AUSTEREO HAS 79% SHARE OF THE AUSTRALIAN SOCIAL RADIO MARKET ON TWITTER[5]

2.44M

OVER 2.44 MILLION AUSTRALIANS VIEW SOUTHERN CROSS AUSTEREO'S TV NETWORKS EVERY DAY[6]



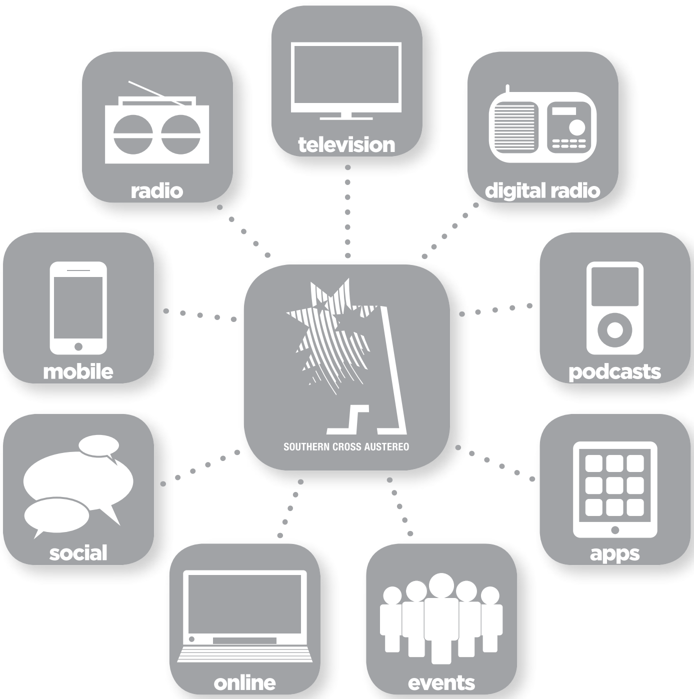
1 Nielsen Metropolitan Radio Surveys: Survey #4 2013, Mon-Sun 5:30am to 12MN, All Ppl 10+ cume
2 QLD, NSW & VIC, Average Daily Reach (1min cume reach). Total People. 1/7/12/-30/6/13
3 Nielsen Online Ranking Report (Domestic): July 2013 Average Daily UB
4 Nielsen Online Ranking Report (Domestic): July 2013 Average Daily UB
5 Zuum Social Media Reporting, Southern Cross Austereo Facebook and Twitter Data July 2013
6 Regional TAM. QLD, NSW, VIC & TAS (Combined Aggregate Markets). Average Daily Reach (1 min cume reach). Total People. 0200-0200. 1/7/12-30/6/13



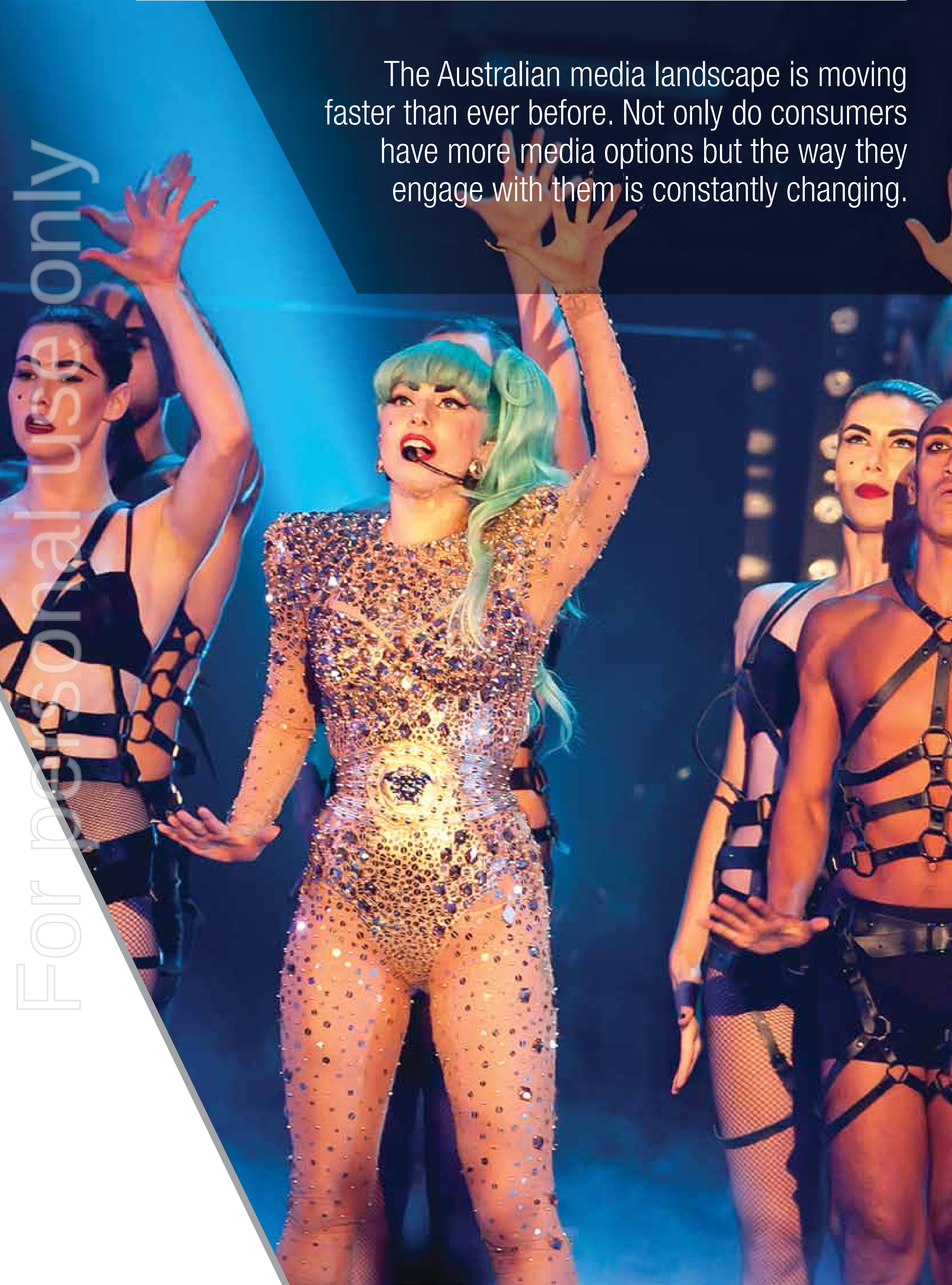
SOUTHERN CROSS AUSTEREO IS ENTERTAINING AUSTRALIA

Southern Cross Austereo delivers entertainment solutions across an unrivalled portfolio of Australian multimedia brands. We have the biggest shows, the best talent and the most exciting events coupled with the widest reach of any entertainment media company in the country, engaging with more consumers online and socially than anyone else.

Southern Cross Austereo is the only truly nationwide media provider and creator of the most live (and most awesome) content in Australia, with more hours than any other broadcast media in the country. This means we can potentially connect brands with 95% of Australians each week via our regional free-to-air TV networks, national radio networks, online, mobile and unique one-off events. This wide range of media offerings allows us to provide inventive, interactive and cross platform campaigns.



The Australian media landscape is moving faster than ever before. Not only do consumers have more media options but the way they engage with them is constantly changing.



BIG BRANDS DELIVERING ENORMOUS ENGAGEMENT

Much more than simply radio and TV, Southern Cross Austereo is committed to being a truly unified media company across a broad range of relevant and diversified media channels.

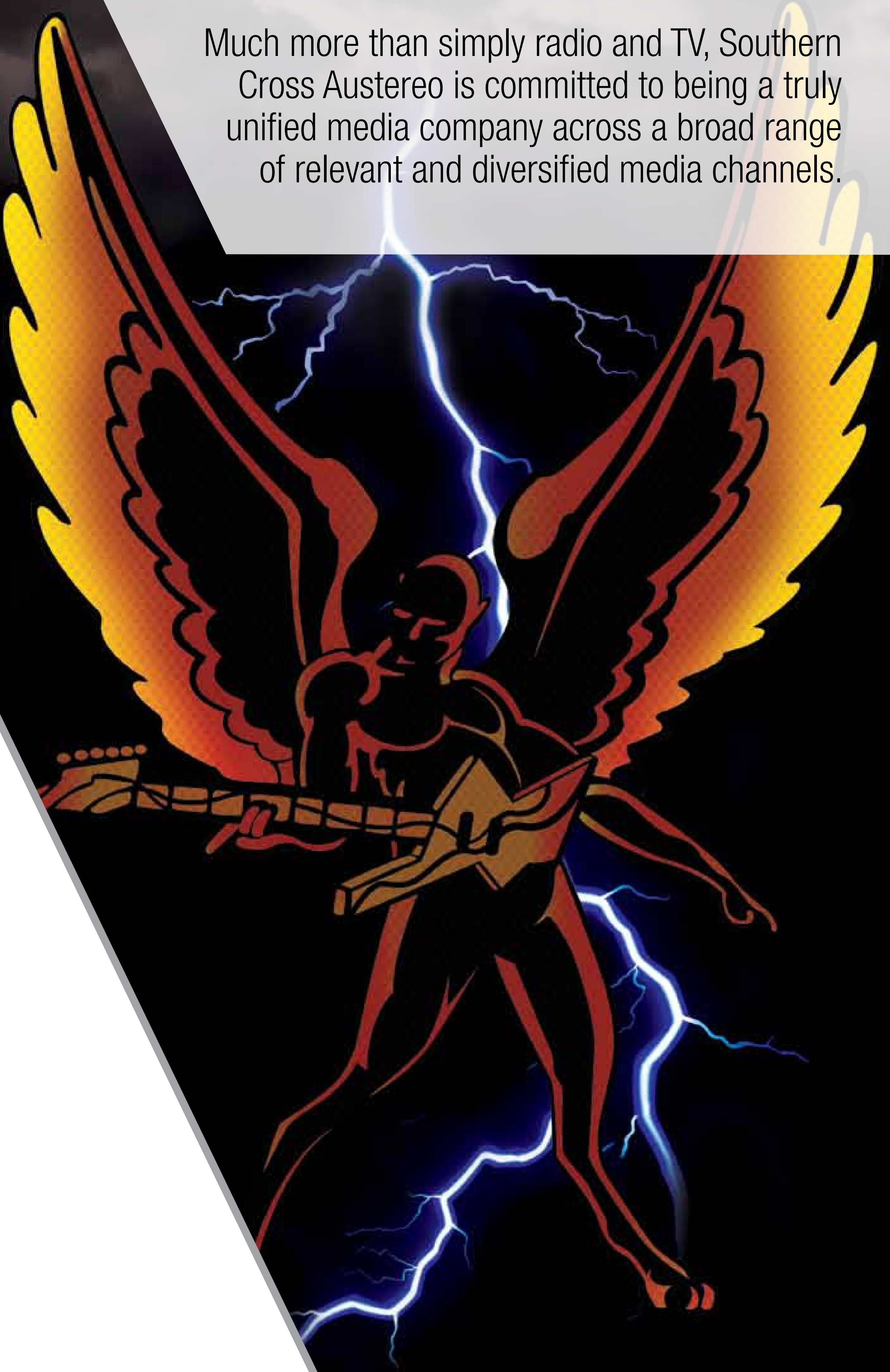
Southern Cross Austereo's assets include:

- 78 commercial radio licences
- 104 television channels
- A suite of digital radio stations
- 105 leading websites and 17 mobile sites
- The first Australian-owned music streaming service
- Unique content creation
- Live events with world-renowned artists
- Access to the globe's biggest celebrities
- Home-grown household names such as Hamish Blake and Andy Lee, Kyle Sandilands, Jackie O, Eddie McGuire, Mick Molloy, Merrick Watts, Fifi Box, Jules Lund, James Brayshaw and Andrew Johns to name only a few.

The depth and breadth of Southern Cross Austereo's media portfolio and its multi-dimensional business model means it's a business ready to capitalise on the evolving way Australians interact with and consume entertainment content.

Southern Cross Austereo takes pride in providing brands and advertisers with effective and diverse marketing solutions by creating and delivering desirable content to 95% of Australians across multiple media channels.

Much more than simply radio and TV, Southern Cross Austereo is committed to being a truly unified media company across a broad range of relevant and diversified media channels.



ENTERTAINING REGIONAL TV AUDIENCES

AFFILIATION PARTNERSHIPS

Southern Cross Austereo's regional television assets have secured medium-term affiliation contracts with Network Ten and the Seven Network. These contracts have reinvigorated our affiliate relationships and helped focus these partnerships on delivering maximum engagement for our regional audiences.

With engagement across all parts of the business ensuring increased collaboration, these partnerships will deliver greater cross-platform opportunities with our regional radio assets and enable consistent branding for both metro and regional audiences.

DATACASTING CHANNELS

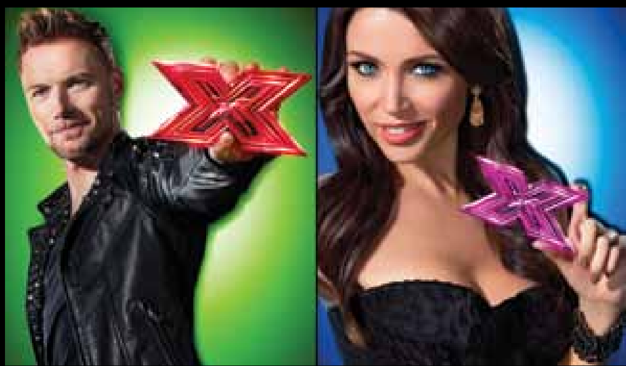
Southern Cross Austereo has successfully partnered with Network Ten and TVSN to air TVSN for the last ten months in the four aggregated markets. This medium-term contract has established diversity in the datacasting category whilst creating a deeper relationship with TVSN and its parent company, the Direct Group.

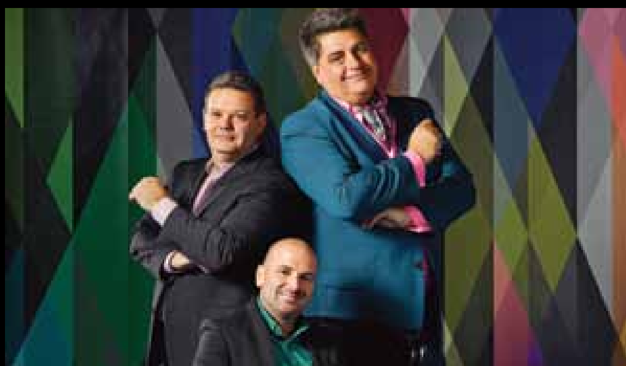
In the last six months we have also expanded our datacasting offering by creating Aspire TV. Aspire TV is a stand-alone Southern Cross Austereo offering and has been partnered with Brand Developers.

HYBRID BROADCAST BROADBAND TELEVISION

Hybrid Broadcast Broadband Television, known as HBBTV, is a major European initiative aimed at harmonising the broadcast and broadband delivery of entertainment to the end consumer through connected TVs and set-top boxes. This allows broadcasters to seamlessly combine broadcast and internet services on television.

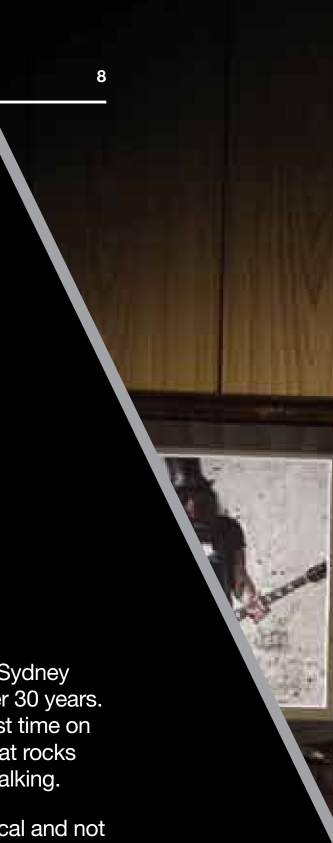
Key executives from Southern Cross Austereo have been working with the industry body Freeview on the proposed roll out of HBBTV.





[1] Source: Regional TAM. QLD, NSW, VIC & TAS (Combined Aggregate Markets). Average Daily Reach (1 min cume reach). Total People. 0200-0200. 1/7/12-30/6/13

Southern Cross Austereo's television portfolio is made up of Southern Cross Ten, Southern Cross TV, Nine, ONE, 11, 7TWO, 7MATE, GO and GEM – reaching more than 2.44 million regional viewers every day![1]



LEADING RADIO AUSTRALIA WIDE

THE TODAY NETWORK

The Today Network is one of Australia's leading entertainment brands. The Today Network is driven by its listeners' love of hit music and pop culture. Everything The Today Network do is 'Hot Right Now', with the biggest hits and the best ground breaking content from the hottest shows around the country.

Heard in all metro markets around the country along with 41 regional streams from coast to coast, The Today Network is the home of massive household names such as Hamish and Andy, Kyle and Jackie O, and Fifi and Jules.

It's no wonder that The Today Network continues to lead the way as Australia's most listened to network with over 3 million metro listeners tuning in each week, and over 2.3 million unique browsers online each month, combining the hottest hit music, exclusive celebrity content and the most talked about shows.

The Today Network is clearly the number one network in Australia for females aged 10–39.

TRIPLE M

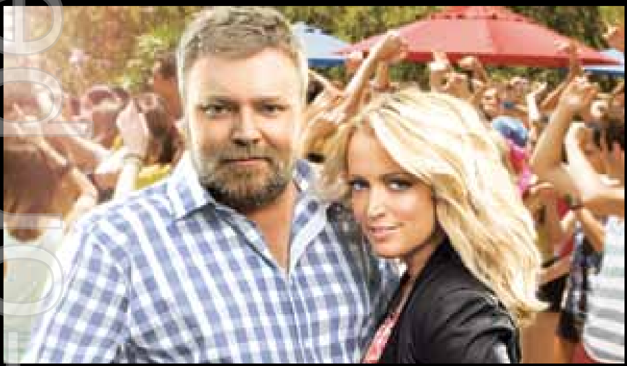
Triple M is the home of rock in Brisbane, Melbourne, Sydney and Adelaide and has had Australians rocking for over 30 years. This year Triple M entered the Perth market for the first time on Digital Radio. Proudly Aussie, Triple M plays music that rocks with shows that feature iconic talent that get people talking.

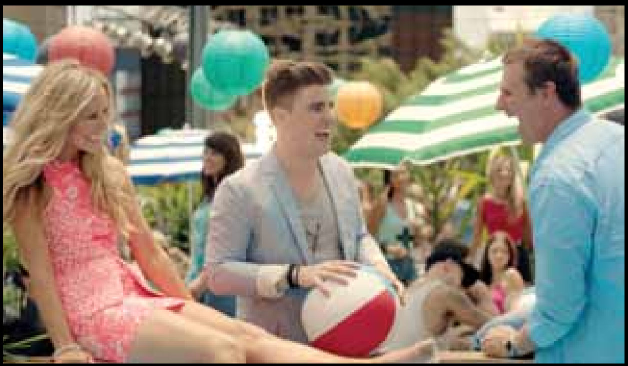
Like its listeners, Triple M is down to earth, proudly local and not afraid to break the rules. Triple M targets men with a mix of real rock music, comedy from the likes of Mick Molloy and Merrick Watts and extensive coverage of AFL and NRL on weekends. It's this mix of rock, sport and comedy that has seen Triple M dominate all men aged 25–54.

LOCALWORKS

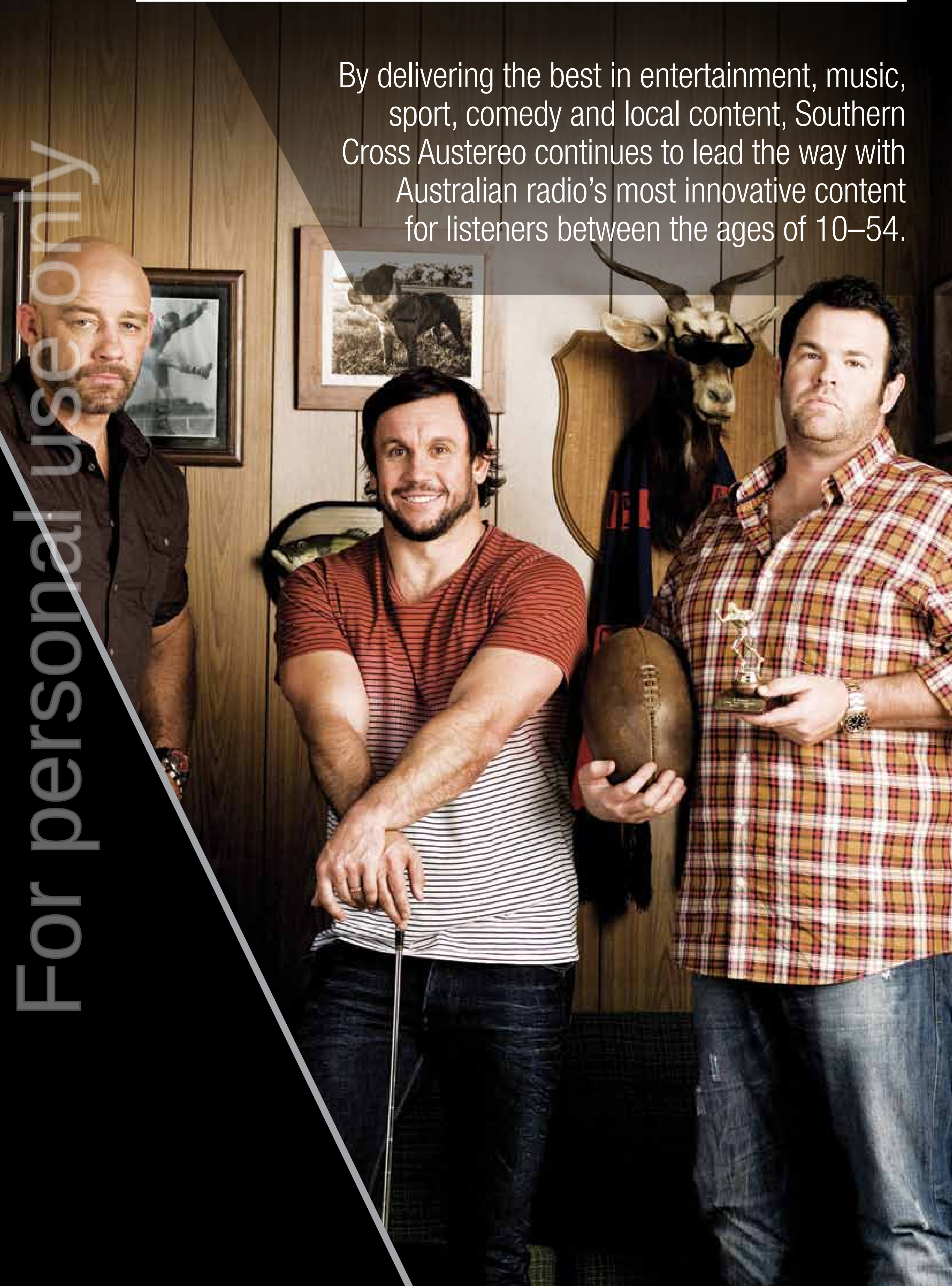
The LocalWorks network comprises 31 stations that broadcast regionally on both AM and FM channels right across the country. Over time, LocalWorks has gone from strength to strength with some stations celebrating a heritage of over 80 years.

All LocalWorks stations pride themselves on being connected to the community in every way. They're passionate about their listeners and giving back to the community. They're passionate about their music too, playing the greatest hits from the last 50 years that people love – always familiar and never weird or edgy.





By delivering the best in entertainment, music, sport, comedy and local content, Southern Cross Austereo continues to lead the way with Australian radio's most innovative content for listeners between the ages of 10–54.



EXPONENTIAL GROWTH IN DIGITAL MEDIA

With over 80 websites, almost 170 Facebook and Twitter communities and 20 responsive mobile sites, we reach over 700,000 Australians (Nielsen Unique Audience) and two million unique browsers in any given month.[1] Our market leading digital content, vast social engagement and significant mobile penetration means Southern Cross Austereo is perfectly adapted to capitalise on the rapid shift to digital.

DIGITAL CONTENT

Our digital content strategy continues to provide exponential growth with the Today and Triple M Networks both delivering high double-digit growth over the past 12 months. Combined audiences (unique browsers) across the two networks saw an average monthly increase of 29% over the previous period.[2]

Capitalising on the success of our AFL and NRL broadcast, streaming partnerships and unique line-up of talent, Triple M's focus on delivering sport and real music through its entertaining and irreverent filter has seen audience growth of 41% year-on-year.[3]

The Today Network continues to dominate the radio market digitally. Our 2013 content strategy has focused on what's 'hot right now' for our fans'. Scoopla (our multi-platform celebrity and entertainment brand) in particular has seen incredible growth, which, combined with 'Newsfeed' and 'Trending Now', has delivered a 24% year-on-year increase in monthly unique visitors.

DIGITAL VISION CONTENT

Online video consumption is exploding in terms of short, snackable content as well as longer form entertainment. As TV audiences fragment, alongside mobile and social, online video is some of the most sought-after digital advertising inventory, so much so that many publishers are struggling to fulfil market demand.

To capitalise we'll soon be announcing the rollout of a major new video initiative that will open up significant video opportunities for clients immediately upon deployment.

In addition, visualisation of radio advertising via digital streaming (in particular on smartphones) is a major trend overseas which we expect to soon be replicated in Australia. To ensure Southern Cross Austereo leads the market in the Australian rollout, we already have a solid strategy in place to ensure we make the most of this opportunity.

SOCIAL

Our people and brands have allowed us to harness the social revolution like no other Australian media company. Currently we command 26% of Australia's total broadcast industry fan base on Facebook and a remarkable 44% of the broadcast industry fan base on Twitter.[4]

In the June quarter, Southern Cross Austereo controlled six of the top ten Australian radio fan pages on Facebook with respect to consumer engagement, proving no other Australian broadcaster can claim either the scale or engagement of our business on social media.

In addition, we continue to invest in developing new ways for consumers to interact with our brands and content through our rapidly expanding Instagram, Vine and Tumblr communities.

MOBILE

Mobile is in the midst of re-defining listeners' relationship with radio and Southern Cross Austereo is primed to capitalise on and dominate the space. Currently the 13th largest mobile publisher in the country (average daily unique browsers),[5] 45% of our total digital audience is now coming from a mobile device,[6] ranking the business fifth[7] in terms of digital audience conversion to mobile (ahead of all other Australian Broadcasters and mainstream publishers).

CONTENT MARKETING

With consumers increasingly difficult to engage and brands investing heavily in owned media channels, content marketing is exploding. To meet this need, Southern Cross Austereo is successfully leveraging its significant resources and helping its clients satisfy this increasing demand for content.

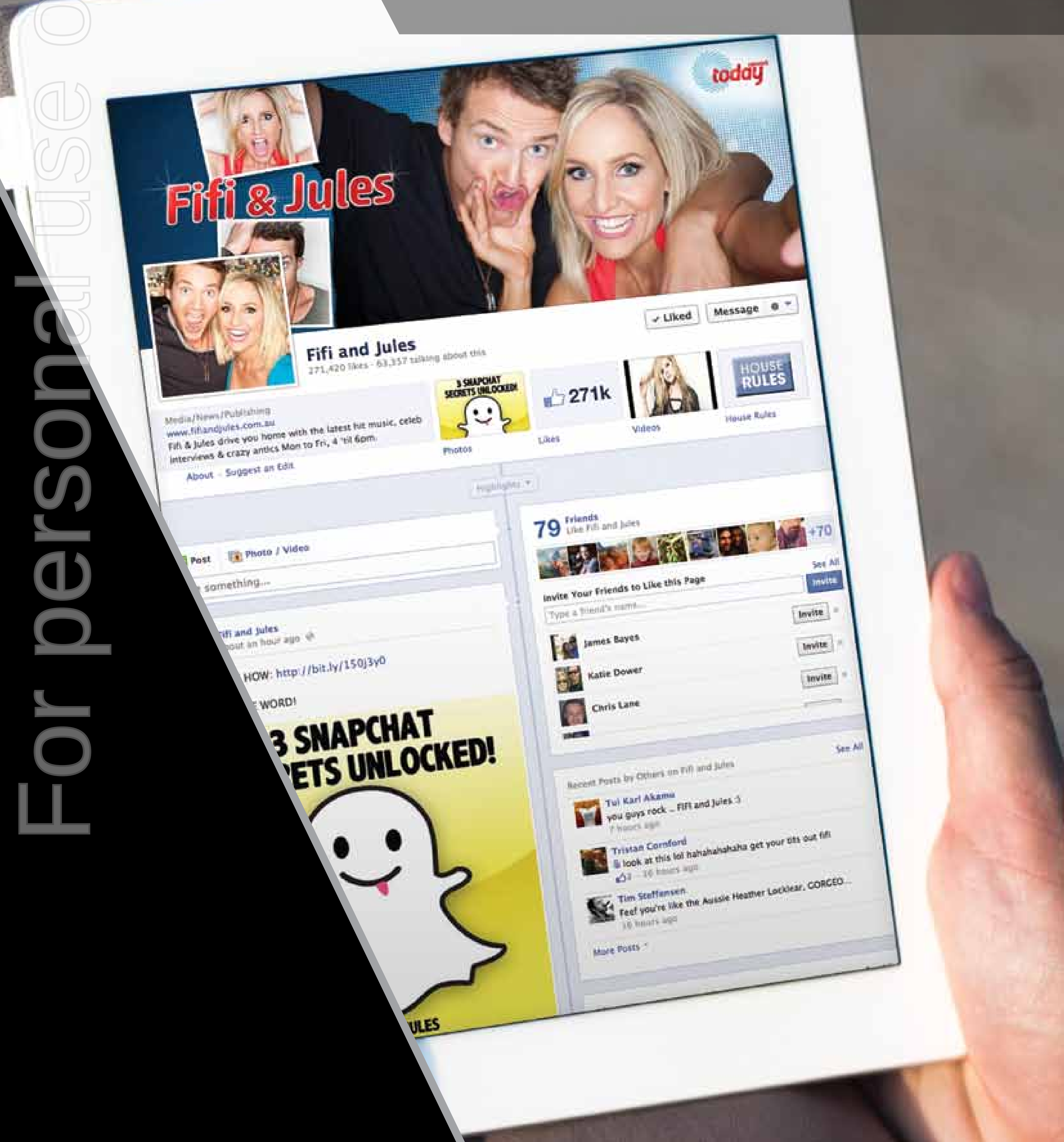
Collaborations such as the award-winning 'Roadtrip Forever' campaign, developed by Southern Cross Austereo in conjunction with the Victorian Government's Transport Accident Commission, are good examples of the powerful content solutions we're creating.

ECOMMERCE

Southern Cross Austereo is committed to strengthening the relationship it has with Australian consumers beyond our media brands. In FY2013, the business delivered $1.1m in digital transactions through our online auction site My Local Auction. Southern Cross Austereo has a strong commitment to strengthening this segment of our digital business in the following 12 months.

1 Nielsen Online Answers: Average Unique Audience April–June 2013
2 Nielsen Market Intelligence: FY12 v FY13 Average Daily Unique Browsers
3 Nielsen Market Intelligence: Average Daily Unique Browsers FY2012 v FY2013
4 July 2014
5 Nielsen Market Intelligence: Average Daily Unique Browsers July 2013
6 Nielsen Market Intelligence: Average Daily Unique Browsers on mobile or tablet June 2013
7 Nielsen Market Intelligence: Average Daily Unique Browsers – Ranking of Top 50 Australian Digital Publishers percentage of total audience being on a mobile device

Digital is in the midst of redefining the way Australians consume content and media. Southern Cross Austereo has invested heavily in digital media, transforming the business into a socially driven digital and content powerhouse.



INNOVATIONS FOR THE FUTURE

SONGL

In October 2012 Southern Cross Austereo announced its joint venture partnership with Sony Music Australia and Universal Music Australia in the digital music venture Digital Music Distribution Pty Ltd.

The partnership brought together three of the country's most influential and innovative content creators and the distribution clout of Southern Cross Austereo. Deep integration of Songl into Southern Cross Austereo's media assets allows seamless migration of audiences, allowing us to commercialise the relationship we have with our fans in new and interesting ways.

With Southern Cross Austereo taking over the product roadmap and development along with significant marketing activity also led by Southern Cross Austereo, Songl delivered its strongest ever month to date, in June.

DATA AND ITS IMPACT ON OUR CLIENT AND CONSUMER RELATIONSHIPS

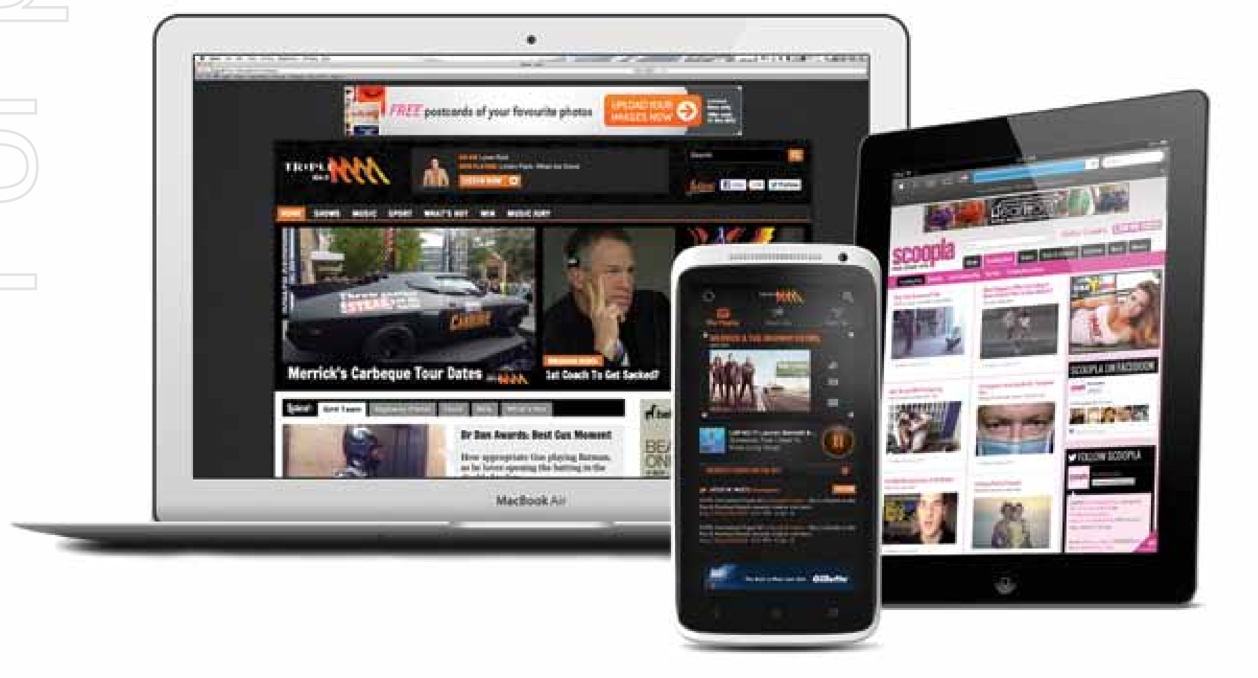
Data provides enormous opportunities to bring efficiencies to the way clients interact with our audiences and transact with our brands. As more people choose to interact with us digitally we can offer our clients significant enhancements in audience targeting through demographics, behavioural characteristics and location awareness. We expect to make several announcements in this space throughout FY2014 that will deliver significant enhancements to our clients' results.

PARTNERSHIPS

Our skills as a content producer and social powerhouse create opportunities to partner with global leaders in technology and content distribution to the benefit of our clients, communities and shareholders.

In June Southern Cross Austereo signed a media first collaboration with Twitter as its first Australian partner for Twitter Amplify. The partnership reflects the strength of our social influence, and will see both Southern Cross Austereo and Twitter leverage our content and client partnerships across Twitter's rapidly expanding audience.

A number of other partnerships will be announced as we head into 2014 to provide greater depth to the engagement we can offer clients when interacting with our audiences.



Digital is reinventing the way we engage with our clients, fans and communities, presenting incredible opportunities to leverage our relationships in new ways and bring value to all.

GIVING BACK TO LOCAL COMMUNITIES

Southern Cross Austereo is committed to using its unparalleled media coverage and entertainment credentials to provide additional service and support to local communities across regional Australia and abroad.

MY COMMUNITY CONNECT

My Community Connect is a free online event listing service keeping regional communities across Australia informed about what's happening in their local area. This initiative has been designed for not-for-profit organisations, community clubs and local charity events, and is supported by substantial TV and radio airtime with an emotive marketing campaign that features locals attending events in their area. Listed events are also profiled on a daily and weekly basis across TV and radio. Through My Community Connect, Southern Cross Austereo encourages locals to support their communities by attending these events close to home. It also helps to raise millions of dollars every year for local not-for-profit organisations.

GIVE ME 5 FOR KIDS

Give Me 5 for Kids is a fundraising initiative supported by over 40 radio and TV stations across regional Australia. For almost 20 years, the month of June has been dedicated to raising much-needed funds for local community hospitals. In that time it's grown into one of Southern Cross Austereo's most successful community events, collectively raising over $2.5 million this year. All donations received stay local and go directly to the children's ward in each market helping to provide the best possible care for sick local children and their families when they need it most.

In 2013 the campaign was further supported by a team of ambassadors – Rodger Corser (Australian actor), Mark Gable (Choirboys lead singer), Melinda Schneider (Australian country music artist and Golden Guitar winner), Merrick Watts (comedian) and Peter 'Spida' Everitt (past AFL player).

I BELIEVE IN CHRISTMAS

I Believe in Christmas is Southern Cross Austereo's annual Christmas Toy Drive in support of The Salvation Army Christmas Appeal. This community initiative runs across 40 regional markets in November and December each year. Toys are collected and sent to The Salvation Army who distribute to children and families in need during the festive season. Last Christmas, over 20,000 toys were donated from across the country.

HABITAT FOR HUMANITY 'HANDS AND HEARTS' BUILD

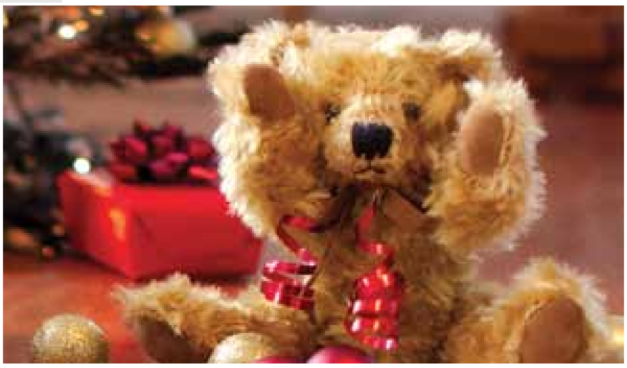
Southern Cross Austereo is proud to partner with Habitat for Humanity Australia on their 'Hands and Hearts' build project. For the past three years, Southern Cross Austereo has sent employees to Nepal, Vietnam and Cambodia to help build safe and decent houses for orphaned children.The project also focuses on helping vulnerable children develop income-generating skills and provide social support to contribute to their overall goal of poverty reduction.

DELIVERING FREE TV TO REMOTE AUSTRALIA WITH VIEWER ACCESS SATELLITE TELEVISION (VAST)

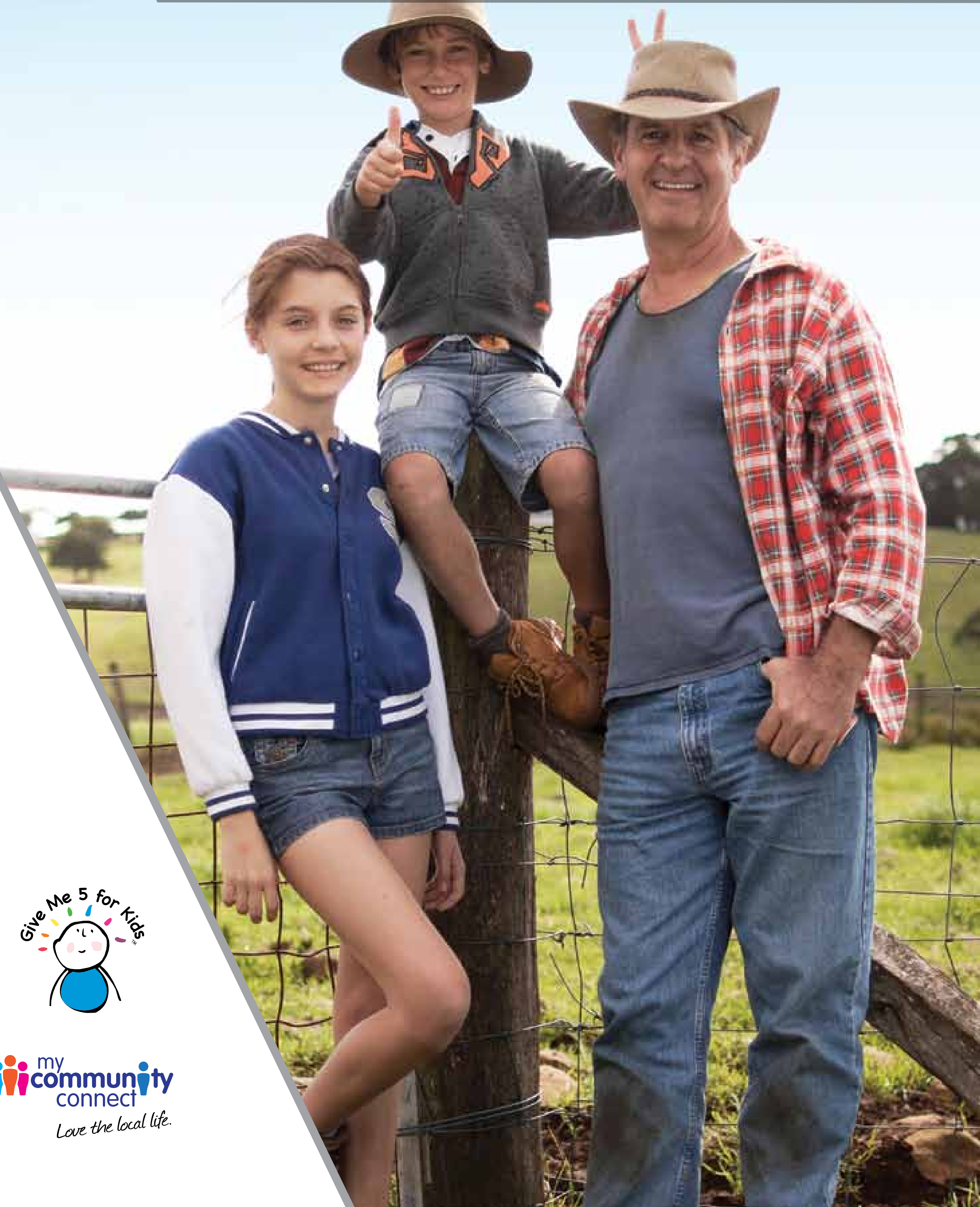
As well as broadcasting a broad range of television content across the country, Southern Cross Austereo plays a significant role in delivering television services to Australians in remote areas of the country through the Viewer Access Satellite Television (VAST) service.

A full range of digital commercial channels are broadcast via satellite to an estimated 80,000 households who would otherwise not have access to free-to-air television.

Under our agreement with the Federal Government, all regional free-to-air television networks send their completed daily content to Southern Cross Austereo's Canberra playout headquarters. This service provides VAST customers with access to over 20 FTA television channels that would otherwise not be available.



Examples include community events and fundraising initiatives, satellite television services, and nationwide employment, with over 2,500 employees working across 63 markets.



Give Me 5 for Kids™

my community connect
Love the local life.

CHAIRMAN AND CEO'S REPORT

Dear Shareholders,

We have pleasure in providing you with Southern Cross Austereo's Annual Report for the year ended 30 June 2013.

Once again, we have faced a challenging advertising market and have continued to deliver a solid result, capitalising on strong sales relationships and focussing on cost control and investment in content.

Southern Cross Austereo reported revenue of $653.1 million, a fall of 5.0% from $687.3 million in the prior year. EBITDA totalled $211.0 million for the year, down from $225.8 million in the prior year. Net profit after tax was $96.1 million, up from $95.0 million in the prior year. In February 2013, the Group divested of a subsidiary that held two commercial FM radio broadcasting licences in the Sunshine Coast region. This sale resulted in a profit on disposal of $10.4 million which is included in the trading result.

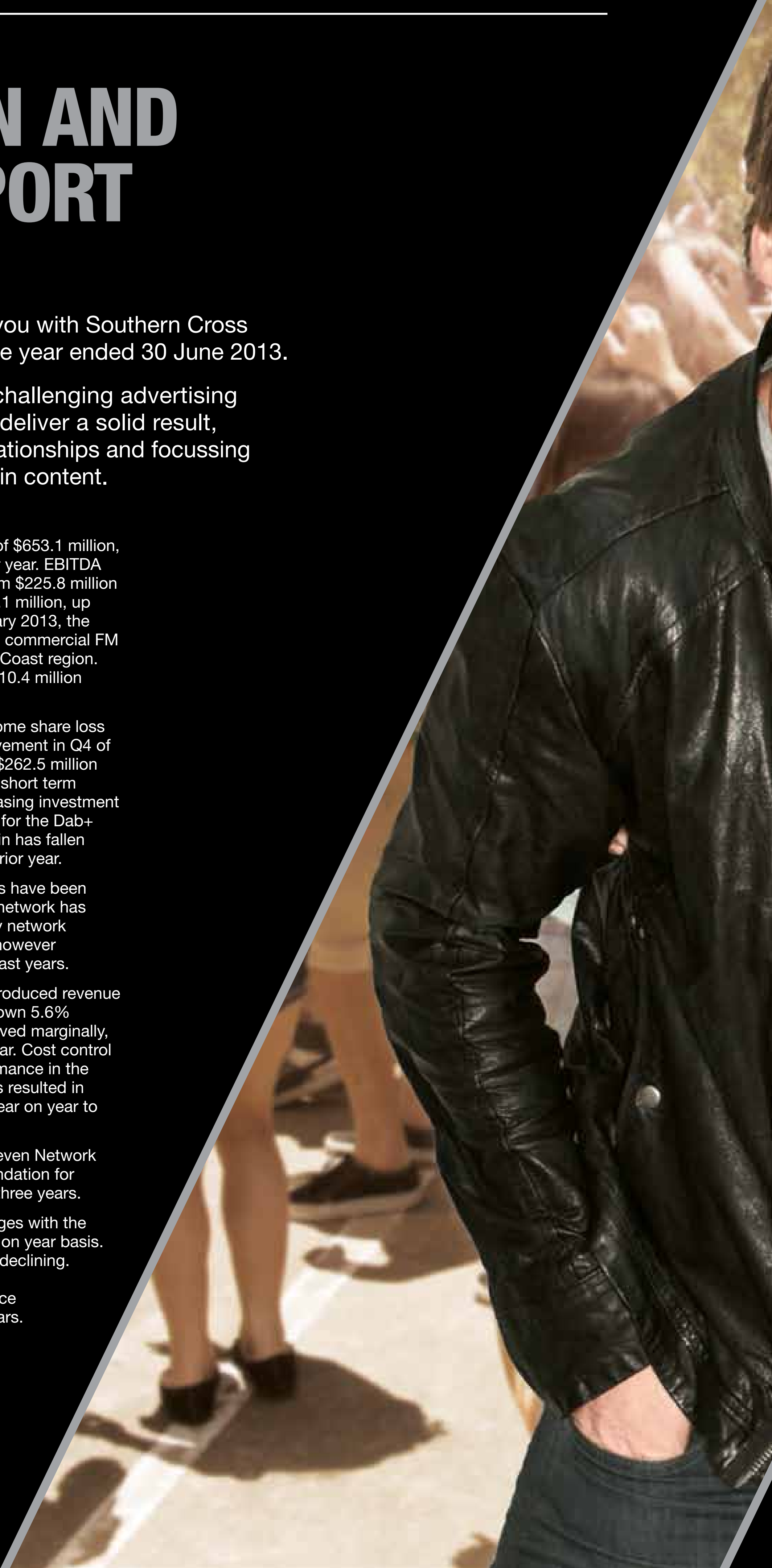
Our metropolitan radio business has seen some share loss over the year; however we saw some improvement in Q4 of FY13. The business's revenues fell 4.0% to $262.5 million and it continues to operate in a challenging, short term market. Costs have been impacted by increasing investment in content and increased digital access fees for the Dab+ spectrum. As a consequence, EBITDA margin has fallen to 31.8% ($83.4 million) from 35.8% in the prior year.

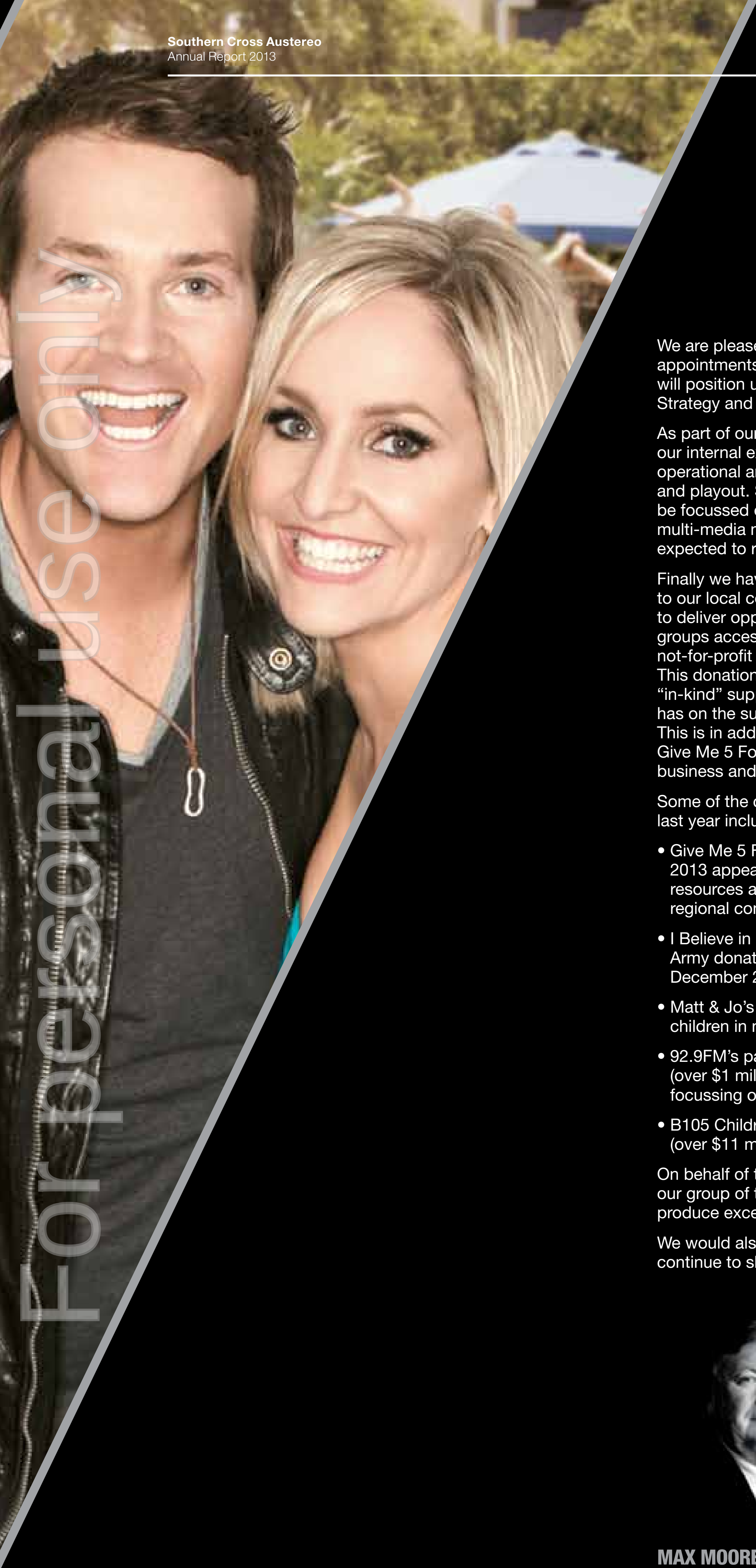
Even though commercial advertising markets have been subdued, audience delivery on our Triple M network has improved, delivering solid ratings. The Today network stations continue to be leaders in FM radio however it is a much more competitive market than past years.

The regional radio and television business produced revenue from operations of $390.6 million which is down 5.6% on the prior year. Whilst radio revenue improved marginally, TV revenues fell $31.7 million on the prior year. Cost control is essential in driving improvement in performance in the regional business, and a strong focus on this resulted in an increase in the EBITDA margin of 1.8% year on year to 32.7% ($127.6 million).

We have agreed new affiliation terms with Seven Network and Network Ten ("TEN") which lays the foundation for our television offering over at least the next three years.

Television revenues continue to face challenges with the TEN product declining in ratings over a year on year basis. This resulted in television market share also declining. We are supportive of the new direction that TEN is taking and expect that this will produce improvements in ratings over the coming years.





We are pleased to have made two significant senior appointments during the second half of the year which will position us for the future in National Sales and Digital Strategy and Innovation.

As part of our ongoing improvement drive, we have engaged our internal expertise to take a fresh look at a number of key operational areas covering content, production, distribution and playout. Several key projects have emerged which will be focussed on delivering the next phase of the integrated multi-media model we operate within. The projects are expected to result in further efficiencies in the coming years.

Finally we have continued our proud tradition of contributing to our local communities. My Community Connect continues to deliver opportunities that allow thousands of community groups access to our many media assets to promote their not-for-profit causes and now has over 31,000 memberships. This donation of airtime equates to many millions of dollars of "in-kind" support and we are proud of the effect this activity has on the success of these local events and charities. This is in addition to our own fundraising activities for Give Me 5 For Kids which operates throughout our regional business and is an integral part of our local communities.

Some of the cornerstone community initiatives of the year last year include:

- Give Me 5 For Kids – raising over $2.5 million in the 2013 appeal (over $12.2 million since 2000) for improved resources and equipment for children's hospitals in our regional communities;
- I Believe in Christmas – in partnership with the Salvation Army donated over 22,000 toys to children in need in December 2012;
- Matt & Jo's $200k for 200 kids – raising $425,031 for children in need;
- 92.9FM's participation in Telethon – raising $500,407 (over $1 million over the past four years) with donations focussing on the Princess Margaret Children's Hospital; and
- B105 Children's Hospital Appeal – raising $434,562 in 2012 (over $11 million in 19 years of participation).

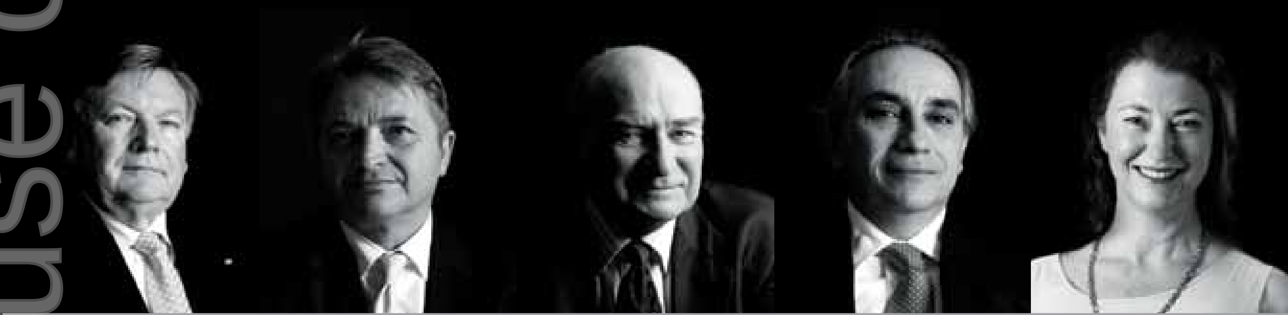
On behalf of the Board of Directors we would like to thank our group of talented and committed people who strive to produce excellence every day.

We would also like to thank our shareholders who continue to show support for our group.

MAX MOORE-WILTON
CHAIRMAN

RHYS HOLLERAN
CEO

BOARD OF DIRECTORS AND LEADERSHIP TEAM



MAX MOORE-WILTON
CHAIRMAN

Max Moore-Wilton is the chairman of the Board and a member of the Remuneration and Nomination Committee. Prior to his appointment Max had a distinguished career in both the private and public sectors and was secretary to the Department of Prime Minister and Cabinet from May 1996 to December 2002 where he oversaw fundamental reform of the Commonwealth Public Service. Max currently also serves as chairman of ASX listed Sydney Airport (SYD) and Southern Cross Airports Corporation Holdings Limited, the parent company of the operator of Sydney (Kingsford Smith) Airport.

LEON PASTERNAK
DEPUTY CHAIRMAN

Leon Pasternak is the deputy chairman of the Board and is a committee member of the Nomination & Remuneration and Audit & Risk Committees. Until July 2010, Leon was a senior corporate partner at Freehills (now Herbert Smith Freehills) specialising in mergers and acquisitions, public finance and corporate reorganisations. Leon is currently Vice Chairman and Managing Director with Merrill Lynch Markets (Australia) Pty Limited (a subsidiary of Bank of America) with responsibility for the financial institutions group and mergers and acquisitions.

TONY BELL
DIRECTOR

Tony Bell is the chairman of the Remuneration and Nomination Committee and a member of the Audit and Risk Committee. Tony is one of Australia's most distinguished media operators with over 30 years' experience in the Australian radio and free-to-air television industry. As managing director of Southern Cross Broadcasting (Australia) Limited from 1993 to 2007 Tony gained extensive experience in regional and metropolitan media and was instrumental in its formation as one of Australia's leading media companies.

MICHAEL CARAPIET
DIRECTOR

Michael Carapiet has more than 30 years' experience in the financial sector. Michael retired from Macquarie Group in 2011 where he held a number of senior appointments, including as an Executive Committee member. Currently Michael serves as chairperson of SAS Trustee Corporation (NSW State Super), a director of State Super Financial Services Australia Ltd and Chairperson of Safety, Return to Work and Support Board that comprises the WorkCover Authority of NSW, Lifetime Care and Support and Motor Accidents Authority. He is also a director of Clean Energy Finance Corporation and is on the Advisory Boards of Norton Rose Australia and Transfield Holdings.

MARINA DARLING
DIRECTOR

Marina Darling is a committee member of the Audit and Risk Committee. Marina is an experienced company director and has worked in an executive capacity in the legal and corporate finance sectors and property development. Marina is currently a non-executive director of listed company The Mirvac Group and has previously been a non-executive director of a broad range of listed companies, government bodies and other organisations, including Argo Investments Limited, Southern Cross Broadcasting Limited, Deacons (Lawyers), National Australia Trustees Limited and Southern Hydro Limited.

CHRIS DE BOER
DIRECTOR

Chris de Boer is the chairman of the Audit and Risk Committee and a member of the Remuneration and Nomination Committee. Chris has had various careers in investment banking, business consulting, stockbroking and direct investment and through them gained experience in initial public offerings, mergers and acquisitions, corporate reorganisations, joint ventures, bond issues and financial advice across London, Hong Kong, Australia and New Zealand, in both domestic and cross-border deals.

PETER HARVIE
DIRECTOR

Peter Harvie is a member of the Remuneration and Nomination Committee and has more than 45 years' experience in the advertising, marketing and media industries. Prior to his appointment Peter was the executive chairman of Austereo Group Limited from 2001 until May 2011, executive chairman of Austereo Pty Ltd, managing director of the Triple M Network and founder and managing director of the Clemenger Harvie advertising agency from 1974 to 1993.

RHYS HOLLERAN
CHIEF EXECUTIVE OFFICER

Rhys Holleran has a distinguished career in media, having worked in the industry for 24 years since 1987. He has undertaken a variety of management roles including General Manager of 101.1 TTFM and Gold 104 (1992 to 1997) and Managing Director of R.G Capital Radio (1997–2004).

Rhys was appointed chief executive officer of Southern Cross Media Group in 2009 and went on to oversee the highly visible merger between Austereo and Southern Cross in 2011, and remains in the leadership position for the combined business.

STEVE KELLY
CHIEF FINANCIAL OFFICER

Steve Kelly has a Bachelor of Business (Banking and Finance) from the University of South Australia. He is a CPA and Fellow of the Australian Institute of Company Directors, and has completed the Ford Business Leadership Program conducted by the University of Michigan (USA).

Steve Kelly commenced as chief financial officer of Southern Cross Media Group on 21 April 2010. Prior to this he spent his early career in the accounting profession before taking on finance and management roles. Steve has managed IT departments and large-scale acquisitions and held senior position in Australia, Asia Pacific and the USA.

GUY DOBSON
CHIEF CONTENT OFFICER

Guy Dobson was National Head of Content for the entire Austereo Group, and a veteran of commercial broadcasting, having worked in the industry in excess of 25 years.

Guy's radio experience extends from working overseas in UK radio and throughout Europe to Vancouver in Canada both in on-air and programming positions.

In 2002 Guy joined Entertainment Strategy Programming Pty Ltd, Australia's leading radio consultancy run by the great Greg Smith. While at ESP, Guy continued to consult to Austereo, and a number of other overseas clients including stations in the UK, Germany, Thailand, China and Malaysia.

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CORPORATE GOVERNANCE STATEMENT

FOR YEAR ENDED 30 JUNE 2013

This statement outlines Southern Cross Media Group Limited's corporate governance framework and practices in the form of a report against the Australian Stock Exchange ("ASX") Corporate Governance Principles and Recommendations, 2nd edition (Principles). Unless specified otherwise, all of the information contained in this statement is current as at 20 August 2013.

The Board of Southern Cross Media Group Limited is responsible for the corporate governance of Southern Cross Austereo, comprising Southern Cross Media Group Limited ("the Company") and its respective subsidiaries. The Board guides and monitors the business and affairs of the Company and the Group on behalf of shareholders, with management too recognising their responsibility in the implementation and maintenance of an effective system of corporate governance.

Principle 1: Lay Solid Foundations for Management and Oversight

The Board is responsible for the corporate governance and internal working of the Company and the Group. The Board's roles and responsibilities are formalised in a Board Charter which is available on the Southern Cross Austereo website www.southerncrossaustereo.com.au.

Full Board meetings are held approximately ten times per year, with other meetings called as required. Directors are provided with Board reports in advance of Board meetings, which contain sufficient information to enable informed discussion of all agenda items.

All non-executive directors have received a letter of appointment addressing the matters recommended by the Principles.

Senior Executive Performance Evaluation

Rhys Holleran was appointed Chief Executive Officer ("CEO") in December 2009 and Stephen Kelly, the Chief Financial Officer ("CFO") was appointed in April 2010. The Nomination and Remuneration Committee reviews the performance of the CEO and CFO annually and reports its findings to the Board.

The performance of all executives is reviewed at least annually by their immediate supervisors. Performance is evaluated against personal, financial and corporate goals.

The Board has adopted a Senior Executive Evaluation Policy which is available on the Southern Cross Austereo website.

Principle 2: Structure the Board to Add Value

Composition of Board

Name	Position
Max Moore-Wilton	Non-Executive Chairman (appointed 27 February 2007)
Leon Pasternak	Deputy Chairman and Lead Independent Director (appointed 26 September 2005)
Chris de Boer	Independent Director (appointed 20 September 2005)
Tony Bell	Independent Director (appointed 2 April 2008)
Michael Carapiet	Non-Executive Director (appointed 10 March 2010)
Peter Harvie	Non-Executive Director (appointed 1 August 2011)
Marina Darling	Independent Director (appointed 12 September 2011)

Profiles of these directors, including details of their skills, experience and expertise are set out in the Directors' Report.

Board Independence

The Company policy reflects Recommendation 2.1 of the Principles in that it requires that the majority of directors must be independent. As at the date of this report, the Board comprises a majority of independent directors, ensuring compliance with Recommendation 2.1 of the Principles.

The Board regularly determines whether directors are independent in view of their interests as disclosed to the Board. In making this determination, the Board has reference to the test for independence contained in the Principles, essentially whether a director has an interest that affects their ability to exercise unfettered and independent judgment. Directors with a range of qualifications, expertise and experience are appointed to the Board to enable it to effectively discharge its duties and to add value to the Board's deliberations.

The Company has established an Independent Board Committee, comprising the Independent Board Members, who meet as required to discuss relevant matters, particularly where there might be a conflict of interest with non-independent directors.

The Chairman of the Board is Max Moore-Wilton. Mr Moore-Wilton is not independent as defined by the Principles given that in the last five years he has been either a consultant or senior employee of Macquarie (comprising Macquarie Group Limited and its subsidiaries), which is the Company's largest investor. As such, the Company has not complied with Recommendation 2.2 of the Principles. Notwithstanding this, the Board considers that Mr Moore-Wilton is the most appropriate person to lead the Board and that he is able to and does bring to the Board quality and independent judgment to all relevant issues falling within the scope of the role of chairman and that the Company as a whole benefits from his knowledge, experience and leadership.

The Board Charter requires that all future chairs must be independent.

As suggested in the commentary to the Principles, a lead independent director – Leon Pasternak, who is also Deputy Chairman – has been appointed.

Nomination and Remuneration Committee

The Company's Nomination and Remuneration Committee has a Board-approved Charter setting out its roles and responsibilities, composition, membership requirements and operation. Committee meeting minutes are tabled at the following Board meeting.

Mr Tony Bell, an independent director, has been chair of the Committee since 25 October 2011.

Members of the Nomination and Remuneration Committee and their attendance at committee meetings for the 2013 financial year are set out in the Directors' Report.

The Nomination and Remuneration Committee Charter is available on the Southern Cross Austereo website.

Performance Evaluation

The performance of individual directors and the Board and the committees as a whole is reviewed in accordance with the procedures set out in the Board Charter. Such evaluations took place in early 2013.

Independent Professional Advice

There is an agreed procedure for directors on the Board and committees to obtain independent professional advice at the Company's expense. These procedures are set out in the Board, Audit and Risk Committee and Nomination and Remuneration Committee Charters.

Mix of Skills and Diversity

The Nomination and Remuneration Committee is responsible for making recommendations to the Board on the most appropriate Board size and composition. This responsibility includes making recommendations on the desirable competencies, experience and attributes of Board members and strategies to address Board diversity.

Principle 3: Promote Ethical and Responsible Decision Making

Code of Conduct

The Group's Code of Conduct sets out principles and standards which apply to all directors, employees and certain contractors and consultants. The code includes whistleblower, anti-corruption and dealing with government policies.

The Code of Conduct is underpinned by a range of additional policies including securities trading policy, OHS policy, continuous disclosure and communications policy, and privacy policy.

Diversity

The Group's Diversity Policy covers women in the workplace, employees with an ethnic or indigenous background and disability. It is approved by the Board and overseen by the Nomination and Remuneration Committee.

The measurable objectives set by the Board for achieving gender diversity are:

- percentage of women in senior management positions to be 35% by 2015
- percentage of women in middle management positions to be 40% by 2015
- at least one female non-executive/independent director at all times.

With 30% of women presently in senior management positions the objective of achieving 35% of women in such positions by 2015 will be challenging. The gap between the objective of achieving 40% of women in middle management positions by 2015 and the current 34% of women employed in these positions is similarly challenging. Both objectives are being worked towards through succession planning, leadership and management development programs and strengthening the Group's internal capabilities. The Group currently meets its objective of at least one female non-executive/independent director.

The following table discloses the gender diversity of the Group:

Category	% Female	% Male
Board	14%	86%
Senior management roles	30%	70%
Middle management roles	34%	66%
Employees	52%	48%

Both the Code of Conduct and Diversity Policy are available on the Southern Cross Austereo website.

Principle 4: Safeguard Integrity in Financial Reporting

Audit and Risk Committee

The Company's Audit and Risk Committee comprises of four independent directors and complies with the requirements of the Principles. The chairman of the Board cannot chair the Audit and Risk Committee. Details of the members of the Audit and Risk Committee and their attendance at Committee meetings are set out in the Directors' Report.

The Audit and Risk Committee Charter is available on the Southern Cross Austereo website. The Charter sets out the Committee's role, responsibilities and composition. The Committee is responsible for overseeing the structure and management systems that ensure the integrity of the Group's financial reporting. Amongst other things, the Committee:

- reviews and reports to the Board on the Company's and the Group's financial reports and on the external auditor's audit of the financial statements;
- recommends to the Board the appointment and removal of the external auditor, reviews the auditor's terms of engagement and the scope and quality of the audit; and
- monitors auditor independence including the level of non-audit services provided, and reports its findings to the Board.

The Audit and Risk Committee meets with the external auditors without management or executive directors present at least once a year and more frequently if required.

The auditor attends the Group's Annual General Meeting ("AGM") and is available to answer security holder questions on the conduct of the audit, and the preparation and content of the auditor's report.

CORPORATE GOVERNANCE STATEMENT

FOR YEAR ENDED 30 JUNE 2013

Principle 5: Make Timely and Balanced Disclosure

It is the Company's policy to provide timely, open and accurate information to its investors, regulators and the wider investment community.

The Company has a Communications and Disclosure Policy which is available on the Southern Cross Austereo website. The policy sets out the policies, accountabilities and procedures that govern the Company's handling of information, continuous disclosure and communications to its investors and regulators. The procedures address how to identify price-sensitive information, which includes referral to the CEO and company secretary/general counsel for a determination as to whether disclosure is required and a management sign-off process to ensure that ASX releases are accurate and complete.

The ASX liaison person is the Southern Cross Austereo Company Secretary, or the CFO in the Company Secretary's absence.

Principle 6: Respect the Rights of Shareholders

The Company's Communications and Disclosure Policy promotes a high standard of effective and accessible communication with investors.

Communication with investors occurs via ASX announcements, the Annual Report and half-yearly update, investor roadshows and briefings.

All information disclosed to the ASX is posted on the Southern Cross Austereo website.

Investors are encouraged to attend the AGM which will be held on 22 October 2013 in Melbourne. Presentations by the Chairman and CEO at the AGM are webcast.

For formal meetings an explanatory memorandum on the resolutions is included with the notice of meeting. In the event that investors cannot attend formal meetings they are able to lodge proxy forms by post or fax.

Principle 7: Recognise and Manage Risk

The Board is responsible for overseeing the Group's systems of internal control and risk management. The Board has adopted a Risk Management Policy which is available from the Southern Cross Austereo website. The policy addresses the overseeing by the Board of the management of key business risks relevant to the Group.

The Audit and Risk Committee assists the Board in overseeing the risk management framework and any matters of significance affecting the Group's financial reporting and internal controls.

Key business risk categories that are addressed by the policy include financial (including investment, compliance, liquidity, credit, interest rate risk), reputation, technology, regulatory, legal, operational, people (including occupational health and safety, environmental and social responsibilities), and strategic risks.

The Group's senior management team has responsibility for the day-to-day implementation of the risk management framework and internal controls within the Group. Management also reports regularly to the Board through the CEO on the Group's key risks and the extent to which it believes these risks are being adequately managed.

The Group has not implemented an internal audit function. The Board believes that the nature of the Group's operations currently do not require this to be instigated as a separate function to those functions undertaken by the external auditors or the Audit and Risk Committee.

Assurance

In accordance with section 295A of the *Corporations Act 2001*, the CEO and CFO have declared in writing to the Board that in their view the Group's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and that the Group's risk management and internal compliance and control system is operating effectively in all material respects.

Principle 8: Remunerate Fairly and Responsibly

Nomination and Remuneration Committee

The Company has established a Nomination and Remuneration Committee. The Committee is governed by a Board-approved Charter which is available on the Southern Cross Austereo website.

Members of the Committee along with details of the number of meetings attended by those members during the year are set out in the Directors' Report.

The Committee reviews the remuneration packages and employment conditions applicable to the CEO and CFO and any executive directors. In making these determinations, regard is had to comparable industry or professional salary levels and to the specific performance of the individuals concerned. The Company clearly distinguishes the structure of non-executive directors' remuneration (paid in the form of a fixed fee) and that of any executive director and senior executives.

The remuneration of managers and staff other than senior executives is within the authority of the CEO. The CEO has discretion in regard to the remuneration of individual managers subject to the requirement that the overall level of remuneration is within budget guidelines as approved by the Board prior to preparation of the annual budget.

Further detail on the Group's remuneration practices and remuneration received by directors and senior executives and management during the year is set out in the Remuneration Report, which comprises part of the Directors' Report.

DIRECTORS' REPORT

FOR YEAR ENDED 30 JUNE 2013

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 year ended 30 June 2013. 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 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 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 year.

Review and Results of Operations

Southern Cross Austereo reported total revenue of $653.1 million, a fall of 5.0% from $687.3 million in the prior year. EBITDA improved in the second half to $106.7 million to total $211.0 million for the year, down from $225.8 million in the prior year. Depreciation and amortisation charges were down $4.0 million on prior year – this coupled with a $17.7 million reduction in net finance costs resulted in an increase in profit before tax of 5.5% to $133.3 million. A 3.1% increase in the effective tax rate to 27.9% has resulted in net profit after tax of $96.1 million, up on last year's result of $95.0 million and slightly ahead of market expectations. In February 2013, the Group divested of a subsidiary that held two commercial FM radio broadcasting licences in the Sunshine Coast region. This sale resulted in a profit on disposal of $10.4 million. A further discussion of the results is outlined below.

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 servicing 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 year" included within the Statement of Comprehensive Income and has been subject to audit.

Southern Cross Austereo

Up to the date of this report, the Group agreed new affiliation arrangements with the Seven Network ("SEVEN") and Network Ten ("TEN"). The SEVEN affiliation agreement covers Darwin, Central Australia and Tasmania. TEN's agreement covers the four main aggregated markets on mainland Australia. Securing programming from our two major broadcast partners for at least the next three years provides surety for our advertising customers as we progress through a rapidly changing media environment.

Two significant senior appointments have been made during the second half of the year which position us for the future. Andrea Ingham was appointed as the Group's National Sales Director and Clive Dickens has been engaged as Head of Digital Strategy and Innovation. Andrea has already had a positive impact on refining our sales practices and processes and importantly brings strong relationships with key agencies and broadcast partners. Clive has been recruited from the United Kingdom where he has spent many years in radio and more specifically the last 10 plus years in the digital media economy. Clive's experience and insightful vision will drive opportunities from the already considerable digital footprint the Group possesses.

As part of our ongoing improvement initiatives, we have engaged our internal expertise to take a fresh look at a number of key operational areas covering content, production, news delivery and broadcast. Several key projects have emerged which will be focussed on delivering the next phase of the integrated multi-media model we operate within. The projects are expected to result in further efficiencies brought about through a greater integration of resources utilising digital technologies more comprehensively across the Group.

Regional Free to air Broadcasting

For the twelve months ended 30 June 2013, regional revenues reduced 5.6% to $390.6 million. TV revenues dropped by $31.7 million year on year to $214.4 million as the TEN product continued to struggle with ratings. Regional television share at a national level has eroded more than the local television business. Local sales continue to trade on strong relationships and maintaining a strong power ratio (market share of revenue over market share of audience), indicating we are getting good results selling a challenged product into local markets. Regional Radio improved marginally to $176.2 million in difficult and uncertain market conditions. The overall Regional result has been impacted by the sale of the Sunshine Coast which was completed in February 2013, resulting in only 8 months of profit being recorded for the year.

Cost control is proving essential in difficult and changing markets and once again this has been a feature of the Regional business' result. Expenses reduced 8.0% to $263.0 million resulting in an increase in EBITDA margin year on year of 1.8% to 32.7% ($127.6 million).

DIRECTORS' REPORT
FOR YEAR ENDED 30 JUNE 2013

Metropolitan Free to air Broadcasting
For the twelve months ended 30 June 2013 the metropolitan business revenues fell 4.0% to $262.5 million. The metropolitan business has suffered share loss exacerbated by the residual effects of the Kyle Sandilands on-air incident, and the effects of the UK incident. Slightly declining audience shares on Today during the year have also affected the Group's ability to monetise the Today brand as strongly as has been the case. Triple M has improved audience ratings which has assisted in ameliorating the impact on overall revenues. Revenue loss plus increased compliance costs have been issues that have impacted the profit results of the year. A strong focus has been on investment in content through re-signing talent, restructuring key shows and the addition of new shows.

Costs have been impacted by increasing investment in content and increased digital access fees for the Dab+ spectrum. As a result, costs have risen marginally to $179.1 million, a 2.0% increase over the prior year. Consequently the EBITDA margin has fallen to 31.8% ($83.4 million) from 35.8% in the prior year.

Distributions and Dividends

Type	Cents per share	Total amount $'000	Date of payment
Final 2011 ordinary	3.0	21,173	20 October 2011
Interim 2012 ordinary	5.0	35,230	19 April 2012
Final 2012 ordinary	5.0	35,243	19 October 2012
Interim 2013 ordinary	4.5	31,719	26 April 2013

Since the end of the financial year the directors have recommended the payment of a final ordinary dividend of $31.7 million (4.5 cents per fully paid share). This dividend will be paid on 21 October 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 year under review.

Events Occurring After Balance Date
Since the end of the financial year the Group has reached an agreement with Network TEN regarding the supply of television programming for the next three years. No other matters or circumstances have arisen since the end of the year that have significantly affected or may significantly affect the operations of the Group, the results of these operations in future financial years or the state of affairs of the Group in periods subsequent to the year ended 30 June 2013.

Likely Developments and Expected Results of Operations
Further information on likely developments relating to the operations of the Group in future years and the expected results of those operations have not been included in this report because the directors of the Company believe it would be likely to result in unreasonable prejudice to the commercial interests of the Group.

Indemnification and Insurance of Officers and Auditors
During the year the Company paid a premium of $153,467 to insure its officers. So long as the officers of the Company act in accordance with the Constitution and the law, the officers remain indemnified out of the assets of the Company and the Group against any losses incurred while acting on behalf of the Company and the Group. The auditors of the Group are in no way indemnified out of the assets of the Group.

Environmental Regulation
The operations of the Group are not subject to any significant environmental regulations under Australian Commonwealth, State or Territory law. The directors are not aware of any breaches of any environmental regulations.

Information on Directors

Max Moore-Wilton
Chairman
Age 70, Appointed 27 February 2007
Max Moore-Wilton is the chairman of the Board and a committee member of the Nomination and Remuneration Committee.

Prior to his appointment Max has had a distinguished career in both the private and public sectors and was secretary to the Department of Prime Minister and Cabinet from May 1996 to December 2002 where he oversaw fundamental reform of the Commonwealth Public Service.

Other Current Directorships
Max currently serves as chairman of the Boards of the following listed companies:

- Sydney Airport Holdings Limited
- Southern Cross Airports Corporation Holdings Limited

Former Directorships in the last 3 years
Max has not ceased any listed company directorships in the last 3 years.

Leon Pasternak
Independent Director
Age 58, Appointed 26 September 2005
Leon Pasternak is the deputy chairman of the Board and is a committee member of the Nomination and Remuneration and Audit and Risk Committees.

Until July 2010, Leon was a senior corporate partner at Freehills (now Herbert Smith Freehills) specialising in mergers and acquisitions, public finance and corporate reorganisations.

Leon is currently vice chairman and managing director with Merrill Lynch Markets (Australia) Pty Limited (a subsidiary of Bank of America) with responsibility for the financial institutions group and mergers and acquisitions.

Other Current Directorships
Leon has no other current directorships in listed companies.

Former Directorships in the last 3 years
Leon has not ceased any listed company directorships in the last 3 years.

Chris de Boer
Independent Director
Age 68, Appointed 20 September 2005
Chris de Boer is chairman of the Audit and Risk Committee and a committee member of the Nomination and Remuneration Committee. Chris has had various careers in investment banking, business consulting, stockbroking and direct investment and through them gained experience in initial public offerings, mergers and acquisitions, corporate reorganisations, joint ventures, bond issues and financial advice across London, Hong Kong, Australia and New Zealand, in both domestic and cross-border deals.

Chris also has extensive experience in takeover regulation. Chris spent more than two years as an executive at the Takeover Panel in London, three years on the Takeovers Committee in Hong Kong and four years as chairman of the Takeovers Panel in Hong Kong.

Other Current Directorships
Chris has no other current directorships in listed companies.

Former Directorships in the last 3 years
Chris has not ceased any listed company directorships in the last 3 years.

Tony Bell
Independent Director
Age 59, Appointed 2 April 2008
Tony Bell is chairman of the company's Nomination and Remuneration Committee and a committee member of the Audit and Risk Committee. Tony is one of Australia's most distinguished media operators with over 30 years' experience in the Australian radio and free to air television industry. As Managing Director of Southern Cross Broadcasting (Australia) Limited from 1993 to 2007 Tony gained extensive experience in regional and metropolitan media and was instrumental in its formation as one of Australia's leading media companies.

Other Current Directorships
Tony has no other current directorships in listed companies.

Former Directorships in the last 3 years
Tony has not ceased any listed company directorships in the last 3 years.

DIRECTORS' REPORT

FOR YEAR ENDED 30 JUNE 2013

Michael Carapiet
Non-executive Director
Age 54, Appointed 10 March 2010. Previously appointed Alternate Director on 11 April 2008 and resigned on 10 March 2010.
Michael Carapiet has more than 30 years' experience in the financial sector. He retired from Macquarie Group in 2011, where he held a number of senior roles including that of an Executive Committee member. Michael is the chairperson of SAS Trustee Corporation (NSW State Super), a director of State Super Financial Services Australia Ltd and the chairperson of Safety, Return to Work and Support Board that comprises the WorkCover Authority of NSW, Lifetime Care and Support and Motor Accidents Authority. He is also a director of Clean Energy Finance Corporation and is on the Advisory Boards of Norton Rose Australia and Transfield Holdings.

Other Current Directorships
Michael has no other current directorships in listed companies.

Former Directorships in the last 3 years
Michael has not ceased any listed company directorships in the last 3 years.

Peter Harvie
Non-executive Director
Age 74, Appointed 1 August 2011
Peter Harvie is a committee member of the company's Nomination and Remuneration Committee. Peter has more than 45 years' experience in the advertising, marketing and media industries. Prior to his appointment Peter was the executive chairman of Austereo Group Limited from 1997 until May 2011, managing director of the Triple M Network and founder and managing director of the Clemenger Harvie advertising agency from 1974 to 1993.

Other Current Directorships
Peter has been a director of Village Roadshow Limited since 20 June 2000.

Former Directorships in the last 3 years
Peter ceased being a director of Austereo Group Limited on 18 July 2011.

Marina Darling
Independent Director
Age 54, Appointed 12 September 2011
Marina Darling is a committee member of the company's Audit and Risk Committee. Marina is an experienced company director and has worked in an executive capacity in the legal and corporate finance sectors and property development. Marina is currently a non-executive director of The Mirvac Group and has previously been a non-executive director of a broad range of listed companies, government bodies and other organisations. These have included Argo Investments Limited, Southern Cross Broadcasting Limited, National Australia Trustees Limited, GIO Holdings Limited, Deacons (Lawyers) and Southern Hydro Limited.

Other Current Directorships
Marina was appointed a director of The Mirvac Group (through the stapling of securities of Mirvac Limited and Mirvac Property Trust) on 23 January 2012.

Former Directorships in the last 3 years
Marina ceased being a director of Argo Investments Limited on 29 February 2012.

Information on Company Secretary

Louise Bolger
BA, LLB (Hons)
Appointed 14 April 2010
Louise Bolger is a qualified solicitor with more than 10 years' experience, commencing her career in private practice before continuing on to in-house roles with Telstra, Logica, Bank of Queensland and most recently PIPE Networks Limited prior to its acquisition by TPG Telecom Limited where she was both general counsel and company secretary.

Meetings of Directors

The number of meetings of the Board of Directors and of other committee meetings held during the year ended 30 June 2013, and the numbers of meetings attended by each director were:

	Full meetings of directors		Meetings of committees: Audit and Risk		Meetings of committees: Nomination and Remuneration		Meetings of committees: Independent Board	
	A	B	A	B	A	B	A	B
Director								
Max Moore-Wilton (Chairman)	14	14	*	*	2	2	*	*
Leon Pasternak	12	14	6	6	1	2	2	2
Chris de Boer	14	14	6	6	1	2	2	2
Tony Bell	14	14	6	6	2	2	2	2
Michael Carapiet	14	14	*	*	*	*	*	*
Peter Harvie	14	14	*	*	2	2	*	*
Marina Darling	14	14	6	6	*	*	2	2

A = Number of meetings attended
B = Number of meetings held during the time the director held office or was a member of the committee during the year
* = Not a member of the relevant committee

Remuneration Report

Contents

1. Introduction

The information provided in this Remuneration Report has been audited as required by section 308(3C) of the Corporations Act 2001.

2. Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders and conforms with market practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation;
- transparency; and
- capital management.

In consultation with external remuneration consultants, the Group has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- has economic profit as a core component of plan design;
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracts and retains high calibre executives.

Alignment to program participants' interests:

- rewards capability and experience;
- reflects competitive reward for contribution to growth in shareholder wealth;
- provides a clear structure for earning rewards; and
- provides recognition for contribution.

The framework provides a mix of fixed and variable pay and a blend of short and long-term incentives.

As executives gain seniority with the Group, the balance of this mix shifts to a higher proportion of ''at risk'' rewards.

The Board has established a Nomination and Remuneration Committee which makes recommendations to the Board on remuneration and incentive policies and practices and specific recommendations on remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors.

2.1. Non-executive and independent directors' fees

Fees and payments to non-executive and independent directors reflect the demands which are made on and the responsibilities of, the directors. Non-executive and independent directors' fees and payments are reviewed annually by the Board. The Board has also considered the advice of independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chair's fees are determined independently to the fees of non-executive and independent directors based on comparative roles in the market. The chair is not present at any discussions relating to determination of his own remuneration. Non-executive and independent directors do not receive performance-based pay and are not entitled to Company shares, performance rights or to retirement benefits as part of their remuneration package.

The directors' fees were reviewed with effect from 1 July 2012. The chair's remuneration is inclusive of committee fees while other non-executive and independent directors who chair, or are a member of, a committee receive additional yearly fees.

The following non-executive directors' fees have applied in the years ended 30 June 2013 and 30 June 2012 for the Company:

	From 1 July 2012 to 30 June 2013 $	**From 1 July 2011 to 30 June 2012 $**
Base fees – annual		
Chair*	250,000	250,000
Deputy chair*	161,500	161,500
Other non-executive directors	125,000	125,000
Additional fees – annual		
Audit Committee – chair	21,000	21,000
Audit Committee – member	14,000	14,000
Remuneration Committee – chair	15,000	15,000
Remuneration Committee – member	10,000	10,000

* Chair and deputy chair fees are inclusive of all relevant committee fees and as such they do not receive any additional committee fees.

DIRECTORS' REPORT
FOR YEAR ENDED 30 JUNE 2013

2. Principles used to determine the nature and amount of remuneration (continued)

2.2. Executive pay

The executive pay and reward framework currently has the following components:

- base pay and benefits, including superannuation; and
- short-term and long-term performance incentives.

Base pay and benefits

Base pay is structured as a total employment package which may be delivered as a combination of cash and prescribed non-financial benefits at the executive's discretion.

Base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market. As part of this review process, external remuneration consultants are engaged from time to time to provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. An executive's pay is also reviewed on promotion.

Superannuation

The Group operates a defined contribution retirement scheme.

Performance linked remuneration currently comprises short-term and long-term incentives.

Short-term incentives

The short-term incentive ("STI") is an "at risk" bonus provided in the form of cash and is designed to reward senior executives for meeting or exceeding mainly financial objectives.

Each year the Nomination and Remuneration Committee sets the Key Performance Indicators ("KPIs") for the CEO and CFO, which are designed to directly align the individual's reward to the KPIs of the Group and to its strategy and performance.

The financial KPIs are based on earnings before interest, tax, depreciation and amortisation ("EBITDA") compared with budgeted amounts. At the end of the financial year the Nomination and Remuneration Committee assesses the actual performance of the Group and the individual against the KPIs and recommends the quantum of the short-term cash incentive bonus to be paid to the individuals for approval by the Board. These assessment methods have been chosen as they provide the Committee with an objective assessment of each individual's performance.

Long-term incentives

The long-term incentive ("LTI") is an "at risk" bonus provided in the form of shares and is designed to reward senior executives for meeting or exceeding Total Shareholder Return ("TSR") performance over a three to four year period.

In June 2010 the Board approved the introduction of an executive long-term incentive plan, to commence on 1 July 2010, which provided for the CEO and senior executives to receive grants of performance rights over ordinary shares, for nil consideration. The grant of rights are exercisable subject to a three or four year performance period, and the satisfaction of set performance criteria during the period. The performance criteria take into account share price appreciation plus reinvested dividends, expressed as a percentage of investment and adjusted for changes in the Company's capital structure. In order for performance rights to vest and convert to shares, the Company's TSR over the performance period must be at or above the 51st percentile against a comparative group of selected media and related listed companies. Between the 51st and 75th percentile, performance rights will vest on a linear basis from 50% of award to 100% of award, consequently 100% of performance rights will vest at the 75th percentile or higher.

For the three year performance period, performance rights vest progressively over the three year performance period with 1/3rd vesting at year 1, 1/3rd at year 2 and 1/3rd at year 3, subject to performance criteria being met. For the four year performance period, performance rights vest progressively over the four year performance period with 1/3rd vesting at year 2, 1/3rd at year 3 and 1/3rd at year 4 for the four year performance period, subject to performance criteria being met.

The Board has the discretion to either purchase shares on market or to issue new shares in respect of vesting performance rights. To date, the Board has elected to issue new shares for vesting performance rights.

Remuneration and Company Performance
A key objective of the Executive Remuneration Policy is to link an increased proportion of executive remuneration to the performance of the Company, with an emphasis on the creation of sustainable value for shareholders. Financial performance from continuing operations for the past five years is indicated by the following table:

	30 June 2013 $'000	30 June 2012 $'000	Restated 30 June 2011* $'000	30 June 2010 $'000	30 June 2009 $'000
Revenue	653,114	687,313	492,811	406,909	393,483
Net profit before tax	133,269	126,282	87,232	24,185	(15,724)
Net profit after tax	96,111	95,022	64,060	19,903	18,640

	30 June 2013 $'000	30 June 2012 $'000	Restated 30 June 2011* $'000	30 June 2010 $'000	30 June 2009 $'000
Opening share price	$1.20	$1.55	$1.64	$1.32	$2.95
Closing share price	$1.43	$1.20	$1.55	$1.64	$1.32
Dividend/distribution	9.0c	10.0c	10.0c	9.7c	7.7c

* Restatement for finalisation of allocation of purchase price for Austereo acquisition in accordance with Accounting Standards.

3. Details of remuneration
Details of the remuneration of Key Management Personnel of the Group are set out in the following tables.

Key Management Personnel

Directors	
Max Moore-Wilton	(Chairman)
Leon Pasternak	
Chris de Boer	
Tony Bell	
Michael Carapiet	
Peter Harvie	
Marina Darling	

Executives	
Rhys Holleran	CEO
Stephen Kelly	CFO
Guy Dobson	Chief Content Officer
Craig Bruce	Head of Content
Cathy Thomas	National Sales Director (ceased 1 February 2013)
Andrea Ingham	National Sales Director (appointed 1 February 2013)

DIRECTORS' REPORT

FOR YEAR ENDED 30 JUNE 2013

3. Details of remuneration (continued)

Key Management Personnel remuneration

2013	Short-term employee benefits			Post-employment benefits			Share-based payments		Proportion of performance related remuneration	
Name	**Cash salary and fees**	**Cash bonus**	**Non-monetary benefits**	**Super contribution**	**Other long-term benefits[3]**	**Termination**	**Performance rights**	**Total**	**STI**	**SBP**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**% of rem**	**% of rem**
Non-executive directors										
Max Moore-Wilton (Chair)	240,400	–	–	9,600	–	–	–	250,000	0%	0%
Leon Pasternak	149,364	–	–	12,136	–	–	–	161,500	0%	0%
Chris de Boer	144,280	–	–	11,720	–	–	–	156,000	0%	0%
Tony Bell	154,000	–	–	–	–	–	–	154,000	0%	0%
Michael Carapiet	125,000	–	–	–	–	–	–	125,000	0%	0%
Peter Harvie	135,000	–	–	–	–	–	–	135,000	0%	0%
Marina Darling	127,524	–	–	11,476	–	–	–	139,000	0%	0%
Sub-total non-executive directors	1,075,568	–	–	44,932	–	–	–	1,120,500		
Executives										
Rhys Holleran	768,750	205,500	21,691	25,000	318,634	–	320,801	1,660,376	12%	19%
Stephen Kelly	582,250	137,000	5,204	24,000	75,046	–	199,980	1,023,480	13%	20%
Guy Dobson	824,125	–	32,392	16,470	(124,524)	–	54,161	802,624	0%	7%
Craig Bruce	508,530	60,000	5,144	16,470	1,274	–	111,100	702,518	9%	16%
Cathy Thomas[1]	247,059	–	5,972	11,411	(5,202)	–	–	259,240	0%	0%
Andrea Ingham[2]	138,971	8,000	5,601	8,235	10,373	–	36,108	207,288	4%	17%
Sub-total executive	3,069,685	410,500	76,004	101,586	275,601	–	722,150	4,655,526		
Total	4,145,253	410,500	76,004	146,518	275,601	–	722,150	5,776,026		

1 Remuneration disclosed is for the period 1 July 2012 to 1 February 2013 when Cathy Thomas was National Sales Director. Mrs Thomas took the position of General Manager – Melbourne on 1 February 2013 and ceased being Key Management Personnel.

2 Remuneration disclosed is for the period 1 February 2013 to 30 June 2013 after Andrea Ingham was appointed National Sales Director.

3 Amounts represent movements in employee leave entitlements, with a negative balance representing an overall reduction in the employee leave provision balance compared with prior year.

2012	Short-term employee benefits			Post-employment benefits			Share-based payments		Proportion of performance related remuneration	
Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Super contribution $	Other long-term benefits[4] $	Termination $	Performance rights $	Total $	STI % of rem	SBP % of rem
Non-executive directors										
Max Moore-Wilton (Chair)	232,544	–	–	17,456	–	–	–	250,000	0%	0%
Leon Pasternak	146,965	–	–	14,535	–	–	–	161,500	0%	0%
Chris de Boer	141,960	–	–	14,040	–	–	–	156,000	0%	0%
Tony Bell	149,000	–	–	–	–	–	–	149,000	0%	0%
Michael Carapiet	125,000	–	–	–	–	–	–	125,000	0%	0%
Peter Harvie[1]	68,862	–	634,914	3,944	–	776,538	–	1,484,258	0%	0%
Marina Darling	109,458	–	–	–	–	–	–	109,458	0%	0%
Sub-total non-executive directors	973,789	–	634,914	49,975	–	776,538	–	2,435,216		
Executives										
Rhys Holleran	700,000	229,650	55,786	25,000	38,817	–	252,752	1,302,005	18%	19%
Stephen Kelly	500,003	153,100	3,906	50,002	351	–	177,760	885,122	17%	20%
Jeremy Simpson[2]	194,698	55,000	8,455	14,360	7,338	–	48,143	327,994	17%	15%
Guy Dobson	984,225	–	31,779	15,775	49,317	–	–	1,081,096	0%	0%
Craig Bruce	521,724	45,000	2,849	15,775	41,531	–	76,381	703,260	6%	11%
Cathy Thomas[3]	141,408	–	2,570	3,944	20,259	–	–	168,181	0%	0%
Sub-total executive	3,042,058	482,750	105,345	124,856	157,613	–	555,036	4,467,658		
Total	4,015,847	482,750	740,259	174,831	157,613	776,538	555,036	6,902,874		

1 Peter Harvie was appointed as a non-executive director on 1 August 2011, therefore remuneration disclosed relates to his position as executive chairman of Austereo prior to this date. No directors' fees were paid to Mr Harvie during the period.
2 Remuneration disclosed is for the period 1 July 2011 to 23 February 2012 when Jeremy Simpson was National Sales Director. Mr Simpson took the position of General Manager – Sydney on 23 February 2012 and ceased being Key Management Personnel.
3 Remuneration disclosed is for the period 23 February 2012 to 30 June 2012 after Cathy Thomas was appointed National Sales Director.
4 Amounts represent movements in employee leave entitlements with a negative balance representing an overall reduction in the employee leave provision balance compared with prior year.

4. Service agreements

On appointment to the Board, all non-executive directors enter into a service agreement with the Group in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of director.

Remuneration and other terms of employment for the chief executive officer and the other executives are also formalised in service agreements. Each of these agreements provide for the provision of base remuneration, performance-related cash bonuses and other non-monetary benefits with the key terms outlined below.

Name[1]	Type of agreement	Base salary including superannuation $'000	STI (on target)	LTI value	Termination notice period
Rhys Holleran	Permanent	1,000	400	350	12 mths either party
Stephen Kelly	Permanent	775	300	200	12 mths either party
Guy Dobson	Permanent	650	100	100	6 mths either party
Craig Bruce	Permanent	540	60	125	12 mths either party
Andrea Ingham	Permanent	350	100	100	3 mths either party

1 Service contracts for only those Key Management Personnel who have remained Key Management Personnel to the date of this report have been detailed in this table.

DIRECTORS' REPORT
FOR YEAR ENDED 30 JUNE 2013

5. Other remuneration information

Loans to directors and executives

There were no loans to directors and executives.

Performance rights granted to directors and executives

During the year the following share-based payment arrangements were in existence:

2012 Performance rights series	Grant date	Expiry date	Fair value at grant date $	Vesting date	Percentile ranking	% vested
2012 – Tranche 1	25/10/2012	n/a	0.40	01/07/2013	n/a*	n/a*
2012 – Tranche 2	25/10/2012	n/a	0.49	01/07/2014	n/a	n/a
2012 – Tranche 3	25/10/2012	n/a	0.53	01/07/2015	n/a	n/a
2012 – Tranche 4	25/10/2012	n/a	0.54	01/07/2016	n/a	n/a

* On 1 July 2013, 2012 – Tranche 1 performance rights were assessed and determined to be at the 40th percentile, with 0% of shares vesting.

2011 Performance rights series	Grant date	Expiry date	Fair value at grant date $	Vesting date	Percentile ranking	% vested
2011 – Tranche 1	25/10/2011	n/a	0.51	01/07/2012	49th percentile	0%
2011 – Tranche 2	25/10/2011	n/a	0.62	01/07/2013	n/a**	n/a**
2011 – Tranche 3	25/10/2011	n/a	0.67	01/07/2014	n/a	n/a
2011 – Tranche 4	25/10/2011	n/a	0.68	01/07/2015	n/a	n/a

** On 1 July 2013, 2011 – Tranche 2 performance rights were assessed and determined to be at the 47.8th percentile, with 0% of shares vesting.

2010 Performance rights series	Grant date	Expiry date	Fair value at grant date $	Vesting date	Percentile ranking	% vested
2010 – Tranche 1	26/07/2010	n/a	0.86	01/07/2011	60th percentile	70.0%
2010 – Tranche 2	26/07/2010	n/a	0.88	01/07/2012	63.1st percentile	76.2%
2010 – Tranche 3	26/07/2010	n/a	0.90	01/07/2013	n/a***	n/a***
2010 – Tranche 4	26/07/2010	n/a	0.90	01/07/2014	n/a	n/a

*** On 1 July 2013, 2010 – Tranche 3 performance rights were assessed and determined to be at the 63.1st percentile, with 76.2% of shares vesting.

Share-based payment compensation granted to Key Management Personnel for the current financial year were as follows:

	Performance rights series	$ granted	No. granted	No. vested	No. forfeited
Directors					
Max Moore–Wilton	–	–	–	–	–
Leon Pasternak	–	–	–	–	–
Chris de Boer	–	–	–	–	–
Tony Bell	–	–	–	–	–
Michael Carapiet	–	–	–	–	–
Peter Harvie	–	–	–	–	–
Marina Darling	–	–	–	–	–
Executives				–	
Rhys Holleran	2012 – Tranche 2 to 4 (incl.)	350,000	674,203	–	–
Rhys Holleran	2010 – Tranche 2	–	–	101,013	31,550
Stephen Kelly	2012 – Tranche 1 to 3 (incl.)	200,000	428,464	–	–
Stephen Kelly	2011 – Tranche 1	–	–	–	130,706
Stephen Kelly	2010 – Tranche 2	–	–	57,722	18,029
Guy Dobson	2012 – Tranche 2 to 4 (incl.)	150,000	288,944	–	–
Craig Bruce	2012 – Tranche 1 to 3 (incl.)	125,000	267,790	–	–
Craig Bruce	2011 – Tranche 1	–	–	–	81,691
Cathy Thomas	–	–	–	–	–
Andrea Ingham	2012 – Tranche 2 to 4 (incl.)	100,000	192,629	–	–

Directors' holdings of shares

The aggregate number of Company shares held directly, indirectly or beneficially by directors of the Company or their director related entities at the date of this financial report are:

	2013	2012
Max Moore-Wilton	**1,000,000**	1,857,143
Leon Pasternak	**1,064,216**	1,064,216
Chris de Boer	**148,571**	148,571
Tony Bell	**172,767**	160,118
Michael Carapiet	**1,347,900**	1,347,900
Peter Harvie	**–**	–
Marina Darling	**100,000**	–
Macquarie Group Limited and controlled entities	**179,513,906**	179,513,906
	183,347,360	184,091,854

Non-Audit Services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important. Details of the amounts paid or payable to the auditors PricewaterhouseCoopers for audit and non-audit services provided during the year are detailed in note 3 to the financial statements.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit and Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110: Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

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

The Group and the Company are of 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 Financial Report. Amounts in the Directors' Report and the Financial Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, unless otherwise indicated.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration, as required under s307C of the *Corporations Act 2001*, is set out on page 36.

This report is 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
13 August 2013

Leon Pasternak
Deputy Chairman
Southern Cross Media Group Limited

Sydney, Australia
13 August 2013

AUDITOR'S INDEPENDENCE DECLARATION

FOR YEAR ENDED 30 JUNE 2013

pwc

Auditor's Independence Declaration

As lead auditor for the audit of Southern Cross Media Group Limited for the year ended 30 June 2013, 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 audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Chris Dodd
Partner
PricewaterhouseCoopers

Melbourne
13 August 2013

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STATEMENT OF COMPREHENSIVE INCOME

FOR YEAR ENDED 30 JUNE 2013

	Note	Consolidated 2013 $'000	Consolidated 2012 $'000
Revenue from continuing operations	2	**642,631**	687,313
Other income	2	**10,483**	–
Broadcast and production costs		**(104,311)**	(115,361)
Employee expenses	2	**(174,505)**	(175,458)
Selling costs		**(67,683)**	(70,699)
Occupancy costs	2	**(29,310)**	(31,827)
Promotions and marketing		**(13,679)**	(12,529)
Administration costs		**(51,967)**	(54,994)
Share of net (losses) / profits of investments accounted for using the equity method	9	**(668)**	(665)
Profit before depreciation, amortisation, interest, fair value movements on financial derivatives and income tax expenses for the year from continuing operations		**210,991**	225,780
Depreciation and amortisation expense	2	**(26,476)**	(30,523)
Interest expense and other borrowing costs	2	**(54,977)**	(71,699)
Interest revenue	2	**3,731**	2,724
Profit before income tax expense for the year from continuing operations		**133,269**	126,282
Income tax expense from continuing operations	4	**(37,158)**	(31,260)
Profit from continuing operations after income tax expense for the year		**96,111**	95,022
Other comprehensive income / (loss) that may be reclassified to profit or loss:			
Changes to fair value of cash flow hedges, net of tax		**2,264**	(13,529)
Total comprehensive profit for the year attributable to shareholders		**98,375**	81,493
Earnings per share attributable to the ordinary equity holders of the Company:			
Basic earnings per share (cents)	23	**13.64**	13.48
Diluted earnings per share (cents)	23	**13.59**	13.45

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

STATEMENT OF FINANCIAL POSITION

FOR YEAR ENDED 30 JUNE 2013

	Note	Consolidated 2013 $'000	Consolidated 2012 $'000
Current assets			
Cash and cash equivalents	6	102,906	97,175
Receivables	7	129,638	132,623
Total current assets		232,544	229,798
Non-current assets			
Receivables	8	6,221	5,796
Investments accounted for using the equity method	9	13,677	10,581
Property, plant and equipment	11	170,595	172,517
Intangible assets	12	2,030,882	2,036,890
Other financial assets	10	110	141
Deferred tax assets	13	9,003	19,143
Total non-current assets		2,230,488	2,245,068
Total assets		2,463,032	2,474,866
Current liabilities			
Payables	15	105,895	118,244
Provisions	16	19,817	21,657
Borrowings	17	19,194	16,228
Current tax liabilities		46,223	56,942
Derivative financial instruments	18	4,207	–
Total current liabilities		195,336	213,071
Non-current liabilities			
Provisions	19	10,522	12,388
Borrowings	17	676,175	690,788
Derivative financial instruments	18	14,863	24,249
Total non-current liabilities		701,560	727,425
Total liabilities		896,896	940,496
Net assets		1,566,136	1,534,370
Equity			
Contributed equity	20	1,686,878	1,686,878
Reserves	21	(8,941)	(12,336)
Other equity transaction	21	(77,406)	(77,406)
Accumulated losses	22	(34,693)	(63,064)
Equity attributable to equity holders		1,565,838	1,534,072
Non-controlling interest		298	298
Total equity		1,566,136	1,534,370

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

STATEMENT OF CHANGES IN EQUITY

FOR YEAR ENDED 30 JUNE 2013

2013	Consolidated Contributed equity $'000	Reserves $'000	Other equity transaction $'000	Accumulated losses $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Restated total equity at 1 July 2012	1,686,878	(12,336)	(77,406)	(63,842)	1,533,294	298	1,533,592
Profit for the year	–	–	–	96,111	96,111	–	96,111
Other comprehensive income	–	2,264	–	–	2,264	–	2,264
Total comprehensive income	–	2,264	–	96,111	98,375	–	98,375
Transactions with equity holders in their capacity as equity holders:							
Employee share entitlements	–	1,131	–	–	1,131	–	1,131
Dividends provided for or paid	–	–	–	(66,962)	(66,962)	–	(66,962)
	–	1,131	–	(66,962)	(65,831)	–	(65,831)
Total equity at 30 June 2013	1,686,878	(8,941)	(77,406)	(34,693)	1,565,838	298	1,566,136

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

2012	Consolidated Contributed equity $'000	Reserves $'000	Other equity transaction $'000	Accumulated losses $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
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 year	–	–	–	95,022	95,022	–	95,022
Other comprehensive income	–	(13,529)	–	–	(13,529)	–	(13,529)
Total comprehensive income	–	(13,529)	–	95,022	81,493	–	81,493
Transactions with equity holders in their capacity as equity holders:							
Employee share entitlements	–	789	–	–	789	–	789
Buy back of company shares	(1,271)	–	–	–	(1,271)	–	(1,271)
Dividends provided for or paid	–	–	–	(56,403)	(56,403)	–	(56,403)
	(1,271)	789	–	(56,403)	(56,885)	–	(56,885)
Total equity at 30 June 2012	1,686,878	(12,336)	(77,406)	(63,064)	1,534,072	298	1,534,370

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

STATEMENT OF CASH FLOWS

FOR YEAR ENDED 30 JUNE 2013

	Note	Consolidated 2013 $'000	2012 $'000
Cash flows from operating activities			
Receipts from customers		705,402	767,671
Payments to suppliers / employees		(517,144)	(538,151)
Government grants received		–	311
Interest received from external parties		3,729	2,724
Tax paid		(38,746)	(23,216)
Net cash inflows from operating activities	24	153,241	209,339
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(25,065)	(21,243)
Payments for purchase of intangibles		(141)	(405)
Dividends received from investments		–	92
Proceeds from sale of property, plant and equipment		1,878	–
Proceeds from sale of subsidiary	2 (a)	17,651	–
Payments for purchase of investments		(1,165)	–
Net cash flows used in investing activities		(6,842)	(21,556)
Cash flows from financing activities			
Dividends paid to security holders		(66,962)	(56,403)
Repayment of borrowings from external parties		(16,000)	(6,000)
Payments for buy back of company shares		–	(1,271)
Interest paid to external parties		(56,977)	(58,492)
Movement in finance lease liabilities		(729)	(86)
Net cash flows used in financing activities		(140,668)	(122,252)
Net increase in cash and cash equivalents		5,731	65,531
Cash assets at the beginning of the year		97,175	31,644
Cash assets at the end of the year	6	102,906	97,175

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

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2013

1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Southern Cross Media Group Limited ("the Company") and its subsidiaries ("the Group").

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and the *Corporations Act 2001* (where applicable).

Information in respect of the parent entity in this financial report relates to Southern Cross Media Group Limited.

(i) Compliance with IFRS

Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Consequently this financial report has also been prepared in accordance with and complies with IFRS as issued by the IASB.

(ii) Historical cost convention

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

(iii) Comparative figures

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

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2013 and the results of all subsidiaries for the year then ended. The effects of all transactions between entities in the Group are eliminated in full.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group except as follows:

– At the time of Initial Public Offering ("IPO") Southern Cross Media Australia Holdings Pty Limited ("SCMAHL") was deemed to be the accounting acquirer of both Southern Cross Media Group Limited ("SCMGL") and Southern Cross Media Trust ("SCMT"), which was neither the legal parent nor legal acquirer; and
– This reflects the requirements of AASB 3 that in situations where an existing entity (SCMAHL) arranges to be acquired by a smaller entity (SCMGL) for the purposes of a stock exchange listing, the existing entity SCMAHL should be deemed to be the acquirer, subject to consideration of other factors such as management of the entities involved in the transaction and relative fair values of the entities involved in the transaction. This is commonly referred to as a reverse acquisition.

At the time of IPO, in November 2005, the reverse acquisition guidance of AASB 3 was applied to the Group and the cost of the Business Combination was deemed to be paid by SCMAHL to acquire SCMGL and SCMT. The cost was determined by reference to the fair value of the net assets of SCMGL and SCMT immediately prior to the Business Combination. The investment made by the legal parent SCMGL in SCMAHL to legally acquire the existing radio assets is eliminated on consolidation. In applying the guidance of AASB 3, this elimination results in a debit of $77.4 million to other equity transactions. This does not affect the Group's distributable profits.

(i) Subsidiaries

Subsidiaries are those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. Where control of an entity is obtained during a financial year, its results are included in the Statement of Comprehensive Income from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control existed.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated Statements of Comprehensive Income and Statements of Financial Position respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2013

1. Summary of Significant Accounting Policies (continued)

(b) Principles of consolidation (continued)

(ii) Associates

Associates are entities over which the Group has significant influence, but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the Company financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes the fair value of goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the Company's profit or loss, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iii) Joint ventures

Interest in joint venture entities are accounted for in the consolidated financial statements using the equity method and are carried at cost by the Company.

(iv) Transactions with non-controlling parties

Equity transactions with non-controlling entities are recognised in the Group financial statements using the economic entity method, whereby transactions with non-controlling parties are treated as transactions with equity participants.

(c) Foreign currency

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity from applying cash flow hedge accounting or net funding of a foreign operation.

(d) Cash and cash equivalents

For the purpose of the Statements of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

(e) Investments and other financial assets

The Group classifies its financial assets in the following category: loans and receivables. Investments in subsidiaries are classified separately and are held at cost in the Company. The classification depends on the purpose for which the investments were acquired. The classification of the Group's investments is determined at initial recognition.

At balance date, the Group had the following financial assets:

Loans, receivables and trade receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when any entity within the Group provides money, or defers payment on ordinary equity, to an external party with no intention of selling the receivable immediately or in the near future or arise within the Group on a single entity basis when one entity provides money to another member of the Group. Loans and receivables with maturity less than 12 months are included in current assets and those with greater than 12 months maturity are included in non-current assets. Loans and receivables are initially recorded at fair value and then subsequently at amortised cost using the effective interest rate method.

Trade receivables are recognised at fair value, being the original invoice amount and subsequently measured at amortised cost less provision for doubtful debts.

A provision for doubtful debts is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable. The amount of the provision is recognised in profit or loss. Where a debt is known to be uncollectible, it is considered a bad debt and written off.

(f) Property, plant and equipment

Cost

Property, plant and equipment is recorded at cost less accumulated depreciation and cumulative impairment charges. Cost includes those costs directly attributable to bringing the assets into the location and working condition necessary for the asset to be capable of operating in the manner intended by management. The estimated cost of dismantling and removing infrastructure items and restoring the site on which the assets are located is only included in the cost of the asset to the extent that the Group has an obligation to restore the site and the cost of restoration is not recoverable from third parties. Additions, renewals and improvements are capitalised, while maintenance and repairs are expensed.

The carrying values of property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable (refer to note 1(i)). An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciation
Land is not depreciated. Depreciation on other assets is calculated on a straight-line basis to write off the cost of property, plant and equipment over its estimated useful life. Estimates of remaining useful life are made on a regular basis for all assets, with annual reassessments for major items. The expected useful life of property, plant and equipment is as follows:

Buildings	5–50 years
Leasehold improvements	3–16 years
Network equipment	2–10 years
Communication equipment	3–5 years
Other plant and equipment	2–20 years
Leased plant and equipment	2–20 years

(g) Leases
Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long-term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term, if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight line basis over the period of the lease.

The Group sub-leases buildings under an operating lease and rent revenue is recorded as income in the profit or loss on a straight-line basis.

(h) Intangible assets
Free to air commercial television and radio broadcasting licences
Television and radio licences are initially recognised at cost. Analogue licences are renewable for a minimal cost every five years under provisions within the Broadcasting Services Act. Digital licences attach to the analogue licences and renew automatically. The directors understand that the revocation of a commercial television or radio licence has never occurred in Australia and have no reason to believe the licences have a finite life. As a result, the free to air commercial television and radio broadcasting licences have been assessed to have indefinite useful lives. Accordingly, they are not amortised and are tested for impairment annually, or whenever there is an indication that the carrying value may be impaired, and are carried at cost less accumulated impairment losses.

Tradenames
Tradenames are initially recognised at cost. The tradenames have been assessed to have indefinite useful lives. Accordingly, they are not amortised and are tested for impairment annually, or whenever there is an indication that the carrying value may be impaired, and are carried at cost less accumulated impairment losses.

The Group's tradenames operate in established markets with limited restrictions and are expected to continue to complement the Group's media initiatives. On this basis, the directors have determined that tradenames have indefinite lives as there is no foreseeable limit to the period over which the assets are expected to generate net cash inflows.

Brands
Brands are initially recognised at cost. The brands have been assessed to have indefinite useful lives. Accordingly, they are not amortised and are tested for impairment annually, or whenever there is an indication that the carrying value may be impaired, and are carried at cost less accumulated impairment losses.

The Group's brands operate in established markets with limited restrictions and are expected to continue to complement the Group's media initiatives. On this basis, the directors have determined that brands have indefinite lives as there is no foreseeable limit to the period over which the assets are expected to generate net cash inflows.

Other intangibles
Other intangibles including a programming services agreement are recognised at cost and are amortised over the useful life of the asset (2 years).

Goodwill
All business combinations are accounted for by applying the purchase method. Where an entity or operation is acquired, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of acquisition over the fair value of the identifiable net assets acquired is brought to account as goodwill. Transaction costs are expensed in the period incurred.

Goodwill is stated at cost less any impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested at least annually for impairment. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Negative goodwill arising on an acquisition is recognised directly in profit or loss, after reassessment of the identification and measurement of the net assets acquired.

(i) Impairment of assets
Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2013

1. Summary of Significant Accounting Policies (continued)

(j) Derivative financial instruments

The Group enters into interest rate swap agreements to manage its financial risks. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and if so, the nature of the item being hedged. The Group may have derivative financial instruments which are economic hedges, but do not satisfy the requirements of hedge accounting. Gains or losses from changes in fair value of these economic hedges are taken through profit or loss.

If the derivative financial instrument meets the hedge accounting requirements, the Group designates the derivatives as either (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedge). The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessments, 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 fair values or cash flows of hedged items. The fair values of various derivative financial instruments held are disclosed in note 18.

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition.

(l) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(m) Employee benefits

(i) Wages and salaries, leave and other entitlements

Liabilities for unpaid salaries, salary related costs and provisions for annual leave are recorded in the Statement of Financial Position at the salary rates which are expected to be paid when the liability is settled. Provisions for long service leave and other long-term benefits are recognised at the present value of expected future payments to be made. In determining this amount, consideration is given to expected future salary levels and employee service histories. Expected future payments are discounted to their net present value using rates on Commonwealth Government securities with terms that match as closely as possible to the expected future cash flows.

(ii) Share-based payments

Share-based compensation benefits are provided to employees via certain Employee Agreements. Information relating to these Agreements is set out in the Remuneration Report.

The fair value of entitlements granted under certain Employee Agreements are recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised as an expense over the period during which the employees become unconditionally entitled to the shares.

The fair value at grant date is determined using a Monte Carlo pricing model that takes into account the share price at grant date and the expected dividend yield, share price volatility and the risk free interest rate for the term of the entitlement. Volatility is a measure of the underlying movement in the share price. A share's volatility measure captures the characteristics of fluctuations in the share price.

The fair value at grant date of the securities granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of shares that are expected to be issued. At each balance sheet date, the entity revises its estimate of the number of shares that are expected to be issued. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in profit or loss with a corresponding adjustment to equity. Where the terms of the share-based payment entitlement are modified in the favour of the employee, the changes are reflected when determining the impact on profit or loss.

(n) Retirement benefit obligations

The Group operates a defined contribution scheme.

Defined contribution scheme

The defined contribution scheme comprises fixed contributions made by the Group with the Group's legal or constructive obligation being limited to these contributions. Contributions to the defined contribution scheme are recognised as an expense as they become payable. Prepaid contributions are recognised in the Statement of Financial Position as an asset to the extent that a cash refund or a reduction in the future payments is available.

(o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Transaction costs that have been paid or accrued for prior to the drawdown of debt are classified as prepayments. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(p) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(q) Contributed equity
Shares in the Company are classified as equity. Incremental costs directly attributed to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(r) Revenue recognition
Revenues are recognised at fair value of the consideration received or receivable net of the amount of GST payable to the relevant taxation authority.

Free to air commercial radio and television broadcasting
Revenue represents revenue earned primarily from the sale of advertising airtime and related activities, including sponsorship and promotions. Revenue is recorded when the service is provided, being primarily when the advertisement is aired. Commissions payable to media agencies are recognised as selling costs. Other regular sources of operating revenue are derived from commercial production for advertisers, including facility sharing revenue and program sharing revenue. Revenue from commercial production is recognised on invoice, at the time of completion of the commercial.

Interest revenue
Interest revenue on loans and receivables is recognised using the effective interest rate method.

Other service revenue
Other service revenue is recognised when the service has been provided.

Rental revenue
Rental revenue is recognised on a straight line basis.

(s) Government grants
Grants from the government for the introduction of regional digital television broadcasting are recognised at their fair value on entitlement and receipt. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are deferred and recognised in profit or loss on a straight line basis over the expected useful lives of the related assets.

(t) Income tax
Income tax amounts recognised in the Group's financial statements relate to tax paying entities within the Group and have been recognised in accordance with Group policy.

Income tax is not brought to account in respect of SCMT, as pursuant to the Income Tax Assessment Act, the Trust is not liable for income tax provided that its taxable income (including any assessable realised capital gains) is fully distributed to unit holders each year.

The income tax expense (or revenue) for the year is the tax payable on the current year's taxable income based on the applicable tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and to unused tax losses. In determining the extent of temporary differences of assets, the carrying amount of assets is generally assumed to be recovered through use except for non-amortising identifiable intangible assets, such as free to air commercial television and radio broadcasting licences, brands and tradenames where the carrying amounts are assumed to be recovered through sale, unless there is evidence of recovery through use.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

(u) Fair value estimation
The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments that are not traded in an active market (for example, unlisted convertible notes) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(v) Dividends
Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the financial year but not distributed at the end of the reporting period.

(w) Earnings per share
(i) Basic earnings per share
Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of shares outstanding during the financial year.

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2013

1. Summary of Significant Accounting Policies (continued)

(x) Provisions

A provision is recognised when there is a legal, equitable or constructive obligation as a result of a past event and it is probable that a future sacrifice of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market estimates of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(y) Rounding of amounts

The Group and the Company are of 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 financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, unless otherwise indicated.

(z) Impact of new accounting policies

The Group has adopted all 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 annual reporting period commencing on 1 July 2012, which include:

(i) Amendments to AASB 7, 101 and 134 as a consequence of AASB 2010-4 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 effect on the amounts reported for the current or prior periods.

(aa) Impact of standards issued but not yet applied

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 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, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) and AASB 2012-6 Amendments to Australian Accounting Standards arising from AASB 9 (September 2012) (effective from 1 January 2015)
- AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (July 2010) (effective 1 July 2013)
- 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, AABS 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)
- AASB 2012-1 Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements (effective 1 July 2013)
- AASB 2012-5 Amendments to Australian Accounting Standard arising from Annual Improvements- 2009–2011 Cycle (effective 1 January 2013)
- AASB 2012-10 Amendments to Australian Accounting Standards – Transition guidance and other Amendments (clarifications only) – no separate disclosure needed (effective 1 January 2013)
- Amendments to IAS 36 Impairment of Assets (effective 1 January 2014)
- 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.

(bb) Critical accounting estimates and judgement

The preparation of the 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 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 accounting policy stated in notes 1(h) and 1(i) 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. Refer to note 12 for details of these assumptions.

(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. The Group has objected against the assessments. Should the Group be successful in its objection against the amended assessments, the tax liability will be reversed to the profit or loss. Refer to note 4 for further details of tax risks.

(cc) 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.

(dd) 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.

(ee) 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.

(ff) Parent entity financial information
The financial information for the parent entity, Southern Cross Media Group Limited (“the Company”), disclosed in note 26 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities
Investments in subsidiaries are accounted for at cost in the financial statements of the Company.

(ii) Tax consolidation legislation
The Company and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 23 November 2005.

The head entity, being the Company, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right. In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate the Company for any current tax payable assumed and are compensated by the Company for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the Company under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities’ financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year.

The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(iii) Financial guarantees
Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2013

2. Profit for the Year

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

	Consolidated 2013 $'000	Consolidated 2012 $'000
Revenue from continuing operations		
Sales revenue	636,993	681,718
Dividend income	–	92
Government grant revenue	–	311
Rental revenue	5,508	5,192
Net profit on disposal of property, plant and equipment	130	–
Total revenue from continuing operations	642,631	687,313
Net profit on sale of investments[(a)]	10,483	–
Interest revenue		
External banks	3,731	2,724
Depreciation expense		
Land and buildings	981	1,655
Plant and equipment	22,979	26,419
Leasehold improvements	2,005	1,872
Plant and equipment under finance leases	66	133
Total depreciation expense	26,031	30,079
Amortisation expense		
Programming services agreement	445	444
Total amortisation expense	445	444
Total depreciation and amortisation expense	26,476	30,523
Interest expense and other borrowing costs		
External banks	50,037	55,814
Interest accrued on amended tax assessments	–	10,889
Amortisation of borrowing costs	4,910	4,934
Finance charges on capitalised leases	30	62
Total interest expense and other borrowing costs	54,977	71,699
Rental expense relating to operating leases – included in occupancy costs	23,065	25,570
Defined contribution plan expense – included in employee expenses	12,527	12,731

(a) During the year, the Group divested of a subsidiary that held two commercial FM radio broadcasting licences in the Sunshine Coast region.

3. Remuneration of Auditors

	Consolidated 2013 $	Consolidated 2012 $
(a) Audit services		
PricewaterhouseCoopers Australian firm:		
Statutory audit and review of financial reports	525,000	475,000
Total remuneration for audit services	525,000	475,000
(b) Non-audit services		
PricewaterhouseCoopers Australian firm:		
Tax compliance services	12,050	5,500
Regulatory returns	10,000	50,000
Other assurance services	–	21,000
Other consulting services	69,690	84,600
Total remuneration for non-audit services	91,740	161,100
Total	616,740	636,100

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FOR YEAR ENDED 30 JUNE 2013

4. Income Tax Expense

The income tax expense for the financial year differs from the amount calculated on the net result from continuing operations. The differences are reconciled as follows:

	Consolidated 2013 $'000	Consolidated 2012 $'000
Income tax expense / (benefit)		
Current tax	27,017	70,970
Deferred tax	10,141	(39,710)
	37,158	31,260
Deferred income tax expense / (benefit) included in income tax expense comprises:		
Increase in net deferred tax assets	7,503	1,812
Adjustment for prior years	2,638	(1,995)
Adjustment for reset tax cost base on tax consolidation	–	(39,527)
	10,141	(39,710)
Reconciliation of income tax expense to prima facie tax payable		
Profit before income tax expense	133,269	126,282
Tax at the Australian tax rate of 30%	39,981	37,885
Tax on amended assessments	–	32,874
Adjustments for reset tax cost base on tax consolidation	–	(39,527)
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income		
Share of net losses of associates	200	199
Other non-deductible expenses / (deductible expenses) / (non-assessable income)	(5,661)	1,824
Adjustments recognised in the current year in relation to deferred tax of prior years	2,638	(1,995)
Income tax expense	37,158	31,260

For the year ended 30 June 2013, the Company had $0.97 million of income tax expense (2012: $5.8 million benefit) recognised directly in equity in relation to cash flow hedges, with a corresponding deferred tax liability (2012: asset) being recognised. There are no unused tax losses for which no deferred tax asset has been recognised.

Tax Audit

The Company was 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 payments on certain redeemable preference shares ("RPS") issued by the Company was considered. At the conclusion of the audit, the ATO raised amended assessments in relation to the income years ended 30 June 2006 to 30 June 2009 for an amount of primary tax of $32.8 million and Shortfall Interest Charge ("SIC") of $10.9 million. The Company has lodged objections against each of the amended assessments and the SIC imposed and has recognised the primary tax assessment as a current tax liability, and the SIC as a current payable as at 30 June 2013.

Reset Tax Cost Base

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 year ended 30 June 2012.

5. Dividends Paid and Proposed

The dividends were paid and payable as follows:

	Consolidated 2013 $'000	Consolidated 2012 $'000
The dividends were paid / payable as follows:		
Interim dividend paid for the half year ended 31 December – fully franked at the tax rate of 30%	31,719	35,230
Final dividend paid for the year ended 30 June – fully franked at the tax rate of 30%	35,243	21,173
	66,962	56,403
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan were as follows:		
Paid in cash	66,962	56,403
	66,962	56,403

	Cents per share	Cents per share
Interim dividend paid for the half year 31 December	4.5	5.0
Final dividend paid for the year ended 30 June	5.0	3.0
	9.5	8.0

The Group has $91.7 million of franking credits at 30 June 2013 (2012: $82.6 million).

6. Current Assets – Cash and Cash Equivalents

	Consolidated 2013 $'000	Consolidated 2012 $'000
Cash at bank	102,906	97,175

7. Current Assets – Receivables

	Consolidated 2013 $'000	Consolidated 2012 $'000
Current		
Trade receivables	123,124	123,021
Provision for doubtful debts (a)	(601)	(1,556)
Prepayments	5,143	4,764
Other	1,972	6,394
	129,638	132,623

(a) Impaired trade receivables

The Group has recognised income in respect of bad and doubtful trade receivables during the year ended 30 June 2013 of $27,882 (2012: expense of $415,000). This provision is based on known bad debts and past experience for receipt of trade receivables.

NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2013

8. Non-Current Assets – Receivables

	Consolidated 2013 $'000	Consolidated 2012 $'000
Non-current		
Refundable deposits	539	520
Related parties	942	1,749
Other	4,740	3,527
	6,221	5,796

The carrying amounts of the non-current receivables approximate their fair value.

9. Non-Current Assets – Investments Accounted for Using the Equity Method

	Consolidated 2013 $'000	Consolidated 2012 $'000
Shares in associates – equity method	13,677	10,581

(a) Carrying amounts
Information relating to associates is set out below:

Name of company	Country of origin	Principal activity	Ownership interest % 2013	Ownership interest % 2012	Consolidated 2013 $'000	Consolidated 2012 $'000
Gold Coast Translator Pty Ltd	Australia	Rental of a transmission facility	25.0	25.0	94	94
Regional Tam Pty Ltd	Australia	Acquisition and distribution of TV ratings	36.0	36.0	9	9
Tasmanian Digital Television Pty Ltd	Australia	Operation of a TV station – Tasmania	50.0	50.0	7,745	8,039
Darwin Digital Television Pty Ltd	Australia	Operation of a TV station – Darwin	50.0	50.0	251	615
Central Digital Television Pty Ltd	Australia	Operation of a TV station – Central	50.0	50.0	–	–
Eastern Australia Satellite Broadcasters Pty Ltd	Australia	Building of digital regional assets	50.0	50.0	–	–
Canberra FM Radio Pty Ltd	Australia	Dormant entity	50.0	50.0	–	–
Black Mountain Broadcasters Pty Ltd	Australia	Dormant entity	50.0	50.0	–	–
Sydney FM Facilities Pty Ltd	Australia	Rental of a transmission facility	50.0	50.0	615	615
Melbourne FM Facilites Pty Ltd	Australia	Rental of a transmission facility	50.0	50.0	–	–
Perth FM Facilities Pty Ltd	Australia	Rental of a transmission facility	66. 7[1]	66.7[1]	279	289
Digital Radio Broadcasting Sydney Pty Ltd	Australia	Digital radio broadcasting	22.6	22.6	834	834
Digital Radio Broadcasting Melbourne Pty Ltd	Australia	Digital radio broadcasting	18.2[2]	18.2[2]	14	14
Digital Radio Broadcasting Brisbane Pty Ltd	Australia	Digital radio broadcasting	25.0	25.0	20	20
Digital Radio Broadcasting Adelaide Pty Ltd	Australia	Digital radio broadcasting	33.3	33.3	26	26
Digital Radio Broadcasting Perth Pty Ltd	Australia	Digital radio broadcasting	33.3	33.3	26	26
Digital Music Distribution Pty Ltd	Australia	Digital Music Distribution	33.3	–	3,754	–
Get Outside Group Pty Ltd	Australia	Media Entertainment Business	50.0	–	10	–
					13,677	10,581

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.

(b) Movements in carrying amounts

	Consolidated 2013 $'000	Consolidated 2012 $'000
Carrying amount at the beginning of the financial year	10,581	11,198
Share of losses after income tax	(668)	(665)
Acquisitions of associates	3,764	–
Contributions to associates	–	48
Carrying amount at the end of the financial year	13,677	10,581

(c) Details of interest in associates

	Consolidated 2013 $'000	Consolidated 2012 $'000
Share of associates' assets and liabilities		
Current assets	3,795	3,045
Non-current assets	17,795	10,195
Total assets	21,590	13,240
Current liabilities	2,248	236
Non-current liabilities	5,665	2,423
Total liabilities	7,913	2,659
Net assets	13,677	10,581
Share of associates' revenue, expenses and results		
Revenue	3,273	3,220
Expenses	(3,941)	(3,885)
Profit before income tax	(668)	(665)
Income tax expense	–	–
Net loss – accounted for using the equity method	(668)	(665)
Share of associates' contingent liabilities		
Share of contingent liabilities incurred jointly with other investors	–	–
Contingent liabilities relating to liabilities of the associate for which the Company is severally liable	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2013

10. Non-Current Assets – Other Financial Assets

	Consolidated 2013 $'000	Consolidated 2012 $'000
Available for sale investments – at fair value	110	141

11. Non-Current Assets – Property, Plant and Equipment

	Consolidated 2013 $'000	Consolidated 2012 $'000
Land and buildings – at cost	49,910	48,664
Less: Accumulated depreciation	(12,466)	(11,145)
Total land and buildings – net	37,444	37,519
Leasehold improvements – at cost	34,881	33,475
Less: Accumulated depreciation	(16,269)	(14,252)
Total leasehold improvements – net	18,612	19,223
Plant and equipment – at cost	387,525	369,694
Less: Accumulated depreciation	(280,365)	(260,887)
Total plant and equipment – net	107,160	108,807
Leased plant and equipment – at cost	612	772
Less: Accumulated depreciation	(370)	(371)
Total leased plant and equipment – net	242	401
Assets under construction – at cost	7,137	6,567
Total property, plant and equipment – at cost	480,065	459,172
Less: Total accumulated depreciation	(309,470)	(286,655)
Total property, plant and equipment – net	170,595	172,517

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of each year are set out below:

	Consolidated	
	2013 $'000	**2012 $'000**
Land and buildings		
Carrying amount at the beginning of the financial year	37,519	41,078
Additions	479	163
Disposals	–	(2,203)
Depreciation expense	(981)	(1,655)
Transfers	427	136
Carrying amount at the end of the financial year	37,444	37,519
Leasehold improvements		
Carrying amount at the beginning of the financial year	19,223	18,040
Additions	1,364	325
Disposals	(547)	(12)
Depreciation expense	(2,005)	(1,872)
Transfers	577	2,742
Carrying amount at the end of the financial year	18,612	19,223
Plant and equipment		
Carrying amount at the beginning of the financial year	108,807	114,537
Additions	18,548	12,718
Disposals	(914)	(111)
Depreciation expense	(22,979)	(26,419)
Transfers	3,698	8,082
Carrying amount at the end of the financial year	107,160	108,807

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2013

11. Non-Current Assets – Property, Plant and Equipment (continued)

	Consolidated 2013 $'000	Consolidated 2012 $'000
Leased plant and equipment		
Carrying amount at the beginning of the financial year	401	490
Additions	–	44
Disposals	(93)	–
Depreciation expense	(66)	(133)
Carrying amount at the end of the financial year	242	401
Assets under construction		
Carrying amount at the beginning of the financial year	6,567	9,533
Transfers	(4,832)	(10,959)
Additions	5,402	7,993
Carrying amount at the end of the financial year	7,137	6,567
Total property, plant and equipment – net	170,595	172,517

12. Non-Current Assets – Intangible Assets

	Consolidated 2013 $'000	Consolidated 2012 $'000
Commercial radio/TV broadcast licences – at cost	1,589,574	1,595,282
Less impairment charges	–	–
Total licences – net	1,589,574	1,595,282
Tradenames – at cost	279	139
Less impairment charges	–	–
Total Tradenames – net	279	139
Brands – at cost	88,900	88,900
Less impairment charges	–	–
Total brands – net	88,900	88,900
Programming services agreement – at cost	1,000	1,000
Less accumulated amortisation	(1,000)	(555)
Total programming services agreement – net	–	445
Goodwill – at cost	352,129	352,124
Less impairment charges	–	–
Total goodwill – net	352,129	352,124
Total intangibles – at cost	2,031,882	2,037,445
Less total accumulated amortisation and impairment charges	(1,000)	(555)
Total intangibles – net	2,030,882	2,036,890

	Consolidated 2013 $'000	Consolidated 2012 $'000
Commercial radio/TV broadcast licences		
Carrying amount at the beginning of the financial year	1,595,282	1,595,282
Disposal of subsidiaries	(5,708)	–
Carrying amount at the end of the financial period	1,589,574	1,595,282
Tradenames		
Carrying amount at the beginning of the financial year	139	117
Additions	140	22
Carrying amount at the end of the financial year	279	139
Brands		
Carrying amount at the beginning of the financial year	88,900	88,900
Carrying amount at the end of the financial period	88,900	88,900
Programming services agreement		
Carrying amount at the beginning of the financial year	445	–
Acquisition of subsidiaries	–	889
Amortisation expense	(445)	(444)
Carrying amount at the end of the financial period	–	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 year	352,129	352,124
Total intangibles – net	2,030,882	2,036,890

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2013

12. Non-Current Assets – Intangible Assets (continued)

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

The value of licences, tradenames, brands and goodwill is allocated to the Group's cash generating units ("CGUs"), 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").

The recoverable amount of the Regional free to air broadcasting CGU at 30 June 2013 and 30 June 2012 and the Metro free to air broadcasting CGU at 30 June 2013 and 30 June 2012 was determined based on a value in use discounted cash flow ("DCF") model.

Allocation of goodwill and other intangible assets

2013	Regional free to air broadcasting CGU $'000	Metro free to air broadcasting CGU $'000	Total $'000
Goodwill allocated to CGU	316,396	35,733	352,129
Indefinite lived intangible assets allocated to CGU	817,453	861,300	1,678,753
Total goodwill and indefinite lived intangible assets	1,133,849	897,033	2,030,882

	%	%
Value in use assumptions (see part (b))		
Revenue growth – Forecast Period	5.0	3.9
Cost growth – Forecast Period	4.0	2.9
Long-term growth rate – terminal value	3.0	3.0
Discount rate (pre-tax)	11.3	11.5

2012	Regional free to air broadcasting CGU $'000	Metro free to air broadcasting CGU $'000	Total $'000
Goodwill allocated to CGU	316,391	35,733	352,124
Indefinite lived intangible assets allocated to CGU	823,021	861,300	1,684,321
Total goodwill and indefinite lived intangible assets	1,139,412	897,033	2,036,445

	%	%
Value in use assumptions (see part (b))		
Revenue growth – Forecast Period	3.6	2.7
Cost growth – Forecast Period	4.1	3.1
Long-term growth rate – terminal value	3.0	3.0
Discount rate (pre-tax)	10.8	11.0

(b) Key assumptions used for value in use calculations

The value in use calculations use cash flow projections based on the 2014 financial budgets extended over the subsequent four year period ("Forecast Period") using estimated growth rates approved by the Board. Terminal growth rates do not exceed the long-term industry growth rates. Cash flows beyond the five year period are extrapolated using growth rates that do not exceed the long-term average growth rate for the business in which the CGU operates (refer to the table above). The discount rate used reflects specific risks relating to the relevant segments and the economies in which they operate (refer to the table above).

(c) Impact of a reasonably possible change in key assumptions

Regional free to air broadcasting

At 30 June 2013, an increase in the discount rate of 1.5% to 12.9% to reflect a higher cost of debt finance than currently forecast or other changes in the cost of equity, would result in the regional free to air broadcasting CGU carrying amount exceeding its recoverable amount. In addition, if the revenue growth assumption was to decrease from 5.0% to 1.9% or operating expense growth assumption was to increase from 4.0% to 8.5% over the Forecast Period, it would result in the regional free to air broadcasting CGU carrying amount exceeding its recoverable amount. At 30 June 2013, the amount by which the recoverable amount exceeded the carrying value of the assets allocated to the regional free to air broadcasting CGU was $232.9 million.

At 30 June 2012, an increase in the discount rate of 1.5% to 12.3% to reflect a higher cost of debt finance than currently forecast or other changes in the cost of equity, would result in the regional free to air broadcasting CGU carrying amount exceeding its recoverable amount. In addition, if the revenue growth assumption was to decrease from 3.4% to 2.9% or operating expense growth assumption was to increase from 4.4% to 5.2% over the Forecast Period, it would result in the regional free to air broadcasting CGU carrying amount exceeding its recoverable amount. At 30 June 2012, the amount by which the recoverable amount exceeded the carrying value of the assets allocated to the regional free to air broadcasting CGU was $230.9 million.

Metro free to air broadcasting
At 30 June 2013, an increase in the discount rate of 2.3% to 13.8% to reflect a higher cost of debt finance than currently forecast or other changes in the cost of equity, would result in the metro free to air broadcasting CGU carrying amount exceeding its recoverable amount. In addition, if the revenue growth assumption was to decrease from 3.9% to 1.9% or operating expense growth assumption was to increase from 2.9% to 11.9% over the Forecast Period, it would result in the metro free to air broadcasting CGU carrying amount exceeding its recoverable amount. At 30 June 2013, the amount by which the recoverable amount exceeded the carrying value of the assets allocated to the metro free to air broadcasting CGU was $243.6 million.

At 30 June 2012, an increase in the discount rate of 2% to 13% to reflect a higher cost of debt finance than currently forecast or other changes in the cost of equity, would result in the metro free to air broadcasting CGU carrying amount exceeding its recoverable amount. In addition, if the revenue growth assumption was to decrease from 2.7% to 1.7% or operating expense growth assumption was to increase from 0.6% to 1.9% over the Forecast Period, it would result in the metro free to air broadcasting CGU carrying amount exceeding its recoverable amount. At 30 June 2012, the amount by which the recoverable amount exceeded the carrying value of the assets allocated to the metro free to air broadcasting CGU was $216.7 million.

13. Deferred Taxes

	Consolidated	
	2013 $'000	**2012 $'000**
The balance comprises temporary differences attributable to:		
Doubtful debts	**180**	707
Property, plant and equipment	**863**	1,300
Licences	**(14,060)**	(14,060)
Brand	**(874)**	(874)
Acquisition costs	**4,911**	8,981
Creditors and accruals	**2,030**	3,567
Unearned revenue	**55**	1,274
Employee benefits	**6,383**	6,627
Provisions	**2,827**	3,586
Interest rate swaps	**5,721**	7,275
Other	**967**	760
Net balance	**9,003**	19,143
Disclosed as:		
Deferred tax assets	**9,003**	19,143
Movements:		
Balance at the beginning of the financial year	**19,143**	(20,584)
Adjustment relating to prior years	**(2,638)**	1,995
Credited / (charged) to income statement	**(7,503)**	37,715
Other adjustment	**1**	17
Balance at the end of the financial year	**9,003**	19,143
Deferred taxes to be recovered after more than 12 months	**(3,439)**	2,622
Deferred taxes to be recovered within 12 months	**12,442**	16,521
	9,003	19,143

Reset tax cost base
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 year ended 30 June 2012.

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2013

14. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name of entity	Country of incorporation	Class of shares/units	Effective ownership interest 2013	Effective ownership interest 2012
Southern Cross Media Trust (SCMT)	Australia	Ordinary	100%	100%
SCM No 5 Limited (SCM5)	Australia	Ordinary	100%	100%
SCM No 1 Limited (SCM1)	Australia	Ordinary	100%	100%
Southern Cross Media International Limited (SCMIL) and controlled entities	Bermuda	Ordinary	100%	100%
Southern Cross Media Australia Holdings Pty Limited (SCMAHL)	Australia	Ordinary	100%	100%
Southern Cross Austereo Community Foundation Limited (SCACF)	Australia	Ordinary	100%	100%
Southern Cross Media Group Investments Pty Ltd	Australia	Ordinary	100%	n/a
Southern Cross Austereo Pty Limited (SCAPL) and controlled entities	Australia	Ordinary	100%	100%

The proportion of ownership interest is equal to the proportion of voting power held unless otherwise indicated.

15. Current Liabilities – Payables

	Consolidated 2013 $'000	Consolidated 2012 $'000
Trade creditors	7,753	19,521
GST payable	3,886	5,267
Other payables including accrued expenses	82,182	82,460
Deferred income	12,074	10,996
	105,895	118,244

16. Current Liabilities – Provisions

	Consolidated 2013 $'000	Consolidated 2012 $'000
Employee benefits	18,677	19,393
Onerous Lease (refer note 19)	553	2,022
Lease incentives (refer note 19)	587	242
	19,817	21,657

17. Borrowings

(a) Total interest-bearing liabilities

Current borrowings

		Consolidated 2013 $'000	Consolidated 2012 $'000
Secured			
Bank facilities	(b)	19,000	16,000
Lease liabilities	(b)	194	228
Total secured current interest-bearing liabilities		19,194	16,228

Non-current borrowings

		Consolidated 2013 $'000	Consolidated 2012 $'000
Secured			
Bank facilities	(b)	684,000	703,000
Borrowing costs		(7,900)	(12,414)
Lease liabilities	(b)	75	202
Total secured non-current interest-bearing liabilities		676,175	690,788
Total current and non-current borrowings		695,369	707,016

(b) Bank facilities and assets pledged as security

Southern Cross Austereo Pty Ltd ("SCAPL") entered into a new $765 million bank facility on 25 March 2011. This facility consisted of a $725 million term facility, maturing on 26 March 2015 (with multiple repayments totalling $50 million between June 2012 and maturity), a $30 million working capital facility, and a $10 million working capital facility for bank guarantees/leases/credit cards/merchant facilities. $22 million has been repaid to 30 June 2013 and the $30 million working capital facility remains undrawn at 30 June 2013.

The bank term facilities of SCAPL are secured by a fixed and floating charge over the assets and undertakings of SCAPL and its wholly-owned subsidiaries and also by a mortgage over shares in SCAPL. These facilities mature on 26 March 2015 and have an average variable interest rate of 5.44% (2012: 6.26%). These facilities are denominated in Australian dollars.

There are certain financial and non-financial covenants which are required to be met by subsidiaries in the Group. One of these covenants is an undertaking that the subsidiary is in compliance with the requirements of the facility before any amount may be distributed to the benefit of the ultimate parent entity, Southern Cross Media Group Limited. The first covenant testing date was at 31 December 2011, with testing dates falling at 30 June and 31 December each year until the facility maturity date. Since inception, the covenant testing has been satisfactorily met at each testing date.

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

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17. Borrowing (continued)
(b) Bank facilities and assets pledged as security (continued)

The carrying amounts of assets pledged as security by SCAPL for current and non-current borrowings are:

	SCAPL 2013 $'000	SCAPL 2012 $'000
Current assets		
Floating charge		
Cash and cash equivalents	**96,498**	90,023
Receivables	**129,034**	131,914
Total current assets pledged as security	**225,532**	221,937
Non-current assets		
Floating charge		
Receivables	**6,221**	5,796
Investments accounted for using the equity method	**13,677**	10,581
Other financial assets	**110**	141
Property, plant and equipment	**170,595**	172,517
Intangible assets	**2,040,808**	2,046,816
Total non-current assets pledged as security	**2,231,411**	2,235,851
Total assets pledged as security	**2,456,943**	2,457,788

(c) Financing arrangements
Unrestricted access was available at balance date to the following lines of credit:

	Consolidated 2013 $'000	Consolidated 2012 $'000
Bank facilities	703,000	719,000
Used at balance date	(703,000)	(719,000)
Unused at balance date	–	–
Working capital facility	30,000	30,000
Used at balance date	–	–
Unused at balance date	30,000	30,000
Working capital facility (bank guarantees/leases/credit cards/merchant facilities)	10,000	10,000
Used at balance date	(3,340)	(3,560)
Unused at balance date	6,660	6,440
Total facilities	743,000	759,000
Total used at balance date	(706,340)	(722,560)
Total unused at balance date	36,660	36,440

The bank facilities for the Group mature on 26 March 2015. The Group's bank facilities are denominated in Australian dollars as at 30 June 2013 and 30 June 2012.

18. Derivative Financial Instruments

	Consolidated 2013 $'000	Consolidated 2012 $'000
Current liabilities		
Interest rate swap contracts (a)	4,207	–
Total current liabilities – derivative financial instruments	4,207	–
Non-current liabilities		
Interest rate swap contracts (a)	14,863	24,249
Total non-current liabilities – derivative financial instruments	14,863	24,249

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates in accordance with the Group's financial risk management policies (refer to note 25).

(a) Interest rate swap contracts
External borrowings of the Group currently bear an average variable interest rate of 5.44% (2012: 6.26%). It is policy to protect part of the loans from exposure to increasing interest rates. Accordingly, the Group has entered into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates.

In Australia, interest rate swaps currently in place cover approximately 78% (2012: 76%) of the loan principal outstanding, however due to rolling commencement dates 50% (2012: 49%) of the loan principal currently outstanding is covered at year end. The current fixed interest rates range between 5.06% and 6.12% (2012: range between 5.06% and 6.12%) and the variable rate is determined with reference to the 90-day bank bill swap rate ("BBSW").

The notional principal amounts and periods of expiry of the interest rate swap contracts are as follows:

	Consolidated 2013 $'000	Consolidated 2012 $'000
Less than 1 year	200,000	–
1–2 years	350,000	200,000
2–3 years	–	350,000
3–4 years	–	–

The contracts require settlement of net interest receivable or payable and are timed to coincide with the approximate dates on which interest is payable on the underlying debt.

These interest rate swaps are cash flow hedges as they satisfy the requirements for hedge accounting. Any change in fair value of the interest rate swaps is taken to the hedge reserve in equity.

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FOR YEAR ENDED 30 JUNE 2013

19. Non-Current Liabilities – Provisions

	Consolidated	
	2013 $'000	2012 $'000
Employee benefits	2,239	2,698
Lease incentives	1,551	1,550
Make good	3,423	4,654
Lease straight line	3,309	1,997
Onerous lease	–	1,489
	10,522	12,388

Movements in current and non-current provisions, other than provisions for employee benefits, are set out below:

	Consolidated	
	2013 $'000	2012 $'000
Balance at the beginning of the financial year	9,690	10,783
Movements in the year	(1,406)	(1,093)
Balance at the end of the financial year	8,284	9,690

20. Contributed Equity

	Consolidated	
	2013 $'000	2012 $'000
Ordinary shares	1,686,878	1,686,878
Contributed equity	1,686,878	1,686,878

	Consolidated	
	2013 $'000	2012 $'000
On issue at the beginning of the financial year	1,686,878	1,688,149
Buy back of company shares	–	(1,271)
On issue at the end of the financial year	1,686,878	1,686,878

	Consolidated	
	2013	2012
	Number of securities	
On issue at the beginning of the financial year	704,594	705,712
Issuing shares for employee share entitlements	264	54
Buy back of company shares	–	(1,172)
On issue at the end of the financial year	704,858	704,594

(a) Securities on issue
Ordinary shares in Southern Cross Media Group Limited
Ordinary shares entitle the holder to participate in distributions and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands, each shareholder present in person and each other person present as a proxy has one vote and upon a poll, each share is entitled to one vote.

(b) Dividend reinvestment plan ("DRP")
On 3 September 2010 the Group announced that the DRP was reopened.

Under the DRP shareholders may elect to have all or part of their dividend entitlements satisfied by the issue of new shares rather than being paid in cash. Shares are issued under the DRP at the weighted average market price calculated over a pricing period. A discount of not more than 10% as determined by the directors can be applied to the DRP price. No discount has been applied to date.

(c) Employee share entitlements
In 2010, the Company introduced a Long-Term Incentive Plan ("LTIP") for its senior executives. Information relating to the employee share entitlements, including details of shares issued under the scheme, is set out in note 27.

(d) Share buy back
On 24 November 2011 the Company announced it would conduct a share buy back between 9 December 2011 and 30 June 2012 to effectively manage capital for the benefit of shareholders. During the share buy back period, a total of 1,117,995 shares were bought back at an average price of $1.0824, with prices ranging from $1.0646 to $1.0900. The total value of shares bought back was $1,270,687.

(e) Capital risk management
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, buy back existing shares or sell assets to reduce debt.

21. Reserves and Other Equity Transactions
(a) Reserves

	Consolidated	
	2013 $'000	**2012 $'000**
Balance of reserves		
Share-based payments reserve (i)	2,324	1,193
Hedge reserve (ii)	(11,265)	(13,529)
	(8,941)	(12,336)
(i) Share-based payments reserve		
Balance at the beginning of the financial year	1,193	404
Employee share entitlement	1,131	789
Balance at the end of the financial year	2,324	1,193
(ii) Hedge reserve		
Balance at the beginning of the financial year	(13,529)	–
Recognition of hedge reserve, net of tax	–	(8,871)
Fair value movement in interest rate swaps, net of tax	2,264	(4,658)
Balance at the end of the financial year	(11,265)	(13,529)

Nature and purpose of reserves
(i) Share-based payments reserve
The share-based payments reserve is used to recognise the fair value of future potential shares to be issued to employees for no consideration in respective of performance rights offered under the Long-Term Incentive Plan. During the year 264,076 (2012: 54,258) rights have vested and 2,921,124 (2012: 1,883,328) shares have been granted. In the current year, $1,132,000 (2012: $789,000) has been recognised as an expense in the current year profit or loss as the fair value of potential shares to be issued. Refer to note 27 for further information on the current Long-Term Incentive Plan.

(ii) Hedge reserve
The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised in other comprehensive income, as described in note 1(bb)(v). Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2013

21. Reserves and Other Equity Transactions (continued)

(b) Other equity transactions

	Consolidated 2013 $'000	Consolidated 2012 $'000
Other equity transactions		
Reverse acquisition	(77,406)	(77,406)

On 23 November 2005, in connection with the initial public offering of the Group, the Company became the legal owner of all the issued shares of Southern Cross Media Australia Holding Pty Limited ("SCMAHL"). SCMAHL was the holding company for the Southern Cross Media group of companies operating, at that time, commercial radio broadcasting stations throughout Australia. As set out in note 1(b), in accordance with the requirements of AASB 3 Business Combinations, this transaction was accounted for as a reverse acquisition. SCMAHL was the deemed accounting acquirer of the Group and the Company. Under the terms of the arrangement with the vendor, the Company was required to pay $77.4 million for the transfer of the shares.

22. Accumulated Losses

	Consolidated 2013 $'000	Consolidated 2012 $'000
Balance at the beginning of the financial year	(63,064)	(101,683)
Restatement of comparatives – movement in associates	(778)	–
Profit attributable to security holders	96,111	95,022
Dividends provided for or paid	(66,962)	(56,403)
Balance at the end of the financial year	(34,693)	(63,064)

23. Earnings per Share

	Consolidated 2013 Cents	Consolidated 2012 Cents
(a) Basic earnings per share		
From continuing operations attributable to shareholders	13.64	13.48
Total basic earnings per share attributable to shareholders	13.64	13.48
(b) Diluted earnings per share		
From continuing operations attributable to shareholders	13.59	13.45
Total diluted earnings per share attributable to shareholders	13.59	13.45

(c) Reconciliation of earnings used in calculating basic and diluted earnings per share

	Consolidated 2013 $'000	Consolidated 2012 $'000
Basic and diluted earnings per share		
Profit attributable to shareholders:		
From continuing operations	96,111	95,022
	96,111	95,022

(d) Weighted average number of shares used as the denominator

	Consolidated 2013 Number	Consolidated 2012 Number
Weighted average number of shares used as the denominator in calculating basic earnings per share	704,825,243	705,137,886
Adjustment for shares deemed to be issued at nil consideration in respect of employee share entitlements	2,417,205	1,186,101
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	707,242,448	706,323,987

24. Reconciliation of Profit after Income Tax to Net Cash Inflow from Operating Activities

	Consolidated	
	2013 $'000	**2012 $'000**
Profit after income tax	**96,111**	95,022
Impairment of investments and non-current assets	**–**	59
Depreciation and amortisation	**26,476**	30,523
Loss / (profit) on sale of subsidary	**(12,485)**	528
Share of associate's loss	**668**	665
Non-cash revenue	**(1,790)**	–
Dividends received from investments	**–**	(92)
Interest expense and other borrowing costs included in financing activities	**54,977**	71,699
Share based payments	**1,131**	788
Change in assets and liabilities:		
Decrease in receivables	**2,105**	10,973
Decrease / (increase) in deferred taxes	**9,132**	(33,929)
(Decrease) in payables	**(9,766)**	(8,920)
(Decrease) / increase in provision for income tax	**(10,720)**	41,973
(Decrease) / increase in provisions	**(2,598)**	50
Net cash inflows from operating activities	**153,241**	209,339

25. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as interest rate swaps to hedge certain risk exposures.

The Risk Management Policy and Framework is carried out by management under policies approved by the Board. Senior management of the Group identify, quantify and qualify financial risks as part of developing and implementing the risk management process. The Risk Management Policy and Framework is a written document approved by the Board that outlines the financial risk management process to be adopted by management. Specific financial risks that have been identified by the Group are:

(a) Market risk

Market risk is the exposure to adverse changes in the value of trading portfolios as a result of changes in market prices or volatility:

(i) Cash flow and fair value risk: changes in interest rates.

The Group's interest rate risk arises from long-term borrowings which are taken out at variable interest rates and therefore expose the Group to a cash flow risk. The Group does not have a formal policy to fix rates on its borrowings but manages its cash flow interest rate risk by using variable to fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from variable rates to fixed rates. Generally, the Group raises long-term borrowings at variable rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and variable rate interest amounts calculated by reference to the agreed notional principal amounts. Refer to note 18 for further disclosure in relation to these interest rate swaps and the exposure to unhedged borrowings.

In assessing interest rate risk, management has assumed a +/- 25 basis points movement (2012: 25 basis points) in the relevant interest rates at 30 June 2013 for financial assets and liabilities denominated in Australian Dollars ("AUD"). The following table illustrates the impact on profit or loss with no impact directly on equity for the Group.

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FOR YEAR ENDED 30 JUNE 2013

25. Financial Risk Management (continued)

Consolidated AUD exposures	Carrying value 30 June 2013 $'000	Carrying value 30 June 2012 $'000	Impact on post-tax profits Increase/(decrease) 30 June 2013 +/- 25 basis points $'000	$'000	Impact on reserves Increase/(decrease) 30 June 2013 +/- 25 basis points $'000	$'000
Financial assets						
Cash at bank	102,906	97,175	257	(257)	–	–
Interest rate swaps	(19,070)	(24,249)	–	–	1,387	(1,392)
Borrowings	(703,000)	(719,000)	–	–	–	–

Consolidated AUD exposures	Carrying value 30 June 2013 $'000	Carrying value 30 June 2012 $'000	Impact on post-tax profits Increase/(decrease) 30 June 2012 +/- 25 basis points $'000	$'000	Impact on reserves Increase/(decrease) 30 June 2012 +/- 25 basis points $'000	$'000
Financial assets						
Cash at bank	102,906	97,175	243	(243)	–	–
Interest rate swaps	(19,070)	(24,249)	–	–	2,059	(2,069)
Borrowings	(703,000)	(719,000)	–	–	–	–

For details of the interest rate risk exposures, and the Group's interest rate swaps refer to note 18.

(b) Credit risk

Credit risk is the risk of a counterparty failing to complete its contractual obligations when they fall due.

The Group has policies in place to ensure that cash deposits are appropriately spread between counterparties with acceptable credit ratings.

Potential areas of credit risk consist of cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions as well as credit exposures to trade and other receivables. The Group limits its exposure in relation to cash balances by only dealing with well established financial institutions of high quality credit standing and investing in investment grade commercial paper. The Group only accepts independently rated parties with minimum ratings. The board from time to time sets exposure limits to financial institutions and these are monitored on an on going basis.

Ageing analysis of assets past due but not impaired and impaired assets

The tables below summarise the aging analysis of assets past due but not impaired and impaired assets as at 30 June.

Consolidated As at 30 June 2013	Current 0–30 days $'000	Past due 30–60 days $'000	Past due 60–90 days $'000	Past due >90 days $'000	Total $'000
Trade receivables	62,720	53,278	2,504	4,622	123,124
Provision for doubtful debts	–	–	–	(601)	(601)

Consolidated As at 30 June 2012	Current 0–30 days $'000	Past due 30–60 days $'000	Past due 60–90 days $'000	Past due >90 days $'000	Total $'000
Trade receivables	64,282	51,290	3,558	3,891	123,021
Provision for doubtful debts	(445)	(338)	(91)	(682)	(1,556)

Due to the large number of low value receivables in the Group entities, there is no significant concentration of credit risk by counterparty or industry grouping.

(c) Liquidity risk
Liquidity risk is the risk of an entity encountering difficulty in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group and Company have a prudent liquidity management policy which manages liquidity risk by monitoring the stability of funding, surplus cash or near cash assets, anticipated cash in and outflows and exposure to connected parties.

Undiscounted future cash flows
The tables below summarise the maturity profile of the financial liabilities as at 30 June based on contractual undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice were given immediately.

Consolidated As at 30 June 2013	Less than 1 year $'000	1–2 years $'000	2–3 years $'000	3–5 years $'000	Greater than 5 years $'000
Lease liabilities	190	43	29	3	4
Borrowings – principal	19,000	684,000	–	–	–
Interest cashflows*	39,385	51,634	–	–	–
Derivative financial instruments	11,289	9,042	–	–	–
Payables	105,535	–	–	–	–

* calculated using a weighted average variable interest rate

Consolidated As at 30 June 2012	Less than 1 year $'000	1–2 years $'000	2–3 years $'000	3–5 years $'000	Greater than 5 years $'000
Lease liabilities	175	220	28	7	–
Borrowings – principal	16,000	19,000	684,000	–	–
Interest cashflows*	48,743	46,133	55,643	–	–
Derivative financial instruments	6,854	6,514	4,608	–	–
Payables	118,244	–	–	–	–

* calculated using a weighted average variable interest rate

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FOR YEAR ENDED 30 JUNE 2013

25. Financial Risk Management (continued)

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

As of 1 July 2009, the Group has adopted the amendment to AASB 7 *Financial Instruments: Disclosures* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(i) Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
(ii) Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
(iii) Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following tables present the Group's assets and liabilities measured and recognised at fair value at 30 June 2013 and 30 June 2012:

Consolidated As at 30 June 2013	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Liabilities				
Derivatives used for hedging	–	19,070	–	19,070
Total liabilities	–	19,070	–	19,070

Consolidated As at 30 June 2012	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Liabilities				
Derivatives used for hedging	–	24,249	–	24,249
Total liabilities	–	24,249	–	24,249

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. The fair value of interest rate swaps are calculated as the present value of the estimated future cash flows and are included in level 2 under derivative financial instruments.

26. Parent Entity Financial Information

(a) Summary financial information

The following aggregate amounts are disclosed in respect of the parent entity, SCMGL:

	SCMGL	
Statement of Financial Position	**2013 $'000**	**2012 $'000**
Current assets	**6,752**	7,613
Non-current assets	**1,848,217**	1,817,868
Total assets	**1,854,969**	1,825,481
Current liabilities	**59,819**	70,471
Non-current liabilities	**109,159**	62,873
Total liabilities	**168,978**	133,344
Net assets	**1,685,991**	1,692,137
Issued capital	**1,589,290**	1,589,290
Reserves	**2,324**	1,192
Retained profits	**94,377**	101,655
Total equity	**1,685,991**	1,692,137
Profit for the year	**54,112**	49,972
Total comprehensive income	**54,112**	49,972

(b) Guarantees entered into by the parent entity

	2013 $'000	2012 $'000
Carrying amount included in current liabilities	–	–
	–	–

The parent entity has not provided any financial guarantees in respect of bank overdrafts and loans of subsidiaries as at 30 June 2013 (30 June 2012: nil). The parent entity has not given any unsecured guarantees at 30 June 2013 (30 June 2012: nil).

(c) Contingent liabilities of the parent entity
The parent entity did not have any contingent liabilities as at 30 June 2013 (30 June 2012: $nil).

(d) Contractual commitments for the acquisition of property, plant or equipment
As at 30 June 2013, the parent entity had no contractual commitments (30 June 2012: $nil).

27. Share-Based Payments

In June 2010 the Board approved the introduction of an executive long-term incentive plan, to commence on 1 July 2010, which provided for the CEO and senior executives to receive grants of performance rights over ordinary shares, for nil consideration. The grant of rights are exercisable subject to a three or four year performance period, and the satisfaction of set performance criteria during the period. The performance criteria take into account share price appreciation plus reinvested dividends, expressed as a percentage of investment and adjusted for changes in the Company's capital structure. In order for performance rights to vest and convert to shares, the Company's TSR over the performance period must be at or above the 51st percentile against a comparative group of selected media and related listed companies. Between the 51st and 75th percentile, performance rights will vest on a linear basis from 50% of award to 100% of award, consequently 100% of performance rights will vest at the 75th percentile or higher.

For the three year performance period, performance rights vest progressively over the three year performance period with 1/3rd vesting at year 1, 1/3rd at year 2 and 1/3rd at year 3, subject to performance criteria being met. For the four year performance period, performance rights vest progressively over the four year performance period with 1/3rd vesting at year 2, 1/3rd at year 3 and 1/3rd at year 4 for the four year performance period, subject to performance criteria being met.

The Board has the discretion to either purchase shares on market or to issue new shares in respect of vesting performance rights. To date, the Board has elected to issue new shares for vesting performance rights.

The following reconciles the share rights outstanding at the beginning and end of the year:

Number of rights	**2013**	**2012**
Balance at beginning of the year	**2,615,908**	1,100,473
Granted during the year	**2,921,124**	1,883,328
Exercised during the year	**(264,076)**	(54,258)
Forfeited during the year	**(289,469)**	(313,635)
Balance at end of year	**4,983,487**	2,615,908
Exercisable at end of the year	**–**	–

Rights were priced using a Monte Carlo simulation-based valuation model using the following inputs:

	2012 – Tranche 1	**2012 – Tranche 2**	**2012 – Tranche 3**	**2012 – Tranche 4**
Grant date share price	$1.05	$1.05	$1.05	$1.05
Fair value at grant date	$0.40	$0.49	$0.53	$0.54
Exercise price	Nil	Nil	Nil	Nil
Dividend yield	9.76%	9.76%	9.76%	9.76%
Risk free interest rate	3.03%	2.95%	3.05%	3.16%
Share price and TSR volatility	38.76%	38.76%	38.76%	38.76%
Peer group TSR volatility	n/a*	n/a*	n/a*	n/a*
Peer group TSR spread	n/a*	n/a*	n/a*	n/a*
Correlation	n/a*	n/a*	n/a*	n/a*

* Due to changes in the Monte Carlo simulation-based valuation model, TSR volatility and spread is now assessed on an individual comparator company basis rather a peer group comparator basis.

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27. Share-Based Payments (continued)

	2011 – Tranche 1	2011 – Tranche 2	2011 – Tranche 3	2011 – Tranche 4
Grant date share price	$1.05	$1.05	$1.05	$1.05
Fair value at grant date	$0.51	$0.62	$0.67	$0.68
Exercise price	Nil	Nil	Nil	Nil
Dividend yield	11.82%	11.82%	11.82%	11.82%
Risk free interest rate	4.54%	4.42%	4.47%	4.67%
Share price and TSR volatility	54.36%	54.36%	54.36%	54.36%
Peer group TSR volatility	17.24%	17.24%	17.24%	17.24%
Peer group TSR spread	30.88%	30.88%	30.88%	30.88%
Correlation	44.21%	44.21%	44.21%	44.21%

	2010 – Tranche 1	2010 – Tranche 2	2010 – Tranche 3	2010 – Tranche 4
Grant date share price	$1.66	$1.66	$1.66	$1.66
Fair value at grant date	$0.86	$0.88	$0.90	$0.90
Exercise price	Nil	Nil	Nil	Nil
Dividend yield	3.49%	3.49%	3.49%	3.49%
Risk free interest rate	4.73%	4.78%	4.77%	4.90%
Share price and TSR volatility	47.62%	47.62%	47.62%	47.62%
Peer group TSR volatility	22.15%	22.15%	22.15%	22.15%
Peer group TSR spread	34.90%	34.90%	34.90%	34.90%
Correlation	40.42%	40.42%	40.42%	40.42%

The following outlines share rights granted to Key Management Personnel:

2013	Balance at start of year No.	Granted as compensation No.	Forfeited No.	Vested No.	Balance at end of year No.
Directors					
Max Moore-Wilton	–	–	–	–	–
Leon Pasternak	–	–	–	–	–
Chris de Boer	–	–	–	–	–
Tony Bell	–	–	–	–	–
Michael Carapiet	–	–	–	–	–
Peter Harvie	–	–	–	–	–
Marina Darling	–	–	–	–	–
Executives					
Rhys Holleran	925,613	674,203	(31,550)	(101,013)	1,467,253
Stephen Kelly	487,532	428,464	(148,735)	(57,722)	709,539
Guy Dobson	–	288,944	–	–	288,944
Craig Bruce	211,072	267,790	(81,691)	–	397,171
Andrea Ingham	–	192,629	–	–	192,629
	1,624,217	1,852,030	(261,976)	(158,735)	3,055,536

At 1 July 2013, 2010 – Tranche 3 of performance rights vested to 76.2%, and 2011 – Tranche 2 and 2012 – Tranche 1 of performance rights did not vest.

2012	Balance at start of year No.	Granted as compensation No.	Forfeited No.	Vested No.	Balance at end of year No.
Directors					
Max Moore-Wilton	–	–	–	–	–
Leon Pasternak	–	–	–	–	–
Chris de Boer	–	–	–	–	–
Tony Bell	–	–	–	–	–
Michael Carapiet	–	–	–	–	–
Peter Harvie	–	–	–	–	–
Marina Darling	–	–	–	–	–
Executives					
Rhys Holleran	391,796	533,817	–	–	925,613
Stephen Kelly	227,328	337,715	(23,253)	(54,258)	487,532
Jeremy Simpson	89,553	183,023	–	–	272,576
Guy Dobson	–	–	–	–	–
Craig Bruce	–	211,072	–	–	211,072
Cathy Thomas	–	–	–	–	–
	708,677	1,265,627	(23,253)	(54,258)	1,896,793

28. Related Party Disclosures

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Key Management Personnel

The following persons were Key Management Personnel of the Company or the Group during the whole of the year, unless otherwise stated and up to the date of this report:

Directors

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

Executives

Rhys Holleran	CEO
Stephen Kelly	CFO
Guy Dobson	Chief Content Officer
Craig Bruce	Head of Content
Cathy Thomas	National Sales Director (ceased 1 February 2013)
Andrea Ingham	National Sales Director (appointed 1 February 2013)

During the year, no Key Management Personnel of the Company or the Group has received or become entitled to receive any benefit because of a contract made by the Group with a Key Management Personnel or with a firm of which a Key Management Personnel is a member, or with an entity in which the Key Management Personnel has a substantial interest except on terms set out in the governing documents of the Group or as disclosed in this financial report.

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2013

28. Related Party Disclosures (continued)

(a) Key Management Personnel compensation

The aggregate compensation of Key Management Personnel of the Group is set out below:

	Consolidated 2013 $'000	Consolidated 2012 $'000
Short-term employee benefits	**4,631,757**	5,238,856
Post-employment benefits	**146,518**	174,831
Other long-term benefits	**275,601**	157,613
Termination payments	**–**	776,538
Share-based payments	**722,150**	555,036
	5,776,026	6,902,874

(b) Key Management Personnel equity holdings

The number of ordinary shares in the Company held during the financial year by Key Management Personnel of the Company and Group, including their personally related parties, are set out below:

2013	Balance at start of year	Changes during year	Balance at end of year
Directors			
Max Moore-Wilton	1,857,143	(857,143)	1,000,000
Leon Pasternak	1,064,216	–	1,064,216
Chris de Boer	148,571	–	148,571
Tony Bell	160,118	12,649	172,767
Michael Carapiet	1,347,900	–	1,347,900
Peter Harvie	–	–	–
Marina Darling	–	100,000	100,000
Executives			
Rhys Holleran	255,899	99,156	355,055
Stephen Kelly	84,448	57,722	142,170
Guy Dobson	–	–	–
Craig Bruce	–	–	–
Cathy Thomas	–	–	–
Andrea Ingham	–	–	–
	4,918,295	(587,616)	4,330,679

2012	Balance at start of year	Changes during year	Balance at end of year
Directors			
Max Moore-Wilton	1,857,143	–	1,857,143
Leon Pasternak	964,216	100,000	1,064,216
Chris de Boer	148,571	–	148,571
Tony Bell	150,276	9,842	160,118
Michael Carapiet	1,147,900	200,000	1,347,900
Peter Harvie	–	–	–
Marina Darling	–	–	–
Executives			
Rhys Holleran	255,899	–	255,899
Stephen Kelly	–	84,448	84,448
Jeremy Simpson	–	–	–
Guy Dobson	–	–	–
Craig Bruce	–	–	–
Cathy Thomas	–	–	–
	4,524,005	394,290	4,918,295

Performance rights issued to Key Management Personnel have been disclosed in note 27.

(c) Loans to Key Management Personnel
There were no loans made to Key Management Personnel (2012: nil).

(d) Other transactions with Key Management Personnel
During the year there were no other transactions with Key Management Personnel.

(e) Subsidiaries and associates
Ownership interests in subsidiaries are set out in note 14. Details of interests in associates and distributions received from associates are disclosed in note 9. Details of loans due from associates are disclosed in note 8.

(f) Other related party transactions
During the year, Macquarie received or was entitled to receive $17,053,821 (2012: $14,361,112) as dividends on securities held.

At 30 June 2013, the Group had funds totalling $407,809 (2012: $7,151,333) on deposit with Macquarie. The Group earns interest on deposits at commercial rates. Interest income from deposits with Macquarie included in the determination of the net result from ordinary activities for the year for the Group was $110,139 (2012: $248,913).

29. Segment Information

(a) Description of segments
The Group has adopted AASB 8 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.

Management has determined operating segments based on the information reported to the Group CEO and the Company Board of Directors. Management has determined that the Group has two operating segments being the regional free to air commercial radio and television broadcasting segment, and the metropolitan free to air radio 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 and television broadcast licences held throughout Australia.

With free to air broadcasting as the only remaining segment in both the current and prior financial 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2013

30. Commitments

	Consolidated 2013 $'000	Consolidated 2012 $'000
Capital commitments		
Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	2,259	1,440
Later than one year but not later than 5 years	–	–
	2,259	1,440
Operating leases		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	22,556	21,092
Later than one year but not later than 5 years	61,032	59,498
Later than 5 years	58,438	35,729
	142,026	116,319
Finance lease payment commitments		
Finance lease commitments are payable as follows:		
Within one year	205	216
Later than one year but not later than 5 years	79	234
Greater than five years	–	21
	284	471
Less: Future lease finance charges	(15)	(41)
	269	430
Lease liabilities provided for in the financial statements		
Current	194	228
Non-current	75	202
Total lease liability	269	430

31. Events Occurring after Balance Sheet Date

Since the end of the financial year the Group has reached an agreement with Network TEN regarding the supply of television programming for the next three years. No matters or circumstances have arisen since the end of the 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 year ended 30 June 2013.

DIRECTORS' DECLARATION

FOR YEAR ENDED 30 JUNE 2013

The Directors of the Company declare that:

1. In the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
2. In the Directors' opinion, the financial statements and notes as set out on pages 37 to 76 are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company and the consolidated entity; and
3. The Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.
4. Note 1(a) confirms that the financial statements also comply with *International Financial Reporting Standards* as issued by the International Accounting Standards Board.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the Corporations Act.

On behalf of the Directors

Max Moore-Wilton
Chairman
Southern Cross Media Group Limited

Sydney, Australia
13 August 2013

Leon Pasternak
Deputy Chairman
Southern Cross Media Group Limited

Sydney, Australia
13 August 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTHERN CROSS MEDIA GROUP LIMITED

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

Report on the financial report

We have audited the accompanying financial report of Southern Cross Media Group Limited (the company), which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Southern Cross Austereo (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, 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

pwc

Auditor's opinion

In our opinion:

(a) the financial report of Southern Cross Media Group Limited is in accordance with the *Corporations Act 2001,* including:

 (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
 (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001;* and

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 29 to 35 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Southern Cross Media Group Limited for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of Southern Cross Media Group Limited (the company) for the year ended 30 June 2013 included on Southern Cross Media Group Limited's web site. The company's directors are responsible for the integrity of Southern Cross Media Group Limited's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report or the remuneration report. 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 audited financial report and remuneration report to confirm the information included in the audited financial report and remuneration report presented on this web site.

PricewaterhouseCoopers

PricewaterhouseCoopers

C Dodd

Chris Dodd
Partner

Melbourne
13 August 2013

ADDITIONAL STOCK EXCHANGE INFORMATION

The company only has one class of shares, fully paid ordinary shares, therefore all holders listed hold fully paid ordinary shares and each holder has the same voting rights.

There are no unlisted securities and there is currently no on-market buy back.

Twenty largest shareholders at 20 August 2013:

	Fully paid ordinary shares	**% of issued capital**
Macquarie Diversified Asset Advisory Pty Ltd	173,719,253	24.64
HSBC Custody Nominees (Australia) Limited	103,576,223	14.69
J P Morgan Nominees Australia Limited	97,602,436	13.84
National Nominees Limited	88,142,725	12.50
Citicorp Nominees Pty Limited	73,137,393	10.37
BNP Paribas Noms Pty Limited	11,306,370	1.60
JP Morgan Nominees Australia Limited	9,779,975	1.39
AMP Life Limited	8,986,437	1.27
Cladela Pty Ltd	7,795,672	1.11
HSBC Custody Nominees (Australia) Limited	6,255,720	0.89
Argo Investments Limited	5,940,784	0.84
Macquarie Capital Group Limited	5,794,653	0.82
QIC Limited	4,621,035	0.66
UCA Growth Fund Limited	4,500,000	0.64
BNP Paribas Nominees Pty Limited	4,051,043	0.57
Avanteos Investments Limited	3,752,864	0.53
Citicorp Nominees Pty Limited	3,601,904	0.51
RBC Investor Services Australia Nominees Pty Limited	3,057,454	0.43
CS Fourth Nominees Pty Limited	2,043,882	0.29
Mr Nicholas Moore	1,975,759	0.28
	619,641,582	**87.87**

Distribution of shareholdings at 20 August 2013:

Range	**No. of shareholders**	**No. of shares**
1 – 1,000	837	347,071
1,001 – 5,000	1,952	5,773,562
5,001 – 10,000	1,093	8,580,524
10,001 – 100,000	1,483	38,051,432
100,001 and over	114	652,347,211
	5,479	705,099,800
Holding less than a marketable parcel	**394**	**14,355**

Substantial shareholders at 20 August 2013:

	Fully paid ordinary shares
Macquarie Diversified Asset Advisory Pty Ltd	173,719,253
HSBC Custody Nominees (Australia) Limited	103,576,223
J P Morgan Nominees Australia Limited	97,602,436
National Nominees Limited	88,142,725
Citicorp Nominees Pty Limited	73,137,393
	536,178,030

CORPORATE DIRECTORY

Company Secretary
Ms L Bolger

Registered Office
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257 Clarendon Street
South Melbourne Vic 3205

Share Registry
Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford Vic 3067

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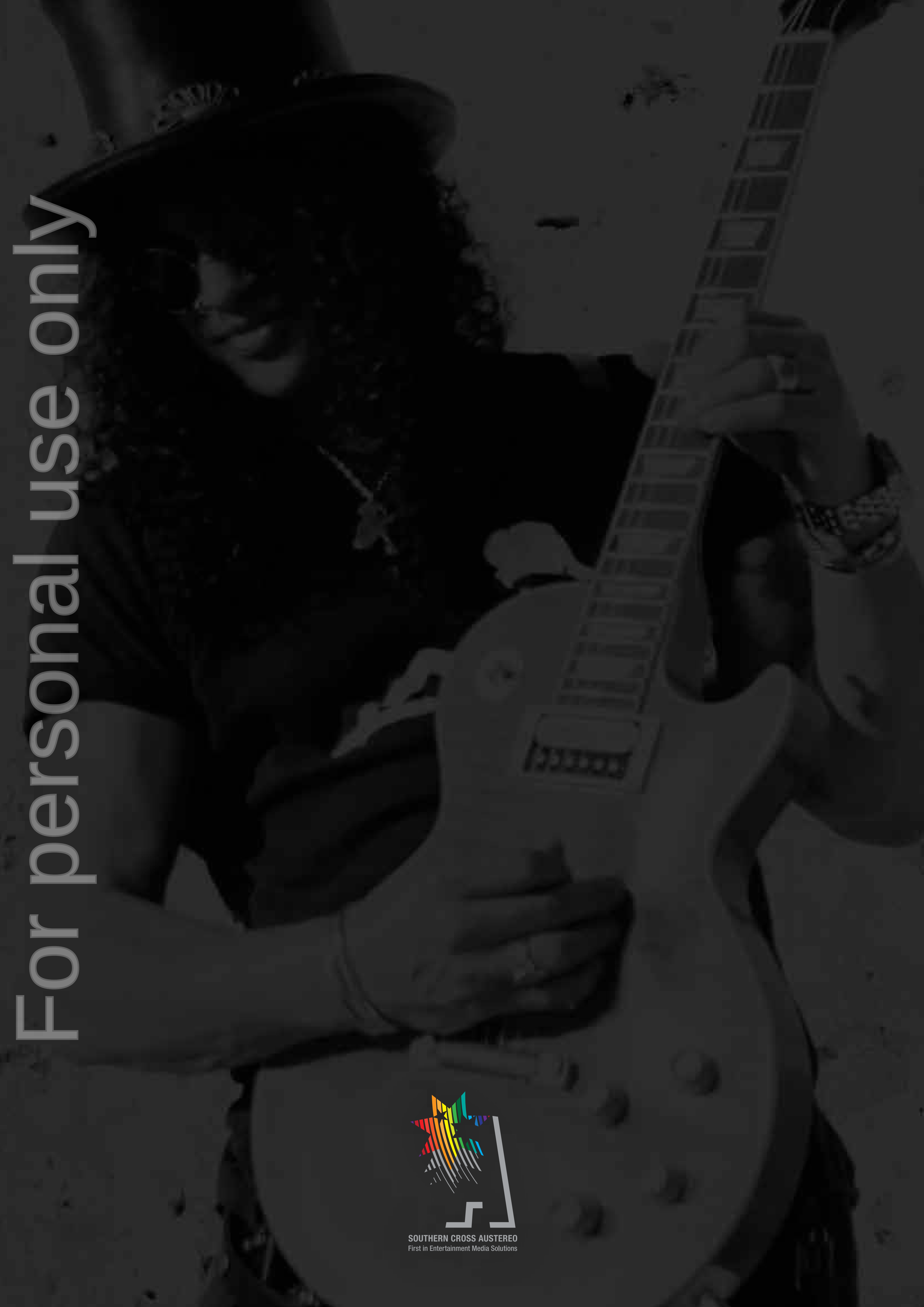

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