



ABN 91 116 024 536
APPENDIX 4D [RULE 4.2A.3]
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

Results for Announcement to the Market
(All comparisons to 31 December 2014)

Key Financial Information	\$'000	up/down	% movement
Revenue from ordinary activities	322,046	Up	4.7%
Net profit from ordinary activities after tax (including significant items)	43,379	Up	25.1%
Net profit from ordinary activities after tax (excluding significant items)	43,379	Up	25.1%

Dividend Information	Amount per share cents	Franked amount per share cents	Tax rate for franking credit
Final FY2015 dividend per share (paid 4 November 2015)	3.0	3.0	30%
Interim FY2016 dividend per share (to be paid 6 May 2016)	3.25	3.25	30%

The dividend reinvestment plan has been suspended and will not apply in respect of the interim FY2016 dividend.

Interim FY2016 Dividend Dates

Ex-dividend date	5 April 2016
Record date	6 April 2016
Payment date	6 May 2016

	31 Dec 15	31 Dec 14
Net Tangible Assets Per Security	\$(0.41)	\$(0.54)

Additional Appendix 4D disclosure requirements can be found in the directors' report, financial statements and notes to the financial statements contained in the Southern Cross Austereo Interim Financial Report for the Half Year ended 31 December 2015. This report is based on the consolidated Interim Financial Report for the Half Year ended 31 December 2015 which has been reviewed by PricewaterhouseCoopers with the Independent Auditor's Review Report included in the Interim Financial Report.

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INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2015



SOUTHERN CROSS AUSTEREO
absolutely engaging

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

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Directors' Report

The Directors of Southern Cross Media Group Limited ("the Company") submit the following report for Southern Cross Austereo, being Southern Cross Media Group Limited and its subsidiaries ("the Group"), for the half year ended 31 December 2015. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Directors

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

- Peter Bush (Chairman)
- Leon Pasternak (Deputy Chairman)
- Chris de Boer
- Peter Harvie
- Rob Murray
- Kathy Gramp
- Glen Boreham
- Helen Nash
- Grant Blackley

Principal Activities

The principal activities of the Group during the course of the financial half year were the creation and broadcasting of content on free to air commercial radio (FM and digital), TV and online media platforms across Australia. These media assets are monetised via revenue generated from the development and sale of advertising solutions for clients.

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

Review and Results of Operations

The Group reported revenue of \$322.0 million for the 6 month period ended 31 December 2015, an increase of 4.7% from \$307.6 million for the same period in the prior year. EBITDA for the 6 months was \$91.4 million increasing 6.5% from \$85.8 million in the same period in the prior year. Net profit after tax has increased by 25.1% to \$43.4 million for the 6 months ended 31 December 2015, from \$34.7 million in the same period in the prior year. During the half year the group also re-paid \$115 million of debt from the Syndicated Facility reducing the liability from \$650 million in June 2015, to \$535 million in December 2015.

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

Distributions and Dividends

The final dividend for the year ended 30 June 2015 was 3.0 cents per fully paid share, fully franked and was paid on 4 November 2015 by the Company. Since the end of the financial half year ended 31 December 2015 the Directors have declared an interim ordinary dividend of 3.25 cents per fully paid share, fully franked (31 December 2014 interim dividend: 3.0 cents per fully paid share, fully franked). The interim dividend will be paid on 6 May 2016 by the Company. The dividend reinvestment plan has been suspended and this interim dividend will be paid fully in cash.

Significant Changes in State of Affairs

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

Events Occurring After Balance Sheet Date

Effective 1 February 2016 the Group entered into a long term contract with the Australian Traffic Network (ATN) for it to provide traffic reports for broadcast on Southern Cross Austereo (SCA) radio stations. SCA will receive payment from ATN in return for its stations broadcasting advertising tags provided by ATN attached to news and traffic reports. The payments comprise \$100 million in cash received on 9 February 2016 and annual recurring payments of \$2.75 million per annum (indexed at lower of CPI or 2.5%), commencing 1 February 2017.

No other matters or circumstances have arisen since the end of the half year that have significantly affected or may significantly affect the operations of the Group, the results of these operations in future financial years or the state of affairs of the Group in periods subsequent to the half year ended 31 December 2015.

Directors' Holdings of Shares

The aggregate number of Company fully paid shares held directly, indirectly or beneficially by directors of the Company at the date of this report is 1,448,786 (30 June 2015: 1,448,786).

Auditor's Independence Declaration

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

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



Peter Bush
Chairman
Southern Cross Media Group Limited
Sydney, Australia
22 February 2016



Grant Blackley
Director
Southern Cross Media Group Limited
Sydney, Australia
22 February 2016



Auditor's Independence Declaration

As lead auditor for the review of Southern Cross Media Group Limited for the half-year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been:

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

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

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

Sam Loble
Partner
PricewaterhouseCoopers

Melbourne
22 February 2016

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INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

Statement of Comprehensive Income

	Note	1 Jul 15 -31 Dec 15 \$'000	1 Jul 14 -31 Dec 14 \$'000
Revenue from continuing operations	3	322,046	307,578
Broadcast and production costs		(56,321)	(53,846)
Employee expenses		(89,461)	(84,297)
Selling costs		(38,508)	(33,173)
Occupancy costs		(14,967)	(15,504)
Promotions and marketing		(9,086)	(9,536)
Administration costs		(22,403)	(25,450)
Share of net profit/(losses) of investments accounted for using the equity method		92	65
Profit before depreciation, amortisation, interest, fair value movements on financial derivatives and income tax expenses for the half year from continuing operations		91,392	85,837
Depreciation and amortisation expense		(14,391)	(13,576)
Interest expense and other borrowing costs		(14,170)	(21,131)
Interest revenue		666	661
Profit before income tax expense for the half year from continuing operations		63,497	51,791
Income tax expense from continuing operations	4	(20,118)	(17,125)
Profit from continuing operations after income tax for the half year		43,379	34,666
<i>Other comprehensive income for the half year that may be reclassified to profit or loss:</i>			
Changes to fair value of cash flow hedges, net of tax		(32)	3,487
Total comprehensive profit for the half year attributable to shareholders		43,347	38,153
Earnings per share attributable to the ordinary equity holders of the Company:			
Basic earnings per share		5.7	4.9
Diluted earnings per share		5.7	4.9

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

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

Statement of Financial Position

	Note	31 Dec 15 \$'000	30 June 15 \$'000
Current assets			
Cash and cash equivalents		62,431	143,051
Receivables		130,899	122,038
Assets held for sale		1,583	-
Total current assets		194,913	265,089
Non-current assets			
Receivables		2,946	4,550
Investments accounted for using the equity method		3,463	3,059
Property, plant and equipment		155,661	163,841
Intangible assets	6	1,289,475	1,289,440
Deferred tax assets		10,603	12,336
Total non-current assets		1,462,148	1,473,226
Total assets		1,657,061	1,738,315
Current liabilities			
Payables		76,819	88,692
Provisions		17,549	20,976
Borrowings		37,263	21,261
Current tax liabilities		6,829	7,128
Total current liabilities		138,460	138,057
Non-current liabilities			
Borrowings		532,430	647,964
Derivative financial instruments	7	1,757	1,732
Provisions		12,713	13,790
Total non-current liabilities		546,900	663,486
Total liabilities		685,360	801,543
Net assets		971,701	936,772
Equity			
Contributed equity	8	1,379,021	1,365,110
Reserves		3,261	3,014
Other equity transaction		(77,406)	(77,406)
Accumulated losses		(333,473)	(354,244)
Equity attributable to equity holders		971,403	936,474
Non-controlling interest		298	298
Total equity		971,701	936,772

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

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

Statement of Changes in Equity

2015

	Contributed equity \$'000	Share- based payment reserve \$'000	Hedge reserve \$'000	Other equity transactions \$'000	(Accumulated losses) /retained profits \$'000	Total \$'000	Non- controlling interest \$'000	Total equity \$'000
Total equity at 1 July 2015	1,365,110	4,226	(1,212)	(77,406)	(354,244)	936,474	298	936,772
Profit for the half year	-	-	-	-	43,379	43,379	-	43,379
Other comprehensive income	-	-	(32)	-	-	(32)	-	(32)
Total comprehensive income	-	-	(32)	-	43,379	43,347	-	43,347
Transactions with equity holders in their capacity as equity holders:								
Employee share entitlements	-	279	-	-	-	279	-	279
Shares issued, net of transaction costs	13,911	-	-	-	-	13,911	-	13,911
Dividends paid	-	-	-	-	(22,608)	(22,608)	-	(22,608)
	13,911	279	-	-	(22,608)	(8,418)	-	(8,418)
Total equity at 31 December 2015	1,379,021	4,505	(1,244)	(77,406)	(333,473)	971,403	298	971,701

2014

	Contributed equity \$'000	Share- based payment reserve \$'000	Hedge reserve \$'000	Other equity transactions \$'000	(Accumulated losses) /retained profits \$'000	Total \$'000	Non- controlling interest \$'000	Total equity \$'000
Total equity at 1 July 2014	1,686,878	3,503	(5,496)	(77,406)	(394,167)	1,213,312	298	1,213,610
Profit for the half year	-	-	-	-	34,666	34,666	-	34,666
Other comprehensive income	-	-	3,487	-	-	3,487	-	3,487
Total comprehensive income	-	-	3,487	-	34,666	38,153	-	38,153
Transactions with equity holders in their capacity as equity holders:								
Employee share entitlements	-	501	-	-	-	501	-	501
Shares issued, net of transaction costs	23,157	-	-	-	-	23,157	-	23,157
Capital reduction per Corporations Act Section 258F	(368,000)	-	-	-	368,000	-	-	-
Dividends paid	-	-	-	-	(21,157)	(21,157)	-	(21,157)
	(344,843)	501	-	-	346,843	2,501	-	2,501
Total equity at 31 December 2014	1,342,035	4,004	(2,009)	(77,406)	(12,658)	1,253,966	298	1,254,264

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

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

Statement of Cash Flows

	Note	1 Jul 15 - 31 Dec 15 \$'000	1 Jul 14 - 31 Dec 14 \$'000
Cash flows from operating activities			
Receipts from customers		340,086	340,477
Payments to suppliers and employees		(272,457)	(265,444)
Interest received from external parties		666	661
Tax paid		(18,691)	(27,409)
Net cash inflows from operating activities		49,604	48,285
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(7,794)	(12,507)
Payments for purchase of investments and intangibles		(347)	(77)
Proceeds from sale of property, plant and equipment		-	38
Proceeds from sale of investments		3,901	-
Net cash flows used in investing activities		(4,240)	(12,546)
Cash flows from financing activities			
Dividends paid to security holders	5	(8,697)	(7,234)
Proceeds from DRP underwrite		-	7,234
Net proceeds from receivables financing		15,016	-
Repayment of borrowings from external parties		(115,000)	-
Interest paid to external parties		(17,303)	(20,897)
Net cash flows used in financing activities		(125,984)	(20,897)
Net (decrease)/increase in cash and cash equivalents		(80,620)	14,842
Cash assets at the beginning of the half year		143,051	62,090
Cash assets at the end of the half year		62,431	76,932

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

Notes to the Financial Statements

1. Summary of Significant Accounting Policies

This condensed consolidated interim financial report for the half year reporting period ended 31 December 2015 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of the Company for the year ended 30 June 2015 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

Basis of Preparation

i) Compliance with IFRS

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

ii) Historical cost convention

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

iii) Comparative figures

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

Rounding of Amounts

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

Critical Accounting Estimates and Judgement

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

Management believes the estimates used in the preparation of the interim financial report are reasonable. Actual results in the future may differ from those reported.

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

Notes to the Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Notes to the financial statements

Notes relating to individual line items in the financial statements now include accounting policy information where it is considered relevant to an understanding of these items, as well as information about critical accounting estimates and judgements. Details of the impact of new accounting policies and all other accounting policy information are disclosed at the end of the financial report in note 10.

2. Segment Information

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 Metro free to air radio broadcasting segment.

	Metro		Regional		Corporate		Consolidated	
	1 Jul 15- 31 Dec 15 \$'000	1 Jul 14- 31 Dec 14 \$'000	1 Jul 15- 31 Dec 15 \$'000	1 Jul 14- 31 Dec 14 \$'000	1 Jul 15- 31 Dec 15 \$'000	1 Jul 14- 31 Dec 14 \$'000	1 Jul 15- 31 Dec 15 \$'000	1 Jul 14- 31 Dec 14 \$'000
Segment Revenue	120,996	113,162	188,531	182,585	12,519	11,831	322,046	307,578
Statutory EBITDA / Segment Result	29,090	30,155	64,751	58,904	(2,449)	(3,222)	91,392	85,837
EBITDA % of Revenue	24.0%	26.7%	34.3%	32.3%	(19.6%)	(27.2%)	28.4%	27.9%
Depreciation and Amortisation	(2,686)	(2,337)	(7,044)	(7,234)	(4,661)	(4,005)	(14,391)	(13,576)
Statutory EBIT / Segment Result	26,404	27,818	57,707	51,670	(7,110)	(7,227)	77,001	72,261
Income tax expense	-	-	-	-	-	-	(20,118)	(17,125)
Financing costs	-	-	-	-	-	-	(13,504)	(20,470)
Profit for the half year attributable to shareholders	-	-	-	-	-	-	43,379	34,666

3. Revenue

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

	1 Jul 15 - 31 Dec 15 \$'000	1 Jul 14 - 31 Dec 14 \$'000
Revenue from continuing operations		
Sales revenue	316,395	304,638
Rental revenue	3,171	2,940
Income from sale of investments	2,480	-
Total revenue from continuing operations	322,046	307,578

Notes to the Financial Statements (continued)

4. Income Tax Expense

	1 Jul 15 - 31 Dec 15 \$'000	1 Jul 14 - 31 Dec 14 \$'000
Income tax expense		
Current Tax	(18,385)	(13,760)
Deferred Tax	(1,733)	(3,365)
	(20,118)	(17,125)
Deferred income tax expense included in income tax expense comprises:		
(Decrease)/increase in net deferred tax assets	(2,227)	356
Adjustment for prior years	494	(3,721)
	(1,733)	(3,365)

5. Dividends Paid

	1 Jul 15 - 31 Dec 15 \$'000	1 Jul 14 - 31 Dec 14 \$'000
The dividends were paid/payable as follows:		
Final dividend paid for the year ended 30 June – fully franked at the tax rate of 30%	22,608	21,157
	22,608	21,157
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan were as follows:		
Paid in cash	8,697	7,234
Satisfied by issue of shares	13,911	13,923
	22,608	21,157
	Cents per share	Cents per share
Final dividend paid for the year ended 30 June	3.0	3.0

For the final 30 June 2015 dividend, the company operated a dividend reinvestment plan ("DRP"), with the shares being issued by the Company to shareholders. For the 31 December 2014 and 30 June 2014 dividends, shares were also issued by the Company to shareholders under the DRP and, in addition, the Company entered into a DRP Shortfall Placement Agreement with CBA Equities Limited (CBA Equities) that involved CBA Equities subscribing for shares with a value of up to 100% of any shortfall in DRP Participation by shareholders. This arrangement ceased prior to the 30 June 2015 dividend.

Notes to the Financial Statements (continued)

6. Non-Current Assets – Intangible Assets

	Goodwill	Broadcasting Licences	Brands and Trademarks	Total
31 December 2015	\$'000	\$'000	\$'000	\$'000
Cost	352,129	1,589,574	89,550	2,031,253
Accumulated impairment expense	(352,129)	(364,801)	(24,848)	(741,778)
Net carrying amount	-	1,224,773	64,702	1,289,475

Movement

Net carrying amount at 30 June 2015	-	1,224,773	64,667	1,289,440
Additions	-	-	35	35
Net carrying amount at end of year	-	1,224,773	64,702	1,289,475

	Goodwill	Broadcasting Licences	Brands and Trademarks	Total
31 December 2014	\$'000	\$'000	\$'000	\$'000
Cost	352,129	1,589,574	89,350	2,031,053
Accumulated impairment expense	(316,396)	(63,968)	-	(380,364)
Net carrying amount	35,733	1,525,606	89,350	1,650,689

Movement

Net carrying amount at 30 June 2014	35,733	1,525,606	89,273	1,650,612
Additions	-	-	77	77
Net carrying amount at end of year	35,733	1,525,606	89,350	1,650,689

Impairment of goodwill and intangible assets with indefinite useful lives

The value of licences, trademarks, brands and goodwill is allocated to the Group's cash generating units ("CGUs"), identified as Regional, being Regional free to air commercial radio and television broadcasting and Metro, being Metro free to air commercial radio broadcasting.

In accordance with the Group's accounting policy the Group tests at least annually whether goodwill and intangible assets with indefinite useful lives have suffered any impairment and when there is an indication of impairment. The tests incorporate assumptions regarding future events which may or may not occur, resulting in the need for future revisions of estimates. There are also judgements involved in determination of cash generating units. These have remained consistent with the 30 June 2015 Annual Report.

Notes to the Financial Statements (continued)

7. Derivative Financial Instruments

	31 Dec 15	30 Jun 15
	\$'000	\$'000
Interest rate swap contracts – non current	1,757	1,732
Total derivative financial instruments	1,757	1,732

Hedge accounting

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

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

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

Cash flow hedge

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

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

Notes to the Financial Statements (continued)

8. Contributed Equity

	31 Dec 15 \$'000	30 Jun 15 \$'000
Ordinary Shares	1,379,021	1,365,110
Contributed equity	1,379,021	1,365,110

On 22 December 2014, the share capital of the Company was reduced in accordance with Section 258F of the Corporations Act. The amount of the reduction was \$368 million and represented the value of paid up share capital that was not represented by available assets.

	1 Jul 15 - 31 Dec 15 \$'000	1 Jul 14 - 31 Dec 14 \$'000	1 Jul 15 - 31 Dec 15 Number of securities '000	1 Jul 14 - 31 Dec 14 Number of securities '000
On issue at the beginning of the half year	1,365,110	1,686,878	753,586	705,247
Capital reduction	-	(368,000)	-	-
Shares issued for equity component in talent contracts	-	2,000	-	2,174
Shares issued in relation to the DRP and DRP underwrite	13,911	21,157	14,837	23,899
On issue at the end of the financial year	1,379,021	1,342,035	768,423	731,320

9. Events Occurring after Balance Sheet Date

Effective 1 February 2016 the Group entered into a long-term contract with Australian Traffic Network (ATN) for it to provide traffic reports for broadcast on Southern Cross Austereo (SCA) radio stations. SCA will receive payment from ATN in return for its stations broadcasting advertising tags provided by ATN attached to news and traffic reports. The contract has a term of 20 years, with an option for ATN to extend it by a further 10 years. The \$100 million initial payment will be recorded on the balance sheet under "Deferred Income" and will be released to the Income Statement over a 30 year period. This treatment will match the receipt of future broadcasting services, airtime and traffic management services that the Group is required to provide over the life of the contract.

No other matters or circumstances have arisen since the end of the half year that have significantly affected or may significantly affect the operations of the Group, the results of these operations in future financial years or the state of affairs of the Group in periods subsequent to the half year ended 31 December 2015.

Notes to the Financial Statements (continued)

10. Other Accounting Policies

Fair value estimation

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

The Group has adopted AASB 7 *Financial Instruments: Disclosures* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 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
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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.

New accounting standards and interpretations

The half-year financial statements have been prepared on the basis of accounting policies consistent with those applied in the 30 June 2015 Annual Report. The group adopted certain accounting standards, amendments, and interpretations during the financial year which did not result in changes in accounting policies nor an adjustment to the amounts recognised in the financial statements. They also do not significantly affect the disclosures in the Notes to the financial statements.

Accounting Standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2015 and 30 June 2016 reporting periods. Initial application of these Standards and Interpretations are not expected to affect any of the amounts recognised in the interim financial report and are not expected to materially change the disclosures presently made in relation to the Group.

Directors' Declaration

The directors of the Company declare that:

- (a) the financial statements and notes set out on pages 4 to 14 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the financial position of the Group as at 31 December 2015 and the financial performance of the Group, as represented by the results of its operations, changes in equity, and cash flows, for the interim financial period ended on that date; and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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



Peter Bush
Chairman
Sydney, Australia
22 February 2016



Grant Blackley
Director
Sydney, Australia
22 February 2016



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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Southern Cross Media Group Limited (the company), which comprises the statement of financial position as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Southern Cross Austereo (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Southern Cross Media Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757

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Conclusion

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date;
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in blue ink, appearing to read 'S. Lobley', written over the PricewaterhouseCoopers logo.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'S. Lobley', written over the PricewaterhouseCoopers logo.

Sam Lobley
Partner

Melbourne
22 February 2016