SOUTHERN CROSS AUSTEREO
absolutely engaging

ASX RELEASE **23 FEBRUARY 2018**

APPENDIX 4D
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

Results for Announcement to the Market (All comparisons to 31 December 2016)

Key Financial Information	**$'000**	**up/down**	**% movement**
Revenue from ordinary activities	333,293	Down	5.3%
Net profit from ordinary activities after tax	38,181	Down	21.2%

Dividend Information	**Amount per share cents**	**Franked amount per share cents**	**Tax rate for franking credit**
Final FY2017 dividend per share (paid 10 October 2017)	4.00	4.00	30%
Interim FY2018 dividend per share (to be paid 12 April 2018)	3.75	3.75	30%

The dividend reinvestment plan has been suspended and will not apply in respect of the interim FY2018 dividend.

Interim FY2018 Dividend Dates

Ex-dividend date	2 March 2018
Record date	5 March 2018
Payment date	12 April 2018

	31 Dec 17	**31 Dec 16**
Net Tangible Assets Per Security	$(0.28)	$(0.38)

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 2017. This report is based on the consolidated Interim Financial Report for the half year ended 31 December 2017 which has been reviewed by PricewaterhouseCoopers with the Independent Auditor's Review Report included in the Interim Financial Report.

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SOUTHERN CROSS AUSTEREO

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

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.

CONTENTS

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 2017. 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)
- Grant Blackley
- Glen Boreham
- Rob Murray
- Helen Nash
- Melanie Willis

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 (AM, 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 $333.3 million for the 6 month period ended 31 December 2017, a decrease 5.3% from $351.8 million for the same period in the prior year. EBITDA for the 6 months was $78.1 million decreasing 15.6% from $92.6 million in the same period in the prior year. Net profit after tax has decreased by 21.2% to $38.2 million for the 6 months ended 31 December 2017, from $48.5 million in the same period in the prior year.

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 service 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.

Dividends

The final dividend for the year ended 30 June 2017 was 4.0 cents per fully paid share, fully franked and was paid on 10 October 2017 by the Company. Since the end of the financial half year ended 31 December 2017 the Directors have declared an interim ordinary dividend of 3.75 cents per fully paid share, fully franked (31 December 2016 interim dividend: 3.75 cents per fully paid share, fully franked). The interim dividend will be paid on 12 April 2018 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

Events occurring after balance date are outlined in Note 9 "Events Occurring after Balance Date" to the Financial Statements.

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 1,620,457 (30 June 2017: 1,477,458).

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	Grant Blackley
Chairman	Director
Southern Cross Media Group Limited	Southern Cross Media Group Limited
Sydney, Australia	Sydney, Australia
23 February 2018	23 February 2018

Auditor's Independence Declaration

As lead auditor for the review of Southern Cross Media Group Limited for the half-year ended 31 December 2017, 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.

Sam Lobley
Partner
PricewaterhouseCoopers

Melbourne
23 February 2018

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Statement of Comprehensive Income

	Note	1 Jul 17 -31 Dec 17 $'000	1 Jul 16 -31 Dec 16 $'000
Revenue from continuing operations	3	333,293	351,792
Broadcast and production costs		(66,691)	(72,021)
Employee expenses		(99,242)	(95,236)
Selling costs		(40,066)	(41,539)
Occupancy costs		(13,848)	(16,130)
Promotions and marketing		(10,187)	(10,843)
Administration costs		(25,585)	(23,759)
Share of net profit/(losses) of investments accounted for using the equity method		471	305
Profit before depreciation, amortisation, interest, fair value movements on financial derivatives and income tax expenses for the half year from continuing operations		78,145	92,569
Depreciation and amortisation expense		(15,084)	(15,454)
Interest expense and other borrowing costs		(8,267)	(10,014)
Interest revenue		513	380
Profit before income tax expense for the half year from continuing operations		55,307	67,481
Income tax expense from continuing operations	4	(17,126)	(19,001)
Profit from continuing operations after income tax for the half year		**38,181**	**48,480**
Other comprehensive income for the half year that may be reclassified to profit or loss:			
Changes to fair value of cash flow hedges, net of tax		740	634
Total comprehensive profit for the half year attributable to shareholders		**38,921**	**49,114**
Earnings per share attributable to the ordinary equity holders of the Company:			
Basic earnings per share		5.0	6.3
Diluted earnings per share		5.0	6.3

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

Statement of Financial Position

	Note	31 Dec 17 $'000	30 June 17 $'000
Current assets			
Cash and cash equivalents		35,299	48,978
Receivables		150,418	158,010
Total current assets		185,717	206,988
Non-current assets			
Receivables		3,417	2,964
Investments accounted for using the equity method		6,638	5,167
Property, plant and equipment		133,000	136,178
Intangible assets	6	1,248,579	1,248,955
Total non-current assets		1,391,634	1,393,264
Total assets		1,577,351	1,600,252
Current liabilities			
Payables		65,336	81,042
Deferred Income		9,918	9,477
Provisions		17,942	19,730
Borrowings		73	86
Current tax liabilities		1,950	3,942
Derivative financial instruments	7	604	1,651
Total current liabilities		95,823	115,928
Non-current liabilities			
Deferred Income		90,311	91,945
Provisions		9,485	10,134
Borrowings		358,877	368,762
Deferred tax liability		361,958	361,438
Derivative financial instruments	7	938	948
Total non-current liabilities		821,569	833,227
Total liabilities		917,392	949,155
Net assets		659,959	651,097
Equity			
Contributed equity	8	1,379,736	1,379,736
Reserves		5,402	3,851
Other equity transaction		(77,406)	(77,406)
Accumulated losses		(648,071)	(655,382)
Equity attributable to equity holders		659,661	650,799
Non-controlling interest		298	298
Total equity		659,959	651,097

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

Statement of Changes in Equity

2017

	Contributed equity	Share-based payment reserve	Hedge reserve	Other equity transactions	(Accumulated losses) /retained profits	Total	Non-controlling interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Total equity at 1 July 2017	1,379,736	5,671	(1,820)	(77,406)	(655,382)	650,799	298	651,097
Profit for the half year	-	-	-	-	38,181	38,181	-	38,181
Other comprehensive income	-	-	740	-	-	740	-	740
Total comprehensive income	-	-	740	-	38,181	38,921	-	38,921
Transactions with equity holders in their capacity as equity holders:								
Employee share entitlements	-	989	-	-	-	989	-	989
Payments on maturity of Long Term Incentive Plan	-	(178)	-	-	(109)	(287)	-	(287)
Dividends paid	-	-	-	-	(30,761)	(30,761)	-	(30,761)
	-	811	-	-	(30,870)	(30,059)	-	(30,059)
Total equity at 31 December 2017	**1,379,736**	**6,482**	**(1,080)**	**(77,406)**	**(648,071)**	**659,661**	**298**	**659,959**

2016

	Contributed equity	Share-based payment reserve	Hedge reserve	Other equity transactions	(Accumulated losses) /retained profits	Total	Non-controlling interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Total equity at 1 July 2016	1,379,386	4,754	(2,292)	(77,406)	(708,192)	596,250	298	596,548
Profit for the half year	-	-	-	-	48,480	48,480	-	48,480
Other comprehensive income	-	-	634	-	-	634	-	634
Total comprehensive income	-	-	634	-	48,480	49,114	-	49,114
Transactions with equity holders in their capacity as equity holders:								
Employee share entitlements	-	459	-	-	-	459	-	459
Shares issued, net of transaction costs	350	-	-	-	-	350	-	350
Dividends paid	-	-	-	-	(26,915)	(26,915)	-	(26,915)
	350	459	-	-	(26,915)	(26,106)	-	(26,106)
Total equity at 31 December 2016	1,379,736	5,213	(1,658)	(77,406)	(686,627)	619,258	298	619,556

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

Statement of Cash Flows

	Note	1 Jul 17 - 31 Dec 17 $'000	1 Jul 16 - 31 Dec 16 $'000
Cash flows from operating activities			
Receipts from customers		372,368	382,063
Payments to suppliers and employees		(303,585)	(305,722)
Interest received from external parties		513	380
Tax paid		(18,916)	(24,449)
Net cash inflows from operating activities		**50,380**	**52,272**
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(11,576)	(14,245)
Payments for purchase of investments and intangibles		(62)	(7,147)
Proceeds from sale of property, plant and equipment		108	35
Payment for purchase of investments		-	-
Net cash flows used in investing activities		**(11,530)**	**(21,357)**
Cash flows from financing activities			
Dividends paid to security holders	5	(30,761)	(26,915)
Net proceeds from receivables financing		-	(2)
Payments for debt refinancing		(280)	-
Repayment of borrowings from external parties		(10,000)	(40,000)
Interest paid to external parties		(11,455)	(11,276)
Payments for finance leases		(33)	(84)
Net cash flows used in financing activities		**(52,529)**	**(78,277)**
Net (decrease)/increase in cash and cash equivalents		(13,679)	(47,362)
Cash assets at the beginning of the half year		48,978	94,776
Cash assets at the end of the half year		**35,299**	**47,414**

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 2017 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 2017 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 of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' Report and Financial Report. Amounts have been rounded off in accordance with the Instrument to the nearest thousand dollars, unless otherwise indicated.

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

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 17-31 Dec 17 $'000	1 Jul 16-31 Dec 16 $'000	**1 Jul 17-31 Dec 17 $'000**	1 Jul 16-31 Dec 16 $'000	**1 Jul 17-31 Dec 17 $'000**	1 Jul 16-31 Dec 16 $'000	**1 Jul 17-31 Dec 17 $'000**	1 Jul 16-31 Dec 16 $'000
Segment Revenue	**121,422**	125,188	**202,788**	216,663	**9,083**	9,941	**333,293**	351,792
Statutory EBITDA / Segment Result	**27,118**	30,929	**58,846**	62,635	**(7,819)**	(995)	**78,145**	92,569
EBITDA % of Revenue	**22.3%**	24.7%	**29.0%**	28.9%	**(86.1%)**	(10.0%)	**23.4%**	26.3%
Depreciation and Amortisation	**(3,238)**	(3,248)	**(7,127)**	(7,289)	**(4,719)**	(4,917)	**(15,084)**	(15,454)
Statutory EBIT / Segment Result	**23,880**	27,681	**51,719**	55,346	**(12,538)**	(5,912)	**63,061**	77,115
Income tax expense	**-**	-	**-**	-	**-**	-	**(17,126)**	(19,001)
Net Financing costs	**-**	-	**-**	-	**-**	-	**(7,754)**	(9,634)
Profit for the half year attributable to shareholders	**-**	-	**-**	-	**-**	-	**38,181**	48,480

3. Revenue

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

	1 Jul 17 - 31 Dec 17 $'000	**1 Jul 16 - 31 Dec 16 $'000**
Revenue from continuing operations		
Sales revenue	331,363	348,576
Rental revenue	1,930	3,216
Total revenue from continuing operations	**333,293**	**351,792**

Notes to the Financial Statements (continued)

4. Income Tax Expense

	1 Jul 17 - 31 Dec 17 $'000	1 Jul 16 - 31 Dec 16 $'000
Income tax expense/(benefit)		
Current Tax		
Current Tax on profits for the year	14,875	19,796
Adjustments for current tax of prior periods	2,049	(1,837)
Total current tax expense	**16,924**	**17,959**
Deferred income tax		
(Decrease)/increase in net deferred tax assets	2,472	1,313
Adjustment for prior years	(2,270)	(271)
Total deferred tax expense/(benefit)	**202**	**1,042**
Income tax expense	**17,126**	**19,001**

5. Dividends Paid

	1 Jul 17 - 31 Dec 17 $'000	1 Jul 16 - 31 Dec 16 $'000
The dividends were paid/payable as follows:		
Final dividend paid for the year ended 30 June 2017/2016 – fully franked at the tax rate of 30%	30,761	26,915
	30,761	26,915
Dividends paid in cash	30,761	26,915
	30,761	26,915
	Cents per share	Cents per share
Final dividend paid for the year ended 30 June	4.0	3.5

Notes to the Financial Statements (continued)

6. Non-Current Assets – Intangible Assets

	Goodwill	Broadcasting Licences	Brands and Trademarks	Customer Contracts	Total
31 December 2017	**$'000**	**$'000**	**$'000**	**'000**	**$'000**
Cost	352,129	1,547,442	89,762	2,240	1,991,573
Accumulated impairment expense	(352,129)	(364,801)	(24,848)	-	(741,778)
Accumulated amortisation expense	-	-	-	(1,216)	(1,216)
Net carrying amount	**-**	**1,182,641**	**64,914**	**1,024**	**1,248,579**
Movement					
Net carrying amount at 30 June 2017	-	1,182,641	64,852	1,462	1,248,955
Additions	-	-	62	-	62
Amortisation expense	-	-	-	(438)	(438)
Net carrying amount at end of period	**-**	**1,182,641**	**64,914**	**1,024**	**1,248,579**

	Goodwill	Broadcasting Licences	Brands and Trademarks	Customer Contracts	Total
31 December 2016	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cost	352,129	1,596,514	89,651	2,240	2,040,534
Accumulated impairment expense	(352,129)	(364,801)	(24,848)	-	(741,778)
Accumulated amortisation expense	-	-	-	(339)	(339)
Net carrying amount	**-**	**1,231,713**	**64,803**	**1,901**	**1,298,417**
Movement					
Net carrying amount at 30 June 2016	-	1,224,773	64,736	-	1,289,509
Additions	-	6,940	67	2,240	9,247
Amortisation expense	-	-	-	(339)	(339)
Net carrying amount at end of period	**-**	**1,231,713**	**64,803**	**1,901**	**1,298,417**

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 2017 Annual Report.

Notes to the Financial Statements (continued)

7. Derivative Financial Instruments

	31 Dec 17 $'000	30 Jun 17 $'000
Interest rate swap contracts – current liability	604	1,651
Interest rate swap contracts – non current liability	938	948
Total derivative financial instruments	**1,542**	**2,599**

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.

In 2017 the Group entered into $200 million of interest rate swap contracts under which it is obliged to receive interest at variable rates and pay interest at fixed rates starting in January 2018 at an average fixed rate of 2.43%. These interest rate swap contracts will expire in January 2021. In 2018 the Group entered into $100 million of interest rate swap contracts under which it is obliged to receive interest at variable rates and pay interest at fixed rates starting in January 2018 at an average fixed rate of 2.25%. These interest rate swap contracts will expire in January 2022.

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 17 $'000	30 Jun 17 $'000
Ordinary Shares	1,379,736	1,379,736
Contributed equity	**1,379,736**	**1,379,736**

	1 Jul 17 - 31 Dec 17 $'000	1 Jul 16 - 31 Dec 16 $'000	1 Jul 17 - 31 Dec 17 Number of securities '000	1 Jul 16 - 31 Dec 16 Number of securities '000
On issue at the beginning of the half year	1,379,736	1,379,386	769,014	768,727
Shares issued for equity component in talent contracts	-	350	-	287
On issue at the end of the financial year	**1,379,736**	**1,379,736**	**769,014**	**769,014**

9. Events Occurring after Balance Sheet Date

On 30 November 2017 the Group announced that it had successfully negotiated the refinancing of its syndicated debt facility. This was formally completed and became effective on 8 January 2018. The new facility will comprise a 3 year revolving $500 million facility which will be used to repay the existing drawn debt of $360 million and provide financial flexiblity to support the business going forward.

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 2017.

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 2017 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 2017 and 30 June 2018 reporting periods. Management are in the process of performing an assessment of the potential impact of the new accounting standards AASB 9 *Financial Instruments*, AASB 15 *Revenue from contracts with customers* and AASB 16 *Leases*. While the impact of adopting these new standards is not yet known, the adoption of AASB 15 *Revenue from contracts with customers* and AASB 16 *Leases* may have a material impact on the amounts recognised in the financial statements of future periods.

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 2017 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
23 February 2018

Grant Blackley
Director
Sydney, Australia
23 February 2018

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 2017, 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 Media Group Limited. 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 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 2017 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*.

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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:

1. giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date;

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

PricewaterhouseCoopers

Sam Lobley
Partner

Melbourne
23 February 2018