DIVERSITY
SCALE
GROWTH

Annual Report 2011

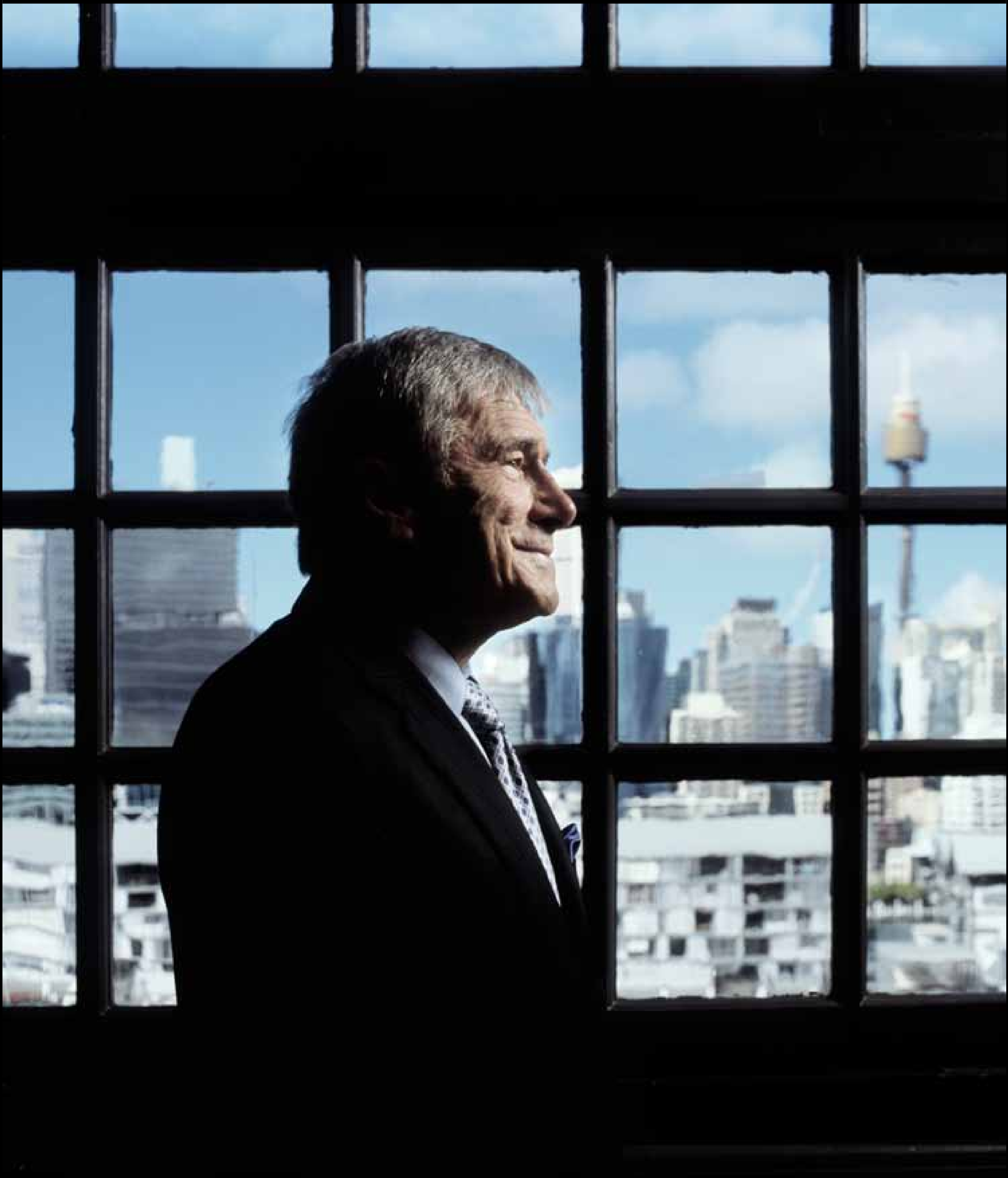
SGH
Media, Industrial Services and Investments

CONTENTS

Seven Group Holdings focuses on media, industrial equipment and investments and is an operating group with *diversity, scale and strong prospects for growth* with market-leading businesses.

From the Executive Chairman

Seven Group Holdings has delivered a strong performance in its first full twelve months of operation. Our operating businesses have exceeded our previous forecasts and continue to grow.



During the course of the year, our shareholdings in Seven Media Group and West Australian Newspapers formed a foundation for the merger of those two companies. As a result of that merger we are the largest shareholder in Seven West Media Group with a 29.6 per cent interest.

It was pleasing to see Seven West Media perform to its stated expectations even in the face of challenging conditions.

WesTrac, our wholly owned Caterpillar distribution subsidiary, has participated as a service provider in Australia's resurgent mining industry. We have been able to increase our market share in Caterpillar equipment in both New South Wales and Western Australia.

We are confident we will continue to grow and expand our sales and service to support the increasing demand from our mining customers. In order to ensure our capacity to meet our customers' needs we have embarked upon a major expansion of our facilities in New South Wales and Western Australia.

Our new facility at Tomago, just north of Newcastle, is expected to be completed by July 2012. On completion it will be one of the largest Caterpillar dealer distribution centres in Australia. We have recently completed a new major branch facility at Tamworth and these developments will ensure our growing capacities for New South Wales.

In September we commenced construction of a major new parts and distribution warehouse in Western Australia. This is the first stage in a multiple stage extension of our facilities in that state.

The company currently has 680 apprentices and with the completion of the new facilities we expect to be able to substantially increase our apprentice training programme for qualified technicians that we will need for the future growth of our company.

We were encouraged by the strong financial performance of Seven West Media in reporting its first year's profitability. An EBITDA of $617.5 million was an excellent achievement.

Apart from a strong financial performance the business of Seven Network confirmed its position as the number 1 television network in ratings and revenue, and West Australian Newspapers' performance continues to deliver world class returns. We have every confidence that Seven West Media will continue to perform better than its peers going forward.

We also hold investments in the following companies:

- National Hire Limited. National Hire continues to deliver a strong performance and its investment in Coates Hire has continued to improve.
- Consolidated Media Holdings. Our investment in this company gives your company an exposure to the pay television industry in Australia.
- Agricultural Bank of China. We are a foundation cornerstone investor in the Agricultural Bank of China and very excited to see the Bank continue to thrive and grow since its listing. Our relationship has been most helpful in the continuing success of WesTrac China.
- vividwireless. This company holds the national spectrum for 4G and has rolled out a complete service in Perth with partial services in Sydney and Melbourne. We have seen very strong take-up of these services particularly in Perth.

Success in difficult times requires effective and strong management and we are fortunate to have quality executives who have been responsible for these results.

Jim Walker, CEO of WesTrac Group, and his team have been effective in taking full advantage of the opportunities to service our customers' needs in Australia and China. David Leckie who was appointed CEO of Seven West Media has led an exceptional team to achieving great results from the media division and created strong foundations for the growth of Seven West Media.

The Board particularly congratulates Peter Gammell on his first year as CEO of Seven Group Holdings – not just for the operating success to date but also for his strategic positioning of the group for the future.

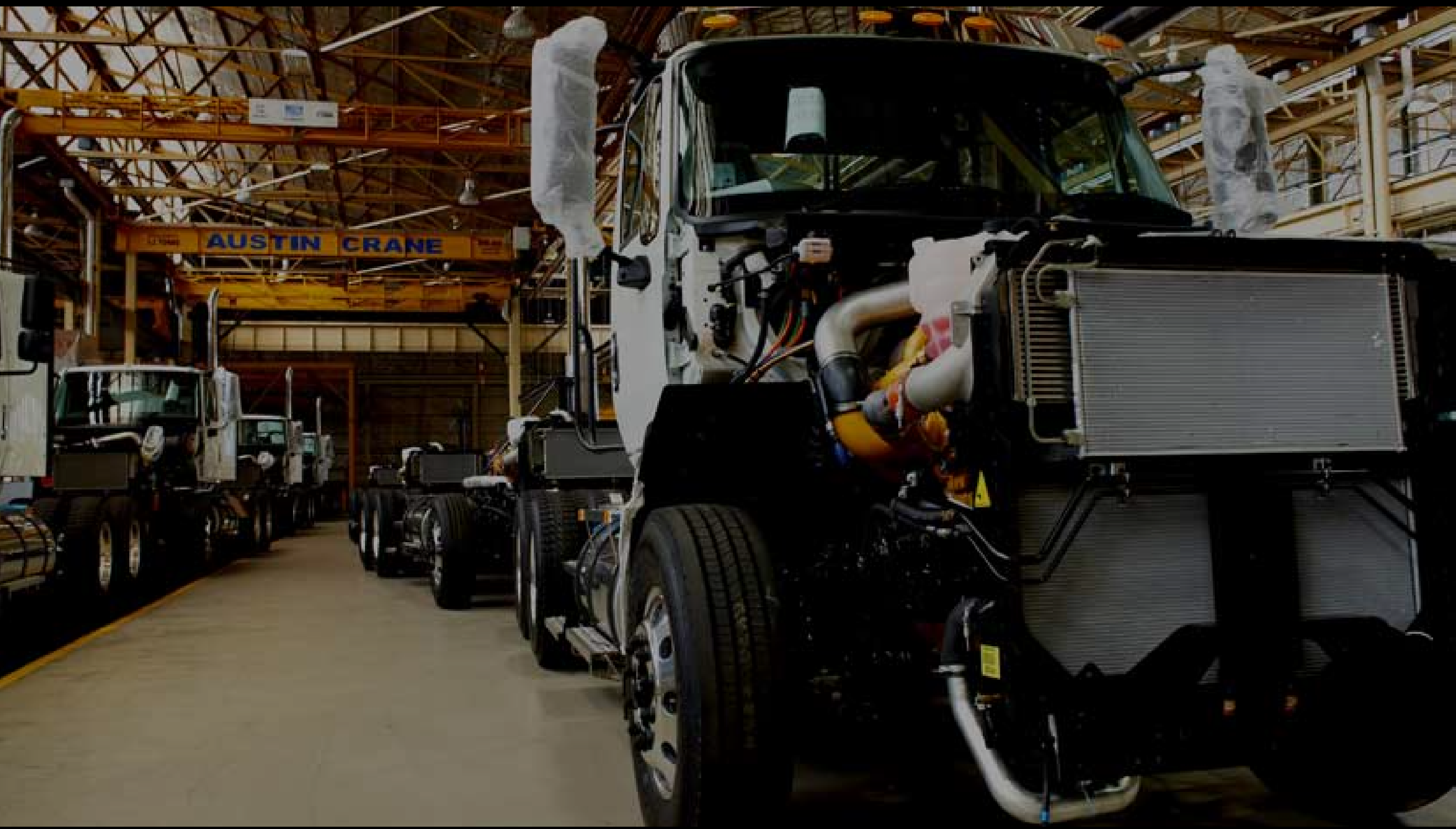
As a result of what has been achieved to date and the foundations laid for the future we are looking forward with confidence to a successful year across all our activities.

The Board is focused on ensuring we continue to drive greater returns for all shareholders and customers.

On behalf of the directors, the management and the people of Seven Group Holdings, I thank all shareholders for their continuing support and commitment to your company.

Kerry Stokes AC
Chairman

SGH
Media, Industrial Services and Investments



SGH reports a profit before taxation of $32.4 million and a net profit after taxation of $79.9 million with profit attributable to shareholders of SGH of $70.4 million.

Year in Review

Seven Group Holdings Limited (SGH) reports earnings before interest, tax and depreciation and amortisation (EBITDA) of $420.8 million on total revenue and other income of $3,371.2 million for the 2010-2011 financial year. Earnings before interest and taxation (EBIT) are $353.0 million for the financial year.

Profit before taxation (excluding significant items) is $298.0 million and net profit after taxation (excluding significant items) is $248.3 million.

The result was underpinned by total trading revenue of $3,162.8 million, being 31 per cent higher than the pro-forma 2010 result. The result was driven by SGH's strongly performing core businesses: WesTrac and National Hire.

The result reflects SGH's merger of Seven Media Group into West Australian Newspapers earlier this year, and the impairment of investments, including Seven West Media and Consolidated Media Holdings, to reflect share prices of both companies at 30 June 2011. Significant items total a $168.4 million loss net of tax.

Seven West Media was formed following West Australian Newspapers Holdings shareholder approval for that company to acquire Seven Media Group from SGH and Kohlberg Kravis Roberts & Co and create Seven West Media. SGH has a 29.6 per cent shareholding in Seven West Media, now one of the largest media companies listed on the Australian Securities Exchange.

While meaningful corresponding comparisons on earnings are difficult due to changes in the company's structure resulting from the one-off effects of both the SGH merger and the recent Seven West Media transaction, SGH reports a profit before taxation of $32.4 million and a net profit after taxation of $79.9 million with profit attributable to shareholders of SGH of $70.4 million.

Excluding National Hire, SGH delivered annual revenue and other income of $3,212.7 million, up 10 per cent on the pro forma 2011 number contained in the merger scheme documentation for the formation of SGH. SGH recorded EBITDA of $387.2 million, up 24 per cent, EBIT of $321.4 million, up 35 per cent, and net profit after taxation excluding significant items of $221.7 million, up 18 per cent on the forecast 2011 merger scheme documentation respectively.

REVIEW OF OPERATIONS

MEDIA INVESTMENTS

Seven West Media

SGH's share of Seven Media Group and West Australian Newspapers results are included up to 11 April 2011 with results

incorporated into Seven West Media after that date at the new ownership level.

Seven West Media has reported a group profit after taxation of $115.1 million and a pro forma EBITDA of $617.5 million – delivering at the upper end of market guidance for EBITDA issued in May 2011. EBITDA is up 12 per cent and EBIT is up 14 per cent on a 4 per cent increase in revenues on the pro forma pcp provided in the documentation for West Australian Newspapers Holdings' acquisition of Seven Media Group.

Seven West Media's television business, the Seven Network, delivered 23 per cent growth in EBITDA, magazine publishing business, Pacific Magazines, delivered 0.9 per cent growth in EBITDA in a challenging market and the company's online business, Yahoo!7, delivered 14.4 per cent growth in EBITDA. West Australian Newspapers' EBITDA was slightly down on the 2009-2010 financial year.

Consolidated Media Holdings

SGH's current shareholding in Consolidated Media Holdings is 24.4 per cent. Consolidated Media owns 50 per cent of subscription television programming company, The Premier Media Group, which owns and operates Fox Sports, Fox Sports News, Speed, Fuel TV and the How To Channel as well as 25 per cent of pay television company Foxtel. Consolidated Media Holdings has reported NPAT of $101.7 million.

RESULTS FOR THE YEAR ENDED 30 JUNE 2011

$298.0m

Profit before tax (excluding significant items)

$248.3m

Profit after tax (excluding significant items)

$3,162.8m

Total trading revenue

INDUSTRIAL SERVICES

WesTrac

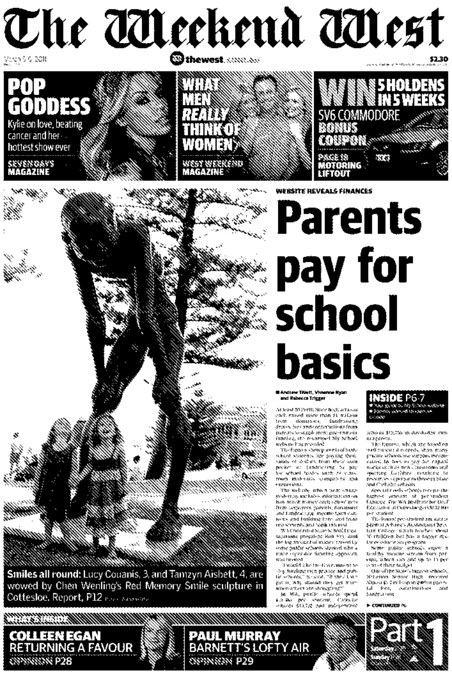
WesTrac has out-performed on all key measurements outlined in the merger scheme documents for the formation of SGH.

WesTrac (excluding National Hire) delivered an EBITDA of $278.6 million and EBIT of $233.4 million on revenue and other income of $2,989.5 million across the financial year. The strong performance saw revenues up 31 per cent, EBITDA up 48 per cent and EBIT up 52 per cent on the pro forma 2010 result.

In Australia, the company delivered revenue and other income of $2,256 million – up $620.5 million on the 2010 pro-forma result. EBITDA was $244.1 million – up 50 per cent on the pro forma 2010 result.

The company's growth in Australia is being driven by expansion in coal and iron ore mining – with a 48 per cent growth in product sales to $1,232.3 million.

Year in Review



The Weekend West

$2.30

POP GODDESS

Kylie on love, beating cancer and her hottest show ever

SEVEN DAYS MAGAZINE

WHAT MEN REALLY THINK OF WOMEN

WEST WEEKEND MAGAZINE

WIN 5 HOLDENS IN 5 WEEKS

SV6 COMMODORE BONUS COUPON

PAGE 18 MOTORING LIFTOUT

WEBSITE REVEALS FINANCES

Parents pay for school basics

Andrew Tillett, Vivienne Ryan and Rebecca Trigger

INSIDE P6-7

Smiles all round: Lucy Couanis, 3, and Tamzyn Aisbett, 4, are wowed by Chen Wenling's Red Memory Smile sculpture in Cottesloe. Report, P12

CONTINUED P6

WHAT'S INSIDE

COLLEEN EGAN RETURNING A FAVOUR OPINION P28

PAUL MURRAY BARNETT'S LOFTY AIR OPINION P29

Part 1

EBITDA is up 12 per cent and EBIT is up 14 per cent on a 4 per cent increase in revenues on the pro forma pcp provided in the documentation for West Australian Newspapers Holdings acquisition of Seven Media Group.

RESULTS FOR THE YEAR EDNED 30 JUNE 2011

$115.1m

Seven West Media reported group profit after tax

$617.5m

Seven West Media pro forma EBITDA (12% increase)

23%+

Television EBITDA growth

The company has also delivered $1,012.9 million in product support revenues – 26 per cent up on the pro forma 2010 result. The strong performance sees a strengthening in WesTrac Australia's EBITDA and EBIT margins over the past twelve months.

While WesTrac China continues to see significant growth driven by better sales margines, the reported performance is impacted by changes in the Australian and US Dollar exchange rate. Not withstanding these exchange rate issues, the company has delivered on revenue, EBITDA and EBIT targets outlined in the merger scheme documentation.

In China, the company delivered an EBITDA of $34.5 million on revenue and other income of $733.5 million. While the 2011 result for China has been impacted by the strong Australian dollar, revenue and other income increased by 13 per cent and EBITDA increased by 36 per cent on the pro forma 2010 result.

National Hire Group

SGH has a 66.2 per cent shareholding in National Hire Group. National Hire Group has reported NPAT of $26.5 million for the

twelve months to June 2011. This includes a $22.8 million share of profit from equity accounted investments (Coates Group). Coates Group delivered revenues of $1,064 million, up 20 per cent on the prior corresponding period. National Hire, which acquired the Sykes Group during the year, delivered revenues of $133.5 million – up 57 per cent on the previous financial year.

INVESTMENTS

Agricultural Bank of China

The company's future development in China is underlined by a memorandum of understanding and an investment agreement with the Agricultural Bank of China, one of the four biggest national banks in China – with SGH one of a number of cornerstone investors in the bank's successful initial public offering in Hong Kong and Shanghai. As part of the investment agreement, WesTrac invested $293 million as a cornerstone investor in the Agricultural Bank of China initial public offering in July 2010. The investment has a carrying value at 30 June 2011 of $297.8 million.

vividwireless

vividwireless' first phase of development in Perth was successfully launched as the first 4G network in Australia, providing high-speed and affordable wireless broadband, and the company has now completed the next stage in its development with a phased rollout of its business with metropolitan networks in Sydney, Melbourne, Canberra, Adelaide and Brisbane. Vividwireless's trials of new TD-LTE technology are achieving download speeds in excess of 100Mbps.

Listed Investment Portfolio

SGH's listed portfolio is an important pool of liquidity available to the group, invested in high yielding listed securities providing income and franking credits.

BALANCE SHEET

SGH has net assets of $2,681.9 million, including a listed securities portfolio of $652.3 million, excluding Seven West Media and Consolidated Media Holdings, and $522.4 million in available undrawn facilities at 30 June 2011.

In addition to its 29.6 per cent shareholding in Seven West Media, Seven Group Holdings retains its current 24.4 per cent shareholding in Consolidated Media Holdings (which owns 25 per cent of Foxtel and 50 per cent of Premier Media Group), 100 per cent of industrial equipment business, WesTrac, and 66.2 per cent of National Hire Limited (which owns 46.2 per cent of Coates Hire).

DIVIDEND

A final dividend of 18 cents per share (fully franked) has been declared – taking the total dividend for the 2010-2011 financial year to 36 cents fully franked on ordinary shares.

***Note:**

Included in this report is data prepared for management of Seven Group Holdings and other associated entities and investments. This data is included for information purposes only and has not been subject to the same level of review by the company as the statutory accounts and so is merely provided for indicative purposes. The company and its employees do not warrant the data and disclaim any liability flowing from the use of this data by any party.

WesTrac delivered an EBITDA of $278.6 million on revenues of $2,989.5 million in the 2010-11 financial year

Industrial Services

WesTrac has delivered on all key measurements outlined in the merger scheme documents for the formation of Seven Group Holdings.

RESULTS FOR THE YEAR ENDED 30 JUNE 2011

$278.6m

EBITDA (excluding National Hire)

$2,989.5m

WesTrac Group Revenue and other income (excluding National Hire) 2010-2011 Financial Year

$2,256m

WesTrac Australia Revenue and other income (excluding National Hire)

WESTRAC GROUP

WesTrac is a leading international equipment management company operating sole Caterpillar dealerships in North Eastern China, Western Australia, New South Wales and Australian Capital Territory. WesTrac's business is built on a strong long-term partnership with Caterpillar, the world's leading equipment manufacturing company.

WesTrac is geographically well positioned in its WA and NSW/ACT territories which are mineral rich in iron ore (WA) and thermal coal (NSW/ACT), gold, nickel and bauxite, exposing it to favourable mining fundamentals supported by the resurgence in Asian demand for these commodities.

Major growth in mining activities and related exposure to high growth China and other emerging Asian economies has seen 2011 as a year of significant growth and the commencement of construction of new facilities on 26 hectares in Tomago (Newcastle region), NSW/ACT and redevelopment of the 19 hectare Perth, WA facilities. These developments include the expansion of the WesTrac Institute's training and development facilities. Together with its investment in apprentices and trainees, these large scale facility developments will secure long term operating capacity to support future growth of our equipment management business.

WesTrac has delivered on all key measurements outlined in the merger scheme documents for the formation of Seven Group Holdings. WesTrac (excluding National Hire) delivered an EBITDA of $279 million on revenues of $2,989.5 million in the 2010-11 financial year.

In Australia, the company delivered sales of $2,256 million – up 38% on pro forma prior comparative period and $351 million on the target forecast in the merger scheme documents. EBITDA was $244 million with EBIT of $206 million.

The company's Australian business is well-placed for future growth, leveraging the Australian and international demand for resources and Australia's plans for future infrastructure. In Australia, the company employs 3,129 people across 27 business service centres.

In China, the company delivered an EBITDA of $35 million on revenue and other income of $734 million. Overall underlying sales revenues in China in USD are up 27 per cent on the previous financial year, with underlying USD and AUD translated EBITDA and EBIT both up on forecasts in the merger scheme documents for shareholders on the formation of Seven Group.

WesTrac China has invested in its business to leverage the growth in the country's economy as China meets the continuing demand for resources and infrastructure. Today, WesTrac China employs 1,976 people across 73 business and service centres for Caterpillar and SEM products.

A key part of WesTrac's development as an industrial services company is its 66.2 per cent shareholding in National Hire Group which includes Sykes, Allight and a significant shareholding in Coates Group.

National Hire specialises in the manufacture, assembly, distribution and sales of Allight mobile lighting, power generation, the distribution and support of Perkins engines, FG Wilson power generation sets and manufacture and distribution of Sykes pumps and dewatering equipment. Coates Hire is Australia's largest and best known general equipment hire company focusing on equipment across a range of sectors, including engineering, building construction and maintenance, mining and resources, manufacturing, government and events.

National Hire Group reported an NPAT of $26.5 million for the year to 30 June 2011. The result included a $22.8 million share of profit from its equity accounted investment (46.1 per cent owned) Coates.

SEVEN WEST MEDIA

Seven Group Holdings' media presence is underlined by its major shareholding in Australia's largest multiple platform media company: Seven West Media

Seven West Media

We are well-placed to consolidate our businesses, invest in our future and drive greater returns for all shareholders.

West Australian Newspapers' acquisition of Seven Media Group from Seven Group Holdings and Kohlberg Kravis Roberts & Co to create Seven West Media delivers a new company with a market-leading presence in broadcast television, newspaper and magazine publishing and online.

The West's strengths in publishing combined with Seven Media Group's media platforms – including the number one rating broadcast television network, a market-leading magazine publishing business and commitment to securing its future through online and new communications technologies through its Yahoo!7 joint venture with Yahoo! Inc – delivers Seven West Media significant opportunities for long-term growth.

SGH's share of Seven Media Group and West Australian Newspapers results are included up to 11 April 2011 with results incorporated into Seven West Media after that date at the new ownership level. SGH has a 29.6 per cent shareholding in Seven West Media.

Seven West Media reported a group profit after taxation of $115.1 million and a pro forma EBITDA of $617.5 million – delivering at the upper end of market guidance for EBITDA issued in May 2011. EBITDA is up 12 per cent and EBIT is up 14 per cent on a 4 per cent increase in revenues on the pro forma pcp provided in the documentation for West Australian Newspapers Holdings acquisition of Seven Media Group.

Each of the media businesses in Seven West Media has delivered in a challenging market over the past twelve months.

Seven West Media's television business, the Seven Network, delivered 23 per cent growth in EBITDA, its magazine publishing business, Pacific Magazines, delivered 0.9 per cent growth in EBITDA in a challenging market and the company's online business, Yahoo!7, delivered 14.4 per cent growth in EBITDA. West Australian Newspapers'

EBITDA was slightly down on the 2009-2010 financial year.

Seven is the most-watched television network for total viewers, 16-39s, 18-49s and 25-54s in primetime on primary channels across the current television year. And, as the company further develops its digital broadcast television platform, 7TWO is the most-watched digital channel for total viewers and its people 25+ target audience and 7mate is the most-watched digital channel in its men 16-54 target audience. Seven continues to lead the market in television advertising revenue. Recent industry figures put Seven's share of the advertising revenue market at 37.6 per cent.

West Australian Newspapers delivered a strong performance despite a challenging market and in a year which has seen the company evolve into Australia's largest media company, as Seven West Media.

The West Australian has increased its total readership by 1.3 per cent over the past twelve months consolidating its circulation in a challenging market for newspapers. The West reaches 28 per cent of the population of Western Australia during the week and 42 per cent on the weekend. As a proportion of population it is one of the most widely read newspapers in the country.

Consolidated advertising revenues are up 0.5 per cent on the previous financial year – with strong growth recorded for the company's radio and regional newspaper businesses. West Australian Newspapers' discipline on cost management sees it delivering growth in EBITDA margins – with a 42.0 per cent EBITDA margin over the past twelve months.

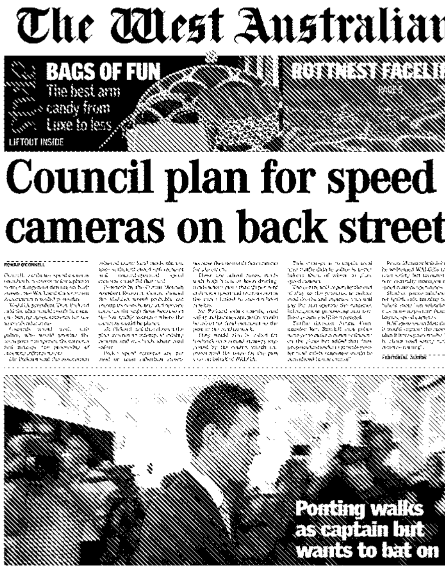
Seven West Media's magazine publishing business, Pacific Magazines, has secured the largest circulation share increase of any Australian magazine publishing company. It is the only major publishing company to increase advertising share – up from 26.2 per cent in 2009-2010 to 28.0 per cent in 2010-2011.

The company accounts for nearly one in three magazines and nearly one in two women's weekly magazines sold in Australia and its portfolio now reaches 7 million Australians every month, and delivers two of the three biggest selling weekly magazines and three of the top five highest selling magazines in Australia. It is acknowledged as Australia's most powerful portfolio of magazines, occupying the largest per title share of all major publishers. Pacific Magazines' portfolio of 18 measured titles in a market of over 130 measured titles combined to deliver the company an overall 30 per cent share of circulation and a 28 per cent share of readership over the past twelve months.

Seven West Media's online and new media presence through Yahoo!7, a joint venture with Yahoo! Inc, continues its strong momentum, delivering an EBITDA margin of 39.2 per cent over the past twelve months. EBITDA is up 14.4 per cent on the 2009-2010 financial year.

One in two Australians visit Yahoo!7 every month. Yahoo!7 now has more than 8.2 million unique users, according to Comscore data and delivers the leading television, entertainment, finance and lifestyle online sites in Australia. The average time spent by users across its core media properties of news, sport, lifestyle, television and entertainment increased by 61 per cent year on year.

Yahoo!7 has diversified its business by investing in the fast growing social commerce category including the acquisition of Spreets, a leading online group buying company in Australia and New Zealand. Spreets now has 1.18 million members, an increase of 140 per cent since acquisition. The company has also dramatically expanded its PLUS7 catch-up TV offering, creating new content and distribution partnerships as it leverages the success of Seven's primetime programming. PLUS7 streams almost three million full episodes of Seven's most popular programmes every month – with 300 hours of content across Seven and 7TWO's primetime programmes. The Yahoo!7 TV site and PLUS7 now secures a highly engaged audience of almost three million users with PLUS7 seeing a 115 per cent increase in the number of streams since July 2010.



West Australian Newspapers delivered a strong performance despite a challenging market and in a year which has seen the company evolve into Australia's largest media company, as Seven West Media.

RESULTS FOR THE PERIOD TO 30 JUNE 2011

1.3%+

The West Australian: increased readership

28.0%+

Pacific Magazines: advertising share

8.2m

Yahoo!7: unique users

Board of Directors

KERRY MATTHEW STOKES AC

Executive Chairman of Seven Group Holdings Limited since April 2010.

Executive Chairman of Seven Network Limited since July 1999. Prior to that Non Executive Chairman since June 1995.

Appointed a Companion in the General Division of the Order of Australia in the Queen's Birthday honours announced on 9 June 2008.

Chairman of Seven Media Group Pty Limited since December 2006.

Chairman of Australian Capital Equity Pty Limited Group which has significant interests in activities which include media and entertainment and property and industrial activities.

Chairman of Seven West Media Limited (formerly West Australian Newspapers Holdings Limited) since 11 December 2008. Appointed a Director on 25 September 2008.

PETER DAVID RITCHIE AO

Deputy Chairman of Seven Group Holdings Limited since April 2010.

Deputy Chairman of Seven Network Limited since August 1991.

Chairman of the Remuneration & Nomination Committee, Member of the Audit & Risk Committee, Member of the Independent & Related Party Committee.

Former Chairman of McDonalds Australia Limited and former Director of Westpac Banking Corporation, Solution 6 Holdings Limited and the University of New South Wales Foundation Limited.

Current Chairman of Mortgage Choice Limited and a Director since 5 April 2004.

Current Chairman of Reverse Corporation Limited and a Director since 1 October 2002.

Bachelor of Commerce (University of New South Wales). Fellow of CPA Australia.

Officer in the General Division of the Order of Australia.

PETER JOSHUA THOMAS GAMMELL

Director of Seven Group Holdings Limited since February 2010.

Appointed Managing Director and Group Chief Executive Officer of Seven Group Holdings Limited on 28 April 2010.

Director of Seven West Media Limited (formerly West Australian Newspapers Holdings Limited) since 25 September 2008.

Director of Seven Network Limited since November 1997.

Director of Seven Media Group Pty Limited since December 2006.

Director of WesTrac Pty Limited since 1990. Chairman of Coates Group Holdings Pty Limited.

Director of National Hire Group Limited from 10 December 2004 to 12 May 2008. Alternate Director of National Hire Group Limited from 12 May 2008 to 2 June 2010.

Director of Consolidated Media Holdings Limited since 10 September 2009.

Deputy Chairman of Australian Capital Equity Pty Limited and Group companies.

Member of the Institute of Chartered Accountants of Scotland.

DAVID JOHN LECKIE

Director of Seven Group Holdings Limited since April 2010.

Group Chief Executive Officer and Managing Director, Seven West Media Limited since 16 May 2011.

Director of Seven Network Limited since April 2003 and the Network's Chief Executive Officer, Broadcast Television.

Chief Executive Officer of the Seven Media Group since December 2006. Director of Seven Media Group Pty Limited since December 2006.

Bachelor of Arts, (Macquarie University), majoring in Economic and Financial Studies.

Former Chairman of Pacific Magazines. Former Chief Executive Officer of the Nine Network. Former Director of Australian News Channel Pty Limited.

Former Director of Free TV Australia Limited. Former Director of Yahoo!7.

JAMES ALLAN WALKER

Director of Seven Group Holdings Limited since February 2010.

Chief Executive Officer, WesTrac Group.

Managing Director, WesTrac Pty Limited since November 2000.

Over thirty years experience with the WesTrac Group and over forty years experience in the equipment industry. Prior to joining the WesTrac Group, roles were held with Hastings Deering and Morgan Equipment.

Director of Coates Hire and National Hire.

National President of the Australian Institute of Management.

ELIZABETH DULCIE BOLING

Director of Seven Group Holdings Limited since April 2010.

Director of Seven Network Limited since August 1993.

Member of the Remuneration & Nomination Committee, Member of the Independent & Related Party Committee.

Former Chair and Chief Executive of Southdown Press; former Chief Executive Magazines, PMP Limited; former Director of News Limited, ING Australia Limited and Tourism Victoria.

Former Member of the board of the Australian Cancer Research Foundation, the Mental Health Research Institute of Victoria and former Trustee of the National Gallery of Victoria.

TERRY JAMES DAVIS

Director of Seven Group Holdings Limited since June 2010.

Group Managing Director, Coca-Cola Amatil Limited since 12 November 2001.

Chairman of the Independent & Related Party Committee, Member of the Remuneration & Nomination Committee.

Director of St. George Bank Limited from December 2004 to December 2008.

Over fourteen years experience in the global wine industry including Managing Director of Beringer Blass (the wine division of Foster's Group Limited) and Managing Director of Cellarmaster Wines Group between 1987 and 1997.

Council Member of the University of New South Wales Council since 2006.

CHRISTOPHER JOHN MACKAY

Director of Seven Group Holdings Limited since June 2010.

Chairman and Chief Investment Officer of Magellan Financial Group Limited.

Member of the Audit & Risk Committee, Member of the Independent & Related Party Committee.

Considerable experience in business management, capital allocation, risk management and investment. A former investment banker and corporate and banking lawyer, with broad experience in the financial and corporate sectors over many years.

Formerly Chairman of the investment bank UBS Australasia; having previously been its Chief Executive Officer.

A member of the Federal Treasurer's Financial Sector Advisory Council and a former member of the Business Council of Australia and director of the International Banks & Securities Association.

A director of Consolidated Media Holdings Limited since 8 March 2006.

A director of Magellan Financial Group Limited since 21 November 2006 and a director of Magellan Flagship Fund Limited since 29 September 2006.

BRUCE IAN MCWILLIAM

Director of Seven Group Holdings Limited since April 2010.

Director of Seven Network Limited since September 2003.

Appointed Commercial Director for Seven Network Limited in May 2003.

Director of Seven Media Group Pty Limited since December 2006.

Former partner of law firms Gilbert & Tobin, Turnbull McWilliam and Allen Allen & Hemsley specialising in media and commercial law. Former Director BSkyB, Executive Director News International Television and General Counsel, News International plc.

Director of Australian News Channel Pty Limited.

Director of Engin Limited since 31 October 2006 (company de listed on 8 August 2011). Alternate Director of Seven West Media Limited (formerly West Australian Newspapers Holdings Limited) since 4 November 2008.

Director of Vividwireless Group Limited (formerly Unwired Group Limited) since 14 January 2008 (company delisted on 7 May 2008).

Honorary Fellow of the University of Sydney.

Chairman, Sydney University Law School Advisory Committee.

Council Member, St Pauls College, University of Sydney.

Honorary Governor – The Thalidomide Foundation Limited.

RYAN KERRY STOKES

Mr Stokes is an Executive Director of Seven Group Holdings Limited (since April 2010) and a Director (since February 2010).

Director of WesTrac Pty Limited; Director of Seven Network Limited (since December 2005); Seven Media Group Pty Limited (since December 2006); Alternate Director of Seven West Media Limited (formerly West Australian Newspapers Holdings Limited since 4 November 2008); Chairman of Vividwireless Group Limited (formerly Unwired Group Ltd since 8 January 2008); Director of Yahoo!7 Pty Limited; Director of Consolidated Media Holdings Limited (since September 2009); Director of Engin Limited (since 31 October 2006, company de listed on 8 August 2011).

Director of Iron Ore Holdings Pty Limited (since January 2011).

Mr Stokes is a Director of the Australian Institute of Management (WA), the Perth International Arts Festival, the Australian Strategic Policy Institute Council and the Victor Chang Cardiac Research Institute.

RICHARD ANDERS UECHTRITZ

Director of Seven Group Holdings Limited since June 2010.

Member of the Remuneration & Nomination Committee, Member of the Independent & Related Party Committee.

Director of JB Hi-Fi Limited since 28 April 2011.

Chief Executive Officer and Director of JB Hi-Fi Limited from June 2000 to May 2010.

Over twenty years experience in retailing. Co-founder of Rabbit Photo and Smith Kodak Express.

Director of Kodak (Australasia) Proprietary Limited from 30 July 1998 to 20 July 2000.

PROFESSOR MURRAY CHARLES WELLS

Director of Seven Group Holdings Limited since April 2010.

Director of Seven Network Limited since July 1995.

Chairman of the Audit & Risk Committee, Member of the Independent & Related Party Committee. PhD, University of Sydney. M.Com, University of Canterbury. Fellow of CPA Australia, Fellow of the Academy of Social Sciences in Australia. Director, Kaplan Higher Education Pty Limited. Deputy Chairman, Australian Scholarships Foundation.

Emeritus Professor of Accounting, former Dean of Economics, and Director of the Graduate School of Business and the Foundation of the Graduate School of Business at the University of Sydney. Former Chairman and Director of Australian National Business School Limited.

Company Secretary

WARREN WALTER COATSWORTH

Company Secretary of Seven Group Holdings Limited since April 2010.

Company Secretary of Seven Network Limited since July 2005.

Solicitor holding a current practising certificate with degrees in Arts and Law (Hons) from the University of Sydney. Legal Counsel with Seven Network Limited for the past eleven years, advising broadly across the company, and formerly a solicitor at Clayton Utz. He has completed a Graduate Diploma in Applied Corporate Governance and is a qualified Chartered Company Secretary and a member and associate of Chartered Secretaries Australia.

Corporate Governance

This statement outlines the Company's main corporate governance practices and its compliance with the ASX Corporate Governance Council Corporate Governance Principles and Recommendations 2nd Edition ("ASX Recommendations").

Various of the corporate governance policies referred to in this statement are available on the Company's website (www.sevengroup.com.au). Those policies which are not separately available on the Company's website are summarised in this statement. A copy of this statement (including the summaries of the various policies) will be made available on the Company's website.

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The Board is empowered to manage the business of the Company subject to the Corporations Act and the Company's Constitution.

The Board is responsible for the overall corporate governance of the Group and has adopted a Board Charter, posted on the Company's website, which sets out the role and responsibilities of the Board as well as those functions delegated to management. The Board Charter provides that the Board's role includes: representing and serving the interests of shareholders by overseeing, reviewing and appraising the Company's strategies, policies and performance in accordance with any duties and obligations imposed on the Board by law and the Company's Constitution; contributing to and approving management's development of corporate strategy and performance objectives and monitoring management's performance and implementation of strategy and policies; reviewing, ratifying and monitoring systems of risk management and internal control and ethical and legal compliance; and monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting.

The Board Charter provides that matters which are specifically reserved for the Board or its Committees include: appointment and removal of the Group Chief Executive Officer; approval of dividends; approval of annual budget; monitoring capital management and approval of major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to management; and calling of meetings of shareholders.

Subject to oversight by the Board and the exercise by the Board of functions which it is required by law to carry out, it is the role of management to carry out functions that are delegated to management by the Board as it considers appropriate as well as those functions not specifically reserved to the Board, including those functions and affairs which pertain to the day-to-day management of the operations and administration of the Company. Management is responsible for implementing the policies and strategic objectives approved by the Board. Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively.

The Company has adopted a Delegated Authority Policy delegating to management authority to carry out expenditure in relation to specified areas of the Company's operations, subject to the Company's policies and procedures in respect of the authorisation and signing of Company contracts which includes a system of legal review. Other than the Group Chief Executive Officer and Executive Director, during the year the management of the Company comprised certain Seven Media Group executives, for whom a portion of their salary cost was charged to the Company for management services provided (appropriate charge back arrangements were put in place at the time of the transaction with Kohlberg Kravis & Roberts in December 2006) as these key executives devoted the majority of their time to Seven Media Group, as well as those executives of subsidiaries within the Group, such as WesTrac Holdings Pty Limited and National Hire Group Limited. Following the merger of Seven Media Group and West Australian Newspapers Holdings to form Seven West Media Limited ("the Seven West merger"), those executives of Seven Media Group who provided management services to the Company continued to do so under a similar arrangement between the Company and Seven West Media Limited under which a portion of the executives' salary cost is charged back to the Company in line with previous charge back arrangements between Seven Media Group and the Company. The functions exercised by the Board and those delegated to management, as disclosed herein and set out in the Board Charter, are subject to ongoing review to ensure that the division of functions remains appropriate.

The performance of the Group Chief Executive Officer is reviewed by the Board against the achievement of strategic and budgetary objectives in respect of the Group's operations and investments whilst also having regard for his personal performance in the leadership of the Group. The Board's review is carried out annually in regard to certain goals against which he is assessed, and throughout the year in regard to others, and forms the basis of the determination of the Group Chief Executive Officer's performance linked remuneration. The Remuneration Report sets out further details of the performance criteria against which the Group Chief Executive Officer's performance linked remuneration is assessed. The performance of senior executives of the Company is reviewed on an annual basis in a formal and documented interview process with either the Group Chief Executive Officer or the particular executive's immediate superior, which evaluates performance against agreed performance goals and assessment criteria in relation to the senior executive's duties and material areas of responsibility, including management of relevant business units within budget, motivation and development of staff, and achievement of and contribution to the Company's objectives. A performance evaluation of senior executives has taken place during the year in accordance with this process.

Under a Performance Management Plan within Seven Media Group, performance-based incentives were available for Seven Media Group senior executives tied to performance reviews and the achievement of agreed performance objectives. Assessment of these particular executives, who since the Seven West merger became executives of Seven West Media Limited, has been undertaken during the financial year in accordance with this process. For further information about performance management of Senior Executives and staff, please see the discussion set out under "Principle 8 – Remunerate Fairly and Responsibly".

For those executives of subsidiaries, performance assessments are undertaken by the Chairman and the respective Board for a Chief Executive Officer and by the Chief Executive Officer for other senior executives.

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

As at the date of this statement, the Board currently comprises twelve (12) Directors and an alternate Director as follows.

- The Non-Independent Directors in office are:
- Mr Kerry Stokes AC — Executive Chairman
- Mr Peter Gammell — Director and Group Chief Executive Officer
- Mr David Leckie — Director and Chief Executive Officer, Seven West Media Limited
- Mr James Walker — Director and Chief Executive Officer, WesTrac Group
- Mr Bruce McWilliam — Commercial Director
- Mr Ryan Stokes — Executive Director
- Mr Robin Waters — Alternate Director to Mr Peter Gammell

The Independent Directors in office are:

- Mr Peter Ritchie AO — Deputy Chairman and Lead Independent Director
- Mrs Dulcie Boling — Director
- Mr Terry Davis — Director
- Mr Christopher Mackay — Director
- Mr Richard Uechtritz — Director
- Professor Murray Wells — Director

The skills, experience, expertise and period in office of each Director of the Company at the date of the Annual Report are disclosed in the Board of Directors section of this Annual Report.

In determining whether a Director is independent, the Board conducts regular assessments and has regard to whether a Director is considered to be one who:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is employed, or has previously been employed in an executive capacity by the Company or another group member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years been a principal of a material professional advisor or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
- is a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- has a material contractual relationship with the Company or another group member other than as a Director.

The Board has determined that a material relationship is to be determined on the basis of fees paid or monies received or paid to either a Director or a Director-related entity, which may impact the EBITDA of the Company in the previous financial year by more than 5% (and where that historical actual EBITDA is not available, the EBITDA impact should be assessed against pro forma historical accounts.)

In the Board's view the Independent Directors (identified above) are free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Directors' ability to act with a view to the best interests of the Company. In terms of longevity of time in office, the Board does not consider that independence can be assessed with reference to an arbitrary and set period of time. The Company has diverse operations that have grown considerably over time and in the Board's view derives the benefits from having long serving Directors with detailed knowledge of the history and experience of the operations.

As set out above, the Board currently comprises six Non–Independent Directors and six Independent Directors. The Board acknowledges the ASX Recommendation that a majority of the Board should be Independent Directors. However the Directors believe that they are able to objectively analyse the issues before them in the best interests of all shareholders and in accordance with their duties as Directors. The Board considers that the individual Directors make highly-skilled decisions in the best interests of the Company, despite a majority of the Board not comprising Independent Directors.

On 20 August 2010 the Board reviewed and restructured the Company's Committees, establishing the Audit & Risk Committee, the Remuneration & Nomination Committee and the Independent & Related Party Committee in replacement of the Audit Committee, the Risk & Compliance Committee, the Remuneration Committee and the Related Party Committee ("the Committee Restructure"). This Corporate Governance Statement and the Director profiles set out under the heading "Board of Directors" in this Annual Report refer to the Committees established by the Board on 20 August 2010, including the functions of those Committees and their memberships. The functions of the restructured Committees broadly reflect those of the Committees in place prior to 20 August 2010.

The Independent Directors (identified above) are members of the Independent & Related Party Committee which has Mr Terry Davis as its Chairman. The Committee provides a forum for the review of material transactions between the Company and its related parties, including transactions with Australian Capital Equity Pty Limited and interests associated with Mr Kerry Stokes AC. The Committee also provides an opportunity for the Independent Directors to meet regularly without management or Non-Independent Directors present.

Mr Kerry Stokes AC is Executive Chairman of the Board of the Company. The Board acknowledges the ASX Recommendation that the Chairman be an Independent Director, however the Board views as an advantage the Chairman's history of leadership across the businesses and investments comprising the Group, including in the areas of heavy equipment management and services, property and television management and related media investments, as well as Mr Stokes' grasp of new technologies driving television production and transmission, not to mention his clear incentive to maximise the interests of the Company. Mr Stokes has been involved in investing in and managing diverse businesses for more than four decades and currently has broad business interests and investments in a range of major business sectors in Australia and overseas, including construction, mining, oil and gas exploration. His experience and insights are invaluable to the Group.

Mr Peter Gammell is the Group Chief Executive Officer and Managing Director. Mr Gammell has been a Director of Seven Network Limited for sixteen years and was a founding Director of WesTrac Pty Limited on its establishment twenty years ago. Mr Gammell's experience across the Group brings considerable depth of understanding of the Group's operations, providing strong leadership. The Board considers it appropriate that Mr Gammell be charged with the responsibility for overseeing and supervising the Company's investments in accordance with the Board's strategies as well as managing the Company's small executive team.

The Chief Executive Officer of Seven West Media Limited is Mr David Leckie, who devotes the majority of his time to the management of the broadcasting, newspaper and magazine publishing and internet business operations of Seven West Media Limited. Mr Leckie was the Chief Executive Officer of Seven Media Group during the period prior to the Seven West merger. Given the nature of the investing activities of the Company he works closely with the Group Chief Executive Officer and the other key executives and reports to the Board on the performance and operations of Seven West Media Limited.

The Chief Executive Officer, WesTrac Group, is Mr James Walker who is responsible for the Caterpillar dealership operations in New South Wales, Western Australia, the Australian Capital Territory and regions of North East China. He works closely with the Group Chief Executive Officer and reports to the Board on the performance and operations of the WesTrac Group.

Directors are able to obtain independent professional advice to assist them in carrying out their duties, at the Company's expense.

The process and policy for appointing new Directors to the Board is that when the Board considers a vacancy exists for a Board appointment the Board may require the Remuneration & Nomination Committee to assist and advise the Board in relation to any of: the identification of individuals who are qualified to become Board members; reviewing potential candidates for Board appointment having regard to the skills, experience, expertise and personal qualities that will best complement Board effectiveness; the capability of the candidate to devote the necessary time or commitment to the role; diversity of members of the Board. The most suitable candidate is appointed by the Board which retains the power to nominate and appoint Directors to the Board to fill casual vacancies. Directors appointed as casual vacancies hold office until the next General Meeting and are then eligible for re-election. The Company is reviewing its policies and practices having regard to the change to the Recommendations concerning gender diversity which will apply for annual reporting periods which begin on or after 1 January 2012. The Remuneration & Nomination Charter is available on the Company's website.

Under the Constitution of the Company and subject to the ASX Listing Rules, a Director must retire from office, and will be eligible for re-election, no later than the longer of the third Annual General Meeting of the Company or three years following that Director's last election or appointment. The Managing Director or an Alternate Director is not taken into account in determining the number of Directors to retire at an Annual General Meeting.

The Notice of Meeting for the Annual General Meeting discloses other key current directorships of Director candidates, as well as other appropriate biographical details and qualifications. Details of Directors, including their time in office, qualifications, experience and special responsibilities are set out in the "Board of Directors" section of this Annual Report.

The Executive Chairman closely monitors the performance and actions of the Board and its Committees and meets with individual Board members during a financial year to ensure that the Board and its Committees operate effectively and efficiently. The Executive Chairman and each Board member consider the performance of that Board member in relation to the expectations for that Board member and consider any opportunities for enhancing future performance. Matters which may be taken into account include the expertise and responsibilities of the Board member and their contribution to the Board and any relevant Committees and their functions. During a financial year the Chairs of the respective Committees also monitor and evaluate the performance of the Committee – according to the function and objectives of the Committee, its program of work, and the contributions of its members – and discuss the Committee's performance with the Executive Chairman and its members. The Board continued to develop its processes for evaluation of the performance of the Board, its Committees and Directors and is conducting a review of the Company's reporting to the Board and its Committees, which includes evaluation of the Board, its Committees and Directors, to ensure it remains appropriate. The Board also undertook a similar review process to the process discussed above as part of the Committee Restructure. The Directors' Report sets out the number of Committee and Board meetings under the heading "Directors' Meetings", including meetings of the Audit & Risk Committee and Remuneration & Nomination Committee, as well as the attendance of Directors at those meetings.

Board appointees are inducted through a briefing with the Executive Chairman, discussions of the Company's corporate governance (including its policies and procedures) with the Company Secretary, visits to key business sites and meetings with Company Executives.

The Board, under the terms of appointment of Directors and by virtue of their position, is entitled to access, and is provided with, information concerning the Company needed to discharge its duties efficiently. Directors are entitled, and encouraged, to request additional information if they believe that is necessary to support informed decision making.

In addition to an induction process for new Director appointments, Directors variously attend external education seminars and peer group meetings regarding regulatory and compliance developments. The Company arranges presentations to the Board by Executives to update the Directors on the Company's business activities, industry and regulatory developments.

The Company Secretary is charged by the Board to support the Board's effectiveness by monitoring that Company policies and procedures are followed, and coordinating the timely distribution of Board and Committee agendas and briefing materials.

The Company Secretary's appointment and removal is a matter for the Board. The Company Secretary is accountable to the Board through the Chairman on corporate governance matters. Each of the Directors has access to the Company Secretary.

PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

The Board Charter, available on the Company's website, provides that Directors will act at all times with honesty and integrity, will observe the highest standards of ethical behaviour and will not prioritise their personal interests over the Company's interests.

The Company and its controlled subsidiaries, as applicable, uphold and maintain the following ethical standards:

- General statutory requirements and regulations of the Corporations Act, ASX Listing Rules and Income Tax Assessment Act;
- Equal employment opportunity and affirmative action;
- Encouraging high standards of safe work practices and implementing Occupational Health & Safety compliance procedures;
- Policy of community service through charitable organisations; and
- Policy of responding to national disasters and tragedies.

The Company is assessing the Group as part of its compliance with the National Greenhouse and Energy Reporting Act and will be reporting relevant emissions and energy usage and production for the Group for the financial year.

Formal Employee Conduct Guidelines have been implemented for employees, including Senior Executives, and Directors, and are available on the Company's website.

The Company has adopted Share Trading Policies for Group Directors and Executives and Staff which Policies are available on the Company's website. The policies essentially provide that a 30 working day "window" is available for trading in the Company securities commencing 24 hours after each of the Company's half yearly results announcement and full year results announcement, and the Annual General Meeting, provided that trading in Company securities is not prohibited by the Corporations Act. During the year the Board revised its Share Trading Policies for Group Directors and Executives and Staff to include "blackout periods" between the last day of the financial year and 24 hours after the release of the Company's annual results announcement as well as between the last day of the half year and 24 hours after the release of the Company's half yearly results announcement. Directors and staff members may only deal in the Company's securities during these "blackout periods" in exceptional circumstances.

The Company has adopted a formal Issue Escalation Guideline to encourage the reporting and investigation of unethical and unlawful practices and matters of concern which cannot otherwise be adequately dealt with under Company policies. The Guideline, including employee contacts, is available on the Company's website.

The Company requires compliance with Company policies by staff under the terms of their employment and carries out training of employees in relation to its policies and procedures.

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

The Board has established an Audit & Risk Committee comprising Professor Murray Wells as its Chairman, Mr Peter Ritchie AO and Mr Christopher Mackay, who are Independent Directors. Professor Wells is an Emeritus Professor of Accounting, University of Sydney. Mr Ritchie is a Fellow of CPA Australia. Mr Mackay, a former investment banker and corporate and banking lawyer, has considerable experience in business management, capital allocation, risk management and investment. The Board believes the ASX Recommendations are satisfied as regards the technical expertise of the Audit & Risk Committee members.

The Audit & Risk Committee has adopted a formal Charter which is available on the Company's website. The Committee's key responsibilities in respect of its audit function are to assist the Board in fulfilling its responsibilities in relation to: the accounting and financial reporting practices of the Company and its subsidiaries; the consideration of matters relating to the financial controls and systems of the Company and its subsidiaries; the identification and management of financial risk; the examination of any other matters referred to it by the Board.

The Committee's key responsibilities in respect of its risk function are set out below under "Principle 7 – Recognise and Manage Risk".

The Audit & Risk Committee is also responsible for making recommendations to the Board on the appointment (including procedures for selection), and where necessary, the replacement of the External Auditor; evaluating the overall effectiveness of external audit function through the assessment of external audit reports and meetings with the External Auditors; reviewing the External Auditor's fees in relation to the quality and scope of the audit with a view to ensuring that an effective comprehensive and complete audit can be conducted for the fee; and assessing whether non-audit services provided by the External Auditor are consistent with maintaining the External Auditor's independence. Each reporting period, the External Auditor provides an independence declaration in relation to the audit. Additionally, the Audit & Risk Committee provides advice to the Board in respect of whether the provision of non-audit services by the External Auditor are compatible with the general standard of independence of auditors imposed by the Corporations Act.

The current practice is for the rotation of the appropriate External Audit partner(s) to occur every five years (subject to the requirements of applicable professional standards and regulatory requirements).

It is the policy of the Audit & Risk Committee to meet periodically with the External Auditors without management being present.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

The Company complies with the continuous disclosure obligations of the ASX Listing Rules and, in doing so, immediately notifies the market of any material price sensitive information. The Company has adopted and implemented a Continuous Disclosure Policy which sets out the procedure for the identification of material price sensitive information and reporting of such information to the Company Secretary for review. A summary of the Continuous Disclosure Policy is available on the Company's website.

The Company Secretary has been nominated as the person with primary responsibility for communication and liaison with the ASX in relation to ASX Listing Rules and continuous disclosure issues. The Company Secretary also has responsibility for ensuring internal compliance with those ASX Listing Rules and the oversight of information released to the ASX and shareholders.

PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS

As disclosed in the Board Charter posted on the Company's website, the Board aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs by promoting effective communication with shareholders principally through ASX announcements, the Company website, the provision of the Annual Report, including the Financial Statements, and the Annual General Meeting (and any extraordinary meetings held by the Company) and notices of General Meetings. Information concerning resolutions for consideration at the Company's General Meetings is provided in the notice of meeting. Shareholders are encouraged to participate in General Meetings and are invited to put questions to the Chairman of the Board in that forum. The Board ensures that the Company's External Auditor attends all Annual General Meetings and is available to answer shareholders' questions about the conduct of the audit and the preparation and content of the Auditor's report thereon.

The Company's website provides additional information about the Company. The Board continues to review its channels of communications with shareholders for cost effectiveness and efficiencies, including using electronic delivery systems for shareholder communications where appropriate.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

The Company recognises that the management of business and economic risk is an integral part of its operations and has established policies and procedures for the oversight and management of material business risks, including the establishment of the Audit & Risk Committee. As mentioned above under "Principle 4 – Safeguard Integrity in Financial Reporting" the Audit & Risk Committee comprises Professor Murray Wells as its Chairman, Mr Peter Ritchie AO and Mr Christopher Mackay.

The Board requires management to design and implement a risk management and internal control system to manage the entity's material business risks and report to it on the management of those risks. Commissioned through the Audit & Risk Committee and facilitated by an external consultant, a Strategic Risk Assessment was undertaken during the year by the Company. The Strategic Risk Assessment identifies, assesses, ranks and updates the main strategic risks, including material business risks, facing the Company in respect of which management formulates and records the internal risk controls implemented for those risks. The Strategic Risk Assessment process included separate risk assessments facilitated by an external consultant with key management of each of the WesTrac Group, Vividwireless, Seven Group Holdings and Seven Media Group (prior to the Seven West merger). The risks of the Group's businesses and investments were then considered on an aggregate basis to produce a Group risk profile of which the key categories of risk are financial and investment risks. During Committee meetings throughout the year, the Audit & Risk Committee received risk briefings from management concerning the Group's key business operations. WesTrac provides regular reporting on workplace safety practices and management within the WesTrac Group. Additionally, the Company conducts an annual Fraud Risk Survey and maintains a Business Continuity Management System under which critical business processes are identified across the Company and business continuity plans developed for ongoing review by Head of Internal Audit.

The Audit & Risk Committee also monitors compliance with applicable laws and regulations. As mentioned under "Principle 4 – Safeguard Integrity in Financial Reporting" the Committee has adopted a formal Charter which, in addition to a summary of the Risk Management Policy, is available on the Company's website.

The Company has also established an Internal Audit function which reports to the Audit & Risk Committee. The Internal Audit function conducts detailed reviews of relevant controls in the areas of accounting, information and business operations and proposes and fulfils a program of work to test controls implemented by management in these areas.

The risk assessment framework described above, including the Internal Audit function, is an integral part of the process underlying the statement made annually by the Group Chief Executive Officer and the Chief Financial Officer regarding the integrity of the Financial Statements.

The statement is founded on a sound system of risk management, internal compliance and control of material business risks which management has reported to the Board was operating effectively in all material respects, including in relation to financial reporting risks for the financial year ended 30 June 2011 and provides reasonable assurance that the policies prescribed by the Board, either directly or through delegation to Committees or senior executives, have been implemented.

Pursuant to section 295A of the Corporations Act, each person who performs the chief executive function and the chief financial officer function confirm in writing to the Board that the financial records of the Company for the financial year have been properly maintained, the Financial Statements are prepared in accordance with relevant accounting standards, and the Financial Statements and notes present a true and fair view. These statements also confirm that the integrity of the Financial Statements and notes, and of the financial reporting system, is founded on a sound system of risk management and internal compliance and control systems which, in all material respects, implement the policies prescribed by the Board. The Directors' Declaration set out in this Annual Report confirms that the declarations required by section 295A of the Corporations Act have been given.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

The remuneration of the Non-Executive Directors of the Board is restricted, in aggregate, by the Constitution of the Company and the requirements of the Corporations Act. The Board has determined that Non-Executive Directors remuneration in aggregate will not exceed $2 million per annum. As part of the Committee Restructure, fees for the Non-executive Directors and the Executive Chairman were reviewed based on advice from external consultants to ensure the fees were reasonable for the Company to provide in the circumstances of the Company and having regard to the responsibilities of the Directors and their proposed roles. These fee arrangements are set out in the Remuneration Report. As the Directors consider that the attraction, retention and motivation of its Directors and senior executives is of critical importance in securing the future growth of the Company, its profits, share price and shareholder returns, Executive Directors, Non-Executive Directors and senior executives may receive performance linked payments and other additional payments at the discretion of the Board where appropriate in relation to special services that they perform for the Company.

The Board has established a Remuneration & Nomination Committee comprising Mr Peter Ritchie AO as its Chairman, Mrs Dulcie Boling, Mr Terry Davis and Mr Richard Uechtritz. The Remuneration & Nomination Committee Charter posted on the Company's website sets out the role and responsibilities of the Committee. The terms of the Committee's charter in respect of its Remuneration function are summarised below and in the Directors' Report. The primary responsibilities of the Committee are, as required, to review and advise the Board on Directors' fees and the remuneration package of the Group Chief Executive Officer, Chief Executives and senior executives of the Group subsidiaries, and to provide advice and support and serve as a sounding-board for the Group Chief Executive Officer and Board in human resource matters. Members of the Committee may have informal discussions with the Executive Chairman and Group Chief Executive Officer and provide advice to them and the Board on remuneration-related matters throughout the year, as requested. The Remuneration & Nomination Committee is also available to review and make recommendations to the Board of the grant of Options to executives and advise on succession planning and employee development policies. During the year the Remuneration & Nomination Committee met to consider and recommend to the Board the proposed remuneration of the Group Chief Executive Officer. The Group Chief Executive Officer's remuneration was then considered and approved by the Board, other than Mr Gammell who left the meeting during the consideration of that item of business. The key terms of the Group Chief Executive Officer's employment arrangements were announced to ASX on 22 September 2010 and are summarised in the Remuneration Report. The Remuneration & Nomination Committee also met after the end of the financial year to review and recommend to the Board performance linked remuneration for the Group Chief Executive Officer as well as for senior Company and WesTrac executives. This process is summarised in the Remuneration Report. Remuneration matters relating to the Seven Media Group executives and employees were primarily determined within the Seven Media Group because it is from that source that those executives received the majority of their remuneration. Following the Seven West merger, the remuneration of those executives of Seven Media Group who provide management services to the Company are primarily determined within Seven West Media Limited. WesTrac largely determines remuneration matters for senior WesTrac executives within a budget approved by the Board, however, as mentioned above, performance linked remuneration for senior WesTrac executives was reviewed by the Remuneration & Nomination Committee and approved by the Board. Vividwireless largely determines remuneration within business within a budget approved by the Board.

The objective of the remuneration process is to ensure that remuneration packages properly reflect the duties and responsibilities of the employees and that the remuneration is at an appropriate but competitive market rate which enables the Company to attract, retain and motivate people of the highest quality and best skills from the industries in which the Company operates. This policy provides for the Group Chief Executive Officer to consider the remuneration packages paid within the industry and the impact these people are expected to have on the operational and financial performance of the Company.

Remuneration packages may include bonus, option or share elements and the Company has established Share and Option Plans for that purpose. The payment of bonuses shall be based on the achievement of specific goals which relate to the performance of the Company or as otherwise specified in the relevant employment contracts. Share Options are issued as a part of remuneration packages where they are considered appropriate, with exercise prices and hurdle rates which reflect the long-term objectives of the Company.

The Company also conducts annual employee performance reviews, involving a written questionnaire, discussion between employee and manager of employee competencies and the agreement of performance goals for the employee. Performance based incentives of Executive Directors, senior employees and executives of the Seven Media Group were largely determined within the Seven Media Group. Following the Seven West merger, performance based incentives of those executives of Seven Media Group who provide management services to the Company are primarily determined with Seven West Media Limited. WesTrac largely determines performance linked incentives for Executive Directors, senior employees and executives of the WesTrac Group within a budget approved by the Board. Remuneration matters relating to WesTrac and Vividwireless are brought to the Remuneration & Nomination Committee or Board as appropriate.

In light of the ban on hedging remuneration of Key Management Personnel now found in the Corporations Act, and as there are established policies in relation to share trading and trading windows in respect of shares or entitlements owned by executives and senior employees, it was not considered necessary to establish a policy in relation to entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under an equity based remuneration scheme. Moreover the ability to deal with unvested rights is restricted in the Employee Share Option Plan under which options are granted. The Company will continue to monitor the appropriateness of this approach, and will implement such a policy if it determines that it is merited in these circumstances.

Further details relating to remuneration and Company's remuneration policy, framework and structuring are contained within the Remuneration Report.

Directors' Report

The Directors are pleased to present their report together with the financial statements of the Group comprising Seven Group Holdings Limited (the "Company"), and its subsidiaries, and the Group's interest in associates and jointly controlled entities for the financial year ended 30 June 2011 and the auditor's report thereon.

DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are:

Kerry Matthew Stokes AC (Executive Chairman)
Peter David Ritchie AO (Deputy Chairman)
Peter Joshua Thomas Gammell (Group Chief Executive Officer)
David John Leckie (Chief Executive Officer and Managing Director, Seven West Media Limited)
James Allan Walker (Chief Executive Officer, WesTrac Group)
Elizabeth Dulcie Boling
Terry James Davis
Christopher John Mackay
Bruce Ian McWilliam
Ryan Kerry Stokes
Richard Anders Uechtritz
Professor Murray Charles Wells
Robin Frederick Waters (Alternate Director for Mr PJT Gammell)

Particulars of their qualifications, experience, special responsibilities and any directorships of other listed companies are set out in the Annual Report under the headings "Board of Directors" and "Corporate Governance" and form part of this report.

Warren Walter Coatsworth is the Company Secretary. Particulars of Mr Coatsworth's qualifications and experience are set out in the Annual Report under the heading "Company Secretary".

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year were those of a diversified operating and investment group; with interests in media and broadcasting, magazine publishing, on line businesses, heavy equipment sales and service and equipment hire.

During the financial year the Company acquired a 29.6% interest in the ordinary shares of Seven West Media Limited ("SWM") (formerly West Australian Newspapers Holdings Limited ("WAN")) together with $250 million in SWM Convertible Preference Shares. This acquisition involved the transfer to SWM of the Group's interests in Seven Media Group ("SMG") and the sell down of the Group's existing stake in WAN. Through this acquisition, the Company consolidated its interests in television and magazines with newspapers (principally "The West Australian") and digital (online) publishing, commercial printing and radio broadcasting.

Other than the investment in SWM, there were no significant changes in the nature of the principal activities of the Group during the financial year.

NET CONSOLIDATED PROFIT

The net amount of the consolidated profit of the Group for the financial year after provision for income tax was $79,913,000 (2010: $718,742,000).

DIVIDENDS – ORDINARY SHARES

Since the start of the financial year, a final fully franked dividend for the 2010 financial period of 18.0 cents per share, amounting to $54,974,000, was paid on 22 October 2010.

Since the start of the financial year, an interim fully franked dividend for the 2011 financial year of 18.0 cents per share, amounting to $54,974,000, was paid on 15 April 2011.

A final fully franked dividend for the 2011 financial year of 18.0 cents per share of $55,154,000 will be paid on 14 October 2011, based on the number of issued shares at the date of this report.

DIVIDENDS – TELYS4

Since the start of the financial year, a fully franked dividend of $3.4043 per TELYS4 based on 4,963,640 TELYS4 on issue, amounting to $16,898,000 was paid on 30 November 2010.

A further fully franked dividend of $3.4904 per TELYS4 based on 4,963,640 TELYS4 on issue, amounting to $17,324,000 was paid on 31 May 2011.

REVIEW AND RESULTS OF OPERATIONS

A review of the operations during the financial year of the Group, and of the results of those operations, and of the financial position of the Group and its business strategies and prospects for future financial years is set out in the Annual Report under the heading "From the Executive Chairman" and "Year in Review".

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Group during the financial year were as follows:

- On 21 February 2011, WAN announced its intention to acquire SMG for an enterprise value of $4,085 million. The combination of WAN and SMG transformed WAN into a national multi-platform media business. The proposed transaction was approved by WAN shareholders at an Extraordinary General Meeting on 11 April 2011.
- On 21 April 2011, WAN announced the completion of its acquisition of SMG from Seven Group Holdings Limited for an enterprise value of $4,085 million.
- On 11 May 2011, the Company confirmed that it had received an in principle development approval for its plans for the redevelopment of the Perth Entertainment Centre precinct as part of the State Government's Perth City Link Project.
- On 8 July 2011 the shareholders in Engin Limited ("Engin") approved a proposal under a member's request by Network Investment Holdings Pty Limited (a subsidiary of the Company) prior to year end under Section 249D of the Corporations Act 2001 for Engin to undertake a selective reduction of capital. Under the proposal, all shares in Engin other than those owned by Network Investment Holdings Pty Limited would be cancelled in return for a cash payment of $0.90 per Engin share to shareholders whose shares are cancelled.

In the opinion of the Directors there were no other significant changes in the state of affairs of the Group that occurred during the financial year.

EVENTS AFTER END OF FINANCIAL YEAR

- On 1 July 2011, the Company acquired minority interests in EMT Group Pty Limited and Mining Equipment Spares Pty Limited. Both entities became wholly owned subsidiaries as at this date.
- As noted above, at the Extraordinary General Meetings on 8 July 2011, Engin shareholders voted to approve the cancellation of all shares in Engin other than those owned by Network Investment Holdings Pty Limited in return for a cash payment of $0.90 per Engin share. Payments were made to Engin shareholders (other than Network Investment Holdings Pty Limited) on 5 August 2011 and the shares were cancelled on that date resulting in Engin becoming a 100% owned subsidiary of the Company. Engin was de listed on 8 August 2011.
- In July 2011, the Group issued notes denominated in US Dollars of USD$155,000,000 and Australian Dollars of $48,828,000. The proceeds of these notes were partly used to pay down current debt. The US Dollar denominated notes are hedged by cross currency swaps. USD$100,000,000 of US Dollar denominated notes have been further hedged by interest rate swaps at a weighted average interest rate of 6.68%. Maturity of the notes is between 12 to 30 years.
- On 12 August 2011, a $100,000,000 2 year inventory financing facility was executed by WesTrac Inventory Pty Ltd, a 100% owned company of WesTrac Pty Ltd, for the purpose of providing short term working capital funding for the company. Drawings under the facility are secured against the inventory being financed.
- On 20 September 2011, the Group through a wholly owned subsidiary made a cash offer of $3.00 per share (increased to $3.60 per share if the group acquires at least 91.55% of the total National Hire Group Limited shares on issue) for the remaining shares in National Hire Group Limited that it currently doesn't own. Refer to the separate ASX announcement dated 20 September 2011 relating to this offer.

Other than the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED FUTURE RESULTS

Except for matters otherwise disclosed in this report or the financial report, information as to likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because, in the opinion of the Directors, to do so would prejudice the interests of the Group.

DIRECTORS' INTERESTS IN SECURITIES

The relevant interest of each Director in ordinary shares, TELYS4 or options issued by the companies within the Group, as notified by the Directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act, at the date of this report is as follows:

DIRECTORS' HOLDINGS OF SEVEN GROUP HOLDINGS LIMITED SHARES AS AT 23 SEPTEMBER 2011

	Ordinary Shares	Options over Ordinary Shares	TELYS4
KM Stokes AC	207,304,349	Nil	Nil
PD Ritchie AO	46,072	Nil	Nil
PJT Gammell*	494,345	Nil	Nil
DJ Leckie	66,908	3,000,000	Nil
JA Walker*	70,000	Nil	Nil
ED Boling	Nil	Nil	Nil
TJ Davis	Nil	Nil	3,500
CJ Mackay	Nil	Nil	Nil
BI McWilliam	1,280,447	1,000,000	Nil
RK Stokes*	93,000	Nil	Nil
MC Wells	4,000	Nil	710
RA Uechtritz	318,442	Nil	Nil
RF Waters	10,000	Nil	Nil

* Subsequent to the year end, rights to ordinary shares in the Company to be acquired on market have been granted as compensation to certain Directors under performance management plans. Refer to Remuneration Report for further details.

OPTIONS GRANTED OVER ORDINARY SHARES IN SEVEN GROUP HOLDINGS LIMITED

On 28 April 2010, an Employee Share Option Plan was approved by the Board to enable the provision of performance based incentives to the Company's Senior Executives.

On that date, 6,875,000 options were granted pursuant to the Plan to six option holders, as follows - 2,775,000 options at an exercise price of $7.00, 1,750,000 options at an exercise price of $8.00, 1,850,000 options at an exercise price of $9.00, 250,000 at an exercise price of $10.00 and 250,000 at an exercise price of $11.00.

All options expire on the earlier of their expiry date or 180 days following the termination of the holder's employment. In addition, the ability to exercise options is conditional on the achievement of Total Shareholder Return hurdles. Further details are included in the Remuneration Report.

During the financial year and up to the date of this report, 1,000,000 options with an exercise price of $7.00 were exercised and 100,000 options with an exercise price of $9.00 lapsed. No options were granted during the year or have been granted since the end of the year to the date of this report.

UNISSUED SHARES UNDER OPTIONS

At the date of this report, the following options to acquire an equivalent number of ordinary shares in the Company under the Employee Share Option Plan are outstanding:

Options on Issue	Exercise Price	Expiry Date
500,000	$9.00	30 June 2012
250,000	$11.00	30 June 2012
250,000	$10.00	30 June 2012
1,750,000	$7.00	30 June 2014
1,750,000	$8.00	30 June 2014
1,250,000	$9.00	30 June 2014
25,000	$7.00	1 June 2015
5,775,000		

The names of the executives who currently hold options, granted at any time, are entered in the Register of Options kept by the Company pursuant to Section 170 of the Corporations Act. The Register may be inspected free of charge.

None of the options, referred to above issued by the Company or its controlled entities, entitle the holders to participate in any share issue of the Company or any other body corporate.

There are no unissued shares of the Company under option as at the date of this report, other than those referred to above.

As at the date of this report, National Hire Group Limited, a controlled entity, had on issue 1,000,000 share options convertible on exercise into ordinary shares, which expire on 21 November 2013. The exercise price of these options is $2.00.

DIRECTORS' MEETINGS

On 20 August 2010 the Board reviewed and restructured the Company's Committees, establishing the Audit & Risk Committee, the Remuneration & Nomination Committee and the Independent & Related Party Committee in replacement of the Audit Committee, the Risk & Compliance Committee, the Remuneration Committee and the Related Party Committee.

The number of meetings of the Company's Directors (including meetings of committees of Directors) held during the financial year, and the number of those meetings attended by each Director, was:

DIRECTOR	BOARD		AUDIT & RISK		REMUNERATION & NOMINATION		INDEPENDENT & RELATED PARTY	
	Held	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
KM Stokes AC	10	10	0	0	0	0	0	0
PD Ritchie AO	10	9	3	3	1	1	3	2
PJT Gammell	10	10	3	3	0	0	0	0
DJ Leckie	10	10	0	0	0	0	0	0
JA Walker	10	10	0	0	0	0	2	2
ED Boling	10	10	0	0	1	1	3	3
TJ Davis	10	10	0	0	1	1	3	3
CJ Mackay	10	10	3	3	0	0	3	3
BI McWilliam	10	10	3	3	0	0	2	2
RK Stokes	10	10	0	0	0	0	0	0
MC Wells	10	10	3	3	0	0	3	3
RA Uechtritz	10	10	0	0	1	1	3	3
ALTERNATE DIRECTOR								
RF Waters	0	0	0	0	0	0	0	0

Attendance of Board Committees up to 20 August 2010, after which the Board restructured the Company's Committees as described above, was:

DIRECTOR	AUDIT		RISK & COMPLIANCE	
	Held	**Attended**	**Held**	**Attended**
KM Stokes AC	0	0	0	0
PD Ritchie AO	1	1	1	1
PJT Gammell	1	1	0	0
DJ Leckie	0	0	0	0
JA Walker	0	0	0	0
ED Boling	1	1	1	1
TJ Davis	0	0	0	0
CJ Mackay	0	0	0	0
BI McWilliam	1	1	1	1
RK Stokes	0	0	0	0
MC Wells	1	1	1	1
RA Uechtritz	0	0	0	0
Alternate Director				
RF Waters	0	0	0	0

The number of meetings held reflects the number of meetings held while the Director concerned held office during the year. A Director may also have been absent from a meeting, or part thereof, if there was a conflict of interest.

INDEMNITY

The Constitution of the Company provides an indemnity to any current and former Director and secretary of the Company against any liabilities incurred by that person, or arising out of, the discharge of duties as an officer of the Company or the conduct of the business of the Company, including associated legal costs defending any proceedings relating to that person's position with the Company in specified circumstances.

As permitted by the Constitution of the Company, the Company has entered into deeds of access, insurance and indemnity with each Director as at the end of the financial year.

INSURANCE PREMIUMS

The Company has paid insurance premiums in respect of a directors' and officers' liability insurance contract insuring against certain liabilities (subject to exclusions) of all current and former officers of the Company and its subsidiaries, including all Directors named in this report, the Company Secretary and all persons concerned in, or taking part in the management of, the Company and its controlled entities, and former Directors and officers who have retired or relinquished their positions.

The insurance policies prohibit disclosure of the premiums paid in respect of those policies and the nature of the liabilities insured by the policies.

ENVIRONMENTAL DISCLOSURE

In respect of the environmental regulations under any laws of the States, Territories and Commonwealth of Australia, the significant regulations that apply to the media operations of the entities the Company holds investments in are those guidelines and standards issued by the Australian Communications and Media Authority.

It is the Directors' understanding that the Company is fully compliant with the provisions of these guidelines and standards. Various State Environmental Protection Authorities have issued licenses to the Company under the laws of the respective States. All requirements and conditions of these licenses have been complied with to the satisfaction of the issuing authority.

The Company is assessing the Group as part of its compliance with the National Greenhouse and Energy Reporting Act and will be reporting relevant emissions and energy usage and production for the Group for the financial year.

There are no other particular environmental regulations applying to WesTrac or the Group.

NON AUDIT SERVICES

The appointment of KPMG as the Company's auditor was confirmed by the approval of shareholders at the first Annual General Meeting of the Company held on 9 November 2010.

During the year KPMG, the Company's auditor, has performed certain other services in addition to their statutory duties.

The Board has considered the non audit services provided during the year by the auditor and is satisfied that the provision of those non audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Board in terms of the Company's formal Auditor Independence Policy to ensure that they do not impact the integrity and objectivity of the auditor; and
- the non audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Group, KPMG, and its related practices for audit and non-audit services provided during the year are set out below. In addition, amounts paid to other auditors have been disclosed.

Amounts received or due and receivable by auditors of the Company for:

	2011 ($000)	2010 ($000)
Audit Services		
Auditors of the Company		
KPMG Australia		
– Audit and review of financial reports	412	273
– Other assurance services	84	610
Overseas KPMG firms		
– Audit and review of financial report	119	90
– Other assurance services	–	150
Other auditors		
– Audit and review of financial reports	195	88
– Other assurance services	283	7
Total	**1,093**	**1,218**
Other Services		
KPMG Australia:		
– Accounting due diligence and Investigating Accountants Report in relation to group restructuring	–	3,611
Overseas KPMG firms:		
– Other tax and advisory services	41	–
Other Auditors:		
– Other tax and advisory services	62	20
Total	**103**	**3,631**

The lead auditor's independence declaration is set out on page 46 and forms part of the Directors' Report for the year ended 30 June 2011.

REMUNERATION & NOMINATION COMMITTEE

The Remuneration & Nomination Committee is appointed by the Board and consists of a minimum of three members. The Committee must have a majority of independent Directors, all of whom must be Non-executive Directors. The Board will appoint the Chair of the Committee. The Chair must be an independent Non-executive Director who is not the Chair of the Board. The Board may appoint such additional Directors to the Committee or remove and replace members of the Committee by resolution.

ROLE OF THE COMMITTEE

The Remuneration & Nomination Committee operates under the delegated authority of the Board. As so requested by the Board and/or the Group CEO, the Committee shall fulfil the following responsibilities:

- Provide advice and support and serve as a sounding-board for the Group CEO and Board in human resource matters.
- Provide advice to the Group CEO on senior executive remuneration, appointment of new senior staff including proposed remuneration packages and the corporate remuneration structure.
- Make recommendations to the Board on remuneration of the Group CEO and the awarding of any contracted bonuses.
- Obtain external advice on which to make recommendations to the Board on remuneration of Non-Executive Directors and, as necessary, in relation to any aspects of the corporate remuneration structure.
- Review and make recommendations to the Board on all proposed offers to participate in, and all grants made pursuant to, the Company's equity plans and the overall functioning of the equity plans.
- Provide to Senior Management a forum for consideration and advice on employee relations and human resource issues and remuneration competitiveness in the marketplace and the industry.
- Review and advise on Senior Managements' succession planning and employee development policies.

The Committee will be dependent upon the Group CEO for most of the advice and this will be an on-going process based around an annual review. Approvals may be in retrospect, or ratified by the Committee, as appointments, promotions and some remuneration changes may take place between meetings, on the approval of the Group CEO.

MEMBERSHIP AND MEETINGS

The members of the Committee established on 20 August 2010 were:

Name	Position Held	Status
Peter David Ritchie AO	Chairman	Independent Director
Elizabeth Dulcie Boling	Member	Independent Director
Terry James Davis	Member	Independent Director
Richard Anders Uechtritz	Member	Independent Director

Prior to 20 August 2010, the Company had in place a Remuneration Committee comprised of Mr Peter Ritchie AO as its Chairman, and Professor Murray Wells and Mrs Dulcie Boling as members of the Committee which did not meet in the period from 1 July 2010 to 20 August 2010. On 20 August 2010 the Board restructured the Company's Committees and the Remuneration Committee was replaced by the Remuneration & Nomination Committee.

ADVISORS

The Committee is able to obtain independent professional advice to assist them in carrying out their duties as required and at the Company's expense.

REMUNERATION REPORT - AUDITED

Introduction

The Directors of Seven Group Holdings Limited (the "Company") present the Remuneration Report for the year ended 30 June 2011. The Remuneration Report forms part of the Directors' Report and has been audited in accordance with the Corporations Act 2001.

The Remuneration Report details the remuneration arrangements for all the Directors of the Company, each of whom is a member of the key management personnel (KMP). Peter Lewis (CFO) is also a member of the KMP. KMP are those persons who have authority and responsibility for planning, directing and controlling the major activities of the Company and the consolidated Group directly and indirectly.

In addition, the remuneration arrangements for the five executives in the Company and Group who received the highest remuneration during the year are disclosed. The people currently in these positions are listed in the tables below.

As the Company is primarily an investment company with diverse strategic investments, the Company is focused on retaining quality directors and a small team of key personnel with the appropriate skills and expertise. The Company's remuneration policy is established and implemented on this basis. The Group is structured such that management of each key operating entity within the Group is conducted at the entity level. That is, each entity's management is responsible for operational matters within that entity. A similar approach applies to remuneration matters within the Group. As detailed below, while the Board has determined and applies specific remuneration policies at the Company level, the operating entities have a level of flexibility in determining and setting their own remuneration policies and arrangements within budgets for the operating entity reviewed by management of the Company and approved by the Board. Remuneration matters relating to the Group's operating entities are brought forward to the Remuneration & Nomination Committee as appropriate.

Key Management Personnel – Directors	
Kerry Matthew Stokes AC	Executive Chairman
Peter David Ritchie AO	Deputy Chairman
Peter Joshua Thomas Gammell	Group Chief Executive Officer
David John Leckie	Chief Executive Officer and Managing Director, Seven West Media Limited
James Allan Walker	Chief Executive Officer, WesTrac Group
Elizabeth Dulcie Boling	Director
Terry James Davis	Director
Christopher John Mackay	Director
Bruce Ian McWilliam	Commercial Director
Ryan Kerry Stokes	Executive Director
Richard Anders Uechtritz	Director
Murray Charles Wells	Director
Robin Frederick Waters	Alternate Director for PJT Gammell

Other Key Management Personnel, Company Executives^ and Group Executives^^^	
Peter Lewis	Company and Group Chief Financial Officer
Warren Coatsworth	Company Secretary^^
Martin Bryant	Managing Director, WesTrac China^^^
Sybrandt van Dyk	Chief Operating Officer, WesTrac WA^^^
Chris Forde	Chief Operating Officer, WesTrac Corporate Support Services^^^
Donald James	Chief Financial Officer, WesTrac^^^
Darren Tasker	Chief Operating Officer, WesTrac NSW/ACT^^^

^ As described above, the Company has a small team of key personnel only, with operational remuneration of management principally set at the operating entity levels.

^^ The Company Secretary is a Company Executive, but is not considered to be a member of the KMP; accordingly, the Company Secretary has not been included in KMP disclosures in the financial report.

^^^Group Executives have been included as the s300A highest paid executives, however they are not considered to be a member of the KMP. Accordingly, these Group Executives have not been included in KMP disclosures in the financial report.

REMUNERATION PRINCIPLES AND POLICY

Role of the Board

Given the nature of the Company's business and the policy of primarily setting operational management remuneration at the operating entity levels, the Company is focused on retaining quality directors and a small team of key personnel with the appropriate skills and expertise.

At the date of this Remuneration Report the Company has a Board of 12 directors (and one alternate director who does not receive fees), five of whom are executive directors, and employs six personnel fulfilling a finance function as well as support staff at its corporate head office.

Both the Board and the Remuneration & Nomination Committee recognise that the Company and Group operate in competitive industries and that Company and Group performance is dependent on the quality and enthusiasm of its staff. The Company's Remuneration Policy is set having regard to the executive and operational structure in place.

The key principles of the Group's Remuneration Policy are to:

- Ensure that remuneration packages properly reflect the duties and responsibilities of the employees and that the remuneration is at an appropriate but competitive market rate which enables the Group to attract, retain and motivate people of the highest quality and best skills from the industries in which the Company and Group operate. This policy provides for the Group CEO to consider the remuneration packages paid within the industry and the impact these people are expected to have on the operational and financial performance of the Group;
- Ensure the Group's remuneration structures are equitable and aligned with the long-term interests of the Group and its shareholders and having regard to relevant Group policies;
- Structure incentives that are linked to the creation of sustainable shareholder returns; and
- Ensure any termination benefits are appropriate.

Engagement of remuneration consultants

The Remuneration & Nomination Committee may obtain independent advice on the appropriateness of remuneration packages of both the Company and the Group given trends in comparative companies both locally and internationally and the objectives of the Company's Remuneration Policy. During FY2011, independent advice was sought in relation to the Non-executive Director and Executive Chairman fees, and in relation to the Group CEO's remuneration arrangements.

Performance driven outcomes

The remuneration strategy established by the Board supports and drives the achievement of the Group's strategic objectives. By establishing a remuneration structure that motivates and rewards executives for achieving targets linked to the Group's business objectives, the Board is confident that its remuneration approach aligns the Group's management to creating superior shareholder returns.

In particular, the remuneration structures explained below are designed to reward the achievement of strategic objectives and achieve the broader outcome of creation of value for shareholders.

The performance linked component of remuneration becomes payable only in circumstances where the individual has met challenging personal objectives and corporate performance hurdles which contribute to the Group's overall profitability and performance.

Risk management and long-term value for shareholders

Cash incentives apply to reward executives for achieving annual targets (both individual and financial). This provides alignment with shareholder reward. Deferred equity incentives reward executives for the Group's performance over the Group's business cycle, provides a retention element, equity exposure and aligns with longer-term shareholder interest.

REMUNERATION STRUCTURE

Remuneration levels for the Key Management Personnel and Executives of the Company and the Group are competitively set to attract and retain appropriately qualified and experienced individuals.

Implementation of the Company's Remuneration Policy results in remuneration structures which are designed to attract suitably qualified candidates, reward the achievement of strategic objectives and achieve the broader outcome of creation of value for shareholders. The remuneration structures take into account:

- The capability and experience of the Key Management Personnel or Executive;
- The Key Management Personnel's or Executive's ability to control the relevant segment's performance;
- The Group's performance including the Group's earnings, the growth in earnings per share and shareholder wealth; and
- The amount of incentives within each Key Management Person's and Executive's compensation.

In particular, the Remuneration & Nomination Committee considers the appropriate level of total remuneration for each executive by examining the total reward provided to comparable roles in organisations of similar global complexity, size and reach.

Total remuneration comprises of a fixed component and may also include an at risk component of remuneration (principally based on the Company's Performance Management Plan).

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any Fringe Benefit Tax (FBT) charges related to employee benefits), as well as employer contributions to superannuation funds and guaranteed bonus payments. Remuneration levels are reviewed by the Remuneration & Nomination Committee through a process that considers individual, segment and overall performance of the Group. In addition, external consultants may provide analysis and advice to ensure the Directors' and Executives' remuneration is competitive in the market place. An Executive's remuneration is also reviewed on promotion.

Performance linked remuneration is designed to reward Executive Directors (excluding the Executive Chairman) and Company and Group Executives for meeting or exceeding their financial and personal objectives.

Further details on each of these components of executive remuneration are discussed more fully later on in this Report.

Due to the Group's structure whereby the Company has an interest in SMG, remuneration, other than equity compensation, during the financial year for Mr Leckie, Mr McWilliam, Mr Lewis and Mr Coatsworth, reflects amounts recharged to the Company. A portion of the relevant executive's salary cost was charged back to the Company for management services provided (appropriate charge back arrangements were put in place at the time of the SMG transaction with Kohlberg Kravis & Roberts in December 2006) as the key executives of the Company devoted the majority of their time to SMG. Following the merger of SMG and West Australian Newspapers Holdings to form SWM ("the Seven West merger"), those executives of SMG who provided management services to the Company continued to do so under a similar arrangement between the Company and SWM under which a portion of the executives' salary cost is charged back to the Company in line with the previous charge back arrangement between SMG and the Company. Because of the nature of the services he provides, in addition to a recharge from SMG/SWM, Mr Lewis's remuneration includes an additional amount which is paid to him directly by the Company.

Further, in light of the 'operational responsibility' focus of the Group, components, structure and quantum of remuneration for Messrs Walker, Bryant, van Dyk, Forde, James and Tasker are primarily determined at the operating entity level within budgets approved by the Board for the relevant operating entity. The Group CEO and the Remuneration & Nomination Committee reviewed and recommended to the Board the assessment of performance linked remuneration for these executives for the financial year, which the Board has considered and approved.

DIRECTORS' FEES: THE EXECUTIVE CHAIRMAN AND THE NON-EXECUTIVE DIRECTORS

Non-executive Directors' remuneration is reviewed by the full Board. This review may take into account the recommendations of the Remuneration & Nomination Committee and external benchmarking of remuneration for Directors of comparable companies.

The objective of the Committee in making its recommendations is to attract, retain and properly motivate Directors who will, through their contribution to the Board and the Group, work towards creating sustainable value for shareholders and stakeholders. In making recommendations to the Board, the Committee may take into account advice from independent consultants and advisors on local and international trends in Director remuneration and compensation.

The Non-executive Directors receive fixed remuneration which includes base remuneration (Board fees) and Committee fees. It is structured on a total remuneration basis which is paid in the form of cash and superannuation contributions.

Mr Kerry Stokes AC, as Chairman of the Company, receives a director's fee of $350,000. He does not currently receive any variable remuneration or other performance related incentives such as options or rights to shares.

In accordance with the Company's Constitution and the requirements of the Corporations Act and ASX Listing Rules, the aggregate fees payable to the Non-executive Directors are set at a maximum level approved by shareholders. The current aggregate pool available for the payment of fees to the Non-executive Directors and the Executive Chairman is A$2 million per annum.

As part of the Board's review and restructure of the Company's Committees on 20 August 2010, fees for the Non-executive Directors and the Executive Chairman were reviewed with the assistance of advice from external consultants and having regard to the revised committee structures implemented. The Board (excluding Mr Kerry Stokes AC) considered the fee for the Executive Chairman as reasonable in light of the circumstances of the Company and having regard to the responsibilities of office of Chairman. The Board considered the committee fees, including in particular the fees for the Chair of the Audit & Risk Committee, were reasonable for the Company to provide in the circumstances of the Company and having regard to the responsibilities of the Directors and their proposed roles on Committees. The fee for the Chair of the Audit & Risk Committee is higher than the fee for the Chair of the other Committees due to the extra time and responsibilities required in fulfilling that role.

The table below sets out the base fees which applied during the financial year, and the committee fees which applied from August 2010 after completion of the review.

Level of fees	
Base annual fee	$150,000
Plus additional fees for:	From 20 August 2010
Committee chair:	
Audit & Risk	$60,000^
Remuneration & Nomination	$40,000
Independent & Related	$40,000
Committee membership:	
Audit & Risk	$20,000
Remuneration & Nomination	$20,000
Independent & Related Party	$20,000

^ Murray Wells' Audit Committee Chair fees applied for the full financial year due to extra time and responsibilities this position entails and the continuing service provided in this role throughout the year.

The Non-executive Directors do not currently receive any variable remuneration or other performance related incentives such as options or rights to shares and no retirement benefits (except as discussed below) are provided to Non-executive Directors other than superannuation contributions. However, Non-executive Directors may receive performance linked payments and other payments at the discretion of the Board in relation to special services that they perform for the Company.

A Retirement Deed was previously entered into with three qualifying Non-executive Directors of Seven Network Limited in relation to the benefit payable on retirement to Directors who have served more than five years as Seven Network Limited Directors. These Retirement Deeds have been in place for a number of years. The benefits payable upon retirement under the Deeds were frozen on 1 August 2003 at three times the average of the Director's emolument over the previous three years and no further increases will apply. From that date, retirement benefits were not offered to any newly appointed Non-executive Directors. Three Non-executive Director Retirement Deeds now remain current in respect of Seven Network Limited. No retirement benefits apply in respect of Seven Group Holdings Limited Non-Executive directorships.

No retirement benefits are provided to Mr Kerry Stokes AC other than superannuation contributions.

Mr Gammell, the Group CEO, and the other executive directors do not receive director fees from the Company. They are remunerated pursuant to their executive service arrangements. During the financial year Mr Ryan Stokes received Company director fees prior to the commencement of his executive service arrangement. Mr Waters does not receive any remuneration for acting as an Alternate Director for Mr Gammell.

EXECUTIVE REMUNERATION: GROUP CEO

Mr Gammell's remuneration comprises of fixed remuneration and performance linked remuneration.

Fixed remuneration

Mr Gammell receives a fixed base salary of $3,000,000 per annum inclusive of superannuation.

Performance linked remuneration

Mr Gammell is eligible for performance linked remuneration under the Company's Performance Management Plan (PMP). This consists of an annual cash incentive and a deferred equity component which are intended to appropriately align with shareholders' interests and to motivate and reward performance.

An on-target assessment shall result in performance-linked remuneration of 75% of the Group Chief Executive Officer's base salary package, comprising an annual cash component and an "on market" share component held in trust and subject to post vesting disposal restrictions while held in trust. The cash component and the share component shall not be provided in circumstances where individual performance is unsatisfactory. The level of performance-linked remuneration provided to Mr Gammell is subject to Board approval, based on a recommendation from the Remuneration & Nomination Committee.

Annual cash component

The performance linked annual cash component of the PMP consists of a lump sum payment following the end of the financial year (cash component). The on target value of the cash component is 40% of Mr Gammell's annual total employment remuneration (TER), that is, the gross cash salary plus superannuation earned over the course of the financial year. For the avoidance of any doubt, incentive or other bonus payments are not included for the purposes of calculating this incentive. Payments under the cash component are not guaranteed as they are dependant upon certain performance targets being reached. The performance targets comprise two parts – corporate goals and individual goals – and are measured over the relevant financial year.

The corporate goal is based on achievement of a SGH Net Profit After Tax (NPAT) target, which subject to the Board's discretion may be calculated before significant items, and comprises 40% of the cash component.

Sixty per cent of the performance linked cash component is based upon performance against personal goals which are assessed against specified and weighted criteria, for example relating to performance against budget, leadership and staff development, strategic direction, investment performance as well as direction of the Company's operating businesses. The specific targets and features relating to all these qualitative and quantitative measures have not been provided in detail due to their commercial sensitivity.

These performance hurdles were selected by the Board to ensure the long term growth and performance of the business.

In certain circumstances a discretionary adjustment within established parameters may also be made to the cash component to reflect individual performance. The discretion may only be exercised where performance is assessed to be on target or above, with greater discretion where performance is assessed to be outstanding.

Mr Gammell received a performance linked cash component under the PMP in the financial year ended 30 June 2011, approved by the Board after its review and assessment against the overall performance of the business, and following the Remuneration & Nomination Committee's consideration and recommendation.

The Board determined that Mr Gammell achieved both the corporate goal and his personal goals. In assessing the corporate goal of Mr Gammell's performance linked annual cash component the Board exercised its discretion, following a recommendation from the Remuneration & Nomination Committee, to exclude the significant items disclosed in the Company's full year results from the calculation of the NPAT. Mr Gammell's overall performance was rated by the Board as exceeding expectations and, in line with the standards set out in the PMP, the Board applied a 25% discretionary upward adjustment to Mr Gammell's cash component for the financial year ended 30 June 2011.

Accordingly, Mr Gammell's performance linked cash component received for the financial year ended 30 June 2011 exceeds the on target 40% of his annual TER.

Deferred equity component

The performance linked deferred equity component of the PMP is delivered as rights to Seven Group Holdings Limited ordinary shares, vesting in three annual instalments (share component). The on target value of the share component is 35% of Mr Gammell's TER. The share component will provide for the acquisition of shares in the Company subject to performance conditions based on the Group's Earnings Per Share (EPS). This will depend on whether the EPS target for the relevant financial year is met, which subject to the Board's discretion may be calculated before significant items.

EPS is the overall measure of a company's performance. The amount is calculated by dividing the net profit after tax, after deducting TELYS4 dividends paid, for the Group by the total weighted average number of shares the company has issued. This measure is the earnings attributable to each share from the year's activities. The measure takes into account all the revenues, costs (including interest) and tax payable by the company for the relevant year and does so on a per share basis.

This hurdle was chosen to ensure Mr Gammell's incentive is aligned with that of the Company's shareholders. The vesting of performance-linked equity component over three years also provides an incentive to Mr Gammell in regard to adding value to the Company's share price over the longer term, aligning with shareholder interests.

Any shares granted to Mr Gammell under the PMP will vest as follows:
- One-third will vest 12 months after the grant;
- One-third will vest 24 months after the grant; and
- One-third will vest 36 months after the grant.

In certain circumstances a discretionary adjustment within established parameters may also be made to the share component to reflect individual performance. The discretion may only be exercised where performance is assessed to be on target or above, with greater discretion where performance is assessed to be outstanding.

If Mr Gammell ceases employment with the Company due to death, redundancy, retirement, disability or permanent illness, an application can be made to the Board for unvested shares to be transferred to that participant along with shares that have already vested. If Mr Gammell ceases employment with the Company for any other reason, all unvested shares will be forfeited, unless the Board determines otherwise. Accordingly the deferred vesting of equity benefits over three years provides an ongoing and longer term incentive to key personnel, such as Mr Gammell, to maintain employment within the Group. Vested shares will be transferred to Mr Gammell.

As the EPS target was met, Mr Gammell received a performance linked deferred equity component under the PMP in the financial year ended 30 June 2011, approved by the Board after its review and assessment against the EPS performance of the Group, and following the Remuneration & Nomination Committee's consideration and recommendation. In assessing this performance condition the Board exercised its discretion, following a recommendation from the Remuneration & Nomination Committee, to exclude the significant items disclosed in the Company's full year results from the calculation of the EPS.

As noted above, Mr Gammell's overall performance was rated by the Board as exceeding expectations and consequently, in line with the standards set out in the PMP, a specific non-discretionary upward adjustment of 10% was applied to Mr Gammell's deferred equity component for the financial year ended 30 June 2011. Accordingly, Mr Gammell's performance linked deferred equity component received for the financial year ended 30 June 2011 exceeds the on target 35% of his annual TER.

The number of rights to ordinary shares granted as compensation and held at 30 June 2011 under this plan will be the number of ordinary shares in the Company that will be acquired on market subsequent to balance date. In respect of Mr Gammell, the amount of the deferred equity component under the PMP for the year ended 30 June 2011 that will be used to acquire ordinary shares in the Company is $1,155,000.

EXECUTIVE REMUNERATION: EXECUTIVE DIRECTORS, OTHER EXECUTIVE KEY MANAGEMENT PERSONNEL, COMPANY EXECUTIVES AND GROUP EXECUTIVES

Mr James Walker & the WesTrac Group Executives

Mr James Walker's and the WesTrac Group Executives remuneration comprises of fixed remuneration and performance linked remuneration.

Fixed remuneration

Fixed compensation consists of base compensation as well as employer contributions to superannuation funds.

Performance linked remuneration

Mr Walker is eligible for performance linked remuneration of up to 75% of his fixed base remuneration for on target performance, split equally between a cash component and a deferred equity component, under which shares in the Company are bought on market and held in trust on behalf of the executive, vesting in three equal instalments over three years, subject to Mr Walker remaining employed by the Group and post vesting conditions while held in trust. Further, other than where Mr Walker ceases employment with the Company due to death, redundancy, retirement, disability or permanent illness, all unvested shares will be forfeited, unless the Board determines otherwise. Vested shares will be transferred to Mr Walker.

Under the incentive plan applicable to Mr Walker, performance linked remuneration is based on the achievement of both corporate goals, including earnings before interest, tax, depreciation and amortisation for the WesTrac Group, and personal goals. Mr Walker's personal goals are set using a balanced scorecard approach, taking into account budget performance and leadership as well as business specific metrics. As a result of the strong performance of WesTrac in the financial year ended 30 June 2011, Mr Walker has been assessed to have fulfilled his performance objectives and, on recommendation from the Group CEO and Remuneration & Nomination Committee who reviewed Mr Walker's proposed performance linked remuneration, has been determined by the Board to have achieved a full 75% bonus payment.

Conditions of performance linked remuneration for Messrs Bryant, van Dyk, Forde, James and Tasker are aligned with the achievement of corporate performance conditions including earnings before interest, tax, depreciation and amortisation for the WesTrac Group as well as the achievement of specific personal goals for the individual. The on target value of the cash component for each of these executives is 35% of fixed base remuneration and the deferred equity component is 30% of fixed remuneration. The deferred equity component is subject to the same vesting and employee retention conditions over three years applicable to Mr Walker described above. The Group CEO and the Remuneration & Nomination Committee reviewed and recommended to the Board the structure and assessment of performance linked remuneration for these executives for the financial year which the Board has considered and approved. As a result of the strong performance of WesTrac in the financial year ended 30 June 2011, Messrs Bryant, van Dyk, Forde, James and Tasker have been assessed to have fulfilled their performance objectives, and on recommendation from the Group CEO and Remuneration Committee who reviewed the WesTrac executives' performance linked remuneration, have been determined by the Board to have achieved a full 65% bonus payment.

The number of rights to ordinary shares granted as compensation and held at 30 June 2011 under the incentive plan applicable to the WesTrac executives will be the number of ordinary shares in the Company that will be acquired on market subsequent to balance date. In respect of Mr Walker, the amount of the deferred equity component under his incentive plan for the year ended 30 June 2011 that will be used to acquire ordinary shares in the Company is $511,650. In respect of Mr Bryant the amount the deferred equity component under the WesTrac incentive plan for the year ended 30 June 2011 that will be used to acquire ordinary shares in the Company is $178,200, for Mr van Dyk it is $157,505 and for Messrs Forde, James and Tasker it is $141,750 each.

Mr Ryan Stokes

Mr Ryan Stokes' remuneration comprises of fixed remuneration and performance linked remuneration, which was approved in a full Board meeting without either Mr Ryan Stokes or Mr Kerry Stokes AC being present. The Board, other than Messrs Stokes, considered Mr Ryan Stokes' remuneration was reasonable for the Company to provide in the circumstances of the Company and having regard to the responsibilities of Mr Ryan Stokes as Executive Director, including his extensive executive duties across the Group as well as his Directorships as a representative member on Boards of subsidiaries and associated companies in which the Company holds investments, as well as the remuneration of other executives across the Group.

Mr Ryan Stokes is eligible for performance linked remuneration under the Company's PMP. The terms under the PMP which apply to Mr Ryan Stokes relating to the annual cash incentive and deferred equity component are broadly similar to those applying to Mr Gammell.

An on-target assessment shall result in performance-linked remuneration of 50% of Mr Ryan Stokes's base salary package, comprising a cash component and an on market share component held in trust and subject to post vesting disposal restrictions while held in trust.

Annual cash component

The on target value of the cash component is 25% of Mr Ryan Stokes' annual TER, that is, the gross cash salary plus superannuation earned over the course of the financial year.

Payments under the cash component are not guaranteed as they are dependant upon certain performance targets being reached. The performance targets comprise two parts – corporate goals and individual goals – and are measured over the relevant financial year.

The corporate goal is based on achievement of a SGH NPAT target, which subject to the Board's discretion may be calculated before significant items, and comprises 40% of the cash component.

Sixty per cent of the cash component is based upon performance against personal goals which are assessed and weighted against specified criteria, for example relating to providing support to operating businesses to achieve target, leadership and staff development, analysing investment opportunities, monitoring and representing the Company with regard to its investments and to relevant stakeholders. The specific targets and features relating to all these qualitative and quantitative measures have not been provided in detail due to their commercial sensitivity.

The terms relating to the exercise of a discretionary adjustment in the cash component to reflect individual performance described above in relation to Mr Gammell, also apply to Mr Ryan Stokes.

Mr Ryan Stokes received a performance linked cash component under the PMP in the financial year ended 30 June 2011 approved by the Board after its review and assessment against the overall performance of the business, and following the Group CEO's and Remuneration & Nomination Committee's consideration and recommendation. The Board determined that Mr Ryan Stokes successfully met both the corporate goal and his personal goals. In assessing the corporate goal the Board exercised its discretion, following a recommendation from the Remuneration & Nomination Committee, to exclude the significant items disclosed in the Company's full year results from the calculation of the NPAT.

Deferred equity component

The deferred equity component of the PMP is delivered as Seven Group Holdings Limited shares, vesting in three annual instalments (share component). The on target value of the share component is 25% of Mr Ryan Stokes' TER. The share component will provide for the acquisition of shares in the Company subject to performance conditions based on the Group's EPS, which subject to the Board's discretion may be calculated before significant items. Any shares granted to Mr Ryan Stokes under the PMP will vest in three equal instalments over three years.

The terms relating to the exercise of a discretionary adjustment in the deferred equity component to reflect individual performance described above in relation to Mr Gammell also apply to Mr Ryan Stokes. Similarly, other than where Mr Ryan Stokes ceases employment with the Company due to death, redundancy, retirement, disability or permanent illness, all unvested shares will be forfeited, unless the Board determines otherwise. Vested shares will be transferred to Mr Ryan Stokes.

As the EPS target was met, Mr Ryan Stokes received a performance linked deferred equity component under the PMP in the financial year ended 30 June 2011, approved by the Board after its review and assessment against the EPS performance of the Group, and following the Group CEO's and Remuneration & Nomination Committee's consideration and recommendation. In assessing this performance condition the Board exercised its discretion, following a recommendation from the Remuneration & Nomination Committee, to exclude the significant items disclosed in the Company's full year results from the calculation of the EPS.

The number of rights to ordinary shares granted as compensation and held at 30 June 2011 under this plan will be the number of ordinary shares in the Company that will be acquired on market subsequent to balance date. In respect of Mr Ryan Stokes, the amount of the deferred equity component under the PMP for the year ended 30 June 2011 that will be used to acquire ordinary shares in the Company is $187,500.

Mr David Leckie, Mr Bruce McWilliam and Mr Peter Lewis

The remuneration, other than equity compensation, of Messrs Leckie and McWilliam relates to amounts recharged by SMG/SWM to Seven Group Holdings. Mr Lewis' remuneration is comprised of an amount which relates to the aforementioned charge back arrangements between the Company and SMG/SWM Limited, which applies to Mr Lewis. In addition, other than equity compensation, Mr Lewis receives salary payments from the Company in view of the extra time and responsibilities required of Mr Lewis in fulfilling the role of Chief Financial Officer of the Company.

Messrs Leckie, McWilliam and Lewis do not participate in the Company's PMP, nor does Mr Coatsworth. However, Messrs Leckie, McWilliam and Lewis hold options under the Company's Employee Share Option Plan (ESOP). The ESOP was approved by the Board on 28 April 2010, to enable the provision of performance based incentives to certain of the Company's senior executives. These options were issued as replacement grants for the Seven Network Limited options held by executives at the time of the Seven Network Limited/WesTrac scheme of arrangement to ensure that executives continued to have performance linked remuneration. The options issued under the ESOP on 28 April 2010 were issued in consideration for the cancellation of previously-issued Seven Network Limited options on the same terms and were detailed in the Scheme Booklet for the Seven Network Limited /WesTrac transaction. It was not appropriate for the Company to impose new incentive arrangements with different terms on executives when replacing the existing incentive entitlements as part of the implementation of the scheme. Messrs Leckie, McWilliam and Lewis also participate in the SMG/SWM Limited performance management plan.

The details of outstanding options under the ESOP are as follows:

Grant date for all tranches was 28 April 2010.

TERMS FOR MR LECKIE

Tranche	Vesting Date	Expiry Date	No. of Options	Exercise Price per Option	Fair Value per Option
1	30 June 2010	30 June 2014	1,500,000	$ 7.00	$ 1.21
2	30 June 2011	30 June 2014	1,000,000	$ 8.00	$ 0.98
3	30 June 2012	30 June 2014	500,000	$ 9.00	$ 0.79
Total			**3,000,000**		

The fair value of the Seven Group Holdings Limited options at the grant date was $3,190,000.

TERMS FOR MR MCWILLIAM

Tranche	Vesting Date	Expiry Date	No. of Options	Exercise Price per Option	Fair value per Option
1	30 June 2011	30 June 2014	500,000	$ 8.00	$ 0.98
2	30 June 2012	30 June 2014	500,000	$ 9.00	$ 0.79
Total			**1,000,000**		

During the year Mr McWilliam exercised 1,000,000 options with an exercise price of $7.00. The value of the shares exercised during the year is calculated as the market price of shares of the Company as at close of trading on the date the options were exercised after deducting the price paid to exercise the options. The total value attributed to these options at the dates of exercise was $2,205,000. No amounts remain unpaid in relation to the option exercise.

The fair value of the Seven Group Holdings Limited options at the grant date was $2,095,000.

TERMS FOR MR LEWIS

Tranche	Vesting Date	Expiry Date	No. of Options	Exercise Price per Option	Fair value per Option
1	30 June 2010	30 June 2014	250,000	$ 7.00	$ 1.21
2	30 June 2011	30 June 2014	250,000	$ 8.00	$ 0.98
3	30 June 2012	30 June 2014	250,000	$ 9.00	$ 0.79
Total			**750,000**		

The fair value of the Seven Group Holdings Limited options at the grant date was $745,000.

All above options were valued by an independent valuer using a Monte Carlo Simulation.

Performance Conditions – Mr Leckie, Mr McWilliam and Mr Lewis

These options were issued as replacements for the Seven Network Limited options held by executives at the time of the Seven Network Limited /WesTrac scheme of arrangement and accordingly retain the same performance hurdles as applied to the original options. The performance and exercise conditions for the options are based on TSR and share price performance.

Each tranche of options is exercisable on the first occurrence of a Performance Measurement Date (such Date being the last day of each calendar quarter ending in March, June, September and December) from the First Exercise Date to 30 June 2014 when TSR Growth measured from 30 June 2009 (Tranche 1) 30 June 2010 (Tranche 2) and 30 June 2011 (Tranche 3) up to and including the Performance Measurement Date is greater than or equal to the growth in the S&P/ASX 200 Accumulation Index measured for that period. The 30 June 2009 date having been determined under the terms of the former individual option deeds, when the options were granted by Seven Network Limited. The choice of the S&P/ASX 200 Accumulation Index as a measurement index ensures that the benefits received by Mr Leckie, Mr McWilliam and Mr Lewis are linked directly to the creation of wealth for all shareholders of the Company.

The nature of the options and the criteria / hurdles already in place are intended to drive the achievement of the performance conditions. These criteria provide performance incentives over the medium to longer term and these incentives align with the interests of shareholders as they are directly linked to the creation of wealth of shareholders and are necessary to retain key executive talent.

TSR growth calculations are made by independent remuneration consultants and approved by the Chairman of the Remuneration & Nomination Committee. This ensures consistency and certainty in the manner in which the performance hurdles for the options are measured.

4,500,000 options (Mr Leckie 2,500,000, Mr McWilliam 1,500,000 and Mr Lewis 500,000) vested during the financial year.

As noted above, Mr Coatsworth is a Company Executive, but is not considered to be a member of the KMP. Accordingly, Mr Coatsworth has not been included in KMP disclosures in the financial report.

The remuneration of Mr Coatsworth relates to amounts recharged by SMG/SWM to Seven Group Holdings.

The Group Chief Executive Officer may be advised in relation to the Remuneration Structure of Company and Group Executives by the Remuneration Committee. Remuneration Policy provides for the Group Chief Executive Officer to consider remuneration packages paid within the industry and the impact the Executives are expected to have on the operational and financial performance within the Group.

There was no element of remuneration for the Executive Directors, other Executive Key Management Personnel or Company Executives for the financial year ended 30 June 2011 that consisted of securities of the Company that was not dependent on the satisfaction of a performance condition.

In light of the ban on hedging remuneration of KMP now found in the Corporations Act, and as there are established policies in relation to share trading and trading windows in respect of shares or entitlements owned by executives and senior employees it was not considered necessary to establish a policy in relation to entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under an equity based remuneration scheme. Moreover the ability to deal with unvested rights is restricted in the Employee Share Option Plan which applies to the options over shares in the Company which have been granted. The Company will continue to monitor the appropriateness of this approach, and will implement such a policy if it determines that it is merited in these circumstances.

Employment Contracts

Details of the duration of contracts, the period of notice required to terminate the contract and the termination payments provided for under the contract are as follows:

Name	Duration of the Contract	Period of Notice Required to Terminate the Contract
P Gammell	No specified term	Six months notice given by either party.
J Walker	No specified term	One month notice given by either party.
R Stokes	No specified term	Three months notice given by either party.
M Bryant	No specified term	One month notice given by either party.
S van Dyk	No specified term	One month notice given by either party.
C Forde	No specified term	One month notice given by either party.
D James	No specified term	One month notice given by either party.
D Tasker	No specified term	One month notice given by either party.

The employment contracts referred to above are currently on foot and variously part performed as to the duration of each of them. The contracts are terminable in the event of the employee's serious misconduct or a non-rectified material breach. Only remuneration which is due but unpaid up to the date of termination and normal statutory benefits will be paid to the employee in these circumstances. Should the Company terminate the Group Chief Executive Officer's employment by giving only statutory notice, the Group Chief Executive Officer is entitled to a deferred remuneration payment equal to six months of his fixed base annual salary, reduced by any salary paid in respect of the statutory notice period and any redundancy payment paid or payable to the Group Chief Executive Officer.

There are no formal employment contracts for the other Non Executive and Executive Directors. Further, Messrs Leckie, McWilliam, Lewis and Coatsworth are not directly employed by the Company however following the Seven West merger, their services are provided under an agreement with SMG in the same manner as when SMG was a joint venture between Kohlberg Kravis Roberts & Co and the Company. Consequently those executives do not have any applicable employment contract duration or termination notice period for these purposes.

REMUNERATION AND COMPENSATION DETAILS OF DIRECTORS AND COMPANY EXECUTIVES FOR THE YEAR ENDED 30 JUNE 2011

The following table provides the details of all Directors of the Company (Specified Directors) and the Executives of the Group with the authority to plan, direct and control the activities of the entity and the nature and amount of the elements of their compensation for the year ended 30 June 2011.

2011	SHORT TERM				POST EMPLOY-MENT	OTHER LONG TERM	SHARE BASED PAYMENTS	TOTAL
Key Management Personnel – Directors	**Salary & Fees**	**STI Cash Bonus**	**Non Monetary Benefits**	**Termination Benefits**	**Super-annuation benefits**	**Other**	**Options and rights over equity instruments granted as compen-sation**	**Total**
	$	**$**	**$**	**$**	**$**		**$**	**$**
KM Stokes AC (Executive Chairman)	348,425	–	–	–	1,575	–	–	350,000
PD Ritchie AO (Deputy Chairman)	204,275	–	–	–	14,815	–	–	219,090
PJT Gammell (Group Chief Executive Officer)+*	2,984,801	1,500,000	7,279	–	15,199	–	417,083	4,924,362
DJ Leckie (Group Chief Executive Officer and MD, Seven West Media)^+^^	485,046	–	6,129	–	2,967	–	800,910	1,295,052
JA Walker (Chief Executive Officer, WesTrac Group)+*	1,414,400	511,650	70,166	–	50,000	22,039	184,763	2,253,018
ED Boling	184,545	–	–	–	–	–	–	184,545
TJ Davis	187,003	–	–	–	14,815	–	–	201,818
CJ Mackay	169,730	–	–	–	14,815	–	–	184,545
BI McWilliam (Commercial Director)^+^^	271,200	–	–	–	3,800	–	479,281	754,281
RK Stokes (Executive Director)+*	503,430	187,500	–	–	12,054	–	67,708	770,692
RA Uechtritz	169,730	–	–	–	14,815	–	–	184,545
MC Wells	230,000	–	–	–	–	–	–	230,000
Total Directors	**7,152,585**	**2,199,150**	**83,574**	**–**	**144,855**	**22,039**	**1,949,745**	**11,551,948**

Key Management Personnel – Group Executive and Company Executive	**Salary & Fees**	**STI Cash Bonus**	**Non Monetary Benefits**	**Termination Benefits**	**Super-annuation benefits**	**Other**	**Options and rights over equity instruments granted as compen-sation**	**Total**
	$	**$**	**$**	**$**	**$**		**$**	**$**
M Bryant (Managing Director								
WesTrac China) *+	615,996	207,900	142,195	–	86,239	–	64,350	1,116,680
WW Coatsworth (Company Secretary)^	39,908	–	1,085	–	3,644	–	–	44,637
S van Dyk (Chief Operating Officer WesTrac WA)* +	512,536	183,756	32,094	–	71,755	8,481	56,877	865,499
C Forde (Chief Operating Officer, WesTrac Corporate Support Services)* +	461,268	165,375	31,260	–	64,577	7,633	51,188	781,301
D James (Chief Financial Officer, WesTrac)*+	461,268	165,375	38,432	–	64,577	7,633	51,188	788,473
PJ Lewis (Group Chief Financial Officer) ^ +^^	635,241	–	94,851	–	3,800	–	240,349	974,241
D Tasker (Chief Operating Officer, WesTrac NSW/ACT) +*	461,268	165,375	20,611	–	64,577	7,633	51,188	770,652
Total Executives	3,187,485	887,781	360,528	–	359,169	31,380	515,140	5,341,483
Total Key Management Personnel and Executives	**10,340,070**	**3,086,931**	**444,102**	**–**	**504,024**	**53,419**	**2,464,885**	**16,893,431**

^ Remuneration, other than equity compensation, for Mr Leckie, Mr McWilliam, Mr Lewis and Mr Coatsworth, relates to amounts recharged by SMG/SWM to Seven Group Holdings Limited. In addition, other than equity compensation, Mr Lewis receives salary payments from the Company in view of the extra time and responsibilities required of Mr Lewis in fulfilling the role of Chief Financial Officer of the Company.

^^ 2011 value of options as a proportion of remuneration of D. Leckie 61.8%, B. McWilliam 63.5%, and P. Lewis 24.7%.

* 2011 value of rights over equity instruments granted as compensation as a proportion of remuneration of P. Gammell 8.5%, J. Walker 8.2%, R. Stokes 8.8%, M. Bryant 5.8%, S. van Dyk 6.6%, C. Forde 6.6%, D. James 6.5% and D. Tasker 6.6%.

+ 2011 proportion of remuneration that is performance related as a proportion of remuneration of D. Leckie 61.8%, B. McWilliam 63.5%, P. Lewis 24.7%, P. Gammell 38.9%, R. Stokes 33.1%, J. Walker 30.9%, M. Bryant 24.4%, S. van Dyk 27.8%, C. Forde 27.7%, D. James 27.4% and D. Tasker 28.1%.

The following table provides the details of all Directors of the Company (Specified Directors) and the Executives of the Group with the authority to plan, direct and control the activities of the entity) and the nature and amount of the elements of their compensation for the period ended 30 June 2010.

2010	SHORT TERM PRIMARY			POST-EMPLOYMENT		EQUITY COMPEN-SATION	TOTAL
Key Management Personnel – Directors	**Salary & Fees**	**STI Cash Bonus**	**Non Monetary**	**Termination**	**Super-annuation benefits**	**Value of options**	
	$	$	$	$	$	$	$
KM Stokes AC (Executive Chairman)^^	56,193	–	–	–	5,057	–	61,250
PD Ritchie AO (Deputy Chairman)^^	24,083	–	–	–	2,167	–	26,250
PJT Gammell (Group Chief Executive Officer)^^	517,593	–	–	–	7,407	–	525,000
DJ Leckie (Chief Executive Officer, Seven Media Group)^*	83,419	–	1,074	–	485	532,049	617,027
JA Walker (Chief Executive Officer, WesTrac Group)^^^	244,356	–	6,837	–	7,417	–	258,610
ED Boling^^	26,250	–	–	–	–	–	26,250
TJ Davis^^	11,468	–	–	–	1,032	–	12,500
CJ Mackay^^	11,468	–	–	–	1,032	–	12,500
BI McWilliam (Commercial Director)^*	33,076	–	80	–	485	347,511	381,152
RK Stokes (Executive Director)^^	24,083	–	–	–	2,167	–	26,250
RA Uechtritz^^	11,468	–	–	–	1,032	–	12,500
MC Wells^^	40,250	–	–	–	–	–	40,250
Total Directors	**1,083,707**	**–**	**7,991**	**–**	**28,281**	**879,560**	**1,999,539**

Key Management Personnel – Group Executive and Company Executive	Salary & Fees	Bonus	Non Monetary	Termination	Super-annuation benefits	Value of options	
A Aitken (Managing Director National Hire)^^^*+	77,580	–	–	–	3,341	40,560	121,481
M Bryant (Managing Director WesTrac China)^^^	90,323	–	28,770	–	12,644	–	131,737
WW Coatsworth (Company Secretary)^	5,358	–	–	–	483	–	5,841
S van Dyk (Chief Operating Officer WesTrac WA)^^^	84,556	–	6,362	–	16,911	–	107,829
C Forde (Chief Operating Officer, WesTrac Corporate Support Services)^^^	76,098	–	5,537	–	15,220	–	96,855
D James (Chief Financial Officer WesTrac)^^^	76,098	–	6,261	–	15,220	–	97,579
PJ Lewis (Group Chief Financial Officer) ^*	14,461	–	12,088	–	485	103,457	130,491
D Tasker (Chief Operating Officer WesTrac NSW/ACT) ^^^	76,098	–	4,052	–	15,220	–	95,370
Total Executives	500,572	–	63,070	–	79,524	144,017	787,183
Total Key Management Personnel and Executives	**1,584,279**	**–**	**71,061**	**–**	**107,805**	**1,023,577**	**2,786,722**

^^^ Remuneration relates to amounts paid from the WesTrac acquisition date of 28 April 2010; prior to this date they received no remuneration in respect of their services to Seven Group Holdings Limited.

^^ Remuneration relates to amounts paid from the date of becoming a director of Seven Group Holdings Limited; prior to this date they received no remuneration in respect of their services to Seven Group Holdings Limited. Full fees not paid but accrued.

^ Remuneration, other than equity compensation, for Mr Leckie, Mr McWilliam, Mr Lewis and Mr Coatsworth, relates to amounts recharged by Seven Media Group from the scheme implementation date of 13 May 2010; prior to this date they received no remuneration in respect of their services to Seven Group Holdings Limited.

* 2010 proportion of remuneration that is performance related and the value of options as a proportion of remuneration of D. Leckie 86.2%, B. McWilliam 91.1%, A. Aitken 33.4% and P. Lewis 79.3%.

\+ The options held by A. Aitkin are in National Hire Group Limited and have been measured using the Binomial Model.

REMUNERATION POLICY AND GROUP PERFORMANCE

Detail below shows the Group performance in key areas for the 2011 year and 2010 period:

	2011	2010
Statutory net profit after tax ($000)	$79,913	$718,742
Net profit after tax (excluding significant items) ($000)	$248,278	$28,144
Significant items ($000)	$(168,365)	$690,598
Dividends per ordinary share	36.0 cents	0.0 cents
Share price at listing date	–	$7.45
Share price at financial year / period end	$9.63	$5.74
Statutory basic earnings per ordinary share	$0.12	$5.87
Earnings per share from continuing operations excluding significant items	$0.67	$0.09

The Group operates in highly competitive industries, particularly those of broadcasting, publishing, heavy equipment sales and service and equipment hire. The Board considers that the attraction, retention and motivation of its Directors, Company Executives, and indeed all Group Staff, to be of critical importance in securing the future growth of the Group, its profits, share price and shareholder returns. The Remuneration Structure is monitored closely by the Board, the Remuneration & Nomination Committee and the Group Chief Executive Officer.

As detailed in the sections above, the Remuneration Structure of the Group is varied and is designed to offer appropriate rewards for those giving superior performance. It is also designed to even more closely align their interests to those of shareholders and other stakeholders. The remuneration structure is focused on achievement of the Group's financial and operating objectives. The incentive to achieve these objectives is an important contributing factor in the Group's financial performance and, ultimately, the value of the Company's shares and distributions to shareholders.

The Group's financial performance for the year in comparison to 2010 has been impacted by significant items in both 2011 and 2010 including a one-off accounting gain on acquisition of Seven Network Limited of $726,343,000 in 2010 and impairment of equity accounted investments of $305,648,000 in the current year. The Board considers that the remuneration of Key Management Personnel is appropriate and reflects the significant growth in both adjusted earnings per share and share price in the year.

End of audited Remuneration Report.

ROUNDING OFF

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in this report and the accompanying financial report have been rounded off to the nearest thousand dollars unless otherwise stated.

Signed for and on behalf of the Board of Directors and in accordance with a resolution of the Directors.

KM Stokes AC
Executive Chairman

MC Wells
Chairman of the Audit & Risk Committee

Sydney
23 September 2011

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the directors of Seven Group Holdings Limited:

I declare that as at the date of this declaration both the Firm and I are independent in accordance with professional rules and statutory requirements on auditor independence. To the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2011 the only matter which requires disclosure in relation to auditor independence requirements as set out in the Corporations Act 2001 or any applicable code of professional conduct is the situation described below:

On 28 July 2010, the Firm was appointed auditor of a wholly-owned subsidiary of Seven Group Holdings Limited ("SGH") which was acquired by SGH on 28 April 2010. At the time of the appointment, a director of the wholly-owned subsidiary was a consultant to the Firm and continued to be so until the consultancy agreement was terminated on 26 July 2011. The director provided mentoring services to Partners of KPMG and general advice on economic issues. The director provided no services to any KPMG clients and, in particular, provided no services to the SGH Group on behalf of the Firm during the consultancy.

KPMG

KPMG

Kenneth Reid
Partner

Sydney

23 September 2011

Consolidated Income Statement

Financial report for the year ended 30 June 2011

	Note	2011 $'000	From incorporation to 30 June 2010 $'000
Revenue			
Revenue from product sales		1,969,202	336,909
Revenue from product support		1,141,018	194,871
Other		52,614	5,804
Total revenue		3,162,834	537,584
Other income			
Dividend income		35,536	-
Gain on sale of property, plant & equipment		481	523
Fair value movement of derivatives		-	2,038
Net gain on sale of investments and equity accounted investees		58,679	203
Other		28,843	-
Total other income		123,539	2,764
Share of results from equity accounted investees	11	143,588	14,266
Impairment of equity accounted investees	11	(305,648)	-
Accounting gain on acquisition of Seven Network Limited	26	-	726,343
Expenses excluding depreciation and amortisation			
Materials cost of inventory sold and used		(2,091,874)	(363,548)
Raw materials and consumables purchased		(110,003)	(20,927)
Employee benefits expenses		(448,304)	(72,917)
Operating lease rental expense		(46,170)	(5,271)
Impairment of non-current assets		(18,701)	-
Fair value movement of derivatives		(5,374)	-
Other expenses		(248,763)	(68,954)
Total expenses excluding depreciation and amortisation		(2,969,189)	(531,617)
Depreciation and amortisation		(67,770)	(11,737)
Profit before net finance costs and tax		**87,354**	**737,603**
Finance income	4	7,422	3,718
Finance costs	4	(62,385)	(16,852)
Net finance costs		(54,963)	(13,134)
Profit before tax		**32,391**	**724,469**
Income tax benefit/(expense)	6	47,522	(5,727)
Profit for the period		**79,913**	**718,742**
Profit for the period attributable to:			
Equity holders of the Company		70,412	718,034
Non-controlling interest		9,501	708
Profit for the period		**79,913**	**718,742**
Statutory earnings per share (EPS)			
Ordinary shares			
Basic earnings per share ($)	7	$ 0.12	$ 5.87
Diluted earnings per share ($)	7	$ 0.12	$ 5.87

The consolidated income statement is to be read in conjunction with the notes to the financial statements.

Consolidated Statement of Comprehensive Income

Financial report for the year ended 30 June 2011

	Note	2011 $'000	From incorporation to 30 June 2010 $'000
Profit for the period		**79,913**	**718,742**
Other comprehensive income			
Net change in fair value of available-for-sale financial assets	21	27,304	24,024
Impairment of available-for-sale financial asset reclassified to profit or loss	21	2,910	-
Cash flow hedges: effective portion of changes in fair value		(21,114)	9,693
Foreign currency differences for foreign operations		(164,741)	40,037
Income tax on items of other comprehensive income	21	12,223	(9,560)
Other comprehensive (expense)/income for the period, net of tax		**(143,418)**	**64,194**
Total comprehensive (expense)/income for the period		**(63,505)**	**782,936**
Total comprehensive (expense)/income for the period attributable to:			
Equity holders of the Company		(72,347)	780,786
Non-controlling interest		8,842	2,150
Total comprehensive (expense)/income for the period		**(63,505)**	**782,936**

The consolidated statement of comprehensive income is to be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position

As at 30 June 2011

	Note	2011 $'000	2010 $'000
CURRENT ASSETS			
Cash and cash equivalents	31a	71,145	455,205
Trade and other receivables	8	550,431	405,468
Inventories	9	989,626	682,673
Current tax assets		13,123	-
Other current assets	10	24,507	36,068
Derivative financial instruments	12	2,587	124
Total current assets		**1,651,419**	**1,579,538**
NON-CURRENT ASSETS			
Investments accounted for using the equity method	11	1,482,052	1,724,687
Trade and other receivables	8	3,840	11,224
Derivative financial instruments	12	-	4,666
Other financial assets	13	884,379	395,926
Property, plant and equipment	14	264,928	241,094
Intangible assets	15	526,233	577,351
Deferred tax assets	6	10,616	16,603
Total non-current assets		**3,172,048**	**2,971,551**
Total assets		**4,823,467**	**4,551,089**
CURRENT LIABILITIES			
Trade and other payables	16	496,093	365,341
Derivative financial instruments	12	18,261	5,305
Interest bearing loans and borrowings	17	347,133	302,234
Deferred income	19	113,370	42,331
Current tax liabilities		-	1,953
Provisions	18	89,143	58,547
Total current liabilities		**1,064,000**	**775,711**
NON-CURRENT LIABILITIES			
Trade and other payables	16	8,477	5,625
Interest bearing loans and borrowings	17	561,124	383,989
Derivative financial instruments	12	103,796	12,104
Deferred tax liabilities	6	378,768	473,832
Provisions	18	7,198	2,613
Deferred income	19	18,182	17,070
Total non-current liabilities		**1,077,545**	**895,233**
Total liabilities		**2,141,545**	**1,670,944**
Net assets		**2,681,922**	**2,880,145**
EQUITY			
Contributed equity	20	2,615,852	2,608,852
Reserves	21	(714,807)	(574,500)
Retained earnings	22	632,287	706,045
Total equity attributable to equity holders of the Company		**2,533,332**	**2,740,397**
Non-controlling interest		148,590	139,748
Total equity		**2,681,922**	**2,880,145**

The consolidated statement of financial position is to be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity

Financial report for the year ended 30 June 2011

YEAR ENDED 30 JUNE 2011	Note	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2010		**2,608,852**	**(574,500)**	**706,045**	**2,740,397**	**139,748**	**2,880,145**
Profit for the period		-	-	70,412	70,412	9,501	79,913
Net change in fair value of available-for-sale financial assets	21	-	27,304	-	27,304	-	27,304
Impairment of available-for-sale financial asset reclassified to profit or loss	21	-	2,910	-	2,910	-	2,910
Cash flow hedges: effective portion of changes in fair value	21	-	(22,160)	-	(22,160)	1,046	(21,114)
Foreign currency differences for foreign operations	21	-	(163,036)	-	(163,036)	(1,705)	(164,741)
Income tax on items of other comprehensive income	21	-	12,223	-	12,223	-	12,223
Total comprehensive income/(expense) for the year		**-**	**(142,759)**	**70,412**	**(72,347)**	**8,842**	**(63,505)**
Transactions with owners recognised directly in equity							
Issue of ordinary shares related to exercise of options	20	7,000	-	-	7,000	-	7,000
TELYS dividends paid	5	-	-	(34,222)	(34,222)	-	(34,222)
Ordinary dividends paid	5	-	-	(109,948)	(109,948)	-	(109,948)
Share based payments	21	-	2,452	-	2,452	-	2,452
Total transactions with owners recognised directly in equity		**7,000**	**2,452**	**(144,170)**	**(134,718)**	**-**	**(134,718)**
Total movement in equity for the year		**7,000**	**(140,307)**	**(73,758)**	**(207,065)**	**8,842**	**(198,223)**
Balance at 30 June 2011		**2,615,852**	**(714,807)**	**632,287**	**2,533,332**	**148,590**	**2,681,922**

Consolidated Statement of Changes in Equity (cont.)

Financial report for the year ended 30 June 2011

PERIOD ENDED 30 JUNE 2010	Note	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Balance at incorporation		**-**	**-**	**-**	**-**	**-**	**-**
Profit for the period		-	-	718,034	718,034	708	718,742
Net change in fair value of available-for-sale financial assets	21	-	24,024	-	24,024	-	24,024
Cash flow hedges: effective portion of changes in fair value	21	-	8,923	-	8,923	770	9,693
Foreign currency differences for foreign operations	21	-	39,365	-	39,365	672	40,037
Income tax on items of other comprehensive income	21	-	(9,560)	-	(9,560)	-	(9,560)
Total comprehensive income for the period		**-**	**62,752**	**718,034**	**780,786**	**2,150**	**782,936**
Transactions with owners recognised directly in equity							
Issue of ordinary shares for cash	20	10,000	-	-	10,000	-	10,000
Issue of ordinary shares related to acquisition	20	2,171,687	-	-	2,171,687	-	2,171,687
Issue of TELYS4 related to acquisitions	20	427,165	-	-	427,165	-	427,165
TELYS dividends paid	5	-	-	(11,989)	(11,989)	-	(11,989)
Share based payments	21	-	1,836	-	1,836	-	1,836
Replacement of share options related to business combination	21	-	3,498	-	3,498	-	3,498
Non-controlling interest on acquisition of subsidiaries		-	-	-	-	137,229	137,229
Other changes in non-controlling interest		-	-	-	-	369	369
Acquisition of subsidiary under common control	21	-	(642,586)	-	(642,586)	-	(642,586)
Total transactions with owners recognised directly in equity		**2,608,852**	**(637,252)**	**(11,989)**	**1,959,611**	**137,598**	**2,097,209**
Total movement in equity for the period		**2,608,852**	**(574,500)**	**706,045**	**2,740,397**	**139,748**	**2,880,145**
Balance at end of the period		**2,608,852**	**(574,500)**	**706,045**	**2,740,397**	**139,748**	**2,880,145**

The consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements.

Consolidated Cash Flow Statement

Financial report for the year ended 30 June 2011

	Note	2011 $'000	From incorporation to 30 June 2010 $'000
CASH FLOWS RELATED TO OPERATING ACTIVITIES			
Receipts from customers		3,443,091	572,516
Payments to suppliers and employees		(3,447,287)	(613,299)
Dividends received from equity accounted investees		33,157	-
Other dividends received		31,372	-
Interest and other items of a similar nature received		7,621	9,292
Interest and other costs of finance paid		(58,487)	(10,641)
Income taxes paid		(38,341)	(30)
Net operating cash flows	31b	**(28,874)**	**(42,162)**
CASH FLOWS RELATED TO INVESTING ACTIVITIES			
Payments for purchases of property, plant and equipment		(60,997)	(11,356)
Proceeds from sale of property, plant and equipment		1,689	1,890
Payments for purchase of intangible assets		(10,563)	(1,582)
Cash acquired on acquisition of subsidiaries	26	-	1,126,123
Acquisition of subsidiary, net of cash acquired	26	(44,093)	-
Acquisition of equity accounted investees		(448,360)	-
Proceeds from sale of shares in equity accounted investees		300,586	-
Payments for other investments		(297,433)	(4,266)
Proceeds from sale of other financial assets		4,522	15,738
Transaction costs relating to acquisition of subsidiaries		(1,976)	(35,249)
Loans and deposits repaid		1,691	594
Other		-	89
Net investing cash flows		**(554,934)**	**1,091,981**
CASH FLOWS RELATED TO FINANCING ACTIVITIES			
Proceeds from issue of shares		7,159	10,000
Ordinary dividends paid	5	(109,948)	-
TELYS dividends paid	5	(34,222)	(11,989)
Proceeds from borrowings		1,347,215	220,053
Repayment of borrowings		(1,007,698)	(819,279)
Net financing cash flows		**202,506**	**(601,215)**
Net (decrease)/increase in cash and cash equivalents		**(381,302)**	**448,604**
Cash and cash equivalents at beginning of period	31a	449,671	-
Effect of exchange rate changes on cash and cash equivalents		(3,125)	1,067
Cash and cash equivalents at end of the period	31a	**65,244**	**449,671**

The consolidated cash flow statement is to be read in conjunction with the notes to the financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Seven Group Holdings Limited (the "Company") is a company domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange ('ASX'). The company was incorporated on 12 February 2010. These consolidated financial statements cover the year ended 30 June 2011 and comprise the Company and its subsidiaries (together referred to as the "Group"), and the Group's interest in associates and jointly controlled entities. The financial report was authorised for issue in accordance with a resolution of the Directors on 23 September 2011.

In relation to the prior corresponding period:

a) Seven Group Holdings Limited company results are from the date of its incorporation of 12 February 2010 to 30 June 2010. There was no operating activity in the company until 28 April 2010.
b) WesTrac Holdings Pty Limited was acquired on 28 April 2010, and its results for the period from acquisition to 30 June 2010 were included.
c) Seven Network Limited was acquired on 13 May 2010, and its results for the period from acquisition to 30 June 2010 were included.

(A) BASIS OF PREPARATION

The financial report is a general purpose report which has been prepared in accordance with the Australian Accounting Standards (AASBs) (including Australian interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial report of the Group complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Company under ASIC Class Order 98/100 dated 10 July 1998.

The financial report is prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments at fair value through profit or loss and investments in available-for-sale assets.

The accounting policies set out below have been consistently applied by group entities and associates.

(B) PRINCIPLES OF CONSOLIDATION

i) Subsidiaries

Subsidiaries are all those entities (including special purpose 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 the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs can not be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Group, and cease to be consolidated from the date on which control is transferred out of the Group. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during the Group had control. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Non-controlling interests in the equity and the results of subsidiaries are shown separately in the income statement, statement of comprehensive income and statement of financial position.

Business combinations are accounted for in accordance with Note 1(G).

ii) Associates and jointly controlled entities

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity, unless it can be clearly demonstrated that this is not the case. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(B) PRINCIPLES OF CONSOLIDATION (CONTINUED)

ii) Associates and jointly controlled entities (continued)

Investments in associates and jointly controlled entities are accounted for using the equity method (equity accounted investees) and are initially recognised at cost, this cost of investment includes transaction costs. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(C) FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial report is presented in Australian dollars, which is the Group's functional and presentation currency.

(ii) Transactions

Foreign currency transactions are translated into the respective functional currencies of Group entities 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 reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in income statement, except when they are deferred in equity such as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from Australian Dollars are translated into Australian Dollars as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses of foreign operations are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the date of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income and presented in the foreign currency translation reserve

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income and presented in the foreign currency translation reserve. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are transferred to profit or loss, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(D) REVENUE RECOGNITION

Revenues are recognised at the fair value of the consideration received or receivable, net of goods and services tax (GST). Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties.

Sales revenue comprises revenue earned from the provision of goods and services to entities outside of the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for major business activities as follows:

(i) Sales revenue

A sale is recorded when the provision of services or product have been provided or dispatched to a customer pursuant to a sales order and, in the case of product sales, the associated risks have passed to the customer. Amounts received in advance of the provision of services or products, such as membership fees, are deferred and brought to account as revenue in the same period the service or product is provided.

Sales revenue from the provision of broadband and telecommunication services is recognised net of returns, trade allowances and duties and taxes paid. Fees for monthly access plans which are charged monthly in advance are allocated to the appropriate calendar month. Any income in advance at the end of an accounting period is not recognised as revenue in the income statement, and is held as deferred revenue in the statement of financial position.

(ii) Lease income

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

(iii) Dividends

Dividend income is recognised net of any franking credits. Dividend income is recognised when the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iv) Maintenance and repair contracts ("MARC")

Contract revenues and expenses are recognised in accordance with the percentage of completion method unless the outcome of the contract cannot be reliably estimated. Where it is probable that a loss will arise from a MARC, the excess of total expected contract costs over total expected contract revenue is recognised as an expense immediately.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of the costs incurred.

(E) TAXATION

Income tax expense is comprised of current and deferred tax expense. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income. Current tax expense or income for the period is the expected tax payable on the current period's taxable income based on the enacted or substantively enacted income tax rate for each jurisdiction adjusted by changes to tax payable in respect of previous years.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the expected tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(E) TAXATION (CONTINUED)

Deferred tax assets have been 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. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities and when they relate to income taxes levied by the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Tax consolidation

For the period 1 July 2010 to 11 April 2011, the tax-consolidated group comprised all Australian wholly-owned subsidiaries and Seven Media Group Pty Limited and its subsidiaries. From 11 April 2011, following the disposal of the Group's investment in the operating subsidiaries of Seven Media Group Pty Limited, the Group comprised only Seven Group Holdings Limited and its Australian wholly-owned subsidiaries.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the group allocation approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised by the Company as amounts payable/(receivable) to/(from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the temporary difference can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

Nature of tax funding and sharing arrangements

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments in certain circumstances to/from the head entity equal to the current tax liability/(asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable/(payable) equal in amount to the tax liability/(asset) assumed. The inter-entity receivable/(payable) is at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity’s obligation to make payments for tax liabilities to the relevant tax authorities.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(F) 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 fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement 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 is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(G) BUSINESS COMBINATIONS

Acquisition of Sykes Group

On 23 November 2010, Allight Holdings Pty Ltd, a wholly owned subsidiary of National Hire Group Limited, acquired 100% of the issued share capital of Pump Rentals Pty Ltd, owner of the Sykes Group, a company based in Australia.

Acquisition of WesTrac Group

The prior period acquisition of WesTrac Holdings Pty Limited ("WesTrac Group") including National Hire Group Limited ("National Hire") was accounted for as a common control transaction as at the time of the transaction both parties were controlled by the same shareholder group. As a common control transaction, the acquisition did not reflect the fair value of assets and liabilities acquired or any recording of additional goodwill at the time of the acquisition of WesTrac Group. The acquisition balance sheet of WesTrac Group reflected the values for assets and liabilities acquired from WesTrac Group's consolidated accounting records. The difference between the fair value of the consideration given and the carrying value of the assets and liabilities acquired was recognised as a common control reserve in the consolidated financial statements. The Group elected not to re-designate financial instruments as hedging instruments or re-designate existing hedge relationships at the acquisition date.

All other acquisitions

The Group has adopted revised AASB 3 Business Combinations (2008) and revised AASB 127 Consolidated and Separate Financial Statements (2008) for business combinations. Except for the prior period acquisition of WesTrac Group, all acquisitions are accounted for by applying the acquisition method.

For every business combination, the Group identifies the acquirer, which is the combining entity that obtains control of the other combining entities or businesses. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Measuring goodwill

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. If the cost of the acquisition is less than the Group's share of the fair value of the identifiable net assets of the acquiree, the difference is recognised directly in profit or loss, but only after a reassessment of the identification and measurement of the net assets acquired.

The fair value of the identifiable assets is based on valuations performed by independent experts.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(G) BUSINESS COMBINATIONS (CONTINUED)

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination (see below). If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

Share-based payment awards

When share-based payment awards exchanged (replacement awards) for awards held by the acquiree's employees (acquiree's awards) relate to past services, then a part of the market-based measure of the awards replaced is included in the consideration transferred. If they require future services, then the difference between the amount included in consideration transferred and the market-based measure of the replacement awards is treated as post-combination compensation cost.

Contingent liabilities

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Non-controlling interest

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs

Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees, are expensed as incurred.

(H) IMPAIRMENT OF ASSETS

Goodwill and intangible assets that have an indefinite life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses are recognised in profit or loss unless the asset has previously been revalued, in which case the impairment is recognised as a reversal to the extent of that previous revaluation with any excess recognised in the profit or loss.

(I) CASH AND CASH EQUIVALENTS

For cash flow statement presentation purposes, 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 known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(J) TRADE AND OTHER RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivables are generally due for settlement no more than 30 days from the date of recognition.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(J) TRADE AND OTHER RECEIVABLES (CONTINUED)

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An impairment provision for receivables 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 receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement.

Other debtors are reviewed on an ongoing basis and are written down to their recoverable amount when this amount is in excess of their carrying value.

(K) INVENTORIES

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost is based on the actual costs, with the exception of exchange component inventory and parts inventory for which cost is based on weighted average cost, and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location. In the case of work in progress, cost includes an appropriate share of both variable and fixed costs. Fixed costs have been allocated on the basis of normal operating capacity.

Net realisable value is determined on the basis of the Group's normal selling pattern. Expenses for marketing, selling and distribution to customers are estimated and are deducted to establish net realisable value.

Dependency on key suppliers

The Group is dependent on Caterpillar to maintain its authorisation as an authorised dealer of Caterpillar equipment and parts in its Western Australia, New South Wales/ACT and North Eastern China Service Territories. WesTrac Group has maintained a strong relationship with Caterpillar and although WesTrac Group expects this relationship to continue, as is customary in dealer agreements with Caterpillar, the dealer agreement can be terminated by either party upon 90 days notice at any time.

The Group is also dependent on Caterpillar for timely supply of equipment and parts from their global manufacturing factories and distribution warehouses. During periods of intense demand or in the event of disruption to Caterpillar's business there may be delays in the supply of equipment and parts to WesTrac Group. This has not in the past proven to be an impediment to the WesTrac Group.

(L) INVESTMENTS AND OTHER FINANCIAL ASSETS

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held to maturity, re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either financial assets held for trading which are acquired principally for the purpose of selling with the intention of making a profit or financial assets that are managed and have their performance regularly evaluated by management and the directors on a fair value basis. Derivatives are also categorised as held for trading unless they are designated as hedges.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non current assets. Loans and receivables are included in receivables in the statement of financial position.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(L) INVESTMENTS AND OTHER FINANCIAL ASSETS (CONTINUED)

(iii) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

Recognition and de-recognition

Regular purchases and sales of investments are recognised on trade date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income and presented in the fair value reserve are recycled to profit or loss as gains and losses from investment securities.

Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category, are presented in the profit or loss within other income or other expenses in the period in which they arise. Dividend income from financial assets through the income statement is recognised in the profit or loss as part of revenue from continuing operations.

Gains or losses arising from changes in the value of available-for-sale financial assets category are taken to the fair value reserve. Amounts are recognised in profit or loss when the associated assets are sold or impaired.

Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from the fair value reserve in equity and recognised in the profit or loss. Impairment losses recognised in the profit or loss on equity instruments classified as available-for-sale are not reversed through the profit or loss but are recognised in other comprehensive income and presented in fair value reserve.

(M) DERIVATIVES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges); or
- hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the hedging 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 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 fair values or cash flows of hedged items.

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. Trading derivatives are classified as a current asset or liability.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(M) DERIVATIVES (CONTINUED)

(i) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the profit or loss within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the relating to the ineffective portion is recognised in the profit or loss within other income or other expenses.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

(ii) Cash flow hedges

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 in the cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss within other income or other expenses.

Amounts accumulated in other comprehensive income are recycled in the 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 the profit or loss within 'finance costs'. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in profit or loss within 'sales'. However, when the forecast transaction that is hedged results in the recognition of a non financial asset (for example, inventory or fixed assets), the gains and losses previously deferred in other comprehensive income are transferred from other comprehensive income and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in profit or loss as a cost of goods sold in the case of inventory, or as depreciation in the case of fixed assets.

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 other comprehensive income at that time remains in other comprehensive income 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 other comprehensive income is immediately transferred to the profit or loss.

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss.

(N) PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Freehold land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Buildings	16 – 40 years
Plant and equipment	3 – 25 years
Rental fleet – rental store assets	2 – 10 years
Leasehold improvements	1 – 50 years
Leased plant and equipment	2 – 12 years

Other rental fleet assets, other than those shown above, are depreciated on a reducing balance method at a rate of 30%.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(N) PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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 (Note 1(H)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the consolidated entity, whichever is the shorter.

(O) INTANGIBLE ASSETS

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/equity accounted investee at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of equity accounted investees is included in investments in equity accounted investees. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. Each of those cash generating units represents the Group's investment in each country of operation by each primary reporting segment.

(ii) WesTrac China distribution network

The distribution network of the Group is considered by the directors to be an identifiable intangible asset. As the distribution network is denominated in US Dollars, any translation to Australian Dollars on consolidation is accounted for in accordance with Note 1(C)(iii). The directors are of the opinion that the distribution network has an indefinite useful life, and as such the distribution network is not subject to amortisation but rather is tested annually for impairment or more frequently if events or changes in circumstances indicate impairment. The basis for the classification of indefinite life is that the dealership agreements do not require specific renewal over set intervals thus the distribution rights continue uninterrupted unless a cause to terminate is triggered.

(iii) Research and development expenditure (intellectual property)

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects are written off as incurred unless it is probable the project will be a success considering its commercial and technical feasibility and its costs can be measured reliably.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight line basis over its useful life, which varies from 1 - 5 years.

(iv) IT development and software

Costs which are incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems.
Costs capitalised include external direct costs of materials and services and the direct payroll and payroll related cost of employees' time spent on the project. Amortisation is calculated on a straight line basis over periods generally ranging from 3 – 5 years.

IT development costs include only the costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has an intention and an ability to use the asset.

(v) Customer contracts

Customer contracts acquired as part of a business combination are recognised separately from goodwill. The customer contracts are carried at their fair value at the date of the acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of projected cash flows of the contracts over their estimated useful lives, which currently vary from 1 to 10 years.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(O) INTANGIBLE ASSETS (CONTINUED)

(vi) Spectrum licences

Spectrum licence assets acquired as part of a business combination are measured at their fair value at the date of acquisition less accumulated amortisation and impairment charges. The amortisation of spectrum licence assets is calculated on a straight-line basis over the expected useful life of the asset based on the current renewal dates of each licence. The renewal date of the 2.3Ghz and 3.5Ghz spectrum licences are July 2015 and December 2015, respectively.

(P) TRADE AND OTHER PAYABLES

These amounts are carried at amortised cost and 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 normal trading terms.

(Q) BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not incremental costs relating to the actual draw down of the facility, are recognised as prepayments and amortised on a straight line basis over the term of the facility.

Borrowings are derecognised from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or any liabilities assumed, is recognised in other income or expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date.

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.

(R) PROVISIONS

Provisions for legal claims, service warranties and make good obligations are recognised when the group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

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 determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(S) EMPLOYEE BENEFITS

(i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave due to be settled within 12 months of the reporting date are recognised in provisions in respect of employees services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(S) EMPLOYEE BENEFITS (CONTINUED)

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms of maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Superannuation

The Group contributes to a superannuation fund which provides accumulated contribution plans. Contributions are charged against the profit or loss in the period to which they relate.

(iv) Profit-sharing and bonus plans

A subsidiary recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. A provision is recognised where the subsidiary is contractually obliged or where there is a past practice that has created a constructive obligation.

(v) Share based payments

The fair value of options granted under both the Company's and a subsidiary's option plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using Black-Scholes, Binomial or Monte Carlo simulation option pricing models that take into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, total shareholder return (TSR) hurdles and the risk-free interest rate for the term of the option.

The fair value of the options granted 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 options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Other cash-settled share based payments are recognised as an employee benefit expense with a corresponding increase in liability for employee entitlements. The expense and the liability incurred are measured at the fair value of the liability.

(T) GOVERNMENT GRANTS

Government grants relating to costs are deferred and recognised in the consolidated income statement 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 included in non current liabilities as deferred income and are credited to profit or loss on a straight line basis over the expected useful lives of the related assets.

(U) GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority 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 or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(V) NEW ACCOUNTING STANDARDS

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They were available for early adoption at 30 June 2011, but have not been early adopted in preparing this financial report. The Group has not performed detailed analysis of the financial effect of these new standards.

- *AASB 9 Financial Instruments* adds requirements for the classification and measurement of financial liabilities that are generally consistent with the equivalent requirements in AASB 139 except in respect of the fair value option, and certain derivatives unquoted unquoted equity instruments. The AASB also added the requirements in AASB 139 in relation to the derecognition of financial assets and financial liabilities to AASB 9. The standard also retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets; amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset.
- *AASB 10 Consolidated Financial Statements* introduces a new approach to determining which investees should be consolidated. An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.
- *AASB 11 Joint Arrangements* requires a single method to account for all interests in jointly controlled entities. If the parties have rights and obligations to the underlying assets and liabilities the joint arrangement is considered a joint operation and partial consolidation is applied. Otherwise the joint operation is considered a joint venture and the equity method must be used.
- *AASB 12 Disclosures of Interests in Other Entities* disclosure requirements for entities that have interest in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities.
- *AASB 13 Fair value Measurement* defines how to measure fair value when required by AASBs. It does not introduce new fair value measurements, but provides guidance on how fair value should be applied where its use is already required or permitted by other standards.

A number of other new standards, amendments to standards and interpretations are available but have not been early adopted in preparing these consolidated statements. None of these standards are expected to have a significant effect on the consolidated financial statements of the Group.

(W) CONTRIBUTED EQUITY

Ordinary shares, redeemable preference shares, non-share equity and other equity securities are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in other comprehensive income and presented as contributed equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, for the acquisition of a business, are not included in the cost of the acquisition as part of the purchase consideration.

(X) TELYS4

The Transferable Extendable Listed Yield Shares (TELYS4) have been classified as equity and the dividend payable on the TELYS4 is treated as a distribution of Shareholders Equity. The statement of comprehensive income does not include the dividends on TELYS4.

(Y) OPERATING SEGMENTS

The Group has determined and presented operating segments based on the information that internally is provided to the CEO and the Board.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's CEO and Board to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Segment results that are reported to the CEO and Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and income tax assets and liabilities.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(Y) OPERATING SEGMENTS (CONTINUED)

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

The segments identified are;

- WesTrac Australia
- WesTrac China
- National Hire Group
- Media investments
- Other investments

(Z) EARNINGS PER SHARE

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Profit or loss attributable to ordinary shareholders is stated after allocation of the portion of profit or loss attributable to holders of TELYS4.

(AA) FINANCE INCOME AND COSTS

Net finance expense comprises interest payable on borrowings calculated using the effective interest method and interest receivable on funds invested.

Interest income and interest expense also include components of finance lease payments and is recognised in the income statement as it accrues, using the effective interest method.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires that management make estimates, judgements and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are incorporated and in any future periods affected.

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are;

- determining fair values of assets acquired in respect of business combinations

- impairment of intangible assets: the Group tests annually whether goodwill and distribution networks have suffered any impairment, in accordance with the Group's accounting policy. The recoverable amounts of cash-generating units have been determined based on their value-in-use and using discounted cash-flow model calculations. These calculations require the use of assumptions.

- impairment of available-for-sale assets and listed equity accounted investees: in determining the amount of impairment for financial assets and equity accounted investees that are listed, the Group has made judgements in identifying financial assets that are impaired due to industry factors or whose decline in fair value below original cost is considered "significant" or "prolonged". A significant decline is assessed based on the decline from acquisition cost of the share price. The higher the percentage decline, the more likely it is likely to be regarded as significant. A prolonged decline is based on the length of the time over which the share price has been depressed below cost. A sudden decline followed by immediate recovery is less likely to be considered prolonged compared to a sustained fall of the same magnitude over a longer period.

3. OPERATING SEGMENTS

REPORTABLE SEGMENTS

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the manner in which products are sold, the nature of services provided and country of origin. In the prior period, the segment results were included from the date of acquisition being 28 April 2010 for the WesTrac Group, and 13 May 2010 for Seven Network Limited ("SNL").

- WesTrac Australia - WesTrac Australia is an authorised Caterpillar dealer in Western Australia, New South Wales and the Australian Capital Territory, providing heavy equipment sales and support to customers.
- WesTrac China - operates as one of the four authorised Caterpillar dealers in China, providing heavy equipment sales and support to customers.
- National Hire Group - represents the Group's operations in the manufacture, assembly, sales and support of lighting, power generation and dewatering equipment rental equipment as well as distribution of Perkins engines, via National Hires' investment in Coates Hire Pty Limited, Allight Holdings Pty Ltd and The Sykes Group.
- Media investments - relates to investments in listed and unlisted media organisations, including but not limited to, Seven West Media Limited and Consolidated Media Holdings Limited.
- Other investments - incorporates operations in broadband, telephony, other listed investments and property.

The Group is domiciled in Australia and operates predominantly in two countries, Australia and China. Segment revenues are allocated based on the country in which the customer is located. The WesTrac China segment represents all revenue derived from China.

Accounting policies

The accounting policies used by the Group in reporting segments internally are the same as those described in Note 1 to the financial statements.

YEAR ENDED 30 JUNE 2011	WesTrac Australia $'000	WesTrac China $'000	National Hire $'000	Media [c] investments $'000	Other investments $'000	Total $'000
Segment revenue						
Sales to external customers	2,245,209	729,887	135,124	-	52,614	3,162,834
Intersegment sales	24	-	(24)	-	-	-
Segment result						
Segment earnings before interest, tax, depreciation and amortisation (EBITDA) [a]	244,085	34,533	33,579	126,849	14,899	453,945
Depreciation and amortisation	(38,168)	(7,001)	(2,007)	-	(20,594)	(67,770)
Segment earnings before interest and tax (EBIT) [b]	**205,917**	**27,532**	**31,572**	**126,849**	**(5,695)**	**386,175**

(a) Segment EBITDA comprises profit before depreciation and amortisation, net finance costs, tax, net gain on sale of investments, impairment of assets, corporate operating costs and transaction related costs.
(b) Segment EBIT comprises segment net operating profit before net finance costs, tax, net gain on sale of investments, impairment of assets, corporate operating costs and transaction related costs.
(c) Media investments comprise investments accounted for using the equity method and available-for-sale financial assets.

3. OPERATING SEGMENTS (CONTINUED)

YEAR ENDED 30 JUNE 2011	WesTrac Australia $'000	WesTrac China $'000	National Hire $'000	Media investments $'000	Other investments $'000	Total $'000
Balance sheet						
Investments accounted for using the equity method	14,119	1,256	331,268	1,089,278	46,131	1,482,052
Other segment assets	1,257,689	760,205	183,839	259,965	777,626	3,239,324
Segment assets	**1,271,808**	**761,461**	**515,107**	**1,349,243**	**823,757**	**4,721,376**
Segment liabilities	**(440,286)**	**(165,641)**	**(50,210)**	**(8,543)**	**(32,227)**	**(696,907)**
Other segment information						
Capital expenditure	(40,865)	(12,272)	(1,280)	-	(17,143)	(71,560)
Share of results of equity accounted investees included in segment EBIT	930	149	22,838	118,401	1,270	143,588
Impairment of assets recognised in profit or loss	(4,131)	-	-	(315,598)	(4,620)	(324,349)

PERIOD ENDED 30 JUNE 2010	WesTrac Australia $'000	WesTrac China $'000	National Hire $'000	Media investments $'000	Other investments $'000	Total $'000
Segment revenue						
Sales to external customers	358,607	155,720	15,834	-	7,423	537,584
Intersegment sales	411	-	(411)	-	-	-
Segment result						
Segment earnings before interest, tax, depreciation and amortisation (EBITDA) [(a)]	40,365	8,049	2,557	10,761	(1,580)	60,152
Depreciation and amortisation	(5,840)	(1,187)	(193)	-	(4,517)	(11,737)
Segment earnings before interest and tax (EBIT) [(b)]	**34,525**	**6,862**	**2,364**	**10,761**	**(6,097)**	**48,415**
Balance sheet						
Investments accounted for using the equity method	13,187	-	312,960	1,344,164	54,376	1,724,687
Other segment assets	965,751	755,058	81,900	29,608	533,495	2,365,812
Segment assets	**978,938**	**755,058**	**394,860**	**1,373,772**	**587,871**	**4,090,499**
Segment liabilities	**(293,368)**	**(125,576)**	**(18,456)**	**-**	**(54,678)**	**(492,078)**
Other segment information						
Capital expenditure	(4,173)	(1,481)	(977)	-	(6,611)	(13,242)
Share of results of equity accounted investees included in segment EBIT	803	-	2,702	10,761	-	14,266

3. OPERATING SEGMENTS (CONTINUED)

Reconciliation of segment EBIT to net profit before tax per consolidated income statement	2011 $'000	2010 $'000
Segment net operating profit before net finance costs and tax	386,175	48,415
Accounting gain on acquisition of Seven Network Limited	-	726,343
Corporate operating costs & transaction related costs	(33,151)	(37,155)
Net gain on sale of investments and equity accounted investees	58,679	-
Impairment of equity accounted investees	(305,648)	-
Impairment of non-current assets	(18,701)	-
Net finance costs	(54,963)	(13,134)
Profit before tax per consolidated income statement	32,391	724,469

Reconciliation of segment operating assets to total assets per statement of financial position	2011 $'000	2010 $'000
Segment operating assets	4,721,376	4,090,499
Corporate cash holdings	71,145	455,205
Current tax assets	13,123	-
Deferred tax assets	10,616	-
Derivative financial instruments	2,587	-
Assets held at corporate level	4,620	5,385
Total assets per statement of financial position	4,823,467	4,551,089

The total of non-current assets other than financial instruments and deferred tax assets (there are no employment benefit assets and rights arising under insurance contracts) located in Australia is $2,499,982,000 (2010: $2,499,641,000). The total of non-current assets located in China is $661,450,000 (2010: $450,641,000). Segment assets are allocated to countries based on where the assets are located.

Reconciliation of segment operating liabilities to total liabilities per statement of financial position	2011 $'000	2010 $'000
Segment operating liabilities	(696,907)	(492,078)
Liabilities held at corporate level	(35,556)	(1,402)
Derivative financial instruments	(122,057)	(17,409)
Current borrowings	(347,133)	(302,234)
Non current borrowings	(561,124)	(383,989)
Deferred tax liabilities	(378,768)	(473,832)
Total liabilities per statement of financial position	(2,141,545)	(1,670,944)

4. NET FINANCE EXPENSE

	2011 $'000	From incorporation to 30 June 2010 $'000
FINANCE INCOME		
Interest income on bank deposits	6,221	3,003
Other	1,201	715
Total finance income	**7,422**	**3,718**
FINANCE COSTS		
Interest expense	(51,891)	(11,036)
Borrowing costs	(10,494)	(5,816)
Total finance costs	**(62,385)**	**(16,852)**
Net finance expense	**(54,963)**	**(13,134)**

5. DIVIDENDS

YEAR ENDED 30 JUNE 2011	Date of payment	Franked/ unfranked		Amount per share	**Total $'000**
DIVIDENDS PAID					
Ordinary shares					
Final dividend in respect of 2010 year	22-Oct-10	Franked	$	0.18	54,974
Interim dividend	15-Apr-11	Franked	$	0.18	54,974
Dividends paid					**109,948**
Transferable Extendable Listed Yield Shares ("TELYS4")					
Dividend	30-Nov-10	Franked	$	3.40	16,898
Dividend	31-May-11	Franked	$	3.49	17,324
Dividends paid					**34,222**
Subsequent event					
Current period final dividend on ordinary shares proposed but not provided					
Ordinary shares					
Final dividend in respect of 2011 year	14-Oct-11	Franked	$	0.18	55,154
Balance of franking account at 30%					37,906

PERIOD ENDED 30 JUNE 2010	Date of payment	Franked/ unfranked		Amount per share	**Total $'000**
DIVIDENDS PAID					
Ordinary shares					
Final dividend			$	-	-
Interim dividend			$	-	-
Transferable Extendable Listed Yield Shares ("TELYS4")					
Dividend	31-May-10	Franked	$	2.42	11,989
Ordinary shares					
Final dividend in respect of 2010 year	22-Oct-10	Franked	$	0.18	54,974
Balance of franking account at 30%					33,431

The above amount represents the balance of the dividend franking account as at the reporting date, adjusted for:

(a) franking credits that will arise from the payment of current tax liabilities;

(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date;

(c) franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at the reporting date; and

(d) franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. The impact on the dividend franking account of dividends proposed after the balance sheet date but not recognised as a liability is to reduce it by $23,637,000 (2010: $23,560,000)

6. INCOME TAX

	2011 $'000	From incorporation to 30 June 2010 $'000
INCOME TAX BENEFIT/(EXPENSE)		
Current tax expense:		
Current period	(55,290)	(11,013)
Adjustment for prior periods	(1,499)	-
	(56,789)	**(11,013)**
Deferred tax benefit due to origination and reversal of temporary differences	104,311	5,286
Total income tax benefit/(expense) in statement of comprehensive income	**47,522**	**(5,727)**
RECONCILIATION BETWEEN TAX EXPENSE AND PRE-TAX ACCOUNTING PROFITS:		
Income tax using the domestic corporation tax rate 30%	(9,717)	(217,341)
Accounting gain on acquisition of Seven Network Limited, not taxable	-	217,903
Change in recognition of deferred tax assets	-	(468)
Remeasurement of deferred tax assets & deferred tax liabilities	14,465	(6,695)
Franked dividends	9,411	-
Share of associates' net profit	6,994	(1,733)
Taxable capital gain	(17,250)	-
Non-assessable tax group income	18,902	(272)
Non-deductible tax group expenses	(3,150)	-
Other non-taxable/non-deductible items	5,957	3,381
Income tax benefit/(expense) under a tax sharing agreement	22,344	(1,268)
Under provided in prior periods	(1,499)	-
Difference in overseas tax rates	1,065	766
Income tax benefit/(expense)	**47,522**	**(5,727)**
DEFERRED INCOME TAX RECOGNISED DIRECTLY IN EQUITY		
Relating to available-for-sale financial assets	8,721	(7,207)
Relating to cash flow hedge reserve	3,502	(2,353)
Total deferred income tax recognised directly in equity	**12,223**	**(9,560)**

6. INCOME TAX (CONTINUED)

DEFERRED TAX ASSETS & LIABILITIES YEAR ENDED 30 JUNE 2011	Opening balance $'000	Recognised in profit $'000	Recognised in equity $'000	Other [(a)] $'000	Closing balance $'000
Investments	(500,492)	96,971	8,721	-	(394,800)
Derivative financial instruments	(13,719)	(3,017)	3,502	-	(13,234)
Inventories and receivables	(8,885)	(5,518)	-	-	(14,403)
Intangible assets	(4,201)	(607)	-	-	(4,808)
Property, plant & equipment	(13,865)	1,191	-	-	(12,674)
Trade & other payables	10,608	(2,893)	-	-	7,715
Prepayments	-	12,498	-	-	12,498
Provisions	34,460	2,757	-	-	37,217
Tax losses - revenue - SGH tax consolidated group	27,493	(11,356)	-	(16,137)	-
Tax losses - capital	15,976	(1,205)	-	(14,771)	-
Transaction costs deducted over 5 years	10,063	3,446	-	-	13,509
Other	(14,667)	12,044	-	3,451	828
Net tax liability	**(457,229)**	**104,311**	**12,223**	**(27,457)**	**(368,152)**
Deferred tax asset					10,616
Deferred tax liability					(378,768)
Net deferred tax liability					**(368,152)**

(a) Other relates primarily to the utilisation of carry-forward tax losses.

PERIOD ENDED 30 JUNE 2010	Recognised on acquisition of controlled entities/ in profit $'000	Recognised in equity $'000	Closing balance $'000
Investments	(493,285)	(7,207)	(500,492)
Derivative financial instruments	(11,366)	(2,353)	(13,719)
Inventories and receivables	(8,885)	-	(8,885)
Intangible assets	(4,201)	-	(4,201)
Property, plant & equipment	(13,865)	-	(13,865)
Trade & other payables	10,608	-	10,608
Provisions	34,460	-	34,460
Tax losses - revenue - SGH tax consolidated group	27,493	-	27,493
Tax losses - capital	15,976	-	15,976
Transaction costs deducted over 5 years	10,063	-	10,063
Other	(14,667)	-	(14,667)
Net tax liability	**(447,669)**	**(9,560)**	**(457,229)**
Deferred tax asset			16,603
Deferred tax liability			(473,832)
Net deferred tax liability			**(457,229)**

As at 30 June 2011, the Group had not recognised deferred tax assets of $121,608,000 (2010: $96,569,000) in respect of deductible temporary differences relating to unrealised capital losses as it was not probable that future capital gains will be available against which it could utilise the benefits therefrom.

As at 30 June 2011, the Group has not recognised deferred tax liabilities of $82,376,000 (2010: $2,819,000) in respect of assessable temporary differences in relation to investments in subsidiaries where management controls the timing of reversal of the temporary difference and the temporary difference is not expected to reverse in the foreseeable future.

7. EARNINGS PER SHARE

	2011 $'000	From incorporation to 30 June 2010 $'000
EARNINGS RECONCILIATION		
Net profit attributable to equity holders of the Company	70,412	718,034
Allocated earnings to category of share:		
- Ordinary shares	36,126	714,907
- TELYS4	34,286	3,127
	70,412	**718,034**
Weighted average number of shares		
Number for basic earnings per share:		
- Ordinary shares	305,571,925	122,015,245
- TELYS4	4,963,640	3,860,609
Effect of share options on issue:		
- Ordinary shares	584,969	-
Number for diluted earnings per share:		
- Ordinary shares	306,156,894	122,015,245
- TELYS4	4,963,640	3,860,609
Statutory earnings per share [(a)]		
Ordinary shares - total earnings per share from continuing operations: [(a)]		
- Basic ($)	0.12	5.87
- Diluted ($)	0.12	5.87
TELYS4 - total earnings per TELYS4:		
- Basic ($)	6.91	0.81
- Diluted ($)	6.91	0.81

(a) In relation to the prior period, the Company's incorporation date of 12 February 2010 was used to determine the weighted average number of shares on issue for statutory EPS. If the weighted average number of shares was calculated from the Company's first day of operations, being 28 April 2010, the weighted average number of shares on issue would have been 263,096,885, resulting in a basic and diluted adjusted EPS of $2.72.

Of the 5,775,000 (2010: 6,875,000) options exercisable at 30 June 2011, 3,525,000 are dilutive. The weighted average number of dilutive shares is 584,969 (2010: nil). As at 30 June 2011, 2,250,000 (2010: 6,875,000) options were anti-dilutive and have not been included in the above diluted earnings per share calculation.

7. EARNINGS PER SHARE (CONTINUED)

EARNINGS PER SHARE FROM CONTINUING OPERATIONS EXCLUDING SIGNIFICANT ITEMS	2011 $'000	From incorporation to 30 June 2010 $'000
Ordinary shares - total earnings per share from continuing operations excluding significant items: [(b)(c)]		
- Basic ($)	0.67	0.09
- Diluted ($)	0.67	0.09

(b) Significant items is comprised of impairment of equity accounted investees and non-current assets, transaction costs related to acquisition of Seven Network Limited, write-off of capitalised borrowing costs, net gain on sale of investments and equity accounted investees, accounting gain on acquisition of Seven Network Limited and any income tax benefit of significant items.

(c) The weighted average number of shares used to calculate total earnings per share from continuing operations excluding significant items for the prior period is 263,096,885 as described above in (a).

Earnings per share from continuing operations excluding significant items is calculated as follows:

	2011 $'000	From incorporation to 30 June 2010 $'000
Net profit attributable to equity holders of the Company	70,412	718,034
Significant items:		
Add: impairment of equity accounted investees	305,648	-
Add: impairment of non-current assets	18,701	-
Add: transaction costs related to acquisition of Seven Network Limited	-	35,828
Add: write-off of capitalised borrowing costs included in net finance costs	-	5,488
Less: net gain on sale of investments	(58,679)	-
Less: accounting gain on acquisition of Seven Network Limited	-	(726,343)
Less: income tax benefit relating to significant items	(97,305)	(5,571)
Net profit attributable to equity holders of the Company excluding significant items	238,777	27,436
Allocated earnings excluding significant items to category of share:		
- Ordinary shares	204,491	24,309
- TELYS4	34,286	3,127
	238,777	**27,436**

8. TRADE AND OTHER RECEIVABLES

	2011 $'000	2010 $'000
CURRENT		
Trade receivables	538,084	409,699
Receivables due from associates	6,882	5,537
Other receivables	10,991	-
Provision for impairment loss	(5,526)	(9,768)
	550,431	**405,468**
NON-CURRENT		
Receivables due from associates	3,178	8,815
Other receivables	662	2,409
	3,840	**11,224**

The Group's exposure to credit and currency risk and impairment losses related to trade and other receivables is disclosed in Note 34.

9. INVENTORIES

	2011 $'000	2010 $'000
CURRENT		
Raw materials - at cost	28,111	16,563
Work-in-progress - at cost	44,423	26,307
Finished goods		
- at cost	846,803	605,023
- at net realisable value	70,289	34,780
Total finished goods	917,092	639,803
Total inventories	**989,626**	**682,673**

10. OTHER CURRENT ASSETS

	2011 $'000	2010 $'000
Prepayments	24,507	16,676
Interest receivable	-	1,568
Other financial assets	-	17,824
	24,507	**36,068**

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2011 $'000	2010 $'000
Investments in associates and jointly controlled entities	1,482,052	1,724,687

Investee	Principal activities	Country of incorporation	Balance date	2011 Ownership interest	2010 Ownership interest
EQUITY ACCOUNTED INVESTMENTS AND JOINTLY CONTROLLED ENTITIES					
Adelaide Broadcast Property Pty Limited	Property management	Australia	30-Jun	40.0%	40.0%
Adelaide Broadcast Property Trust	Property management	Australia	30-Jun	40.0%	40.0%
Apac Energy Rental Pte Limited	Rental services	Singapore	31-Dec	20.0%	20.0%
Consolidated Media Holdings Limited	Media	Australia	30-Jun	24.4%	22.4%
Energy Power Systems Australia Pty Limited	Distribution and rental of CAT engine products	Australia	30-Jun	40.0%	40.0%
Flagship Property Holdings Pty Limited	Property management	Australia	31-Dec	46.8%	46.8%
Mo's Mobiles Pty Limited	Mobile phone retailer	Australia	30-Jun	25.0%	25.0%
P2 Pty Limited*****	Dormant	Australia	30-Jun	-	50.0%
P4 Pty Limited*****	Dormant	Australia	30-Jun	-	50.0%
Premier Capital Developments Pty Limited	Property management	Australia	30-Jun	25.0%	25.0%
Revy Investments Pty Limited	Property management	Australia	30-Jun	25.0%	25.0%
Revy Investments Trust	Property management	Australia	30-Jun	25.0%	25.0%
Sydney Broadcast Property Pty Limited	Property management	Australia	30-Jun	40.0%	40.0%
Sydney Broadcast Property Trust	Property management	Australia	30-Jun	40.0%	40.0%
Vuecast Operations Pty Limited**	Programme production	Australia	30-Jun	50.0%	50.0%
West Australian Newspapers Holdings Limited****	Media	Australia	30-Jun	-	23.8%
Seven West Media Limited****	Media	Australia	30-Jun	29.6%	-
Coates Group Holdings Pty Limited***	Rental services	Australia	30-Jun	46.1%	46.1%
Seven Media Group Pty Limited*	Media	Australia	30-Jun	-	45.0%

* - in the prior period the Company determined its interest in Seven Media Group Pty Limited (SMG) was 45% after considering vesting conditions for options issued under SMG's Management Equity Plan including options issued during the period ended 30 June 2010. On 12 April 2011 the remaining 55% of SMG was acquired. Concurrently, the operational subsidiaries of SMG were sold to West Australian Newspapers Holdings Limited. Refer to 'Creation of Seven West Media Limited' below for further information.

** - entity was placed into Member's Voluntary Liquidation on 17 June 2011.

*** - interest held by National Hire Group Limited, which is 66.2% owned by WesTrac Pty Ltd. Effective interest is 30.52%.

**** - refer to 'Creation of Seven West Media Limited' below.

***** - entities deregistered with ASIC on 6 October 2010

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

	ASSOCIATES AND JOINTLY CONTROLLED ENTITIES	
	2011	**From incorporation to 30 June 2010**
	$'000	**$'000**
SHARE OF INVESTEES' NET PROFIT		
Share of operating profit before tax	167,278	16,081
Share of income tax expense	(23,690)	(1,815)
Share of net profit of equity accounted investees	**143,588**	**14,266**

	2011	**2010**
	$'000	**$'000**
SUMMARISED FINANCIAL INFORMATION OF INVESTEES (100% BASIS)		
Revenues [(a)]	3,554,539	3,023,381
Expenses [(a)]	(3,103,181)	(2,902,194)
Profit before tax	**451,358**	**121,187**
Current assets	1,311,050	1,449,688
Non-current assets	7,551,519	5,792,170
Total assets	**8,862,569**	**7,241,858**
Current liabilities	1,209,967	905,406
Non-current liabilities	3,855,061	6,468,079
Total liabilities	**5,065,028**	**7,373,485**
Net assets/(liabilities) as reported by investees	**3,797,541**	**(131,627)**

(a) the above revenue and expenses relates to 100% of the investees full year results for the year ended 30 June 2011 for the period of ownership. In the prior period, the investments were held by the Group from the date of acquisition of WesTrac Group and SNL (refer to Note 26).

(b) the above assets and liabilities represent investments in associates held at 30 June 2011.

Appropriate adjustments have been made to the reported information in calculating the investor's share of profit.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

YEAR ENDED 30 JUNE 2011	Book value $'000	Market value $'000
MARKET VALUES OF LISTED INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		
Consolidated Media Holdings Limited [b]	358,385	358,385
Seven West Media Limited [a][b]	730,893	730,893

PERIOD ENDED 30 JUNE 2010	Book value $'000	Market value $'000
MARKET VALUES OF LISTED INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		
Consolidated Media Holdings Limited	424,511	436,653
West Australian Newspapers Holdings Limited	393,552	336,151

(a) in addition to the equity accounted investment shown above, the company holds 2,500 convertible preference shares in Seven West Media Limited with a carrying value of $231,399,000 included in other financial assets (Note 13).

(b) impairment charges for the following listed investments accounted for using the equity method were recognised in profit or loss during the year ended 30 June 2011:

IMPAIRMENT OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	2011 $'000	From incorporation to 30 June 2010 $'000
Consolidated Media Holdings Limited	(66,578)	-
Seven West Media Limited	(239,070)	-
Total impairment of investments accounted for using the equity method	**(305,648)**	**-**

The Group received dividends of $46,521,000 from its investments in equity accounted investees during the year ended 30 June 2011 (2010: nil). $33,157,000 was received in cash, with the balance received in the form of additional shares as a result of participation in a dividend reinvestment plan.

CREATION OF SEVEN WEST MEDIA LIMITED

As announced on 21 February 2011, Seven Group Holdings Limited (SGH) reached an agreement with West Australian Newspapers Holdings Limited (WAN) to create Seven West Media Limited (SWM). The transaction involved WAN acquiring 100% of SGH's interest in the Seven Media Group business in return for 29.6% equity and $250,000,000 convertible preference shares in SWM. Separately SGH sold its existing stake in WAN. A net realised gain of $54,243,000 in relation to this transaction was recognised in net gain on sale of investments and equity accounted investees in the Consolidated Income Statement for the year ended 30 June 2011, representing a gain on disposal of Seven Media Group of $158,061,000 and a loss on disposal of West Australian Newspapers Holdings Limited of $103,818,000.

12. DERIVATIVE FINANCIAL INSTRUMENTS

	2011 $'000	2010 $'000
CURRENT ASSETS		
Forward foreign exchange contracts - fair value hedges	-	124
Other derivatives - undesignated	2,587	-
NON-CURRENT ASSETS		
Forward foreign exchange contracts - cash flow hedges	-	4,666
CURRENT LIABILITIES		
Forward foreign exchange contracts - cash flow hedges	(7,752)	(5,305)
Other derivatives - cash flow hedges	(10,509)	-
NON-CURRENT LIABILITIES		
Forward foreign exchange contracts - cash flow hedges	(101,350)	(8,982)
Interest rate derivative contracts - undesignated	(2,446)	(3,122)
Net derivative financial instruments	**(119,470)**	**(12,619)**

The Group is a party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates, foreign exchange rates and equity prices in accordance with the Group's financial risk management policies (refer to Note 34).

(i) Interest rate cap contracts
The Group's policy is to hedge a proportion of its interest bearing liabilities from exposure to changes in interest rates.

The gain or loss from remeasuring the hedging instruments to fair value is deferred in equity in the hedging reserve, to the extent of its intrinsic value that the hedge is effective, and reclassified into profit and loss when the hedged interest expense is recognised. To the extent that the hedge is ineffective or undesignated, the fair value movement is recognised in the income statement.

At 30 June 2011 the Group had interest rate caps with a notional value of $275,000,000 (2010: $303,000,000), capped at 7%. Due to the variance with underlying interest rates, these caps are not considered to be effective hedges, as such the fair value is expensed in the consolidated income statement.

(ii) Foreign exchange contracts and derivatives – cash flow hedges
The Group has obligations to repay the principal amounts of US dollar denominated debt and interest thereon. The Group also enters into purchase and sale transactions denominated in US Dollars, Euros, Great Britain Pounds, New Zealand Dollars and Japanese Yen. In order to protect against exchange rate movements, the Group has entered into forward exchange contracts to purchase foreign currency, and foreign exchange option derivatives to impose an upper limit on the cost of purchasing US dollars.

These contracts are hedging fixed interest and principal repayments to June 2026, and certain known trading commitments over the next year. The contracts are timed to mature when interest and principal, and lease payments are due, and when payments for major purchases of machinery and component parts are scheduled to be made.

(iii) Other derivatives
The group entered into a derivative to hedge its exposure to the Seven West Media Limited ('SWM') Dividend Reinvestment Plan in respect of a notional parcel of 17,750,896 SWM shares. This hedge is treated as a cash flow hedge with the fair value movement being carried in the cash flow hedge reserve.

13. OTHER FINANCIAL ASSETS

	2011 $'000	2010 $'000
NON-CURRENT		
Listed equity securities (available-for-sale)	652,286	393,300
Unlisted equity securities	232,093	1,411
Other investments	-	1,215
	884,379	**395,926**

Listed equity securities are designated as available-for-sale financial assets, in accordance with the Group's accounting policies. The carrying amounts are determined based on their market price at 30 June 2011. Any impairment amounts are disclosed separately unless they are not materially significant.

Due to the reduction in market values of some equity securities an aggregate impairment loss of $14,570,000 (2010: nil) has been recognised during the year in respect of other financial assets. This impairment loss has been recognised as impairment of non-current assets in the consolidated income statement.

The Group's exposure to credit, currency, interest rate risk and equity price risk related to other financial assets is disclosed in Note 34. Unlisted equity securities comprise convertible preference shares in Seven West Media Limited (SWM). The shares have no set conversion term but are subject to conversion rights by either the company or SWM. In addition, SWM has the right to redeem the the shares for cash. In the ordinary course of events, the company cannot exercise its conversion rights prior to the release date of SWM's interim results for the half year ending 31 December 2013 and SWM cannot initiate a conversion or redemption before 21 April 2016. The shares rank ahead of the SWM ordinary shares on liquidation and have no dividend rights. The price at which the shares convert into SWM ordinary shares or are redeemed for cash is dependent on the party exercising its rights. The conversion value of the convertible preference shares is adjusted by 7.143% per annum (compounded on a semi-annual basis) for the first 5 years and thereafter by 9.143% per annum until the shares are either converted or redeemed.

14. PROPERTY, PLANT AND EQUIPMENT

	2011 $'000	2010 $'000
Freehold land and buildings at cost	58,452	57,788
Accumulated depreciation	(5,056)	(4,139)
	53,396	**53,649**
Leasehold improvements at cost	21,088	16,915
Accumulated amortisation	(12,192)	(9,502)
	8,896	**7,413**
Plant and equipment at cost	367,107	295,619
Accumulated depreciation	(164,864)	(116,345)
	202,243	**179,274**
Leased plant and equipment at cost	862	813
Accumulated depreciation	(469)	(55)
	393	**758**
Total property, plant and equipment at cost	**447,509**	**371,135**
Accumulated depreciation and amortisation	**(182,581)**	**(130,041)**
Carrying amount at end of the period	**264,928**	**241,094**

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2011 $'000	2010 $'000
RECONCILIATIONS		
Reconciliations of the carrying amounts for each class of property, plant and equipment:		
Freehold land and buildings		
Freehold land and buildings at cost	57,788	-
Accumulated depreciation	(4,139)	-
Carrying amount at beginning of the period	**53,649**	**-**
Additions through acquisition of controlled entities	441	57,031
Accumulated depreciation acquired from common control transaction	-	(3,994)
Additions	2,044	25
Depreciation	(917)	(145)
Exchange differences	(1,821)	732
Carrying amount at end of the period	**53,396**	**53,649**
Leasehold improvements		
Freehold leasehold properties at cost	16,915	-
Accumulated depreciation	(9,502)	-
Carrying amount at beginning of the period	**7,413**	**-**
Additions through acquisition of controlled entities	361	12,509
Accumulated depreciation acquired from common control transaction	-	(9,230)
Additions	4,300	1,026
Disposals	-	(2)
Depreciation	(2,690)	(272)
Exchange differences	(488)	161
Net transfer from inventory	-	3,221
Carrying amount at end of the period	**8,896**	**7,413**
Plant and equipment		
Plant and equipment at cost	295,619	-
Accumulated depreciation	(116,345)	-
Carrying amount at beginning of the period	**179,274**	**-**
Additions through acquisition of controlled entities	3,168	257,845
Accumulated depreciation acquired from common control transaction	-	(108,084)
Additions	54,604	10,194
Disposals	(1,208)	(1,365)
Depreciation	(48,519)	(8,261)
Exchange differences	(6,082)	1,983
Net transfer from inventory	21,006	26,962
Carrying amount at end of the period	**202,243**	**179,274**
Leased plant and equipment		
Leased plant and equipment at cost	813	-
Accumulated depreciation	(55)	-
Carrying amount at beginning of the period	**758**	**-**
Additions through acquisition of controlled entities	-	398
Additions	49	415
Exchange differences	-	-
Depreciation	(414)	(55)
Carrying amount at end of the period	**393**	**758**

15. INTANGIBLE ASSETS

	2011 $'000	2010 $'000
Distribution network	367,508	450,706
Accumulated amortisation	-	-
	367,508	**450,706**
Intellectual property	5,202	4,761
Accumulated amortisation	(1,828)	(1,073)
	3,374	**3,688**
Customer contracts	10,696	9,519
Accumulated amortisation	(4,470)	(2,850)
	6,226	**6,669**
Goodwill	63,640	30,403
Accumulated amortisation	-	-
	63,640	**30,403**
Spectrum licences	75,000	75,000
Accumulated amortisation	(14,531)	(1,793)
	60,469	**73,207**
Software	27,008	17,673
Accumulated amortisation	(5,112)	(4,995)
	21,896	**12,678**
Brand names	3,120	-
Accumulated amortisation	-	-
	3,120	**-**
Total intangible assets	**526,233**	**577,351**

15. INTANGIBLE ASSETS (CONTINUED)

YEAR ENDED 30 JUNE 2011	Distribution network $'000	Intellectual property $'000	Customer contracts $'000	Goodwill $'000	Spectrum licences $'000	Other $'000	Total $'000
MOVEMENT IN INTANGIBLE ASSETS							
Carrying amount at beginning of year	**450,706**	**3,688**	**6,669**	**30,403**	**73,207**	**12,678**	**577,351**
Acquisitions from business combination	-	-	2,315	33,445	-	3,120	38,880
Additions	-	441	-	-	-	10,122	10,563
Amortisation	-	(755)	(1,620)	-	(12,738)	(117)	(15,230)
Exchange differences	(83,198)	-	(1,138)	(208)	-	(787)	(85,331)
Carrying amount at end of year	**367,508**	**3,374**	**6,226**	**63,640**	**60,469**	**25,016**	**526,233**

PERIOD ENDED 30 JUNE 2010	Distribution network $'000	Intellectual property $'000	Customer contracts $'000	Goodwill $'000	Spectrum licences $'000	Other $'000	Total $'000
MOVEMENT IN INTANGIBLE ASSETS							
On incorporation	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Acquisitions from business combination and common control transaction	418,824	3,760	6,413	30,403	75,000	12,035	546,435
Additions	-	61	-	-	-	1,521	1,582
Disposals	-	-	-	-	-	-	-
Amortisation	-	(104)	(229)	-	(1,793)	(878)	(3,004)
Exchange differences	31,882	(29)	485	-	-	-	32,338
Carrying amount at end of period	**450,706**	**3,688**	**6,669**	**30,403**	**73,207**	**12,678**	**577,351**

The recoverable amount of the spectrum licences has been assessed under the fair value less costs to sell model (AASB 136). The renewal date of the 2.3Ghz and 3.5Ghz spectrum licences are July 2015 and December 2015, respectively.

Determination of the fair value was largely based on comparable market transactions. Other factors considered in the assessment of the recoverable amount included market size and share, pricing, competition and future technological developments.

15. INTANGIBLE ASSETS (CONTINUED)

(a) Impairment tests for goodwill and distribution network

Goodwill and distribution network costs are allocated to the Group's cash generating units (CGU's) identified according to the appropriate operating segment. Allocation is made within the individual operating subsidiaries of the Group.

A segment level summary of the goodwill and distribution network allocation is presented below.

YEAR ENDED 30 JUNE 2011	WesTrac Australia $'000	WesTrac China $'000	National Hire $'000	Total $'000
Product sales, service and distribution	25,659	-	45,795	71,454
Caterpillar distribution networks	37,900	321,794	-	359,694
	63,559	**321,794**	**45,795**	**431,148**

PERIOD ENDED 30 JUNE 2010	WesTrac Australia $'000	WesTrac China $'000	National Hire $'000	Total $'000
Product sales, service and distribution	25,659	-	12,350	38,009
Caterpillar distribution networks	37,900	405,200	-	443,100
	63,559	**405,200**	**12,350**	**481,109**

The recoverable amount of a CGU is determined based on the higher of "value-in-use" or "fair value less costs to sell" calculations. These calculations use discounted cash flow projections based on financial budgets and forecasts approved by management. Cash flow projections utilised for value in use calculations are based on financial budgets and cover a five year period (2010: fifteen year period for China related cash flows).

Cash flows in the financial budgets and forecasts are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long term average growth for the business in which the CGU operates.

(b) Key assumptions used for "value-in-use" and "fair value less costs to sell" calculations

CGU	2011 Growth rate* %	2011 Discount rate (post-tax)** %	2010 Growth rate* %	2010 Discount rate (post-tax)** %
Value-in-use				
Caterpillar distribution network - Australia	4.0	11.0	4.0	11.0
National Hire - AllightSykes	2.5	11.9	4.0	11.4
Fair value less cost to sell				
Caterpillar distribution network - China***	4.0	11.5	4.0	11.5

* - the weighted average growth rate used to extrapolate cash flows beyond the budget or forecast period.
** - the discount rates used reflect specific risks relating to the relevant segments and the countries in which they operate.
*** - key drivers of the forecast include general growth in WesTrac China's markets, an expansion of product lines and continued investment in new facilities.

Management believe that no change to key assumptions would reasonably occur which would cause the carrying amount of each CGU to exceed its recoverable amounts for the foreseeable future.

16. TRADE AND OTHER PAYABLES

	2011 $'000	2010 $'000
CURRENT		
Trade payables	329,497	201,154
Other payables	118,486	126,800
Accruals	48,110	37,387
	496,093	**365,341**
NON-CURRENT		
Trade payables and accruals	8,477	5,625
	8,477	**5,625**

The Company has entered into a Deed of Cross Guarantee with certain subsidiaries as described in Note 25. Under the terms of the Deed, the Company has guaranteed the repayment of all current and future creditors in the event that any of the entities party to the Deed are wound up. Details of the consolidated financial position of the Company and subsidiaries party to the Deed are set out in Note 25.

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 34.

17. INTEREST BEARING LOANS AND BORROWINGS

	2011 $'000	2010 $'000
CURRENT		
Interest bearing liabilities	340,902	276,226
Fixed term US dollar notes	-	19,946
Bank overdrafts used for cash management purposes	5,901	5,534
Finance lease liabilities (refer Note 24)	330	528
	347,133	**302,234**
NON-CURRENT		
Interest bearing liabilities	155,977	13,721
Finance lease liabilities (refer Note 24)	1,736	1,767
Fixed term US dollar notes	405,066	369,588
Less: capitalised borrowing costs net of accumulated amortisation	(1,655)	(1,087)
	561,124	**383,989**

The current interest bearing liabilities of $340,902,000 (2010: $276,226,000) relate to the Group's working capital facilities. These liabilities are drawn from rolling short dated facilities within Australia ($148,892,000 (2010: $140,000,000)) and China ($192,010,000 (2010: $136,200,000)) and are generally reviewed annually. They have a weighted average interest rate of 7.43% (2010: 7.0%) including margin. Of the amount drawn within Australia, $35,700,000 (2010: $119,300,000) is secured against inventory and receivables with the balance being unsecured. The balance drawn from facilities located in China is unsecured.

At 30 June 2011, the total available borrowing facilities included undrawn loan facilities of $466,694,000 (2010: $297,938,000) and lease facilities of $55,700,000 (2010: $66,500,000). The Group also had access to unutilised short dated lines of credit totalling $230,536,000 (2010: $111,500,000).

17. INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

During the current year, the Group negotiated a syndicated loan facility of $498,000,000 with a syndicate of banking entities. The facility is non-amortising and matures in December 2012. The facility is unsecured with guarantees from various subsidiaries within the Group.

Lease liabilities are effectively secured as the rights to the assets revert to the financier in the event of default.

Details of the fair values of each of the borrowings as well as the Group's exposure to interest rate, foreign currency and liquidity risk related to interest bearing loans and borrowings is disclosed in Note 34.

Unsecured fixed term USD Notes
The Group has issued notes denominated in US currency of USD $435,000,000 (2010: $332,000,000). These borrowings are hedged by a combination of forward foreign exchange and put option contracts. Interest is payable half yearly in arrears and the amount and maturity to the notes, including the effective hedge position, are summarised as follows:

YEAR ENDED 30 JUNE 2011		Amount	Spot amount	Hedged amount	Interest rate	
		USD	AUD	AUD	(incl. margin)	Maturity
Notes	Agreement	$'000	$'000	$'000	%	date
Series D	1999	15,000	13,968	22,628	7.87%	18-Jun-14
Series A	2006	55,000	51,215	72,368	7.40%	23-Aug-13
Series B	2006	75,000	69,839	99,088	7.48%	23-Aug-16
Series C	2006	55,000	51,215	72,598	7.50%	23-Aug-18
Series D	2006	30,000	27,936	39,282	7.53%	23-Aug-20
Series E	2006	85,000	79,151	112,241	7.56%	23-Aug-21
Series A	2011	45,000	41,903	43,838	7.07%	07-Jun-23
Series C	2011	75,000	69,839	73,064	7.12%	07-Jun-26
		435,000	**405,066**	**535,107**		

EVENT SUBSEQUENT TO BALANCE DATE

In July 2011, the Group issued notes denominated in US currency of USD$155,000,000 and AUD of $48,828,000. The proceeds of these notes were partly used to pay down current debt. The US denominated notes are hedged by cross currency swaps. USD$100,000,000 of US denominated notes have been further hedged by interest rate swaps at a weighted average interest rate of 6.68%. Maturity of the notes is between 12 to 30 years.

PERIOD ENDED 30 JUNE 2010		Amount	Spot amount	Hedged amount	Interest rate	
		USD	AUD	AUD	(incl. margin)	Maturity
Notes	Agreement	$'000	$'000	$'000	%	date
Series C	1999	17,000	19,946	19,946	7.65%	18-Jun-11
Series D	1999	15,000	17,599	22,628	7.87%	18-Jun-14
Series A	2006	55,000	64,531	72,368	7.40%	23-Aug-13
Series B	2006	75,000	87,997	99,088	7.48%	23-Aug-16
Series C	2006	55,000	64,531	72,598	7.50%	23-Aug-18
Series D	2006	30,000	35,199	39,282	7.53%	23-Aug-20
Series E	2006	85,000	99,731	112,236	7.56%	23-Aug-21
		332,000	**389,534**	**438,146**		

18. PROVISIONS

	2011 $'000	2010 $'000
CURRENT		
Employee benefits (refer Note 27)	37,739	29,928
Service warranties	31,915	21,023
Other	19,489	7,596
	89,143	**58,547**
NON CURRENT		
Employee benefits (refer Note 27)	2,313	556
Other	4,885	2,057
	7,198	**2,613**

	Employee benefits $'000	Service warranties $'000	Other $'000	Total $'000
MOVEMENT IN PROVISIONS YEAR ENDED 30 JUNE 2011				
Balance at beginning of year	30,484	21,023	9,653	**61,160**
Amounts assumed in a business combination	1,668	-	11,159	**12,827**
Amounts provided for	26,496	37,767	3,562	**67,825**
Amounts used	(18,596)	(26,023)	-	**(44,619)**
Exchange differences	-	(852)	-	**(852)**
Balance at end of the year	40,052	31,915	24,374	**96,341**

	Employee benefits $'000	Service warranties $'000	Other $'000	Total $'000
MOVEMENT IN PROVISIONS PERIOD ENDED 30 JUNE 2010				
On incorporation	-	-	-	-
Amounts assumed in a business combination and common control transaction	27,122	20,195	9,952	**57,269**
Amounts provided for	4,582	8,567	1,178	**14,327**
Amounts used	(1,220)	(8,129)	(1,477)	**(10,826)**
Exchange differences	-	390	-	**390**
Balance at end of the period	30,484	21,023	9,653	**61,160**

Employee benefits include provisions for annual leave and long service leave benefits. The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. A majority of the amount is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months.

Service warranties provisions relate to the estimated warranty claims in respect of products sold which are still under warranty at balance date. The provision is based on estimates made from historical warranty data. These claims are expected to be settled in the next financial year but this may be extended into the following year if claims are made late in the warranty period and are subject to confirmation by suppliers that component parts are defective.

Other provisions include amounts that have been provided in relation to Director's retirement benefits, worker's compensation claims, maintenance and repair contracts and the deferred and contingent consideration element of the purchase price relating to the Sykes acquisition (refer to Note 26).

19. DEFERRED INCOME

	2011 $'000	2010 $'000
CURRENT		
Maintenance and repair contracts	34,094	31,027
Customer deposits	75,449	11,304
Other deferred income	3,827	-
	113,370	**42,331**
NON-CURRENT		
Deferred government grant	10,861	9,748
Other deferred income	7,321	7,322
	18,182	**17,070**

The deferred government grant balance includes the original grant to build training centres in NSW and WA and accumulated interest as per the terms and conditions of the funding agreement.

20. CONTRIBUTED EQUITY

	2011 $'000	2010 $'000
SHARE CAPITAL		
306,410,281 ordinary shares, fully paid (2010: 305,410,281)	2,188,687	2,181,687
4,963,640 TELYS4 preference shares, fully paid (2010: 4,963,640)	427,165	427,165
Balance at end of the period	**2,615,852**	**2,608,852**
MOVEMENTS IN ORDINARY SHARES		
Balance at 1 July 2010 (305,410,281 shares)/28 April 2010 (2,000,000 shares)	2,181,687	10,000
Shares issued for acquisition of WesTrac Group (113,000,000 shares)	-	843,951
Shares issued for acquisition of SNL (190,410,281 shares)	-	1,327,736
Shares issued on exercise of options - 21 April 2011 (500,000 shares)	3,500	-
Shares issued on exercise of options - 13 May 2011 (500,000 shares)	3,500	-
Balance at end of the period	**2,188,687**	**2,181,687**

The company does not have authorised share capital or par value in respect of its issued shares. All issued shares are fully paid.

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after creditors and preference shareholders and are fully entitled to any proceeds on liquidation.

MOVEMENTS IN PREFERENCE SHARES Transferable Extendable Listed Yield Shares – TELYS4	2011 $'000	2010 $'000
Balance at 1 July 2010/28 April 2010	427,165	-
TELYS4 issued to acquire TELYS3 (4,963,640 TELYS)	-	427,165
Balance at end of the period	**427,165**	**427,165**

TELYS4 were issued on 13 May 2010 under the TELYS4 Offer Prospectus on a one for one exchange for all TELYS3 previously issued by Seven Network Limited.

Holders are entitled to a preferential non-cumulative floating rate dividend, which is based on Bank Bill Swap Rate for 180 days plus Margin. The Margin is set at 4.75% subject to the Company's right of Conversion and Exchange. There are no voting rights attached except in limited circumstances, in which case holders will have one vote per TELYS4 held.

	Number	Number
OPTIONS ON ORDINARY SHARES		
As at reporting date the number of options exercisable into ordinary shares was as follows:		
Options to Directors	4,000,000	5,000,000
Options to other Executives	1,775,000	1,875,000
	5,775,000	**6,875,000**

Details on the above options issued by the Group are detailed in the Remuneration Report and Note 29.

21. RESERVES

YEAR ENDED 30 JUNE 2011	Employee equity benefits reserve $'000	Common control reserve $'000	Cash flow hedge reserve $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Total $'000
As at 1 July 2010	**5,334**	**(642,586)**	**6,570**	**16,817**	**39,365**	**(574,500)**
Fair value movement on available-for-sale financial assets	-	-	-	27,304	-	27,304
Tax effect of net loss on available-for-sale financial assets	-	-	-	8,721	-	8,721
Impairment of available-for-sale financial asset reclassified to profit or loss	-	-	-	2,910	-	2,910
Net loss on cash flow hedges	-	-	(20,997)	-	-	(20,997)
Tax effect of net loss on cash flow hedges	-	-	3,502	-	-	3,502
Movement in reserves of associates	734	-	(1,163)	-	-	(429)
Currency translation differences	-	-	-	-	(163,036)	(163,036)
Share based payment expense	1,718	-	-	-	-	1,718
At 30 June 2011	**7,786**	**(642,586)**	**(12,088)**	**55,752**	**(123,671)**	**(714,807)**

PERIOD ENDED 30 JUNE 2010	Employee equity benefits reserve $'000	Common control reserve $'000	Cash flow hedge reserve $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Total $'000
On incorporation	**-**	**-**	**-**	**-**	**-**	**-**
Acquisition of subsidiary	-	(642,586)	-	-	-	(642,586)
Fair value movement on available-for-sale financial assets	-	-	-	24,024	-	24,024
Tax effect of net gain on available-for-sale financial assets	-	-	-	(7,207)	-	(7,207)
Net gain on cash flow hedges	-	-	8,923	-	-	8,923
Tax effect of net gain on cash flow hedges	-	-	(2,353)	-	-	(2,353)
Currency translation differences	-	-	-	-	39,365	39,365
Share based payment expense	1,836	-	-	-	-	1,836
Replacement of share options related to business combination	3,498	-	-	-	-	3,498
At 30 June 2010	**5,334**	**(642,586)**	**6,570**	**16,817**	**39,365**	**(574,500)**

Employee equity benefits reserves

This reserve is used to record the value of equity benefits provided to employees and Directors as part of their remuneration.

Common control reserve

In the prior period the acquisition of WesTrac Group by the Company was accounted for as a common control transaction. As a consequence, the difference between the fair value of the consideration paid and the existing book values of assets and liabilities of the WesTrac Group were debited to a common control reserve. Upon disposal of all interests in WesTrac Group by the Group this reserve would be transferred to retained earnings.

Cash flow hedge reserve

This reserve records the effective portion of the cumulative net change in fair value of hedging instruments related to cash flow hedged transactions that have not yet occurred.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

Foreign currency translation reserve

This reserve records the foreign currency differences arising from the translation of the financial statements of foreign operations.

22. RETAINED EARNINGS

	Note	2011 $'000	2010 $'000
Retained earnings at beginning of the period		706,045	-
Net profit attributable to members of the Company		70,412	718,034
Dividends paid	5	(144,170)	(11,989)
Retained earnings at end of the period		**632,287**	**706,045**

23. CONTINGENCIES

	2011 $'000	2010 $'000
Contingent liabilities		
Performance guarantees [a]	18,326	24,870
Financial guarantees [b]	85,226	96,639
	103,552	**121,509**

(a) Performance guarantees relate to guarantees provided to customers in support of equipment performance.

(b) The Group has issued a number of financial guarantees to third parties for various operational and financing purposes. Any claim against these guarantees would be reduced by the value of the land, buildings and equipment to which these guarantees relate. To the extent that the Directors expect these third party guarantees to be called upon, a provision has been recorded in the statement of financial position as at 30 June 2011.

The Group has entered into a number of financial guarantees in relation to subsidiary debt facilities. The drawn amount of these facilities are recorded as interest bearing liabilities in the statement of financial position and Note 17.

The nature of the Group's and equity accounted investees' activities are such that, from time to time, claims are received or made by the Group. The Directors are of the opinion that no claims are expected to have a material adverse effect on the financial statements of the Group and as such do not require disclosure as a contingent liability.

As at 30 June 2011 a Group subsidiary, Engin Limited, had a contingent liability of $4,977,000 in relation to the return of its share capital to minority shareholders. As the transaction was subject to shareholder vote it is not recorded as a liability in the statement of financial position (refer to Note 32).

24. COMMITMENTS

	2011 $'000	2010 $'000
Capital expenditure commitments		
Payable:		
Not later than one year	23,261	26,543
Finance lease commitments		
Payable:		
Not later than one year	1,368	889
Later than one year but not later than five years	1,800	1,686
Later than five years	1,685	2,081
Minimum lease payments [(a)]	**4,853**	**4,656**
Less future finance charges	(2,787)	(2,361)
	2,066	**2,295**
Operating lease commitments [(b)]		
Payable:		
Not later than one year	48,353	37,563
Later than one year but not later than five years	199,673	102,237
Later than five years	237,900	95,517
	485,926	**235,317**
Other operating commitments [(c)]		
Payable:		
Not later than one year	6,710	7,089
Later than one year but not later than five years	2,465	7,468
	9,175	**14,557**
Other commitments [(d)]		
Payable:		
Not later than one year	-	292,860
Later than one year but not later than five years	-	-
	-	**292,860**

(a) Minimum future lease payments include the aggregate of all lease payments and any guaranteed residual value.

(b) The Group leases various offices and sites under non-cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

(c) Other operating commitments includes commitments for operating expenses and acquisitions of inventory contracted for at the reporting date but not recognised as liabilities.

(d) Other commitments in the prior period related to the Group's contractual obligation to invest in Agricultural Bank of China. This commitment was settled in July 2010.

25. CONTROLLED ENTITIES

	Notes	Country of incorporation	OWNERSHIP INTEREST 2011 %	2010 %
PARENT ENTITY				
Seven Group Holdings Limited	(a)	Australia		
SUBSIDIARIES				
Allight Holdings Pty Limited		Australia	66	66
Allight Pty Limited		Australia	66	66
Allight USA Inc		USA	66	66
ATPH Pty Limited		Australia	100	100
ATP1 Pty Limited		Australia	100	100
ATP2 Pty Limited		Australia	100	100
ATP3 Pty Limited		Australia	100	100
C7 Pty Limited	(a)	Australia	100	100
Direct Target Access Pty Limited	(a)	Australia	100	100
DWB Trust		Australia	66	66
EMT Group Pty Limited		Australia	75	75
Engin Limited		Australia	58	58
FGW Pacific Pty Limited		Australia	66	66
Kimlin Holdings Pty Limited	(a)	Australia	100	100
Liaoning WesTrac Machinery Equipment Limited		China	100	100
Manooka Holdings Pty Limited	(a)	Australia	100	100
Mibroadband Pty Limited		Australia	58	58
Miltonstar Pty Limited	(a)	Australia	100	100
Mining Equipment Spares Pty Limited		Australia	75	75
National Hire Group Limited		Australia	66	66
National Hire Facilitation Pty Limited		Australia	66	66
Network Investment Holdings Pty Limited	(a)	Australia	100	100
Primax Pumps Inc		USA	66	-
Point Pty Limited	(a)	Australia	100	100
Priority People Solutions Pty Ltd		Australia	100	-
Pump Rentals Pty Limited		Australia	66	-
Realtime Reporters Pty Limited	(a)	Australia	100	100
Seven Broadcast Properties Trust		Australia	100	100
Seven Custodians Pty Limited	(a)	Australia	100	100
Seven Entertainment Pty Limited	(a)	Australia	100	100
Seven Finance Pty Limited		Australia	100	100
Seven Media Group Pty Limited	(b)	Australia	100	45
Seven Network Limited	(a)	Australia	100	100
Seven Network Asia Limited		Hong Kong	100	100
Seven Network International Limited	(a)	Australia	100	100
Seven Productions Pty Limited	(a)	Australia	100	100
Seven Resources Pty Limited	(a)	Australia	100	100
Seven Network Nominees Pty Limited	(a)	Australia	100	100
Seven (WAN) Pty Limited	(d)	Australia	100	100
Seven Network Investments Pty Limited		Australia	100	100
Seven Network (United States) Inc		USA	100	100
Sitech Solutions Pty Limited		Australia	51	51

25. CONTROLLED ENTITIES (CONTINUED)

	Notes	Country of incorporation	OWNERSHIP INTEREST 2011 %	2010 %
Sitech (WA) Pty Limited		Australia	**51**	**51**
Sitech (Beijing) Engineering Technology Development Company Limited		China	**51**	**51**
SMG FINCO Pty Limited	(b)	Australia	**100**	**45**
SMG Executives Pty Limited		Australia	**100**	**45**
SNZ Pty Limited	(a)	Australia	**100**	**100**
Sykes Group Pty Limited		Australia	**66**	**-**
Sykes New Zealand Limited		New Zealand	**66**	**-**
Sykes Fleet Services Pty Limited		Australia	**66**	**-**
Tianjin WesTrac Machinery Equipment Limited		China	**100**	**100**
Tallglen Pty Limited	(a)	Australia	**100**	**100**
Vividwireless Group Limited	(c)	Australia	**100**	**100**
Vividwireless Pty Limited		Australia	**100**	**100**
Ubowireless Pty Limited		Australia	**100**	**100**
Unwired Australia Pty Limited		Australia	**100**	**100**
AKAL Pty Limited		Australia	**100**	**100**
BKAL Pty Limited		Australia	**100**	**100**
Weishan (Beijing) Machinery Equipment Pty Limited		China	**100**	**100**
WesTrac (Beijing) Machinery Equipment Limited		China	**100**	**100**
WesTrac China Limited		Hong Kong	**100**	**100**
WesTrac (China) Machinery Equipment Limited		China	**100**	**100**
WesTrac Pty Limited		Australia	**100**	**100**
WesTrac Fleet Pty Limited		Australia	**100**	**100**
WesTrac Holdings Pty Limited	(a)	Australia	**100**	**100**
WesTrac Hong Kong Limited		Hong Kong	**100**	**100**
WesTrac Inventory Pty Limited		Australia	**100**	**100**

(a) These controlled entities entered into a Deed of Cross Guarantee with the Company on 24 June 2010 under ASIC Class Order 98/1418 (as amended) dated 13 August 1998.
(b) These controlled entities entered into a Deed of Cross Guarantee with the Company on 13 May 2011.
(c) Previously Unwired Group Limited.
(d) Entity was removed from the Deed of Cross Guarantee by Revocation Deed on 13 May 2011.

DEED OF CROSS GUARANTEE

Pursuant to ASIC Class Order 98/1418 the wholly-owned controlled entities listed above (marked (a)) are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports and Directors' reports.

It is a condition of the Class Order that the Company and each of the wholly owned controlled entities (marked (a)) enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the parties to the deed under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Corporations Act 2001, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

A consolidated statement of comprehensive income and consolidated statement of financial position, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, for the year ended 30 June 2011 and period ended 30 June 2010 are set out below.

25. CONTROLLED ENTITIES (CONTINUED)

DEED OF CROSS GUARANTEE (CONTINUED)

	2011 $'000	From commencement to 30 June 2010 $'000
STATEMENT OF COMPREHENSIVE INCOME		
Other income		
Other income	10,540	2,575
Dividend income	74,372	-
Total other income	**84,912**	**2,575**
Share of results from equity accounted investees	118,670	10,761
Net gain on sale of investments and equity accounted investees	58,679	-
Impairment of equity accounted investees	(305,648)	-
Fair value movement of derivatives & other financial assets	5,649	-
Accounting gain on acquisition of Seven Network Limited	-	726,343
Expenses excluding depreciation and amortisation		
Impairment of investments in controlled entities not consolidated	(25,493)	-
Impairment of non-current assets	(4,620)	-
Other expenses	(37,144)	(38,769)
Total expenses excluding depreciation and amortisation	**(67,257)**	**(38,769)**
Depreciation and amortisation	(221)	(25)
(Loss)/profit before net finance costs and tax	**(105,216)**	**700,885**
Net finance costs	(4,325)	(4,115)
(Loss)/profit before tax	**(109,541)**	**696,770**
Income tax benefit/(expense)	174,556	(5,434)
Profit for the period	**65,015**	**691,336**
Other comprehensive income		
Net change in fair value of available-for-sale financial assets	(33,877)	24,024
Income tax on items of other comprehensive income	10,163	(7,207)
Other comprehensive (expense)/income for the period, net of tax	**(23,714)**	**16,817**
Total comprehensive income for the period	**41,301**	**708,153**
MOVEMENT IN RETAINED EARNINGS		
Retained profits at beginning of the period	679,347	-
Profit for the period	65,015	691,336
Dividends paid during the period	(144,170)	(11,989)
Retained profits at end of the period	**600,192**	**679,347**

25. CONTROLLED ENTITIES (CONTINUED)

DEED OF CROSS GUARANTEE (CONTINUED)

	2011 $'000	2010 $'000
STATEMENT OF FINANCIAL POSITION		
CURRENT ASSETS		
Cash and cash equivalents	15,051	402,273
Trade and other receivables	7,314	13,503
Current tax assets	13,123	-
Loans to related parties	165,655	53,352
Derivative financial instruments	-	861
Total current assets	**201,143**	**469,989**
NON-CURRENT ASSETS		
Investments in controlled entities	824,929	623,078
Investments accounted for using the equity method	1,135,410	1,398,538
Other financial assets	652,286	393,300
Property, plant and equipment	41,222	40,612
Deferred tax assets	-	1,001
Total non-current assets	**2,653,847**	**2,456,529**
Total assets	**2,854,990**	**2,926,518**
CURRENT LIABILITIES		
Trade and other payables	51,502	38,906
Loans from related parties	214,684	-
Derivative financial instruments	10,509	-
Current tax liabilities	-	5,269
Total current liabilities	**276,695**	**44,175**
NON-CURRENT LIABILITIES		
Trade and other payables	-	5,625
Interest bearing loans and liabilities	145,000	-
Deferred tax liabilities	295,950	466,184
Derivative financial instruments	2,446	3,123
Provisions	1,218	1,218
Deferred income	7,321	7,321
Total non-current liabilities	**451,935**	**483,471**
Total liabilities	**728,630**	**527,646**
Net assets	**2,126,360**	**2,398,872**
EQUITY		
Issued capital	2,615,852	2,608,852
Reserves	(1,089,684)	(889,327)
Retained earnings	600,192	679,347
Total equity	**2,126,360**	**2,398,872**

26. ACQUISITIONS OF CONTROLLED ENTITIES

ACQUISITIONS

Acquisition of Sykes Group

On 23 November 2010, Allight Holdings Pty Ltd, a wholly owned subsidiary of National Hire Group Limited, acquired 100% of the issued share capital of Pump Rentals Pty Ltd ("Sykes Group"). The Sykes Group is a major player in Australia's pump market and has extended its reach into major manufacturing and construction markets around the world. The Sykes Group specialise in design, manufacture and application of standard and custom built pumping equipment for some of the most challenging mining and construction environments in the world. The acquisition brings together a portfolio of world class light, power, air and water brands, which will underlie Allight's bid to capture an even bigger share of the world mining and construction markets.

The acquired business contributed revenues of $34,658,000 and net profit of $3,603,000 to the Group for the period from 25 November 2010 to 30 June 2011. If the acquisition had occurred on 1 July 2010, consolidated revenue of $55,994,000 and consolidated profit of $4,337,000 for the period ended 30 June 2011 would have been recognised. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiary to reflect the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 July 2010, together with the consequential tax effects.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Consideration	2011 $'000
Cash paid	43,000
Overdraft acquired	1,093
Contingent consideration	11,159
Total consideration	**55,252**

Identifiable assets acquired and liabilities assumed	$'000
Trade receivables	7,163
Inventories	9,669
Deferred tax assets	628
Intangible assets	5,435
Plant and equipment	3,970
Trade payables	(2,577)
Provision for employee benefits	(1,668)
Unfavourable contracts	(727)
Other current assets	165
Other current liabilities	(251)
Fair value of net identifiable assets	**21,807**

Goodwill on acquisition	$'000
Total consideration transferred for accounting purposes at fair value	55,252
Provisional fair value of identifiable net assets	(21,807)
Goodwill on acquisition	**33,445**

The goodwill is attributable to Pump Rental Pty Ltd's strong position and profitability in trading in the pumps market and synergies expected to arise after the acquisition.

26. ACQUISITIONS OF CONTROLLED ENTITIES (CONTINUED)

Cash flow	**$'000**
Bank overdraft acquired	1,093
Consideration paid in cash	43,000
Net consolidated cash flow	**44,093**

In the event that certain pre determined sales volumes were achieved by the business and legal releases occurring, an additional consideration of up to $12,000,000, which on a probability and discounted cash flow basis has been determined to be $11,159,000 will be payable in cash. At the date of this financial report the additional payments are anticipated and have been included in the current and non current liabilities. The additional payment is included as a component of the purchase price.

ACQUISITION COSTS
Acquisition related costs of $1,976,000 are included in other expenses in the Consolidated Income Statement.

CONTINGENT CONSIDERATION
A total of $7,000,000 is payable as deferred consideration, payment of which is conditional upon the vendors finalising the transfer out of the Sykes Group of certain assets that did not form part of the Sykes Group business and obtaining full and final releases of the Sykes Group for any liabilities relating to those assets (Asset Transfer and Release). This amount had not been paid as at 30 June 2011, however payment is expected to occur within the next 6 months.

A maximum of $5,000,000 may become payable as further consideration for the acquisition of the Sykes Group business if the combined Allight/Sykes Group business satisfies certain EBIT hurdles before 31 December 2012. The potential undiscounted amount of all future payments that the group could be required to make under this arrangement is between $0 and $5,000,000. The fair value of the contingent consideration arrangement of $4,159,000 was estimated by applying the income approach.

26. ACQUISITIONS OF CONTROLLED ENTITIES (CONTINUED)

ACQUISTIONS IN PERIOD ENDED 30 JUNE 2010

Acquisition of WesTrac Holdings Pty Limited

On 28 April 2010 the Group purchased 100% of the share capital of WesTrac Holdings Pty Limited, an unlisted company based in Australia.

The consideration transferred for accounting purposes was $843,951,000 and was fully comprised of ordinary shares in Seven Group Holdings Limited ("SGH"). The Group issued 113,000,000 ordinary shares with a value for accounting purposes of $7.4686 each, based on the weighted average quoted price of the shares of Seven Network Limited ("SNL"), at the date of exchange.

As described in Note 1(G) of the Seven Group Holdings Limited 2010 Annual Report, the acquisition of WesTrac Group was accounted for as a common control transaction and as such the accounting and disclosure requirements of AASB 3 Business Combinations did not apply to this transaction.

As a common control transaction, the acquisition did not reflect the fair value of assets and liabilities acquired or any recording of additional goodwill at the time of the acquisition of WesTrac Group. The assets and liabilities were acquired at the book values of WesTrac Group at 28 April 2010. The difference between the fair value of the consideration given and the carrying value of the assets and liabilities acquired were recognised as a common control reserve.

Identifiable assets acquired and liabilities assumed	**2010** **$'000**
Property, plant and equipment	135,819
Distribution network and other intangibles	470,650
Investments accounted for using the equity method	319,028
Inventories	588,554
Trade and other receivables	416,212
Deferred tax asset	69,818
Cash and cash equivalents	80,411
Interest bearing loans and borrowings	(1,229,984)
Deferred tax liabilities	(81,456)
Provisions	(54,274)
Current tax liability	(1,677)
Trade and other payables	(280,826)
Deferred income	(45,190)
Derivative financial instruments	(49,663)
Total net identifiable assets	**337,422**

Common control reserve	**$'000**
Book value of identifiable net assets	337,422
Non-controlling interest in identifiable acquired net assets	(136,057)
Book value of net assets acquired	**201,365**
Total consideration transferred for accounting purposes at fair value	(843,951)
Common control reserve	**(642,586)**

Cash inflow	**$'000**
Net cash acquired within subsidiary	80,411
Consideration paid in cash	-
Net consolidated cash inflow	**80,411**

26. ACQUISITIONS OF CONTROLLED ENTITIES (CONTINUED)

Acquisition of Seven Network Limited
On 13 May 2010 the Group acquired 100% of the issued capital of SNL, a listed company based in Australia.

During the period 13 May to 30 June 2010, SNL contributed revenue of $7,423,000 and a net loss before tax of $267,336.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Consideration	2010 $'000
Ordinary shares (190,410,281 shares)	1,327,736
TELYS4 issued at fair value (4,963,640 shares)	427,165
Replacement share based payment awards - value of past service	3,498
Total consideration	**1,758,399**

The fair value of the ordinary shares and TELYS4 for accounting purposes was based on the volume weighted average listed share price of SGH at $6.973 per share and $86.058 per TELYS at the date of exchange.

The Group recognised the fair values of the identifiable assets and liabilities of SNL based upon the best information available as of the reporting date. The accounting for the business combination was as follows:

Identifiable assets acquired and liabilities assumed	2010 $'000
Property, plant and equipment	70,656
Licences and software	75,785
Investments accounted for using the equity method	1,387,060
Other investments	382,799
Inventories	1,279
Trade and other receivables	2,491
Other assets	24,456
Cash and cash equivalents	1,045,712
Interest bearing loans and borrowings	(5,780)
Deferred tax liabilities	(432,188)
Provisions	(2,995)
Trade and other payables	(56,039)
Deferred income	(7,322)
Fair value of net identifiable assets	**2,485,914**

Accounting gain on acquisition	2010 $'000
Total consideration transferred for accounting purposes at fair value	(1,758,399)
Provisional fair value of identifiable net assets	2,485,914
Non-controlling interest in identifiable acquired net assets	(1,172)
Gain on acquisition	**726,343**

The gain on acquisition of SNL was calculated as the difference between the cost of the acquisition, being the fair value of the equity instruments issued by SGH and the fair value of the identifiable assets acquired and liabilities assumed.

The fair values of the assets acquired were determined by independent experts in accordance with the relevant valuation practices appropriate for each asset. Liabilities assumed were recognised at SNL's book value, which approximated their fair values on the acquisition date.

26. ACQUISITIONS OF CONTROLLED ENTITIES (CONTINUED)

Cash inflow	2010 $'000
Net cash acquired within subsidiary	1,045,712
Consideration paid in cash	-
Net consolidated cash inflow	**1,045,712**

Cash acquired from acquisition of subsidiaries	$'000
WesTrac Group	80,411
SNL	1,045,712
Total cash acquired from acquisition of subsidiaries	**1,126,123**

ACQUISITION COSTS

During the prior period, the Group incurred acquisition related costs of $35,828,000 relating to external legal fees and due diligence costs. These legal fees and due diligence costs have been included in other expenses in the Group's consolidated income statement.

27. EMPLOYEE BENEFITS

	2011 $'000	2010 $'000
Current	37,739	29,928
Non-current	2,313	556
	40,052	**30,484**

Superannuation fund

The Group makes contributions on behalf of employees to a defined contribution superannuation fund. The amount recognised as an expense was $27,161,000 for the period ended 30 June 2011 (2010: $4,481,000).

Options issued to employees over ordinary shares in Seven Group Holdings Limited pursuant to Individual Option Deeds

In the prior period, SGH granted 6,875,000 replacement options to Specified Directors and Key Management Personnel of SGH, who were previously Specified Directors and Key Management Personnel of Seven Network Limited, in connection with SGH's acquisition of the Seven Network Limited. 5,750,000 were issued to Specified Directors and Key Management Personnel of SGH and 1,125,000 to Executives of Seven Media Group Pty Limited.

The Seven Network Limited performance conditions were replicated for the options granted by SGH pursuant to the Plan. The Seven Network Limited options service and performance conditions were then cancelled. Performance conditions are disclosed in the Remuneration Report.

Further information regarding options issued to Directors and Key Management Personnel during the year is detailed in Note 29 (Director and Executive Disclosures) and in the Remuneration Report.

28. AUDITORS' REMUNERATION

	2011 $'000	2010 $'000
Amounts received or due and receivable by auditors of the Company for:		
Audit services		
Auditors of the Company		
KPMG Australia		
- Audit and review of financial reports	412	273
- Other assurance services	84	610
Overseas KPMG firms		
- Audit and review of financial report	119	90
- Other assurance services	-	150
Other auditors		
- Audit and review of financial reports	195	88
- Other assurance services	283	7
	1,093	**1,218**
Other services		
Auditors of the Company		
KPMG Australia		
- Accounting due diligence and Investigating Accountants Report in relation to group restructuring	-	3,611
Overseas KPMG firms		
- Other tax and advisory services	41	-
Other auditors		
- Other tax and advisory services	62	20
	103	**3,631**

KPMG were appointed auditors of Seven Group Holdings Limited during the prior period.

All amounts payable to the Auditors of the Company were paid by Group subsidiaries.

KPMG are only appointed to assignments additional to their statutory audit duties, where they are able to maintain their audit independence.

29. DIRECTOR AND EXECUTIVE DISCLOSURES

Individual Directors' and Executives' compensation disclosures

Information regarding individual Directors' and Executives' compensation and some equity instruments disclosures is required by Corporations Regulation 2M.3.03 and is provided in the Remuneration Report section of the Directors' report.

No Director has entered into a material contract with the Group in the current or prior year other than those disclosed in Note 30.

Key Management Personnel

Key management personnel comprise the Directors of the Company and Mr Peter Lewis the Chief Financial Officer of the Company.

Key Management Personnel compensation

The aggregate compensation made to Directors and other Key Management Personnel of the Company and the Group is set out below:

	2011	From incorporation to 30 June 2010
	$	$
Short-term employee benefits	10,165,400	1,118,245
Other long-term employee benefits	22,039	-
Post-employment benefits	148,656	28,768
Share-based payments	2,190,094	983,017
	12,526,189	**2,130,030**

Detailed remuneration disclosures are provided in the remuneration report section of the Directors' report.

Options over equity instruments granted as compensation

Movements in the holdings of options by Specified Directors and Key Management Personnel during the period held directly, indirectly, beneficially and including their personally-related entities were as follows:

YEAR ENDED 30 JUNE 2011

Grant date	Vesting date	Expiry date	Exercise price	Fair value of option	Held at 30 June 2010	Exercised	Held at 30 June 2011	Vested during the year	Vested and exercisable at 30 June 2011
Specified Directors									
Executive									
DJ Leckie									
28-Apr-10	30-Jun-10	30-Jun-14	$7.00	$1.21	1,500,000	-	1,500,000	1,500,000	1,500,000
28-Apr-10	30-Jun-11	30-Jun-14	$8.00	$0.98	1,000,000	-	1,000,000	1,000,000	1,000,000
28-Apr-10	30-Jun-12	30-Jun-14	$9.00	$0.79	500,000	-	500,000	-	-
					3,000,000	**-**	**3,000,000**	**2,500,000**	**2,500,000**
BI McWilliam									
28-Apr-10	30-Jun-10	30-Jun-14	$7.00	$1.21	1,000,000	1,000,000	-	1,000,000	-
28-Apr-10	30-Jun-11	30-Jun-14	$8.00	$0.98	500,000	-	500,000	500,000	500,000
28-Apr-10	30-Jun-12	30-Jun-14	$9.00	$0.79	500,000	-	500,000	-	-
					2,000,000	**1,000,000**	**1,000,000**	**1,500,000**	**500,000**
Key Management Personnel									
P Lewis									
28-Apr-10	30-Jun-10	30-Jun-14	$7.00	$1.21	250,000	-	250,000	250,000	250,000
28-Apr-10	30-Jun-11	30-Jun-14	$8.00	$0.98	250,000	-	250,000	250,000	250,000
28-Apr-10	30-Jun-12	30-Jun-14	$9.00	$0.79	250,000	-	250,000	-	-
					750,000	**-**	**750,000**	**500,000**	**500,000**

29. DIRECTOR AND EXECUTIVE DISCLOSURES (CONTINUED)

PERIOD ENDED 30 JUNE 2010

Grant date	Vesting date	Expiry date	Exercise price	Fair value of option	Replacement options issued	Exercised	Held at 30 June 2010	Vested during the period	Exercisable at 30 June 2010
Specified Directors									
Executive									
DJ Leckie									
28-Apr-10	30-Jun-10	30-Jun-14	$7.00	$1.21	1,500,000	-	1,500,000	-	-
28-Apr-10	30-Jun-11	30-Jun-14	$8.00	$0.98	1,000,000	-	1,000,000	-	-
28-Apr-10	30-Jun-12	30-Jun-14	$9.00	$0.79	500,000	-	500,000	-	-
					3,000,000	**-**	**3,000,000**	**-**	**-**
BI McWilliam									
28-Apr-10	30-Jun-10	30-Jun-14	$7.00	$1.21	1,000,000	-	1,000,000	-	-
28-Apr-10	30-Jun-11	30-Jun-14	$8.00	$0.98	500,000	-	500,000	-	-
28-Apr-10	30-Jun-12	30-Jun-14	$9.00	$0.79	500,000	-	500,000	-	-
					2,000,000	**-**	**2,000,000**	**-**	**-**
Key Management Personnel									
P Lewis									
28-Apr-10	30-Jun-10	30-Jun-14	$7.00	$1.21	250,000	-	250,000	-	-
28-Apr-10	30-Jun-11	30-Jun-14	$8.00	$0.98	250,000	-	250,000	-	-
28-Apr-10	30-Jun-12	30-Jun-14	$9.00	$0.79	250,000	-	250,000	-	-
					750,000	**-**	**750,000**	**-**	**-**

In the prior period, an Employee Share Option Plan was approved by the Board to enable the provision of performance based incentives to the Company's Senior Executives.

Rights over equity instruments granted as compensation

During the year, the Group offered certain specified Directors the opportunity to participate in the Group's Performance Management Plan (PMP). The performance condition is based on the achievement of corporate financial, operational and individual performance targets over the 2011 financial year. These are disclosed in the Remuneration Report. Shares are acquired on market and held in trust on behalf of the participants. The rights to the shares vest in three annual tranches over the subsequent three year service period, and are forfeited if the participant leaves the Company's employment prior to vesting. Participants have full beneficial ownership of all shares granted, including dividend and voting rights.

Under the PMP, the following rights to ordinary shares in the Company were granted to the following Key Management Personnel subsequent to, but in respect of the year ended 30 June 2011 (2010: nil):

	Held at 30 June 2010	Granted as compensation	Held at 30 June 2011	Amount of 2011 PMP deferred equity component (b) $
P Gammell	-	To be determined (a)	To be determined (a)	1,155,000
R Stokes	-	To be determined (a)	To be determined (a)	187,500
J A Walker	-	To be determined (a)	To be determined (a)	511,650

(a) The number of rights to ordinary shares granted as compensation and held at 30 June 2011 will be the number of ordinary shares in the company that will be acquired on market subsequent to balance date.

(b) relates to the gross amount of the deferred equity component of the PMP for the year ended 30 June 2011 that will be used to acquire ordinary shares in the Company.

There were no other changes to the number of rights held during the year or at 30 June 2011. No rights vested or were available at 30 June 2011.

29. DIRECTOR AND EXECUTIVE DISCLOSURES (CONTINUED)

Options issued to employees over ordinary shares in Seven Group Holdings Limited pursuant to Individual Option Deeds
On 28 April 2010, SGH granted 6,875,000 replacement options to Specified Directors and Key Management Personnel of SGH, who were previously Specified Directors and Key Management Personnel of Seven Network Limited, in connection with SGH's acquisition of the Seven Network Limited. 5,750,000 were issued to Specified Directors and Key Management Personnel of SGH and 1,125,000 to Executives of Seven Media Group Pty Limited.

The Seven Network Limited performance conditions were replicated for the options granted by the company pursuant to the Plan. The Seven Network Limited options service and performance conditions were then cancelled. Performance conditions are disclosed in the Remuneration Report.

Specified Directors
The Non-Executive Directors and the Chairman did not receive or hold any options during the period.

Shareholdings and transactions
Holdings of ordinary shares and TELYS4 by Specified Directors and Key Management Personnel as at 30 June 2011 held directly, indirectly, beneficially and including their personally-related entities were as follows:

	ORDINARY SHARES			
YEAR ENDED 30 JUNE 2011	Held at 1 July 2010	Purchases	Sales	Held at 30 June 2011
Key Management Personnel - Directors				
KM Stokes AC	207,304,349	-	-	207,304,349
PD Ritchie AO	46,072	-	-	46,072
PJT Gammell	465,945	-	-	465,945
DJ Leckie	66,908	-	-	66,908
JA Walker	70,000	-	-	70,000
BI McWilliam	280,447	1,000,000		1,280,447
RK Stokes	93,000	-	-	93,000
MC Wells	4,000	-	-	4,000
RA Uechtritz	145,641	172,801	-	318,442
RF Waters	10,000	-	-	10,000
Key Management Personnel - Executives				
P Lewis	17,179	-	-	17,179

	TELYS4			
YEAR ENDED 30 JUNE 2011	Held at 1 July 2010	Purchases	Sales	Held at 30 June 2011
Key Management Personnel - Directors				
TJ Davis	3,500	-	-	3,500
MC Wells	710	-	-	710

29. DIRECTOR AND EXECUTIVE DISCLOSURES (CONTINUED)

	ORDINARY SHARES				
PERIOD ENDED 30 JUNE 2010	Initial director interest at date of ASX listing/ joining Board	Issued as consideration for acquisition of SNL shares	Purchases	Sales	Held at 30 June 2010
Key Management Personnel - Directors					
KM Stokes AC	114,490,000	92,814,349	-	-	207,304,349
PD Ritchie AO	-	46,072	-	-	46,072
PJT Gammell	200,000	-	265,945	-	465,945
DJ Leckie	-	66,908	-	-	66,908
JA Walker	70,000	-	-	-	70,000
BI McWilliam	-	265,447	15,000	-	280,447
RK Stokes	70,000	23,000	-	-	93,000
MC Wells	-	4,000	-	-	4,000
RA Uechtritz	8,250	-	137,391	-	145,641
RF Waters	10,000	-	-	-	10,000
Key Management Personnel - Executives					
P Lewis	-	17,179	-	-	17,179

	TELYS4				
PERIOD ENDED 30 JUNE 2010	Initial director interest at date of ASX listing/ joining Board	Issued as consideration for acquisition of SNL shares	Purchases	Sales	Held at 30 June 2010
Key Management Personnel - Directors					
TJ Davis	3,500	-	-	-	3,500
MC Wells	-	710	-	-	710

Specified Director and Key Management Personnel related party transactions

A number of Specified Directors and Key Management Personnel, or their personally-related entities, hold positions in other entities that can result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Company or its subsidiaries in the reporting period. The terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

As disclosed in Part B of the merger scheme documentation for shareholders and the Company's Appendix 4D for the half year ended 31 December 2010, during the year a Group subsidiary entered a Deed of Agreement for lease on property being developed by an entity where the Directors of the Company, KM Stokes, P Gammell, RK Stokes and RF Waters are or were Directors or Officers or otherwise had an interest. The property is located at 197 Tomago Road, Tomago (Newcastle) NSW, and relates to a site being developed for the WesTrac business. The transaction was on arms length terms and was approved by the Group's Related Party Committee. No expense has been recorded in the Group's consolidated income statement in relation to this agreement for the year, and the property lease will only be executed once the construction works are fully complete. The material terms of the lease are initial rent of $12,600,000 per annum, for an initial term of 12 years, with two five year options and an annual rental escalation rate of 3.5%.

During the year ended 30 June 2011 a Group subsidiary entered a lease for property owned by an entity where the Directors of the Company, KM Stokes, P Gammell, RK Stokes and RF Waters are or were Directors or Officers or otherwise had an interest. The property is located at 51 - 59 Hume St Taminda, Tamworth, NSW. The transaction was on arms length terms and was approved by the Group's Related Party Committee. No expense has been recorded in the Group's Consolidated Income Statement in relation to this agreement for the year, as the property lease only commenced on 29 June 2011. The material terms of the lease were for an initial rent of $530,643 per annum, for an initial term of 10 years with two five year options.

29. DIRECTOR AND EXECUTIVE DISCLOSURES (CONTINUED)

The WesTrac Group also leases a number of other properties from an entity of which the Directors of the Company, KM Stokes, P Gammell, RK Stokes and RF Waters are or were Directors or Officers or otherwise had an interest. These properties are leased to the WesTrac Group under triple net leases, the material terms of which are set out in page 406 of Part B of the merger scheme documentation and include annual rent increases of the greater of 3% and CPI, responsibility for most costs of maintaining the properties (including capital/structural repairs), and extensive insurance obligations. The rent expense for the use of these properties, including related outgoings, is included in the disclosure below.

During the year ended 30 June 2011 and period ended 30 June 2010, the Group transacted with entities of which the Directors of the Company, KM Stokes, P Gammell, RK Stokes and RF Waters are or were Directors or Officers or otherwise had an interest.

These transactions included revenue charged to the related party invoiced at standard WesTrac rates of $873,870, the lease of premises and related outgoings amounting to $20,204,204 (2010-2 month period: $2,710,072); advisory and transaction expense reimbursement of $347,000 (2010: $17,196,425); travel expense amounting to $2,865,486 (2010-2 month period: $887,072) and other expense reimbursements of $373,304 (2010: nil).

In addition, during the prior period, the Group reimbursed Director's travel and incidental expenditures incurred by Directors and personally-related entities on behalf of the entity. The aggregate value of these transactions is as follows:

	2011 $	From incorporation to 30 June 2010 $
Revenues and expenses		
Revenues	873,870	-
Expenses	23,789,994	20,793,569
Assets and liabilities		
Trade and other receivables - current	4,774	-
Trade and other payables - current	773,043	72,909

SUBSEQUENT EVENT

As disclosed in Part B of the merger scheme documentation, subsequent to year end a Group Subsidiary issued a Works Notice under the existing lease at South Guilford WA as part of the WesTrac Group's redevelopment and expansion of its Parts Distribution Centre (PDC). The lease provides that after receiving the Works Notice, the related party of the mentioned KMP's must construct the works at its own cost as soon as reasonably practicable. Maximum construction costs agreed are $40,289,223 (it is noted the actual works have been let pursuant to a tender to third parties which comprises the bulk of the capital works although some direct expense reimbursement is entailed) and the additional maximum rent agreed will be $3,605,885 per year payable upon practical completion of the works.

30. OTHER RELATED PARTY DISCLOSURES

	2011 $'000	2010 $'000
Subsidiaries		
Interests in subsidiaries are set out in Note 25.		
Key Management Personnel		
Disclosures relating to Key Management Personnel are set out in Note 29.		
Equity accounted investees		
The aggregate value of transactions between the Group and its equity accounted investees during the period was as follows:		
Sales revenue [(a)]	71,517	5,678
Other income	11,889	334
Interest received	600	257
Rental expense	(2,297)	(317)
Other expenses	(3,720)	(853)
Expense reimbursement	15,000	-
Outstanding balances arising from transactions with equity accounted investees;		
Trade and other receiveables	22,403	14,352
Trade and other payables	(71)	(14,100)
Contingent liabilities at year end, arising from transactions with equity accounted investees;		
Financial guarantees (refer to Note 23)	27,487	31,873

(a) Includes sales by WesTrac Group to Energy Power Systems Australia and sales by National Hire to Coates Group.

CREATION OF SEVEN WEST MEDIA LIMITED

As announced on 21 February 2011, Seven Group Holdings Limited (SGH) reached an agreement with West Australian Newspapers Holdings Limited (WAN) to create Seven West Media Limited (SWM) (refer to Note 11). The transaction involved WAN acquiring 100% of SGH's interest in the Seven Media Group business in return for 29.6% equity and $250,000,000 convertible preference shares in SWM.

31a. CASH AND CASH EQUIVALENTS

	Note	2011 $'000	2010 $'000
Bank balances		62,145	126,404
Call deposits		9,000	328,801
Cash and cash equivalents		**71,145**	**455,205**
Bank overdrafts used for cash management purposes	17	(5,901)	(5,534)
Cash and cash equivalents in the cash flow statement		**65,244**	**449,671**

31b. NOTES TO THE CASH FLOW STATEMENT

	2011 $'000	2010 $'000
Reconciliation of profit for the period to net cash flows related to operating activities:		
Profit after tax	**79,913**	**718,742**
Depreciation and amortisation:		
Property, plant and equipment	52,540	8,733
Intangible assets	15,230	3,004
Capitalised borrowing costs	156	26
Accounting gain on acquisition of Seven Network Limited	-	(726,343)
Transaction costs associated with acquisition of WesTrac Group & Seven Network Limited	-	35,249
Transaction costs associated with acquisition of Sykes Group	1,976	-
Share option expense	1,718	-
Gain on sale of investments and equity accounted investees	(58,679)	-
Gain on sale of non-current assets	(481)	-
Impairment of non-current assets	18,701	-
Impairment of equity accounted investees	305,648	-
Fair value movement of derivatives	5,374	-
Share of results from equity accounted investees	(143,588)	(14,266)
Dividends received from associates	33,157	-
Foreign exchange loss	(349)	1,568
Other	4,966	7,606
Movement in:		
Trade and other receivables	(130,806)	(2,742)
Inventories	(358,445)	(112,267)
Other assets	(4,366)	(23,879)
Trade and other payables	254,230	33,484
Provisions	8,008	1,517
Tax balances	(113,777)	27,406
Net operating cash flows	**(28,874)**	**(42,162)**
NON CASH INVESTING AND FINANCING ACTIVITIES		
Acquisition of WesTrac Group via issue of equity instruments	-	843,951
Acquisition of SNL via issue of equity instruments	-	1,754,901
Acquisition of equity accounted investees - dividend reinvestment plan	13,364	-
Total non cash investing and financing activities	**13,364**	**2,598,852**

32. EVENTS SUBSEQUENT TO BALANCE DATE

On 1 July 2011, SGH acquired the minority interests in EMT Group Pty Limited and Mining Equipment Spares Pty Limited. Both entities became wholly owned subsidiaries as at this date.

In July 2011, the Group issued notes denominated in US currency of USD$155,000,000 and AUD of $48,828,000. The proceeds of these notes were partly used to pay down current debt. The US denominated notes are hedged by cross currency swaps. USD$100,000,000 of US denominated notes have been further hedged by interest rate swaps at a weighted average interest rate of 6.68%. Maturity of the notes is between 12 to 30 years.

On 8 August 2011, the securities of a Group subsidiary, Engin Limited, were removed from the official list of ASX Limited. This followed completion of Engin Limited's return of capital and cancellation of all shares other than shares held by another Group subsidiary. Engin became a wholly owned subsidiary of the Group as at this date.

On 12 August 2011, a $100,000,000 2 year inventory financing facility was executed by WesTrac Inventory Pty Ltd, a 100% owned company of WesTrac Pty Ltd, for the purpose of providing short term working capital funding for the company. Drawings under the facility are secured against the inventory being financed.

On 20 September 2011, the Group through a wholly owned subsidiary made a cash offer of $3.00 per share (increased to $3.60 per share if the Group acquires at least 91.55% of the total National Hire Group Limited shares on issue) for the remaining shares in National Hire Group Limited that it currently doesn't own. Refer to the separate ASX announcement dated 20 September 2011 relating to this offer.

DECLINE IN SHARE PRICES OF LISTED INVESTMENTS

Subsequent to 30 June 2011 there has been increased volatility in global share markets, and as a result the market value of SGH's listed investments has declined from what is presented in this financial report. The market values of listed investments at 22 September 2011 and 24 August 2011 compared to the market value at 30 June 2011, and other related derivatives were as follows:

	Market value at 22 September 2011	Market value at 24 August 2011**	Market value at 30 June 2011
Listed investments (available-for-sale)	593,383	651,620	652,286
Listed investments accounted for using the equity method (refer to Note 11)	810,103	884,369	1,089,278
Derivative financial instruments linked to share prices (current liability)	(34,348)	(25,828)	(10,509)
	1,369,138	**1,510,161**	**1,731,055**

* - a number of listed investments have gone ex-dividend since 30 June 2011.

** - date of Preliminary Final Report (Appendix 4E).

33. PARENT ENTITY INFORMATION

As at and throughout the year ended 30 June 2011 the parent company of the Group was Seven Group Holdings Limited.

	COMPANY	
	2011	**2010**
	$'000	**$'000**
Information relating to Seven Group Holdings Limited:		
Financial position of parent entity at end of period		
Current assets	134,177	1,388
Total assets	2,792,660	2,659,739
Current liabilities	77,037	14
Total liabilities	77,037	14
Total equity of the parent entity comprising of:		
Contributed equity	2,615,852	2,608,852
Reserves	6,044	4,523
Retained earnings	93,727	46,350
Total shareholders equity	**2,715,623**	**2,659,725**
Result of the parent entity		
Profit for the period	190,879	58,339
Total comprehensive income for the period	**190,879**	**58,339**
Other information		
Contingent liabilities of the parent entity	-	-
Contractual commitments by the parent entity for the acquisition of property, plant or equipment	-	-

Parent entity guarantees in respect of debts of its subsidiaries

The parent entity has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of its subsidiaries. Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed are disclosed in Note 25.

34. FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks from its use of financial instruments:

(a) Market risk
(b) Liquidity risk
(c) Credit risk

The following presents information, both qualitative and quantitative, about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Board has established a sound system of risk oversight and management and internal control which includes the establishment of the Audit and Risk Committee. The Committee has been constituted with the function of assisting the Board to ensure that its corporate governance and oversight responsibilities are fulfilled in relation to risk management and compliance with applicable laws and regulations.

Risk management policies are established to identify and demonstrate that the Group understands and manages risk and seeks to ensure that there is consistency to the methods used in assessing, monitoring and communicating risks and that risk management efforts are aligned with the Group's strategic and business objectives.

The Audit and Risk Committee is responsible for reviewing, evaluating and making recommendations to the Board in relation to:

- assessing the risk management, compliance and control environment as it relates to the external and internal audit plans;
- overseeing financial reporting; and
- evaluating internal and external audit.

At the reporting date the Group held the following financial instruments:	2011 $'000	2010 $'000
Financial assets		
Cash and cash equivalents	71,145	455,205
Trade and other receivables	554,271	416,692
Available-for-sale financial assets	652,286	393,300
Unlisted equity investment	232,093	1,411
Derivative financial instruments	2,587	4,790
Other financial assets	-	22,018
Total financial assets	**1,512,382**	**1,293,416**
Financial liabilities		
Trade and other payables	447,983	327,954
Interest bearing liabilities	908,257	686,223
Derivative financial instruments	122,057	17,409
Total financial liabilities	**1,478,297**	**1,031,586**

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group's foreign exchange risk arises primarily from:

- The Group's investment in available for sale financial instruments includes an investment in Agricultural Bank of China, which is denominated in Hong Kong Dollars
- borrowings denominated in a foreign currency; and
- firm commitments of highly probable forecast transactions for receipts and payments settled in foreign currency.

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Foreign exchange risk (continued)

The Group is exposed to fluctuations in United States Dollars, Euros, Great Britain Pounds, Hong Kong Dollars, Chinese Yuan Renminbi, New Zealand Dollars, United Arab Emirates Dirhams and Japanese Yen.

The Group will seek to minimise exposure to foreign exchange risk by initially seeking contracts effectively denominated in Australian Dollars where possible. Where this is not possible the Group will manage foreign exchange risk as follows:

- in certain circumstances the Group invoices customers in USD. Where the Group invoices in USD it may seek to match the USD receipt with USD denominated vendor payments. As a result a cash flow designation is created by minimising exposure to changes in the AUD/USD exchange rate. Payments and receipts are made from and to the Group's USD denominated bank account.

- external forward contracts and options are used to manage foreign exchange risk. Contracts are entered into on a transaction by transaction basis to hedge specific purchases, sales and borrowings.

The Group's foreign exchange risk from recognised assets and liabilities arises primarily from WesTrac's long term USD denominated borrowings (Note 17). The Group effectively hedges its long term foreign denominated borrowings using a combination of designated forward exchange contracts, cross currency swaps and put options. The revaluation of the underlying debt tied to the put options gives rise to a profit and loss impact where the spot rate exceeds the options strike rate. The put options however enable an exchange rate "floor" to be established.

The Group's exposure to foreign currency risk was as follows (exclusive of assets and liabilities for foreign Group entities translated in accordance with Note 1(C)(iii)), based on notional amounts:

	2011 USD '000	2011 GBP '000	2011 JPY '000	2010 USD '000	2010 GBP '000	2010 JPY '000
Cash at bank	10,375	-	2,154	6,257	272	2,181
Trade and other receivables	23,114	-	-	16,138	-	-
Derivative financial instruments						
- forward foreign exchange contracts (fair value hedges)	-	-	-	124	-	-
- forward foreign exchange contracts (cash flow hedges)	6,309	-	-	4,666	-	-
Trade and other payables	(23,315)	(3,091)	-	(30,187)	(1,663)	-
Borrowings	(435,000)	-	-	(332,000)	-	-
Derivative financial instruments						
- forward foreign exchange contracts (cash flow hedges)	(120,703)	-	-	(12,866)	-	-

The closing exchange rates at 30 June 2011 as reported by the Reserve Bank of Australia at 4pm (AEST) were as follows:
AUD/USD - 1.0739 (2010: 0.8523), AUD/GBP - 0.6667 (2010: 0.5666) and AUD/JPY - 86.33 (2010: 75.46).

The financial statements for foreign Group companies that have a functional currency different from Australian Dollars are translated into Australian Dollars on consolidation in accordance with Note 1(C)(iii). Exchange differences arising from the translation are taken to reserves and as such the individual account balances of these Group companies are excluded from the above table.

Adverse versus favourable movements are determined relative to the net underlying exposure. An adverse movement in exchange rates implies an increase in the Group's foreign currency exposure leading to deterioration in the Group's financial position. A favourable movement in exchange rates implies a decrease in the Group's foreign currency exposure and an improvement in the Group's financial position.

As at 30 June 2011 the closing AUD/USD exchange rate, as reported by the Reserve Bank of Australia at 4pm (AEST) was 1.0739 (2010: 0.8523). A foreign currency sensitivity of +/- 10% has been selected and is considered reasonable given the historical AUD/USD exchange rates prevailing in the year ended 30 June 2011. During this period the average AUD/USD exchange rate was 0.9881 (2010: 0.8821) and traded within a range of 0.8366 and 1.0939 (2010: 0.7745 and 0.9349).

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Foreign exchange risk (continued)

At 30 June 2011, had the AUD/USD exchange rate moved, as illustrated in the table below, with all other variables held constant, post tax profit/(loss) and equity would have been affected as follows:

	2011	2011	2010	2010
	Profit/(loss)	Equity	Profit/(loss)	Equity
Judgements of reasonably possible movements:	$'000	$'000	$'000	$'000
AUD to USD +10%	(451)	4,082	(808)	1,418
AUD to USD -10%	551	(5,395)	366	(6,995)

The Group's exposure to other foreign exchange movements is not material.

(ii) Interest rate risk

The Group's exposure to interest rate risk arises from Australian dollar cash deposits and short to medium term borrowings which are at variable interest rates in Australian Dollars, Hong Kong Dollars and Chinese Yuan Renminbi. Generally, long term fixed rate borrowings are obtained offshore, principally in the US, while short term variable borrowings are denominated in local Australian and Chinese currencies and expose the Group to interest rate risk. The Group manages this risk by using financial derivative instruments including interest rate swaps, interest rate caps and options to fix interest rate exposure.

As at 30 June 2011, 32% (2010: 59%) of the Group's total borrowings were subject to fixed interest rates or were effectively hedged with derivative financial instruments. In addition, the Group had interest rate caps with a notional value of $275,000,000 at 7% (2010: $303,000,000 at 7%). Due to the variance with underlying interest rates, these caps are not considered to be effective hedges.

At balance date, the Group had the following mix of financial assets and liabilities exposed to Australian, Hong Kong, Chinese & New Zealand variable interest rate risk:

	2011	2010
	$'000	**$'000**
Financial assets		
Cash and cash equivalents	71,145	455,205
	71,145	**455,205**
Financial liabilities		
Bank overdrafts	(5,901)	(5,534)
Interest bearing liabilities	(595,979)	(276,001)
	(601,880)	**(281,535)**

The following table shows the impact on profit or loss and equity if floating interest rates at balance date had been 1% (100 basis points) higher or lower, with all other variables held constant.

	2011	2011	2010	2010
	Profit/(loss)	Equity	Profit/(loss)	Equity
If interest rates were 1% (100 basis points) higher with all other variables held constant - increase/(decrease)	(3,715)	(3,715)	1,216	1,216
If interest rates were 1% (100 basis points) lower with all other variables held constant - increase/(decrease)	3,715	3,715	(1,216)	(1,216)

(iii) Equity price risk

Equity price risk refers to the risk that the value of a financial instrument or its associated cash flows will fluctuate due to changes in the underlying share prices.

The Group has exposure to equity price risk arising from its portfolio of investments in listed equity securities. It has also entered into a derivative contract to hedge equity price risk on its commitment to participate in the Seven West Media Limited Dividend Reinvestment Plan. The Group manages this exposure by monitoring the strategic importance of each investment against the investment's underlying risk.

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Equity price risk (continued)

The following table shows the impact on net profit and equity of the Group if equity prices at balance date had been 15% higher or lower, with all other variables held constant. A sensitivity of 15% is considered reasonable given the current level of prices and the volatility observed both on a historical basis and market expectations for future movement.

	2011	**2011**	**2010**	**2010**
	Profit/(loss)	Equity	Profit/(loss)	Equity
	$'000	$'000	$'000	$'000
If share prices were 15% higher with all other variables constant - increase/(decrease)	-	97,843	-	58,995
If share prices were 15% lower with all other variables constant - increase/(decrease)	-	(97,843)	-	(58,995)

The allocation between net profit and equity is subject to impairment testing. The above sensitivity analysis assumes the investments are not impaired.

The fair values of available-for-sale financial assets are determined by reference to their quoted market prices at balance date. Gains or losses arising from changes in the value of available-for-sale financial assets category are taken to the fair value reserve. Amounts are recognised in profit or loss when the associated assets are sold or impaired.

(b) Liquidity risk

Liquidity risk refers to the risk that the Group is unable to meet its financial commitments as and when they fall due.

The Group employs a prudent liquidity risk management approach. This involves maintaining sufficient cash on hand and having the availability of funding through an adequate amount of credit facilities.

The Group maintains a large amount of liquid reserves (cash, deposits, listed shares and available credit lines) that can be drawn or sold at short notice to meet the Group's financial commitments. Management monitors the Group's on going cash flow requirements on a daily basis. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping credit lines available.

Financing arrangements

The Group had access to the following undrawn borrowing facilities at the reporting date:

	2011	**2010**
Floating rate	$'000	$'000
Expiring within one year	113,694	197,938
Expiring beyond one year	353,000	100,000
Total	**466,694**	**297,938**

At 30 June 2011, the Group also has additional liquidity available in the form of cash of $71,145,000 (2010: $455,200,000), available-for-sale listed shares of $652,286,000 (2010: $393,300,000), available lease facilities of $55,700,000 (2010: $66,500,000) and access to unutilised, short dated lines of other credit totalling $230,536,000 (2010: $111,500,000).

Subject to continued compliance with facility terms, the facilities may be drawn at any time. The average maturity for drawn facilities is 4.1 years (2010: 4.4 years) and 1.1 years (2010: 0.8 years) for undrawn facilities.

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

Maturities of financial liabilities

The table below analyses the Group's financial liabilities (including derivative financial instruments) into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. Gross cash flows include principal, coupon and premium (on put options) payments at contracted rates.

The amounts disclosed in the table are the contracted undiscounted cash flows.

YEAR ENDED 30 JUNE 2011	Within 1 year $'000	Between 1 & 2 years $'000	Between 2 & 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount $'000
Trade and other payables	447,983	-	-	-	447,983	447,983
Borrowings - variable rate						
- principal (including derivative)	340,200	149,938	-	116,902	607,040	601,880
- coupon interest & derivative	8,414	8,823	28,539	83,709	129,485	-
Borrowings - fixed rate						
- principal (including derivative)	4,529	40,402	101,071	358,143	504,145	306,377
- coupon interest & derivative	28,768	28,396	69,618	70,321	197,103	109,102
Interest rate derivative contracts	1,368	1,109	295	-	2,772	2,446
Total	**831,262**	**228,668**	**199,523**	**629,075**	**1,888,528**	**1,467,788**

PERIOD ENDED 30 JUNE 2010	Within 1 year $'000	Between 1 & 2 years $'000	Between 2 & 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount $'000
Trade and other payables	327,954	-	-	-	327,954	327,954
Borrowings - variable rate	278,869	2,666	-	-	281,535	281,535
Borrowings - fixed rate						
- principal (including derivative)	23,365	5,302	103,800	358,100	490,567	404,688
- coupon interest & derivative	28,245	28,771	76,229	91,516	224,761	14,287
Interest rate derivative contracts	1,459	1,369	1,405	-	4,233	3,122
Total	**659,892**	**38,108**	**181,434**	**449,616**	**1,329,050**	**1,031,586**

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables, cash and cash equivalents and investment securities.

The Group has an established credit policy under which new customers are analysed individually for creditworthiness before the Group's standard payment, delivery terms and conditions are offered. The Group's review includes external ratings, when available, such as Veda Advantage. Purchase limits are established for each customer and these limits are reviewed annually or upon request. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group upon lodging of a Bank Guarantee as a security document or on a strictly pre-paid (cleared funds) only basis.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and available for sale investments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying value of these instruments. The Group mitigates this risk by only dealing with counterparties that meet a defined credit criteria and also by managing specific credit limits on all counterparties.

The Group is not aware of any material credit concerns with respect to the portfolio of investments.

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk (continued)

The Group's maximum exposure to credit risk at the reporting date was:

	Note	2011 $'000	2010 $'000
Available-for sale-financial assets	13	652,286	393,300
Unlisted equity investment	13	232,093	1,411
Trade and other receivables	8	554,271	416,692
Cash and cash equivalents	31a	71,145	455,205
Derivative financial instruments	12	2,587	4,790
Other financial assets	10 & 13	-	22,018
		1,512,382	**1,293,416**

Past due but not impaired

As at 30 June 2011, trade receivables of $60,656,000 (2010: $48,640,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2011 $'000	2010 $'000
Past due 1-30 days	15,791	8,399
Past due 31-60 days	27,373	15,920
Past due 60 - 90 days	9,888	9,175
> 91 days	7,604	15,146
Balance at end of the period	**60,656**	**48,640**

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2011 $'000	2010 $'000
Balance as beginning of period	9,768	-
Provisions on acquisition of controlled entities	-	8,665
Impairment loss recognised in profit and loss	3,800	1,103
Impairment loss reversed in profit and loss	(7,700)	-
Receivables expensed as uncollectable during the year	(342)	-
Balance at end of the period	**5,526**	**9,768**

The Group's and the Company's exposure to credit risk is predominately in Australia & China.

The creation and release of the provision for impaired receivables has been included in "other expenses" in the income statement. Due to the short term nature of these receivables their carrying value is assumed to approximate their fair value.

In certain circumstances the Group enters into guarantees as part of ordinary trading operations. These are detailed in Note 23.

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair value measurements

The fair values of financial assets and liabilities, together with carrying amounts shown in the statement of financial position, are as follows:

	2011 Carrying amount $'000	2011 Fair value $'000	2010 Carrying amount $'000	2010 Fair value $'000
Financial assets				
Cash and cash equivalents	71,145	71,145	455,205	455,205
Trade and other receivables	554,271	554,271	416,692	416,692
Available-for-sale financial assets	652,286	652,286	393,300	393,300
Unlisted equity investment	232,093	232,093	1,411	1,411
Derivative financial instruments	2,587	2,587	4,790	4,790
Total financial assets	**1,512,382**	**1,512,382**	**1,271,398**	**1,271,398**
Financial liabilities				
Trade and other payables	447,983	447,983	327,954	327,954
Fixed term US dollar notes	405,066	452,650	389,534	435,280
Borrowings	503,191	503,191	296,689	296,689
Derivative financial instruments	122,057	122,057	17,409	17,409
Total financial liabilities	**1,478,297**	**1,525,881**	**1,031,586**	**1,077,332**

The fair value of unlisted equity investments was determined using standard bond pricing calculations taking into account the 7.143% accretion in redemption value over five years and 9% market yield for comparable instruments.

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows relating to the fixed term US dollar notes were 2.0% to 4.9% (2010: 2.31% to 5.23%) and are based on the government yield curve at the reporting date plus an adequate credit spread.

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – fair value is calculated using quoted prices in active markets.
Level 2 – fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices).
Level 3 – fair value is estimated using inputs for the asset or liability that are not based on observable market data.

Financial instruments, carried at fair value, as well as the methods used to estimate the fair value are summarised in the table below.

AT 30 JUNE 2011	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Available-for-sale financial assets				
Listed equity investments	652,286	-	-	652,286
Derivative financial assets	-	2,587	-	2,587
	652,286	**2,587**	**-**	**654,873**
Liabilities				
Derivative financial liabilities	-	(122,057)	-	(122,057)
	-	**(122,057)**	**-**	**(122,057)**

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair value measurements (continued)

AT 30 JUNE 2010	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Available-for-sale financial assets				
Listed equity investments	393,300	-	-	393,300
Unlisted equity investments	-	-	1,411	1,411
Derivative financial assets	-	4,790	-	4,790
	393,300	**4,790**	**1,411**	**399,501**
Liabilities				
Derivative financial liabilities	-	17,409	-	17,409
	-	**17,409**	**-**	**17,409**

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. The fair value of the listed equity investments are based on quoted market prices.

For financial instruments not quoted in active markets, the Group uses valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs. Financial instruments that use valuation techniques with only observable market inputs or unobservable inputs that are not significant to the overall valuation include interest rate swaps and foreign exchange contracts not traded on a recognised exchange.

The fair value of unlisted debt and equity securities, as well as other investments that do not have an active market, are based on valuation techniques using market data that is not observable.

(e) Capital management

The Group manages its capital to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure while maximising shareholder value. As such, the Board regularly reviews the Group's capital structure in order to take advantage of favourable costs of capital and returns on assets.

The Company maintains a diversified capital base with a mixture of equity and debt funding. Equity funding comprises both ordinary shares and preference shares (TELYS4).

The Group's dividend policy is to distribute cash from operating activities after financing costs, subject to the retention of adequate cash reserves to capitalise on investment opportunities and franked to the greatest extent possible.

Refer to Note 5 for a listing of dividends paid and proposed but not provided for during the current year.

Directors' Declaration

1. In the opinion of the Directors of Seven Group Holdings Limited (the "Company"):
   a) the consolidated financial statements and notes that are set out on pages 47 to 119 and the Remuneration report, set out on pages 33 to 45 in the Directors' report, are in accordance with the Corporations Act 2001, including:
      i) giving a true and fair view of the Group's financial position as at 30 June 2011 and of its performance for the financial year ended on that date; and
      ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
   b) 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. There are reasonable grounds to believe that the Company and the group entities identified in Note 25 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Class Order 98 / 1418.
3. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and the Chief Financial Officer for the financial year ended 30 June 2011.
4. The Directors draw attention to Note 1(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

KM Stokes AC
Executive Chairman

MC Wells
Chairman of the Audit & Risk Committee

Sydney
23 September 2011

Independent Auditor's Report

Independent auditor's report to the members of Seven Group Holdings Limited

Report on the financial report

We have audited the accompanying financial report of Seven Group Holdings Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2011, and consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 34 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the 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(A), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group 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. These Auditing 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 entity's preparation of the financial report that gives a true and fair view 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.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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

Independent Auditor's Report

KPMG

Independence

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

Auditor's opinion

In our opinion:

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(A)

Report on the remuneration report

We have audited the Remuneration Report included in pages 33 to 45 of the directors' report for the year ended 30 June 2011. 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 auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Seven Group Holdings Limited for the year ended 30 June 2011, complies with Section 300A of the *Corporations Act 2001*.

KPMG.

KPMG

Kenneth Reid
Partner

Sydney

23 September 2011

Company Information

LIST OF DIRECTORS

Kerry Stokes AC (Executive Chairman)
Peter Ritchie AO (Deputy Chairman)
Peter Gammell (Group Chief Executive Officer)
David Leckie (Chief Executive Officer and Managing Director, Seven West Media Limited)
James Walker (Chief Executive Officer, WesTrac Group)
Dulcie Boling
Terry Davis
Christopher Mackay
Bruce McWilliam (Commercial Director)
Ryan Stokes (Executive Director)
Richard Uechtritz
Professor Murray Wells
Robin Waters (Alternate Director)

COMPANY SECRETARY

Warren Coatsworth

REGISTERED OFFICE

Company Secretariat
Level 2
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Pyrmont NSW 2009

SHARE REGISTRY

Boardroom Pty Limited
(formerly Registries Limited)
Level 7, 207 Kent Street
Sydney NSW 2000

AUDITOR

KPMG
10 Shelley Street
Sydney NSW 2000

LEGAL ADVISORS

Freehills
MLC Centre
Martin Place
Sydney NSW 2000

Mallesons Stephen Jaques
Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

Clayton Utz
Level 15
1 Bligh Street
Sydney NSW 2000

Investor Information

SHAREHOLDER INQUIRIES

Investors seeking information regarding their shareholding or dividends or wishing to advise of a change of address should contact the Share Registry at:

Boardroom Pty Limited
(formerly Registries Limited)
Level 7, 207 Kent Street
Sydney NSW 2000

Telephone: (02) 9290 9600

Facsimile: (02) 9279 0664 or

Visit the online service at boardroomlimited.com.au

Boardroom Pty Limited has an online service for investors called InvestorServe. This enables investors to make online changes, view balances and transaction history, as well as obtain information about recent dividend payments and download various forms to assist in the management of their holding. To use this service, simply visit the Boardroom Pty Limited website.

Other general inquiries may be directed to Mr W. Coatsworth, Company Secretary on (02) 8777 7777 or visit the website at www.sevengroup.com.au.

TAX FILE NUMBER INFORMATION

The company is obliged to record Tax File Numbers or exemption details provided by shareholders. While it is not compulsory for shareholders to provide a Tax File Number or exemption details, Seven Group Holdings Limited is obliged to deduct tax from unfranked dividends paid to investors resident in Australia who have not supplied such information. Forms are available upon request from the Share Registry or shareholders can submit their Tax File Number via the Boardroom website.

THE CHESS SYSTEM

Seven Group Holdings Limited operates under CHESS – Clearing House Electronic Subregister System – an Australian Securities Exchange system which permits the electronic transfer and registration of shares. Under CHESS, the company issues a Statement of Holdings to investors, instead of share certificates, and the statement will quote the Holder Identification Number (HIN). The HIN number should be quoted on any correspondence investors have with the Share Registry.

The company will maintain investors' holdings in an Issuer Sponsored facility, which enables investors to maintain their holding without the need to be tied to any particular stockbroker.

Shareholder Information

SUBSTANTIAL SHAREHOLDERS – ORDINARY SHARES

The number of ordinary shares held by the Substantial Shareholders based on the most recent notifications contained in the Company's Register of Substantial Shareholders as at 19 September 2011 are as follows:

Shareholder	No. of Shares	% Held *
KM Stokes; North Aston Pty Limited, Wroxby Pty Limited and Ashblue Holdings Pty Limited; Tiberius Pty Limited, Redlake Pty Limited and Tiberius group entities; Australian Capital Equity Pty Limited, Clabon Pty Limited and Australian Capital Equity Pty Limited group entities.	207,304,349	67.87
Ausbil Dexia Limited	15,525,327	5.08

* Based on issued capital at date of notification

DISTRIBUTION OF ORDINARY SHAREHOLDERS AND TELYS4 SHAREHOLDERS

Category (No.s)	Ordinary Shareholders	TELYS4
1 – 1,000	5,264	9,559
1,001 – 5,000	3,551	569
5,001 – 10,000	425	38
10,001 – 100,000	216	20
100,001 – and over	39	3
Total No. of Holders	9,495	10,189
No. of Holdings less than a Marketable Parcel	394	3

TWENTY LARGEST ORDINARY SHAREHOLDERS

Name of Shareholder	No. of Shares	% Held
North Aston Pty Limited	65,110,000	21.25
Ashblue Holdings Pty Limited	62,082,442	20.26
Wroxby Pty Limited	30,000,000	9.80
North Aston Pty Limited	26,000,000	8.49
National Nominees Limited	23,350,293	7.62
North Aston Pty Limited	23,000,000	7.51
JP Morgan Nominees Australia Limited	15,364,212	5.01
HSBC Custody Nominees (Australia) Limited	9,166,837	2.99
JP Morgan Nominees Australia Limited	7,694,220	2.51
Citicorp Nominees Pty Limited	6,667,445	2.18
UBS Nominees Pty Limited	3,520,853	1.15
Cogent Nominees Pty Limited	3,268,064	1.06
Queensland Investment Corporation	1,531,425	0.50
Citicorp Nominees Pty Limited	1,455,392	0.48
AMP Life Limited	1,180,897	0.38
Bond Street Custodians Limited	849,230	0.27
Wroxby Pty Limited	731,907	0.24
Citicorp Nominees Pty Limited	611,541	0.20
Mr Peter Gammell	465,945	0.15
Invia Custodian Pty Limited	408,583	0.13
Total Twenty Largest Ordinary Shareholders	282,459,286	92.18

Shareholder Information

TWENTY LARGEST TELYS4 SHAREHOLDERS

Name of Shareholder	No. of TELYS4	% Held
JP Morgan Nominees Australia Limited	233,319	4.70
RBC Dexia Investor Services Australia Nominees Pty Limited	203,357	4.09
UBS Wealth Management Australia Nominees Pty Limited	108,070	2.18
Australian Executor Trustees Limited	73,854	1.49
UCA Cash Management Fund Limited	49,941	1.00
Sandhurst Trustees Limited	40,203	0.81
Citicorp Nominees Pty Limited	37,368	0.75
HSBC Custody Nominees (Australia) Limited	33,439	0.67
RBC Dexia Investor Services Australia Nominees Pty Limited	29,787	0.60
Natpac Financial Services Pty Limited	28,954	0.58
Netwealth Investments Limited	28,837	0.58
ABN Amro Clearing Sydney Nominees Pty Limited	27,453	0.55
RBC Dexia Investor Services Australia Nominees Pty Limited	25,413	0.51
Perpetual Trustee Company Limited	25,239	0.51
SR Consolidated Pty Limited	21,435	0.44
Netwealth Investments Limited	16,726	0.34
Blann Investments Pty Limited	15,872	0.32
Lenhut Pty Limited	15,619	0.32
RBC Dexia Investor Services Australia Nominees Pty Limited	15,000	0.30
National Nominees Limited	14,217	0.29
Total Twenty Largest TELYS4 Shareholders	1,044,103	21.03

DETAILS OF OPTIONS ISSUED BY SEVEN GROUP HOLDINGS LIMITED

Number on issue	5,775,000
Number of holders	5
Name and number of options held by an option holder holding 20% or more of the options in this class	Mr David Leckie holds 3,000,000 options over ordinary shares

VOTING RIGHTS

Ordinary Shares

On a show of hands, every member present in person or by proxy or attorney, or being a corporation, present by its representative, shall have one vote. On a poll, every member present in person or by proxy or attorney, or being a corporation, present by its representative, shall have one vote for every share held.

Options

There are no voting rights attached to options. Upon exercise of the option, the issued shares will confer full voting rights.

TELYS4

There are limited voting rights attached to TELYS4 as detailed in their terms of issue. In broad terms, a holder has the right to vote if a dividend is in arrears, on a proposal to reduce share capital, affecting rights on the TELYS4, on a winding up of the company, on a disposal of the whole undertaking of the company, on a resolution to approve a buy – back agreement and during the winding up of the company. Upon conversion of the TELYS4, the resulting issued shares will confer full voting rights.

STOCK EXCHANGE LISTING

The Company is listed with the Australian Securities Exchange Limited and the home exchange is Sydney.

ON-MARKET BUY-BACK

There is no current on-market buy-back.

Corporate Directory

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