Seven Group Holdings Limited
Annual Report

2010

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TRANSFORMING OUR BUSINESS MIX

From the Executive Chairman

THE PAST TWELVE MONTHS CONFIRM OUR COMMITMENT TO EXPANDING OUR PRESENCE IN MEDIA IN AUSTRALIA.

WELCOME TO THE FIRST ANNUAL REPORT FOR SEVEN GROUP HOLDINGS.

THIS HAS BEEN A SIGNIFICANT TWELVE MONTHS FOR ALL OF US, WITH THE CREATION OF A NEW COMPANY, FORMED THROUGH A SCRIP FOR SCRIP MERGER OF SEVEN NETWORK LIMITED AND WESTRAC.

SEVEN AND WESTRAC ARE TWO GREAT COMPANIES. BOTH ARE PERFORMING STRONGLY AND BOTH HAVE STRONG MANAGEMENT TEAMS AND TERRIFIC OPPORTUNITIES FOR GROWTH.

I have had a long and proud association with WesTrac and Seven. Both are leaders in their sectors. Both have what I consider the best management teams in the country, led by David Leckie at Seven and Jim Walker at WesTrac. And, we have some of the best people working with us.

Seven Network Limited took a bold step four years ago to create Seven Media Group. It is a move that allowed Seven Network Limited to grow and prosper.

Seven Network Limited evolved into an investment company with strong media platforms and the financial capacity to expand into new sectors.

The company's strong financial performance, the dominance of our television business, our successful publishing business, our developments in new content delivery technologies and our acquisition of a significant shareholding in Consolidated Media providing us with a presence in subscription television, underlines your company's leadership in media.

WesTrac has continued to thrive – building a significant presence in China and expanding its presence in the mining, construction and infrastructure industries of New South Wales, the Australian Capital Territory and Western Australia.

In April, shareholders in Seven Network Limited overwhelmingly voted in favour of a transaction that transforms the company and provides the foundation for its future development. We are excited about the future business opportunities for your new company.

Bringing these two companies together to form Seven Group Holdings makes sense.

The new company delivers shareholders a company with a market-leading presence in media and the resource services sector, as well as an expanding business presence in China.

It is a transformational move that we believe will strengthen the business for all shareholders, providing the new company with a strong balance sheet, great management, and market-leading assets to become even stronger in media, investments and now the equipment management sector.

This new company includes 100 per cent of WesTrac Group, the authorised Caterpillar dealer in Western Australia, New South Wales/Australian Capital Territory and the North East region of China; 45 per cent of Seven Media Group, a joint venture with Kohlberg Kravis Roberts comprising the Seven Network, Pacific Magazines, and Yahoo!7; 24 per cent of West Australian Newspapers Holdings, the leading media group in Western Australia; 23 per cent of Consolidated Media Holdings, which owns 25 per cent of Foxtel and 50 per cent of Premier Media Group; 66 per cent of National Hire Limited, which in turn owns 46 per cent of Coates Hire, the largest equipment hire business in Australia; and cash and other existing Seven investments, including vividwireless, recently launched in Perth as the starting point in the development of what is Australia's first 4G network.

The formation of Seven Group has also seen the appointment of Peter Gammell as Chief Executive Officer and three new independent directors Terry Davis, Chris Mackay and Richard Uechtritz have joined WesTrac's Chief Executive Officer, Jim Walker, on an expanded board. The appointment of new independent directors adds further depth and strength to your company.

All of the Directors on the board of Seven Group Holdings have made significant contributions to Seven Group.

I have worked with Peter Gammell, for two decades and he joins Seven from my private company. He has been a director on the board of Seven Network Limited for the past fifteen years and I know of no other person with such a deep understanding of both of our core businesses.

It has been a positive year for your company. We have made a number of significant steps in our media and industrial services core businesses, created a new company that leverages the strengths of these two businesses and created the architecture for your company's future development.

The decision to merge Seven Network Limited and WesTrac Group creates a new company that is bigger and stronger with a conservative balance sheet, strong cashflows and an ability to pay increased dividends to shareholders.

Seven Group is also a company that has power and muscle to continue to build our two core businesses in media and mining services, and invest in our companies and people. The talent, creativity, skills and energy of our people drive your company and they are our future. On behalf of all shareholders, I thank all of our people for their commitment to your company.

Kerry Stokes

Kerry Stokes AC
Executive Chairman

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Year in Review

Seven Group Holdings is well placed for development over the coming twelve months.

THE COMPANY, FORMED THROUGH THE MERGER OF SEVEN NETWORK LIMITED AND WESTRAC HOLDINGS AND LISTED ON THE AUSTRALIAN SECURITIES EXCHANGE, IS BUILT ON MEDIA, INDUSTRIAL SERVICES AND INVESTMENTS WITH DIVERSITY, SCALE AND STRONG PROSPECTS FOR GROWTH WITH MARKET-LEADING BUSINESSES.

SEVEN GROUP HAS STRONGLY PERFORMING ASSETS AND CASHFLOWS, AND A CONSERVATIVE BALANCE SHEET.

The merger transforms Seven from an investment holding company with strong media platforms into a leading Australian diversified operating and investment group.

The company believes the combining of Seven and WesTrac Group to form Seven Group Holdings will deliver significant long-term growth opportunities and enhance shareholder value and returns, with strongly performing assets, a conservative balance sheet and strong and well-credentialled management teams in its two core businesses.

Financial Performance

Seven Group Holdings Limited (SGH) reported a profit before taxation of $724 million and a net profit after taxation of $719 million for the period ended 30 June 2010.

This statutory result includes an accounting gain on the acquisition of Seven Network Limited ($726 million), one-off acquisition-related transaction costs ($36 million) and capitalised borrowing costs ($6 million) written off on repayment of debt following the formation of SGH during the period.

The profit before tax for the two month period, excluding the impact of the acquisitions of the WesTrac Group and Seven Network Limited, and associated costs, was $39.4 million and profit after tax was $28.1 million.

SGH was incorporated in February and the new group was formed in April following shareholder approval for the merger of Seven Network Limited and WesTrac Holdings Pty Limited to create a new company listed on the Australian Securities Exchange.

The financial result for the period ended 30 June 2010 reflects the results of the WesTrac Group (including National Hire) from its acquisition on 28 April 2010 and the results of the Seven Network Limited Group from its acquisition on 13 May 2010.

SGH has strong liquidity reserves with $455 million in available cash, a listed securities portfolio of $393 million, significant stakes in Consolidated Media Holdings and West Australian Newspapers Holdings, and $298 million in available undrawn borrowing facilities at 30 June 2010. Since 30 June 2010, an additional borrowing facility of $498 million has been finalised. This liquidity has been reduced subsequent to the period by a $292.9 million investment in the initial public offering for the Agricultural Bank of China.

Pro Forma Results*

Given the newly formed SGH was incorporated in February 2010 and listed on the ASX in April 2010, the company also provides details on a pro forma basis for the past twelve months, confirming a pro forma group operating revenue of $2.4 billion – in line with the company's merger scheme documentation for shareholders.

SGH delivered a pro forma twelve month EBITDA (excluding the results of National Hire) of $239 million (up 7 per cent on the forecasts contained in the merger scheme documentation) and a pro forma operating cash flow of $258 million (up 4 per cent on the forecasts contained in the merger scheme documentation).

Dividend

A final ordinary dividend of 18 cents per share (fully franked) has been declared – taking the pro forma full year dividend to 35 cents per share when including Seven Network Limited's interim dividend of 17 cents per share, up 3 per cent on that paid to shareholders during the previous financial year by Seven Network Limited.

Outlook

Seven Group Holdings is well-placed for growth over the coming twelve months.

SGH's media business is underpinned through strategic holdings in Seven Media Group, a joint venture with Kohlberg Kravis Roberts & Co which includes Australia's leading broadcast television network, magazines publishing, and online and broadband businesses, an 11.4 per cent shareholding in Prime Media which complements Seven Media Group's broadcast television presence, and strategic shareholdings in pay television through Consolidated Media, newspapers through West Australian Newspapers and deployment of a new 4G wireless broadband platform through vividwireless.

Seven Media Group's Seven Network is well-placed to deliver on its leadership over the coming twelve months, following the launch of 7TWO and 7mate on its digital platform. Seven Media Group's magazines business, Pacific Magazines, continues to deliver strong results in circulation, readership and advertising revenue share.

Year in Review

Results for the Period to 30 June 2010

Profit before tax (excluding significant items)	Profit after tax (excluding significant items)	Reported Profit before tax	Reported Profit after tax
$39 million	$28 million	$724 million	$719 million

EPS (excluding significant items)	Reported Adjusted EPS	Final Dividend per Ordinary Share
10 cents	$2.72	18 cents

SGH's industrial equipment business, WesTrac, is performing and finished the 2010 financial year with strong momentum. The sales and earnings guidance for the coming financial year in Australia and China, as outlined in the merger scheme documentation for shareholders, remains on track.

In the merger scheme documentation, WesTrac Australia forecast sales and EBITDA of approximately $1.9 billion and $197 million respectively in FY2011. WesTrac China forecast sales and EBITDA of approximately $832 million and $34 million respectively in FY2011.

Review of 12 month pro forma financial results

The financial information disclosed below relates to the pro forma 12 month financial results for the individual businesses of Seven Group Holdings. These numbers differ to those reported in the financial report as the financial report relates only to the period of time these businesses were owned by Seven Group Holdings.

WesTrac*

WesTrac 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 $188 million on revenues of $2.286 billion in the 2009-10 financial year.

In Australia, the company delivered revenue of $1.636 billion, up $23 million on the target forecast in the merger scheme documents. EBITDA was $163 million with EBIT of $135 million.

In China, the company delivered an EBITDA of $25 million on revenues of $651 million despite shortages in machine and equipment supply. Underlying total sales revenues in China are up 40 per cent on the previous financial year.

The company's future development in China is underlined by the recent signing of 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 $292.9 million as a cornerstone investor in the Agricultural Bank of China initial public offering.

Under the memorandum of understanding, both companies will support developing a corporate financing relationship with the Agricultural Bank of China, with the aim of obtaining a long-term financing facility and having the Agricultural Bank of China provide customer financing solutions that support WesTrac China's expansion of its business through the development of leasing and finance solutions for WesTrac China's customers. The bank's stock has performed strongly since listing.

National Hire Group

SGH – through WesTrac Group – has a 66.2 per cent shareholding in National Hire Group. National Hire Group reported an NPAT of $5.8 million for the year to 30 June 2010. The result included a $4.1 million share of profit from its equity accounted investment in Coates Group.

Seven Media Group*

Seven Media Group has delivered a strong performance over the past twelve months, with revenue of $1.466 billion and EBITDA of $351.2 million. EBITDA margin was 24.0 per cent and EBITDA was up 21.5 per cent on the previous financial year.

Seven Media Group's broadcast television business, the Seven Network, delivered market leadership in breakfast television, morning television, news and public affairs, primetime and overall across the 6:00am-midnight broadcast day in the 2009 television year and leads in the 2010 television year.

The Seven Network delivered EBITDA of $288 million on revenues of $1.134 billion over the past twelve months. EBITDA for television was up 23.1 per cent on the previous financial year. EBITDA margin for television is 25.4 per cent.

The Seven Network continues to lead the market in advertising revenue share, recently recording its seventh consecutive half with an overall television advertising revenue share of 38 per cent or better.

The Seven Network recently launched a new channel, 7mate, on its digital broadcast platform.

This is Seven's second new channel in ten months, following the successful launch of 7TWO last November.

The launch of 7mate delivers the company a platform of channels targeting specific audience demographics – leveraging Seven's primary channel's success in female demographics and 7TWO's targeting of a 25+ adult audience.

Seven is number 1 on combined multiple channels in 2010.

12 month pro forma results 30 June 2010 (excluding National Hire)

Total Revenue	EBITDA
$2,408 million	$239 million
1.1% Variance to Scheme Booklet	6.8% Variance to Scheme Booklet

EBIT	Profit before tax
$175 million	$141 million
8.9% Variance to Scheme Booklet	10.5% Variance to Scheme Booklet

SEVEN MEDIA DELIVERS $351 MILLION EBITDA AND WESTRAC DELIVERS $188 MILLION EBITDA ACROSS 2009-10.

Seven + 7TWO combine to give Seven's broadcast platform market leadership in primetime and overall across 6:00am-midnight across the current television year.

This is the fourth consecutive year of leadership for Seven in primetime, its fifth consecutive year of leadership overall across the 6:00am-midnight broadcast day, its sixth consecutive year of leadership in nightly news and public affairs and seventh consecutive year of leadership in breakfast television.

Seven Media Group's magazine publishing business, Pacific Magazines, has delivered a strong performance in readership in circulation shares over the past twelve months – up in key publishing categories.

Pacific Magazines delivered EBITDA of $53 million on revenues of $319 million over the past twelve months, with EBITDA margin of 16.6 per cent.

According to the recent industry circulation audits, Pacific Magazines' share of gross copies of magazines sold in Australia is 29.8 per cent – up from 27.8 per cent twelve months ago and its share of consumer magazines' expenditure is now 26.9 per cent – up from 24.2 per cent twelve months ago. The most recent readership figures confirm Pacific Magazines has a 29.0 per cent share – outpacing the market to grow overall readership by 1.0 per cent.

Seven Media Group continues to build its online and new media presence through Yahoo!7, a joint venture with Yahoo! Inc. Yahoo!7 continued its strong momentum, out growing the market in terms of audience, revenue and EBITDA margin. One in two online Australians visit Yahoo!7 every month.

Consolidated Media Holdings

SGH's current shareholding in Consolidated Media Holdings is 23.3 per cent. Consolidated Media owns 50 per cent of subscription television programming company, The Premier Media Group, which owns and operates Fox Sports, 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 $89.5 million (excluding abnormal items) for the 2009-10 financial year – up 27.2 per cent on the previous financial year.

Consolidated Media has an active capital management programme and is conducting a share buyback programme. As at 20 August 2010, Consolidated Media had bought back 92.9 million shares in the past twelve months with shareholder approval to buy back an additional 49.8 million shares.

West Australian Newspapers

SGH currently has a 23.8 per cent shareholding in West Australian Newspapers Holdings Limited.

West Australian Newspapers has reported a profit after tax of $96.2 million – a 10.3 per cent increase on the company's 2009 reported profit and a 0.9 per cent decline on its 2009 profit before noteworthy items.

This is a strong result in a challenging market, underpinned by Q4 NPAT up 27 per cent period-on-period and reflecting the strengthening in overall advertising demand.

West Australian Newspapers has declared a final dividend of 26 cents per share fully franked. The final dividend brings to 45 cents per share the total dividends paid to West Australian Newspapers' shareholders over the past twelve months.

vividwireless

In September 2009, vividwireless confirmed the first phase of its plans for 4G with plans for the development of infrastructure and services in Perth.

vividwireless allows SGH to further strengthen its digital platform for the delivery of content in multicast and broadcast formats.

vividwireless' first phase of development has been successfully launched in Perth as the first 4G network in Australia, providing high-speed and affordable wireless broadband. The company is now undertaking a phased rollout of its business with metropolitan networks in Sydney, Melbourne, Canberra, Adelaide and Brisbane. This network delivers market-leading speed and competitive data rates versus all 3G offerings and is competitive with the highest level fixed wire offerings.

Engin

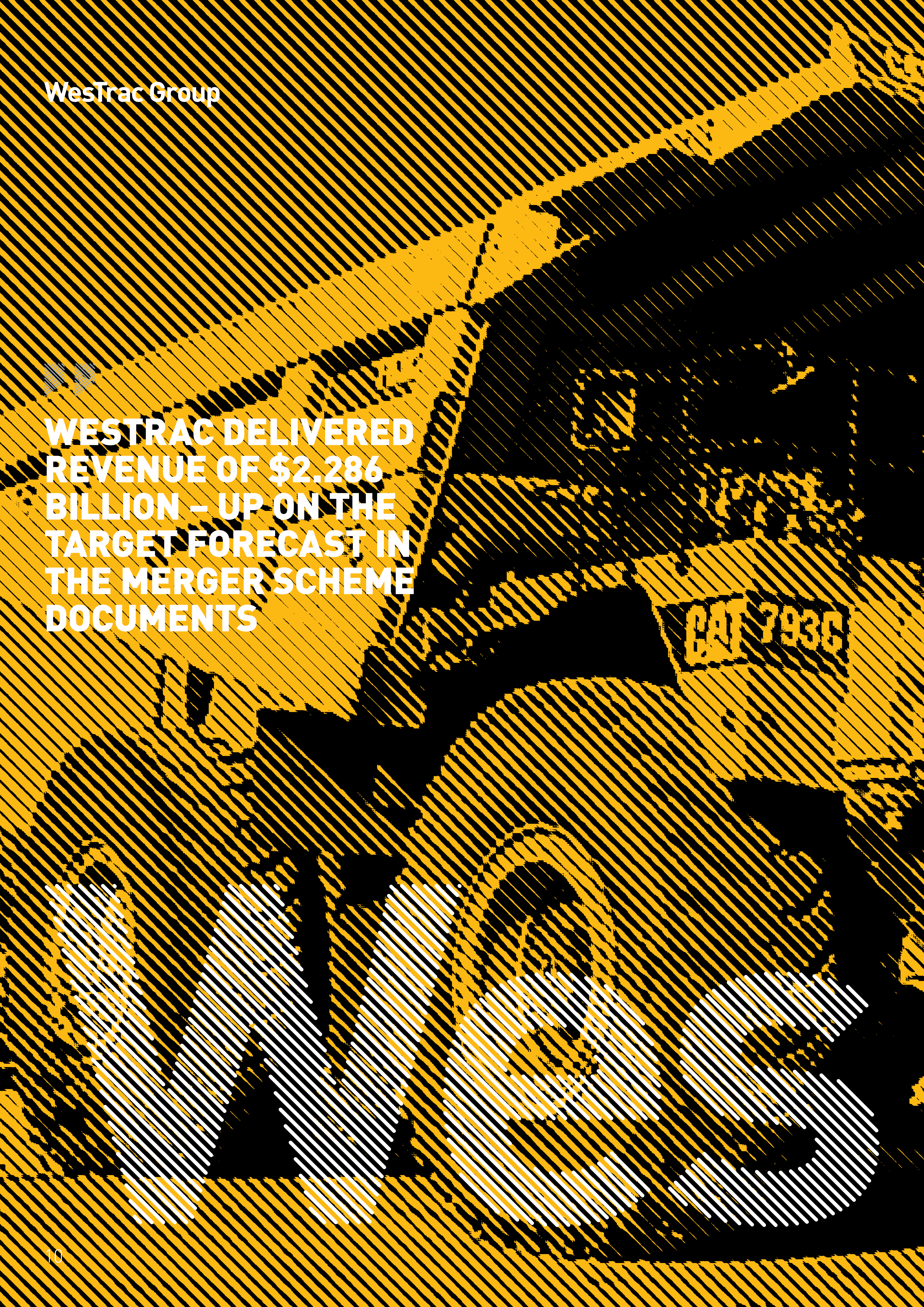
Engin is a leading broadband telephony company in Australia. SGH has a 57.2 per cent shareholding in the company which is marketing an integrated voice product with vividwireless.

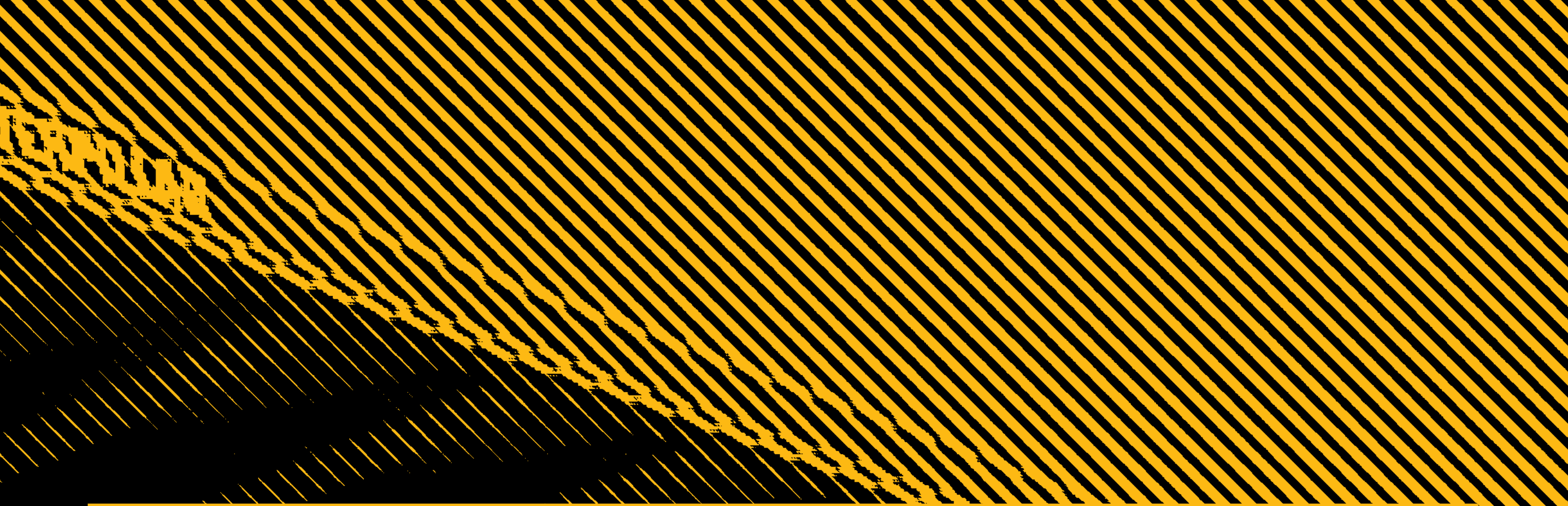
Engin has reported record EBITDA of $701,000 and full year positive cashflow on revenues of $21 million over the past twelve months.

***Note:**

Included in this report is data prepared for the management of Seven Group Holdings Limited and 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 employees do not warrant the data and disclaim any liability flowing from the use of this data by any party.

WESTRAC DELIVERED REVENUE OF $2.286 BILLION – UP ON THE TARGET FORECAST IN THE MERGER SCHEME DOCUMENTS





WESTRAC, ONE OF AUSTRALIA'S LEADING EQUIPMENT MANAGEMENT COMPANIES, BUILT ON EQUIPMENT SALES AND LONG-TERM SERVICE AGREEMENTS AND RELATIONSHIPS AND LEVERAGING THE STRENGTHS OF THE AUSTRALIAN AND NORTH-EASTERN CHINESE MINING AND CONSTRUCTION INDUSTRIES, FORMS THE FOUNDATION FOR THE FORMATION, TRANSFORMATION AND DEVELOPMENT OF SEVEN GROUP.

WesTrac's business, as one of the five biggest Caterpillar dealerships in the world, is built on a strong long-term partnership with Caterpillar, the world's leading construction equipment manufacturing company, and our clients, which include BHP Billiton, Leighton Holdings, Rio Tinto, Anglo Coal, Xstrata, Newmont, Fortescue Mining and Newcrest Mining.

Caterpillar is the world's largest construction equipment manufacturer and a leading heavy construction and mining equipment provider – with more than 300 different earthmoving, industrial and power generation machine offerings. Caterpillar is listed on the New York Stock Exchange, is a member of the Dow Jones Industrial Index and has a market capitalisation of approximately US$37 billion. The Caterpillar brand is globally recognised and is one of BusinessWeek's Top 100 Global Brands.

The company's Caterpillar partnership sees WesTrac building its dealership business in Western Australia, New South Wales and the Australian Capital Territory and leveraging the world's fastest growing economy with a Caterpillar dealership in north-east China, including six provinces and the major municipalities of Beijing and Tianjin – covering some of China's fastest-growing and most mineral rich territories.

The scope of the company's market and business operations is significant, with WesTrac selling Caterpillar products and equipment management solutions across 2.5 million square kilometres in Western Australia, 800,000 square kilometres in New South Wales and the Australian Capital Territory and 2.3 million square kilometres in China.

WesTrac's business, as an equipment management company, is built on offering a total equipment management solution to clients, extending beyond purely the sale of equipment. This total solution encompasses the entire life cycle of equipment – with equipment sales and rental accounting for approximately 60 per cent of total sales and parts and servicing accounting for 40 per cent of total sales.

WesTrac Group

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 a pro forma EBITDA of $188 million and free cashflow of $141 million on revenues of $2.286 billion in the 2009-10 financial year.

In Australia, the company delivered sales of $1.636 billion – up $23 million on the target forecast in the merger scheme documents. EBITDA was $163 million with EBIT of $135 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 2,700 people across 25 business and service centres.

Western Australia is WesTrac's biggest market accounting for 56 per cent of WesTrac Australia's total revenues. Western Australia's strong mining market complements New South Wales' growing mining sector and strong heavy construction market.

Combined, WesTrac's Australian territories represent 44 per cent of Australia's population and generate 47 per cent of Australia's gross domestic product.

As outlined in the shareholder merger documents for the formation of Seven Group Holdings, the mining industry is expected to return to strong growth in the second half of 2010 and over 2011. Australian production of metals and other minerals is forecast to increase by approximately 6 per cent in 2010, reflecting a strong increase in iron ore production. This trend is expected to continue in 2011, with Australian production forecast to increase by approximately 7 per cent, driven by higher production in key commodities such as iron ore and gold. In the medium term, Australian energy and mineral production is expected to increase by approximately 25 per cent in 2015 versus 2010 volumes, with new mine capacity expected to be commissioned and infrastructure expansions completed.

In China, the company delivered an EBITDA of $25 million on revenues of $651 million – despite shortages in machine and equipment supply.

Overall underlying sales revenues in China are up 40 per cent on the previous financial year, with EBITDA and EBIT both up on forecasts in the merger scheme documents for shareholders on the formation of Seven Group Holdings.

WesTrac China is investing heavily in its business as it leverages the growth in the country's economy and meets the continuing demand for resources and infrastructure.

WesTrac China has expanded its presence over the past twelve months with three new provincial headquarters, nine new branches and the setting up of infrastructure for the sale and service of Caterpillar's mid-tier product: SEM.

Today, WesTrac China employs more than 1,500 people across 48 business centres and plans are advanced to add a further 20 business centres across the coming twelve months to meet the increasing demand for Caterpillar and SEM products.

The growth in construction and mining markets in north-eastern China is significantly driven by increased stimulus spending by the Chinese Government. The economic output of the north-eastern provinces in which WesTrac China operates represents approximately 23 per cent of China's gross domestic product.

The economies of these provinces are expected to be heavy users of earthmoving and heavy equipment through the growth in surface mining of mineral commodities and future construction, power generation requirements and development of transport infrastructure led by government fiscal stimulus along with continued urbanisation and demand for Chinese exports in global markets.

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 Allight and a 46.1 per cent shareholding in Coates Group.

Allight specialises in the manufacturing, assembly and sales of mobile lighting, power generation and dewatering equipment, and the distribution and support of Perkins engines, FG Wilson power generation sets and Godwin pumps.

Coates Hire is Australia's largest and best known general equipment hire company focusing on equipment across a broad range of sectors, including engineering, building construction and maintenance, mining and resources, manufacturing, government and events.

National Hire Group reported an NPAT of $5.8 million for the year to 30 June 2010. The result included a $4.1 million share of profit from its equity accounted investment in Coates Group.

WesTrac finished the 2010 financial period with strong momentum. The sales and earnings guidance for the coming financial year, as outlined in the merger scheme documentation for shareholders, remains on track.

In the merger scheme documentation, WesTrac Australia forecast sales and EBITDA of approximately $1.9 billion and $197 million respectively in FY2011. WesTrac China forecast sales and EBITDA of approximately $832 million and $34 million respectively in FY2011.

"THE MINING INDUSTRY IS EXPECTED TO RETURN TO STRONG GROWTH IN THE SECOND HALF OF 2010 AND OVER 2011.


Seven Media Group
Seven

Broadcast Television

SEVEN IS NUMBER ONE IN AUSTRALIAN TELEVISION. MORE AUSTRALIANS WATCH SEVEN THAN ANY OTHER TELEVISION NETWORK.

Magazine Publishing

PACIFIC MAGAZINES IS OUT-PERFORMING THE OVERALL MAGAZINE MARKET, BUILDING IN READERSHIP, CIRCULATION AND ADVERTISING REVENUE SHARES.

Digital Media

SEVEN'S PLANS FOCUS ON MULTI-CHANNELS ON BROADCAST TELEVISION AND EXPANDING OUR CONTENT DELIVERY ACROSS AN ARRAY OF DELIVERY PLATFORMS.

Media

Broadcast Television

SEVEN IS NUMBER ONE IN AUSTRALIAN TELEVISION.

MORE AUSTRALIANS WATCH SEVEN THAN ANY OTHER TELEVISION NETWORK.

Across the 2010 television season, Seven is consolidating its leadership in primetime and overall, and is number one on primary channels and the combined audiences of digital multiple channels across primetime and the 6:00am-midnight broadcast day.

This is our seventh consecutive year of leadership in breakfast television, our sixth consecutive year of leadership in news and public affairs, our fourth consecutive year of leadership in primetime, our fourth consecutive year of leadership in morning television and our fifth consecutive year of leadership overall across the 6:00am-midnight broadcast day.

Our leadership sees Seven securing a market-leading share of the television advertising market across the 2009 and 2010 television seasons and the network is now in its fifth consecutive year of leadership in securing more advertising revenue than any other television network, recently recording its seventh consecutive half with an overall television advertising revenue share of 38 per cent or more.

This leadership underscores our commitment to broadcast television.

Broadcast television underpins our development as a broad-based media company creating new content and delivery platforms, including multiple channels on our digital platform that will underpin our future, building on the strengths of broadcast television and our acknowledged leadership in the creation and production of Australian television.

Over the past twelve months, Seven has built on this leadership, strengthening its broadcast television platform with the launch of two new digital channels: 7TWO and 7mate.

Seven now moves to three channels. With 7HD we were first into multi-channelling for the commercial networks and the launches of 7TWO and 7mate are significant steps for our television business.

The launch of 7mate, primarily catering for a 16-49 male audience, delivers us a platform of channels targeting specific audience demographics – leveraging our primary channel's success with female audience demographics and 7TWO's targeting of a 25+ adult audience.

Across the 2010 television season, 7TWO has eleven of the top 20 regular programmes on the broadcast television digital channels and is the number one most-watched digital channel for people 25+ in prime time. 7TWO's audience in primetime now doubles its audience delivery in the channel's first month.

OUR LEADERSHIP SEES SEVEN SECURING A MARKET-LEADING SHARE OF THE TELEVISION ADVERTISING MARKET

Seven is number 1 on combined multiple channels in 2010. Seven + 7TWO combine to give Seven's broadcast platform market leadership in primetime and overall across 6:00am-midnight across the current 2010 television year. Across 2010, Seven's broadcast platform is delivering more viewers across all key audience demographics than in 2009.

While the development of our digital broadcast platform underlines our future, Seven, our primary channel, is our core focus in television.

Building on our leadership in primetime in 2007 and 2008, Seven was number one in the 2009 television year in total viewers, 18-49s and 25-54s. Seven dominated the most-watched regular programmes, with seven of the top 10 and twelve of the top 20 programmes – including Seven News, Today Tonight, Thank God You're Here, Packed to the Rafters, World's Strictest Parents, Border Security and Dancing with the Stars.

Confirming our success in Australian production was Seven's performance at the 52nd Annual TV Week Logie Awards.

Seven dominated the Awards with the Gold Logie for Ray Meagher from Home and Away, Silver Logies for Hugh Sheridan and Rebecca Gibney from Packed to the Rafters, the Most Popular Drama Series Logie for Packed to the Rafters, Most Popular Lifestyle Programme Logie for Better Homes and Gardens and the Most Popular New Male Talent for Luke Mitchell from Home and Away. In addition, Seven scored in the peer-voted industry Logie Awards, securing Most Outstanding News Coverage for Seven News' coverage of the bushfires in Victoria and Most Outstanding Sports Coverage for Seven Sport's coverage of the Supercheap Auto Bathurst 1000.

Seven continues to dominate television in 2010.

Seven is number one in primetime. Seven has won more weeks and more primetime nights than any other network and in a competitive market continues to deliver in the most-watched regular series on television, including the successful launches of My Kitchen Rules, The X Factor and Minute to Win It and the strength of Australia's Got Talent, Better Homes and Gardens, World's Strictest Parents, Home and Away, Border Security and Packed to the Rafters.

Seven is number one in news and public affairs in 2010.

Seven News is the most-watched nightly news bulletin, up 13 per cent on Nine News. Today Tonight is up 16 per cent on A Current Affair. Seven News and Today Tonight continue to build in their sixth consecutive year of leadership.

Sunday Night, our new weekly public affairs programme, delivered an impressive 1.23 million viewers across its first series in 2009 and in 2010 is winning its pivotal primetime timeslot with an audience of 1.25 million and is now the most-watched weekly public affairs programme on television, up 5 per cent on 60 Minutes in 2010.

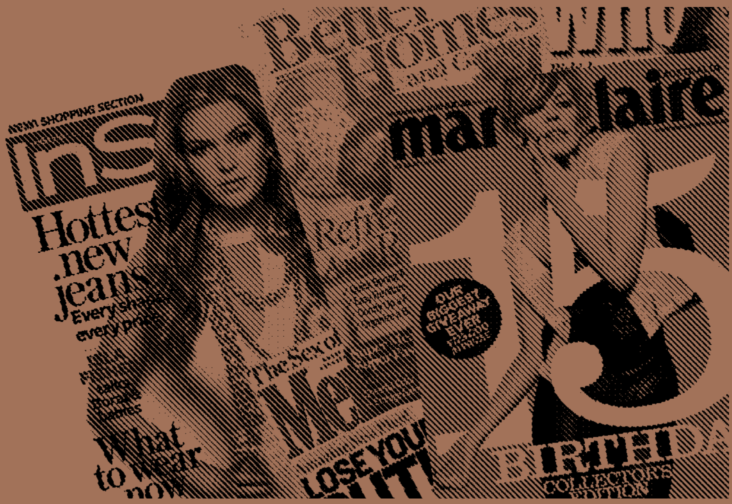
Sunrise continues to dominate breakfast television. Sunrise is up 15 per cent on Today in total viewers and up 22 per cent on Today in all viewers under 55 in its seventh consecutive year of leadership.

Our planning for the 2011 television season is well-advanced with a number of new Australian series in development, including a new weekly drama series from the creators of Packed to the Rafters. Also coming to Seven is new reality tv with Conviction Kitchen and a new Australian series of The Amazing Race. There will also be new seasons for Dancing with the Stars, My Kitchen Rules, World's Strictest Parents and Australia's Got Talent.

Our broadcast platform has moved to a new level over the past twelve months with multiple channels on our digital broadcast platform leveraging our success.

These new channels, underpinned by our strongly performing primary Seven channel and our leadership in Australian production, confirm the fundamental strengths of our broadcast television business and its future in allowing us to create and distribute our content across an array of communications technologies.

Ratings: Oztam Data



Magazine Publishing

SEVEN MEDIA GROUP'S PRESENCE IN MAGAZINE PUBLISHING FORMS A KEY ELEMENT IN DRIVING THE DEVELOPMENT OF OUR BRANDS AND OUR CONTENT BEYOND BROADCAST TELEVISION AS WE DEVELOP A BROAD-BASED MEDIA AND ENTERTAINMENT COMPANY ENCOMPASSING TELEVISION, MAGAZINES, ONLINE AND NEW COMMUNICATIONS PLATFORMS.

Today, our magazine publishing business, Pacific Magazines, out-performs the overall magazine market, building readership and delivering the largest circulation share increase of any magazine publishing company over the past twelve months. We are also the only major magazine publishing company to increase advertising share.

Our magazine publishing business is built on great people, leading brands and highly successful partnerships with globally renowned publishers including Groupe marie claire, Time Inc, Meredith and Rodale.

Our portfolio of magazines, including New Idea, Better Homes and Gardens, marie claire, That's Life!. Who, Men's Health, Women's Health and InStyle, continues to deliver a strong performance in readership and circulation shares.

Our magazines now reach 7.2 million Australians aged 14 years and over every month. We publish two of Australia's three biggest-selling weekly magazines and three of the five highest-reaching magazines. We dominate readership share in home and lifestyle, fashion, men's lifestyle, parenting and youth.

The past twelve months have confirmed Pacific Magazines' leading presence in Australian consumer magazine publishing, as the company increased circulation share in nine of the eleven categories in which it publishes: women's weeklies, major women's monthlies, women's lifestyle, men's lifestyle, fashion, teen, tween, health and entertaining.

Pacific Magazines is acknowledged as publishing Australia's most powerful magazine portfolio, occupying the largest per title share of all major magazine publishers – with nineteen Pacific Magazines surveyed titles delivering an overall 29 percent share of gross readership over the past twelve months.

Pacific Magazines is a passionate community supporter. New Idea founded its Breast Cancer Fund in 1988 and has since raised in excess of $1.3 million for research and community assistance programmes for women and their families affected by breast cancer. Better Homes and Gardens is a supporter of Father Chris Riley's Youth Off The Streets. The magazine's editor is a personal ambassador for the charity's high profile Tulip Time campaign initiative which will celebrate its golden anniversary in 2010. Pacific Magazines also has an ongoing partnership with Ronald McDonald House Charities with the objective of raising public awareness and funds for the various programmes that assist seriously ill children and their families. Pacific Magazines not only provides regular editorial and profiling of the charities' initiatives but staff also directly volunteer to assist – both in and out of regular work hours.

Pacific Magazines delivers the country's biggest-selling titles in major advertising categories, including Better Homes and Gardens in the homes and lifestyle category, That's Life! in the real life category, Who in the celebrity weekly category, marie claire in the fashion

OUR MAGAZINES PUBLISHING BUSINESS IS BUILT ON GREAT PEOPLE, LEADING BRANDS AND HIGHLY SUCCESSFUL PARTNERSHIPS

category, Men's Health in the men's monthly lifestyle category and K-Zone and Total Girl in the tween category.

Pacific Magazines' flagship title, New Idea, grew circulation year-on-year, whilst its major competitor fell. Who, the country's biggest selling celebrity weekly, increased its circulation lead over its nearest competitors over the past twelve months. The country's fastest growing women's weekly magazine, Famous, posted its seventh consecutive circulation increase. That's Life! consolidated its lead in the real life category, backed by the success of a comprehensive redesign.

Better Homes and Gardens – the country's leading integrated media brand – continued its commitment to multi-platform audience engagement, adding a new series of live consumer events to its top-rating weekly television show, award-winning magazine, popular radio programme and interactive website.

InStyle unveiled a new online fashion retail store in March 2010. The move established InStyle as the only Australian magazine to oversee all aspects of the shopping experience from magazine to online search, select, purchase and home delivery. Its Pacific Magazines' stablemate and Australia's most read bridal magazine by women, Bride to Be, also followed the e-commerce move, unveiling a new online retail site in April.

marie claire, Australia's biggest selling fashion magazine was launched back in 1995 and quickly rose within a year to the No. 1 spot. Fifteen years later, marie claire retains its leading position as the country's biggest selling fashion title – outperforming its nearest competitor by more than 20,000 copies every month.

Pacific Magazines launched Prevention in September 2009. The title extended the successful publishing partnership between Pacific Magazines and Rodale, with Prevention joining Women's Health and Men's Health in the highly successful Pacific-Rodale stable. Prevention is the largest healthy lifestyle brand in the world and the fourteenth biggest consumer magazine in the United States.

Building on this strategy of expanding and extending its portfolio of titles, Pacific Magazines has also recently launched a new outdoor entertaining and lifestyle magazine, The Outdoor Room with Jamie Durie. Fronted by the Seven Network's Jamie Durie, the new title is the first Australian magazine focused on all aspects of outdoor lifestyle: from furnishings, renovations and decorations, budget makeovers, garden projects, to pets and wildlife, travel, food and entertaining.

Text Pacific Publishing, the custom and corporate publishing arm of Pacific Magazines, is one of Australia's leading branded content and corporate communications agencies, producing magazines and corporate publishing solutions for many of Australia's biggest companies and brands, including Virgin Blue, Lexus and Weight Watchers.

Recent new launches, continuing growth and increasing market presence underscores Pacific Magazines' commitment to market innovation and Seven Media Group's future in publishing – a commitment to integration between the company's media businesses confirmed by Pacific Magazines' and Text Pacific's move to new state-of-the-art facilities in Sydney, co-locating with Seven Productions and Seven's new digital television production studio centre at Media City in Australian Technology Park.

Sources: Roy Morgan Single Source Australia, June 2010; ABC Audit, June 2010,;Nielsen Media Research Adex (MMS Medialog) July 2009 – June 2010

ONLINE AND BROADBAND DELIVERY OF OUR CONTENT AND THE CREATION OF NEW DIGITAL CONTENT FOR OUR AUDIENCES WILL DRIVE OUR DEVELOPMENT.

Digital Media

DIGITAL TELEVISION IS CHANGING THE WAY ALL OF US ENGAGE WITH MEDIA CONTENT.

OUR CREATION OF PROGRAMMING AND CONTENT THAT AUSTRALIANS WANT TO WATCH FORMS THE CORNERSTONE OF OUR PLANS FOR THE DEVELOPMENT OF OUR COMPANY IN AN EXPANDING DIGITAL LANDSCAPE.

We are recognised as the leader in the production of Australian television. We have in place the technology and the partnerships that will lead our future development in digital and interactive media building on the underlying strengths of our broadcast television and publishing businesses.

Our strategies for development focus on multi-channelling on broadcast television and broadening our connection with Australians through evolving communications platforms and delivery mechanisms.

Online and broadband delivery of our content and the creation of new digital content for our audiences will drive our development. Our success will be determined by our content, regardless of how our audiences experience or interact with our entertainment, news and information, and sports programming.

This commitment to the rapid development of our digital platform defines our partnerships with Yahoo! Inc and TiVo Inc and our investment in new communications technologies with vividwireless and Engin.

Yahoo!7 brings together the online assets of Yahoo! Inc including search and communications capabilities with a global internet network and the content creation and marketing strengths of Seven Media Group.

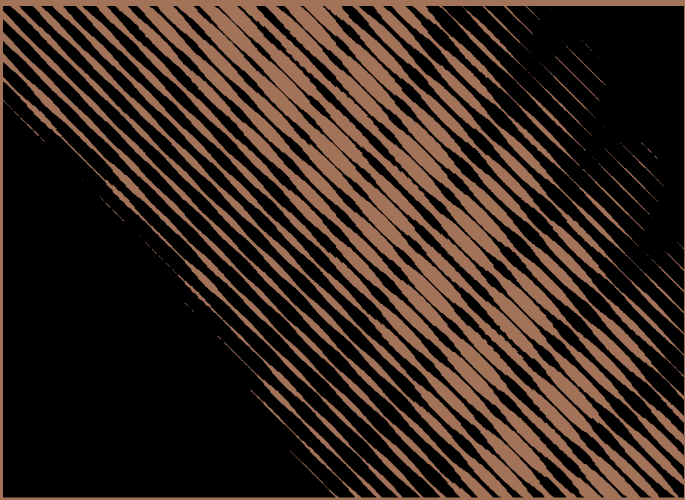
Yahoo!7 is delivering strong momentum, out-growing the market in audience, revenue and EBITDA margin. Yahoo!7 scored EBITDA growth of 35 per cent in the 2009-10 financial year, with EBITDA margin increasing to 42 per cent (up from 38 per cent in the previous financial year).

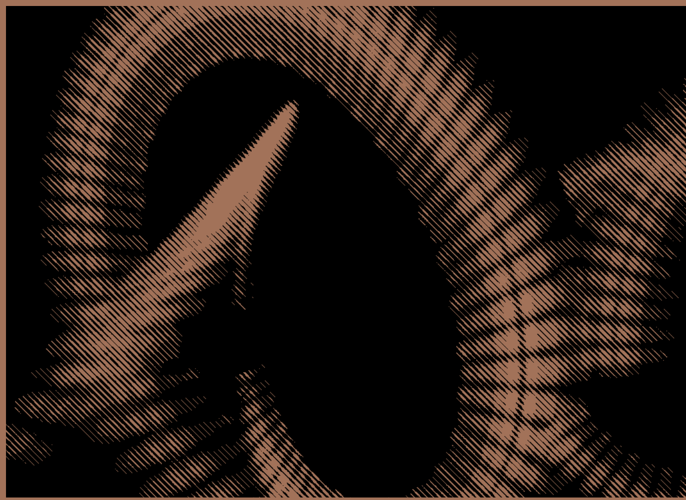
One in two online Australians visit Yahoo!7 every month. Yahoo!7 has delivered an audience of over 7.2 million people a month and the Yahoo! Xtra partnership with Telecom New Zealand remains the leading portal in New Zealand.

Yahoo!7 is continuing to invest in its business to deliver ongoing audience growth. In sports, the recent acquisition Australia's largest online sports tipping website, Oztips, delivers an engaged fan base in addition to the launch of Yahoo!7's new men's lifestyle destination in July, BANZAI, targeting men 25-45 and focusing on fitness, adventure and boardsport lifestyles.

The relaunch of its market-leading finance and lifestyle sites along with the launch of a new entertainment destination, The Hype, and a new partnership with CBSi to deliver a co-branded technology destination, are continuing to deliver engaged audiences.

The PLUS7 catch-up TV online destination continues to grow audience. Building on this success Yahoo!7 has undertaken a platform agnostic approach to enabling premium TV programming content to be delivered via IPTV. Recent partnerships with Sony on its BRAVIA televisions and Playstation 3 products along with a partnership with Panasonic positions Yahoo!7 and the Seven Network as market leaders in this space.





For advertisers Yahoo!7 has continued to drive innovation through its focus on delivering targeted audiences at scale within premium environments. In particular Yahoo!7 has continued its market leadership in online targeting technologies. More than 35 per cent of Yahoo!7's display advertising campaigns now include a targeting component with this growth expected to continue in 2011.

The integration of the Yahoo! Search Marketing business into Yahoo!7 during early 2010 has resulted in Yahoo!7 being the only online media business in the Australian market able to provide an integrated online display, search and performance advertising offering. Additionally the investment in new vertical marketplaces such as the acquisition and integration of the Totaltravel business during 2010 has opened up new revenue streams.

Our partnership with TiVo Inc is designed to build a significant market presence for TiVo products which deliver all free-to-air digital broadcast channels, broadband content and consumer services. Hybrid TV – owned by Seven Media Group and Television New Zealand – has created a digital platform in Australia and New Zealand to enable TiVo's digital video recorder and services, including TiVo's award-winning TiVo user interface.

The company has launched a new TiVo product and through the TiVo system, the proprietary broadband content system, CASPA On Demand, which includes 3D content capabilities. Hybrid TV now offers more than 200 television series and 2000 hours of television viewing on demand, including television and movie content from The Walt Disney Company's Disney Video on Demand.

Coupled with these developments, Seven Group has launched Australia's first 4G wireless broadband network, vividwireless. 4G is the latest standard in wireless technology supporting high speed broadband and full mobility.

4G provides a comprehensive and secure solution where services, such as data, streamed multimedia and voice are provided to users at much higher speeds compared with previous generations of 2G and 3G. vividwireless has access to the largest allocation of 4G spectrum in metropolitan Australia and the company is focused on providing customers the best wireless broadband service in Australia. Following a rigorous tender process, vividwireless selected Huawei, the world's top 4G hardware vendor, as its network equipment supplier.

The wide application of services allows Seven Group to further strengthen its digital platform connecting broadband users to the internet and burgeoning multi-media solutions.

The 4G network, launched in Perth in March and now reaching more than 90 per cent of that city's population, is meeting our objectives as we create footprint extension networks in major capital cities with deployment in Sydney and Melbourne now complete.

A part of the vividwireless consumer offering is an integrated voice product bundled with Engin, a leading broadband telephony company in which Seven Group Holdings has a 57.2 per cent shareholding.

Engin continues to actively develop its voice over internet (VoIP) telephony services and over the past twelve months has successfully migrated its customers to a new network which allows for the introduction of a series of advanced VoIP products targeting key business markets.

The development of digital multiple channels on Seven's broadcast platform, the success of Yahoo!7 and TiVo and vividwireless's development of 4G as a major communications platform, underline our strategy for the future.

Our future sees us building on our content creation and delivery capabilities with multiple applications across an array of delivery platforms, allowing our audiences to engage with us across television, the PC and other forms of fixed and wireless technology to experience and engage with our content and brands.

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.

Director of West Australian Newspapers Holdings Limited since 25 September 2008. Appointed Chairman on 11 December 2008.

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.

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 Network Limited since November 1997.

Director of Seven Media Group Pty Limited since December 2006.

Director of WesTrac Holdings 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 West Australian Newspapers Holdings Limited since 25 September 2008.

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.

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 twenty 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.

Peter David Ritchie AO

Deputy Chairman of Seven Group Holdings Limited since April 2010.

Deputy Chairman of Seven Network Limited since August 1991.

Officer in the General Division of the Order of Australia. Chairman of the Remuneration & Nomination Committee, Member of the Audit & Risk Committee, Member of the Independent & Related Party Committee. Bachelor of Commerce (University of New South Wales). Fellow of CPA Australia.

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.

David John Leckie

Director of Seven Group Holdings Limited since April 2010.

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.

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.

Former director of Crown Limited from 6 July 2007 to 7 March 2008 and of New Privateer Holdings Limited from 26 April 2006 to 31 August 2007.

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. Alternate Director of West Australian Newspapers Holdings Limited since 4 November 2008.

Director of Wireless Broadband Australia 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

Director of Seven Group Holdings Limited since February 2010.

Executive Director since April 2010.

Director of Seven Network Limited since December 2005.

CEO of Australian Capital Equity Pty Limited and associated companies.

Director of Seven Media Group Pty Limited since December 2006. Director WesTrac Pty Limited. Director Yahoo!7.

Chairman of vividwireless and a Director of Wireless Broadband Australia Limited (formerly Unwired Group Limited) since 8 January 2008 (company delisted on 7 May 2008).

Director of Engin Limited since 31 October 2006. Alternate Director of West Australian Newspapers Holdings Limited since 4 November 2008. Director of Consolidated Media Holdings Limited since 10 September 2009.

Bachelor of Commerce (Curtin University). Former Chairman of Pacific Magazines.

Former Chairman of Headspace, the Federal Government's National Youth Mental Health Foundation.

Previous experience in international investment banking.

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.

Chief Executive Officer and Director of JB Hi-Fi Limited from 26 July 2000 to 28 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 of Australia.

Emeritus Professor of Accounting, former Director of the Graduate School of Business and the Foundation of the Graduate School of Business at the University of Sydney.

Director, Kaplan Higher Education Pty Limited. Former Chairman and Director of Australian National Business School Limited. Executive Director, Australian Scholarships Foundation.

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 ten 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

PERIOD ENDED 30 JUNE 2010

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, the management of the Company comprises certain Seven Media Group Executives, for whom a portion of their management time is charged back 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 the key executives of the Company devote the majority of their time to Seven Media Group, and those Executives of subsidiaries within the Group, such as WesTrac Holdings Pty Limited and National Hire Group Limited.

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 formally 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 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.

Under a Performance Management Plan, performance-based incentives are available for Seven Media Group Senior Executives tied to performance reviews and the achievement of agreed performance objectives. Assessments for these particular Executives have 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.

Corporate Governance

PERIOD ENDED 30 JUNE 2010

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 Media Group
- 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

As foreshadowed in the Scheme Booklet relevant to the merger between Seven Network Limited and WesTrac Holdings Pty Limited to create Seven Group Holdings Limited, following approval of the merger by the Federal Court on 27 April 2010 the Board comprised those Directors of Seven Network Limited and Mr James Walker, CEO of WesTrac Group. On 1 June 2010, following consultation with Egon Zehnder acting as independent consultant to the Board concerning the identification of suitable Independent Director candidates, Messrs Terry Davis, Christopher Mackay and Richard Uechtritz were appointed to the Board, bringing the number of Independent Directors on the Board to six. As previously announced, Messrs Davis, Mackay and Uechtritz will stand for re-election at the Company's first Annual General Meeting and interests associated with Kerry Stokes AC will abstain from voting on the reappointment of those Directors at that meeting.

Mr Kerry Stokes AC, Mr David Leckie, Mr Peter Gammell, Mr Bruce McWilliam and Mr Ryan Stokes are Directors of both the Company and of Seven Media Group Pty Limited.

Mr Kerry Stokes AC, Mr Peter Gammell, Mr Bruce McWilliam and Mr Ryan Stokes are Directors of both the Company and of WesTrac Holdings Pty Limited.

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 moneys 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.

Corporate Governance

PERIOD ENDED 30 JUNE 2010

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 the majority of the Board not being 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. 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.

As relevant, the Directors' Report and Financial Report refer to the Committees and policies in place during the period to 30 June 2010. These Committees did not meet in the period between the approval of the merger of Seven Network Limited and WesTrac Holdings Pty Limited by the Federal Court on 27 April 2010 to form the Company and 30 June 2010 as all relevant matters during that period were dealt with by the Board.

The Independent Directors (identified above) are members of the Independent & Related Party Committee which has Mr Terry Davis as its Chairman. The purpose of the Committee is to provide 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 created following approval of the merger of Seven Network Limited and WesTrac Holdings Pty Limited by the Federal Court, 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. Mr Gammell has been a Director of Seven Network Limited for fifteen years and was a founding Director of WesTrac Holdings 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, Seven Media Group, is Mr David Leckie who devotes the majority of his time to the management of the broadcasting, magazine publishing and internet business operations of the Seven Media Group. 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 the Seven Media Group.

The Chief Executive Officer, WesTrac Group, is Mr James Walker who is responsible for the Caterpillar dealership operations in NSW, Western Australia, the ACT 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 Remuneration & Nomination Committee did not meet during the period as Messrs Davis, Mackay and Uechtritz were appointed on 1 June 2010 by the full Board following consultation with Egon Zehnder. The Remuneration & Nomination Charter is available on the Company's website.

Corporate Governance

PERIOD ENDED 30 JUNE 2010

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 continues to develop a process for evaluation of the performance of the Board, its Committees and Directors which is and remains appropriate in the Company's circumstances. Given the recent listing of the Company, no formal Board, Committee and Director performance reviews have yet been held. However in determining the appropriate Board composition for the new Company, and then on 20 August 2010 restructuring the Company's Committees under a Board review, a similar process to the review process discussed above was undertaken.

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 and industry 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:

- The Commercial Television Industry Code of Practice;
- General statutory requirements and regulations of the Corporations Act, ASX Listing Rules and Income Tax Assessment Act;
- Equal employment opportunity and affirmative action;
- Seven Media Group and WesTrac Group encourage high standards of safe work practices and have each implemented Occupational Health & Safety compliance procedures;
- Policy of community service through charitable organisations; and
- Policy of responding to and using Seven Network's resources during national disasters and tragedies.

The Company is assessing the Group as part of its compliance with the National Greenhouse and Energy Reporting Act.

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 and summaries of these policies are available on the Company's website. The policies essentially provide that a 30 working day "window" is available for trading in 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. Outside of these specified "windows" prior written approval of the Commercial Director must be sought. Trading in Company securities is only permitted if the dealing is not prohibited by the Corporations Act.

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.

The Audit & Risk Committee did not meet in the period between the approval of the merger of Seven Network Limited and WesTrac Holdings Pty Limited by the Federal Court on 27 April 2010 to form the Company and 30 June 2010, however the Audit & Risk Committee subsequently met on two occasions to consider, amongst other things, the Company's results for the period and the Company's financial statements set out in this Annual Report.

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.

Corporate Governance

PERIOD ENDED 30 JUNE 2010

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 is being undertaken by the Company and its controlled subsidiaries. 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. This assessment will update risk assessments previously carried out annually in respect of Seven Network Limited and its controlled subsidiaries and will extend the risk assessment to the WesTrac Group. This assessment process is ongoing and will be completed during FY2011. The assessment report assists with the development of a formal risk profile of which the key categories of risk are financial and investment risks. The Scheme Booklet relevant to the merger between Seven Network Limited and WesTrac Holdings Pty Limited to create Seven Group Holdings Limited sets out the key risk factors associated with Seven Network Limited and its investment in Seven Media Group, as well as the key risk factors associated with 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 Audit & Risk Committee did not meet in the period between the approval of the merger of Seven Network Limited and WesTrac Holdings Pty Limited by the Federal Court on 27 April 2010 to form the Company and 30 June 2010, however the Committee subsequently met to commission an external consultant to facilitate a Strategic Risk Assessment for the Company and it's controlled subsidiaries and to consider areas of risk review.

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 and improve the 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 period ended 30 June 2010 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 period 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 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 Remuneration 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, 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. There was no separate meeting of the Remuneration & Nomination Committee in the financial period to 30 June 2010 as remuneration-related matters were considered in full Board meetings, however the Remuneration & Nomination Committee subsequently 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. Remuneration matters which arise in relation to Seven Media Group Executives and employees are primarily determined within the Seven Media Group because it is from that source that the key executives of the Company receive the majority of their remuneration. Similarly, WesTrac largely determines remuneration matters for Executive Directors, Senior Employees and Executives of the WesTrac Group.

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 are largely determined within the Seven Media Group. Similarly, WesTrac largely determines performance linked incentives for Executive Directors, Senior Employees and Executives of the WesTrac Group.

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

PERIOD ENDED 30 JUNE 2010

The Directors are pleased to present their report together with the consolidated financial report of Seven Group Holdings Limited ("the Company") and its subsidiaries (together "the Group") and the Group's interest in associates and jointly controlled entities for the period from the Company's incorporation on 12 February 2010 to 30 June 2010 and the auditor's report thereon.

DIRECTORS

The names of the persons who have been Directors of the Company during or since the end of the financial period are:

- Kerry Matthew Stokes AC (Executive Chairman) – Appointed 22 April 2010
- Peter David Ritchie AO (Deputy Chairman) – Appointed 28 April 2010
- Peter Joshua Thomas Gammell (Group Chief Executive Officer) – Appointed 16 February 2010
- David John Leckie (Chief Executive Officer, Seven Media Group) – Appointed 28 April 2010
- James Allan Walker (Chief Executive Officer, WesTrac Group) – Appointed 16 February 2010
- Elizabeth Dulcie Boling – Appointed 28 April 2010
- Terry James Davis – Appointed 1 June 2010
- Christopher John Mackay – Appointed 1 June 2010
- Bruce Ian McWilliam (Commercial Director) – Appointed 28 April 2010
- Ryan Kerry Stokes (Executive Director) – Appointed 16 February 2010
- Richard Anders Uechtritz – Appointed 1 June 2010
- Professor Murray Charles Wells – Appointed 28 April 2010
- Robin Frederick Waters (Alternate Director for Mr PJT Gammell) – Appointed 28 April 2010
- Karen Evans-Cullen – Appointed 12 February 2010 – Resigned 16 February 2010
- Rodney Turner Halstead – Appointed 12 February 2010 – Resigned 16 February 2010
- David Landy – Appointed 12 February 2010 – Resigned 16 February 2010

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 has been Company Secretary since 28 April 2010. Particulars of Mr Coatsworth's qualifications and experience are set out in the Annual Report under the heading "Company Secretary".

Karen Evans-Cullen was Company Secretary from 12 February 2010 to 21 February 2010. Marie-Louise Martin was Company Secretary from 21 February 2010 to 28 April 2010.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial period were those of a diversified operating and investment group; with interests in media and broadcasting, magazine publishing, online businesses, heavy equipment sales and service and equipment hire. There were no significant changes in the nature of these activities during the financial period.

NET CONSOLIDATED PROFIT

The net amount of the consolidated profit of the Group for the financial period after provision for income tax was $718,742,000. There was no comparative figure for 2009.

DIVIDENDS – ORDINARY SHARES

No dividends on ordinary shares were paid during the financial period.

A final fully franked dividend for the 2010 financial period of 18.0 cents per share, amounting to $54,974,000 will be paid on 22 October 2010, based on the number of issued shares at the date of this report. The financial effect of this dividend has not been brought to account in the financial statements for the period ended 30 June 2010 and will be recognised in subsequent financial reports.

DIVIDENDS – TELYS4

A fully franked dividend of $2.4154 per TELYS4 based on 4,963,640 TELYS4 on issue, amounting to $11,989,000 was paid on 31 May 2010.

Directors' Report

PERIOD ENDED 30 JUNE 2010

REVIEW AND RESULTS OF OPERATIONS AND FINANCIAL POSITION OF THE GROUP AND BUSINESS STRATEGIES AND PROSPECTS FOR FUTURE FINANCIAL YEARS

A review of the operations during the financial period 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 period were as follows:

- The Company was incorporated on 12 February 2010.
- On 22 February 2010, Seven Network Limited ("Seven") and WesTrac Holdings Pty Limited ("WesTrac") announced their intention to merge to create a new diversified operating and investment group with a holding company, Seven Group Holdings Limited to be listed on the Australian Securities Exchange. The new company was created through a scrip for scrip merger of Seven and WesTrac.
- On 20 April 2010, Seven shareholders and TELYS3 holders approved the proposed merger by the requisite majorities. Two schemes of arrangement were implemented following Federal Court approval. The Federal Court approved the merger schemes on 27 April 2010.
- On 28 April 2010, the Company acquired WesTrac and commenced operations.
- On 13 May 2010, the Company announced that both schemes of arrangement had been implemented. The following day, the Company's shares and TELYS4 commenced normal settlement trading on the Australian Securities Exchange.
- On 13 May 2010, WesTrac acquired all of the shares in Seven Network Limited.
- On 23 June 2010, the Company announced the signing of a Memorandum of Understanding and an Investment Agreement with the Agricultural Bank of China, pursuant to which the Company was to become one of a number of cornerstone investors in the bank's initial public offering in Hong Kong and Shanghai.

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 period.

EVENTS AFTER END OF FINANCIAL PERIOD

At 30 June 2010, the Group had contractual obligations amounting to USD$250m relating to an investment in the Agricultural Bank of China. This commitment was settled on 16 July 2010 for A$292.86m.

Subsequent to 30 June 2010, the Group has also finalised a $498m syndicated facility. The facility is non-amortising with maturity in December 2012.

Other than the above, there has not arisen in the interval between the end of the financial period 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 and 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' Report

PERIOD ENDED 30 JUNE 2010

DIRECTORS' HOLDINGS OF SEVEN GROUP HOLDINGS LIMITED SHARES AS AT 24 SEPTEMBER 2010

	Ordinary Shares	Options over Ordinary Shares	TELYS4
KM Stokes AC	207,304,349	Nil	Nil
PD Ritchie AO	46,072	Nil	Nil
PJT Gammell	465,945	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	280,447	2,000,000	Nil
RK Stokes	93,000	Nil	Nil
MC Wells	4,000	Nil	710
RA Uechtritz	161,248	Nil	Nil
RF Waters	10,000	Nil	Nil

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. Following the acquisition of Seven Network Limited, as required pursuant to the Seven Network Limited Scheme of Arrangement, 6,875,000 Seven Network Limited share options were cancelled and replaced with options in Seven Group Holdings Limited on equivalent terms.

Accordingly, 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 period and up to the date of this report, no options were exercised and no options lapsed. No options have been granted since the end of the period 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
100,000	$9.00	1 January 2011
500,000	$9.00	30 June 2012
250,000	$10.00	30 June 2012
250,000	$11.00	30 June 2012
2,750,000	$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
6,875,000		

Directors' Report

PERIOD ENDED 30 JUNE 2010

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 under option as at the date of this report, other than those referred to above.

DIRECTORS' MEETINGS

The Company was incorporated on 12 February 2010 and was admitted to the official list of ASX Limited on 30 April 2010.

Whilst an Audit Committee, Risk & Compliance Committee, Remuneration Committee and a Related Party Committee had been formed, no meetings of these Committees were held during the financial period as all relevant matters during that period were dealt with by the full Board.

The number of meetings of the Company's Directors held during the financial period, and the number of those meetings attended by each Director, was:

	BOARD MEETINGS	
	Held	Attended
DIRECTOR		
KM Stokes AC	7	7
PD Ritchie AO	5	4
PJT Gammell	16	16
DJ Leckie	5	5
JA Walker	16	14
ED Boling	6	6
TJ Davis	2	2
CJ Mackay	2	2
BI McWilliam	5	5
RK Stokes	16	16
MC Wells	6	6
RA Uechtritz	2	2
K Evans-Cullen	1	1
RT Halstead	1	1
D Landy	1	1
ALTERNATE DIRECTOR		
RF Waters	0	0

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

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 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.

Directors' Report

PERIOD ENDED 30 JUNE 2010

As relevant, the Directors' Report and Financial Report refer to the Committees and policies in place during the period to 30 June 2010. These Committees did not meet in the period between the approval of the merger of Seven Network Limited and WesTrac Holdings Pty Limited by the Federal Court on 27 April 2010 to form the Company and 30 June 2010 as all relevant matters during that period were dealt with by the full Board.

INDEMNITY

The Constitution of the Company provides an indemnity to any current and former Director or secretary of the Company against any liabilities incurred by that person in, 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 period.

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) 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 our current operations 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.

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

NON AUDIT SERVICES

On 12 April 2010, following a tender process, KPMG were appointed auditor.

During the period KPMG, the Company's auditor, has performed certain other services in addition to their statutory duties. These other services are set out below.

The Board has considered the non audit services provided during the period by the auditor and is satisfied that the provision of those non audit services during the period 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.

There are no comparative figures for 2009.

Directors' Report

PERIOD ENDED 30 JUNE 2010

OTHER SERVICES	2010 $
KPMG Australia:	
– Accounting due diligence and Investigating Accountants Report in relation to Scheme of Arrangement	3,611
Other auditors:	
– Other tax and advisory services	20
Total	3,631

The lead auditor's independence declaration is set out on page 44 and forms part of the Directors' Report for the period ended 30 June 2010.

REMUNERATION COMMITTEE

The Remuneration Committee is responsible for making recommendations to the Board on remuneration and compensation policies and packages for all staff, including Board members, the Group Chief Executive Officer and Senior Executives and Executives of the Company and the Group. A Remuneration Committee was formed during the financial period; however no meetings of the Committee were held as remuneration matters arising during the financial period were addressed by the full Board.

Role of the Committee

The Remuneration Committee operates under the delegated authority of the Board. Its responsibilities include:

- advising the Group Chief Executive Officer as requested on Senior Executive and Executive remuneration and compensation, the appointment of new senior staff (including proposed remuneration and compensation packages) and the Corporate and Remuneration Structure;
- making recommendations to the Board on the remuneration and compensation of the Group Chief Executive Officer and the awarding of contracted bonuses;
- obtaining external advice on which to make recommendations to the Board on the remuneration and compensation of Non Executive Directors;
- reviewing and making recommendations to the Board on all grants of Executive Options and the overall functioning of the Employee Share Option Plan;
- reviewing all proposed issues of offers to participate in the employee share plan and the overall functioning of the employee share plan, providing an overview of the corporate remuneration and compensation strategy for all staff and giving input to Executives on remuneration competitiveness in the marketplace and industry; and
- reviewing and advising on Senior Executive and Executive succession planning and employee development policies.

Membership and Meetings

The members of the Committee from 28 April 2010 to 30 June 2010 were:

Name	Position Held	Status
Peter David Ritchie AO	Chairman	Independent Director
Elizabeth Dulcie Boling	Member	Independent Director
Murray Charles Wells	Member	Independent Director

As indicated above, remuneration matters were dealt with by the full Board during this period.

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.

Directors' Report

PERIOD ENDED 30 JUNE 2010

REMUNERATION REPORT – AUDITED

Remuneration Principles and Policy – audited

Both the Board and the Remuneration 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 key principles of the Company's Remuneration Policy are to remunerate and compensate fairly and responsibly; to remunerate competitively enabling the attraction, retention and motivation of staff of the highest quality and best skills from the industries in which the Company and Group operate; and to ensure that remuneration packages properly reflect the duties and responsibilities of the staff member, including the impact they are expected to have on operational and financial performance.

Key Management Personnel have authority and responsibility for planning, directing and controlling the activities of the Company and the Group. Key Management Personnel comprise the Directors of the Company and Senior Executives for the Company and Group, including the seven most highly remunerated Company and Group Executives.

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

REMUNERATION STRUCTURE – AUDITED

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. The Remuneration 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.

The remuneration structures explained below 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 share price and shareholder wealth; and
- the amount of incentives within each Key Management Person's and Executive's compensation.

Remuneration consists of two elements: fixed remuneration and performance linked remuneration.

Fixed remuneration – audited

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 Committee through a process that considers individual, segment and overall performance of the Group. During the financial period, remuneration matters were dealt with by the full Board. 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 – audited

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.

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.

These options were previously granted as options over unissued shares in Seven Network Limited under six individual option deeds. Following the implementation of the Scheme of Arrangement, the Seven Network Limited options were cancelled and replaced by an equivalent number of options in Seven Group Holdings Limited on equivalent terms.

Performance linked remuneration forms part of the remuneration arrangements for Executive Directors, Mr Leckie and Mr McWilliam and the Group Chief Financial Officer, Mr Lewis in the form of option grants. Mr Leckie, Mr McWilliam and Mr Lewis also participate in Seven Media Group incentive plans. Seven Media Group is an associated Group company.

The details of outstanding options under the Employee Share Option Plan are as follows:

Grant date for all tranches was 28 April 2010.

Tranche	First Exercise Date	Expiry Date	No. of Options granted in period	Exercise Price per Option	Fair Value per Option
TERMS FOR MR LECKIE					
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 replacement options at the grant date was $3,190,000.

TERMS FOR MR MCWILLIAM					
1	30 June 2010	30 June 2014	1,000,000	$ 7.00	$ 1.21
2	30 June 2011	30 June 2014	500,000	$ 8.00	$ 0.98
3	30 June 2012	30 June 2014	500,000	$ 9.00	$ 0.79
Total			2,000,000		

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

TERMS FOR MR LEWIS					
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 replacement options at the grant date was $745,000.

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

Performance Conditions – Mr Leckie, Mr McWilliam and Mr Lewis

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.

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

No options vested or were forfeited during the financial period.

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.

A review of the remuneration particulars of the Key Management Personnel and Executives of the Company follows.

Directors' Report

PERIOD ENDED 30 JUNE 2010

Directors of the Company

At the date of this Report, there were twelve Directors of the Company:

- Kerry Matthew Stokes AC
- Peter David Ritchie AO
- Peter Joshua Thomas Gammell
- David John Leckie
- James Allan Walker
- Elizabeth Dulcie Boling
- Terry James Davis
- Christopher John Mackay
- Bruce Ian McWilliam
- Ryan Kerry Stokes
- Richard Anders Uechtritz
- Murray Charles Wells

Robin Frederick Waters is appointed as an Alternate Director for PJT Gammell. Mr Waters does not receive any remuneration for acting as an Alternate Director.

The remuneration of the Directors is determined by the Board, acting on recommendations made by the Remuneration Committee. During the financial period, remuneration matters were dealt with by the full Board. 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 remuneration of Directors comprises a base fee, non cash benefits and FBT and employer superannuation guarantee contributions.
- Options may also be granted to Executive Directors under the Employee Share Option Plan.
- Performance linked remuneration does not currently form an element of the remuneration of the Non Executive Directors, 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.
- No options are currently held by any Non Executive Director.

The remuneration of the Non Executive Directors is restricted, in aggregate, by the Constitution of the Company, which may only be amended by the shareholders in General Meeting and the requirements of the Corporations Act.

The aggregate pool available for the payment of fees to Non Executive Directors of the Company has been determined by the Board to be an amount of $2 million per annum.

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.

Company and Group Executives – audited

The Executives discussed in this section are Mr Lewis, Group Chief Financial Officer, Mr Martin Bryant, Managing Director, WesTrac China, Mr Darren Tasker, Chief Operating Officer, WesTrac NSW/ACT, Mr Sybrandt van Dyk, Chief Operating Officer, WesTrac WA, Mr Donald James, Chief Financial Officer, WesTrac, Mr Chris Forde, Chief Operating Officer, WesTrac Corporate Support Services and Mr Andrew Aitken, Managing Director, National Hire, all are members of the Company and Group's Key Management Personnel. Also discussed is Mr Warren Coatsworth, Company Secretary and Company Executive. These Executives received the highest remuneration for the period ended 30 June 2010 (excluding the Executive Directors). Remuneration for Mr Lewis and Mr Coatsworth relate to amounts recharged by Seven Media Group for the financial period. Remuneration details for the Executives of WesTrac and National Hire are for the period 28 April 2010 to 30 June 2010; all other Executives are for the period 13 May 2010 to 30 June 2010.

In the opinion of the Board, there are no other Key Management Personnel (as defined in AASB 124) employed by the Group.

As noted above, remuneration and compensation for Company and Group Executives is divided into two components, fixed and performance linked. The performance linked component is derived only in circumstances where the individual has met challenging personal objectives and corporate performance hurdles, (in respect to issued options), which contribute to the Group's overall profitability and performance.

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.

- Remuneration for these Executives comprises a base fee, non cash benefits and FBT and employer superannuation guarantee contributions. Options may also be granted to these Executives. Options are currently held by Mr Lewis.
- Remuneration packages may include the payment of a performance bonus.

Employment Contracts – audited

Group Chief Executive Officer Employment Arrangements

On 22 September 2010, the Company announced to the ASX key agreed terms with Mr Peter Gammell, Group Chief Executive Officer, in respect of his employment arrangements in this role.

As foreshadowed by the Scheme Booklet relevant to the merger between Seven Network Limited and WesTrac Holdings Pty Limited to create Seven Group Holdings Limited, which was approved by the Federal Court on 27 April 2010, Mr Gammell's employment arrangements were determined by the Board.

The key terms of Mr Gammell's employment arrangements include:

- a fixed base salary of $3,000,000 per annum inclusive of superannuation;
- the employment arrangements shall relate to the period commencing 28 April 2010, the day after approval by the Federal Court on 27 April 2010 of the merger between Seven Network Limited and WesTrac Holdings Pty Limited;
- no fixed term of employment;
- either party may give six months notice to terminate;
- 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;

From 1 July 2010 (after the end of the financial period to 30 June 2010), participation in a Performance Management Plan which includes annual performance-linked remuneration assessed by the Board against agreed performance goals which shall appropriately align with shareholder interests 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 a cash component and an "on market" share component held in trust and subject to post vesting disposal restrictions.

The services of the Messrs Leckie, McWilliam, Lewis and Coatsworth are provided to the Company pursuant to a charge-back arrangement with the Seven Media Group, which employs each of them. The durations and periods of notice required to terminate each of those contracts with Seven Media Group is set out below.

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.
D Leckie	3 years	The contract term expires at the end of the fixed term or such later date of which no less than six months notice has been given by either party.
J Walker	No specified term	One month notice given by either party.
B McWilliam	3 years	Three months notice given by either party after the fixed term.
P Lewis	3 years	Three months notice given by either party after the fixed term.
W Coatsworth	3 years plus a 1 year option	On expiry of the contract term, either party may terminate by giving reasonable notice.
M Bryant	No specified term	One month notice given by either party.
D Tasker	No specified term	One month notice given by either party.
S van Dyk	No specified term	One month notice given by either party.
D James	No specified term	One month notice given by either party.
C Forde	No specified term	One month notice given by either party.
A Aitken	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. There are no formal employment contracts for the other Non Executive Directors and Executive Directors.

Remuneration that consists of "Securities" – audited

There was no element of remuneration for Directors or Company Executives for the financial period ended 30 June 2010 that consisted of securities of the Company that was not dependent on the satisfaction of a performance condition.

Remuneration and Compensation details of Directors and Company Executives for the Period Ended 30 June 2010 – audited

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 (Key Management Personnel) and the nature and amount of the elements of their compensation for the period ended 30 June 2010.

There are no comparative details for 2009.

Directors' Report

PERIOD ENDED 30 JUNE 2010

	SHORT TERM PRIMARY			POST-EMPLOYMENT		EQUITY COMPENSATION	
2010	Salary & Fees $	Bonus $	Non Monetary $	Termination $	Super-annuation benefits $	Value of Options $	TOTAL $
KEY MANAGEMENT PERSONNEL – DIRECTORS							
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							
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 is 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.

Directors' Report

PERIOD ENDED 30 JUNE 2010

REMUNERATION POLICY AND GROUP PERFORMANCE – AUDITED

Detail below shows the Group performance in key areas for the 2010 period (there are no comparative details for prior periods):

Period from 12 February 2010 to 30 June 2010	
Net consolidated profit ($'000)	$718,742
Net profit attributable to shareholders ($'000)	$718,034
Basic adjusted earnings per ordinary share	$2.72
Dividends per ordinary share – dividend declared on 24 August 2010 and payable on 22 October 2010	18.0 cents
Share price at listing date	$7.45
Share price at financial period end	$5.74
Statutory basic earnings per ordinary share	$5.87

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 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.

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
24 September 2010

Auditor's Independence Declaration

PERIOD ENDED 30 JUNE 2010

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

To: the directors of Seven Group Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial period from 12 February 2010 to 30 June 2010 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

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

KPMG.

KPMG

Kenneth Reid
Partner

Sydney

24 September 2010

Consolidated Statement of Comprehensive Income

FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010

	Note		2010 $'000
Revenue	4		537,584
Other income	4		2,764
Share of results from equity accounted investees	12		14,266
Accounting gain on acquisition of Seven Network Limited	27		726,343
Expenses excluding depreciation and amortisation	4		(531,617)
Profit before depreciation and amortisation, net finance costs and tax			**749,340**
Depreciation and amortisation			(11,737)
Profit before net finance costs and tax			**737,603**
Finance income	5		3,718
Finance costs	5		(16,852)
Net finance costs			**(13,134)**
Profit before tax			**724,469**
Income tax expense	6		(5,727)
Profit for the period			**718,742**
Other comprehensive income			
Net change in fair value of available-for-sale financial assets			24,024
Cash flow hedges: effective portion of changes in fair value			9,693
Foreign currency differences for foreign operations			40,037
Income tax on items of other comprehensive income	6		(9,560)
Other comprehensive income for the period, net of tax			**64,194**
Total comprehensive income for the period			**782,936**
Profit for the period attributable to:			
Equity holders of the Company			718,034
Non-controlling interest			708
Profit for the period			**718,742**
Total comprehensive income for the period attributable to:			
Equity holders of the Company			780,786
Non-controlling interest			2,150
Total comprehensive income for the period			**782,936**
STATUTORY EARNINGS PER SECURITY (EPS)			
Ordinary shares			
Basic earnings per share ($) [a]	8	$	5.87
Diluted earnings per share ($) [a]	8	$	5.87
ADJUSTED EARNINGS PER SECURITY (EPS)			
Ordinary shares			
Basic earnings per share ($) [a]	8	$	2.72
Diluted earnings per share ($) [a]	8	$	2.72

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

(a) Refer to Note 8 for details of the rationale and methodology used to calculate statutory and adjusted EPS.

Consolidated Statement of Financial Position

AS AT 30 JUNE 2010

	Note	2010 $'000
CURRENT ASSETS		
Cash and cash equivalents	32a	455,205
Trade and other receivables	9	405,468
Inventories	10	682,673
Other current assets	11	36,068
Derivative financial instruments	13	124
Total current assets		**1,579,538**
NON-CURRENT ASSETS		
Investments accounted for using the equity method	12	1,724,687
Trade and other receivables	9	11,224
Derivative financial instruments	13	4,666
Other investments	14	395,926
Property, plant and equipment	15	241,094
Intangible assets	16	577,351
Deferred tax assets	6	16,603
Total non-current assets		**2,971,551**
Total assets		**4,551,089**
CURRENT LIABILITIES		
Trade and other payables	17	365,341
Derivative financial instruments	13	5,305
Interest bearing loans and borrowings	18	302,234
Deferred income	20	42,331
Current tax liabilities		1,953
Provisions	19	58,547
Total current liabilities		**775,711**
NON-CURRENT LIABILITIES		
Trade and other payables	17	5,625
Interest bearing loans and borrowings	18	383,989
Derivative financial instruments	13	12,104
Deferred tax liabilities	6	473,832
Provisions	19	2,613
Deferred income	20	17,070
Total non-current liabilities		**895,233**
Total liabilities		**1,670,944**
Net assets		**2,880,145**
EQUITY		
Contributed equity	21	2,608,852
Reserves	22	(574,500)
Retained earnings	23	706,045
Total equity attributable to equity holders of the Company		**2,740,397**
Non-controlling interest		139,748
Total equity		**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 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		-	24,024	-	24,024	-	24,024
Cash flow hedges: effective portion of changes in fair value		-	8,923	-	8,923	770	9,693
Foreign currency differences for foreign operations		-	39,365	-	39,365	672	40,037
Income tax on items of other comprehensive income	6	-	(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	21	10,000	-	-	10,000	-	10,000
Issue of ordinary shares related to acquisition	21	2,171,687	-	-	2,171,687	-	2,171,687
Issue of TELYS4 related to acquisitions	21	427,165	-	-	427,165	-	427,165
TELYS dividends paid	7	-	-	(11,989)	(11,989)	-	(11,989)
Share based payments	22	-	1,836	-	1,836	-	1,836
Replacement of share options related to business combination	22	-	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	27	-	(642,586)	-	(642,586)	-	(642,586)
Total contributions by and distributions to owners		**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 PERIOD ENDED 30 JUNE 2010

	Note	2010 $'000
CASH FLOWS RELATED TO OPERATING ACTIVITIES		
Receipts from customers		572,516
Payments to suppliers and employees		(613,299)
Interest and other items of a similar nature received		9,292
Interest and other costs of finance paid		(10,641)
Income taxes paid		(30)
Net operating cash flows	32b	**(42,162)**
CASH FLOWS RELATED TO INVESTING ACTIVITIES		
Payments for purchases of property, plant and equipment		(11,356)
Proceeds from sale of property, plant and equipment		1,890
Payments for purchase of intangibles		(1,582)
Cash acquired on acquisition of subsidiaries	27	1,126,123
Payments for other investments		(4,266)
Proceeds from sale of other investments		15,738
Transaction costs relating to acquisition of subsidiaries		(35,249)
Loans and deposits repaid		594
Other		89
Net investing cash flows		**1,091,981**
CASH FLOWS RELATED TO FINANCING ACTIVITIES		
Proceeds from issue of shares		10,000
TELYS dividends paid	7	(11,989)
Proceeds from borrowings		220,053
Repayment of borrowings		(819,279)
Net financing cash flows		**(601,215)**
Net increase in cash and cash equivalents		**448,604**
Cash and cash equivalents at beginning of period		-
Effect of exchange rate changes on cash and cash equivalents		1,067
Cash and cash equivalents at end of the period	32a	**449,671**

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

Notes to the Consolidated Financial Statements

FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Seven Group Holdings Limited (the "Company") is a company domiciled in Australia. The Company was incorporated on 12 February 2010 and the financial report covers the period from 12 February to 30 June 2010. The consolidated financial statements of the Company as at and for the period ended 30 June 2010 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 24 September 2010.

(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.

(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 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.

In assessing the Group's ownership of Seven Media Group Pty Limited the Group has concluded that all issued options under Seven Media Group Pty Limited's Managed Equity Plan will vest in full and are considered ownership interests for equity accounting purposes.

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. 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 the statement of comprehensive income, except when they are deferred in equity 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 statement of comprehensive income, 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) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

(iv) 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.

(v) 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 revenue 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(E) TAXATION (CONTINUED)

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.

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
The Company is the head entity in the tax-consolidated group comprising all its Australian wholly-owned subsidiaries and Seven Media Group Pty Limited and its subsidiaries. The implementation date for the tax-consolidated group was 28 April 2010.

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.

Notes to the Consolidated Financial Statements

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 WesTrac Group

The acquisition of WesTrac Holdings Pty Limited ("WesTrac Group") including National Hire Group Limited ("National Hire") has been accounted for as a common control transaction as at the time of this transaction both Seven Group Holdings and WesTrac Group were controlled by the same shareholder group. As a common control transaction, the acquisition does 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 reflects 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 is recognised as a common control reserve in the consolidated financial statements. The Group has elected not to re-designate financial instruments as hedging instruments or re-designate existing hedge relationships at the acquisition date.

Acquisition of Seven Network Limited by WesTrac Holdings Pty Limited and 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 acquisition of WesTrac Group, all acquisitions are accounted for by applying the acquisition method.

The Group has applied the acquisition method for the acquisition of Seven Network Limited (Note 27).

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.

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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(G) BUSINESS COMBINATIONS (CONTINUED)

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.

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.

Notes to the Consolidated Financial Statements

FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 WesTrac.

(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.

(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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(L) INVESTMENTS AND OTHER FINANCIAL ASSETS (CONTINUED)

Recognition and de-recognition (continued)

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 hedge); 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.

(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 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(M) DERIVATIVES (CONTINUED)

(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 expense.

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%.

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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 the include external direct costs of materials and services and 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.

(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.

Notes to the Consolidated Financial Statements

FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(S) EMPLOYEE BENEFITS (CONTINUED)

(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.

(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 2010, but have not been applied in preparing this financial report.

- *AASB 9 Financial Instruments* includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 will become mandatory for the Group's 30 June 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 30 June 2012 or earlier. The Group has not yet determined the potential effect of this standard.
- *AASB 124 Related Party Disclosures* (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. The amendments, which will become mandatory for the Group's 30 June 2012 financial statements, are not expected to have any impact on the financial statements.

Notes to the Consolidated Financial Statements

FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(V) NEW ACCOUNTING STANDARDS (CONTINUED)

- AASB 2009-5 *Further amendments to Australian Accounting Standards arising from the Annual Improvements Process* affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes.
  The amendments, which become mandatory for the Group's 30 June 2011 financial statements are not expected to have a significant impact on the financial statements.
- AASB 2009-8 *Amendments to Australian Accounting Standards – Group Cash-settled Share Based Payment Transactions* resolves diversity in practice regarding the attribution of cash-settled share-based payments between different entities within a group.
  As a result of the amendments AI 8 scope of AASB2 & AI 11 – Group and Treasury Share Transactions will be withdrawn from the application date. The amendments, which become mandatory for the Group's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.
- AASB 2010-3 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, AASB 7, AASB 121, AASB 128 , AASB 131, AASB 132 & AASB 139]* limits the scope of the measurement choices of non-controlling interest at proportionate share of net assets in the event of liquidation. Other components of non-controlling interest are measured at fair value. AASB 2010-3 will become mandatory for the Group's 30 June 2011 financial statements. The Group has not yet determined the potential effect on the Group's financial statements.
- AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB AASB 134 and Interpretation 13]* emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments. AASB 2010-4 will become mandatory for the Group's 30 June 2011 financial statements. The Group has not yet determined the potential effect on the Group's financial statements.

(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.

Notes to the Consolidated Financial Statements

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.

In calculating the weighted average number of shares on issue for the "adjusted earnings per share", only the period from commencement of trading (28 April 2010) has been taken into account, as in the directors opinion, to calculate this from incorporation date (12 February 2010) would give rise to an earnings per share that did not match the earnings period to shares on issue.

(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 statement of comprehensive income 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 revised 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 described below and in the following notes:

- income tax
- determining fair values in respect of business combinations
- impairment of investment in associates

Impairment of intangible assets

The Group tests annually whether goodwill and distribution networks have suffered any impairment, in accordance with the accounting policy stated in Note 1(H). The recoverable amounts of cash-generating units have been determined based on value-in-use and discounted cash-flow model calculations. These calculations require the use of assumptions. Refer to Note 16 for details of these assumptions and the potential impact of changes to the assumptions.

Impairment of available-for-sale assets

In determining the amount of impairment for financial assets, the Group has made judgements in identifying financial assets whose decline in fair value below cost is considered "significant" or "prolonged". A significant decline is assessed based on the historical volatility of the share price. The higher the historical volatility, the greater the decline in fair value required before is it 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 product is sold, the nature of services provided and country of origin. Segment results are 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 investment in rental equipment via National Hires' investment in Coates Hire Pty Limited.
- Media investments - relates to investments in listed and unlisted media organisations, including but not limited to, Seven Media Group Pty Limited, West Australian Newspapers Holdings Limited and Consolidated Media Holdings Limited.
- Other investments - incorporates broadband, telephony, listed investments and property.

The Group is domiciled in Australia and operates 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.

	WesTrac Australia $'000	WesTrac China $'000	National Hire $'000	Media [c] investments $'000	Other investments $'000	Total $'000
PERIOD ENDED 30 JUNE 2010						
Segment revenue						
Sales to external customers	358,607	155,720	15,834	-	7,423	537,584
Intersegment sales	411	-	(411)	-	-	-
Segment result						
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)
Earnings before interest and tax (EBIT) [b]	**34,525**	**6,862**	**2,364**	**10,761**	**(6,097)**	**48,415**

(a) EBITDA comprises profit before depreciation and amortisation, net finance costs and tax
(b) EBIT comprises profit before net finance costs and tax
(c) Media investments comprise investments accounted for using the equity method and available-for-sale financial assets

Notes to the Consolidated Financial Statements

FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010

3. OPERATING SEGMENTS (CONTINUED)

	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	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 EBIT	803	-	2,702	10,761	-	14,266

Reconciliation of segment EBIT to net profit before tax per statement of comprehensive income

Segment net operating profit before net finance costs and tax	48,415
Accounting gain on acquisition of Seven Network Limited	726,343
Corporate operating costs	(37,155)
Net finance costs	(13,134)
Profit before tax per statement of comprehensive income	724,469

Reconciliation of segment operating assets to total assets per statement of financial position

Segment operating assets	4,090,499
Corporate cash holdings	455,205
Assets held at corporate level	5,385
Total assets per statement of financial position	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 $2,499,640,966. The total of non-current assets located in China is $450,641,034. 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

Segment operating liabilities	(492,078)
Liabilities held at corporate level	(1,402)
Derivative financial instruments	(17,409)
Current borrowings	(302,234)
Non current borrowings	(383,989)
Deferred tax liabilities	(473,832)
Total liabilities per statement of financial position	(1,670,944)

Notes to the Consolidated Financial Statements

4. REVENUE AND EXPENSES

	2010 $'000
REVENUE	
Revenue from product support	194,871
Revenue from capital sales	336,909
Other	5,804
Total revenue	**537,584**
OTHER INCOME	
Gain on sale of property, plant & equipment	523
Gain on sale of investments	203
Fair value movement of derivatives	2,038
Total other income	**2,764**
EXPENSES EXCLUDING DEPRECIATION AND AMORTISATION	
Materials cost of inventory sold	367,919
Raw materials and consumables purchased	20,927
Changes in inventories of manufactured goods, finished goods and work in progress	(4,371)
Other expenses	147,142
Total expenses	**531,617**
Included within the above other expenses are the following items:	
Transaction costs associated with acquisition of WesTrac Group & Seven Network Limited	35,828
Employee benefits expenses	
Wages and salaries	71,081
Share based payments expense	1,836
	72,917
Operating lease rental expense	5,271

5. NET FINANCE EXPENSE

	2010 $'000
FINANCE INCOME	
Interest income on bank deposits	3,003
Other	715
Total finance income	**3,718**
FINANCE COSTS	
Interest expense	(11,036)
Borrowing costs	(5,816)
Total finance costs	**(16,852)**
Net finance expense	**(13,134)**

Notes to the Consolidated Financial Statements

FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010

6. INCOME TAX

	2010 $'000
INCOME TAX EXPENSE	
Current tax expense:	
Current period	(11,013)
	(11,013)
Deferred tax expense due to origination and reversal of temporary differences	5,286
Total income tax expense in statement of comprehensive income	**(5,727)**
RECONCILIATION BETWEEN TAX EXPENSE AND PRE-TAX ACCOUNTING PROFITS:	
Income tax using the domestic corporation tax rate 30%	(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 relating to investments	(10,534)
Remeasurement of WesTrac deferred tax balances on formation of tax consolidated group	3,839
Share of associates' net profit	(1,733)
Non-assessable tax group revenue	(272)
Other non-taxable/non-deductible items	3,381
Recovery of income tax benefit under a tax sharing agreement	(1,268)
Difference in overseas tax rates	766
Income tax expense on operating profit	**(5,727)**
DEFERRED INCOME TAX RECOGNISED DIRECTLY IN EQUITY	
Relating to available-for-sale financial assets	(7,207)
Relating to cash flow hedge reserve	(2,353)
Total deferred income tax recognised directly in equity	**(9,560)**

	Recognised on acquisition of controlled entities/ in profit $'000	Recognised in equity $'000	Balance $'000
DEFERRED TAX BALANCE			
Investments	(493,285)	(7,207)	(500,492)
Derivative financial instruments	(11,366)	(2,353)	(13,719)
Inventories and receivables	(8,885)	-	(8,885)
Property, plant & equipment	(13,865)	-	(13,865)
Other deferred tax liabilities	(32,822)	-	(32,822)
Intangible assets	(4,201)	-	(4,201)
Trade & other payables	10,608	-	10,608
Provisions	34,460	-	34,460
Tax losses	43,469	-	43,469
Transaction costs deducted over 5 years	10,063	-	10,063
Other	18,155	-	18,155
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)**

6. INCOME TAX (CONTINUED)

Net deferred tax liabilities recognised on acquisition of controlled entities during the period were $443,826,000.

As at 30 June 2010, the Group has not recognised deferred tax assets of $96,569,001 in respect of deductible temporary differences relating to capital losses because it is not probable that future capital gains will be available against which it can utilise the benefits therefrom.

As at 30 June 2010, the Group has not recognised deferred tax liabilities of $2,819,331 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. DIVIDENDS

		Amount per share	**2010 $'000**
DIVIDENDS PAID			
Ordinary shares			
Interim dividend in respect of 2010 year	$	-	-
			-
Transferable Extendable Listed Yield Shares ("TELYS4")			
Dividend fully franked paid 31 May 2010	$	2.42	11,989
			11,989
Dividends paid or payable			**11,989**
Subsequent event			
Current period final dividend on ordinary shares proposed but not provided			
Ordinary shares			
Final dividend in respect of 2010 year fully franked to be paid 22 October 2010	$	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 $23,560,000.

Notes to the Consolidated Financial Statements

FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010

8. EARNINGS PER SHARE

	2010 $'000
EARNINGS RECONCILIATION	
Net profit attributable to equity holders of the Company	718,034
Allocated earnings to category of share:	
- Ordinary shares	714,907
- TELYS4	3,127
	718,034
Weighted average number of shares	
Number for basic earnings per share:	
- Ordinary shares	263,096,885
- TELYS4	3,860,609
Effect of share options on issue:	
- Ordinary shares	-
Number for diluted earnings per share:	
- Ordinary shares	263,096,885
- TELYS4	3,860,609
Earnings per share [(a)]	
Ordinary shares - total adjusted earnings per share from continuing operations:	
- Basic ($)	2.72
- Diluted ($)	2.72
TELYS4 adjusted earnings per share:	
- Basic ($)	0.81
- Diluted ($)	0.81

(a) The Company was incorporated on 12 February 2010 but did not commence trading until the WesTrac Group was acquired on 28 April 2010. In determining the weighted average number of shares on issue for the adjusted EPS, the commencement date was calculated from the first day of operations, being 28 April 2010. If the weighted average number of shares was calculated from the Company's incorporation date, the weighted average number of shares on issue would have been 122,015,245, resulting in a basic and diluted statutory EPS of $5.87.

The 6,875,000 options included in Note 21 are anti-dilutive and have not been included in the above diluted earnings per share calculation.

9. TRADE AND OTHER RECEIVABLES

	2010 $'000
CURRENT	
Trade receivables	409,699
Receivables due from associates	5,537
Provision for impairment loss	(9,768)
	405,468
NON-CURRENT	
Receivables due from associates	8,815
Other receivables	2,409
	11,224

The Group's exposure to credit and currency risk and impairment losses related to trade and other receivables is disclosed in Note 35.

10. INVENTORIES

	2010 $'000
CURRENT	
Raw materials - at cost	16,563
Work-in-progress - at cost	26,307
Finished goods	
- at cost	605,023
- at net realisable value	34,780
Total finished goods	639,803
	682,673

During the period ended 30 June 2010 the cost of inventory recognised in the statement of comprehensive income amounted to $384,475,000.

11. OTHER CURRENT ASSETS

	2010 $'000
Prepayments	16,676
Interest receivable	1,568
Other financial assets	17,824
	36,068

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

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

* - the company has determined its interest in Seven Media Group Pty Limited (SMG) to be 45% after considering vesting conditions for options issued under SMG's Management Equity Plan including options issued during the period ended 30 June 2010.

** - interest held by National Hire Group Limited, which is 66.24% owned by Seven Group Holdings Limited. Effective interest is 30.54%.

	ASSOCIATED AND JOINTLY CONTROLLED ENTITIES 2010 $'000
SHARE OF INVESTEES' NET PROFIT	
Share of operating profit before tax	16,081
Share of income tax expense	(1,815)
Share of results from equity accounted investees	**14,266**

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

	2010 $'000
SUMMARISED FINANCIAL INFORMATION OF INVESTEES (100%)	
Revenues [(a)]	3,023,381
Expenses [(a)]	(2,902,194)
Profit before tax	**121,187**
Current assets	1,449,688
Non-current assets	5,792,170
Total assets	**7,241,858**
Current liabilities	905,406
Non-current liabilities	6,468,079
Total liabilities	**7,373,485**

(a) the above revenue and expenses relates to 100% of the investees full year results for the year ended 30 June 2010. These investments were only held by the Group from the date of acquisition of WesTrac Group and SNL (refer to Note 27).

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

	2010 $'000
SHARE OF INVESTEES' COMMITMENTS	
Share of capital commitments	40,607
Share of lease and expenditure commitments	478,188

	2010 $'000
FAIR VALUES OF LISTED INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	
Consolidated Media Holdings Limited	436,653
West Australian Newspapers Holdings Limited	336,151

The Company and the Group did not receive dividends from any of its investments in equity accounted investees during the period ended 30 June 2010.

13. DERIVATIVE FINANCIAL INSTRUMENTS

	2010 $'000
CURRENT ASSETS	
Forward foreign exchange contracts - fair value hedges	124
NON-CURRENT ASSETS	
Forward foreign exchange contracts - cash flow hedges	4,666
CURRENT LIABILITIES	
Forward foreign exchange contracts - cash flow hedges	(5,305)
NON-CURRENT LIABILITIES	
Forward foreign exchange contracts - cash flow hedges	(8,982)
Interest rate derivative contracts - undesignated	(3,122)
	(12,104)
Net derivative financial instrument liability	**(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 and foreign exchange rates in accordance with the Group's financial risk management policies (refer to Note 35).

(i) Interest rate cap contracts

The Group's policy is to protect a proportion of its interest bearing liabilities from exposure to changes in interest rates.

The Group has through the acquisition of WesTrac Group and SNL, acquired interest rate caps which effectively cap the cost of finance where interest rates move above the cap rate.

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 statement of comprehensive income.

At 30 June 2010 the Group had interest rate caps with a notional value of $303m, 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 statement of comprehensive income.

(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 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 August 2021, 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.

14. OTHER INVESTMENTS

	2010 $'000
NON-CURRENT	
Listed equity securities (available-for-sale)	393,300
Unlisted equity securities	1,411
Other investments	1,215
	395,926

Listed equity securities are designated as available-for-sale financial above, in accordance with the Group's accounting policies. The carrying amounts are determined based on their market price at 30 June 2010.

The Group's exposure to credit, currency and interest rate risk and equity price risk related to other investments is disclosed in Note 35.

15. PROPERTY, PLANT AND EQUIPMENT

	2010 $'000
Freehold land and buildings at cost	57,788
Accumulated depreciation	(4,139)
	53,649
Leasehold improvements at cost	16,915
Accumulated amortisation	(9,502)
	7,413
Plant and equipment at cost	295,619
Accumulated depreciation	(116,345)
	179,274
Leased plant and equipment at cost	813
Accumulated depreciation	(55)
	758
Total property, plant and equipment at cost	**371,135**
Accumulated depreciation and amortisation	**(130,041)**
Carrying amount at end of the period	**241,094**

	2010 $'000
RECONCILIATIONS	
Reconciliations of the carrying amounts for each class of property, plant and equipment:	
Freehold land and buildings	
Carrying amount at beginning of the period	-
Additions through acquisition of controlled entities	57,031
Accumulated depreciation acquired from common control transaction	(3,994)
Additions	25
Depreciation	(145)
Exchange differences	732
Carrying amount at end of the period	**53,649**

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2010 $'000
Leasehold improvements	
Carrying amount at beginning of the period	-
Additions through acquisition of controlled entities	12,509
Accumulated depreciation acquired from common control transaction	(9,230)
Additions	1,026
Disposals	(2)
Depreciation	(272)
Exchange differences	161
Net transfer from inventory	3,221
Carrying amount at end of the period	**7,413**
Plant and equipment	
Carrying amount at beginning of the period	-
Additions through acquisition of controlled entities	257,845
Accumulated depreciation acquired from common control transaction	(108,084)
Additions	10,194
Disposals	(1,365)
Depreciation	(8,261)
Exchange differences	1,983
Net transfer from inventory	26,962
Carrying amount at end of the period	**179,274**
Leased plant and equipment	
Carrying amount at beginning of the period	-
Additions through acquisition of controlled entities	398
Additions	415
Depreciation	(55)
Carrying amount at end of the period	**758**

Notes to the Consolidated Financial Statements

FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010

16. INTANGIBLE ASSETS

	2010 $'000
Distribution network	450,706
Accumulated amortisation	-
	450,706
Intellectual property	4,761
Accumulated amortisation	(1,073)
	3,688
Customer contracts	9,519
Accumulated amortisation	(2,850)
	6,669
Goodwill	30,403
Accumulated amortisation	-
	30,403
Spectrum licences	75,000
Accumulated amortisation	(1,793)
	73,207
Software at cost	17,673
Accumulated amortisation	(4,995)
	12,678
Total intangible assets	**577,351**

2010	**Distribution network $'000**	**Intellectual property $'000**	**Customer contracts $'000**	**Goodwill $'000**	**Spectrum licences $'000**	**Software $'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
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). 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.

16. 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.

	WesTrac Australia $'000	WesTrac China $'000	Total $'000
Capital sales, service and distribution	38,009	-	38,009
Caterpillar distribution networks	37,900	405,200	443,100
	75,909	**405,200**	**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. Cash flow projections utilised for fair value less costs to sell calculations are based on financial forecasts and cover a fifteen year period.

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	Growth rate* %	Discount rate (post-tax)** %
Value-in-use		
Capital sales, service and distribution	4.4	11.7
Caterpillar distribution network - Australia	4.0	11.0
Fair value less cost to sell		
Caterpillar distribution network - China***	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 15 year 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.

17. TRADE AND OTHER PAYABLES

	2010 $'000
CURRENT	
Trade payables	201,154
Other payables	126,800
Accruals	37,387
	365,341
NON-CURRENT	
Trade payables and accruals	5,625
	5,625

The Company has entered into a Deed of Cross Guarantee with certain subsidiaries as described in Note 26. 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 26.

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 35.

18. INTEREST BEARING LOANS AND LIABILITIES

	2010 $'000
CURRENT	
Interest bearing liabilities	276,226
Fixed term US dollar notes	19,946
Bank overdrafts used for cash management purposes	5,534
Finance lease liabilities (refer Note 25)	528
	302,234
NON-CURRENT	
Interest bearing liabilities	13,721
Finance lease liabilities (refer Note 25)	1,767
Fixed term US dollar notes	369,588
Less: capitalised borrowing costs net of accumulated amortisation	(1,087)
	383,989

The current interest bearing liabilities of $276.2m relate to the Group's working capital facilities. These liabilities are drawn from rolling short dated facilities within Australia ($140.0m) and China ($136.2m) and are generally reviewed annually. They have a weighted average interest rate of 7.0% including margin. Of the amount drawn within Australia, $119.3m is secured against inventory and receivables with the balance being unsecured. The balance drawn from facilities located in China is unsecured.

The non-current interest bearing liabilities of $13.7m have a weighted average interest rate of 7.2% and are unsecured with maturities of between 2 and 8 years.

At 30 June 2010, the total available borrowing facilities included undrawn loan facilities of $297.9m and lease facilities of $66.5m. The Group also had access to unutilised short dated lines of credit totalling $111.5m.

Notes to the Consolidated Financial Statements

FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010

18. INTEREST BEARING LOANS AND LIABILITIES (CONTINUED)

Subsequent to 30 June 2010, the Group has negotiated a syndicated loan facility of $498m. 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 liabilities is disclosed in Note 35.

Unsecured fixed term USD Notes

The Group has issued notes denominated in US currency of USD $332,000,000. These borrowings are hedged by forward exchange contracts or foreign exchange option derivatives as detailed in Note 13. Interest is payable half yearly in arrears and the terms and conditions attaching to the notes including the effective hedge position, are summarised as follows:

Notes	Agreement	Amount USD $'000	Spot amount AUD $'000	Hedged amount AUD $'000	Interest rate (incl. margin) %	Maturity 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	99,730	112,236	7.56%	23-Aug-21
		332,000	**389,533**	**438,146**		

19. PROVISIONS

	2010 $'000
CURRENT	
Employee benefits (refer Note 28)	29,928
Service warranties	21,023
Other	7,596
	58,547
NON CURRENT	
Employee benefits (refer Note 28)	556
Other	2,057
	2,613

	Employee benefits $'000	**Warranty $'000**	**Other $'000**	**Total $'000**
MOVEMENT IN PROVISIONS				
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**

19. PROVISIONS (CONTINUED)

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 as at 30 June 2010 include amounts that have been provided in relation to Directors retirement benefits, workers compensation claims and maintenance and repair contracts.

20. DEFERRED INCOME

	2010 $'000
CURRENT	
Maintenance and repair contracts	31,027
Other deferred income	11,304
	42,331
NON-CURRENT	
Deferred government grant	9,748
Other deferred income	7,322
	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.

21. CONTRIBUTED EQUITY

	2010 $'000
SHARE CAPITAL	
305,410,281 ordinary shares, fully paid	2,181,687
4,963,640 TELYS4 preference shares, fully paid	427,165
Balance at end of the period	**2,608,852**
MOVEMENTS IN ORDINARY SHARES	
Balance at 28 April 2010 (2,000,000 shares)	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
Balance at end of the period	**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	
Balance at 28 April 2010	-
TELYS4 issued to acquire TELYS3 (4,963,640 TELYS)	427,165
Balance at end of the period	**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 was set at 2.5% until 31 May 2010, and then 4.75% after that date 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
OPTIONS ON ORDINARY SHARES	
As at reporting date the number of options exercisable into ordinary shares was as follows:	
Options to Directors	5,000,000
Options to other Executives	1,875,000
	6,875,000

Details on the above options issued by the Group are detailed in the Remuneration Report and Note 28.

22. RESERVES

	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)**

NATURE AND PURPOSE OF RESERVES

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

As described in Note 1(G), the acquisition of WesTrac Group by the Company is 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 & liabilities of the WesTrac Group will be 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 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.

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FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010

23. RETAINED EARNINGS

	Note	2010 $'000
On incorporation		-
Net profit attributable to members of the Company		718,034
Dividends paid	7	(11,989)
Retained earnings at end of the period		**706,045**

24. CONTINGENCIES

	Note	2010 $'000
Contingent liabilities		
Performance guarantees	(a)	24,870
Financial guarantees	(b)	96,639
		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 2010.

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 18.

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.

25. COMMITMENTS

	2010 $'000
Capital expenditure commitments	
Payable:	
Not later than one year	26,543
Finance lease commitments	
Payable:	
Not later than one year	889
Later than one year but not later than five years	1,686
Later than five years	2,081
Minimum lease payments (a)	**4,656**
Less future finance charges	(2,361)
	2,295
Operating lease commitments (b)	
Payable:	
Not later than one year	37,563
Later than one year but not later than five years	102,237
Later than five years	95,517
	235,317
Other operating commitments (c)	
Payable:	
Not later than one year	7,089
Later than one year but not later than five years	7,468
	14,557
Other commitments (d)	
Payable:	
Not later than one year	292,860
	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 relate to the Group's contractual obligation to invest in Agricultural Bank of China. This commitment was settled in July 2010.

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FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010

26. CONTROLLED ENTITIES

	Notes	Country of incorporation	OWNERSHIP INTEREST 2010 %
PARENT ENTITY			
Seven Group Holdings Limited	(a)	Australia	
SUBSIDIARIES			
Allight Holdings Pty Limited		Australia	**66**
Allight Pty Limited		Australia	**66**
Allight USA Inc		USA	**66**
ATPH Pty Limited		Australia	**100**
ATP1 Pty Limited		Australia	**100**
ATP2 Pty Limited		Australia	**100**
ATP3 Pty Limited		Australia	**100**
C7 Pty Limited	(a)	Australia	**100**
Direct Target Access Pty Limited	(a)	Australia	**100**
DWB Trust		Australia	**66**
EMT Group Pty Limited		Australia	**75**
Engin Limited		Australia	**58**
FGW Pacific Pty Limited		Australia	**66**
Kimlin Holdings Pty Limited	(a)	Australia	**100**
Liaoning WesTrac Machinery Equipment Limited		China	**100**
Manooka Holdings Pty Limited	(a)	Australia	**100**
Miltonstar Pty Limited	(a)	Australia	**100**
Mining Equipment Spares Pty Limited		Australia	**75**
National Hire Group Limited		Australia	**66**
National Hire Facilitation Pty Limited		Australia	**66**
Network Investment Holdings Pty Limited	(a)	Australia	**100**
Point Pty Limited	(a)	Australia	**100**
Realtime Reporters Pty Limited	(a)	Australia	**100**
Seven Broadcast Properties Trust		Australia	**100**
Seven Custodians Pty Limited	(a)	Australia	**100**
Seven Entertainment Pty Limited	(a)	Australia	**100**
Seven Finance Pty Limited		Australia	**100**
Seven MC Pty Limited		Australia	**90**
Seven Network Limited	(a)	Australia	**100**
Seven Network Asia Limited		Hong Kong	**100**
Seven Network International Limited	(a)	Australia	**100**
Seven Network Investments Pty Limited	(a)	Australia	**100**
Seven Network Nominees Pty Limited	(a)	Australia	**100**
Seven Network (United States), Inc		USA	**100**
Seven Nominees Pty Limited		Australia	**100**
Seven Productions Pty Limited	(a)	Australia	**100**
Seven Resources Pty Limited	(a)	Australia	**100**
Seven (WAN) Pty Limited	(a)	Australia	**100**
Sitech (WA) Pty Limited		Australia	**51**
Sitech (Beijing) Engineering Technology Development Company Limited		China	**51**
SNZ Pty Limited	(a)	Australia	**100**
Tianjin WesTrac Machinery Equipment Limited		China	**100**
Tallglen Pty Limited	(a)	Australia	**100**
Vividwireless Group Limited	(b)	Australia	**100**
Weishan (Beijing) Machinery Equipment Pty Limited		China	**100**

26. CONTROLLED ENTITIES (CONTINUED)

	Notes	Country of incorporation	OWNERSHIP INTEREST 2010 %
WesTrac (Beijing) Machinery Equipment Limited		China	**100**
WesTrac China Limited		Hong Kong	**100**
WesTrac (China) Machinery Equipment Limited		China	**100**
WesTrac Fleet Pty Limited		Australia	**100**
WesTrac Holdings Pty Limited	(a)	Australia	**100**
WesTrac Hong Kong Limited		Hong Kong	**100**
WesTrac Inventory Pty Limited		Australia	**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) Previously Unwired Group Limited

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 period ended 30 June 2010 are set out below.

	2010 $'000
STATEMENT OF COMPREHENSIVE INCOME	
Revenue	-
Other income	2,575
Share of results from equity accounted investees	10,761
Accounting gain on acquisition of Seven Network Limited	726,343
Expenses excluding depreciation and amortisation	(38,769)
Profit before depreciation and amortisation, net finance costs and tax	**700,910**
Depreciation and amortisation	(25)
Profit before net finance costs and tax	**700,885**
Net finance costs	(4,115)
Profit before tax	**696,770**
Income tax expense	(5,434)
Profit for the period	**691,336**
Other comprehensive income	
Net change in fair value of available-for-sale financial assets	24,024
Income tax on items of other comprehensive income	(7,207)
Other comprehensive income for the period, net of tax	**16,817**
Total comprehensive income for the period	**708,153**

26. CONTROLLED ENTITIES (CONTINUED)

DEED OF CROSS GUARANTEE (CONTINUED)

	2010 $'000
MOVEMENT IN RETAINED EARNINGS	
Retained profits at beginning of the period	-
Profit for the period	691,336
Transfers to and from reserves	-
Dividends paid during the period	(11,989)
Retained profits at end of the period	**679,347**
STATEMENT OF FINANCIAL POSITION	
Current assets	
Cash and cash equivalents	402,273
Trade and other receivables	13,503
Loans to related parties	53,352
Derivative financial instruments	861
Total current assets	**469,989**
Non-current assets	
Investments in controlled entities	623,078
Investments accounted for using the equity method	1,398,538
Other investments	393,300
Property, plant and equipment	40,612
Deferred tax assets	1,001
Total non-current assets	**2,456,529**
Total assets	**2,926,518**
Current liabilities	
Trade and other payables	38,906
Current tax liabilities	5,269
Total current liabilities	**44,175**
Non-current liabilities	
Trade and other payables	5,625
Deferred tax liabilities	466,184
Derivative financial instruments	3,123
Provisions	1,218
Deferred income	7,321
Total non-current liabilities	**483,471**
Total liabilities	**527,646**
Net assets	**2,398,872**
Equity	
Issued capital	2,608,852
Reserves	(889,327)
Retained earnings	679,347
Total equity	**2,398,872**

27. ACQUISITIONS OF CONTROLLED ENTITIES

ACQUISITIONS

During the period ended 30 June 2010, the Group acquired the following businesses;

- *On 28th April 2010, the purchase of the issued capital of WesTrac Holdings Pty Limited.*
- *On 13th May 2010, the purchase of the issued capital of Seven Network Limited, via a scheme of arrangement.*

Acquisition of WesTrac Holdings Pty Limited

On 28th April 2010 the company 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 Company 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), the acquisition of WesTrac Group is accounted for as a common control transaction and as such the accounting and disclosure requirements of AASB 3 Business Combinations do not apply to this transaction.

As a common control transaction, the acquisition does 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 is 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**

Notes to the Consolidated Financial Statements

27. ACQUISITIONS OF CONTROLLED ENTITIES (CONTINUED)

Acquisition of Seven Network Limited

On 13th 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 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:

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

Identifiable assets acquired and liabilities assumed	**$'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 has been 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.

27. ACQUISITIONS OF CONTROLLED ENTITIES (CONTINUED)

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

Included in SNL were receivables with a gross contractual and fair value of $2,491,000 resulting from trade with customers. Management expects these amounts to be collected in full and converted to cash consistent with customer terms, which call for payments within 14-45 days of the initial sale.

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 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 statement of comprehensive income.

28. EMPLOYEE BENEFITS

	2010 $'000
Current	29,928
Non-current	556
	30,484
Number of employees	
Number of employees at end of year	4,632

Superannuation fund

The Group makes contributions on behalf of employees to a defined contribution superannuation fund. The amount recognised as an expense was $4,480,988 for the period ended 30 June 2010.

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 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 30 (Director and Executive Disclosures) and in the Remuneration Report.

Notes to the Consolidated Financial Statements

FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010

29. AUDITORS' REMUNERATION

	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	273
- Other assurance services in relation to scheme of arrangement	610
Overseas KPMG firms	
- Audit and review of financial report	90
- Other assurance services in relation to scheme of arrangement	150
Other auditors	
- Audit and review of financial reports	88
- Other assurance services	7
	1,218
Other services	
Auditors of the Company	
KPMG Australia	
- Accounting due diligence and Investigating Accountants Report in relation to scheme of arrangement	3,611
Other auditors	
- Other tax and advisory services	20
	3,631

Following a tender process, KPMG were appointed auditors of Seven Group Holdings Limited on 12 April 2010.

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 their expertise and experience with the Group are important and they are able to maintain their audit independence.

Other services in the period to 30 June 2010 relate to due diligence and related engagements in relation to the acquisition of WesTrac Group and Seven Network Limited by Seven Group Holdings. The Board is satisfied that the provision of these services did not impact KPMG's independence as auditors.

30. DIRECTOR AND EXECUTIVE DISCLOSURES

Individual Directors' and Executives' compensation disclosures

Information regarding individual Directors' and Executives' compensation and some equity instruments disclosures as 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 since incorporation other than those disclosed in Note 31.

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:

	2010 $
Short-term employee benefits	1,118,245
Other long-term employee benefits	-
Post-employment benefits	28,768
Share-based payments	983,017
	2,130,030

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

Options and rights 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:

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	Vested and 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**	**-**	**-**

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.

Notes to the Consolidated Financial Statements

30. 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 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.

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 2010 held directly, indirectly, beneficially and including their personally-related entities were as follows:

	ORDINARY SHARES				
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				
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.

Notes to the Consolidated Financial Statements

FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010

30. DIRECTOR AND EXECUTIVE DISCLOSURES (CONTINUED)

Specified Director and Key Management Personnel related party transactions (continued)

During the period, 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 were for rental of office space amounting to $2,710,072; advisory and transaction expense reimbursement of $17,196,425 associated with the acquisition of SNL; travel and consultant's fee expense amounting to $130,825; and expenses related to the use of a corporate jet amounting to $756,247.

In addition, during the 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:

	2010 $
Revenues and expenses	
Expenses	20,793,569
Assets and liabilities	
Trade and other payables - current	72,909

31. OTHER RELATED PARTY DISCLOSURES

	2010 $'000
Subsidiaries	
Interests in subsidiaries are set out in Note 26.	
Key Management Personnel	
Disclosures relating to Key Management Personnel are set out in Note 30.	
Associates	
The aggregate value of transactions between the Group and its associates during the period was as follows:	
Interest received	257
Sales revenue	797
Other expenses	(80)
Outstanding balances arising from transactions with associates;	
Loans to associates	8,815
Contingent liabilities arising from transactions with associates;	
Financial guarantees (refer to Note 24)	31,873
Joint ventures	
The aggregate value of transactions between the consolidated entity and joint ventures in which it is a venturer during the period was as follows:	
Sales revenue	4,880
Other revenue	334
Rental expense	(317)
Executive salary expense recharged	(252)
Other expenses	(521)
Outstanding balances arising from transactions with joint ventures;	
Trade and other receivables	5,537

Notes to the Consolidated Financial Statements

FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010

32a. CASH AND CASH EQUIVALENTS

	Note	2010 $'000
Bank balances		126,404
Call deposits		328,801
Cash and cash equivalents		**455,205**
Bank overdrafts used for cash management purposes	18	(5,534)
Cash and cash equivalents in the cash flow statement		**449,671**

32b. NOTES TO THE CASH FLOW STATEMENT

	2010 $'000
Reconciliation of profit for the period to net cash flows related to operating activities:	
Profit after tax	**718,742**
Depreciation and amortisation:	
Property, plant and equipment	8,733
Intangible assets	3,004
Other	26
Accounting gain on acquisition of Seven Network Limited	(726,343)
Transaction costs associated with acquisition of WesTrac Group & Seven Network Limited	35,249
Share of results from equity accounted investees	(14,266)
Foreign exchange loss	1,568
Other	7,606
Movement in:	
Trade and other receivables	(2,742)
Inventories	(112,267)
Other assets	(23,879)
Trade and other payables	33,484
Provisions	1,517
Tax balances	27,406
Net operating cash flows	**(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
Total non cash investing and financing activities	**2,598,852**

33. EVENTS SUBSEQUENT TO BALANCE DATE

As at 30 June 2010 the Group had contractual obligations amounting to USD$250m (A$292.86m equivalent) relating to an investment in Agricultural Bank of China. This commitment was settled on 16 July 2010.

Subsequent to 30 June 2010 the Group has negotiated a syndicated loan facility of $498m. The facility is non-amortising and matures in December 2012. The facility is unsecured with guarantees from various subsidiaries within the Group.

34. PARENT ENTITY INFORMATION

As at and throughout the period from incorporation to 30 June 2010 the parent company of the Group was Seven Group Holdings Limited.

	COMPANY **2010** **$'000**
Information relating to Seven Group Holdings Limited:	
Financial position of parent entity at 30 June 2010	
Current assets	1,388
Total assets	2,659,739
Current liabilities	14
Total liabilities	14
Total equity of the parent entity comprising of:	
Contributed equity	2,608,852
Reserves	4,523
Retained earnings	46,350
Total shareholders equity	**2,659,725**
Result of the parent entity	
Profit for the period	58,339
Total comprehensive income for the period	**58,339**
Other information	
Contingent liabilities of the parent entity	-
Contractual commitments by the parent entity	-
for the acquisition of property, plant or equipment	
Tax liabilities of other entities within the tax consolidated group	-

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 26.

35. 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 Risk and Compliance 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 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.

The Audit and Risk and Compliance Committees are assisted in their oversight role by the Internal Audit Committee.

At the reporting date the Group held the following financial instruments:

	$'000
Financial assets	
Cash and cash equivalents	455,205
Trade and other receivables	416,692
Available-for-sale financial assets	393,300
Derivative financial instruments	4,790
Other financial assets	22,018
Total financial assets	**1,292,005**
Financial liabilities	
Trade and other payables	327,954
Borrowings	686,223
Derivative financial instruments	17,409
Total financial liabilities	**1,031,586**

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign currency rates, interest rates, and equity prices will affect the Group's income or the value of its holdings of financial instruments.

(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:

- borrowings denominated in a foreign currency; and
- firm commitments of highly probable forecast transactions for receipts and payments settled in foreign currency.

35. 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 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:

- by agreement with WesTrac's major supplier, the Group may elect to defer foreign currency (USD) vendor payments until the earlier of: 6 months from vendor invoice date, or payment by the customer. In these circumstances the customer is invoiced in USD and a notional hedge is created minimising exposure to changes in the AUD/USD exchange rate.

- 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 18). The Group effectively hedges its long term foreign denominated borrowings using a combination of designated forward exchange contracts 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 which limit increases in the value of the underlying debt.

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:

	USD '000	GBP '000	JPY '000
Cash at bank	6,257	272	2,181
Trade and other receivables	16,138	-	-
Derivative financial instruments			
- forward foreign exchange contracts (fair value hedges)	124	-	-
- forward foreign exchange contracts (cash flow hedges)	4,666	-	-
Trade and other payables	(30,187)	(1,663)	-
Borrowings	(332,000)	-	-
Derivative financial instruments			
- forward foreign exchange contracts (cash flow hedges)	(12,866)	-	-

The closing exchange rates at 30 June 2010 as reported by the Reserve Bank of Australia at 4pm (AEST) were as follows:
AUD/USD - 0.8523, AUD/GBP - 0.5666 and AUD/JPY - 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 shareholder's equity 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 2010 the closing AUD/USD exchange rate, as reported by the Reserve Bank of Australia at 4pm (AEST) was 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 twelve months ended 30 June 2010. During this period the average AUD/USD exchange rate was 0.8821 and traded within a range of 0.7745 and 0.9349. A 10% movement either side of the closing AUD/USD exchange rate would result in a favourable position at 0.9375 and an adverse position at 0.7671.

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Foreign exchange risk (continued)

At 30 June 2010, 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:

Judgements of reasonably possible movements:	Profit/(loss) $'000	Equity $'000
AUD to USD +10%	(808)	1,418
AUD to USD -10%	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 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 $303m 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 and Chinese variable interest rate risk that are not designated as cash flow hedges:

	$'000
Financial assets	
Cash and cash equivalents	455,205
	455,205
Financial liabilities	
Bank overdrafts	(5,534)
Interest bearing liabilities	(276,001)
	(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.

	Profit/(loss) $'000	Equity $'000
If interest rates were 1% (100 basis points) higher with all other variables held constant - increase/(decrease)	1,216	1,216
If interest rates were 1% (100 basis points) lower with all other variables held constant - increase/(decrease)	(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. The Group manages this exposure by monitoring the strategic importance of each investment against the investment's underlying risk.

35. 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.

	Profit/(loss) $'000	Equity $'000
If share prices were 15% higher with all other variables held constant - increase/(decrease)	-	58,995
If share prices were 15% lower with all other variables held constant - increase/(decrease)	-	(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.

The price risk for the unlisted equity securities is immaterial in terms of the possible impact on profit or loss or total equity. It has therefore not been included in the sensitivity analysis.

(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:

Floating rate	$'000
Expiring within one year	197,938
Expiring beyond one year	100,000
Total	**297,938**

At 30 June 2010, the Group also has additional liquidity available in the form of cash of $455.2m, available for sale listed shares of $393.3m, available lease facilities of $66.5m and access to unutilised, short dated lines of other credit totalling $111.5m.

Subsequent to 30 June 2010, the Group negotiated a syndicated loan facility of $498m. The facility is non-amortising and matures in December 2012. The facility is unsecured with guarantees from various subsidiaries within the Group.

Subject to continued compliance with facility terms, the facilities may be drawn at any time. Excluding the new $498m facility, the average maturity for drawn facilities is 4.4 years and 0.8 years for undrawn facilities. Inclusive of the new $498m facility outlined above the average maturity for drawn facilities is 4.4 years and average maturity for undrawn facilities is 1.9 years.

35. 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.

	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	86,827	289,194	404,688	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**	**164,461**	**380,710**	**1,243,171**	**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 and 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.

The Group's maximum exposure to credit risk at the reporting date was:

	Note	$'000
Available-for sale-financial assets	14	393,300
Trade and other receivables	9	416,692
Cash and cash equivalents	32a	455,205
Derivative financial instruments	13	4,790
Other financial assets	11 & 14	22,018
		1,292,005

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk (continued)

Past due but not impaired

As at 30 June 2010, trade receivables of $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:

	$'000
Past due 1-30 days	8,399
Past due 31-60 days	15,920
Past due 60 - 90 days	9,175
> 91 days	15,146
Balance at end of the period	**48,640**

The movement in the allowance for impairment in respect of trade receivables during the period was as follows:

	$'000
Balance at incorporation	-
Provisions on acquisition of controlled entities	8,665
Impairment loss recognised in profit and loss	1,103
Balance at end of the period	**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 24.

(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:

	Carrying amount $'000	Fair value $'000
Financial assets		
Trade and other receivables	416,692	416,692
Available-for-sale financial assets	393,300	393,300
Derivative financial instruments	4,790	4,790
Other assets	22,018	22,018
Total financial assets	**836,800**	**836,800**
Financial liabilities		
Trade and other payables	327,954	327,954
Fixed term US dollar notes	389,534	435,280
Borrowings	296,689	296,689
Derivative financial instruments	17,409	17,409
Total financial liabilities	**1,031,586**	**1,077,332**

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 2.31% - 5.23% and are based on the government yield curve at the reporting date plus an adequate credit spread.

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair value measurements (continued)

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.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

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.

In line with the above dividend policy, a fully franked final dividend of $12m was paid during the period to TELYS4 Holders. Additionally, a fully franked final dividend of $55m is due to be paid to ordinary shareholders on 22 October 2010.

Directors' Declaration

PERIOD ENDED 30 JUNE 2010

1. In the opinion of the Directors of Seven Group Holdings Limited (the Company)
   a) the consolidated financial statements and notes 1 to 35 and the Remuneration report, set out on pages 37 to 43 of 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 2010 and of its performance for the financial period 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 26 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 Chief Financial Officer for the financial period ended 30 June 2010.

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
24 September 2010

Independent Auditor's Report

TO THE MEMBERS OF SEVEN GROUP HOLDINGS LIMITED

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 the Group comprising Seven Group Holdings Limited (the Company) and the entities it controlled at the period's end or from time to time during the financial period, which comprises the consolidated statement of financial position as at 30 June 2010, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period from 12 February 2010 to 30 June 2010, notes 1 to 35 comprising a statement of significant accounting policies and other explanatory information and the directors' declaration.

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 and notes 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.

Independence

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

Independent Auditor's Report

TO THE MEMBERS OF SEVEN GROUP HOLDINGS LIMITED

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 2010 and of its performance for the period from 12 February 2010 to 30 June 2010; 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 37 to 43 of the directors' report for the period from 12 February 2010 to 30 June 2010. 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 period from 12 February 2010 to 30 June 2010, complies with Section 300A of the *Corporations Act 2001*.

KPMG.

KPMG

Kenneth Reid
Partner

Sydney

24 September 2010

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, Seven Media Group)
James Walker (Chief Executive Officer, WesTrac Group)
Dulcie Boling
Terry Davis
Christopher Mackay
Bruce McWilliam (Commercial Director)
Ryan Stokes (Executive Director)
Richard Uechtritz
Prof. Murray Wells

COMPANY SECRETARY

Warren Coatsworth

REGISTERED OFFICE

Company Secretariat
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Pyrmont NSW 2009

SHARE REGISTRY

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
Levels 27 – 35
1 O'Connell 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:

Registries Limited
Level 7, 207 Kent Street
Sydney NSW 2000

Telephone: (02) 9290 9600

Facsimile: (02) 9279 0664 or

Visit the online service at www.registries.com.au

Registries 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 Registries 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 Registries' 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

PERIOD ENDED 30 JUNE 2010

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 16 September 2010 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	5,266	9,869
1,001 – 5,000	3,731	527
5,001 – 10,000	441	44
10,001 – 100,000	251	20
100,001 – and over	37	3
Total No. of Holders	9,726	10,463
No. of Holdings less than a Marketable Parcel	579	4

TWENTY LARGEST ORDINARY SHAREHOLDERS

Name of Shareholder	No. of Shares	% Held
North Aston Pty Limited	99,110,000	32.45
ANZ Nominees Limited	62,155,342	20.35
National Nominees Limited	31,247,740	10.23
Wroxby Pty Limited	30,731,907	10.06
UBS Nominees Pty Limited	15,000,000	4.91
JP Morgan Nominees Australia Limited	14,617,627	4.78
ANZ Nominees Limited	5,592,303	1.84
Citicorp Nominees Pty Limited	4,865,151	1.59
HSBC Custody Nominees (Australia) Limited	4,305,514	1.42
Cogent Nominees Pty Limited	3,762,628	1.24
AMP Life Limited	2,359,289	0.77
Citicorp Nominees Pty Limited	1,449,510	0.47
Queensland Investment Corporation	1,061,394	0.35
HSBC Custody Nominees (Australia) Limited	897,569	0.30
Citicorp Nominees Pty Limited	763,087	0.26
Citicorp Nominees Pty Limited	740,828	0.24
HSBC Custody Nominees (Australia) Limited	572,891	0.18
Cogent Nominees Pty Limited	466,710	0.15
Mr Peter Gammell	465,945	0.15
Ashblue Holdings Pty Limited	380,000	0.12
Total Twenty Largest Ordinary Shareholders	280,545,435	91.86

Shareholder Information

PERIOD ENDED 30 JUNE 2010

TWENTY LARGEST TELYS4 SHAREHOLDERS

Name of Shareholder	No. of TELYS4	% Held
RBC Dexia Investor Services Australia Nominees Pty Limited	186,618	3.77
JP Morgan Nominees Australia Limited	176,793	3.56
UBS Wealth Management Australia Nominees Pty Limited	132,241	2.67
Australian Executor Trustees Limited	81,168	1.63
ANZ Nominees Limited	70,840	1.42
UCA Cash Management Fund Limited	49,941	1.00
Citicorp Nominees Pty Limited	47,867	0.96
Sandhurst Trustees Limited	29,463	0.59
Perpetual Trustee Company Limited	25,969	0.53
Netwealth Investments Limited	24,669	0.49
Blann Investments Pty Limited	24,462	0.49
RBC Dexia Investor Services Australia Nominees Pty Limited	24,000	0.48
Natpac Financial Services Pty Limited	23,344	0.48
HSBC Custody Nominees (Australia) Limited	22,936	0.47
SR Consolidated Pty Limited	21,435	0.44
RBC Dexia Investor Services Australia Nominees Pty Limited	19,401	0.39
Netwealth Investments Limited	19,377	0.39
ABN AMRO Clearing Sydney Nominees Pty Limited	16,816	0.33
Lenhut Pty Limited	15,619	0.32
RBC Dexia Investor Services Australia Nominees Pty Limited	15,000	0.30
Total Twenty Largest TELYS4 Shareholders	1,027,959	20.71

DETAILS OF OPTIONS ISSUED BY SEVEN GROUP HOLDINGS LIMITED

Number on issue:	6,875,000
Number of holders:	6
Name and number of options held by an option holder holding 20% or more of the options in this class:	Mr D Leckie holds 3,000,000 options over ordinary shares Mr B McWilliam holds 2,000,000 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

PERIOD ENDED 30 JUNE 2010

HEAD OFFICE

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